

**Bao Long Insurance Corporation**

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2023

**Form B 09 – DNPNT**

*(Issued under Circular No.  
232/2012/TT-BTC dated 28 December 2012  
of the Ministry of Finance)*

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

**1. REPORTING ENTITY**

**(a) Ownership structure**

Bao Long Insurance Corporation (“the Corporation”) is a joint stock company incorporated in Vietnam under the Establishment and Operations Licence No. 1529/GP-UB dated 11 July 1995 issued by the People’s Committee of Ho Chi Minh City, which was subsequently amended by the latest Establishment and Operation Licence No. 71/GPDC19/KDBH dated 9 June 2017 issued by the Ministry of Finance.

The shares of the Corporation have been listed in the unlisted public company market (“UPCOM”) on 11 December 2015 with the ticker symbol as “BLI”.

**(b) Principal activities**

The principal activities of the Corporation are to provide non-life insurance and health insurance services in Vietnam including direct insurance services, reinsurance services, and carry out investment activities and other related activities in accordance with regulations in Vietnam.

**(c) Corporation structure**

As at 31 December 2023, the Corporation has one (1) head office and forty six (46) member companies located in cities and provinces across Vietnam (31/12/2022: one (1) head office and forty six (46) member companies).

As at 31 December 2023, the Corporation had 944 employees (31/12/2022: 988 employees).

**2. BASIS OF PREPARATION**

**(a) Statement of compliance**

The financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises, Circular No. 232/2012/TT-BTC dated 28 December 2012 (“Circular 232”) issued by the Ministry of Finance on the promulgation of accounting guidance for non-life insurance companies, reinsurance companies and branches of foreign non-life insurance companies and the relevant statutory requirements applicable to financial reporting.

These standards and the relevant statutory requirements may differ in some material respects from International Financial Reporting Standards and the generally accepted accounting principles and standards applicable to the financial statements of other countries. Accordingly, the accompanying financial statements are not intended to present the financial position of the Corporation and of its results of operations and cash flows in accordance with generally accepted accounting principles and practices in countries or jurisdictions other than Vietnam. Furthermore, their utilisation is not designed for those who are not informed about Vietnam’s accounting principles, procedures and practices applicable to non-life insurance enterprises, reinsurance enterprises, and branches of foreign non-life insurance enterprises.

**Bao Long Insurance Corporation****NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2023

**Form B 09 – DNPNT***(Issued under Circular No. 232/2012/TT-BTC dated 28 December 2012 of the Ministry of Finance)***2. BASIS OF PREPARATION (continued)****(b) Basis of measurement**

The financial statements, except for the statement of cash flows, are prepared on the accrual basis using the historical cost concept. The statement of cash flows is prepared using the direct method.

**(c) Annual accounting period**

The annual accounting period of the Corporation is from 1 January to 31 December.

**(d) Accounting and presentation currency**

The Corporation's accounting currency is Vietnam Dong ("VND"), which is also the currency used for financial statement presentation purpose.

**3. CHANGES IN ACCOUNTING POLICIES RESULTING FROM CHANGES IN THE RELEVANT STATUTORY REQUIREMENTS*****Adoption of Circular No. 67/2023/TT-BTC dated 2 November 2023***

On 2 November 2023, the Ministry of Finance issued Circular No. 67/2023/TT-BTC ("Circular 67") providing implementation guidance for certain articles of Law on Insurance Business No. 08/2022/QH15 dated 16 June 2022 passed by the National Assembly, Decree No. 46/2023/ND-CP dated 1 July 2023 (Decree 46") issued by the Government of Vietnam on the promulgation of implementation guidance for certain articles of Law on Insurance Business. Circular 67 takes effect from 2 November 2023 except for certain articles being effective from 1 January 2023. Circular 67 supersedes Circular No. 50/2017/TT-BTC dated 15 May 2017 ("Circular 50") issued by the Ministry of Finance providing implementation guidance for Decree No. 73/2016/ND-CP dated 1 July 2016 ("Decree 73") issued by the Government of Vietnam on the promulgation of implementation guidance for Law on Insurance Business and the Circulars amending and supplementing certain articles of Circular 50 except for certain articles of Circular 50 being effective until 31 December 2027.

Effective from 2 November 2023, the Corporation has prospectively adopted the applicable requirements of Circular 67. There are no significant differences in the requirements applicable to accounting and financial reporting of Circular 67 and the corresponding requirements of Circular 50

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Except for changes in accounting policies as described in Note 3, the significant accounting policies have been applied consistently to all periods presented in these financial statements.

**(a) Foreign currency transactions**

Transactions in currencies other than VND during the year have been translated into VND at actual rates of exchange ruling at the transaction dates.

Monetary assets and liabilities denominated in currencies other than VND are translated into VND at the account transfer buying rate and account transfer selling rate, respectively, at the end of the annual accounting period quoted by the commercial bank where the Corporation most frequently conducts transactions.

All foreign exchange differences are recorded in the statement of income.

**(b) Cash and cash equivalents**

Cash comprises cash on hand and demand deposits at banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amount of cash, are subject to an insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

**(c) Investments****(i) Trading securities**

Trading securities are those held by the Corporation for trading purpose i.e. purchase for resale with the aim of making profits over a short period of time. Trading securities are initially recognised at cost which includes purchase price plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at cost less allowance for diminution in value. An allowance is made for diminution in value of trading securities if market price of the securities item falls below its carrying amount. The allowance is reversed if the market price subsequently increases after the allowance was recognised. An allowance is reversed only to the extent that the securities' carrying amount does not exceed the carrying amount that has been determined if no allowance had been recognised.

For listed securities, the market prices are the closing prices of securities on the Ho Chi Minh City Stock Exchange and the Hanoi Stock Exchange at the latest trading date until the end of the annual accounting period.

For unlisted securities that have been registered for trading on Unlisted Public Company Market ("UPCOM"), the market price is the average price of the most recent 30 trading dates prior to the end of the annual accounting period quoted by the Stock Exchange. If there is no transaction within 30 days prior to the end of the annual accounting period, allowance for diminution in value of these securities is made if the investees have suffered losses. The allowance for diminution in value is equal to the difference between the total capital contributed by all investors and the owner's equity of the investee multiplied (x) the Corporation's actual percentage of equity ownership in the investee at the end of the annual accounting period.

For unlisted securities and not yet registered for trading on the UPCOM, the allowance is made if the investees have suffered losses. The allowance for diminution in value is equal to the difference between the total capital contributed by all investors and the owner's equity of the investee multiplied (x) the Corporation's actual percentage of equity ownership in the investee at the end of the annual accounting period.

**(ii) Held-to-maturity investments**

Held-to-maturity investments are those that the Corporation's Board of Executive Officers has the intention and ability to hold until maturity. Held-to-maturity investments comprise term deposits at banks and bonds. These investments are stated at cost less allowance for doubtful debts.

**Bao Long Insurance Corporation****NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2023

**Form B 09 – DNPNT***(Issued under Circular No.  
232/2012/TT-BTC dated 28 December 2012  
of the Ministry of Finance)***4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****(d) Accounts receivable and other receivables**

Accounts receivable – insurance and other receivables are stated at cost less allowance for doubtful debts.

Allowance for doubtful debts is made based on the overdue status of debts or expected losses on undue debts which may occur when an economic organisation is bankrupted or liquidated; or debtor is missing, running away, being prosecuted, in prison, under a trial or pending execution of sentences or deceased.

The allowance for doubtful debts based on overdue status as follows:

<b>Overdue status</b>	<b>Allowance rate</b>
From six (6) months to less than one (1) year	30%
From one (1) year to less than two (2) years	50%
From two (2) years to less than three (3) years	70%
From three (3) years and over	100%

Allowance for doubtful debts based on the expected losses of undue debts is determined by the Corporation's Board of Executive Officers after giving consideration to the recovery of these debts.

**(e) Deferred commission expenses**

Commission expenses on direct insurance business and reinsurance business are capitalised and amortised on the same basis as the allocation basis of unearned premium reserve as described in Note 4(m)(i). The balance of deferred commission expenses at the reporting date represents the commission expenses corresponding to the unearned premium.

**(f) Statutory security deposit*****Prior to 1 July 2023***

According to Decree 73, the Corporation is required to place a statutory security deposit of 2% legal capital at a commercial bank in Vietnam. This statutory security deposit is only used to meet any commitments made to the policyholders when the Corporation is unable to meet its financial obligations and the approval from the Ministry of Finance has been obtained. This statutory security deposit can only be fully withdrawn upon ceasing the business operations.

***Effective from 1 July 2023***

According to Decree 46, the Corporation is required to place a statutory security deposit of 2% minimum charter capital at a commercial bank in Vietnam. This statutory security deposit is only used to meet any commitments made to the policyholders when the Corporation is unable to meet its financial obligations and the approval from the Ministry of Finance has been obtained. This statutory security deposit can only be fully withdrawn upon ceasing the business operations.

The adoption of the requirement of Decree 46 applicable to statutory security deposit has no impact on the financial statements of the Corporation for the year ended 31 December 2023.

**(g) Tangible fixed assets**

**(i) Cost**

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price, including import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after tangible fixed assets have been put into operation, such as repairs, maintenance and overhaul costs, is charged to the statement of income in the year in which the cost is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of tangible fixed assets beyond their originally assessed standard of performance, the expenditure is capitalised as an additional cost of tangible fixed assets.

**(ii) Depreciation**

Depreciation is computed on a straight-line basis over the estimated useful lives of tangible fixed assets. The estimated useful lives are as follows:

• buildings and structures	20 – 25 years
• motor vehicles	6 – 10 years
• machinery and equipment	6 – 13 years
• office equipment	4 – 5 years

**(h) Intangible fixed assets**

**(i) Land use rights**

Land use rights are stated at cost less accumulated amortisation. The initial cost of a land use rights comprises its purchase price and any directly attributable costs incurred in conjunction with securing the land use rights. Amortisation is computed on a straight-line basis over 13 years. Land use rights with indefinite term are not amortised.

**(ii) Software**

Cost of acquiring of new software, which is not an integral part of the related hardware, is capitalised and treated as an intangible fixed asset. Software cost is amortised on a straight-line basis over 5 years.

**(i) Construction in progress**

Construction in progress represents the costs of tangible and intangible fixed assets which have not been fully completed or installed. No depreciation is provided for construction in progress during the period of construction and installation.

**Bao Long Insurance Corporation****NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2023

**Form B 09 – DNPNT***(Issued under Circular No.  
232/2012/TT-BTC dated 28 December 2012  
of the Ministry of Finance)***4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****(j) Long-term prepaid expenses****(i) Tools and instruments**

Tools and instruments include assets held for use by the Corporation in the normal course of business whose costs of individual items are less than VND30 million and therefore not qualified for recognition as fixed assets under the prevailing regulation. Cost of tools and instruments are amortised on a straight-line basis over a period ranging from over 1 year to 3 years.

**(ii) Other prepaid expenses**

Other long-term prepaid expenses mainly comprise renovation, improvement and office fittings expenses which are initially recorded at cost and amortised on a straight-line basis over 1 year to 3 years.

**(k) Insurance and other payables**

Insurance and other payables are stated at their cost.

**(l) Provisions**

A provision, except for the technical reserves described in Note 4(m), is recognised if, as a result of a past event, the Corporation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

***Severance allowance***

Under the Vietnamese Labour Code, when an employee who has worked for 12 months or more (“the eligible employees”) voluntarily terminates his/her labour contract, the employer is required to pay the eligible employee severance allowance calculated based on years of service and employee’s compensation at termination. Provision for severance allowance has been provided based on employees’ years of service and their average salary for the six-month period prior to the end of the annual accounting period. For the purpose of determining the number of years of service by an employee, the period for which the employee participated in and contributed to unemployment insurance in accordance with prevailing laws and regulations and the period for which severance allowance has been paid by the Corporation are excluded.

**(m) Technical reserves**

Technical reserves are established in accordance with the requirements and guidance of Circular 50 (prior to 2 November 2023), Circular 67 (from 2 November 2023) and Official Letter No. 792/BTC-QLBH dated 19 January 2018 (“OL 792”) issued by the Ministry of Finance approving the methods of establishing technical reserves of the Corporation.

The Corporation's technical reserves comprise technical reserves for non-life insurance policies and technical reserves for health insurance policies.

**(i) Technical reserves for non-life insurance policies**

*Unearned premium reserve*

Unearned premium reserve is the proportion of written premiums that are related to risk assumed after the end of annual accounting period and is included as a liability in the balance sheet.

The unearned premium reserve is calculated using pro-rata method on policy term as stipulated in Article 17 of Circular 50 (prior to 2 November 2023) and as stipulated in Article 35 of Circular 67 (from 2 November 2023), specifically as follows:

- Method 1/24: this calculation method assumes that premiums from all policies underwritten in a month of the Corporation are evenly distributed during the month, in other words, all insurance policies of a specific month are assumed to be effective from the middle of that month.

Unearned premium reserve is calculated and presented separately for the gross premiums from direct insurance business and inward reinsurance and for outward reinsurance premiums.

*Claims reserve*

Claims reserve comprises reserve for outstanding claims and reserve for claims incurred but not reported.

Reserve for outstanding claims is made for each insurance policy by estimating the sum insured to be paid for each claim case which was reported or claimed but not yet settled by the end of the annual accounting period as stipulated in Article 17 of Circular 50 (prior to 2 November 2023) and as stipulated in Article 36 of Circular 67 (from 2 November 2023).

“Incurred but not reported” (“IBNR”) claims are claims which have incurred but have not yet been notified to the insurer at the end of annual accounting period. IBNR reserve is calculated at the rate of 3% of retained premium for each type of insurance product in accordance with the guidance in OL 792.

Claims reserve is calculated and presented separately for direct insurance business and inward reinsurance and for outward reinsurance business.

*Catastrophe reserve*

Catastrophe reserve is made annually at 1% of the retained premium for each type of insurance products in accordance with the guidance in OL 792.

Catastrophe reserve is made until the reserve reaches 100% of the retained premium of the current annual accounting period.

**Bao Long Insurance Corporation****NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2023

**Form B 09 – DNPNT***(Issued under Circular No. 232/2012/TT-BTC dated 28 December 2012 of the Ministry of Finance)***4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****(m) Technical reserves (continued)****(ii) Technical reserves for health insurance policies***Mathematical reserve*

Mathematical reserve for health insurance policies is applied for health insurance policies (direct insurance and reinsurance) with terms of more than 1 year which is calculated using pro-rata method on policy term as stipulated in Article 17 of Circular 50 (prior to 2 November 2023) and as stipulated in Article 35 of Circular 67 (from 2 November 2023), specifically as follows:

- Method 1/8: applied for health insurance policies (except for health insurance policies covering death or total permanent disability). This calculation method assumes the premiums of all insurance policies underwritten by the Corporation and inward reinsurance received within the quarter are evenly distributed during three months of each quarter, in other words, all insurance policies of a particular quarter are assumed to be effective in the middle of that quarter;
- Method 1/365 (daily): applied for health insurance policies covering death or total permanent disability. This calculation method assumes the premiums of all insurance policies underwritten by the Corporation and inward reinsurance received within a day are evenly distributed during the day, in other words, all insurance policies of a particular day are assumed to be effective at the end of the day.

*Unearned premium reserve*

Unearned premium reserve is applicable to health insurance policies with term of not more than 1 year. Unearned premium reserve is calculated using pro-rata method on policy term as stipulated in Article 17 of Circular 50 (prior to 2 November 2023) and as stipulated in Article 35 of Circular 67 (from 2 November 2023), specifically as follows:

- Method 1/24: This calculation method assumes that premiums of all policies underwritten in a month of the Corporation are evenly distributed during the month, in other words, all insurance policies in a specific month are assumed to be effective from the middle of that month.

Unearned premium reserve is calculated and presented separately for the gross premiums from direct insurance business and inward reinsurance and for outward reinsurance premiums.

*Claims reserve*

Claims reserve comprises reserve for outstanding claims and reserve for claims incurred but not reported.

Reserve for outstanding claims is made for each insurance policy by estimating the sum insured to be paid for each claim case which was reported or claimed but not yet settled by the end of the annual accounting period as stipulated in Article 19 of Circular 50 (prior to 2 November 2023) and as stipulated in Article 36 of Circular 67 (from 2 November 2023).

Incurred but not reported (“IBNR”) claims are claims which have incurred but have not yet been notified to the insurers at the end of annual accounting period. IBNR reserve is calculated at the rate of 3% of retained premium for each type of insurance products in accordance with the guidance in OL 792.

Claims reserve is calculated and presented separately for direct insurance business and inward reinsurance and for outward reinsurance business.



### *Equalization reserve*

Equalization reserve is made annually at 1% of the retained premium of each type of health insurance products in accordance with the guidance in OL 792.

There are no significant differences in the requirements applicable to calculation and recognition of technical reserves between Circular 67 and Circular 50.

## **(n) Share capital**

### **(i) Ordinary shares**

Ordinary shares are recognised at par value. Costs directly attributable to the issue of shares, net of tax effects, are recognised as deduction from share premium.

Share premium is the difference between the issue price and the par value of each share.

### **(ii) Repurchase and reissue of ordinary shares (treasury shares)**

Treasury shares are recognised only in respect of repurchased shares which are aggregated fractions of share arising when the Corporation issues shares to pay dividends or issues shares from equity reserves in accordance with an approved issuance plan, or repurchased odd-lots of shares as requested by the shareholders. In all other cases, when shares recognised as equity are repurchased, their par value amount is recognised as a reduction to share capital. The difference between the par value and the amount of the consideration paid, which includes directly attributable costs, net of tax effects, is included in share premium.

## **(o) Reserves and funds**

### **(i) Statutory reserve**

Statutory reserve is appropriated annually from 5% of profit after tax until this reserve reaches 10% of the Corporation's charter capital. This statutory reserve is non-distributable and classified as part of equity.

### **(ii) Other equity funds**

Other equity funds are appropriated from profit after tax after the deduction of statutory reserve appropriation and remunerations payable to the members of Board of Directors and Board of Supervisors. Other equity funds are not required by laws and are fully distributable and classified as part of equity.

**Bao Long Insurance Corporation****NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2023

**Form B 09 – DNPNT***(Issued under Circular No. 232/2012/TT-BTC dated 28 December 2012 of the Ministry of Finance)***4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****(p) Classification of financial instruments**

Solely for the purpose of providing disclosures about the significance of financial instruments to the Corporation's financial position and results of operations and the nature and extent of risk arising from financial instruments, the Corporation classifies its financial instruments as follows:

**(i) Financial assets***Financial assets at fair value through profit or loss*

A financial asset at fair value through profit or loss is a financial asset that meets either of the following conditions:

- It is considered by the Board of Executive Officers as held for trading. A financial asset is considered as held for trading if:
  - it is acquired principally for the purpose of selling it in the near term;
  - there is evidence of a recent pattern of short-term profit-taking; or
  - it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).
- Upon initial recognition, it is designated by the Corporation as at fair value through profit or loss.

*Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and a fixed maturity that the Corporation has the positive intention and ability to hold to maturity, other than:

- those that the Corporation upon initial recognition designates as at fair value through profit or loss;
- those that the Corporation designates as available-for-sale; and
- those that meet the definition of loans and receivables.

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those:

- that the Corporation intends to sell immediately or in the near term, which are classified as held for trading, and those that the Corporation on initial recognition designates as at fair value through profit or loss;
- that the Corporation upon initial recognition designates as available-for-sale; or
- for which the Corporation may not recover substantially all of its initial investment, other than because of credit deterioration, which are classified as available-for-sale.

*Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or that are not classified as:

- financial assets at fair value through profit or loss;
- held-to-maturity investments; or
- loans and receivables.

**(ii) Financial liabilities**

*Financial liabilities at fair value through profit or loss*

A financial liability at fair value through profit or loss is a financial liability that meets either of the following conditions:

- It is considered by the Board of Executive Officers as held for trading. A financial liability is considered as held for trading if:
  - it is incurred principally for the purpose of repurchasing it in the near term;
  - there is evidence of a recent pattern of short-term profit-taking; or
  - it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).
- Upon initial recognition, it is designated by the Corporation as at fair value through profit or loss.

*Financial liabilities carried at amortised cost*

Financial liabilities which are not classified as financial liabilities at fair value through profit or loss are classified as financial liabilities carried at amortised cost.

The above described classification of financial instruments is solely for presentation and disclosure purpose and is not intended to be a description of how the instruments are measured. Accounting policies for measurement of financial instruments are disclosed in other relevant notes.

**Bao Long Insurance Corporation****NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2023

**Form B 09 – DNPNT***(Issued under Circular No. 232/2012/TT-BTC dated 28 December 2012 of the Ministry of Finance)***4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****(q) Taxation**

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the statement of income except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the end of the annual accounting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using the tax rates enacted or substantively enacted at the end of the annual accounting period.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**(r) Premium revenue**

Premium revenue from direct insurance is recognised in accordance with the requirements and guidance of Circular 50 (prior to 2 November 2023) and Circular 67 (from 2 November 2023).

Premium revenue from direct insurance is recognised in the statement of income when insurance risk is assumed, specifically as follows:

- when the insurance contract has been entered into by the Corporation and the insured and the insured has fully paid the premium;
- there is evidence that the insurance contract has been entered into and the insured has fully paid the premium;
- when insurance contract has been entered into by the Corporation and the insured and there is agreement between the Corporation and the insured for delayed payment of insurance premium, the Corporation recognises premium revenue for the unpaid premium when the insurance risk is assumed;
- when insurance contract has been entered into by the Corporation and there is agreement between the Corporation and the insured for insurance premium being paid on instalment basis, the Corporation recognises the due premiums and does not recognise undue premiums as specified in the insurance contract.

When a risk is cancelled and a refund of premium is necessary, written premiums are adjusted by deducting the amount of the arising refunded premium, as appropriate.

There are no significant differences in the requirements applicable to premium revenue recognition between Circular 67 and Circular 50.

**(s) Revenue from investment activities**

**(i) Revenue from securities trading**

Revenue from securities trading is recognised in the statement of income upon receipt of the matching order reports of securities trading transactions from Vietnam Securities Depository and Clearing Corporation (for listed securities) and completion of the agreement on transfer of assets (for unlisted securities) and when most of the risks and benefits associated with ownership of securities are transferred to the buyer (for unlisted securities).

**(ii) Interest income**

Interest income is recognised on a time proportion basis with reference to the principal outstanding and at the applicable interest rate.

**(iii) Dividend income**

Dividend income is recognised when the Corporation's right to receive the dividend is established. Share dividends are not recognised as income.

**(t) Reinsurance activities**

**(i) Outward reinsurance**

Outward reinsurance premiums under treaty and facultative reinsurance agreements are recognised when gross written premiums within the scope of the treaty and facultative agreements are recognised.

Outward reinsurance recoveries are recognised when there is evidence of liability portion assumed by the reinsurer.

Commission income from outward reinsurance is recognised in the statement of income on the same basis as the allocation basis of unearned premium reserve as described in Note 4(m)(i). The balance of unearned commission income at the reporting date represents the commission income corresponding to the unearned premium.

**(ii) Inward reinsurance**

Income and expenses other than commission expenses relating to inward reinsurance are recognised when the statements of accounts are received from the cedants.

Commission expenses on inward reinsurance business are recognised in accordance with accounting policy as described in Note 4(e).

**(u) Claims expense**

Claims and loss adjustment expenses are recognised in the statement of income when the insured events incur. The charges for claims, loss adjustment expenses incurred for an accounting period are based on the estimated ultimate costs of settling the claims and related loss adjustment expenses.

Changes in estimates of claim costs (claims and loss adjustment expenses) resulting from the ongoing review process and differences between the estimates and payments for claims are recognised in the statement of income of the period in which the estimates are changed or the payments are made.

**Bao Long Insurance Corporation****NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2023

**Form B 09 – DNPNT***(Issued under Circular No.  
232/2012/TT-BTC dated 28 December 2012  
of the Ministry of Finance)***4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****(u) Claims expense (continued)**

The charges for claims, loss adjustment expenses incurred for the year therefore comprise amounts paid during the year in respect of claims incurring during that period, reserves for the claims that are outstanding or incurred but not reported ("IBNR") at the end of the annual accounting period and adjustments made in current year to the claims reserve brought forward from the previous years.

Recoveries on claims, such as salvage or subrogation, are evaluated based on their actual realisable values and deducted from the claims expense during the year.

**(v) Acquisition costs**

All acquisition costs other than commission expenses incurred on underwriting or renewal of insurance policies are recognised in the statement of income when incurred.

**(w) Leases****(i) Leased assets**

Assets held under lease contracts of which the Corporation, as lessee, does not assume substantially the risks and rewards of ownership are classified as operating leases and are not recognised in the Corporation's balance sheet.

**(ii) Leased payments**

Payments made under operating leases are recognised in the statement of income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of income as an integral part of the total lease expense, over the term of the lease.

**(x) Earnings per share**

The Corporation presents basic and diluted earnings per share ("EPS") for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders of the Corporation by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to the ordinary shareholders and the weighted average number of ordinary shares outstanding for the effect of all dilutive potential ordinary shares, which comprise convertible bonds and share options. During the year, the Corporation had no potential ordinary shares and therefore does not present diluted earnings per share.

**(y) Segment reporting**

A segment is a distinguishable component of the Corporation that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. Currently, the Corporation has only one business segment, which is to provide non-life insurance services, and only operates in one geographical segment, which is Vietnam.

**(z) Related parties**

Parties are considered to be related to the Corporation if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, or where the Corporation and the other party are subject to common control or significant influence. Related parties may be individuals or corporate entities and include close family members of any individual considered to be a related party.

Related companies refer to the parent company, the ultimate parent companies and their subsidiaries and associates.

**(aa) Nil balances**

Items or balances required by Circular No. 232/2012/TT-BTC dated 28 December 2012 issued by the Ministry of Finance on the promulgation of accounting guidance for non-life insurance companies, reinsurance companies and branches of foreign non-life insurance companies that are not shown in these financial statements indicate nil balances.

**(bb) Comparative information**

Comparative information in these financial statements is presented as corresponding figures. Under this method, comparative information for the prior year is included as an integral part of the current year financial statements and is intended to be read only in relation to the amounts and other disclosures relating to the current year. Accordingly, the comparative information included in these financial statements is not intended to present the Corporation's financial position, results of operations or cash flows for the prior year.

**5. CASH AND CASH EQUIVALENTS**

	<b>31/12/2023 VND</b>	31/12/2022 VND
Cash on hand	2,046,928,427	2,033,671,320
Cash in banks	85,182,328,549	272,717,865,854
Cash equivalents (i)	485,000,000,000	368,635,237,205
Cash and cash equivalents in the statement of cash flows	572,229,256,976	643,386,774,379

- (i) Cash equivalents represent term deposits at banks denominated in VND with remaining terms to maturities of not more than 3 months at the end of the annual accounting period and earn annual interest rates ranging from 7.00% to 11.48% as at 31 December 2023 (31/12/2022: 4.40% to 9.40%).

## Bao Long Insurance Corporation

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

Form B 09 – DNPNT

(Issued under Circular No.  
232/2012/TT-BTC dated 28 December 2012  
of the Ministry of Finance)

## 6. SHORT-TERM FINANCIAL INVESTMENTS

## (a) Trading securities

	31/12/2023			31/12/2022				
	Number of shares	Cost VND	Allowance for diminution in value VND	Net value VND	Number of shares	Cost VND	Allowance for diminution in value VND	Net value VND
<b>Listed shares</b>								
HPG	-	-	-	-	220,000	7,763,750,000	(3,803,750,000)	3,960,000,000
QNS	-	-	-	-	180,000	7,370,310,000	(893,910,000)	6,476,400,000
STB	-	-	-	-	210,000	6,700,000,000	(1,975,000,000)	4,725,000,000
QTP	-	-	-	-	350,000	5,710,000,000	(1,128,500,000)	4,581,500,000
TDM	-	-	-	-	170,000	5,092,043,260	-	5,092,043,260
CTD	-	-	-	-	34,700	2,296,411,730	(1,154,781,730)	1,141,630,000
PVT	-	-	-	-	35,200	693,414,354	-	693,414,354
<b>Shares registered for trading on UPCOM</b>								
PEG	199,351	4,186,371,000	(3,309,226,600)	877,144,400	199,351	4,186,371,000	(3,010,200,100)	1,176,170,900
PCF	43,800	444,000,000	(227,190,000)	216,810,000	43,800	444,000,000	(339,756,000)	104,244,000
PND	19,607	196,070,000	(66,663,800)	129,406,200	19,607	196,070,000	(47,056,800)	149,013,200
		4,826,441,000	(3,603,080,400)	1,223,360,600		40,452,370,344	(12,352,954,630)	28,099,415,714



Number of shares	31/12/2023		31/12/2022	
	Cost VND	Allowance for diminution in value VND	Net value VND	Number of shares
				Allowance for diminution in value VND
				Cost VND
				Net value VND
<b>Unlisted fund certificates</b>				
Dividend				
Focus Equity Fund (formerly known as "Vietnam Blue-chips Investment Fund")	1,153,173	19,961,996,000	-	1,153,173
				19,961,996,000
				-
				19,961,996,000
	24,788,437,000	(3,603,080,400)	21,185,356,600	60,414,366,344
				(12,352,954,630)
				48,061,411,714

## Bao Long Insurance Corporation

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

Form B 09 – DNPNT

(Issued under Circular No.  
232/2012/TT-BTC dated 28 December 2012  
of the Ministry of Finance)

## 6. SHORT-TERM FINANCIAL INVESTMENTS (continued)

Movements of allowance for diminution in the value of trading securities during the year were as follows:

	2023 VND	2022 VND
Opening balance	12,352,954,630	3,947,452,312
Allowance (reversed)/made during the year (Note 27)	(8,749,874,230)	8,405,502,318
Closing balance	3,603,080,400	12,352,954,630

## (b) Held-to-maturity investments

	31/12/2023 VND	31/12/2022 VND
Held-to-maturity investments – short-term		
• Term deposits at banks (i)	705,513,671,233	730,705,156,044
• Bonds	-	25,000,000,000
	705,513,671,233	755,705,156,044
Held-to-maturity investments – long-term		
• Term deposits at banks (ii)	182,000,000,000	6,000,000,000
• Bonds (iii)	1,503,000,000	41,503,000,000
	183,503,000,000	47,503,000,000
Allowance for diminution in the value of long-term financial investments (iv)	(1,503,000,000)	(1,503,000,000)
	182,000,000,000	46,000,000,000

## (c) Other short-term investments

	2023 VND	2022 VND
Other short-term investments		
• Entrusting investments (v)	32,129,179,580	-
• Allowance for diminution in the value of other short-term investments (Note 27) (vi)	(803,524,000)	-
	31,325,655,580	-

- (i) This balance represents term deposits at banks denominated in VND with remaining terms to maturities of more than 3 months to 12 months at the end of annual accounting period and earn annual interest rates ranging from 4.27% to 9.00% as at 31 December 2023 (31/12/2022: from 4.90% to 10.50%).
- (ii) This balance represents term deposits at banks denominated in VND with remaining term to maturity of more than 12 months at the end of the annual accounting period and earn annual interest rate ranging from 5.55% to 10.00% as at 31 December 2023 (31/12/2022: 9.20% to 11.50%).
- (iii) This balance represents the investment in bonds of Shipbuilding Industry Corporation.
- (iv) This allowance balance represents allowance for the investment in bonds of Shipbuilding Industry Corporation.
- (v) This balance represents the entrusting investments under the Entrusting Investment Agreement signed with Thanh Cong Fund Management Company Limited with the original term of 12 months in which the Corporation assumes the risks arising from the investments under this Entrusting Investment Agreement.
- (vi) This allowance balance represents allowance for diminution in the value of securities under the Entrusting Investment Agreement signed with Thanh Cong Fund Management Company Limited.

## 7. ACCOUNTS RECEIVABLE

### (a) Accounts receivable – insurance

Accounts receivable – insurance comprised:

	31/12/2023 VND	31/12/2022 VND
Premiums receivable from direct insurance business	48.102.857.500	68.577.894.356
Receivables from inward reinsurance	58.706.604.306	82.423.464.839
Receivables from outward reinsurance	169.277.102.420	150.894.132.249
Premium receivables from co-insurers	7.703.637.061	8.480.155.082
Other insurance receivables	96.234.377	224.713.188
	283.886.435.664	310.600.359.714
Allowance for doubtful debts	(30.026.850.787)	(37.507.491.257)
Accounts receivable – insurance, net	253.859.584.877	273.092.868.457

**Bao Long Insurance Corporation****NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2023

**Form B 09 – DNPNT***(Issued under Circular No. 232/2012/TT-BTC dated 28 December 2012 of the Ministry of Finance)***7. ACCOUNTS RECEIVABLE (continued)****(b) Other short-term receivables**

	<b>31/12/2023 VND</b>	31/12/2022 VND
Interest receivables from short-term deposits at banks	61,251,170,839	40,597,276,919
Advances for business expenses	40,112,997,612	44,794,821,810
Claim advances	31,256,740,216	58,220,796,846
Short-term security deposits	2,991,716,925	1,103,769,460
Other receivables	8,504,749,731	13,033,469,129
	144,117,375,323	157,750,134,164
Allowance for doubtful debts	(4,454,778,661)	(4,514,778,661)
Other receivables, net	139,662,596,662	153,235,355,503

**(c) Other long-term receivables**

	<b>31/12/2023 VND</b>	31/12/2022 VND
Other long-term receivables		
• Statutory security deposit (i)	12,000,000,000	12,000,000,000
• Interest receivables from long-term deposits at banks	11,977,221,553	740,421,990
	23,977,221,553	12,740,421,990

- (i) The Corporation maintained the statutory security deposit at Saigon Joint Stock Commercial Bank – Pham Ngoc Thach Branch and earns annual interest rate at 9.25% at 31 December 2023 (31/12/2022: 6.50%).

(d) Allowance for doubtful debts

	31/12/2023			31/12/2022		
	Cost VND	Allowance VND	Recoverable amount VND	Cost VND	Allowance VND	Recoverable amount VND
<b>Accounts receivable – short-term</b>						
Accounts receivable – insurance	33,784,092,363	30,026,850,787	3,757,241,576	39,720,287,009	37,507,491,257	2,212,795,752
Other short-term receivables	4,454,778,661	4,454,778,661	-	4,514,778,661	4,514,778,661	-
	38,238,871,024	34,481,629,448	3,757,241,576	44,235,065,670	42,022,269,918	2,212,795,752

Movements of allowance for doubtful debts during the year were as follows:

	2023 VND	2022 VND
Opening balance	42,022,269,918	42,968,997,505
Allowance reversed during the year (Note 28)	(7,598,489,832)	(973,192,587)
Other adjustment	57,849,362	26,465,000
Closing balance	34,481,629,448	42,022,269,918

**Bao Long Insurance Corporation****NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2023

**Form B 09 – DNPNT***(Issued under Circular No.  
232/2012/TT-BTC dated 28 December 2012  
of the Ministry of Finance)***8. SHORT-TERM PREPAID EXPENSES**

	<b>31/12/2023 VND</b>	31/12/2022 VND
Deferred commission expenses (i)	47,966,527,090	80,717,843,780
Other short-term prepaid expenses	2,510,202,194	2,658,796,382
	<b>50,476,729,284</b>	<b>83,376,640,162</b>

(i) Movements of deferred commission expenses during the year were as follows:

	<b>2023 VND</b>	2022 VND
Opening balance	80,717,843,780	83,353,873,817
Additions during the year	159,530,218,180	163,942,738,676
Amortisation during the year (Note 25)	(192,281,534,870)	(166,578,768,713)
Closing balance	<b>47,966,527,090</b>	<b>80,717,843,780</b>

9. TANGIBLE FIXED ASSETS

Year ended 31 December 2023	Buildings and structures (i) VND	Motor vehicles VND	Machinery and equipment VND	Office equipment VND	Total VND
<b>Cost</b>					
Opening balance	28,971,897,765	8,724,438,088	1,481,297,319	6,887,723,356	46,065,356,528
Additions	-	-	-	126,970,000	126,970,000
Written off	-	(1,120,212,436)	-	-	(1,120,212,436)
Closing balance	28,971,897,765	7,604,225,652	1,481,297,319	7,014,693,356	45,072,114,092
<b>Accumulated depreciation</b>					
Opening balance	13,718,273,319	5,542,802,026	1,177,963,803	6,146,666,639	26,585,705,787
Charge for the year	1,029,797,412	289,417,593	173,333,296	299,416,817	1,791,965,118
Written off	-	(1,120,212,436)	-	-	(1,120,212,436)
Closing balance	14,748,070,731	4,712,007,183	1,351,297,099	6,446,083,456	27,257,458,469
<b>Net book value</b>					
Opening balance	15,253,624,446	3,181,636,062	303,333,516	741,056,717	19,479,650,741
Closing balance	14,223,827,034	2,892,218,469	130,000,220	568,609,900	17,814,655,623

## Bao Long Insurance Corporation

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

Form B 09 – DNPNT

(Issued under Circular No. 232/2012/TT-BTC dated 28 December 2012 of the Ministry of Finance)

## TANGIBLE FIXED ASSETS (continued)

Year ended 31 December 2022	Buildings and structures (i) VND	Motor vehicles VND	Machinery and equipment VND	Office equipment VND	Total VND
<b>Cost</b>					
Opening balance	28,971,897,765	8,724,438,088	1,481,297,319	6,595,486,992	45,773,120,164
Additions	-	-	-	292,236,364	292,236,364
Closing balance	28,971,897,765	8,724,438,088	1,481,297,319	6,887,723,356	46,065,356,528
<b>Accumulated depreciation</b>					
Opening balance	12,688,475,907	4,543,362,272	1,004,630,571	5,804,625,425	24,041,094,175
Charge for the year	1,029,797,412	999,439,754	173,333,232	342,041,214	2,544,611,612
Closing balance	13,718,273,319	5,542,802,026	1,177,963,803	6,146,666,639	26,585,705,787
<b>Net book value</b>					
Opening balance	16,283,421,858	4,181,075,816	476,666,748	790,861,567	21,732,025,989
Closing balance	15,253,624,446	3,181,636,062	303,333,516	741,056,717	19,479,650,741

Included in tangible fixed assets were assets costing VND9,621 million which were fully depreciated as of 31 December 2023 (31/12/2022: VND8,189 million), but which are still in active use.

(i) These items include a house with net book value of VND4,180,181,819 of which ownership is in the process of transfer to another party and the Corporation stopped depreciating this asset. At the end of the annual accounting period, the Corporation has not yet derecognised this asset because the ownership transfer procedure has not been completed (Note 10 and Note 16(ii)).



## 10. INTANGIBLE FIXED ASSETS

<b>Year ended 31 December 2023</b>	Land use rights (i) VND	Software VND	<b>Total VND</b>
<b>Cost</b>			
Opening balance	81,509,726,627	4,676,100,000	86,185,826,627
Additions	-	9,000,000	9,000,000
Closing balance	81,509,726,627	4,685,100,000	86,194,826,627
<b>Accumulated amortisation</b>			
Opening balance	5,774,956,727	3,945,067,669	9,720,024,396
Charge for the year	184,300,656	275,955,159	460,255,815
Closing balance	5,959,257,383	4,221,022,828	10,180,280,211
<b>Net book value</b>			
Opening balance	75,734,769,900	731,032,331	76,465,802,231
Closing balance	75,550,469,244	464,077,172	76,014,546,416
<b>Year ended 31 December 2022</b>			
	Land use rights (i) VND	Software VND	<b>Tổng VND</b>
<b>Cost</b>			
Opening balance	76,902,210,127	4,524,100,000	81,426,310,127
Additions	4,607,516,500	152,000,000	4,759,516,500
Closing balance	81,509,726,627	4,676,100,000	86,185,826,627
<b>Accumulated amortisation</b>			
Opening balance	5,406,355,409	3,605,940,616	9,012,296,025
Charge for the year	368,601,318	339,127,053	707,728,371
Closing balance	5,774,956,727	3,945,067,669	9,720,024,396
<b>Net book value</b>			
Opening balance	71,495,854,718	918,159,384	72,414,014,102
Closing balance	75,734,769,900	731,032,331	76,465,802,231

Included in intangible fixed assets were assets costing VND8,607 million which were fully amortised as of 31 December 2023 (31/12/2022: VND8,607 million), but which are still in active use.

- (i) These items include a land use right with net book value of VND4,470,585,373 of which ownership is in the process of transfer to another party. As at the end of the annual accounting period, the Corporation has not yet derecognised this asset because the ownership transfer procedure has not been completed (Note 9 and Note 16(ii)).

## Bao Long Insurance Corporation

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

Form B 09 – DNPNT

(Issued under Circular No.  
232/2012/TT-BTC dated 28 December 2012  
of the Ministry of Finance)

## 11. CONSTRUCTION IN PROGRESS

	2023 VND	2022 VND
Opening balance	15,947,870,000	13,228,280,000
Additions during the year	5,434,430,322	2,719,590,000
Closing balance	21,382,300,322	15,947,870,000

Major item of constructions in progress were as follows:

	31/12/2023 VND	31/12/2022 VND
Digital insurance system (Stage 1)	10,793,620,322	10,686,800,000
Digital insurance system (Stage 2)	4,863,430,000	1,535,820,000
Digital insurance system (Stage 3)	3,245,250,000	1,745,250,000
Fast Business online management system	2,480,000,000	1,980,000,000
	21,382,300,322	15,947,870,000

## 12. LONG-TERM PREPAID EXPENSES

	Insurance fees for employees VND	Tools and instruments VND	Office renovation expenses VND	Others VND	Total VND
Opening balance	18,942,550,000	972,763,690	2,808,155,607	404,913,704	23,128,383,001
Additions	18,859,775,000	1,412,781,711	885,699,162	4,840,487,546	25,998,743,419
Amortisation during the year	(18,942,550,000)	(1,298,204,057)	(1,713,299,350)	(4,601,870,601)	(26,555,924,008)
Closing balance	18,859,775,000	1,087,341,344	1,980,555,419	643,530,649	22,571,202,412

### 13. DEFERRED TAX ASSETS

	Tax rate	31/12/2023 VND	31/12/2022 VND
Deductible temporary differences	20%	6,160,053,675	5,220,115,626

### 14. ACCOUNTS PAYABLE – INSURANCE

	31/12/2023 VND	31/12/2022 VND
Outward reinsurance premiums payables	235,185,821,864	280,848,599,822
Claim payables for direct insurance business	37,907,169,492	23,672,690,643
Inward reinsurance claims payables	51,657,534,242	25,220,412,102
Commission payables for direct insurance business	16,227,281,269	15,106,248,518
Other payables relating to direct insurance business	2,809,546,765	1,549,798,244
Payables to co-insurers	635,067,505	1,447,592,638
	344,422,421,137	347,845,341,967

### 15. TAXES AND OTHERS PAYABLE TO STATE TREASURY

	1/1/2023 VND	Incurred VND	Paid/Net-off VND	31/12/2023 VND
Value added tax	7,932,078,669	46,013,099,821	(46,417,620,123)	7,527,558,367
Corporate income tax	14,905,839,866	23,021,141,102	(24,847,395,119)	13,079,585,849
Personal income tax	2,912,576,825	19,762,529,332	(18,005,154,901)	4,669,951,256
Other taxes	415,047,838	1,339,957,500	(1,280,951,801)	474,053,537
	26,165,543,198	90,136,727,755	(90,551,121,944)	25,751,149,009

**Bao Long Insurance Corporation****NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2023

**Form B 09 – DNPNT***(Issued under Circular No. 232/2012/TT-BTC dated 28 December 2012 of the Ministry of Finance)***16. OTHER SHORT-TERM PAYABLES**

	<b>31/12/2023</b> <b>VND</b>	31/12/2022 VND
Payables to reinsurers (i)	6,222,914,527	60,038,383,798
Other payables	14,732,196,122	17,380,959,791
Dividend payables	9,349,966,452	10,305,870,732
Payables relating to a landed house transfer agreement (ii)	9,136,363,636	9,136,363,636
Premium received from unidentified customers	7,759,625,930	6,567,620,052
Fee payable to Insurance Supervisory Management Fund	3,034,801,953	2,578,555,469
Compulsory insurance for employees	2,295,764,603	1,424,048,131
Over-withheld personal income tax of agents	673,010,108	603,166,028
Contribution to Fire prevention fund	286,671,542	215,824,644
	<b>53,491,314,873</b>	<b>108,250,792,281</b>

- (i) This balance presents claim payables allocated to reinsurers relating to claim advances to customers but claim files were not finalised at the end of the annual accounting period.
- (ii) This balance represents the amount received from the buyer relating to the landed house transfer agreement. At the end of the annual accounting period, the procedure of transferring ownership has not been completed, the Corporation has not recorded the asset disposal transaction (Note 9 and Note 10).

**17. UNEARNED COMMISSION INCOME**

Movements of unearned commission income during the year were as follows:

	<b>2023</b> <b>VND</b>	2022 VND
Opening balance	58,895,295,871	65,001,201,436
Additions during the year	98,401,791,446	148,021,090,034
Allocations during the year (Note 22)	(122,884,492,491)	(154,126,995,599)
Closing balance	<b>34,412,594,826</b>	<b>58,895,295,871</b>

## 18. TECHNICAL RESERVES

### (a) Claims reserve and unearned premium reserve

As at 31 December 2023	Reserves for direct insurance business and inward reinsurance VND (1)	Reserves for outward reinsurance VND (2)	Net reserve VND (3) = (1) – (2)
Claims reserve (i)	301,082,566,982	70,411,702,202	230,670,864,780
• <i>Outstanding claims reserve</i>	255,457,918,467	58,168,519,553	197,289,398,914
• <i>IBNR reserve</i>	45,624,648,515	12,243,182,649	33,381,465,866
Unearned premium reserve (ii)	575,989,067,455	124,368,717,797	451,620,349,658
	877,071,634,437	194,780,419,999	682,291,214,438

As at 31 December 2022	Reserves for direct insurance business and inward reinsurance VND (1)	Reserves for outward reinsurance VND (2)	Net reserve (3) = (1) – (2)
Claims reserve (i)	417,763,513,417	161,997,046,586	255,766,466,831
• <i>Outstanding claims reserve</i>	369,508,741,358	145,481,324,379	224,027,416,979
• <i>IBNR reserve</i>	48,254,772,059	16,515,722,207	31,739,049,852
Unearned premium reserve (ii)	663,530,871,731	196,282,630,081	467,248,241,650
	1,081,294,385,148	358,279,676,667	723,014,708,481

## Bao Long Insurance Corporation

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

Form B 09 – DNPNT

(Issued under Circular No.  
232/2012/TT-BTC dated 28 December 2012  
of the Ministry of Finance)

## 18. TECHNICAL RESERVES (continued)

(i) Movements of claims reserve during the year were as follows:

Year ended 31 December 2023	Claims reserve for direct insurance business and inward reinsurance VND (1)	Claims reserve for outward reinsurance VND (2)	Net claims reserve VND (3) = (1) – (2)
Opening balance	417,763,513,417	161,997,046,586	255,766,466,831
Reserve reversed during the year	(116,680,946,435)	(91,585,344,384)	(25,095,602,051)
Closing balance	301,082,566,982	70,411,702,202	230,670,864,780

Year ended 31 December 2022	Claims reserve for direct insurance business and inward reinsurance VND (1)	Claims reserve for outward reinsurance VND (2)	Net claims reserve VND (3) = (1) – (2)
Opening balance	334,083,034,511	86,359,615,954	247,723,418,557
Reserve made during the year	83,680,478,906	75,637,430,632	8,043,048,274
Closing balance	417,763,513,417	161,997,046,586	255,766,466,831

(ii) Movements of unearned premium reserve during the year were as follows:

Year ended 31 December 2023	Reserve for direct insurance business and inward reinsurance VND (1)	Reserve for outward reinsurance VND (2)	Net unearned premium reserve VND (3) = (1) – (2)
Opening balance	663,530,871,731	196,282,630,081	467,248,241,650
Reserve reversed during the year	(87,541,804,276)	(71,913,912,284)	(15,627,891,992)
Closing balance	575,989,067,455	124,368,717,797	451,620,349,658

<b>Year ended 31 December 2022</b>	Reserve for direct insurance business and inward reinsurance VND (1)	Reserve for outward reinsurance VND (2)	<b>Net unearned premium reserve VND (3) = (1) – (2)</b>
Opening balance	642,828,375,544	212,684,385,594	430,143,989,950
Reserve made/(reversed) during the year	20,702,496,187	(16,401,755,513)	37,104,251,700
Closing balance	663,530,871,731	196,282,630,081	467,248,241,650

**(b) Catastrophe reserve**

	<b>2023 VND</b>	2022 VND
Opening balance	93,068,408,400	82,488,725,112
Reserve made during the year	11,127,155,292	10,579,683,288
Closing balance	104,195,563,692	93,068,408,400

## Bao Long Insurance Corporation

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

Form B 09 – DNPNT

(Issued under Circular No.  
232/2012/TT-BTC dated 28 December 2012  
of the Ministry of Finance)

## 19. OWNERS' EQUITY

## (a) Statement of changes in equity

	Share capital VND	Share premium VND	Treasury shares VND	Statutory reserve VND	Other equity funds VND	Retained profits VND	Total VND
<b>Balance as at 1 January 2022</b>	600,000,000,000	(415,994,845)	(5,260,000)	25,386,364,649	9,777,766,140	97,559,589,129	732,302,465,073
Net profit for the year	-	-	-	-	-	87,844,222,372	87,844,222,372
Dividends	-	-	-	-	-	(72,179,367,222)	(72,179,367,222)
Appropriation to other equity funds (i)	-	-	-	-	3,800,313,255	(3,800,313,255)	-
Appropriation to statutory reserve	-	-	-	4,392,211,119	-	(4,392,211,119)	-
<b>Balance as at 31 December 2022</b>	600,000,000,000	(415,994,845)	(5,260,000)	29,778,575,768	13,578,079,395	105,031,919,905	747,967,320,223
Net profit for the year	-	-	-	-	-	88,937,406,175	88,937,406,175
Appropriation to other equity funds (i)	-	-	-	-	4,172,600,563	(4,172,600,563)	-
Appropriation to statutory reserve	-	-	-	4,446,870,309	-	(4,446,870,309)	-
<b>Balance as at 31 December 2023</b>	600,000,000,000	(415,994,845)	(5,260,000)	34,225,446,077	17,750,679,958	185,349,855,208	836,904,726,398

(i) According to the Resolution of the General Meeting of Shareholders dated 29 March 2019, depending on the actual business performance in years from 2016 to 2022, the Corporation will appropriate 5% – 20% of net profit after tax after appropriating reserves and funds and remunerations payable to the members of Board of Directors and Board of Supervisors of each year to establish source for employee stock option program (ESOP) of the Corporation. Accordingly, the Corporation appropriated an amount of VND4,172,600,563, equivalent to 5% of net profit after tax of 2022 after appropriating reserves and funds and remunerations payable to the members of Board of Directors and Board of Supervisors during the year ended 31 December 2023. The bonus shares have not been granted to employees and are still recognised in other equity funds under Equity as at 31 December 2023.



(b) Share capital

	31/12/2023		31/12/2022	
	Number of shares	VND	Number of shares	VND
<b>Authorised share capital</b>	60,000,000	600,000,000,000	60,000,000	600,000,000,000
<b>Issued share capital</b>				
Ordinary shares	60,000,000	600,000,000,000	60,000,000	600,000,000,000
<b>Treasury shares</b>				
Ordinary shares	(526)	(5,260,000)	(526)	(5,260,000)
<b>Shares in circulation</b>				
Ordinary shares	59,999,474	599,994,740,000	59,999,474	599,994,740,000

All ordinary shares have a par value of VND10,000. Each share is entitled to one vote at meetings of the Corporation. Shareholders are entitled to receive dividend as declared from time to time. All ordinary shares are ranked equally with regard to the Corporation's residual assets. In respect of shares bought back by the Corporation, all rights are suspended until those shares are reissued.

As at 31 December 2023 and 31 December 2022, the Corporation's shareholders structure was as follows:

	Number of shares	%
Saigon Joint Stock Commercial Bank	49,082,342	81.80%
Vietnam Export Import Commercial Joint Stock Bank	3,903,651	6.51%
Other individual shareholders	7,013,481	11.69%
	59,999,474	100%

**Bao Long Insurance Corporation****NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2023

**Form B 09 – DNPNT***(Issued under Circular No. 232/2012/TT-BTC dated 28 December 2012 of the Ministry of Finance)***20. PREMIUM REVENUE****(a) Gross written premiums from direct insurance business**

	<b>2023 VND</b>	2022 VND
Motor vehicles insurance	483,832,554,223	541,101,401,016
Human insurance	299,483,363,065	306,717,622,659
Fire, technical and other risks insurance	269,326,152,179	323,273,442,449
Cargo insurance	100,533,156,145	101,423,672,402
Marine insurance	54,320,417,769	48,580,125,883
Construction and installation insurance	49,345,909,064	34,824,870,551
Crew insurance	6,125,272,140	4,983,575,629
	<b>1,262,966,824,585</b>	<b>1,360,904,710,589</b>

**(b) Gross written premiums from inward reinsurance**

	<b>2023 VND</b>	2022 VND
Motor vehicles insurance	32,275,685,750	29,105,966,446
Human insurance	84,630,930,079	71,557,168,237
Fire, technical and other risks insurance	121,565,174,422	132,011,430,268
Cargo insurance	835,493,195	1,414,971,082
Marine insurance	171,369,066	206,213,154
Construction and installation insurance	18,376,140,079	13,291,942,199
	<b>257,854,792,591</b>	<b>247,587,691,386</b>

## 21. OUTWARD REINSURANCE PREMIUMS

	2023 VND	2022 VND
Motor vehicles insurance	71,663,857,905	161,981,985,870
Human insurance	90,991,094,849	115,277,715,945
Fire, technical and other risks insurance	168,395,104,450	206,859,698,794
Cargo insurance	33,972,980,333	33,857,478,067
Marine insurance	16,717,163,703	12,708,588,784
Construction and installation insurance	25,654,220,374	19,376,093,636
Crew insurance	711,666,364	462,512,147
	408,106,087,978	550,524,073,243

## 22. COMMISSION INCOME FROM OUTWARD REINSURANCE

	2023 VND	2022 VND
Motor vehicles insurance	42,747,160,811	57,875,285,047
Human insurance	19,551,268,152	30,381,217,989
Fire, technical and other risks insurance	45,788,972,428	47,998,902,253
Cargo insurance	7,592,150,765	8,294,198,891
Marine insurance	2,571,623,494	1,425,455,173
Construction and installation insurance	4,633,316,841	8,151,936,246
	122,884,492,491	154,126,995,599

## Bao Long Insurance Corporation

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

Form B 09 – DNPNT

(Issued under Circular No.  
232/2012/TT-BTC dated 28 December 2012  
of the Ministry of Finance)

## 23. CLAIMS PAID

	2023 VND	2022 VND
<i>Claims paid</i>		
• Claims paid for direct insurance business (i)	571,443,699,761	477,272,832,962
• Claims paid for inward reinsurance (ii)	166,248,353,893	85,288,311,433
	737,692,053,654	562,561,144,395
<i>Less claim deductions</i>		
• Salvage and subrogation recoveries	(9,211,282,778)	(2,605,159,682)
	728,480,770,876	559,955,984,713

## (i) Claims paid for direct insurance business

	2023 VND	2022 VND
Motor vehicles insurance	258,836,200,345	264,402,324,313
Human insurance	131,952,881,900	115,846,889,754
Fire, technical and other risks insurance	108,973,949,134	39,215,023,535
Cargo insurance	33,184,178,903	29,224,484,004
Marine insurance	33,487,352,497	26,461,762,297
Construction and installation insurance	4,245,838,540	1,372,115,059
Crew insurance	763,298,442	750,234,000
	571,443,699,761	477,272,832,962

## (ii) Claims paid for inward reinsurance

	2023 VND	2022 VND
Motor vehicles insurance	25,981,846,494	31,679,402,318
Human insurance	102,609,629,130	21,250,949,665
Fire, technical and other risks insurance	35,365,719,844	30,669,831,712
Cargo insurance	110,609,875	74,007,418
Marine insurance	1,813,314,683	1,134,590,210
Construction and installation insurance	367,233,867	479,530,110
	166,248,353,893	85,288,311,433

## 24. CLAIMS RECOVERY FROM OUTWARD REINSURANCE

	2023 VND	2022 VND
Motor vehicles insurance	102,104,195,679	68,365,576,695
Human insurance	78,190,727,196	84,279,647,872
Fire, technical and other risks insurance	90,192,957,505	28,707,343,575
Cargo insurance	12,380,525,337	12,618,631,688
Marine insurance	9,831,479,040	7,300,495,504
Construction and installation insurance	1,216,781,438	1,349,780,467
	293,916,666,195	202,621,475,801

## 25. OTHER OPERATING EXPENSES FOR INSURANCE ACTIVITIES

	2023 VND	2022 VND
Commission on insurance activities (Note 8(i))	192,281,534,870	166,578,768,713
Other insurance costs		
<i>Business development expenses</i>	152,760,678,416	180,820,906,378
<i>Personnel expenses</i>	114,960,678,619	71,622,032,645
<i>Outsourced services expenses</i>	78,867,527,103	90,427,252,713
<i>Loss adjustment expenses</i>	20,343,296,087	13,315,468,207
<i>Tools and supplies</i>	4,046,392,823	5,499,514,373
<i>Other expenses</i>	38,274,839,240	36,183,255,170
	409,253,412,288	397,868,429,486
	601,534,947,158	564,447,198,199

## Bao Long Insurance Corporation

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2023

**Form B 09 – DNPNT***(Issued under Circular No. 232/2012/TT-BTC dated 28 December 2012 of the Ministry of Finance)***26. FINANCIAL INCOME**

	<b>2023 VND</b>	2022 VND
Interest income from term deposits at banks	108,008,644,630	73,998,793,356
Gains from securities trading	1,231,057,386	61,063,030,515
Interest income from bonds investments	1,846,854,452	11,067,661,540
Dividend income	2,202,250,000	1,054,060,000
Foreign exchange gains	5,374,795,242	3,335,704,918
Profit derived from Entrusting Investment Agreement	3,878,763,889	-
	<b>122,542,365,599</b>	<b>150,519,250,329</b>

**27. FINANCIAL EXPENSES**

	<b>2023 VND</b>	2022 VND
Losses from securities trading	6,882,196,155	1,338,869,280
Foreign exchange losses	3,763,735,139	4,498,779,146
Allowance (reversed)/made for diminution in the value of trading securities (Note 6(a))	(8,749,874,230)	8,405,502,318
Allowance made for diminution in the value of securities under Entrusting Investment Agreement (Note 6(c))	803,524,000	-
Other financial expenses	-	66,000
	<b>2,699,581,064</b>	<b>14,243,216,744</b>

**28. GENERAL AND ADMINISTRATION EXPENSES**

	<b>2023 VND</b>	2022 VND
Personnel expenses	186,185,289,196	187,168,057,075
Outsourced services expenses	49,805,958,208	60,049,052,381
Allowance for doubtful debts (Note 6(d))	(7,598,489,832)	(973,192,587)
Tools and supplies	7,590,356,815	6,152,008,157
Non-deductible value added tax	6,411,073,480	7,067,676,916
Depreciation and amortisation	2,252,220,933	3,252,339,983
Taxes, duties and fees	96,799,784	123,216,972
	<b>244,743,208,584</b>	<b>262,839,158,897</b>

## 29. INCOME TAX

### (a) Recognised in the statement of income

	2023 VND	2022 VND
<b>Current income tax</b>		
Current year	23,460,341,102	21,408,195,119
Over provision in prior year	(439,200,000)	-
	23,021,141,102	21,408,195,119
<b>Deferred tax (benefit)/expense</b>		
Origination and reversal of temporary differences	(939,938,049)	863,034,329
1. Income tax expense	22,081,203,053	22,271,229,448

### (b) Reconciliation of effective tax rate

	2023 VND	2022 VND
Accounting profit before tax	111,018,609,228	110,115,451,820
Tax at the Corporation's tax rate	22,203,721,846	22,023,090,364
Non-deductible expenses	757,131,207	458,951,084
Tax exempt income (i)	(440,450,000)	(210,812,000)
Over provision in prior year	(439,200,000)	-
	22,081,203,053	22,271,229,448

(i) Tax exempt income is related to the dividend income.

### (c) Applicable tax rates

The Corporation's income tax rate is 20%. The income tax computation is subject to the review and approval of the tax authorities.

## Bao Long Insurance Corporation

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

Form B 09 – DNPNT

(Issued under Circular No.  
232/2012/TT-BTC dated 28 December 2012  
of the Ministry of Finance)**30. BASIC EARNINGS PER SHARE**

The calculation of basic earnings per share was based on the net profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding during the year, calculated as follows:

**(i) Net profit attributable to ordinary shareholders**

	2023 VND	2022 VND
Net profit for the year	88,937,406,175	87,844,222,372
Appropriation to other equity funds (*)	(4,172,600,563)	(3,800,313,255)
Net profit attributable to ordinary shareholders	84,764,805,612	84,043,909,117

(\*) Appropriation to other equity funds to establish source for employee stock option program with an amount of 5% of profit after tax after appropriating statutory reserve and remunerations payable to the members of Board of Directors and Board of Supervisors.

**(ii) Weighted average number of ordinary shares**

	2023 Shares	2022 Shares
Issued ordinary shares at the beginning of the year	59,999,474	59,999,474
Effect of shares issued in the year	-	-
Weighted average number of ordinary shares for the year ended 31 December	59,999,474	59,999,474

**(iii) Basic earnings per share**

	2023 VND/Shares	2022 VND/Shares
Basic earnings per share	1,413	1,401



## 31. FINANCIAL INSTRUMENTS

### (a) Financial risk management

#### Overview

The Corporation has exposure to the following risks from their use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Corporation's exposure to each of the above risks, the Corporation's objectives, policies and processes for measuring and managing risk.

The Corporation's Board of Directors oversees how the Board of Executive Officers monitors compliance with the Corporation's risk management policies and procedures, and review the adequacy of the risk management framework in relation to the risks faced by the Corporation.

### (b) Credit risk

Credit risk is the risk of financial loss to the Corporation if counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Corporation's accounts receivable, bonds and short-term and long-term deposits at banks.

#### Exposure to credit risk

The total of carrying amounts of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	Note	31/12/2023 VND	31/12/2022 VND
Cash in banks and cash equivalents	(i)	570,182,328,549	641,353,103,059
Short-term deposits at banks	(i)	705,513,671,233	730,705,156,044
Investments in bonds – short-term	(ii)	-	25,000,000,000
Entrusting investment – cash in banks	(ii)	7,759,479,580	-
Accounts receivable – insurance – gross	(iii)	283,886,435,664	310,600,359,714
Interest receivables from short-term deposits at banks	(iii)	61,251,170,839	40,597,276,919
Short-term security deposits	(iii)	2,991,716,925	1,103,769,460
Other receivables	(iii)	48,617,747,343	57,828,290,939
Statutory security deposit	(i)	12,000,000,000	12,000,000,000
Interest receivables from long-term deposits at banks	(iii)	11,977,221,553	740,421,990
Long-term deposits at banks	(i)	182,000,000,000	6,000,000,000
Investments in bonds – long-term	(ii)	1,503,000,000	41,503,000,000
Other financial assets	(iii)	9,629,634,050	8,023,354,842
		<u>1,897,312,405,736</u>	<u>1,875,454,732,967</u>

## Bao Long Insurance Corporation

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

Form B 09 – DNPNT

(Issued under Circular No.  
232/2012/TT-BTC dated 28 December 2012  
of the Ministry of Finance)**31. FINANCIAL INSTRUMENTS (continued)****(b) Credit risk (continued)****(i) Cash in banks, cash equivalents, entrusting investment – cash in banks, short-term and long-term deposits at banks and statutory security deposit**

Cash in banks, cash equivalents, entrusting investment – cash in banks, short-term and long-term deposits at banks and statutory security deposit of the Corporation are mainly held with well-known financial institutions. The Board of Executive Officers does not foresee any significant credit risk from these deposits and do not expect that these financial institutions may default and cause losses to the Corporation.

**(ii) Held-to-maturity investments**

The Corporation limits credit risk by investing only in debt securities of the issuers with equal or higher credit ratings than the Corporation.

**(iii) Insurance and other receivables**

The Corporation's exposure to credit risk in relation with receivables is mainly influenced by the individual characteristics of each customer. In response to the risk, the Board of Executive Officers of the Corporation has established a credit policy under which each new customer is analysed individually for creditworthiness before the Corporation's standard payment and service delivery terms and conditions are offered. Receivables are due within 30 days from the date of billing. No collateral is received from the customers.

Insurance and other receivables that are neither past due nor impaired are mostly from companies with good collection tracking records with the Corporation. The Board of Executive Officers believes that those receivables are of high credit quality.

The aging of insurance receivables at reporting date that were past due but not impaired is as follows:

	31/12/2023 VND	31/12/2022 VND
Past due 1 – 30 days	29,734,900,604	32,121,842,829
Past due 31 – 180 days	1,817,012,239	4,871,429,947
Past due over 180 days	379,775,906	13,534,262,624
	31,931,688,749	50,527,535,400

Receivables that are past due and have been made allowance at the reporting date are presented in Note 7(d).

**(c) Liquidity risk**

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Corporation's reputation.

The financial liabilities with fixed or determinable payments have the following contractual maturities including the estimated interest payments:

<b>As at 31 December 2023</b>	<b>Carrying amount VND</b>	<b>Contractual cash flows VND</b>	<b>Up to 1 year VND</b>
Accounts payable – insurance	344,422,421,137	344,422,421,137	344,422,421,137
Dividend payables	9,349,966,452	9,349,966,452	9,349,966,452
Accrued expenses	20,390,963,551	20,390,963,551	20,390,963,551
Other short-term payables	18,726,679,725	18,726,679,725	18,726,679,725
	<b>392,890,030,865</b>	<b>392,890,030,865</b>	<b>392,890,030,865</b>

<b>As at 31 December 2022</b>	<b>Carrying amount VND</b>	<b>Contractual cash flows VND</b>	<b>Up to 1 year VND</b>
Accounts payable – insurance	347,845,341,967	347,845,341,967	347,845,341,967
Dividend payables	10,305,870,732	10,305,870,732	10,305,870,732
Accrued expenses	34,021,717,599	34,021,717,599	34,021,717,599
Other short-term payables	20,778,505,932	20,778,505,932	20,778,505,932
	<b>412,951,436,230</b>	<b>412,951,436,230</b>	<b>412,951,436,230</b>

## Bao Long Insurance Corporation

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

Form B 09 – DNPNT

(Issued under Circular No.  
232/2012/TT-BTC dated 28 December 2012  
of the Ministry of Finance)

## 31. FINANCIAL INSTRUMENTS (continued)

## (d) Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and share prices, will affect the Corporation's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

## (i) Currency risk

The Corporation is exposed to currency risk on transactions that are denominated in foreign currencies other than VND, the Corporation's accounting currency. The currency giving rise to this risk is primarily USD.

The Corporation's exposure to currency risk is managed by keeping the exposure to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances. The Board of Executive Officers does not enter into currency hedging transactions since it considers that the cost of such instruments outweighs the potential risk of exchange rate fluctuations.

As at 31 December 2023 and 31 December 2022, the Corporation's exposure to currency risk is not significant.

## (ii) Interest rate risk

At the reporting date, the interest rate profile of the Corporation's interest-bearing financial instruments was:

	Carrying amount	
	31/12/2023 VND	31/12/2022 VND
<i>Fixed rate financial instruments</i>		
Cash in banks and cash equivalents	570.182.328.549	641.353.103.059
Short-term deposits at banks	705.513.671.233	730.705.156.044
Investments in bonds – short-term	-	25.000.000.000
Entrusting investment – cash in banks	7.759.479.580	-
Long-term deposits at banks	182.000.000.000	6.000.000.000
Investments in bonds – long-term	1.503.000.000	41.503.000.000
Statutory security deposit	12.000.000.000	12.000.000.000

## (iii) Equity price risk

Equity price risk arises from trading securities held by the Corporation. The Board of Executive Officers of the Corporation monitors the mix of debt and equity securities in its investment portfolio based on market indices. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Investment Committee.

As at 31 December 2023 and 31 December 2022, the equity price risk is insignificant because the Corporation holds an insignificant equity investment portfolio.

(e) **Fair value**

(i) **Fair values versus carrying amounts số**

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

	31/12/2023		31/12/2022	
	Carrying amount VND	Fair value VND	Carrying amount VND	Fair value VND
<i>Categorised as financial assets at fair value through profit or loss:</i>				
• Trading securities - listed shares	-	-	26,669,987,614	26,669,987,614
• Trading securities – shares registered for trading on UPCOM	1,223,360,600	1,223,360,600	1,429,428,100	1,429,428,100
• Trading securities - unlisted fund units	19,961,996,000	(*)	19,961,996,000	(*)
<i>Categorised as held-to-maturity investments:</i>				
• Short-term deposits at banks	705,513,671,233	(*)	730,705,156,044	(*)
• Investments in bonds - short-term	-	-	25,000,000,000	(*)
• Long-term deposits at banks	182,000,000,000	(*)	6,000,000,000	(*)
• Investments in bonds - long-term	-	(*)	40,000,000,000	(*)
<i>Categorised as loans and receivables:</i>				
• Cash in banks and cash equivalents	572,229,256,976	572,229,256,976	643,386,774,379	643,386,774,379
• Accounts receivable – insurance	283,886,435,664	(*)	310,600,359,714	(*)
• Interest receivables from short-term deposits at banks	61,251,170,839	(*)	40,597,276,919	(*)
• Short-term deposits	2,991,716,925	(*)	1,103,769,460	(*)
• Other receivables	48,617,747,343	(*)	57,828,290,939	(*)
• Statutory security deposit	12,000,000,000	(*)	12,000,000,000	(*)
• Interest receivables from long-term deposits at banks	11,977,221,553	(*)	740,421,990	(*)
• Other financial assets	9,629,634,050	(*)	8,023,354,842	(*)
<i>Categorised as an available-for-sale financial assets</i>				
• Other short-term investments	31,325,655,580	(*)	-	-
<i>Categorised as liabilities at amortised cost:</i>				
• Accounts payable – insurance	(344,422,421,137)	(*)	(347,845,341,967)	(*)
• Dividend payables	(9,349,966,452)	(*)	(10,305,870,732)	(*)
• Accrued expenses	(20,390,963,551)	(*)	(34,021,717,599)	(*)
• Other short-term payables	(18,726,679,725)	(*)	(20,778,505,932)	(*)

## Bao Long Insurance Corporation

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2023

Form B 09 – DNPNT

*(Issued under Circular No.  
232/2012/TT-BTC dated 28 December 2012  
of the Ministry of Finance)***31. FINANCIAL INSTRUMENTS (continued)****(e) Fair value (continued)****(ii) Basis for determining fair values**

The fair value of listed equity securities are determined by reference to the closing price on Hanoi Stock Exchange and Ho Chi Minh City Stock Exchange at the reporting date. The fair value of equity securities is determined for disclosure purposes only. For unlisted securities that have been registered for trading on Unlisted Public Company Market ("UPCOM"), the market price is the average price of the most recent 30 trading dates prior to the end of the annual accounting period quoted by the Stock Exchange. The fair value of these instruments is determined for disclosure purpose only.

- (\*) The Corporation has not determined fair values of these financial instruments for disclosure in the financial statements because information about their market prices is not available and there is currently no guidance on determination of fair value using valuation techniques under Vietnamese Accounting Standards and the Vietnamese Accounting System for enterprises. The fair values of these financial instruments may differ from their carrying amounts.

**32. INSURANCE RISKS*****Assumptions, changes in assumptions and sensitivity analysis***

The process used to determine the assumptions is intended to result in estimates of the most likely outcome. The sources of data used as inputs for the assumptions are internal, based on detailed studies that are carried out regularly. The assumptions are checked to ensure that they are consistent with other observable information. There is more emphasis on current trends, and where there is insufficient historical information, prudent assumptions are used.

The nature of the business makes it very difficult to predict with certainty the outcome of any particular claim and the ultimate cost. Each notified claim is assessed on a case-by-case basis with due regard to the circumstances, information available from loss adjusters and historical evidence of similar claims. Case estimates are reviewed regularly and are updated as and when new information arises. The impact of many of the items affecting the ultimate costs of the loss is difficult to estimate. The provisions are based on information currently available. However, the ultimate liabilities may vary as a result of subsequent developments.

Insurance professional reserves are made according to the requirements and guidance in Circular 50 and OL 792 (prior to 2 November 2023) and according to the requirements and guidance in Circular 67 and OL 792 (from 2 November 2023).

Claims reserve comprises reserve for outstanding claims and reserve for claims incurred but not reported:

- Reserve for outstanding claims is made for each insurance policy by estimating the sum insured to be paid for each claim case which was reported or claimed but not yet settled by the end of the annual accounting period as stipulated in Article 17 of Circular 50 (prior to 2 November 2023) and as stipulated in Article 36 of Circular 67 (from 2 November 2023).
- "Incurred but not reported" ("IBNR") claims are claims which have incurred but have not yet been notified to the insurer at the end of annual accounting period. IBNR reserve is calculated at the rate of 3% of retained premium for each type of insurance product in accordance with the guidance in OL 792.

The Corporation issues non-life insurance contracts such as cargo insurance, marine insurance, engineering insurance, fire insurance, health insurance and human insurance, general indemnity and automobile insurance. Risks under general insurance contracts usually cover twelve-month (12) duration.

The Corporation is exposed to risk of accumulation in view of the economic development across the country and flow of foreign investment in manufacturing and real estates, especially in the major economic hubs such as Ho Chi Minh City, Hanoi, Hai Phong, Da Nang and Dong Nai.

For non-life insurance contracts, the most significant risks arise from climate changes and natural disasters. Vietnam has suffered heavily from catastrophe losses such as tropical typhoon, river flood, flash flood, heavy rain and landslide. It is expected that tropical typhoon will affect Vietnam regularly with the high severity and insured losses. In view of the exposures, the Corporation has arranged the reinsurance contracts/policies for property, automobile, cargo and hull and fishing vessels portfolios against the catastrophe events to minimize the risks.

For longer tail claims that take over one year to settle, there is also inflation risk. These risks do not vary significantly in relation to the location of the risk insured by the general insurance, type of risk insured and industry.

The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts. The variability of risks is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors. Further, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are all policies and procedures put in place to reduce the risk exposure of the Corporation. The Corporation further enforces a policy of activity managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the business. Inflation risk is mitigated by taking expected inflation into account when estimating insurance contract liabilities.

The Corporation has also limited its exposure by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements in order to limit exposure to catastrophic events (e.g. typhoon and flood damages).

The purpose of these underwriting and reinsurance strategies is to limit exposure to catastrophes based on the Corporation's risk appetite as decided by the Board of Executive Officers. The Board of Executive Officers may decide to increase or decrease the maximum tolerances based on market conditions and other factors.

The Corporation maintains the minimum solvency margin in accordance with the requirements of Decree 73 (prior to 1 July 2023) and Decree 46 (effective from 1 July 2023).

The minimum level of solvency margin of the insurance companies shall be higher amount of the following amounts:

- 25.0% total retained premium at the time of calculation of solvency margin;
- 12.5% of total direct premium and reinsurance premium assumed at the time of calculation of solvency margin.

**Bao Long Insurance Corporation****NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2023

**Form B 09 – DNPNT***(Issued under Circular No. 232/2012/TT-BTC dated 28 December 2012 of the Ministry of Finance)***32. INSURANCE RISKS (continued)**

The table below summarises the minimum regulatory solvency margin for the Corporation and the solvency capital held against each of them. Insurance Supervisory Authority, Ministry of Finance (“ISA”) is primarily interested in protecting the rights of policyholders and monitor closely to ensure that the insurance companies are satisfactorily managing affairs for their benefit. At the same time, ISA is also interested in ensuring that the Corporation maintains appropriate solvency position to meet unforeseen insurance obligations arising from economic shocks or natural disasters.

	The Corporation’s Solvency Margin VND	Minimum Solvency Margin VND	Solvency Margin Ratio VND
As at 31 December 2023	627,645,351,795	278,178,882,300	226%
As at 31 December 2022	496,213,564,293	264,492,082,183	188%

**33. OFF BALANCE SHEET ITEMS****(a) Lease**

The future minimum lease payments under non-cancellable operating leases were:

	31/12/2023 VND	31/12/2022 VND
Within one year	10,931,805,028	10,447,731,840
Within two to five years	10,535,874,001	14,701,243,572
	21,467,679,029	25,148,975,412

**(b) Foreign currencies**

	31/12/2023		31/12/2022	
	Original currency	Equivalent VND	Original currency	Equivalent VND
USD	1,053,208	25,289,907,307	2,026,871	47,537,942,662



### 34. SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

As at the year-end and during the year, the Corporation had the following significant balances and transactions with related parties:

#### (a) Balances with related parties

	31/12/2023 VND	31/12/2022 VND
<b>Parent company</b>		
<b>Saigon Joint Stock Commercial Bank</b>		
Demand deposits	25,456,238,612	178,165,429,546
Term deposits	1,105,259,600,000	874,340,393,249
Interest receivables from term deposits	60,758,922,973	33,575,869,267
<b>Other related parties</b>		
<b>Vietnam Export Import Commercial Joint Stock Bank</b>		
Demand deposits	9,478,127,795	7,778,431,582
Term deposits	52,000,000,000	33,000,000,000
Interest receivables from term deposits	2,655,999,763	1,323,611,343
<b>Members of the Board of Supervisors</b>		
Remunerations payable	(47,100,000)	(94,200,000)
<b>Members of the Board of Executive Officers</b>		
Salaries, bonus and other benefits payable	(608,200,000)	(705,036,412)

## Bao Long Insurance Corporation

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

Form B 09 – DNPNT

(Issued under Circular No.  
232/2012/TT-BTC dated 28 December 2012  
of the Ministry of Finance)

## 34. SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES (continued)

## (b) Transactions with related parties

	2023 VND	2022 VND
<b>Parent company</b>		
<b>Saigon Joint Stock Commercial Bank</b>		
Placement of term deposits	1,105,259,600,000	21,747,902,491,730
Withdrawal of term deposits	874,340,393,249	21,435,658,548,902
Interest income from bank deposits	92,402,405,553	58,669,740,206
Banking service fees	13,808,920	982,807,440
Dividends declared	-	59,046,057,426
<b>Other related companies</b>		
<b>Vietnam Export Import Commercial Joint Stock Bank</b>		
Placement of term deposits	55,000,000,000	28,000,000,000
Withdrawal of term deposits	36,000,000,000	34,000,000,000
Interest income from bank deposits	3,783,943,196	2,411,638,778
Banking service fees	222,199,371	826,373,201
Dividends declared	-	4,696,092,153
<b>Remunerations, salaries, bonus and other benefits of key management personnel</b>		
<b>Members of the Board of Directors</b>		
Remunerations	2,556,000,000	2,668,615,600
<b>Members of the Board of Supervisors</b>		
Remunerations	898,260,000	721,670,700
<b>Members of the Board of Executive Officers</b>		
Salary, bonus and other benefits	7,982,100,000	6,723,064,682

19 March 2024

Prepared by:

Reviewed by:

Approved by:



Chau Hau Doanh Doanh

Accountant



Ha Minh Hieu

Chief Accountant




Phan Quốc Dũng

Chief Executive Officer