

PVI REINSURANCE JOINT-STOCK CORPORATION
(Incorporated in the Socialist Republic of Vietnam)



AUDITED FINANCIAL STATEMENTS
For the year ended 31 December 2019



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STATEMENT OF THE BOARD OF MANAGEMENT

The Board of Management of PVI Reinsurance Joint-Stock Corporation (the "Corporation") presents this report together with the Corporation's financial statements for the year ended 31 December 2019.

THE BOARDS OF DIRECTORS AND MANAGEMENT

The members of the Boards of Directors and Management of the Corporation who held office during the year and to the date of this report are as follows:

Board of Directors

Mr. Nguyen Anh Tuan	Chairman (appointed on 29 November 2018 and approved by the Ministry of Finance on 01 March 2019)
Mr. Duong Thanh Danh Francois	Vice Chairman (appointed on 01 March 2019)
Mr. Lam Nhat Son	Member
Ms. Pham Thi Thanh Nga	Member
Mr. Truong Minh Duc	Member (appointed on 07 January 2019)
Mr. Trinh Anh Tuan	Member (appointed on 07 January 2019)

Board of Management

Mr. Trinh Anh Tuan	Chief Executive Officer
Ms. Le Thi Thuy	Director of Business Division 1
Mr. Nguyen Hong Long	Director of Business Division 2
Mr. Phan Trinh Quoc Kien	Chief Operation Officer
Mr. Ngo Thanh Hai	Chief Accountant (appointed on 15 March 2019)

BOARD OF MANAGEMENT'S STATEMENT OF RESPONSIBILITY

The Board of Management of the Corporation is responsible for preparing the financial statements, which give a true and fair view of the financial position of the Corporation as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with Vietnamese accounting standards, accounting regime applicable to Vietnamese insurance enterprises and legal regulations relating to financial reporting. In preparing these financial statements, the Board of Management is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting principles have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Corporation will continue in business; and
- Design and implement an effective internal control system for the purpose of properly preparing and presenting the financial statements so as to minimize errors and frauds.

PVI REINSURANCE JOINT-STOCK CORPORATION

25th floor, PVI Tower, No.01 Pham Van Bach
Cau Giay District, Hanoi, S.R. Vietnam

STATEMENT OF THE BOARD OF MANAGEMENT (Continued)

The Board of Management of the Corporation is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the financial position of the Corporation and that the financial statements comply with Vietnamese accounting standards, accounting regime applicable to Vietnamese insurance enterprises and legal regulations relating to financial reporting. The Board of Management is also responsible for safeguarding the assets of the Corporation and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

The Board of Management confirms that the Corporation has complied with the above requirements in preparing these financial statements.

For and on behalf of the Board of Management,



Trinh Anh Tuan
Chief Executive Officer

Hanoi, 10 February 2020

No.: 0505 /VN1A-HN-BC

INDEPENDENT AUDITORS' REPORT

**To: The Shareholders
The Boards of Directors and Management
PVI Reinsurance Joint-Stock Corporation**

We have audited the accompanying financial statements of PVI Reinsurance Joint-Stock Corporation (the "Corporation"), prepared on 10 February 2020 as set out from page 04 to page 33, which comprise the balance sheet as at 31 December 2019, the statement of income, the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Vietnamese accounting standards, accounting regime applicable to Vietnamese insurance enterprises and legal regulations relating to financial reporting and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Corporation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 December 2019 and its financial performance and its cash flows for the year then ended in accordance with Vietnamese accounting standards, accounting regime applicable to Vietnamese insurance enterprises and legal regulations relating to financial reporting.



Khúc Thị Lan Anh
Deputy General Director
Audit Practising Registration Certificate
No. 0036-2018-001-1

DELOITTE VIETNAM COMPANY LIMITED

10 February 2020
Hanoi, S.R. Vietnam

Pham Ngoc Hai
Auditor
Audit Practising Registration Certificate
No. 2452-2018-001-1

BALANCE SHEET

As at 31 December 2019

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
A. CURRENT ASSETS (100=110+120+130+150+190)	100		3,584,440,925,388	3,354,447,397,877
I. Cash and cash equivalents	110	4	85,314,786,197	76,903,236,252
1. Cash	111		45,314,786,197	76,903,236,252
2. Cash equivalents	112		40,000,000,000	-
II. Short-term financial investments	120	5	628,591,800,000	1,020,269,000,000
1. Short-term investments	121		628,591,800,000	1,020,269,000,000
III. Short-term receivables	130		589,356,922,010	441,530,305,412
1. Trade accounts receivable	131	6	593,211,761,902	445,935,445,573
1.1. Receivables of insurance contracts	131.1		558,436,630,845	424,257,794,053
1.2. Other trade accounts receivable	131.2		34,775,131,057	21,677,651,520
2. Other short-term receivables	135		2,915,171,207	1,605,653,650
3. Provision for short-term doubtful debts	139	7	(6,770,011,099)	(6,010,793,811)
IV. Other current assets	150		190,865,285,078	138,588,228,719
1. Short-term prepaid expenses	151	8	190,865,285,078	138,588,228,719
1.1. Unallocated commission expenses	151.1		190,389,421,394	138,275,799,144
1.2. Other short-term prepaid expenses	151.2		475,863,684	312,429,575
V. Reinsurance assets	190	9	2,090,312,132,103	1,677,156,627,494
1. Unearned premium reserve for outward reinsurance	191		440,249,447,078	443,706,014,556
2. Claim reserve for outward reinsurance	192		1,650,062,685,025	1,233,450,612,938
B. NON-CURRENT ASSETS (200=210+220+250+260)	200		905,247,077,790	441,913,825,466
I. Long-term receivables	210		8,000,000,000	8,000,000,000
1. Other long-term receivables	218		8,000,000,000	8,000,000,000
1.1. Insurance deposits	218.1		8,000,000,000	8,000,000,000
II. Fixed assets	220		3,517,966,280	6,460,946,230
1. Tangible fixed assets	221	10	1,181,386,048	897,185,865
Cost	222		8,398,451,385	7,484,591,385
Accumulated depreciation	223		(7,217,065,337)	(6,587,405,520)
2. Intangible assets	227	11	2,336,580,232	5,563,760,365
Cost	228		23,375,313,000	23,375,313,000
Accumulated amortization	229		(21,038,732,768)	(17,811,552,635)
III. Long-term financial investments	250	5	870,915,650,000	408,548,450,000
1. Other long-term investments	258		870,915,650,000	408,548,450,000
IV. Other non-current assets	260		22,813,461,510	18,904,429,236
1. Long-term prepaid expenses	261	8	22,813,461,510	18,904,429,236
TOTAL ASSETS (270=100+200)	270		4,489,688,003,178	3,796,361,223,343

The accompanying notes are an integral part of these financial statements

BALANCE SHEET (Continued)


As at 31 December 2019


Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening balance
A. LIABILITIES (300=310)	300		3,629,431,282,492	2,954,307,077,135
I. Current liabilities	310		3,629,431,282,492	2,954,307,077,135
1. Trade accounts payable	312	12	595,216,052,044	542,177,960,346
1.1 Payables of insurance contracts	312.1		540,886,842,175	469,620,530,558
1.2. Other trade accounts payable	312.2		54,329,209,869	72,557,429,788
2. Taxes and amounts payable to the State budget	314	13	7,089,826,031	9,647,508,217
3. Payables to employees	315		1,059,293,080	1,765,460,987
4. Other current payables	319	14	117,928,126,700	114,489,963,311
4.1. Unearned commission income	319.1		116,351,340,192	112,170,162,802
5. Current provisions	320		-	260,000,000
6. Bonus and welfare funds	323		5,621,337,080	5,336,178,518
7. Under-writing reserves	329	15	2,902,516,647,557	2,280,630,005,756
7.1. Unearned premium reserves for inward reinsurance	329.1		734,435,883,240	603,483,597,880
7.2. Claim reserves for inward reinsurance	329.2		2,077,690,153,098	1,603,767,998,545
7.3. Catastrophe reserve	329.3		90,390,611,219	73,378,409,331
B. EQUITY (400=410)	400		860,256,720,686	842,054,146,208
I. Owners' equity	410	16	860,256,720,686	842,054,146,208
1. Owners' contributed capital	411		728,000,000,000	728,000,000,000
2. Compulsory reserve fund	419		39,608,038,763	32,505,154,002
3. Retained earnings	421		92,648,681,923	81,548,992,206
TOTAL RESOURCES (440 = 300+400)	440		4,489,688,003,178	3,796,361,223,343


OFF-BALANCE SHEET ITEMS

ITEMS	Unit	Closing balance	Opening balance
1. Foreign currencies:			
United States Dollar	USD	1,205,750	2,123,798
British	GBP	22,587	7,637
Euro	EUR	15,595	118,373


Vi Ngoc Son
Preparer


Ngo Thanh Hai
Accounting manager




Trinh Anh Tuan
Chief Executive Officer

Hanoi, 10 February 2020

The accompanying notes are an integral part of these financial statements

INCOME STATEMENT*For the year ended 31 December 2019***PART I: GERNERAL INCOME STATEMENT***Unit: VND*

ITEMS	Codes	Current year	Prior year
1. Net revenue from insurance activities	10	687,268,093,046	587,953,626,855
2. Financial income	12	135,108,542,063	118,817,307,925
3. Other income	13	45,912,000	1,582,192
4. Total expenses for insurance activities	20	613,207,223,035	502,480,586,772
5. Financial expenses	22	12,418,480,948	20,145,300,660
6. General and administration expenses	23	26,314,818,743	29,297,894,525
7. Other expenses	24	-	-
8. Total accounting profit before tax (50 = 10+12+13-20-22-23-24)	50	170,482,024,383	154,848,735,015
9. Current corporate income tax expense	51	29,835,568,899	28,768,196,659
10. Net profit after corporate income tax (60=50-51)	60	140,646,455,484	126,080,538,356
11. Basic earnings per share	70	1,850	1,842

The accompanying notes are an integral part of these financial statements

INCOME STATEMENT (Continued)*For the year ended 31 December 2019***PART II: INCOME STATEMENT BY ACTIVITY***Unit: VND*

ITEMS	Codes	Notes	Current year	Prior year
1. Insurance premium (01 = 01.2-01.3)	01	17	1,381,910,146,902	1,228,730,594,067
- Inward reinsurance premium	01.2		1,512,862,432,262	1,216,374,282,498
- Increase/(Decrease) in unearned premium reserve	01.3		130,952,285,360	(12,356,311,569)
2. Outward reinsurance premium (02 = 02.1-02.2)	02	18	949,245,603,490	855,828,182,623
- Outward reinsurance premium	02.1		945,789,036,012	865,142,075,061
- Increase/(Decrease) in unearned premium reserve for outward reinsurance	02.2		(3,456,567,478)	9,313,892,438
3. Net insurance premium (03 = 01-02)	03		432,664,543,412	372,902,411,444
4. Commission income from outward reinsurance and other income from insurance activities (04=04.1+04.2)	04		254,603,549,634	215,051,215,411
- Commission income from outward reinsurance	04.1		242,714,082,257	205,705,483,234
- Other income from insurance activities	04.2		11,889,467,377	9,345,732,177
5. Net revenue from insurance activities (10=03+04)	10		687,268,093,046	587,953,626,855
6. Claim settlement expenses (11=11.1)	11		577,129,756,932	552,366,411,734
7. Claim receipts from ceded policies	12		422,593,166,601	405,187,530,554
8. Increase in claim reserve for inward reinsurance	13		473,922,154,553	205,730,928,826
9. Increase in claim reserve for outward reinsurance	14		416,612,072,087	173,860,227,452
10. Total insurance claim settlement expenses (15=11-12+13-14)	15	19	211,846,672,797	179,049,582,554
11. Increase in catastrophe reserve	16		17,012,201,888	10,536,966,223
12. Other expenses for insurance activities (17=17.1+17.2)	17	20	384,348,348,350	312,894,037,995
- Insurance commission expenses	17.1		338,024,359,707	274,001,287,732
- Other expenses for insurance activities	17.2		46,323,988,643	38,892,750,263
13. Total expenses for insurance activities (18=15+16+17)	18		613,207,223,035	502,480,586,772
14. Gross profit from insurance activities (19=10-18)	19		74,060,870,011	85,473,040,083

The accompanying notes are an integral part of these financial statements


INCOME STATEMENT (Continued)


For the year ended 31 December 2019

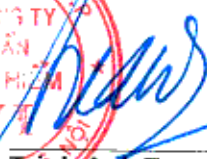
PART II: INCOME STATEMENT BY ACTIVITY (Continued)

Unit: VND

ITEMS	Codes	Notes	Current year	Prior year
15. Financial income	23	21	135,108,542,063	118,817,307,925
16. Financial expenses	24	22	12,418,480,948	20,145,300,660
17. Gross profit from financial activities (25=23-24)	25		122,690,061,115	98,672,007,265
18. General and administration expenses	26	23	26,314,818,743	29,297,894,525
19. Net profit from operating activities (30=19+25-26)	30		170,436,112,383	154,847,152,823
20. Other income	31		45,912,000	1,582,192
21. Other profit (40=31)	40		45,912,000	1,582,192
22. Accounting profit before tax (50=30+40)	50		170,482,024,383	154,848,735,015
23. Current corporate income tax expense	51	25	29,835,568,899	28,768,196,659
24. Profit after corporate income tax (60=50-51)	60		140,646,455,484	126,080,538,356
25. Basic earnings per share	70	26	1,850	1,842


 Vi Ngoc Son
Preparer


 Ngo Thanh Hai
Accounting Manager


 Trinh Anh Tuan
Chief Executive Officer


Hanoi, 10 February 2020


CASH FLOW STATEMENT


For the year ended 31 December 2019

Unit: VND

ITEMS	Codes	Current year	Prior year
I. Cash flows from operating activities			
1. Receipt from insurance premium, commissions and claims	01	606,426,574,945	553,822,288,741
2. Receipt from deducted expenses	03	11,269,323,844	9,888,638,017
3. Receipt from other operating activities	04	45,912,000	1,582,192
4. Payment for claim settlements	05	(82,050,136,029)	(126,609,226,417)
5. Payment for insurance premium, commissions and other insurance activities	06	(294,817,817,618)	(246,966,816,616)
6. Payment to suppliers for goods and services	07	(39,321,912,959)	(32,318,422,677)
7. Payment to employees	08	(24,236,098,547)	(18,706,936,254)
8. Payment for taxes and obligations to the State budget	09	(39,416,856,500)	(33,888,963,289)
9. Payment for other payables	10	(3,642,897,557)	(7,983,488,199)
10. Advances to employees and suppliers	11	(13,071,062,663)	(10,771,331,520)
Net cash generated by operating activities	20	121,185,028,916	86,467,323,978
II. Cash flows from investing activities			
1. Receipt from investments in other entities	21	980,269,000,000	952,723,500,000
2. Receipt from interest on other investments	22	114,261,807,907	99,748,996,648
3. Investments in other entities	24	(1,090,959,000,000)	(1,164,269,000,000)
4. Acquisition of fixed assets	25	(913,860,000)	(4,021,213,924)
Net cash (used in)/generated by investing activities	30	2,657,947,907	(115,817,717,276)
III. Cash flows from financing activities			
1. Receipt from the owners' capital contribution	32	-	31,199,870,000
2. Dividends paid	36	(115,422,809,221)	(105,488,415,520)
Net cash (used in) financing activities	40	(115,422,809,221)	(74,288,545,520)
Net increase/(decrease) in cash (50=20+30+40)	50	8,420,167,602	(103,638,938,818)
Cash and cash equivalents at the beginning of the year	60	76,903,236,252	178,894,660,070
Effects of changes in foreign exchange rates	61	(8,617,657)	1,647,515,000
Cash and cash equivalents at the end of the year (70=50+60+61)	70	85,314,786,197	76,903,236,252


 Vi Ngoc Son
Preparer


 Ngo Thanh Hai
Accounting Manager


 Trinh Anh Tuan
Chief Executive Officer

Hanoi, 10 February 2020

The accompanying notes are an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

These notes are an integral part of and should be read in conjunction with the accompanying financial statements

1. GENERAL INFORMATION**Structure of Capital Ownership**

PVI Reinsurance Joint-Stock Corporation (the "Corporation") was transformed from PVI Reinsurance Company, which was established and operated under Licence No. 66GP/KDBH dated 20 July 2011 issued by the Ministry of Finance.

Under the Establishment and Operation Licence No. 86GP/KDBH issued by the Ministry of Finance on 01 October 2013, PVI Reinsurance Company has officially operated as a joint stock company under the name PVI Reinsurance Joint-Stock Corporation. Under the Amended Licence No. 86/GPDC1/KDBH issued by the Ministry of Finance on 21 September 2018, the Corporation increased its owner's contributed capital to VND 728,000,000,000.

The Corporation's major shareholder is PVI Holdings, which was formerly known as PetroVietnam Insurance Joint Stock Corporation. PVI Holdings owns 73.11% of the Corporation's charter capital.

The actual capital contribution of the Corporation's shareholders as at 31 December 2019 was as follows:

	Actual contribution as at the current year-end		Actual contribution as at the beginning of the year	
	VND	Ratio		
PVI Holdings	532,268,250,000	73.11%	501,317,360,000	68.86%
PVI Insurance Corporation	-	0.00%	30,950,890,000	4.25%
Other shareholders	195,731,750,000	26.89%	195,731,750,000	26.89%
	728,000,000,000	100%	728,000,000,000	100%

The total number of the Corporation's employees as at 31 December 2019 was 41 (31 December 2018: 39).

Operating industry and principal activities

The Corporation's operating industry and principal activities include:

- Reinsurance business;
- Financial investment business.

Disclosure of information comparability in the financial statements

Comparative figures are the figures of the audited financial statements for the year ended 31 December 2018.

2. ACCOUNTING CONVENTION AND FINANCIAL YEAR**Accounting convention**

The accompanying financial statements, expressed in Vietnam Dong (VND), are prepared under the historical cost convention and in accordance with Vietnamese accounting standards, accounting regime applicable to Vietnamese insurance enterprises and legal regulations relating to financial reporting.

The accompanying financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam.

Financial year

The Corporation's financial year begins on 01 January and ends on 31 December.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies, which have been adopted by the Corporation in the preparation of these financial statements, are as follows:

Estimates

The preparation of financial statements in conformity with Vietnamese accounting standards, accounting regime applicable to Vietnamese insurance enterprises and legal regulations relating to financial reporting requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these accounting estimates are based on the management's best knowledge, actual results could differ from those estimates.

Financial instruments

Initial recognition

Financial assets

At the date of initial recognition, financial assets are recognized at cost plus transaction costs that are directly attributable to the acquisition of the financial assets.

Financial assets of the Corporation comprise cash, cash equivalents, trade receivables, other receivables and short-term and long-term financial investments.

Financial liabilities

At the date of initial recognition, financial liabilities are recognized at cost plus transaction costs that are directly attributable to the issue of the financial liabilities.

Financial liabilities of the Corporation comprise trade payables, other payables and other financial liabilities.

Subsequent measurement after initial recognition

Currently, there are no requirements for the subsequent measurement of the financial instruments after initial recognition.

Cash and cash equivalent

Cash and cash equivalents comprise cash on hand and demand deposits.

Financial investments

Held-to-maturity investments

Held-to-maturity investments comprise investments that the Corporation has the positive intent or ability to hold to maturity, including term deposits at banks and bonds.

Interest income from term deposits at banks and bonds is recognised in the income statement on an accrual basis.

Equity investments in other entities

Equity investments in other entities represent the Corporation's investments in ordinary shares of the entities over which the Company has control but no significant influence.

Equity investments in other entities are carried at cost less provision for impairment.

Receivables

Receivables represent the amounts recoverable from customers or other debtors and are stated at book value less provision for doubtful debts. Provision for doubtful debts is made under current prevailing regulations.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation.

The costs of purchased tangible fixed assets comprise their purchase prices and any directly attributable costs of bringing the assets to their working condition and location for their intended use.

Tangible fixed assets are depreciated using the straight-line method over their estimated useful lives as follows:

	Current year
	Years
Motor vehicles	6
Office equipment	3 - 5

Intangible assets and amortisation

Intangible assets are stated at cost less accumulated amortisation.

Intangible assets represent accounting software, management software, and copyrights of other software (collectively referred to as "computer software"). Computer software is amortized using the straight-line method over the estimated useful lives.

Prepaid expenses

Prepaid expenses include short-term and long-term prepaid expenses on the balance sheet. These are actual costs related to the operating results of several accounting periods and allocated in the prepaid period or throughout the period in which corresponding economic benefits are generated from these expenses.

Insurance deposits

The Corporation is obliged to pay a deposit equal to 2% of the legal capital, the deposit shall bear interest in accordance with the agreement reached with the bank into which it is paid and the Corporation may withdraw the whole amount of their deposit upon termination of its operation. The Corporation may only use its insurance deposit to meet undertakings to purchasers of insurance when its solvency is inadequate and upon written approval of the Ministry of Finance.

Foreign currencies

Transactions arising in foreign currencies are translated at exchange rates ruling at the transaction date. The balances of monetary items denominated in foreign currencies as at the balance sheet date are retranslated at the exchange rates on the same date. Exchange differences arising from the translation of these accounts are recognised in the income statement.

Provisions (excluding underwriting reserves)

Provisions are recognised when the Corporation has a present obligation as a result of a past event, and it is probable that the Corporation will be required to settle that obligation. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the balance sheet date.

Underwriting reserves

The Corporation has applied the method of making unearned premium reserve and the method of making claim reserve for incurred but not reported (IBNR) losses upon approval of the Ministry of Finance in Official Letter No. 14427/BTC-QLBH dated 20 November 2018. Accordingly:

Underwriting reserves for non-life insurance

Unearned premium reserve:

- *Reinsurance agreements with terms of less than or equal to 01 year*

With regard to insurance for cargo transport by road, sea, river, rail or air: Unearned premium reserve for inward reinsurance is made at 25% of the inward reinsurance premium, unearned premium reserve for outward reinsurance is made at 25% of the outward reinsurance premium.

With regard to other insurances: Unearned premium reserve for inward reinsurance is made at 50% of the inward reinsurance premium, unearned premium reserve for outward reinsurance is made at 50% of the outward reinsurance premium.

- *Reinsurance agreements with terms of more than 01 year*

Unearned premium reserves are made by a factor of period of direct policies: 1/8 method.

Claim reserve:

For losses incurred and reported, the Corporation provides for claim reserves for inward reinsurance and outward reinsurance using the statistic of retention liabilities for each estimated loss incurred and reported.

For incurred but not reported (IBNR) losses, the Corporation makes claim reserve for inward reinsurance at the rate of 5% of the inward reinsurance premium for each insurance transaction, claim reserve for outward reinsurance at the rate of 5% of the outward reinsurance premium for each insurance transaction.

Catastrophe reserve: In accordance with Vietnamese Accounting Standard No. 19 "Insurance Contract", reserve to cover the losses in the future of which the claims did not appear at the balance sheet date (including catastrophe reserve) is deemed unnecessary. However, following regulations of the Ministry of Finance, the Corporation's catastrophe reserve for all types of insurance services were consistently provided at 3% of the premium retained in the year. The Catastrophe reserve is made until this reserve is equal to 100% of the premium retained in the year of the Corporation.

Underwriting reserves for health insurance

Mathematical reserve

Mathematical reserve applied to reinsurance agreements with terms of more than 01 year is calculated as follow:

- Regarding health reinsurance agreements which only cover death or total permanent disability. Mathematical reserve is made on daily basis based on gross premium.
- For other health reinsurance agreements: The reserves are made in line with 1/8 method based on gross premium.

Unearned premium reserve:

Regarding health reinsurance agreements with terms of less than or equal to 01 year, unearned premium reserve is made at 50% of the gross premium.

Claim reserve:

For losses incurred and reported, the Corporation provides for claim reserves for inward reinsurance and outward reinsurance using the statistic of retention liabilities for each estimated loss incurred and reported.

For incurred but not reported (IBNR) losses, the Corporation makes claim reserve for inward reinsurance at the rate of 5% of the inward reinsurance premium for each insurance transaction, claim reserve for outward reinsurance at the rate of 5% of the outward reinsurance premium for each insurance transaction.

Equalization reserve: This reserve is made at the rate of 3% of the premium retained in the year and is recorded in the balance sheet under catastrophe reserve item.

Reserves for outward reinsurance is not offset against reserves for inward reinsurance. Such reserves should be presented under separate items in the balance sheet. Accordingly, unearned premium reserve and claim reserve for inward reinsurance and catastrophe reserves are recognized as payables while unearned premium reserve for outward reinsurance and claim reserve for outward reinsurance are recognized as reinsurance assets.

Enterprise funds

The compulsory reserve fund is made at the rate of 5% of the Corporation's profit after tax until it is equal to 10% of the Corporation's charter capital.

Revenue recognition

Reinsurance premium

Inward reinsurance premium is recorded when the liability is incurred at the amount stated on the reinsurers' statement sent to the Corporation and confirmed by the Corporation.

Outward reinsurance premium is recorded at the premium amount to be ceded to the reinsurers, corresponding to the inward reinsurance premium earned in the year.

Commission income and other incomes from reinsurance activities are recorded on accrual basis. In the year, the entire commission income from outward reinsurance under outward reinsurance contracts signed in accordance with regulations of the financial regime is presented in the "Commission income from outward reinsurance" item.

At the year end, the Corporation should determine unearned commission income from outward reinsurance corresponding to outward reinsurance premium not yet recognized in this year so as to allocate such commission income to the subsequent financial years in accordance with the provisioning method above.

Other revenues

Revenues from interest on bank deposits and bonds are recognized when incurred.

Dividend income from investments is recognised when the Corporation's right to receive payment has been established.

Expenditures recognition

Claim settlement expenses for direct insurance are recorded as incurred, that is, when the Corporation accepts to settle the insured's claims following respective settlement notice.

Claim settlement expenses for inward reinsurance are recorded as incurred following the statement of accounts the reinsurers sent to the Corporation and the claim is accepted by the Corporation.

Claim receipts from ceded policies are recognized based on the receivable amount incurred corresponding to the claim settlement expenses recorded in the year and the ceded ratios.

Commission expenses for inward reinsurance are recognized corresponding to inward reinsurance premium incurred in the year. In the year, the entire commission expenses for inward reinsurance under inward reinsurance contracts signed in accordance with regulations of the financial regime are presented in the "Commission expenses for inward reinsurance" item.

At the year end, the Corporation should determine commission expenses for inward reinsurance which have not been recognized as expenses for the year yet corresponding to unearned inward reinsurance premium so as to allocate such commission expenses to the subsequent financial years in accordance with the provisioning method above.

Other expenses are recognized when incurred.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years (including loss carried forward, if any) and it further excludes items that are never taxable or deductible.

Deferred tax is recognised on significant differences between carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using balance sheet liability method. Deferred tax liabilities are generally recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Corporation intends to settle its current tax assets and liabilities on a net basis.

The determination of the current tax expense payable is based on the current interpretation of tax regulations. However, these regulations are subject to periodic variation and their ultimate determination depends on the results of the tax authorities' examination.

Other taxes are paid in accordance with the prevailing tax laws in Vietnam.

4. CASH AND CASH EQUIVALENTS

	Closing balance VND	Opening balance VND
Cash on hand	211,108,595	228,475,921
Bank demand deposits	45,103,677,602	76,674,760,331
Cash equivalents	40,000,000,000	-
	85,314,786,197	76,903,236,252

PVI REINSURANCE JOINT-STOCK CORPORATION
NOTES TO THE FINANCIAL STATEMENTS (Continued)

FORM B 09-DNPNT

5. FINANCIAL INVESTMENTS

	Closing balance			Opening balance		
	Cost	Fair value (*)	Provision	Cost	Fair value (*)	Provision
	VND	VND	VND	VND	VND	VND
Held-to-maturity investments	1,190,962,000,000	1,190,962,000,000	-	1,120,272,000,000	1,120,272,000,000	-
Short-term	628,591,800,000	628,591,800,000	-	1,020,269,000,000	1,020,269,000,000	-
- Short-term deposits (i)	628,591,800,000	628,591,800,000	-	1,020,269,000,000	1,020,269,000,000	-
Long-term	562,370,200,000	562,370,200,000	-	100,003,000,000	100,003,000,000	-
- Bonds (ii)	100,003,000,000	100,003,000,000	-	100,003,000,000	100,003,000,000	-
- Long-term deposits (iii)	462,367,200,000	462,367,200,000	-			
Investments in other entities	308,545,450,000	318,566,860,693	-	308,545,450,000	315,987,098,887	-
- PVI Opportunity Investment Fund (iv)	204,545,450,000	214,397,214,308	-	204,545,450,000	211,631,220,132	-
- PVI Infrastructure Investment Fund (v)	104,000,000,000	104,169,646,385	-	104,000,000,000	104,355,878,755	-

(i) Represent term deposits at domestic commercial joint stock banks with the original term of more than 3 months and remaining term of 12 months or less from the reporting date.

(ii) Represent an investment in Military Commercial Joint Stock Bank's bonds with term of 05 year and 01 day and maturity date on 18 October 2023.

(iii) Represent term deposits at domestic commercial joint-stock banks with the remaining term of more than 12 months from the reporting date.

(iv) Represent the capital investment in PVI Opportunity Investment Fund ("POF") accounting for 20.45% of total charter capital of POF.

(v) Represent the capital investment in PVI Infrastructure Investment Fund ("PIF"), accounting for 20.00% of total charter capital of PIF.

(*) The fair value of those investments is determined as follows:

+ The fair value of long-term bond investment is determined by book value as the interest rate is subject to changes of market interest rates.

+ The fair value of the capital investment in POF and PIF is measured under net asset method based on the POF's financial statements and PIF's financial statements as at 31 December 2019.

+ The fair value of term deposits at domestic commercial joint stock banks is determined by book value due to: (i) short maturities and (ii) unavailability of information in the market to determine the fair value at the reporting date.

6. TRADE ACCOUNTS RECEIVABLE

	Closing balance VND	Opening balance VND
Receivables of insurance contracts	558,436,630,845	424,257,794,053
- Receivables regarding inward reinsurance	331,775,218,292	204,671,834,093
- Receivables regarding outward reinsurance	226,661,412,553	219,585,959,960
Other trade accounts receivable	34,775,131,057	21,677,651,520
	593,211,761,902	445,935,445,573

Including:

	Closing balance VND	Opening balance VND
PVI Insurance Corporation	263,113,522,818	116,663,840,953
Petrolimex Insurance Joint Stock Corporation	29,800,289,970	35,071,762,655
Military Insurance Joint Stock Corporation - MIC	23,242,770,882	40,814,378,839
Vietnam National Reinsurance Corporation	21,070,991,437	25,978,512,690
Bao Viet Insurance Corporation	18,625,703,544	30,268,735,288
Bao Minh Insurance Corporation	18,226,521,895	22,852,315,311
Aon Benfield Corporate Risk - Aon Risk Solution	16,768,401,956	4,327,924,660
Guy Carpenter	16,554,653,905	13,793,189,496
Vietinbank Insurance Joint Stock Corporation	4,363,302,244	21,351,091,580
Others	181,445,603,251	134,813,694,101
	593,211,761,902	445,935,445,573

Trade receivables from related parties:

	Closing balance VND	Opening balance VND
PVI Insurance Corporation	263,113,522,818	116,663,840,953
	263,113,522,818	116,663,840,953

7. BAD DEBTS

	Closing balance		Opening balance	
	Cost	Recoverable value	Cost	Recoverable value
	VND	VND	VND	VND
Total value of receivables, loans overdue or not overdue but unlikely to be recovered:	12,190,296,472	5,420,285,373	17,046,003,603	11,035,209,792
- <i>Military Insurance Joint Stock Corporation</i>	8,111,552,382	3,457,137,115	12,180,326,554	8,145,655,247
- <i>BIDV Insurance Corporation</i>	2,088,682,910	1,256,375,155	-	-
- <i>Xuan Thanh Insurance Joint Stock Corporation</i>	774,374,024	334,751,971	417,943,215	292,560,251
- <i>Vien Dong Assurance Corporatio (VASS)</i>	413,854,054	49,790,930	1,027,490,197	348,247,698
- <i>JLT Re United Kingdom</i>	-	-	1,434,332,513	1,004,032,759
- <i>Petrolimex Insurance Joint Stock Corporation</i>	-	-	780,571,304	546,399,913
- <i>Aon Re Asia Pte Ltd</i>	267,938,656	22,182,423	-	-
- <i>Others</i>	533,894,446	300,047,779	1,205,339,820	698,313,924

Recoverable value is measured at cost less provision for doubtful debts.

8. PREPAID EXPENSES

	Closing balance VND	Opening balance VND
a) Short-term	190,865,285,078	138,588,228,719
- Unallocated commission expenses	190,389,421,394	138,275,799,144
Opening balance	138,275,799,144	132,343,234,334
Unallocated commission expenses incurred in the year	390,137,981,957	279,933,852,542
Commission expenses allocated in the year	(338,024,359,707)	(274,001,287,732)
Closing balance	190,389,421,394	138,275,799,144
- Tools and supplies issued for consumption	137,530,632	61,341,818
- Other short-term prepaid expenses	338,333,052	251,087,757
b) Long-term	22,813,461,510	18,904,429,236
- Office rental and service charge at PVI Tower	21,452,364,631	17,317,058,970
- Other long-term prepaid expenses	1,361,096,879	1,587,370,266
	213,678,746,588	157,492,657,955

9. REINSURANCE ASSETS

	Closing balance VND	Opening balance VND
Unearned premium reserve for outward reinsurance	440,249,447,078	443,706,014,556
Claim reserve for outward reinsurance	1,650,062,685,025	1,233,450,612,938
	2,090,312,132,103	1,677,156,627,494

10. TANGIBLE FIXED ASSETS

	Motor vehicles VND	Office equipment VND	Total VND
COST			
Opening balance	2,452,320,000	5,032,271,385	7,484,591,385
Additions	-	913,860,000	913,860,000
- New purchases	-	913,860,000	913,860,000
Closing balance	2,452,320,000	5,946,131,385	8,398,451,385
ACCUMULATED DEPRECIATION			
Opening balance	2,452,320,000	4,135,085,520	6,587,405,520
Charge for the year	-	629,659,817	629,659,817
Closing balance	2,452,320,000	4,764,745,337	7,217,065,337
NET BOOK VALUE			
Opening balance	-	897,185,865	897,185,865
Closing balance	-	1,181,386,048	1,181,386,048

The cost of the Corporation's tangible fixed assets includes VND 6,475,936,915 of assets which have been fully depreciated but are still in use as at 31 December 2019 (31 December 2018: VND 5,680,407,750).

11. INTANGIBLE ASSETS

	Computer software VND
COST	
Opening balance	23,375,313,000
Closing balance	23,375,313,000
ACCUMULATED AMORTISATION	
Opening balance	17,811,552,635
Charge for the year	3,227,180,133
Closing balance	21,038,732,768
NET BOOK VALUE	
Opening balance	5,563,760,365
Closing balance	2,336,580,232

The cost of the Corporation's intangible assets includes VND 16,263,600,000 of assets which have been fully depreciated but are still in use as at 31 December 2019 (31 December 2018: VND 12,073,600,000).

12. TRADE ACCOUNTS PAYABLES

	Closing balance VND	Opening balance VND
Payables of insurance contracts	540,886,842,175	469,620,530,558
- Payables regarding outward reinsurance premium	275,774,285,409	272,296,684,963
- Payables regarding claim compensation	230,448,994,411	175,778,453,407
- Other payables	34,663,562,355	21,545,392,188
Other trade accounts payable	54,329,209,869	72,557,429,788
	595,216,052,044	542,177,960,346

Including:

	Closing balance VND	Opening balance VND
PVI Insurance Corporation	210,837,454,466	89,760,336,778
Willis Re Labuan Limited (LL05552)	28,920,295,899	28,035,185,431
Bao Minh Insurance Corporation	27,240,222,060	20,445,081,612
Marsh Ltd Re Guy Carpenter	26,525,910,522	36,483,237,723
Vietnam National Reinsurance Corporation	25,503,736,932	23,395,723,964
Petrolimex Insurance Joint Stock Corporation	18,717,096,149	12,343,996,845
Guy Carpenter	17,683,776,443	26,990,709,160
Asiacapital Reinsurance Group Pte. Ltd (ACR)	16,775,602,364	20,903,589,920
Arthur J Gallagher Asia PL - Asia Reinsurance Brokers (ARB Broker) (AJG)	13,341,931,025	6,942,883,399
Bao Viet Insurance Corporation	6,470,197,500	25,138,494,876
Oman Insurance Company (PSC)	3,117,769,050	22,111,911,938
Others	200,082,059,634	229,626,808,700
	595,216,052,044	542,177,960,346

Trade payables to related parties:

	Closing balance VND	Opening balance VND
PVI Insurance Corporation	210,837,454,466	89,760,336,778
	210,837,454,466	89,760,336,778

13. TAXES AND OTHER PAYABLES TO THE STATE BUDGET

	Opening balance	In the year		Closing balance
	VND	Payable VND	Paid VND	VND
Value added tax on goods and services	56,063,408	490,500,412	526,406,251	20,157,569
Corporate income tax	8,667,003,081	29,835,568,899	33,343,791,628	5,158,780,352
- Year 2019	-	29,835,568,899	24,676,788,547	5,158,780,352
- Previous years	8,667,003,081	-	8,667,003,081	-
Personal income tax	783,829,218	5,495,733,839	4,486,809,798	1,792,753,259
Withholding tax	140,612,510	1,034,371,164	1,056,848,823	118,134,851
Business license tax	-	3,000,000	3,000,000	-
	9,647,508,217	36,859,174,314	39,416,856,500	7,089,826,031

14. OTHER CURRENT PAYABLES

	Closing balance VND	Opening balance VND
	117,928,126,700	114,489,963,311
Unearned commission income	116,351,340,192	112,170,162,802
- Opening balance	112,170,162,802	100,819,294,934
- Unearned commission income incurred in the year	246,895,259,647	217,056,351,102
- Commission income allocated in the year	(242,714,082,257)	(205,705,483,234)
- Closing balance	116,351,340,192	112,170,162,802
Other current payables	1,576,786,508	2,319,800,509
- Trade union fee, social insurance, health insurance, unemployment insurance	419,959,220	412,737,843
- Other payables	1,156,827,288	1,907,062,666
	117,928,126,700	114,489,963,311

Other payables to related parties:

	Closing balance VND	Opening balance VND
PVI Holdings	210,071,944	-
PVI Asset Management Joint Stock Company	63,636,363	70,000,000
	273,708,307	70,000,000

15. UNDERWRITING RESERVES

Claim reserve and unearned premium reserve	Closing balance		
	Inward reinsurance reserve	Outward reinsurance reserve	Net inward reinsurance reserve
	VND	VND	VND
1. Claim reserve	2,077,690,153,098	1,650,062,685,025	427,627,468,073
<i>Reserve for unsettled claims</i>	<i>2,002,047,031,485</i>	<i>1,602,600,404,851</i>	<i>399,446,626,634</i>
<i>Reserve for losses incurred but not reported</i>	<i>75,643,121,613</i>	<i>47,462,280,174</i>	<i>28,180,841,439</i>
2. Unearned premium reserve	734,435,883,240	440,249,447,078	294,186,436,162
	2,812,126,036,338	2,090,312,132,103	721,813,904,235

Details:

Claim reserve	Closing balance		
	Inward reinsurance claim reserve	Outward reinsurance claim reserve	Net inward reinsurance claim reserve
	VND	VND	VND
Opening balance	1,603,767,998,545	1,233,450,612,938	370,317,385,607
Increase in the year	473,922,154,553	416,612,072,087	57,310,082,466
Closing balance	2,077,690,153,098	1,650,062,685,025	427,627,468,073

Unearned premium reserve	Closing balance		
	Unearned inward reinsurance premium reserve	Unearned outward reinsurance premium reserve	Net unearned inward premium reinsurance reserve
	VND	VND	VND
Opening balance	603,483,597,880	443,706,014,556	159,777,583,324
Increase/(Decrease) in the year	130,952,285,360	(3,456,567,478)	134,408,852,838
Closing balance	734,435,883,240	440,249,447,078	294,186,436,162

Catastrophe reserve	Current year VND	Prior year VND
Opening balance	73,378,409,331	62,841,443,108
Increase in the year	17,012,201,888	10,536,966,223
Closing balance	90,390,611,219	73,378,409,331

16. OWNERS' EQUITY

	Owners' contributed capital VND	Compulsory reserve fund VND	Retained earnings VND	Total VND
Prior year's opening balance	668,000,000,000	26,105,622,801	72,457,190,212	766,562,813,013
Capital contribution	60,000,000,000	-	-	60,000,000,000
Profit for the year	-	-	126,080,538,356	126,080,538,356
Allocated to compulsory reserve fund	-	6,399,531,201	(6,399,531,201)	-
Dividends declared	-	-	(106,880,000,000)	(106,880,000,000)
Allocated to other funds	-	-	(3,709,205,161)	(3,709,205,161)
Current year's opening balance	728,000,000,000	32,505,154,002	81,548,992,206	842,054,146,208
Profit for the year	-	-	140,646,455,484	140,646,455,484
Allocated to compulsory reserve fund (i)	-	7,102,884,761	(7,102,884,761)	-
Dividends declared (ii)	-	-	(116,480,000,000)	(116,480,000,000)
Allocated to other funds (iii)	-	-	(5,963,881,006)	(5,963,881,006)
Current year's closing balance	728,000,000,000	39,608,038,763	92,648,681,923	860,256,720,686

(i) Compulsory reserve fund is allocated from profit after tax at the rate of 5% until its balance is equal to 10% of the charter capital as stipulated in Article 77, Decree No. 73/2016/ND-CP dated 01 July 2016 issued by the Government.

(ii) Shareholders have approved 2018 dividend payment according to Resolution No. 02/2019/NQ-DHDCD dated 29 March 2019 of the 2019 Annual General Meeting of Shareholders at the rate of 16% of charter capital. Which include the dividend paid in 2018, equivalent to 9% of the charter capital and the outstanding dividend of VND 50,960,000,000 paid in 2019, equivalent to 7% of the charter capital. The Corporation declared the interim dividend of 2019 of VND 65,520,000,000, equivalent to 9% of the charter capital, under Resolution No. 19/NQ/PVIRE dated 19 August 2019 of the Corporation's Board of Directors.

(iii) The Corporation makes allocation to the bonus and welfare funds and the bonus for the Management Board in accordance with Resolution No. 02/2019/NQ-DHDCD dated 29 March 2019 of the 2019 Annual General Meeting of Shareholders.

Details of owners' contributed capital are as follows:

Shares:

	Closing balance Share	Opening balance Share
Numbers of shares registered to issue	72,800,000	72,800,000
Common shares	72,800,000	72,800,000
Numbers of shares issued to the public	72,800,000	72,800,000
Common shares	72,800,000	72,800,000
Numbers of outstanding shares	72,800,000	72,800,000
Common shares	72,800,000	72,800,000

A common share has par value of VND 10,000.

17. INSURANCE PREMIUM

	Current year VND	Prior year VND
Inward reinsurance premium	1,512,862,432,262	1,216,374,282,498
<i>Property insurance</i>	498,156,455,800	423,706,717,675
<i>Engineering insurance</i>	252,239,907,094	244,785,117,392
<i>Hull and P&I insurance</i>	177,555,708,145	134,749,047,292
<i>Fire insurance</i>	153,161,612,895	137,576,579,994
<i>Cargo insurance</i>	139,886,634,762	106,453,134,562
<i>Motor vehicle insurance</i>	78,309,316,750	7,085,890,823
<i>Energy insurance</i>	64,687,635,169	51,538,340,140
<i>Aviation insurance</i>	4,001,278,880	3,976,629,786
<i>Health and personal accident insurance</i>	2,116,976,969	2,201,944,228
<i>Other insurance</i>	142,746,905,798	104,300,880,606
(Increase)/Decrease in unearned premium reserve for inward reinsurance	(130,952,285,360)	12,356,311,569
	1,381,910,146,902	1,228,730,594,067

18. OUTWARD REINSURANCE PREMIUM

	Current year VND	Prior year VND
Total outward reinsurance premium	945,789,036,012	865,142,075,061
<i>Property insurance</i>	325,912,727,092	312,331,632,644
<i>Engineering insurance</i>	144,474,064,285	175,718,556,422
<i>Fire insurance</i>	142,284,332,867	130,155,041,326
<i>Hull and P&I insurance</i>	104,795,708,086	85,450,299,637
<i>Cargo insurance</i>	85,882,950,627	54,460,158,039
<i>Energy insurance</i>	56,697,894,507	42,223,600,673
<i>Motor vehicle insurance</i>	3,167,479,278	3,296,415,744
<i>Health and personal accident insurance</i>	1,326,335,063	1,334,862,716
<i>Aviation insurance</i>	403,584,432	235,071,194
<i>Other insurance</i>	80,843,959,775	59,936,436,666
Decrease/(Increase) in unearned premium reserve for outward reinsurance	3,456,567,478	(9,313,892,438)
	949,245,603,490	855,828,182,623

19. TOTAL INSURANCE CLAIM SETTLEMENT EXPENSES

	Current year VND	Prior year VND
Claim settlement expenses	577,129,756,932	552,366,411,734
<i>Property insurance</i>	101,626,309,488	122,697,518,206
<i>Hull and P&I insurance</i>	92,253,973,048	104,768,949,035
<i>Engineering insurance</i>	86,671,654,229	72,880,242,916
<i>Cargo insurance</i>	78,835,518,545	23,867,259,567
<i>Energy insurance</i>	74,816,477,949	47,109,685,929
<i>Fire insurance</i>	55,607,910,936	91,701,223,052
<i>Aviation insurance</i>	16,852,863,791	20,521,760,357
<i>Motor vehicle insurance</i>	9,699,727,731	2,316,572,245
<i>Health and personal accident insurance</i>	1,781,019,409	322,322,256
<i>Other insurance</i>	58,984,301,806	66,180,878,171
Claim receipts from ceded policies	(422,593,166,601)	(405,187,530,554)
Increase in inward reinsurance claim reserve	473,922,154,553	205,730,928,826
(Increase) in outward reinsurance claim reserve	(416,612,072,087)	(173,860,227,452)
	211,846,672,797	179,049,582,554

20. OTHER EXPENSES FOR INSURANCE ACTIVITIES

	Current year VND	Prior year VND
Commission for inward reinsurance	338,024,359,707	274,001,287,732
Inward reinsurance brokerage expenses	5,208,785,626	4,561,139,706
Other inward reinsurance expenses	6,370,582,546	3,594,787,427
Other outward reinsurance expenses	39,403,014	(381,834)
Other reinsurance expenses	34,705,217,457	30,737,204,964
Including:		
<i>Labour expenses</i>	10,280,972,676	9,655,915,152
<i>Tools & equipment expenses</i>	65,830,099	111,473,773
<i>Outsourcing expenses</i>	2,668,311,683	2,531,316,712
<i>Other monetary expenses</i>	21,690,102,999	18,438,499,327
	384,348,348,350	312,894,037,995

21. FINANCIAL INCOME

	Current year VND	Prior year VND
Deposit and bond interest income	87,098,512,503	45,250,865,936
Interest from cross currency swap activities	1,925,755,726	17,691,565,984
Foreign exchange gain	5,817,910,584	21,727,603,505
Dividends and profits received	40,266,363,250	34,147,272,500
	135,108,542,063	118,817,307,925

22. FINANCIAL EXPENSES

	Current year VND	Prior year VND
Foreign exchange losses	7,166,146,638	12,260,090,565
Expense from cross currency swap activities	255,032,515	7,093,986,480
Expense of investment advisory services	636,363,636	791,223,615
Management cost of financial investment activities	4,360,938,159	-
	12,418,480,948	20,145,300,660

23. GENERAL AND ADMINISTRATION EXPENSES

	Current year VND	Prior year VND
Labour	10,871,978,536	11,384,503,752
Office equipment expenses	1,279,501,979	1,509,673,159
Depreciation and amortisation	3,467,925,161	4,512,919,434
Taxes, fees and charges	3,193,933,143	3,128,471,965
Provision provided	683,295,559	(447,650,242)
Out-sourced services	4,624,224,623	7,217,105,017
Other monetary expenses	2,193,959,742	1,992,871,440
	26,314,818,743	29,297,894,525

24. OPERATION COST BY NATURE

	Current year VND	Prior year VND
Claim expenses	211,846,672,797	179,049,582,554
Increase in catastrophe reserve	17,012,201,888	10,536,966,223
Commission for inward reinsurance	338,024,359,707	274,001,287,732
Inward reinsurance brokerage expenses	5,208,785,626	4,561,139,706
Other inward reinsurance expenses	6,370,582,546	3,594,787,427
Other outward reinsurance expenses	39,403,014	(381,834)
Labour	21,152,951,212	21,040,418,904
Depreciation and amortisation	3,856,839,950	4,512,919,434
Out-sourced services	7,292,536,306	9,748,421,729
Provision provided	683,295,559	(447,650,242)
Other monetary expenses	28,423,327,962	25,180,989,664
	639,910,956,567	531,778,481,297

25. CORPORATE INCOME TAX

	Current year VND	Prior year VND
Accounting profit before tax	170,482,024,383	154,848,735,015
Adjustments for taxable profit		
Add:	1,774,318,485	14,150,458,433
- Remuneration of the Board of Directors and the Board of Control	233,378,261	211,565,218
- Realized foreign exchange rate difference	(153,958,184)	11,302,939,742
- Other non-deductible expenses	1,694,898,408	2,635,953,473
Less:	(23,078,498,371)	(25,158,210,152)
- Non-taxable profit	(23,078,498,371)	(25,158,210,152)
Taxable profit	149,177,844,497	143,840,983,296
Normal tax rate	20%	20%
Corporate income tax expense based on taxable profit in the current year	29,835,568,899	28,768,196,659
Total current corporate income tax expense	29,835,568,899	28,768,196,659

26. BASIC EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the ordinary equity holders of the Corporation is based on the following data:

	Current year VND	Prior year VND
Profit after corporate income tax	140,646,455,484	126,080,538,356
Estimated appropriation for bonus and welfare fund	(5,937,879,887)	
Earnings for the purpose of calculating basic earnings per share	134,708,575,597	126,080,538,356
Average number of outstanding ordinary shares	72,800,000	68,464,835
Basic earnings per share	1,850	1,842

27. FINANCIAL INSTRUMENTS

Capital risk management

The Corporation manages its capital to ensure that the Corporation will be able to continue as a going concern while maximising the return to owner through the optimisation of the debt and equity balance.

The capital structure of the Corporation consists of equity attributable to equity holders of the Corporation (comprising contributed capital, reserves and retained earnings).

Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses) for each class of financial asset and financial liability are disclosed in Note 03.

Categories of financial instruments

	Closing balance		Opening balance	
	Book value	Fair value	Book value	Fair value
	VND	VND	VND	VND
Financial assets				
Cash and cash equivalents	85,314,786,197	85,314,786,197	76,903,236,252	76,903,236,252
Trade and other receivables	589,270,656,416	589,270,656,416	441,202,787,517	441,202,787,517
Short-term and long-term financial investments	1,499,507,450,000	1,509,528,860,693	1,428,817,450,000	1,436,259,098,887
Total	2,174,092,892,613	2,184,114,303,306	1,946,923,473,769	1,954,365,122,656
Financial liabilities				
Trade and other payables	596,372,879,332	596,372,879,332	544,085,023,012	544,085,023,012
Other financial liabilities	-	-	260,000,000	260,000,000
Total	596,372,879,332	596,372,879,332	544,345,023,012	544,345,023,012

The Board of Management of the Corporation has evaluated that the fair value of financial assets and financial liabilities at the year end is equal to their book value, except for the fair value of the investments in PVI Opportunity Investment Fund and PVI Infrastructure Investment Fund as presented in Note 05.

Financial risk management objectives

The Corporation has set up risk management system to identify and assess the risks exposed by the Corporation and designed control policies and procedures to manage those risks at an acceptable level. Risk management system is reviewed on a regular basis to reflect changes in market conditions and the Corporation's operations.

Financial risks include reinsurance risk, market risk (including foreign currency risk), credit risk and liquidity risk.

Reinsurance risk

A risk arising from any reinsurance contract is the possibility of failure to make an accurate assessment on risk levels of insurance subjects and on loss levels under reinsurance liability. The risk assessment on reinsurance acceptance and losses under the reinsurers' obligations is restricted by quality, timeliness and completeness of information investigated and provided by clients, cedants, and other partners in reinsurance activities. The Corporation manages such risks by applying the inward reinsurance strategy, setting up an appropriate rate of retained premium for each inward reinsurance type, arranging outward reinsurance activities reasonably, and actively providing compensations.

Market risk

The Corporation's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The Corporation does not hedge these risk exposures due to limited liquidity of the market to purchase such financial instruments.

Foreign currency risk management

The Corporation undertakes certain transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise.

The carrying amounts of the Corporation's foreign currency denominated monetary assets and monetary liabilities at the end of the year are as follows:

	Assets (VND equivalent)		Liabilities (VND equivalent)	
	Closing balance	Opening balance	Closing balance	Opening balance
United States Dollar (USD)	233,297,711,082	257,137,121,263	194,231,889,497	254,026,027,787
South Korean Won (KRW)	8,221,324,570	22,450,568,240	15,778,485,840	37,105,356,301
Euro (EUR)	23,185,996,440	32,028,063,803	20,168,848,639	23,523,016,971
Indian Rupee (INR)	443,846,296	1,403,680,530	1,812,371,057	1,517,769,996
Others	9,076,379,556	11,350,520,130	9,246,180,745	11,536,846,207

Foreign currency sensitivity analysis

The Corporation is mainly exposed to United States Dollar, South Korean Won and Euro.

The following table details the Corporation's sensitivity to a 2% increase and decrease in Vietnam Dong against the relevant foreign currencies. 2% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 2% change in foreign currency rates. For a 2% increase/decrease in the following foreign currencies against Vietnam Dong, the profit before tax in the year of the Corporation would decrease/increase by respective amounts as follows:

Currencies	Current year	Prior year
United States Dollar (USD)	781,316,432	62,221,870
South Korean Won (KRW)	(151,143,225)	(293,095,761)
Euro (EUR)	60,342,956	170,100,937

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Corporation. The Corporation has a credit policy in place and the exposure to credit risk is monitored on an on-going basis. The Corporation business operation is reinsurance, accordingly, the Corporation is mainly exposed to credit risks from clients operating in direct insurance business.

Liquidity risk management

The purpose of liquidity risk management is to ensure the availability of funds to meet present and future financial obligations. Liquidity is also managed by ensuring that the excess of maturing liabilities over maturing assets in any year is kept to manageable levels relative to the amount of funds that the Corporation believes can generate within that year. The Corporation's policy is to regularly monitor current and expected liquidity requirements to ensure that the Corporation maintains sufficient reserves of cash, borrowings and adequate committed funding from its owners to meet its liquidity requirements in the short and longer terms.

The following tables detail the Corporation's remaining contractual maturity for its non-derivative financial assets and financial liabilities with agreed repayment years. The tables have been drawn up based on the undiscounted cash flows including interest that will be earned in those assets, if any and undiscounted cash flows of financial liabilities based on the earliest date on which the Corporation can be required to pay. The tables include both interest and principal cash flows. The inclusion of information on non-derivative financial assets is necessary in order to understand the Corporation's liquidity risk management as the liquidity is managed on a net asset and liability basis.

	Less than 1 year VND	From 1 - 5 years VND	Total VND
Closing balance			
Cash and cash equivalents	85,314,786,197	-	85,314,786,197
Trade and other receivables	589,270,656,416	-	589,270,656,416
Short-term and long-term financial investments	628,591,800,000	870,915,650,000	1,499,507,450,000
Total	1,303,177,242,613	870,915,650,000	2,174,092,892,613
Trade and other payables	596,372,879,332	-	596,372,879,332
Other financial liabilities	-	-	-
Total	596,372,879,332	-	596,372,879,332
Net liquidity gap	706,804,363,281	870,915,650,000	1,577,720,013,281
Opening balance			
Cash	76,903,236,252	-	76,903,236,252
Trade and other receivables	441,202,787,517	-	441,202,787,517
Short-term and long-term financial investments	1,020,269,000,000	408,548,450,000	1,428,817,450,000
Total	1,538,375,023,769	408,548,450,000	1,946,923,473,769
Trade and other payables	544,085,023,012	-	544,085,023,012
Other financial liabilities	260,000,000	-	260,000,000
Total	544,345,023,012	-	544,345,023,012
Net liquidity gap	994,030,000,757	408,548,450,000	1,402,578,450,757

The Board of Management assessed the liquidity risk at low level and believes that the Corporation will be able to generate sufficient funds to meet its financial obligations as and when they fall due.

28. RELATED PARTY TRANSACTIONS AND BALANCES

List of related parties with significant transactions and balances:

<u>Related parties</u>	<u>Relationship</u>
PVI Holdings	Parent Company
PVI Insurance Corporation	Fellow Subsidiary
PVI Asset Management Joint Stock Company	Fellow Subsidiary
PVI Opportunity Investment Fund	Fellow Subsidiary
PVI Infrastructure Investment Fund	Fellow Subsidiary
Hannover Rück SE	Have same shareholders with Parent Company
Hannover Re - Malaysia Branch	Have same shareholders with Parent Company
HDI Global SE Singapore	Have same shareholders with Parent Company

The Corporation's significant related party transactions in the year are as follows:

	Current year VND	Prior year VND
PVI Insurance Corporation		
Inward reinsurance premium	1,019,567,400,047	822,239,263,148
Commission, brokerage expenses and other expenses for inward reinsurance	250,467,439,625	185,367,782,255
Other income from inward reinsurance	-	257,739,754
Transfer of outward reinsurance premium	175,895,173,039	137,576,144,125
Refunded outward reinsurance premium	4,247,978,698	12,190,330,790
Commission income from outward reinsurance	68,514,864,500	40,117,890,560
Claim receipt from ceded policies	63,416,474,442	69,291,468,740
Claim settlement expenses for inward reinsurance	398,979,090,013	345,374,207,213
Other income from outward reinsurance	1,605,943,722	1,340,169,167
Dividends paid	2,166,562,300	4,544,000,000
Dividends payable	2,166,562,300	4,544,000,000
PVI Holdings		
Dividend payable	82,996,357,700	73,600,000,000
Dividend paid	82,996,357,700	73,600,000,000
Assets purchased	636,900,000	3,119,227,924
PVI Asset Management Joint Stock Company		
Investment consultant fees	636,363,636	700,000,000
PVI Opportunity Investment Fund		
Dividend received	17,386,363,250	10,227,272,500
PVI Infrastructure Fund		
Dividend received	22,880,000,000	23,920,000,000
Hannover Rück SE		
Outward reinsurance premium	1,157,733,713	908,226,734
Hannover Re - Malaysia Branch		
Inward reinsurance premium	10,771,191,169	11,106,461,813
Outward reinsurance premium	3,595,079,452	5,220,612,185
Claim receipts from ceded policies	5,173,550,805	2,663,946,727
Commission income from outward reinsurance	888,198,668	1,678,480,057
Other income from outward reinsurance	46,969,419	55,966,810
HDI Global SE Singapore		
Outward reinsurance premium	891,086,331	1,507,209,949
Commission income from outward reinsurance	82,618,007	163,584,957
Other income from outward reinsurance	15,669,673	38,766,453

Significant related party balances as at 31 December 2019 are as follows:

	Closing balance VND	Opening balance VND
PVI Holdings		
Other receivables	1,110,127,650	1,110,127,650
Other payables	210,071,944	-
PVI Insurance Corporation		
Receivables	263,113,522,818	116,663,840,953
Payables	210,837,454,466	89,760,336,778
PVI Opportunity Investment Fund		
Capital investment	204,545,450,000	204,545,450,000
PVI Infrastructure Fund		
Capital investment	104,000,000,000	104,000,000,000
PVI Asset Management Joint Stock Company		
Other payables	63,636,363	70,000,000
Hannover Re - Malaysia Branch		
Receivables	2,120,964,802	492,772,221
Payables	2,403,453,867	2,708,664,174
HDI Global SE Singapore		
Payables	68,351,089	9,999,957

Remuneration of the Boards of Directors and Management

Remuneration paid to the Chairman of the Board of Directors and the Board of Management during the year was VND 9,183,552,566 (the year ended 31 December 2018 was VND 6,277,163,953).

29. SUMMARY OF CLAIMS

Year of losses	2017 VND	2018 VND	2019 VND	Total VND
Accumulated claim reserve amount				
As at year end of losses	445,419,378,483	366,870,411,602	431,247,714,498	431,247,714,498
After 1 year	814,040,876,076	860,948,028,474	-	860,948,028,474
After 2 years	909,150,415,793	-	-	909,150,415,793
Claim reserve amount accumulated to the current year (1)	814,040,876,076	366,870,411,602	431,247,714,498	1,612,159,002,176
Accumulated paid claim amount				
As at year end of losses	96,571,143,302	20,812,452,370	37,816,822,787	37,816,822,787
After 1 year	363,463,228,779	208,803,483,421	-	208,803,483,421
After 2 years	516,611,911,094	-	-	516,611,911,094
Paid claim amount accumulated to the current year (2)	363,463,228,779	20,812,452,370	37,816,822,787	422,092,503,936
Total outstanding claim reserve (3)=(1)-(2)	450,577,647,297	346,057,959,232	393,430,891,711	1,190,066,498,240
Outstanding claim reserve for previous years' losses				811,980,533,245
Total outstanding claim reserve at the year-end				2,002,047,031,485



Vi Ngoc Son
Preparer



Ngo Thanh Hai
Accounting Manager



Trinh Anh Tuan
Chief Executive Officer

Hanoi, 10 February 2020