

**CONSOLIDATED FINANCIAL STATEMENTS**  
FOR THE FISCAL YEAR ENDED 31 DECEMBER 2019

**POST-TELECOMMUNICATION  
JOINT STOCK INSURANCE  
CORPORATION**

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## **REPORT OF THE MANAGEMENT BOARD**

The Management Board of Post-Telecommunication Joint Stock Insurance Corporation (hereinafter called "the Corporation") presents this report together with the consolidated financial statements for the fiscal year ended 31 December 2019 including the combined financial statements of the Corporation and its subsidiaries (generally called "the Group").

### **Business highlights**

Post-Telecommunication Joint Stock Insurance Corporation has been operating in accordance with the Business License No. 3633/GP-UB dated 1 August 1998 granted by Hanoi People Committee with the operation duration of 25 years.

During the operation course, the Corporation has been 24 times granted by the Ministry of Finance with the Amended Licenses regarding the increase of charter capital and the additional establishment of affiliates, in which the 24<sup>th</sup> amended License No. 41A/GPDC24/KDBH dated 11 July 2019 regarding the supplement of business operations.

### **Head office**

- Address : Floor 8, Building 4A, Lang Ha, Ba Dinh District, Hanoi
- Telephone : 0243 772 4466
- Fax : 0243 772 4460
- Tax code : 0 1 0 0 7 7 4 6 3 1

### **The Corporation has affiliates as follows:**

<b>Name</b>	<b>Address</b>
1 Ho Chi Minh Post-Telecommunication Insurance Company	Floor 11, Viettel Tower, No. 285 Cach Mang Thang Tam, Ward 12, District 10, Ho Chi Minh City
2 Da Nang Post-Telecommunication Insurance Company	Floor 5, Da Nang Post Office Building, 271 Pham Van Linh, Vinh Trung Ward, Thanh Khe District, Da Nang City
3 Hai Phong Post-Telecommunication Insurance Company	Building No. 2, Lot 28A Le Hong Phong, Ngo Quyen District, Hai Phong City
4 Can Tho Post-Telecommunication Insurance Company	No. 40, Vo Van Kiet Road, An Hoa Ward, Ninh Kieu District, Can Tho City
5 Northern Midland Post-Telecommunication Insurance Company	No. 16 Nguyen Thi Minh Khai, Vinh City, Nghe An Province
6 Northern Post-Telecommunication Insurance Company	Nguyen Tat Thanh Road, Trung Vuong, Viet Tri City, Phu Tho Province
7 Dong Nai Post-Telecommunication Insurance Company	No. R64, R65 Vo Thi Sau prolonged, Thong Nhat Ward, Bien Hoa City, Dong Nai Province
8 Highland Post-Telecommunication Insurance Company	27 Tran Khanh Du, Tan Loi Ward, Buon Ma Thuot City, Dak Lak Province
9 Southern Midland Post-Telecommunication Insurance Company	No. 2 Le Thanh Phuong Road, Nha Trang City, Khanh Hoa Province
10 Ca Mau Post-Telecommunication Insurance Company	No. 3 Luu Tan Tai, Ward 5, Ca Mau City
11 Binh Dinh Post-Telecommunication Insurance Company	Floor 4, No. 2 Tran Thi Ky, Quy Nhon City, Binh Dinh Province
12 Binh Duong Post-Telecommunication Insurance Company	No. 150 Ngo Gia Tu Road, Chanh Nghia Ward, Thu Dau Mot City, Binh Duong Province



**POST-TELECOMMUNICATION JOINT STOCK INSURANCE CORPORATION**

REPORT OF THE MANAGEMENT BOARD (cont.)

Name	Address
13 Quang Ninh Post-Telecommunication Insurance Company	No. 164 Le Thanh Tong, Bach Dang Ward, Ha Long City, Quang Ninh Province
14 Thanh Hoa Post-Telecommunication Insurance Company	Floor 5, No. 11 Hac Thanh, Dien Bien Phu Ward, Thanh Hoa City
15 Thua Thien Hue Post-Telecommunication Insurance Company	Floor 2, Building No. 51 Hai Ba Trung, Hue City, Thua Thien Hue Province
16 Thang Long Post-Telecommunication Insurance Company	Hoa Dang Building, No. 290 Nguyen Trai, Trung Van Ward, Nam Tu Liem District, Hanoi
17 An Giang Post-Telecommunication Insurance Company	No. 5/2 Ton Duc Thang Road, My Binh Ward, Long Xuyen City, An Giang Province
18 Long An Post-Telecommunication Insurance Company	No. 37-39 Road 5, Ward 6, Tan An City, Long An Province
19 Vinh Phuc Post-Telecommunication Insurance Company	No. 2, Ngo Quyen Road, Vinh Yen Town, Vinh Phuc Province
20 Sai Gon Post-Telecommunication Insurance Company	Room 2-3, Floor 3, Dali Tower, 24 Phan Dang Luu, Ward 6, Binh Thanh District, Ho Chi Minh City
21 Bac Ninh Post-Telecommunication Insurance Company	Lot B94, Kinh Duong Vuong Road, Vu Ninh Ward, Bac Ninh City, Bac Ninh Province
22 Lao Cai Post-Telecommunication Insurance Company	No. 121 Thanh Nien Road, Duyen Hai Ward, Lao Cai City, Lao Cai Province
23 Southern Red River Post-Telecommunication Insurance Company	No. 8, Le Dai Hanh Road, Thanh Binh Ward, Ninh Binh City, Ninh Binh Province
24 Ben Thanh Post-Telecommunication Insurance Company	No. 253 Dien Bien Phu, Ward 7, District 3, Ho Chi Minh City
25 Hanoi Post-Telecommunication Insurance Company	Floor 2, Natural Resources and Environment Newspapers Building, Lot E2 Cau Giay New Urban Area, Yen Hoa, Cau Giay, Hanoi
26 Hai Hung Post-Telecommunication Insurance Company	No. 106 Hong Quang, Quang Trung Ward, Hai Duong City, Hai Duong Province
27 Tien Giang Post-Telecommunication Insurance Company	No. 59, 30/4 Road, District 1, My Tho City, Tien Giang Province
28 Capital Post-Telecommunication Insurance Company	Floor 56, Building 95B, Thinh Hao Labor Quarter, O Cho Dua Ward, Dong Da District, Hanoi
29 Binh Tri Thien Area Post-Telecommunication Insurance Company	No. 146, Ly Thuong Kiet Road, Dong Hoi City, Quang Binh Province
30 Southern Representative Office	Floor 2, Thuy Loi 4 Building, No. 205 Nguyen Xi, Binh Thanh District, Ho Chi Minh City
31 Thong Nhat Post-Telecommunication Insurance Company	Floor 3, No. 170 Bui Thi Xuan, Pham Ngu Lao Ward, District 1, Ho Chi Minh City
32 Phu My Hung Post-Telecommunication Insurance Company	Floor 7, Loyal Building, No. 151-151 Bis Vo Thi Sau, Ward 6, District 3, Ho Chi Minh City
33 Vung Tau Post-Telecommunication Insurance Company	No. 408 Le Hong Phong, Vung Tau City, Ba Ria – Vung Tau Province
34 Thai Nguyen Post-Telecommunication Insurance Company	Floor 2, 9-floor Building, To Ngoc Van Street, Phan Dinh Phung Road, Group 11, Dong Quang Ward, Thai Nguyen City, Thai Nguyen Province



**POST-TELECOMMUNICATION JOINT STOCK INSURANCE CORPORATION****REPORT OF THE MANAGEMENT BOARD (cont.)**

<b>Name</b>	<b>Address</b>
35 Gia Lai Post-Telecommunication Insurance Company	No. 69 Hung Vuong, Tay Son Ward, Pleiku City, Gia Lai Province
36 Ha Thanh Post-Telecommunication Insurance Company	Floor 5, Lac Hong Building, No. 85 Le Van Luong, Thanh Xuan, Hanoi
37 Nam Dinh Post-Telecommunication Insurance Company	Floor 3 ACB Building – Nam Dinh Branch, No. 67 Le Hong Phong, Nguyen Du Ward, Nam Dinh City
38 Hai Dang Post-Telecommunication Insurance Company	Floor 2 Thanh Dat 1 Building, No. 3 Le Thanh Tong Road, May To Ward, Ngo Quyen District, Hai Phong City
39 Trang An Post-Telecommunication Insurance Company	Floor 6, Building 434 Tran Khat Chan, Pho Hue Ward, Hai Ba Trung District, Hanoi City
40 Northwest Post-Telecommunication Insurance Company	Northern Tran Hung Dao Post Office, Hamlet 12, Su Ngoi Commune, Hoa Binh City, Hoa Binh
41 Au Lac Post-Telecommunication Insurance Company	Apartment No. 2, N7B Trung Hoa – Nhan Chinh Urban area, Nhan Chinh Ward, Thanh Xuan District, Hanoi
42 Soc Trang Post-Telecommunication Insurance Company	No. 1, Tran Hung Dao Road, Soc Trang City, Soc Trang Province
43 Thai Binh Post-Telecommunication Insurance Company	Floor 5, No. 355 Ly Bon, De Tham Ward, Thai Binh City, Thai Binh Province
44 PTI Representative Office for Claim Appraisal in Hanoi	Floor 2, Link Building No. 2, High Apartment Building at Land Lot CT3, Trung Van New Urban Area, Trung Van Ward, Nam Tu Liem District, Hanoi City
45 PTI Representative Office for Claim Appraisal in Ho Chi Minh City	No. 205 Nguyen Xi, Binh Thanh District, Ho Chi Minh City
46 Ha Tuyen Post-Telecommunication Insurance Company	Group 6, Hung Thanh Ward, Tuyen Quang City, Tuyen Quang Province
47 Tay Nam Post-Telecommunication Insurance Company	Quarter 7, Ward 3, Tay Ninh City, Tay Ninh Province
48 Digital Post-Telecommunication Insurance Company (Digital PTI)	Floor 3, Comatce Tower, No. 61 Nguy Nhu Kon Tum, Nhan Chinh Ward, Thanh Xuan District, Hanoi City
49 Gia Dinh Post-Telecommunication Insurance Company	Floor 3, Sun Village Building, No. 31-33 Nguyen Van Dau, Ward 6, Binh Thanh District, Ho Chi Minh City

**Operating field:** providing non-life insurance.

**Allowable transactions:**

- Providing written insurance:
  - Health and human accident insurance;
  - Property insurance and damage insurance;
  - Insurance of cargo transported by road, seaway, waterway, railway and airway;
  - Joint liability insurance;
  - Motor vehicle insurance;
  - Fire and explosion insurance;
  - Business damage insurance.
- Providing reinsurance: Assuming and ceding reinsurance relating to transactions of non-life insurance.
- Carrying out investment activities in accordance with the legal regulations.
- Assessing losses.
- Being agency for damage survey, compensation settlement, subrogation recovery.
- Other activities in accordance with the legal regulations.



**POST-TELECOMMUNICATION JOINT STOCK INSURANCE CORPORATION**  
**REPORT OF THE MANAGEMENT BOARD (cont.)**

**Board of Management and Executive officers**

The Board of Management and the Executive officers of the Corporation during the year and as of the date of this report include:

***The Board of Management***

Full names	Position	Appointing date /Re-appointing date/ Resigning date
Mr. Nguyen Minh Duc	Chairman	Appointed on 14 April 2016
Mr. Kim Kang Wook	Vice Chairman	Appointed on 22 April 2015
Mr. Mai Xuan Dung	Member	Re-appointed on 22 April 2015
Ms. Pham Minh Huong	Member	Re-appointed on 22 April 2015
Ms. Tran Thi Minh	Member	Re-appointed on 22 April 2015
Mr. Bui Xuan Thu	Member	Appointed on 22 April 2015
Mr. Ko Young Joo	Member	Appointed on 23 April 2019
Mr. Park Je Kwang	Member	Resigned on 23 April 2019
Mr. Park Suk Gon	Member	Appointed on 12 April 2018

***The Control Board***

Full names	Position	Appointing date /Re-appointing date
Mr. Nguyen Huu Thang	Manager	Appointed on 14 April 2016
Ms. Bui Thanh Hien	Member	Appointed on 22 April 2015
Mr. Park Ki Hyun	Member	Appointed on 22 April 2015
Mr. Bae Taeg Soo	Member	Appointed on 22 April 2015
Ms. Nguyen Thi Ha Ninh	Member	Re-appointed on 22 April 2015

***The General Directors***

Full names	Position	Re-appointing date
Mr. Bui Xuan Thu	General Director	Re-appointed on 20 April 2018
Mr. Cao Ba Huy	Deputy General Director	Re-appointed on 4 April 2018
Mr. Do Quang Khanh	Deputy General Director	Re-appointed on 20 April 2018
Mr. Nghiem Xuan Thai	Deputy General Director	Re-appointed on 1 August 2017
Ms. Luu Phuong Lan	Deputy General Director	Re-appointed on 1 August 2017
Mr. Nguyen Kim Lan	Deputy General Director	Re-appointed on 21 July 2019
Ms. Doan Kien	Deputy General Director	Re-appointed on 22 July 2019

**Legal representative**

The legal representative of the Corporation during the year and as of the date of this report is Mr. Bui Xuan Thu – General Director.

**Auditor**

A&C Auditing and Consulting Co., Ltd. has been appointed to perform the audit on the consolidated financial statements for the fiscal year ended 31 December 2019 of the Group.

**Responsibilities of the Management Board**

The Management Board is responsible for the preparation of the consolidated financial statements to give a true and fair view on the consolidated financial position, the consolidated business results and the consolidated cash flows of the Group during the year. In order to prepare these consolidated financial statements, the Management Board must:

- select appropriate accounting policies and apply them consistently;
- make judgments and estimates reasonably and prudently;



## POST-TELECOMMUNICATION JOINT STOCK INSURANCE CORPORATION

### REPORT OF THE MANAGEMENT BOARD (cont.)

- point out whether the accounting standards applied to the Group have been complied or not and all material errors in comparison with these standards have been presented and explained in the consolidated financial statements;
- prepare the consolidated financial statements of the Group on the basis of the going-concern assumption, except for the cases that the going-concern assumption is considered inappropriate.
- design and implement effectively the internal control system in order to ensure that the preparation and presentation of the consolidated financial statements are free from material misstatements due to frauds or errors.

The Management Board hereby ensures that all the accounting books of the Group have been fully recorded and can fairly reflect the financial position of the Group at any time, and that all the accounting books have been prepared in compliance with the applicable Accounting System. The Management Board is also responsible for managing the Group's assets and consequently has taken appropriate measures to prevent and detect frauds and other irregularities.

The Management Board hereby ensures that all the requirements above have been followed when the consolidated financial statements are prepared.

#### Approval to the financial statements

The Management Board has approved the attached consolidated financial statements. The consolidated financial statements give a true and fair view of the financial position as of 31 December 2019, the consolidated business results and the consolidated cash flows for the fiscal year then ended of the Group in conformity with the Vietnamese Accounting Standards, the Insurance Business Accounting Standards and System issued together with the Circular No. 232/2012/TT-BTC dated 28 December 2012, the Circular No. 200/2014/TT-BTC dated 22 December 2014 and other legal regulations related to the preparation and presentation of consolidated financial statements.

For and on behalf of the Management Board,

General Director



Bui Xuan Thu

18 March 2020

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Head Office : 02 Truong Son St., Tan Binh Dist., Ho Chi Minh City, Vietnam  
Tel: +84 (028) 3547 2972 Fax: +84 (028) 3547 2970 kttv@a-c.com.vn  
Branch in Ha Noi : 40 Giang Vo St., Dong Da Dist., Ha Noi City, Vietnam  
Tel: +84 (024) 3736 7879 Fax: +84 (024) 3736 7869 kttv.hn@a-c.com.vn  
Branch in Nha Trang : Lot STH 06A.01, Le Hong Phong II Urban Area, Phuoc Hai Ward, Nha Trang City, Vietnam  
Tel: +84 (0258) 246 5151 Fax: +84 (0258) 246 5806 kttv.nt@a-c.com.vn  
Branch in Can Tho : 15-13 Vo Nguyen Giap St., Cai Rang Dist., Can Tho City, Vietnam  
Tel: +84 (0292) 376 4995 Fax: +84 (0292) 376 4996 kttv.ct@a-c.com.vn

No. 1.0470/20/TC-AC

## INDEPENDENT AUDITOR'S REPORT

### THE SHAREHOLDERS, THE BOARD OF MANAGEMENT AND THE GENERAL DIRECTORS POST-TELECOMMUNICATION JOINT STOCK INSURANCE CORPORATION

We have audited the accompanying consolidated financial statements of Post-Telecommunication Joint Stock Insurance Corporation (hereinafter called "the Corporation"), which were prepared on 18 March 2020, from page 9 to page 63, including the consolidated balance sheet as of 31 December 2019, the consolidated income statement, the consolidated cash flow statement for the fiscal year then ended and the notes to the consolidated financial statements.

#### The General Directors' Responsibility

The Corporation's General Directors are responsible for the preparation, true and fair presentation of these consolidated financial statements of the Corporation in accordance with the Vietnamese Accounting Standards, the Insurance Business Accounting System issued in accordance with the Circular No. 232/2012/TT-BTC dated 28 December 2012, the Circular No. 200/2014/TT-BTC dated 22 December 2014 and other legal regulations related to the preparation and presentation of consolidated financial statements and responsible for such internal control as the General Directors determine is necessary to enable the preparation and presentation of the consolidated financial statements to be free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

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

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

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



### Auditor's Opinion

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the financial position of Post-Telecommunication Joint Stock Insurance Corporation as of 31 December 2019, its financial performance and its cash flows for the fiscal year then ended in accordance with the Vietnamese Accounting Standards, the Insurance Business Accounting System issued in accordance with the Circular No. 232/2012/TT-BTC dated 28 December 2012, the Circular No. 200/2014/TT-BTC dated 22 December 2014 and other legal regulations related to the preparation and presentation of consolidated financial statements.

**A&C Auditing and Consulting Co., Ltd.**



**Nguyen Hoang Duc – Deputy General Director**

*Audit Practice Registration Certificate:*

*No. 0368-2018-008-1*

*Ho Chi Minh City, 18 March 2020*



**Le Trong Toan – Auditor**

*Audit Practice Registration Certificate:*

*No. 0963-2020-008-1*

**POST-TELECOMMUNICATION JOINT STOCK INSURANCE CORPORATION**

Address: Floor 8, Building 4A, Lang Ha, Ba Dinh District, Hanoi City

**CONSOLIDATED FINANCIAL STATEMENTS**

For the fiscal year ended 31 December 2019

**CONSOLIDATED BALANCE SHEET**

As of 31 December 2019

Unit: VND

ASSETS		Code	Note	Ending balance	Beginning balance
<b>A - CURRENT ASSETS</b>		<b>100</b>		<b>6,652,595,735,451</b>	<b>5,070,461,764,540</b>
<b>(100=110+120+130+140+150+190)</b>					
<b>I. Cash and cash equivalents</b>		<b>110</b>	<b>V.1</b>	<b>118,142,382,645</b>	<b>124,625,653,602</b>
1. Cash		111		118,142,382,645	124,550,653,602
2. Cash equivalents		112		-	75,000,000
<b>II. Short-term financial investments</b>		<b>120</b>		<b>3,178,426,833,594</b>	<b>2,761,963,711,798</b>
1. Trading securities		121	V.2a	514,695,503,218	599,508,668,818
2. Provision for devaluation of trading securities		122	V.2a	(137,506,487,068)	(76,375,920,784)
3. Investments held to maturity date		123	V.2b	2,801,237,817,444	2,238,830,963,764
<b>III. Short-term accounts receivable</b>		<b>130</b>		<b>957,125,800,733</b>	<b>843,739,007,959</b>
1. Short-term receivable from customers		131	V.3	652,578,397,027	575,195,385,088
1.1 Receivable on insurance policies		131.1		608,316,325,735	540,132,640,419
1.2 Other receivable from customers		131.2		44,262,071,292	35,062,744,669
2. Short-term prepayments to suppliers		132	V.4	90,460,808,098	134,568,153,375
3. Short-term inter-company receivable		133		-	-
4. Receivable according to the progress of construction contracts		134		-	-
5. Receivable on short-term loans		135		13,140,000,000	-
6. Other short-term receivable		136	V.5a	249,425,428,475	194,807,723,717
7. Provision for short-term bad debts		137	V.6	(48,478,832,867)	(60,832,254,221)
8. Deficient assets to be treated		139		-	-
<b>IV. Inventories</b>		<b>140</b>		<b>15,999,232,660</b>	<b>9,591,183,779</b>
1. Inventories		141	V.7	15,999,232,660	9,650,078,554
2. Provision for devaluation of inventories		149		-	(58,894,775)
<b>V. Other current assets</b>		<b>150</b>		<b>399,506,624,819</b>	<b>250,638,628,078</b>
1. Short-term prepaid expenses		151	V.8a	392,988,957,776	233,972,440,744
1.1 Unappropriated commission expenses		151.1		392,345,860,078	233,777,609,509
1.2 Other short-term prepaid expenses		151.2		643,097,698	194,831,235
2. VAT deductible		152		6,043,436,712	5,121,944,585
3. Taxes and accounts receivable from the State		153	V.9	474,230,331	11,544,242,749
4. Transaction of repurchasing the Government's bonds		154		-	-
5. Other current assets		155		-	-
<b>VIII. Reinsurance assets</b>		<b>190</b>	<b>V.22b</b>	<b>1,983,394,861,000</b>	<b>1,079,903,579,324</b>
1. Reinsurance premium ceded reserve		191		1,373,748,583,697	732,477,619,828
2. Claim reserve for reinsurance ceded		192		609,646,277,303	347,425,959,496



# POST-TELECOMMUNICATION JOINT STOCK INSURANCE CORPORATION

Address: Floor 8, Building 4A, Lang Ha, Ba Dinh District, Hanoi City

## CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2019

### Consolidated balance sheet (cont.)

ASSETS		Code	Note	Ending balance	Beginning balance
<b>B - LONG-TERM ASSETS</b>		<b>200</b>		<b>961,951,592,092</b>	<b>1,038,909,339,873</b>
<b>I. Long-term accounts receivable</b>		<b>210</b>		<b>83,259,389,178</b>	<b>18,793,237,023</b>
1. Long-term receivable from customers		211		250,000,000	-
2. Long-term prepayments to suppliers		212		-	-
3. Working capital in subsidiaries		213		-	-
4. Long-term inter-company receivable		214		-	-
5. Receivable on long-term loans		215		-	-
6. Other long-term receivable		216	V.5b	83,009,389,178	18,793,237,023
6.1 Insurance deposit		216.1		10,280,000,000	10,280,000,000
6.2 Other long-term receivable		216.2		72,729,389,178	8,513,237,023
7. Provision for long-term bad debts		219		-	-
<b>II. Fixed assets</b>		<b>220</b>		<b>107,256,657,789</b>	<b>96,075,940,013</b>
1. Tangible assets		221	V.10	98,932,022,661	87,503,404,901
Historical costs		222		215,890,678,814	188,385,738,303
Accumulated depreciation		223		(116,958,656,153)	(100,882,333,402)
2. Financial leasehold assets		224		-	-
Historical costs		225		-	-
Accumulated depreciation		226		-	-
3. Intangible assets		227	V.11	8,324,635,128	8,572,535,112
Historical costs		228		18,637,092,486	16,641,592,486
Accumulated depreciation		229		(10,312,457,358)	(8,069,057,374)
<b>III. Investment property</b>		<b>230</b>	<b>V.12</b>	<b>134,269,251,437</b>	<b>114,494,403,529</b>
Historical costs		231		145,709,389,296	122,642,128,702
Accumulated depreciation		232		(11,440,137,859)	(8,147,725,173)
<b>IV. Long-term assets in progress</b>		<b>240</b>		<b>49,296,477,314</b>	<b>35,649,432,480</b>
1. Long-term operating expenses in progress		241		-	-
2. Construction in progress		242	V.13	49,296,477,314	35,649,432,480
<b>V. Long-term financial investments</b>		<b>250</b>		<b>553,852,252,675</b>	<b>736,584,183,377</b>
1. Investments in subsidiaries		251		-	-
2. Investments in associates and joint ventures		252	V.2c	42,383,971,413	127,708,554,179
3. Investments, capital contribution in other entities		253	V.2d	96,373,299,985	155,759,412,685
4. Provision for devaluation of long-term financial investments		254	V.2e	(47,742,571,184)	(83,623,256,530)
5. Investments held to maturity date		255	V.2b	462,837,552,461	536,739,473,043
<b>VI. Other long-term assets</b>		<b>260</b>		<b>34,017,563,699</b>	<b>37,312,143,451</b>
1. Long-term prepaid expenses		261	V.8b	32,537,961,484	35,524,405,797
2. Deferred income tax assets		262		41,332,557	51,895,065
3. Long-term equipment, materials, spare parts		263		-	-
4. Other long-term assets		268		-	-
5. Goodwill		269		1,438,269,658	1,735,842,589
<b>TOTAL ASSETS</b>		<b>270</b>		<b>7,614,547,327,543</b>	<b>6,109,371,104,413</b>

# POST-TELECOMMUNICATION JOINT STOCK INSURANCE CORPORATION

Address: Floor 8, Building 4A, Lang Ha, Ba Dinh District, Hanoi City

## CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2019

### Consolidated balance sheet (cont.)

CAPITAL SOURCES		Code	Note	Ending balance	Beginning balance
<b>C - LIABILITIES</b>		<b>300</b>		<b>5,746,984,869,886</b>	<b>4,293,391,782,678</b>
<b>I. Current liabilities</b>		<b>310</b>		<b>5,734,022,260,756</b>	<b>4,283,877,097,039</b>
1. Short-term payable to suppliers		311	V.14	554,948,319,769	528,841,629,022
1.1 Payable on insurance policies		311.1		500,572,000,572	495,355,369,813
1.2 Other payable to suppliers		311.2		54,376,319,197	33,486,259,209
2. Short-term prepayments from customers		312	V.15	6,817,186,836	10,489,194,940
3. Taxes and other obligations to the State budget		313	V.16	51,618,893,485	29,403,221,848
4. Payable to employees		314		61,510,981,320	7,168,174,330
5. Short-term accrued expenses		315		13,439,688,892	4,161,366,528
6. Short-term inter-company payable		316		-	-
7. Short-term unrealized revenue		318.1	V.17	119,073,727,582	102,451,079,528
8. Short-term unearned commission		318.2	V.18	293,161,262,536	155,855,656,519
9. Other short-term payable		319	V.19a	106,110,480,490	109,721,954,499
10. Short-term loans and financial lease debts		320	V.20a	6,287,285,564	126,064,008,530
11. Provision for current liabilities		321	V.21	95,000,000,000	70,000,000,000
12. Bonus and welfare funds		322		175,336,139	51,968,001
13. Price stabilization fund		323		-	-
14. Transaction of repurchasing the Government's bonds		324		-	-
15. Technical reserve		329		4,425,879,098,143	3,139,668,843,294
15.1 Written premium and reinsurance assumed reserve		329.1	V.22a	3,160,260,976,999	2,144,592,205,609
15.2 Claim reserve for written insurance and reinsurance assumed		329.2	V.22a	1,161,842,936,713	896,915,750,913
15.3 Catastrophe reserve		329.3	V.22c	103,775,184,431	98,160,886,772
<b>II. Long-term liabilities</b>		<b>330</b>		<b>12,962,609,130</b>	<b>9,514,685,639</b>
1. Long-term accounts payable to suppliers		331		-	-
2. Long-term prepayments from customers		332		-	-
3. Long-term accrued expenses		333		-	-
4. Inter-company payable on working capital		334		-	-
5. Long-term inter-company payable		335		-	-
6. Long-term unrealized revenue		336		-	-
7. Other long-term payable		337	V.19b	1,320,665,586	1,501,442,386
8. Long-term loans and financial lease debts		338	V.20b	11,360,701,654	7,529,552,184
9. Transferable bonds		339		-	-
10. Preferred shares		340		-	-
11. Deferred income tax payable		341		281,241,890	483,691,069
12. Provision for long-term liabilities		342		-	-
13. Scientific and technological development fund		343		-	-



**POST-TELECOMMUNICATION JOINT STOCK INSURANCE CORPORATION**

Address: Floor 8, Building 4A, Lang Ha, Ba Dinh District, Hanoi City

**CONSOLIDATED FINANCIAL STATEMENTS**

For the fiscal year ended 31 December 2019

**Consolidated balance sheet (cont.)**

CAPITAL SOURCES		Code	Note	Ending balance	Beginning balance
<b>D - OWNER'S EQUITY</b>		<b>400</b>		<b>1,867,562,457,657</b>	<b>1,815,979,321,735</b>
<b>I. Owner's equity</b>		<b>410</b>	<b>V.23</b>	<b>1,867,562,457,657</b>	<b>1,815,979,321,735</b>
1. Owner's contribution capital		411		803,957,090,000	803,957,090,000
- Common shares with voting right		411a		803,957,090,000	803,957,090,000
- Preferred shares		411b		-	-
2. Share premiums		412		827,943,052,804	827,943,052,804
3. Option on converting shares		413		-	-
4. Owner's other capital		414		-	-
5. Treasury stocks		415		-	-
6. Differences on asset revaluation		416		-	-
7. Foreign exchange rate differences		417		-	-
8. Business promotion fund		418		22,927,850,857	22,644,374,262
9. Compulsory reserved fund		419		55,402,458,511	49,884,763,553
10. Other funds		420		-	-
11. Retained profit after tax		421		151,901,227,577	110,585,835,597
- Retained profit after tax accumulated to the end of previous period		421a		44,173,460,600	110,585,835,597
- Retained profit after tax of the current period		421b		107,727,766,977	-
12. Capital sources for construction		422		-	-
13. Interest of non-controlling shareholders		429		5,430,777,908	964,205,519
<b>II. Other sources and funds</b>		<b>430</b>		<b>-</b>	<b>-</b>
1. Sources of expenditure		431		-	-
2. Fund to form fixed assets		432		-	-
<b>TOTAL CAPITAL SOURCES</b>		<b>440</b>		<b>7,614,547,327,543</b>	<b>6,109,371,104,413</b>

# POST-TELECOMMUNICATION JOINT STOCK INSURANCE CORPORATION

Address: Floor 8, Building 4A, Lang Ha, Ba Dinh District, Hanoi City

## CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2019

### Consolidated balance sheet (cont.)

#### OFF-CONSOLIDATED BALANCE SHEET ITEMS

ITEMS	Note	Ending balance	Beginning balance
1. Leasehold assets		-	-
2. Materials and goods kept or processed for others		-	-
3. Bad debts already treated		-	-
4. Written insurance policies for which no obligations have arisen		207,619,235,541	213,376,854,353
5. Foreign currencies			
US Dollar (USD)		347,266.52	10,715.45
Euro (EUR)		28,156.27	28,167.19
Pound Sterling (£)		328.03	334.63

Prepared on 18 March 2020

Prepared by



Pham Hong Tien

Chief Accountant



Cao Thu Hien

General Director



Bui Xuan Thu



**POST-TELECOMMUNICATION JOINT STOCK INSURANCE CORPORATION**

Address: Floor 8, Building 4A, Lang Ha, Ba Dinh District, Hanoi City

**CONSOLIDATED FINANCIAL STATEMENTS**

For the fiscal year ended 31 December 2019

**CONSOLIDATED INCOME STATEMENT**

For the fiscal year ended 31 December 2019

**PART I: CONSOLIDATED INCOME STATEMENT**

Unit: VND

ITEMS	Code	Note	Current year	Previous year
1. Net sales of insurance operation	10.1		4,310,237,987,970	3,377,065,124,664
1.2 Net sales of selling other goods and providing other services	10.2		207,703,858,751	159,655,687,938
2. Sales of trading investment property	11	VI.4	30,856,584,213	6,957,098,394
3. Financial income	12	VI.8	187,901,770,914	172,116,516,152
4. Other income	13		2,664,187,726	2,991,878,874
5. Total expenses for insurance operation	20.1		3,635,150,320,660	2,785,765,875,316
5.2 Costs of providing other goods, services	20.2		188,010,043,685	145,778,641,906
6. Costs of investment property	21	VI.7	14,090,977,378	3,662,574,903
7. Financial expenses	22	VI.9	135,765,412,523	160,538,828,441
8.1 Selling expenses	23.1		3,006,968,579	1,768,729,868
8. Administrative overheads	23.2	VI.10	625,514,339,977	594,053,982,001
9. Other expenses	24		2,253,012,419	2,411,561,556
10.1 Profit in joint ventures, associates	50.1		2,408,355,394	(837,888,346)
10. Total profit before corporate income tax (50=10.1+10.2+11+12+13-20.1-20.2-21-22-23.1-23.2-24)	50.2		137,981,669,747	23,968,223,685
11. Current corporate income tax	51	V.16	24,765,111,081	6,991,162,990
12. Deferred corporate income tax	52		(191,886,672)	9,922,940
13. Profit after corporate income tax	60		<u>113,408,445,338</u>	<u>16,967,137,755</u>
13.1 Profit after tax of non-controlling shareholders	60.1		162,983,403	(4,400,362)
13.2 Profit after tax of the Holding Company's shareholders	60.2		113,245,461,935	16,971,538,117
14. Basic earnings per share	70	VI.11	<u>1,354</u>	<u>193</u>
15. Declined interest per share	70	VI.11	<u>1,354</u>	<u>193</u>

**POST-TELECOMMUNICATION JOINT STOCK INSURANCE CORPORATION**

Address: Floor 8, Building 4A, Lang Ha, Ba Dinh District, Hanoi City

**CONSOLIDATED FINANCIAL STATEMENTS**

For the fiscal year ended 31 December 2019

**Consolidated income statement (cont.)****PART II: CONSOLIDATED INCOME STATEMENT PER OPERATION**

Unit: VND

ITEMS	Code	Note	Current year	Previous year
1. Sales of insurance premium (01 = 01.1 + 01.2 - 01.3)	01	VI.1	4,785,978,449,323	3,789,121,844,195
In which				
- Written premium	01.1		5,692,726,345,390	4,159,480,240,770
- Reinsurance premium assumed	01.2		108,920,975,323	126,354,440,693
- Increase (decrease) in reserve for written premium and reinsurance assumed	01.3		1,015,668,871,390	496,712,837,268
2. Reinsurance premium ceded (02 = 02.1 - 02.2)	02	VI.2	1,598,946,590,984	1,208,055,461,740
In which				
- Reinsurance premium ceded	02.1		2,240,217,554,853	1,414,550,062,963
- Increase (decrease) in reserve for reinsurance premium ceded	02.2		641,270,963,869	206,494,601,223
3. Net sales of premium (03 = 01 - 02)	03		3,187,031,858,339	2,581,066,382,455
4. Commission of reinsurance ceded and other income from insurance operation (04 = 04.1 + 04.2)	04		1,123,206,129,631	795,998,742,209
In which				
- Commission on reinsurance ceded	04.1	VI.3	381,272,476,367	288,629,661,402
- Other income from insurance operation	04.2		741,933,653,264	507,369,080,807
5.1 Net sales of insurance operation (10 = 03 + 04)	10.1		4,310,237,987,970	3,377,065,124,664
5.2 Net sales of selling other goods and providing other services	10.2		207,703,858,751	159,655,687,938
6. Claim expenses (11 = 11.1 - 11.2)	11	VI.5	2,038,496,004,596	1,702,802,760,540
In which				
- Total claim expenses	11.1		2,058,402,239,394	1,714,283,076,028
- Deductions (Subrogation recovery, receipt from disposal of loss paid 100%)	11.2		19,906,234,798	11,480,315,488
7. Recovery from reinsurance ceded	12	VI.5	589,960,692,386	422,479,385,543
8. Increase/decrease in claim reserve for written premium and reinsurance assumed	13	VI.5	264,927,185,800	90,787,511,067
9. Increase/decrease in claim reserve for reinsurance ceded	14	VI.5	262,220,317,806	43,684,603,141
10. Total claim expenses (15 = 11 - 12 + 13 - 14)	15	VI.5	1,451,242,180,204	1,327,426,282,923
11. Increase/decrease in catastrophe reserve	16		35,614,297,659	28,712,846,185
12. Other operating expenses (17 = 17.1 + 17.2)	17	VI.6	2,148,293,842,797	1,429,626,746,208
In which:				
- Commission	17.1		514,028,551,706	400,384,268,787
- Others	17.2		1,634,265,291,091	1,029,242,477,421



# POST-TELECOMMUNICATION JOINT STOCK INSURANCE CORPORATION

Address: Floor 8, Building 4A, Lang Ha, Ba Dinh District, Hanoi City

## CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2019

### Consolidated income statement (cont.)

ITEMS	Code	Note	Current year	Previous year
13. Total insurance operating expenses (18.1 = 15 + 16 + 17)	18.1		3,635,150,320,660	2,785,765,875,316
13.2 Costs of providing other goods, services	18.2		188,010,043,685	145,778,641,906
14. Gross profit of insurance operation (19.1 = 10.1 - 18.1)	19.1		675,087,667,310	591,299,249,348
14.2 Gross profit of providing other goods, services (19.2 = 10.2 - 18.2)	19.2		19,693,815,066	13,877,046,032
15. Sales of trading investment property	20	VI.4	30,856,584,213	6,957,098,394
16. Costs of investment property	21	VI.7	14,090,977,378	3,662,574,903
17. Profit from investment property (22 = 20 - 21)	22		16,765,606,835	3,294,523,491
18. Financial income	23	VI.8	187,901,770,914	172,116,516,152
19. Financial expenses	24	VI.9	135,765,412,523	160,538,828,441
20. Gross profit of financial activities (25 = 23 - 24)	25		52,136,358,391	11,577,687,711
21.1 Selling expenses	26.1		3,006,968,579	1,768,729,868
21.2 Administrative overheads	26.2	VI.10	625,514,339,977	594,053,982,001
22. Net operating income (30 = 19.1 + 19.1 + 22 + 25 - 26.1 - 26.2)	30		135,162,139,046	24,225,794,713
23. Other income	31		2,664,187,726	2,991,878,874
24. Other expenses	32		2,253,012,419	2,411,561,556
25.1 Other profit (40 = 31 - 32)	40		411,175,307	580,317,318
25.2 Profit in joint ventures, associates	41		2,408,355,394	(837,888,346)
26. Total profit before corporate income tax (50 = 30 + 40 + 41)	50		137,981,669,747	23,968,223,685
27. Current corporate income tax	51	V.16	24,765,111,081	6,991,162,990
28. Deferred corporate income tax	52		(191,886,672)	9,922,940
29. Profit after corporate income tax	60		113,408,445,338	16,967,137,755
29.1 Profit after tax of the non-controlling shareholders	61.1		162,983,403	(4,400,362)
29.2 Profit after tax of the Holding Company's shareholders	61.2		113,245,461,935	16,971,538,117
30. Basic earnings per share	70	VI.11	1,354	193
31. Declined interest per share	70	VI.11	1,354	193

Prepared by



Pham Hong Tien

Chief Accountant



Cao Thu Hien

Prepared on 18 March 2020

General Director



Bui Xuan Thu

**POST-TELECOMMUNICATION JOINT STOCK INSURANCE CORPORATION**

Address: Floor 8, Building 4A, Lang Ha, Ba Dinh District, Hanoi City

**CONSOLIDATED FINANCIAL STATEMENTS**

For the fiscal year ended 31 December 2019

**CONSOLIDATED CASH FLOW STATEMENT**

(Under the indirect method)

For the fiscal year ended 31 December 2019

Unit: VND

ITEMS	Code	Note	Current year	Previous year
<b>I. Cash flows from operating activities</b>				
1. Profit before tax	01		137,981,669,747	23,968,223,685
2. Adjustments				
- Depreciation of fixed assets and investment property	02		22,837,073,126	21,779,416,880
- Reserves	03		420,556,537,982	512,861,868,606
- Gain/loss from foreign exchange rate differences due to revaluation of monetary items in foreign currencies	04		-	-
- Gain/loss from investing activities	05		(276,440,005,345)	(112,704,843,201)
- Loan interest expenses	06	VI.9	10,765,068,088	9,524,763,786
- Adjustments	07		-	-
3. Operating profit/loss before changes of working capital	08		315,700,343,597	455,429,429,756
- Increase/decrease of accounts receivable	09		(84,569,850,775)	(96,391,691,264)
- Increase/decrease of inventories	10		(6,349,154,106)	(303,654,119)
- Increase/decrease of accounts payable	11		297,485,455,509	190,281,794,265
- Increase/decrease of prepaid expenses	12		(156,030,072,719)	(64,471,823,530)
- Increase/decrease of trading securities	13		84,813,165,600	(312,124,468,847)
- Loan interests already paid	14		(10,765,068,088)	(9,524,763,786)
- Corporate income tax already paid	15	V.16	(1,428,208,287)	(30,792,333,161)
- Other gains	16		-	-
- Other disbursements	17		-	(350,555,000)
<b>Net cash flows from operating activities</b>	20		<u>438,856,610,732</u>	<u>131,751,934,314</u>
<b>II. Cash flows from investing activities</b>				
1. Purchases and construction of fixed assets and other long-term assets	21		(83,456,484,489)	(48,897,552,959)
2. Gains from disposals and liquidation of fixed assets and other long-term assets	22		16,737,188,363	-
3. Loans given and purchases of debt instruments of other entities	23		(2,159,937,783,121)	(1,693,679,273,303)
4. Recovery of loans given and disposals of debt instruments of other entities	24		1,669,317,797,386	1,583,319,487,305
5. Investments into other entities	25		-	(49,968,600,000)
6. Withdrawals of investments in other entities	26		63,890,777,700	139,638,980,595
7. Receipts of loan interests, dividends and profit shared	27		229,399,848,000	121,835,852,017
<b>Net cash flows from investing activities</b>	30		<u>(264,048,656,161)</u>	<u>52,248,893,655</u>



**POST-TELECOMMUNICATION JOINT STOCK INSURANCE CORPORATION**

Address: Floor 8, Building 4A, Lang Ha, Ba Dinh District, Hanoi City

**CONSOLIDATED FINANCIAL STATEMENTS**

For the fiscal year ended 31 December 2019

**Consolidated cash flow statement (cont.)**

ITEMS	Code	Note	Current year	Previous year
<b>III. Cash flows from financial activities</b>				
1. Gains from stock issuance and capital contributions from shareholders	31		-	-
2. Repayment for capital contributors and re-purchase of stocks already issued	32		-	-
3. Receipts from loans	33	V.20	353,099,444,903	646,829,145,538
4. Loan principal amounts repaid	34	V.20	(469,045,018,399)	(717,750,935,511)
5. Payments for financial leasehold assets	35		-	-
6. Dividends and profit already paid to the owners	36	V.23c	(65,345,652,032)	(96,619,785,749)
<i>Net cash flows from financial activities</i>	40		<u>(181,291,225,528)</u>	<u>(167,541,575,722)</u>
<b>Net cash flows during the year</b>	50		(6,483,270,957)	16,459,252,247
<b>Beginning cash and cash equivalents</b>	60	V.1	124,625,653,602	108,166,401,355
Effects of fluctuations in foreign exchange rates	61		-	-
<b>Ending cash and cash equivalents</b>	70	V.1	<u>118,142,382,645</u>	<u>124,625,653,602</u>

Prepared by



Pham Hong Tien

Chief Accountant



Cao Thu Hien

Prepared on 18 March 2020

General Director



Bui Xuan Thu

# POST-TELECOMMUNICATION JOINT STOCK INSURANCE CORPORATION

Address: Floor 8, Building 4A, Lang Ha, Ba Dinh District, Hanoi City

## CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2019

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2019

#### I. OPERATION FEATURES

##### 1. Business ownership form

Post-Telecommunication Joint Stock Insurance Corporation (hereinafter called "the Corporation" or "the Holding Company") is a joint stock company.

2. Operating field : Non-life insurance.

3. Business operations : Providing services of non-life insurance, reinsurance, financial investment and other activities in accordance with the legal regulations.

##### 4. Ordinary cycle of business

The Corporation's ordinary cycle of business does not exceed 12 months.

##### 5. Structure of the Group

The Group includes the Holding Company and 3 subsidiaries which are controlled by the Holding Company. All subsidiaries are consolidated in these consolidated financial statements.

##### 5a. Information on the Group's restructuring

As for the capital contribution in Post Real Estate JSC. (PostRE) in accordance with the Decision No. 80/2008/QD-PTI dated 7 October 2008 of the Board of Management, accordingly the Corporation's contribution capital is VND 88,200,000,000, accounting for 49% of total charter capital (the registered charter capital is VND 180,000,000,000), the Corporation has fully contributed capital as committed. Currently, the remaining legal entities under the joint venture contract have not contributed enough capital as committed, which leads to the fact that the rate of the Corporation's actual contribution capital in PostRE's owner's equity is 95.32% (total actual contribution capital of the parties in PostRE is VND 92,530,000,000). Accordingly, during the year the Corporation has classified the capital contribution in PostRE into the investments in subsidiaries, in compliance with regulations of the prevailing accounting system. The difference between the value of the investment under owner's equity method (consolidation of associate) and its historical cost is directly recognized in the items under Owner's equity on the consolidated balance sheet.



**POST-TELECOMMUNICATION JOINT STOCK INSURANCE CORPORATION**

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**CONSOLIDATED FINANCIAL STATEMENTS**

For the fiscal year ended 31 December 2019

**Notes to the consolidated financial statements (cont.)****5b. List of subsidiaries consolidated**

<i>Name of companies</i>	<i>Address of head office</i>	<i>Main operations</i>	<i>Rate of interest</i>		<i>Rate of voting right</i>	
			<i>Ending balance</i>	<i>Beginning balance</i>	<i>Ending balance</i>	<i>Beginning balance</i>
Vietnam Petrol Commercial Corporation (VinaPetro)	No. 26 Lang Ha Road, Lang Ha Ward, Dong Da District, Hanoi	Selling petrol	93.63%	93.63%	93.63%	93.63%
VN-IBS., JSC.	No. 26 Lang Ha Road, Lang Ha Ward, Dong Da District, Hanoi	Leasing real estate and providing informatics and communication equipment	99%	99%	99%	99%
Post Real Estate JSC. (PostRE)	Floor 5, Lot 18 Dinh Cong Urban Area, Dinh Cong Ward, Hoang Mai District, Hanoi City	Services of housing brokerage, real estate trading and other services	95.32%	95.32%	95.32%	49.00%

**5c. List of associates reflected in the consolidated financial statements in accordance with the owner's equity method**

<i>Name of companies</i>	<i>Address of head office</i>	<i>Rate of ownership as committed</i>		<i>Rate of interest</i>	
Lanexang Assurance Public Insurance JSC. (LAP)	No. 13, Suphanuvong Road, Viangchan City, Lao People's Democratic Republic	50.00%		50.00%	
Kasati JSC.	270A Ly Thuong Kiet, Ward 14, District 10, Ho Chi Minh City	21.30%		21.30%	

**6. Statement on comparison of information in the consolidated financial statements**

The corresponding figures in the previous year can be compared with those in the current year.

**7. Personnel**

As of 31 December 2019, the Group had 2,292 employees (at the end of the previous year, the Group had 2,090 employees).

**II. FISCAL YEAR AND STANDARD CURRENCY UNIT USED IN ACCOUNTING****1. Fiscal year**

The fiscal year of the Group is from 1 January to 31 December annually.

**2. Standard currency unit**

The standard currency unit used in accounting is Vietnam Dong (VND).



# **POST-TELECOMMUNICATION JOINT STOCK INSURANCE CORPORATION**

Address: Floor 8, Building 4A, Lang Ha, Ba Dinh District, Hanoi City

## **CONSOLIDATED FINANCIAL STATEMENTS**

For the fiscal year ended 31 December 2019

Notes to the consolidated financial statements (cont.)

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### **III. ACCOUNTING STANDARDS AND SYSTEM APPLIED**

#### **1. Accounting standards and system**

The Group has been applying the Insurance Business Accounting System issued together with the Circular No. 232/2012/TT-BTC dated 28 December 2012 of the Ministry of Finance, the Circular No. 200/2014/TT-BTC dated 22 December 2014 on guidelines for accounting policies for enterprises, the Circular No. 202/2014/TT-BTC dated 22 December 2014 giving guidance on the preparation and presentation of consolidated financial statements as well as the Circulars giving guidance for the implementation of accounting standards and system of the Ministry of Finance in the preparation and presentation of the consolidated financial statements.

#### **2. Statement on the compliance with the accounting standards and system**

The Management Board ensures to follow all the requirements of the Accounting Standards, the Insurance Business Accounting System issued together with the Circular No. 232/2012/TT-BTC dated 28 December 2012, the Circular No. 200/2014/TT-BTC dated 22 December 2014, the Circular No. 202/2014/TT-BTC dated 22 December 2014 as well as other Circulars giving guidance for the implementation of accounting standards and system of the Ministry of Finance in the preparation and presentation of these consolidated financial statements.

### **IV. ACCOUNTING POLICIES**

#### **1. Accounting convention**

All the financial statements are prepared on the basis of accrued accounting (except for information related to cash flows).

#### **2. Consolidation basis**

The consolidated financial statements include the combined financial statements of the Holding Company and the financial statements of its subsidiaries. A subsidiary is a business that is controlled by the Holding Company. The control exists when the Holding Company has the power to directly or indirectly govern the financial and operating policies of the subsidiary to obtain economic benefits from its activities. In determining the control right, the potential voting right that is currently valid arising from call options or debt and equity instruments that can be converted to common shares as of the balance sheet date should also be taken into consideration.

The business results of the subsidiaries which are acquired or disposed during the period are included in the consolidated income statement from the date of acquisition until the date of disposal of the investments in those subsidiaries.

The financial statements of the Holding Company and subsidiaries used for consolidation are prepared for the same accounting period and apply the consistent accounting policies for similar transactions and events in similar circumstances. In case that the accounting policies of the subsidiaries are different from those which are applied consistently within the Group, the appropriate adjustments should be made to the financial statements of the subsidiaries before they are used to prepare the consolidated financial statements.

Intra-group balances in the balance sheet and intra-group transactions and unrealized profits resulting from these transactions are eliminated when the consolidated financial statements are prepared. Unrealized losses resulting from intra-group transactions are also eliminated unless costs which cause those losses cannot be recovered.

Interest of non-controlling shareholders shows gain or loss and net assets of a subsidiary which is not held by the Group and is presented in a specific item in the consolidated income statement and the consolidated balance sheet (under owner's equity). Interest of non-controlling



## POST-TELECOMMUNICATION JOINT STOCK INSURANCE CORPORATION

Address: Floor 8, Building 4A, Lang Ha, Ba Dinh District, Hanoi City

### CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2019

#### Notes to the consolidated financial statements (cont.)

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shareholders includes value of interest of non-controlling shareholders as of the initial business consolidation date and those in the fluctuation of owner's equity commencing from the business consolidation date. Losses in subsidiaries are allocated equivalent to capital of non-controlling shareholders, even when those losses are higher than their capital in net assets of the subsidiary.

### 3. Transactions in foreign currencies

Transactions in foreign currencies are converted at the actual exchange rates as of the transaction dates. The ending balances of monetary items in foreign currencies are converted at the actual exchange rate as of the balance sheet date.

Foreign exchange rate differences arising during the period from transactions in foreign currencies are included in financial income or financial expenses. Foreign exchange rate differences due to revaluation of monetary items in foreign currencies as of the balance sheet date after offsetting increase differences and decrease differences are recorded into financial income or financial expenses.

Exchange rate used to translate transactions occurred in foreign currencies is the actual exchange rate at the time of transaction. The actual exchange rate is approximate to the average transfer buying and selling exchange rate of the commercial banks where the Group often has transactions. The approximate exchange rate does not exceed plus/less 1% in comparison with the average transfer buying and selling exchange rate which is daily determined based on the arithmetic mean between the daily transfer buying exchange rate and the selling exchange rate of the commercial banks where the Group often has transactions.

Foreign exchange rate used to revalue ending balances of monetary items in foreign currencies is the average transfer exchange rate of the commercial bank where the Group often has transactions.

### 4. Cash and cash equivalents

Cash includes cash on hand and demand deposits in bank. Cash equivalents include short-term investments of which the due dates cannot exceed 3 months from the dates of investment and the convertibility into cash is easy, and which do not have risks in the conversion into cash as of the reporting date.

### 5. Financial investments

#### *Trading securities*

Investments are classified as the trading securities when they are held for the purpose of trading for benefits.

Trading securities are recorded in the ledger in accordance with historical prices. The historical prices of trading securities shall be determined in accordance with fair value of payments at the time when the transaction arises plus costs related to transaction of purchasing trading securities.

The date of recognition of trading securities is the date when the Group has ownership right. Details are as follows:

- Listed securities are recorded at the time of matching (T+0).
- Unlisted securities are recorded at the time when the ownership is acquired as prescribed in regulations of law.



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Interests, dividends and profits of the periods before the trading securities are purchased are recorded to decrease the value of those trading securities. Interests, dividends and profits of the periods after the trading securities are purchased are recognized into the revenue. Dividends received by shares are only followed as additional number of shares, not recognized with the value of the shares received.

Provision for devaluation of trading securities is made for each kind of securities traded on the market and has fair value lower than their historical costs. The fair value of trading securities is determined as follows:

- For securities listed on the stock market: it is the closing price at the latest date of transaction to the balance sheet date.
- For shares registered for transactions on the transaction market of the unlisted public companies and the state-owned enterprises equitized under the form of selling stocks to the public (UPCom): it is the average reference price in the latest 30 transaction days before the balance sheet date disclosed by the Stock Exchange.
- For shares listed on the stock market or shares of joint stock companies registered for trading on UPCom market which have no transaction within 30 days prior to the date of provision appropriation, listed shares which have been delisted, suspended or stopped from trading: provision is made based on the loss of the invested company equal to the difference between the actual investment capital of the owners and the owner's equity as of the balance sheet date multiplied by the Corporation's ownership ratio of charter capital to the total charter capital actually contributed.
- For local government bonds, Government-guaranteed bonds and corporate bonds: the price of or local government bonds, Government-guaranteed bonds and corporate bonds listed, registered for transaction is the latest transaction price at the Stock Exchange within 10 days to the balance sheet date. In case there is no transaction within 10 days by the end of the fiscal year, no provision shall be made for this investment.

Increases/decreases in provision for devaluation of trading securities which need appropriating as of the balance sheet date are recognized into financial expenses.

Gain from or loss on transfer of trading securities is recognized into financial income or financial expenses. Costs are determined in accordance with the mobile weighted average method.

#### *Investments held to maturity dates*

Investments are classified as investments held to maturity that the Group intends and is able to hold to maturity. Investments held to maturity include termed deposits (including debentures and promissory note), bonds, preferred shares that the issuer are required to re-purchases at a certain date in the future and held-to-maturity loans for the purpose of receiving periodical interest as well as other investments held to maturity.

Investments held to maturity dates are initially recognized at historical costs including purchasing price and costs related to purchasing transaction of investments. After initial recognition, these investments are recorded at recoverable value. Interest from these investments held to maturity dates after acquisition date is recognized in the income statement on the basis of estimated receipt. Interests arising prior to the Group's acquisition of investment held to maturity are recorded as a decrease in the costs at the acquisition time.



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When there are reliable evidences proving that a part or whole of the investment may be unrecoverable and the losses can be measured reliably, the losses are recognized as financial expenses during the year while the investment value is derecognized.

#### *Investments in associates*

##### *Associates*

An associate is an enterprise in which the Group has significant influence but not control over the financial policies and activities. Significant influence is the right to participate in making decisions about financial policies and business operations of the investee but not control those policies.

Investments in associates are recognized in accordance with the owner's equity method. Accordingly, the investments in associates are presented in the consolidated financial statements by the initial investment costs and adjusted for changes in benefits on net assets of associates after the investment date. If the benefits of the Group in losses of associates are higher than or equal to book value of the investments, the value of investments will be presented in the consolidated financial statements as zero unless the Group has an obligation to make the payment instead of associates.

The financial statements of associates are prepared for the same accounting period with the consolidated financial statements of the Group. In case the accounting policies of an associate are different from those consistently applied in the Group, the financial statements of that associate will be suitably adjusted before being used to prepare the consolidated financial statements.

Unrealized gains/losses from transactions with associates are excluded equivalent to those of the Group and its associates when the consolidated financial statements are prepared.

#### *Investments in equity instruments of other entities*

Investments in equity instruments of other entities include such investments in equity instruments that do not enable the Group to have the control, joint control or significant influence on the investees.

Investments in equity instruments of other entities are initially recognized at historical costs, including the cost of purchase plus other directly attributable transaction costs. Dividends and profits arising in the periods prior to the purchase of investments are recorded as a decrease in value of such investments. Dividends and profit arising in the periods after the purchase of investments are recorded into the Group's revenue. Particularly, the dividends paid in form of shares are not recorded as an increase in values, but the increasing quantity of shares is followed up.

Provision for loss of investments in equity instruments of other entities is made as follows:

- For investments in listed shares or fair value of investments is reliably measured, provision is made on the basis of the market value of shares.
- For investments of which the fair value cannot be measured at the time of reporting, provision is made on the basis of the losses suffered by investees, at the rate equal to the difference between the actual capital contributed by parties in other entities and the actual owner's equity multiplying (x) by the Group's rate of capital contribution over the total actual capital contributed by parties in other entities.

Increases/decreases in provision for loss of investments in equity instruments of other entities which need appropriating as of the balance sheet date are recognized into financial expenses.



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#### 6. Trade receivable and other receivable

Others receivable are presented in accordance with book values less provisions for bad debts.

The classification of accounts receivable into receivables from customers and other receivables is done as follows:

- Receivables from customers reflect commercial receivables generating from purchase-sale related transactions between the Group and buyers which are independent units against the Group.
- Other receivables reflect non-commercial or non-trading receivables, unrelated to purchase-sale transactions.

Provision for bad debts is made for each bad debt after being offset with payable liabilities (if any). The appropriation rate is based on the overdue debt age of debts or the estimated loss. Details are as follows:

- As for overdue debts:
  - 30% of the value for debts overdue from over 6 months to under 1 year.
  - 50% of the value for debts overdue from 1 year to under 2 years.
  - 70% of the value for debts overdue from 2 years to under 3 years.
  - 100% of the value for debts overdue from 3 years and over.
- As for doubtful debts but not overdue: provision is made basing on the estimated loss.

Increases/decreases of balance of provision for bad debts which need appropriating as of the balance sheet date are recorded into administrative overheads.

#### 7. Inventories

Inventories are recorded in accordance with the lower value between the historical costs and the net realizable values.

Historical costs of inventories include purchasing expenses, processing expenses and other directly related costs to bring the inventories to the current positions and conditions.

Ex warehouse prices are determined in accordance with the specific identification method and recorded in line with the perpetual recording method.

Net realizable values are the estimated selling prices of inventories in an ordinary course of business less the estimated expenses on product completion and other necessary expenses on product consumption.

Provision for devaluation of inventories is made for each item of inventories which has historical costs higher than net realizable values. Increases/decreases in balances of provision for devaluation of inventories which need appropriating as of the balance sheet date are recognized into costs of goods sold.

#### 8. Prepaid expenses

Prepaid expenses include expenses actually incurred but they are related to operation output of many accounting periods. Prepaid expenses of the Group mainly include unappropriated commission, office rental and expenses for tools, instruments. These prepaid expenses are allocated in the prepayment term or the term in which corresponding economic benefit is derived from these expenses.



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##### *Unappropriated commission*

Commission expenses are determined in accordance with the specified percentage on revenue of insurance operation and retained on account of unappropriated commission equivalent to rate of unearned premium reserve.

##### *Expenses for agency development*

Expenses for agency development is allocated into expenses during the period in accordance with the straight-line method in 3 years.

##### *Office rental*

Office rental is allocated in line with the leasing period as in the leasing contracts.

##### *Expenses for tools, instruments*

Expenses for tools, instruments being put into use with the value of VND 5 million and over are allocated in 2 years. Those with the value under VND 5 million are allocated in 1 year.

#### 9. **Tangible fixed assets**

Tangible fixed assets are determined by their historical costs less accumulated depreciation. Historical costs of fixed assets include all the expenses of the Group to have these fixed assets as of the dates they are ready to be put into use. Other expenses incurred subsequent to the initial recognition are included in historical costs of fixed assets only if they certainly bring more economic benefits in the future thanks to the use of these assets. Those which do not meet the above conditions will be recorded into expenses.

When a tangible fixed asset is sold or disposed, its historical cost and accumulated depreciation are written off, then any gain/loss arisen is posted into income or expenses during the year.

Tangible fixed assets are depreciated in accordance with the straight-line method over their estimated useful lives. The depreciation years of tangible fixed assets are as follows:

<u>Fixed assets</u>	<u>Years</u>
Buildings and structures	35
Machinery and equipment	5 – 6
Vehicles	5 – 12
Office equipment	3 – 10

#### 10. **Intangible fixed assets**

Intangible fixed assets are determined by their historical costs less accumulated depreciation.

Historical costs of intangible fixed assets include all the expenses of the Group to have these fixed assets as of the dates they are ready to be put into use. Costs related to intangible fixed assets, which are incurred after initial recognition, are recognized as operating costs in the year unless these costs are associated with a specific intangible fixed asset and increase economic benefits from these assets.

When an intangible fixed asset is sold or disposed, its historical cost and accumulated depreciation are written off, then any gain/loss arisen is posted into income or expenses during the year.

Intangible fixed assets of the Group include:



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#### *Land use right*

Land use right includes all the actual expenses paid by the Group related to the land being used such as expenses to obtain the land use right, expenses for compensation and land clearance, ground leveling, registration fees, etc. For the land use right which is permanent, no amortization is done.

#### *Computer software*

Purchasing price of computer software which is not an integrated part of the related hardware is capitalized. Historical cost of computer software includes all the expenses paid until the date the software is put into use. Computer software is depreciated in accordance with the straight-line method within 3 – 4 years.

### 11. Investment property

Investment property is the use right on land, a building, a part of building or infrastructure owned by the Group or by the financial leasehold in order to earn rental or for capital appreciation. Investment property is determined by its historical costs less accumulated depreciation. Historical cost of investment property includes all the expenses paid by the Group or the fair value of other consideration given to acquire the investment property at the time of its acquisition or construction.

Subsequent expenses relating to an investment property are recorded into expenses unless these expenses probably make the investment property bring future economic benefits in excess of the originally assessed standard of performance, in that case, they will be recorded to increase the historical costs.

When the investment property is sold or disposed, its historical cost and accumulated depreciation are written off, then any gain/loss arisen are posted into income or expenses during the year.

The transfer from owner-occupied property to investment property or from inventory shall be made only if the owner finishes using that property and leasing it to other party for operation or at the end of the construction period. The transfer from investment property to owner-occupied property or inventory shall be made only when the owner begins to use this property or begins to sell it. The transfer of use purpose between investment property and owner-occupied property or inventory does not change the net book value or the cost of the property at the date of conversion.

Investment property for lease is depreciated in accordance with the straight-line method over its estimated useful life. The depreciation years of investment property are as follows:

<u>Fixed assets</u>	<u>Year</u>
Infrastructure	20 - 50

Investment properties held for capital appreciation are not depreciated. When there is strong evidence showing that investment properties held for capital appreciation are devalued compared to the market value and the devaluation can be determined reliably, investment properties held for capital appreciation are reduced in costs and losses are recognized in costs of goods sold.

### 12. Construction in progress

Construction in progress reflects costs directly related (including related loan interest expenses in accordance with the Group's accounting policies) to assets in progress of construction and machinery, equipment in progress of installation to serve the purpose of production, lease and management as well as costs related to repair of fixed assets in progress. These assets are recognized in accordance with their historical costs and not depreciated.



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#### 13. Liabilities payable and accrued expenses

Liabilities payable and accrued expenses are recognized for the amount payable in the future related to goods and services already received. Accrued expenses are recognized based on reasonable estimates on the amount payable.

The classification of accounts payable into payables to suppliers, accrued expenses and other payables is done as follows:

- Payables to suppliers reflect trade payables occurred from purchase-sale transaction of goods, services, assets and the suppliers are independent units against the Group.
- Accrued expenses reflect payables for goods and services already received from suppliers or provided to customers but for which the payment has not been made due to lack of invoices or accounting documents and payables for employees on leave pay, appropriated operating costs.
- Other payables reflect non-trade payables or payables unrelated to purchase-sale transactions, provision of goods and services.

Liabilities payable and accrued expenses are classified into short-term and long-term ones on the consolidated balance sheet based on the remaining terms as of the balance sheet date.

#### 14. Technical reserves

The Corporation has appropriated technical reserves as stipulated in the Circular No. 50/2017/TT-BTC of the Ministry of Finance dated 15 May 2017 giving guidance on the implementation of the Decree No. 73/2016/ND-CP dated 1 July 2016 of the Government regulating the financial regime for insurance companies and insurance brokerage companies.

##### *Unearned premium reserve*

Unearned premium reserve for insurance policies and reinsurance agreements, with the term of 1 year and less is appropriated in accordance with the percentage of the insurance premium retained, details are as follows:

- For line of insurance of cargo, unearned premium reserve is appropriated by 25% on total premium retained in the fiscal year of above line of insurance.
- For other lines of insurance, unearned premium reserve is appropriated by 50% on total premium retained in the fiscal year of above lines of insurance.

Unearned premium reserve for insurance policies and reinsurance agreements with the term over 1 year is appropriated in accordance with the coefficient method, details are as follows:

$$\text{Unearned premium reserve} = \frac{\text{Insurance premium retained} \times \text{Number of unexpired days of insurance policy or reinsurance agreement}}{\text{Total days of insurance policy or reinsurance agreement}}$$

##### *Claims reserve*

Claims reserve for covered losses that have incurred but have not been resolved at the end of the fiscal year is appropriated for each line of insurance according to estimates of indemnities for single covered loss have been reported or claimed to the Corporation but not yet resolved at the end of the fiscal year.



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Claims reserve for covered losses that have incurred but have not been reported or claimed (IBNR) is appropriated according to the following formula:

Claims reserve for covered losses that have incurred but have not been reported or claimed (IBNR) of the current fiscal year	=	Total indemnities for losses that have incurred but have not been reported or claimed of last three consecutive fiscal years ----- Total indemnities of last three consecutive fiscal years	x	Indemnity of current fiscal year	x	Net revenue earned from insurance business of current fiscal year ----- Net revenue earned from insurance business of last fiscal year	x	Average deferred time of claims of current fiscal year ----- Average deferred time of claims of last fiscal year
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#### *Catastrophe reserve*

Catastrophe reserve is appropriated annually until such reserve reaches 100% of the net written premium of the fiscal year. The appropriation rate during the year was 1% of the net written premium.

On 28 December 2005, the Ministry of Finance issued the Decision No. 100/2005/QĐ-BTC regarding the issuance and publication of four Vietnamese Accounting Standards including the Accounting Standard No. 19 - Insurance Policy. Accordingly, commencing from 1 January 2006, the appropriation of catastrophe reserve is no longer required since it represents "possible claims that are not in existence at the reporting date". However, the Ministry of Finance has not given the guidance on implementing the Accounting Standard No. 19 and according to the Decree No. 46/2007/ND-CP dated 27 March 2007 regulating on financial regime for insurers and insurance brokers, therefore, the Corporation is still appropriating catastrophe reserve.

#### 15. Sources of capital

##### *Owner's contribution capital*

Owner's contribution capital is recognized in line with the amount actually contributed by the shareholders of the Corporation.

##### *Share premiums*

Share premiums are recorded in accordance with the difference between issuance price and face value of shares in the first issuance, additional issuance or the difference between reissuance price and book value of treasury stocks. Direct expenses related to the additional issuance of shares and reissuance of treasury stocks are recorded to decrease share premiums.

#### 16. Profit distribution and appropriation of funds

Profit after corporate income tax is distributed to the shareholders after appropriation of funds in accordance with the Corporation's Charter as well as legal regulations and being approved by the General Meeting of Shareholders.



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The profit distribution to the shareholders considers non-monetary items in retained profit after tax which can have impacts on cash flows and possibility of profit payment such as gains from revaluation of assets for capital contribution, revaluation of monetary items, financial instruments and other non-monetary items.

Dividends are recognized as liabilities payable upon the approval of the General Meeting of Shareholders.

#### *Compulsory reserve*

Compulsory reserve is used to supplement the Corporation's charter capital and ensure its liquidity. Compulsory reserve is appropriated annually at the rate of 5% of annual profit after tax. The maximum of compulsory reserve is 10% of the Group's charter capital as stipulated in the Decree No. 73/2016/ND-CP dated 1 July 2016 of the Government.

#### *Other funds*

Other funds are appropriated and used in accordance with the Charter and Resolutions of General Meeting of Shareholders.

### 17. Recognition of sales, expenses and income

Sales of providing services are recognized when there are no uncertain factors related to payments or additional costs. In case that the services are provided in many accounting periods, the determination of sales in each period is done on the basis of the service completion rate as of the balance sheet date.

#### *Activity of trading written premium*

##### *Gross written premium*

Gross written premium is recorded in accordance with the regulations in the Circular No. 50/2017/TT-BTC dated 15 May 2017 of the Ministry of Finance giving guidance on the implementation of the Decree No. 73/2016/ND-CP dated 1 July 2016 of the Government regulating the financial regime for insurance companies and insurance brokerage companies. Details are as follows:

- (1) When the insurance policy has been entered into by the insurer and the insured and the insured fully paid insurance premium;
- (2) The insurance policy has been entered into and the insurer has an agreement with the insured about debt of insurance premium in the insurance policy.

In case there is an agreement between the insurer and the insured about periodical payment of premium, the Corporation records it into income corresponding to insurance premium period or periods incurred, does not record into income the unmatured insurance premium, which the insured has to pay as agreed.

Insurance premium which is received before the due date as of the balance sheet date is recognized in the item of "Prepayments from customers" on the balance sheet date.

#### *Claim expense*

Claim expense is recognized at the point of time when the claim documents are completed and approved by authorized persons. In case of having no conclusion about the final claim but the Corporation is sure of loss of the insurers' responsibility, a part of claim is paid to the customers. Any claim that is not yet approved by authorized persons is considered as outstanding claim and included in claim reserve.



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##### ***Commission***

Commission expenses are calculated according to the percentage on revenue of gross written premium actually received and recorded into the income statement during the year. Commission of each product is calculated at separate rates in accordance with the Circular No. 50/2017/TT-BTC dated 15 May 2017 of the Ministry of Finance giving guidance on implementation of the Decree No. 73/2016/ND-CP dated 1 July 2016 of the Government on the Law on insurance business.

##### **Activity of reinsurance assumed**

###### ***Under treaty reinsurance***

Revenue and expenses related to reinsurance assumed under treaty arrangements are recognized when the periodical reconciliation is received from the cedants. As of the date of preparing the financial statements, revenue and expenses related to transactions in the scope of treaty reinsurance but the periodical reconciliation has not been received from the cedants will be estimated based on the statistical and estimated figures of the cedants.

###### ***Under facultative reinsurance***

Reinsurance premium assumed is recognized when the facultative reinsurance agreement has been signed and a statement of account (for each facultative reinsurance agreement) has been received from the cedant.

Claim expenses for reinsurance assumed are recognized when having claim obligations as committed and the statement of account has been received from the cedants.

Commission on reinsurance assumed is recognized when accepting reinsurance agreement and the statement account has been received from the cedants.

##### **Activity of reinsurance ceded**

Reinsurance premium ceded under treaty reinsurance is recognized when gross written premium in the scope of these agreements is recognized.

Facultative reinsurance premium ceded is recognized when facultative reinsurance agreement has been signed and gross written premium in the scope of this agreement is recognized.

Receiving indemnity of reinsurance ceded is recognized when having existing evidences of reinsurers' obligations.

Commission on reinsurance ceded is recognized when reinsurance premium ceded is recognized.

##### **Activity of investment**

###### ***Interests***

Interests are recorded based on the term and the interest rates applied for each period.

###### ***Dividends and profit shared***

Dividends and profit shared are recognized when the Corporation has the right to receive dividends or profit from the capital contribution. Particularly, dividends received by shares are not recognized into income but only followed with the increasing number.



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##### *Investment costs*

Investment costs include arising costs directly related to the investment and commonly used expenses allocated.

Direct costs include salary for the Investment Section, expenses for investment portfolio management, provision for devaluation of investments, loss on securities dealing, expenses for dealing securities, expenses related to real estate activity.

Commonly used expenses allocated for the Investment Section at the rate of financial income on total realized revenue during the year.

#### **18. Borrowing costs**

Borrowing costs include loan interest and other costs directly related to borrowings. Borrowing costs are recognized into expenses when arising.

#### **19. Corporate income tax**

Corporate income tax includes current income tax which is the tax amount computed based on the taxable income. Taxable income is different from accounting profit due to the adjustments of temporary differences between tax and accounting figures as well as those of non-taxable or non-deductible income and expenses, losses transferred.

#### **20. Related parties**

A party is considered a related party in case that party is able to control the Group or to cause material effects on the financial decisions as well as the operations of the Group. A party is also considered a related party in case of together being controlled or affected significantly.

In the consideration of relations among related parties, the nature of relations is paid more attention than the legal form.

#### **21. Segment reporting**

A business segment is a distinguishable component that is engaged in providing products or services and that is subject to risks and returns different from those of other business segments.

A geographical segment is a distinguishable component that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns different from those of components operating in other economic environments.

The segment information is prepared and presented in conformity with the accounting policy applied for the preparation and presentation of the Group's consolidated financial statements.

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**V. ADDITIONAL INFORMATION ON THE ITEMS OF THE CONSOLIDATED BALANCE SHEET****1. Cash and cash equivalents**

	Ending balance	Beginning balance
Cash on hand	7,262,997,130	10,621,956,926
Demand deposits in banks	107,623,805,515	85,894,938,676
Cash in transit	3,255,580,000	28,033,758,000
Cash equivalents ( <i>Under-3-month deposits</i> )	-	75,000,000
<b>Total</b>	<b>118,142,382,645</b>	<b>124,625,653,602</b>

**2. Short-term investments**

The Group's financial investments include trading securities, investments held to maturity date and capital contribution in other entities. Information on the Group's financial investments is as follows:

**2a. Trading securities**

	Ending balance			Beginning balance		
	Historical costs	Fair value	Provision	Historical costs	Fair value	Provision
<b>Listed securities</b>	<b>354,701,122,868</b>	<b>222,571,116,000</b>	<b>(137,506,487,068)</b>	<b>599,508,668,818</b>	<b>526,280,959,800</b>	<b>(76,375,920,784)</b>
LPB	176,384,114,856	126,722,400,000	(57,671,626,556)	169,720,152,006	141,714,625,500	(28,005,526,506)
OIL	121,619,935,754	56,570,010,000	(62,416,494,254)	150,318,761,359	130,957,460,000	(19,361,301,359)
HUT	33,347,829,873	20,256,720,000	(13,091,109,873)	27,761,617,500	15,546,883,000	(12,214,734,500)
TDM	-	-	-	81,329,371,070	81,726,600,000	-
MBB	-	-	-	38,086,520,159	31,161,623,000	(6,924,897,159)
Others	23,349,242,385	19,021,986,000	(4,327,256,385)	132,292,246,724	125,173,768,300	(9,869,461,260)
<b>Unlisted securities</b>	<b>159,994,380,350</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
ALS	60,000,000,000	-	-	-	-	-
OCB	99,994,380,350	-	-	-	-	-
<b>Total</b>	<b>514,695,503,218</b>	<b>222,571,116,000</b>	<b>(137,506,487,068)</b>	<b>599,508,668,818</b>	<b>526,280,959,800</b>	<b>(76,375,920,784)</b>

Situation of fluctuations in provision for devaluation of trading securities is as follows:

	Current year	Previous year
Beginning balance	76,375,920,784	5,688,220,092
Additional appropriation of provision	77,924,924,703	72,211,922,861
Use of provision	(16,794,358,419)	(1,524,222,169)
<b>Ending balance</b>	<b>137,506,487,068</b>	<b>76,375,920,784</b>



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**Notes to the consolidated financial statements (cont.)***Fair value*

As for investments with listed prices, the fair value is determined based on listed prices as of the balance sheet date. The Group has not determined the fair value of investments without listed prices due to having no detailed guidelines on determination of fair value.

**2b. Investments held to maturity date**

	Ending balance		Beginning balance	
	Historical costs	Provision	Historical costs	Provision
<b>Short-term</b>	<b>2,801,237,817,444</b>	<b>-</b>	<b>2,238,830,963,764</b>	<b>-</b>
Termed deposits	2,696,403,517,444	-	2,131,996,663,764	-
Investments in bonds	100,000,000,000	-	100,000,000,000	-
Short-term investment trust	4,834,300,000	-	6,834,300,000	-
<b>Long-term</b>	<b>462,837,552,461</b>	<b>(7,344,000,000)</b>	<b>536,739,473,043</b>	<b>(35,577,056,197)</b>
Termed deposits <sup>(*)</sup>	341,924,109,589	-	304,011,666,667	-
Investments in bonds	100,000,000,000	-	100,000,000,000	-
Investment portfolio management trust	20,913,442,872	(7,344,000,000)	132,727,806,376	(35,577,056,197)
<b>Total</b>	<b>3,264,075,369,905</b>	<b>(7,344,000,000)</b>	<b>2,775,570,436,807</b>	<b>(35,577,056,197)</b>

**2c. Investments in associates**

	Ending balance			Beginning balance		
	Historical costs	Profit after investment	Total	Historical costs	Profit after investment	Total
PostRE <sup>(i)</sup>	-	-	-	88,200,000,000	(467,061,840)	87,732,938,160
LAP <sup>(ii)</sup>	20,152,200,000	6,420,408,828	26,572,608,828	20,152,200,000	4,981,826,927	25,134,026,927
Kasati JSC. <sup>(iii)</sup>	14,292,700,000	1,518,662,585	15,811,362,585	14,292,700,000	548,889,092	14,841,589,092
<b>Total</b>	<b>34,444,900,000</b>	<b>7,939,071,413</b>	<b>42,383,971,413</b>	<b>122,644,900,000</b>	<b>5,063,654,179</b>	<b>127,708,554,179</b>

<sup>(i)</sup> During the year the Corporation has classified the capital contribution in PostRE into the investments in subsidiaries in compliance with regulations of the prevailing accounting system.

<sup>(ii)</sup> According to the amended Investment Certificate No. 347/BKH-DTRNN-DC3 dated 30 September 2014 granted by the Ministry of Planning and Investment, the Corporation would invest in LAP with the amount of USD 1,000,000 equivalent to 50% of charter capital. As of 31 December 2019, the Corporation had fully invested capital as registered of USD 1,000,000 equivalent to VND 20,152,200,000.

<sup>(iii)</sup> The Corporation purchased 638,090 shares of Kasati JSC. equivalent to 21.3 % of charter capital with the purchasing price of VND 14,292,700,000. As of 31 December 2019, the Corporation held 638,090 shares, accounting for 21.3% of capital of Kasati JSC.



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Notes to the consolidated financial statements (cont.)

The ownership value of the Corporation in associates is as follows:

	Ownership value at the beginning of the year	Gains or losses during the year	Decrease due to stopping consolidation of owner's equity	Other increase, decrease	Ownership value at the end of the year
PostRE	87,732,938,160	-	(87,732,938,160)	-	-
LAP	25,134,026,927	1,469,323,396	-	(30,741,495)	26,572,608,828
Kasati JSC.	14,841,589,092	1,125,915,298	-	(156,141,805)	15,811,362,585
<b>Total</b>	<b>127,708,554,179</b>	<b>2,595,238,694</b>	<b>(87,732,938,160)</b>	<b>(186,883,300)</b>	<b>42,383,971,413</b>

### Operation of associates

The associates are in the process of normal operation, having no large changes compared with the previous year.

### Transactions with associates

	Current year	Previous year
<b>LAP</b>		
<i>Reinsurance ceded</i>		
Reinsurance premium ceded	329,569,299,169	84,489,268,626
Receiving commission on reinsurance ceded	143,333,868,530	25,806,778,806
Receiving indemnity of reinsurance ceded	151,944,907,741	49,221,151,592
Other income from activity of reinsurance ceded	27,637,834,780	5,083,355,297
<i>Reinsurance assumed</i>		
Reinsurance premium assumed	8,466,548,558	4,796,145,965
Commission expenses for reinsurance assumed	2,129,067,251	1,156,822,446
Claim expenses for reinsurance assumed	2,677,453,481	384,031,155
<i>Dividends</i>		
Dividends shared	985,308,960	990,773,316
<b>Kasati JSC.</b>		
Dividends shared	957,135,000	1,020,944,000

### 2d. Capital contribution in other entities

	Ending balance		Beginning balance	
	Historical costs	Provision	Historical costs	Provision
UTXI Aquatic Products Processing Corporation	15,000,000,000	(4,469,439,932)	15,000,000,000	(8,880,000,000)
Post and Telecommunications Tourism JSC.	2,940,000,000	-	2,940,000,000	-
Global Data Service JSC.	17,080,000,000	-	17,080,000,000	-
Huawei Vietnam JSC.	5,800,000,000	-	5,800,000,000	-
Phuong Nam Real Estate Investment JSC.	65,000,000	-	65,000,000	-
Communication Technology Development Investment JSC.	625,000,000	-	625,000,000	-
36 JSC.	54,863,299,985	(35,929,131,252)	64,280,812,685	(39,166,200,333)
OCB	-	-	49,968,600,000	-
<b>Total</b>	<b>96,373,299,985</b>	<b>(40,398,571,184)</b>	<b>155,759,412,685</b>	<b>(48,046,200,333)</b>



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**Notes to the consolidated financial statements (cont.)****2e. Provision for devaluation of long-term financial investments**

	<b>Ending balance</b>	<b>Beginning balance</b>
Provision for investments held to maturity date	7,344,000,000	35,577,056,197
Provision for capital contribution in other entities	40,398,571,184	48,046,200,333
<b>Total</b>	<b>47,742,571,184</b>	<b>83,623,256,530</b>

Situation of fluctuation in provision for capital contribution in other entities is as follows:

	<b>Current year</b>	<b>Previous year</b>
Beginning balance	83,623,256,530	72,873,506,190
Additional appropriation of provision	-	12,003,869,133
Use of provision	(25,176,375,649)	-
Refund of provision	(10,704,309,697)	(1,254,118,793)
<b>Ending balance</b>	<b>47,742,571,184</b>	<b>83,623,256,530</b>

**3. Short-term receivable from customers**

	<b>Ending balance</b>	<b>Beginning balance</b>
Receivable on written premium	340,234,806,699	286,910,937,615
Receivable on reinsurance	268,081,519,036	253,221,702,804
Other receivable from customers	44,262,071,292	35,062,744,669
<b>Total</b>	<b>652,578,397,027</b>	<b>575,195,385,088</b>

**4. Prepayments to suppliers**

	<b>Ending balance</b>	<b>Beginning balance</b>
Prepayment of claim for written premium	69,265,768,884	127,204,172,652
Other prepayments of written premium activity	1,030,789,360	1,586,567,036
Prepayments to other suppliers	20,164,249,854	5,777,413,687
<b>Total</b>	<b>90,460,808,098</b>	<b>134,568,153,375</b>

**5. Other short-term/long-term receivable****5a. Short-term receivable**

	<b>Ending balance</b>	<b>Beginning balance</b>
Estimated interest receivable from financial incomes	166,476,012,232	127,069,262,799
Advance of agency commission	18,000,000,000	-
Receivable on claim paid to Khai Thanh Production and Trading Co., Ltd. (due to the decision of the Court in which PTI does not have to pay claim)	5,614,181,754	5,614,181,754
Advances	14,667,161,599	16,048,265,467
Short-term deposits and mortgages	1,638,862,379	5,118,565,441
Others	43,029,210,511	40,957,448,256
<b>Total</b>	<b>249,425,428,475</b>	<b>194,807,723,717</b>

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**Notes to the consolidated financial statements (cont.)****5b. Other long-term receivable**

	<b>Ending balance</b>	<b>Beginning balance</b>
Deposits and mortgages	10,280,000,000	10,280,000,000
Gia Tue., JSC. – Da Lat Villa Project	60,639,373,334	
Others	12,090,015,844	8,513,237,023
<b>Total</b>	<b>83,009,389,178</b>	<b>18,793,237,023</b>

**6. Provision for short-term bad debts**

	<b>Ending balance</b>	<b>Beginning balance</b>
Provision for overdue debts under 1 year	754,492,530	515,733,302
Provision for overdue debts from 1 year to under 2 years	1,319,189,201	2,475,484,365
Provision for overdue debts from 2 years to under 3 years	1,319,264,949	2,553,004,479
Provision for overdue debts over 3 years	45,085,886,187	55,288,032,075
<b>Total</b>	<b>48,478,832,867</b>	<b>60,832,254,221</b>

Situation of fluctuations in provision for bad debts is as follows:

	<b>Current year</b>	<b>Previous year</b>
Beginning balance	60,832,254,221	65,500,721,578
Additional appropriation of provision	511,115,483	1,136,796,738
Use of provision	(11,146,059,438)	-
Refund of provision	(1,718,477,399)	(5,805,264,095)
<b>Ending balance</b>	<b>48,478,832,867</b>	<b>60,832,254,221</b>

**7. Inventories**

	<b>Ending balance</b>	<b>Beginning balance</b>
Materials, supplies	5,042,401,632	6,021,200,519
Tools, instruments	446,455,942	35,626,391
Work in progress	-	15,272,053
Merchandises	10,510,375,086	3,577,979,591
<b>Total</b>	<b>15,999,232,660</b>	<b>9,650,078,554</b>

**8. Prepaid expenses****8a. Short-term prepaid expenses**

	<b>Ending balance</b>	<b>Beginning balance</b>
Unappropriated commission expenses (*)	392,345,860,078	233,777,609,509
Others	643,097,698	194,831,235
<b>Total</b>	<b>392,988,957,776</b>	<b>233,972,440,744</b>

(\*) Fluctuations in increases, decreases in unappropriated commission expenses during the year are as follows:

	<b>Current year</b>	<b>Previous year</b>
Beginning balance	233,777,609,509	176,030,723,016
Increase during the year	672,596,802,275	458,131,155,280
Amount already allocated into expenses during the year	(514,028,551,706)	(400,384,268,787)
<b>Ending balance</b>	<b>392,345,860,078</b>	<b>233,777,609,509</b>



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### 8b. Long-term prepaid expenses

	Ending balance	Beginning balance
Tools, instruments	6,219,685,369	7,202,519,109
Housing rental	4,293,023,339	4,208,801,190
Expenses for agency development	397,927,853	632,444,803
Others	21,627,324,923	23,480,640,695
<b>Total</b>	<b>32,537,961,484</b>	<b>35,524,405,797</b>

### 9. Taxes and accounts receivable from the State

	Ending balance	Beginning balance
VAT on local sales	801,988	161,883,886
Corporate income tax	-	10,181,583,845
Personal income tax	384,274,774	1,117,265,885
Other taxes	89,153,569	83,509,133
<b>Total</b>	<b>474,230,331</b>	<b>11,544,242,749</b>

### 10. Increases, decreases in tangible fixed assets

	Buildings and structures	Machinery and equipment	Vehicles	Office equipment	Total
<b>Historical costs</b>					
Beginning balance	51,502,368,727	170,730,000	107,640,728,560	29,071,911,016	188,385,738,303
Purchase during the year	1,890,280,165	66,540,000	7,163,885,000	6,614,048,408	15,734,753,573
Completed construction	-	14,414,986,001	-	-	14,414,986,001
Increase due to consolidation	-	-	925,993,455	-	925,993,455
Finalization	-	(738,985,005)	-	-	(738,985,005)
Liquidation and disposal	-	-	(2,302,122,045)	(529,685,468)	(2,831,807,513)
<b>Ending balance</b>	<b>53,392,648,892</b>	<b>13,913,270,996</b>	<b>113,428,484,970</b>	<b>35,156,273,956</b>	<b>215,890,678,814</b>
<i>In which:</i>					
Fully depreciated but being still in use	9,577,770,867	33,850,000	21,979,400,862	15,998,113,482	47,589,135,211
To be liquidated					
<b>Depreciation</b>					
Beginning balance	23,678,154,063	91,462,580	57,067,709,475	20,045,007,284	100,882,333,402
Depreciation during the year	3,280,864,543	927,165,715	8,593,621,374	4,064,624,517	16,866,276,149
Increase due to consolidation	-	-	925,993,455	-	925,993,455
Liquidation and disposal	-	-	(1,186,261,385)	(529,685,468)	(1,715,946,853)
<b>Ending balance</b>	<b>26,959,018,606</b>	<b>1,018,628,295</b>	<b>65,401,062,919</b>	<b>23,579,946,333</b>	<b>116,958,656,153</b>
<b>Net book value</b>					
Beginning balance	27,824,214,664	79,267,420	50,573,019,085	9,026,903,732	87,503,404,901
<b>Ending balance</b>	<b>26,433,630,286</b>	<b>12,894,642,701</b>	<b>48,027,422,051</b>	<b>11,576,327,623</b>	<b>98,932,022,661</b>
<i>In which:</i>					
Temporarily unused					
To be liquidated					

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**Notes to the consolidated financial statements (cont.)****11. Increases, decreases in intangible fixed assets**

	<b>Land use right</b>	<b>Computer software</b>	<b>Total</b>
<b>Historical costs</b>			
Beginning balance	5,096,806,800	11,544,785,686	16,641,592,486
Purchase during the year	-	1,995,500,000	1,995,500,000
<b>Ending balance</b>	<b>5,096,806,800</b>	<b>13,540,285,686</b>	<b>18,637,092,486</b>
<i>In which:</i>			
Fully amortized but being still in use		126,500,000	126,500,000
<b>Amortization</b>			
Beginning balance	-	8,069,057,374	8,069,057,374
Amortization during year	-	2,243,399,984	2,243,399,984
<b>Ending balance</b>	<b>-</b>	<b>10,312,457,358</b>	<b>10,312,457,358</b>
<b>Net book value</b>			
Beginning balance	5,096,806,800	3,475,728,312	8,572,535,112
<b>Ending balance</b>	<b>5,096,806,800</b>	<b>3,227,828,328</b>	<b>8,324,635,128</b>
<i>In which:</i>			
Temporarily unused			

**12. Investment property**

	<b>Land use right</b>	<b>Buildings &amp; Structures</b>	<b>Total</b>
<b>Historical costs</b>			
Beginning balance	6,994,763,527	115,647,365,175	122,642,128,702
New purchase	-	38,403,185,086	38,403,185,086
Liquidation and disposal	(6,994,763,527)	(8,341,160,965)	(15,335,924,492)
<b>Ending balance</b>	<b>-</b>	<b>145,709,389,296</b>	<b>145,709,389,296</b>
<b>Depreciation</b>			
Beginning balance	-	8,147,725,173	8,147,725,173
Depreciation during the year	-	3,727,396,993	3,727,396,993
Liquidation and disposal	-	(434,984,307)	(434,984,307)
<b>Ending balance</b>	<b>-</b>	<b>11,440,137,859</b>	<b>11,440,137,859</b>
<b>Net book value</b>			
Beginning balance	6,994,763,527	107,499,640,002	114,494,403,529
<b>Ending balance</b>	<b>-</b>	<b>134,269,251,437</b>	<b>134,269,251,437</b>

According to the regulations in the Circular No. 232/2012/TT-BTC dated 28 December 2015, the fair value of investment property as of the balance sheet date should be presented. However, the Group has not been able to determine the fair value of investment properties due to being ineligible to do it.



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List of investment properties as of the balance sheet date is as follows:

	<b>Historical costs</b>	<b>Accumulated depreciation</b>	<b>Net book value</b>
Property for lease - Commercial floor at Thuy Loi 4 Apartment Building	86,512,743,262	7,467,850,830	79,044,892,432
FLC Quy Nhon	22,557,136,380	3,392,603,959	19,164,532,421
Xuan Phuong Project	36,639,509,654	579,683,070	36,059,826,584
<b>Total</b>	<b>145,709,389,296</b>	<b>11,440,137,859</b>	<b>134,269,251,437</b>

Income from and expenses for leasing properties during the year are VND 14,119,395,850 and VND 5,058,473,323 respectively.

**13. Construction in progress**

	<b>Beginning balance</b>	<b>Increase during the year</b>	<b>Transfer to fixed assets during the year</b>	<b>Transfer to properties held for sale</b>	<b>Other decrease</b>	<b>Ending balance</b>
Purchase of fixed assets	8,327,322,000	28,337,196,212	(15,734,753,573)	(10,062,867,241)	-	10,956,459,398
Construction in progress	27,322,110,480	26,202,456,188	(14,414,986,001)	-	(680,000,751)	38,340,017,916
<b>Total</b>	<b>35,649,432,480</b>	<b>54,539,652,400</b>	<b>(30,149,739,574)</b>	<b>(10,062,867,241)</b>	<b>(680,000,751)</b>	<b>49,296,477,314</b>

**14. Short-term payable to suppliers**

	<b>Ending balance</b>	<b>Beginning balance</b>
Payable on written premium	144,799,167,468	129,967,457,348
Payable on reinsurance activity	338,244,791,629	355,579,546,491
Payable for co-insurer	17,528,041,475	9,808,365,974
Payable to other suppliers	54,376,319,197	33,486,259,209
<b>Total</b>	<b>554,948,319,769</b>	<b>528,841,629,022</b>

**15. Prepayments from customers**

	<b>Ending balance</b>	<b>Beginning balance</b>
Prepayments from customers for written premium	6,605,563,922	10,264,056,614
Prepayments from customers for other activities	211,622,914	225,138,326
<b>Total</b>	<b>6,817,186,836</b>	<b>10,489,194,940</b>

**16. Taxes and other obligations to the State budget**

	<b>Ending balance</b>	<b>Beginning balance</b>
VAT on local sales	25,185,493,185	19,242,670,819
Corporate income tax	14,414,608,010	836,331,172
Personal income tax	11,570,518,192	9,030,578,448
Other taxes	448,274,098	293,641,409
<b>Total</b>	<b>51,618,893,485</b>	<b>29,403,221,848</b>

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	Beginning balance		Increase during the year		Ending balance	
	Payable	Receivable	Amount payable	Amount already paid	Payable	Receivable
VAT on local sales	19,242,670,819	161,883,886	185,464,088,875	(179,360,184,611)	25,185,493,185	801,988
Corporate income tax (*)	836,331,172	10,181,583,845	25,188,068,970	(1,428,208,287)	14,414,608,010	-
Personal income tax	9,030,578,448	1,117,265,885	46,453,141,156	(43,180,210,301)	11,570,518,192	384,274,774
Other taxes	293,641,409	83,509,133	1,648,741,212	(1,499,752,959)	448,274,098	89,153,569
Fees, legal fees and other duties	-	-	423,140,175	(423,140,175)	-	-
<b>Total</b>	<b>29,403,221,848</b>	<b>11,544,242,749</b>	<b>259,177,180,388</b>	<b>(225,891,496,333)</b>	<b>51,618,893,485</b>	<b>474,230,331</b>

(*) Payable corporate income tax included into the Company's expenses	24,765,111,081
Payable corporate income tax recovered from the third party	422,957,889
<b>Total</b>	<b>25,188,068,970</b>

**Value added tax (VAT)**

The companies in the Group have to pay VAT in accordance with the deduction method at the rate of 10%.

**Corporate income tax**

The Companies in the Group have to pay corporate income tax on taxable income at the rate of 20%.

The determination of corporate income tax payable of the companies in the Group is based on the prevailing regulations on taxes. However, these regulations change for each period and the regulations on taxes for various transactions can be explained in various ways. Therefore, the tax amount presented in the consolidated financial statements could change when being examined by the Tax Office.

**Other taxes**

The Companies in the Group have declared and paid these taxes in line with the prevailing regulations.

**17. Short-term unrealized revenue**

Including written premium received in advance for the following periods.

**18. Unearned commission**

	Current year	Previous year
Beginning balance	155,855,656,519	137,118,307,828
Commission on reinsurance ceded arising during the year	518,578,082,384	307,367,010,093
Allocation of commission on reinsurance ceded during the year in sales	(381,272,476,367)	(288,629,661,402)
<b>Ending balance</b>	<b>293,161,262,536</b>	<b>155,855,656,519</b>



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**Notes to the consolidated financial statements (cont.)****19. Other short-term/long-term payable****19a. Other short-term payable**

	<u>Ending balance</u>	<u>Beginning balance</u>
Trade Union's expenditure	4,749,641,271	3,150,859,950
Social insurance, health insurance, unemployment insurance	580,138,788	672,133,724
Dividends payable	9,657,149,161	10,686,233,993
Foreign Contractor Withholding tax temporarily retained	2,474,729,464	2,502,323,894
Contribution to insurance fund	18,181,965,051	16,471,009,447
Premium collected from VNPost not collated yet	19,528,905,584	14,531,744,438
Customer bonus fund	2,623,473,949	1,954,669,995
Short-term deposits and mortgages assumed	855,136,400	3,956,266,342
Advance received for selling securities	6,663,249,226	21,634,875,493
Others	40,796,091,596	34,161,837,223
<b>Total</b>	<b>106,110,480,490</b>	<b>109,721,954,499</b>

**19b. Other long-term payable**

Including long-term deposits and mortgages.

**20. Short-term/Long-term loans****20a. Short-term loans**

	<u>Ending balance</u>	<u>Beginning balance</u>
<b>Short-term loans from banks</b>	-	<b>120,860,329,602</b>
Shinhan Bank Vietnam	-	69,722,900,000
Vietcombank – Thang Long Branch	-	11,145,329,602
BIDV – Thanh Xuan Branch	-	39,992,100,000
<b>Loan from individuals</b>	<b>5,095,000,000</b>	<b>920,000,000</b>
<b>Long-term loans at maturity (see Note 20b)</b>	<b>1,192,285,564</b>	<b>4,283,678,928</b>
<b>Total</b>	<b>6,287,285,564</b>	<b>126,064,008,530</b>

The Group has solvency to pay short-term loans.

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Details of increases/decreases in the short-term loans during the year are as follows:

	Beginning balance	Increase during the year	Amount already paid during the year	Ending balance
Short-term loans from banks	120,860,329,602	341,067,517,531	(461,927,847,133)	-
Shinhan Bank Vietnam	69,722,900,000	280,060,000,000	(349,782,900,000)	-
Vietcombank – Thang Long Branch	11,145,329,602	30,001,500,000	(41,146,829,602)	-
BIDV – Thanh Xuan Branch	39,992,100,000	31,006,017,531	(70,998,117,531)	-
Loan from other individuals	920,000,000	6,750,000,000	(2,575,000,000)	5,095,000,000
Long-term loans at maturity	4,283,678,928	-	(3,091,393,364)	1,192,285,564
<b>Total</b>	<b>126,064,008,530</b>	<b>347,817,517,531</b>	<b>(467,594,240,497)</b>	<b>6,287,285,564</b>

**20b. Long-term loans**

	Ending balance	Beginning balance
LienVietPostBank – Cau Giay Branch <sup>(i)</sup>	5,846,450,933	4,004,283,515
BIDV – Gia Lam Branch <sup>(ii)</sup>	5,514,250,721	3,525,268,669
<b>Total</b>	<b>11,360,701,654</b>	<b>7,529,552,184</b>

- <sup>(i)</sup> The Credit Contract No. 98/2016/HDTD/PGDCauGiay dated 2 May 2016 with the loan limit of VND 1,300,000,000 and the Credit Grant Contract No. 325/2016/HDTD/PGDCauGiay dated 11 August 2016 with the limit of VND 5,000,000,000, the term of 36 months commencing from the debt receipt date, the interest rate as stipulated by the Bank as of the disbursement date, the guarantee assets are the debt demand rights from the lease contract of IN-building system.

The Credit Contract No. HDTD1112018305 dated 22 June 2018 for the purpose of capital refund and payment to the suppliers of the costs invested in the Project of installing Building system for 2 Buildings with the amount of VND 3.7 billion, the term of 4 years commencing from the disbursement date, the interest rate as stipulated by the Bank. The guarantee assets include the debt demand rights from the lease contract of Building coverage system No. 01/2016/HDKT-CNPT-HNI-IBS dated 12 May 2016, the lease contracts of inbuilding system with VNPT and other assets including valuable papers, vehicles and properties of the Corporation and the related parties as stipulated in the contracts.

- <sup>(ii)</sup> The Credit Contract No. 01/2018/7611300/HDTD dated 17 December 2018 for the purpose of investing in telecommunication equipment system and labor serving infrastructure execution for the Project of investing in constructing Inbuilding coverage system of 5 buildings with the disbursement amount of VND 7 billion, the term of 36 months commencing from the disbursement date, the interest rate in term of the first year is 8.5%/year; that of the following years in accordance with residential capital mobilizing interest rate with the term of 24 months paid later by BIDV – Gia lam Branch plus 3%/year. The guarantee assets include the deposit contract No. 01/2018/HDTG dated 16 November 2018, the accounts receivable from the economic contracts and the balance of cash in VND, foreign currencies in BIDV and other credit institutions.



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Details of increases/decreases in the long-term loans during the year are as follows:

	<u>Current year</u>	<u>Previous year</u>
Beginning balance	7,529,552,184	6,738,169,403
Increase during the year	5,281,927,372	7,808,947,597
Transferring to long-term loans at maturity	-	(4,283,678,928)
Amount already paid during the year	(1,450,777,902)	(2,733,885,888)
<b>Ending balance</b>	<b>11,360,701,654</b>	<b>7,529,552,184</b>

**21. Provision for current liabilities**

Including provision for salary fund to be paid in 2020, which has been approved by the Corporation's Salary Council Chairman, the Corporation's General Director.

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### **22. Technical reserve**

#### **22a. Claim and unearned premium reserve**

	Current year			Previous year		
	Written premium and reinsurance assumed reserve (1)	Reinsurance ceded reserve (2)	Net written premium and reinsurance assumed reserve (3) = (1) - (2)	Written premium and reinsurance assumed reserve (4)	Reinsurance ceded reserve (5)	Net written premium and reinsurance assumed reserve (6) = (4) - (5)
<b>1. Claim reserve <sup>(i)</sup></b>						
Claim reserve for outstanding claims	1,161,842,936,713	609,646,277,303	552,196,659,410	896,915,750,913	347,425,959,496	549,489,791,417
Claim reserve for IBNR	1,018,867,697,213	519,422,155,045	499,445,542,168	866,192,644,248	338,817,689,001	527,374,955,247
	142,975,239,500	90,224,122,258	52,751,117,242	30,723,106,665	8,608,270,495	22,114,836,170
<b>2. Unearned premium reserve <sup>(ii)</sup></b>	3,160,260,976,999	1,373,748,583,697	1,786,512,393,302	2,144,592,205,609	732,477,619,828	1,412,114,585,781
<b>Total</b>	4,322,103,913,712	1,983,394,861,000	2,338,709,052,712	3,041,507,956,522	1,079,903,579,324	1,961,604,377,198
<b>In which:</b>						
<b><sup>(i)</sup> Claim reserve</b>						
Beginning balance	896,915,750,913	347,425,959,496	549,489,791,417	797,519,969,351	295,133,085,860	502,386,883,491
Appropriation during the year	264,927,185,800	262,220,317,807	2,706,867,993	99,395,781,562	52,292,873,636	47,102,907,926
Refund during the year	-	-	-	-	-	-
<b>Ending balance</b>	1,161,842,936,713	609,646,277,303	552,196,659,410	896,915,750,913	347,425,959,496	549,489,791,417
<b><sup>(ii)</sup> Unearned premium reserve</b>						
Beginning balance	2,144,592,205,609	732,477,619,828	1,412,114,585,781	1,647,879,368,341	525,983,018,605	1,121,896,349,736
Appropriation during the year	1,015,668,771,390	641,270,963,869	374,397,807,521	496,712,837,268	206,494,601,223	290,218,236,045
Refund during the year	-	-	-	-	-	-
<b>Ending balance</b>	3,160,260,976,999	1,373,748,583,697	1,786,512,393,302	2,144,592,205,609	732,477,619,828	1,412,114,585,781



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**Notes to the consolidated financial statements (cont.)****22b. Reinsurance assets**

	<b>Ending balance</b>	<b>Beginning balance</b>
<i>Claim reserve for reinsurance ceded</i>	<i>609,646,277,303</i>	<i>347,425,959,496</i>
Claim reserve for outstanding claims	519,422,155,045	338,817,689,001
Claim reserve for IBNR	90,224,122,258	8,608,270,495
<i>Reserve for reinsurance ceded premium</i>	<i>1,373,748,583,697</i>	<i>732,477,619,828</i>
<b>Total</b>	<b>1,983,394,861,000</b>	<b>1,079,903,579,324</b>

**22c. Catastrophe reserve**

	<b>Current year</b>	<b>Previous year</b>
Beginning balance	98,160,886,772	69,448,040,587
Additional appropriation during the year	35,614,297,659	28,712,846,185
Disbursement during the year	(30,000,000,000)	-
<b>Ending balance</b>	<b>103,775,184,431</b>	<b>98,160,886,772</b>

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### **23. Owner's equity**

#### **23a. Statement of fluctuations in owner's equity**

	Owner's investment capital	Share premiums	Business promotion fund	Compulsory reserve fund	Retained profit after tax	Interest of non- controlling shareholders	Total
Beginning balance of the previous year	803,957,090,000	827,943,052,804	21,059,046,903	48,967,380,576	198,191,072,708	1,031,947,228	1,901,149,590,219
Profit in the previous year	-	-	-	-	16,971,538,117	(4,400,362)	16,967,137,755
Appropriation of funds	-	-	1,585,327,359	917,382,977	(2,766,050,336)	(2,660,000)	(266,000,000)
Share of dividends	-	-	-	-	(96,474,850,800)	(38,883,330)	(96,513,734,130)
Appropriation of customer bonus fund	-	-	-	-	(1,485,327,359)	-	(1,485,327,359)
Appropriation of allowances for the BOM, the Control Board	-	-	-	-	(1,485,327,359)	-	(1,485,327,359)
Appropriation of the Executive officers' bonus fund	-	-	-	-	(2,227,991,043)	-	(2,227,991,043)
Other decreases	-	-	-	-	(137,228,331)	(21,798,017)	(159,026,348)
<b>Ending balance of the previous year</b>	<b>803,957,090,000</b>	<b>827,943,052,804</b>	<b>22,644,374,262</b>	<b>49,884,763,553</b>	<b>110,585,835,597</b>	<b>964,205,519</b>	<b>1,815,979,321,735</b>
Beginning balance of the current year	803,957,090,000	827,943,052,804	22,644,374,262	49,884,763,553	110,585,835,597	964,205,519	1,815,979,321,735
Profit in the current year	-	-	-	-	113,245,461,935	162,983,403	113,408,445,338
Appropriation of funds	-	-	283,476,595	5,517,694,958	(5,969,471,554)	(1,700,000)	(170,000,001)
Share of dividends	-	-	-	-	(64,316,567,200)	(22,000,000)	(64,338,567,200)
Appropriation of customer bonus fund	-	-	-	-	(183,476,595)	-	(183,476,595)
Appropriation of allowances for the BOM, the Control Board	-	-	-	-	(1,071,822,977)	(1,560,000)	(1,073,382,977)
Appropriation of the Executive officers' bonus fund	-	-	-	-	(366,953,190)	-	(366,953,190)
Consolidation under owner's equity method	-	-	-	-	-	4,307,070,547	4,307,070,547
Adjustment of interest of non- controlling shareholders	-	-	-	-	(21,778,439)	21,778,439	-
<b>Ending balance of the current year</b>	<b>803,957,090,000</b>	<b>827,943,052,804</b>	<b>22,927,850,857</b>	<b>55,402,458,511</b>	<b>151,901,227,577</b>	<b>5,430,777,908</b>	<b>1,867,562,457,657</b>

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



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	<b>Ending balance</b>	<b>Beginning balance</b>
Contribution capital of shareholders	803,957,090,000	803,957,090,000
State's investment capital	182,256,480,000	182,256,480,000
Contribution capital of other shareholders	621,700,610,000	621,700,610,000
Share premiums	827,943,052,804	827,943,052,804
<b>Total</b>	<b>1,631,900,142,804</b>	<b>1,631,900,142,804</b>

**23c. Dividends**

	<b>Current year</b>	<b>Previous year</b>
Dividends unpaid at the beginning of the year	10,686,233,993	10,831,168,942
Share of dividends from the profit of the previous year	64,316,567,200	96,474,850,800
Dividends already paid during the year	(65,345,652,032)	(96,619,785,749)
<b>Dividends unpaid at the end of the year</b>	<b>9,657,149,161</b>	<b>10,686,233,993</b>

**23d. Shares**

	<b>Ending balance</b>	<b>Beginning balance</b>
Number of common shares registered to be issued	80,400,000	80,400,000
Number of common shares already issued	80,395,709	80,395,709
Number of common shares repurchased	-	-
Number of outstanding common shares	80,395,709	80,395,709

Face value per outstanding share: VND 10,000.

**23e. Profit distribution**

During the year, the Corporation distributed the profit in accordance with the Resolution of the 2019 Annual General Meeting of Shareholders No. 28/NQ-PTI-DHDCD dated 23 April 2019 as follows:

	<b>VND</b>
• Share of dividends to shareholders	: 64,316,567,200
• Appropriation of business promotion fund	: 183,476,595
• Appropriation of customer bonus fund	: 183,476,595
• Payment of allowances and bonus to the BOM, the Control Board	: 917,382,977
• Executive officers' bonus fund	: 366,953,191

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**Notes to the consolidated financial statements (cont.)****VI. ADDITIONAL INFORMATION ON THE ITEMS OF THE CONSOLIDATED INCOME STATEMENT****1. Sales of insurance premium**

	<b>Current year</b>	<b>Previous year</b>
Written premium	5,692,726,345,390	4,159,480,240,770
<i>Health insurance and human accident insurance</i>	2,225,234,652,476	1,335,273,324,185
<i>Property and damage insurance</i>	366,525,340,171	353,624,769,099
<i>Cargo insurance</i>	138,426,064,910	142,868,254,543
<i>Aviation insurance</i>	35,029,804,567	11,823,685,897
<i>Motor vehicle insurance</i>	2,478,432,623,712	2,001,733,622,284
<i>Fire and explosion insurance</i>	326,439,265,780	192,342,611,576
<i>Hull and civil liability of ship owner insurance</i>	71,611,994,098	84,364,091,016
<i>Joint liability insurance</i>	43,649,079,531	37,145,056,917
<i>Business damage insurance</i>	6,606,980,602	-
<i>Agricultural insurance</i>	770,539,543	304,825,253
Reinsurance premium assumed	108,920,975,323	126,354,440,693
Increase/decrease in reserve for written premium and reinsurance assumed	(1,015,668,871,390)	(496,712,837,268)
<b>Sales of insurance premium</b>	<b>4,785,978,449,323</b>	<b>3,789,121,844,195</b>

**2. Reinsurance premium ceded**

	<b>Current year</b>	<b>Previous year</b>
Reinsurance premium ceded	2,240,217,554,853	1,414,550,062,963
<i>Health insurance and human accident insurance</i>	1,342,336,009,441	775,254,764,813
<i>Property and damage insurance</i>	313,852,473,152	281,177,407,677
<i>Cargo insurance</i>	43,217,191,876	31,025,028,980
<i>Aviation insurance</i>	18,858,583,399	-
<i>Motor vehicle insurance</i>	276,452,482,639	174,734,097,270
<i>Fire and explosion insurance</i>	190,298,044,175	89,856,489,621
<i>Hull and civil liability of ship owner insurance</i>	43,162,422,467	45,424,238,034
<i>Joint liability insurance</i>	11,874,568,872	16,825,574,340
<i>Agricultural insurance</i>	165,778,832	252,462,228
Increase/decrease in reserve for reinsurance premium ceded	(641,270,963,869)	(206,494,601,223)
<b>Reinsurance premium ceded</b>	<b>1,598,946,590,984</b>	<b>1,208,055,461,740</b>

**3. Commission on reinsurance ceded**

See Note V.18.



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**Notes to the consolidated financial statements (cont.)****4. Sales of trading investment property**

	<b>Current year</b>	<b>Previous year</b>
Leasing investment property	14,119,395,850	6,957,098,394
Selling investment property	16,737,188,363	-
<b>Total</b>	<b>30,856,584,213</b>	<b>6,957,098,394</b>

**5. Total claim expenses**

	<b>Current year</b>	<b>Previous year</b>
Total claim expenses	2,038,496,004,596	1,702,802,760,540
<i>Health insurance and accident insurance</i>	<i>543,955,371,932</i>	<i>419,586,613,165</i>
<i>Property and damage insurance</i>	<i>140,185,338,703</i>	<i>119,591,293,977</i>
<i>Cargo insurance</i>	<i>66,775,747,977</i>	<i>75,089,193,095</i>
<i>Motor vehicle insurance</i>	<i>1,107,784,850,674</i>	<i>966,381,852,150</i>
<i>Fire and explosion insurance</i>	<i>64,052,917,010</i>	<i>63,025,139,645</i>
<i>Hull and civil liability of ship owner insurance</i>	<i>131,131,225,688</i>	<i>33,729,663,305</i>
<i>Joint liability insurance</i>	<i>14,599,257,687</i>	<i>25,399,005,203</i>
<i>Agricultural insurance</i>	<i>11,294,925</i>	-
<i>Disbursement of catastrophe reserve</i>	<i>(30,000,000,000)</i>	-
Receiving indemnity of reinsurance ceded	(589,960,692,386)	(422,479,385,543)
Increase/decrease in claim reserve for written premium and reinsurance assumed	264,927,185,800	90,787,511,067
Increase/decrease in claim reserve for reinsurance ceded	(262,220,317,806)	(43,684,603,141)
<b>Total claim expenses</b>	<b>1,451,242,180,204</b>	<b>1,327,426,282,923</b>

**6. Other expenses for insurance operation**

	<b>Current year</b>	<b>Previous year</b>
Insurance commission	514,028,551,706	400,384,268,787
Insurance agency management	494,872,249,974	311,250,656,722
Damage limit provision	21,742,060,944	22,081,973,622
Insurance funds	18,427,965,051	10,807,755,220
Others	1,099,223,015,122	685,102,091,857
<b>Total</b>	<b>2,148,293,842,797</b>	<b>1,429,626,746,208</b>

**7. Costs of investment property**

	<b>Current year</b>	<b>Previous year</b>
Leasing investment property	5,058,473,323	3,662,574,903
Selling investment property	9,032,504,055	-
<b>Total</b>	<b>14,090,977,378</b>	<b>3,662,574,903</b>

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**8. Financial income**

	<b>Current year</b>	<b>Previous year</b>
Termed deposit interest	121,818,501,862	109,162,385,884
Demand deposit interest	386,797,985	242,409,462
Long-term investment interest	24,615,098,570	1,533,479,793
Gain on trading securities	20,708,283,702	52,134,466,696
Dividends and profit shared	17,523,642,838	3,270,137,246
Gain on realized exchange rate differences	2,532,181,714	4,201,227,639
Others	317,264,242	1,572,409,434
<b>Total</b>	<b>187,901,770,914</b>	<b>172,116,516,152</b>

**9. Financial expenses**

	<b>Current year</b>	<b>Previous year</b>
Loan interest expenses	10,765,068,088	9,524,763,786
Loss from realized exchange rate difference	3,593,641,538	8,642,768,303
Loss from trading securities	48,672,124,529	36,273,755,894
Appropriation of provision for devaluation of trading securities and financial investments	50,426,256,587	81,437,451,032
Others	22,308,321,781	24,660,089,426
<b>Total</b>	<b>135,765,412,523</b>	<b>160,538,828,441</b>

**10. Administrative overheads**

	<b>Current year</b>	<b>Previous year</b>
Expenses for staff	307,672,033,558	294,563,670,149
Expenses for materials, supplies	23,053,493,203	22,533,478,689
Expenses for managing tools	10,556,563,840	9,498,654,186
Depreciation of fixed assets	15,490,195,447	14,623,761,246
Taxes, fees and duties	25,434,907,432	23,779,201,966
Contingent expenses	(1,207,361,916)	(4,668,467,357)
External services hired	95,453,017,739	91,556,526,848
Other expenses in cash	149,061,490,674	142,167,156,274
<b>Total</b>	<b>625,514,339,977</b>	<b>594,053,982,001</b>

**11. Basic earnings per share**

	<b>Current year</b>	<b>Previous year</b>
Accounting profit after corporate income tax	113,245,461,935	16,971,538,117
Appropriation of customer bonus fund	(1,103,538,992)	(183,476,595)
Appropriation of allowances for the BOM and the Control Board	(1,103,538,992)	(917,382,977)
Appropriation of the Executive officers' bonus fund	(2,207,077,982)	(366,953,191)
Profit distributed to common equity holders	108,831,305,969	15,503,725,354
Average number of common shares outstanding during the year	80,395,709	80,395,709
<b>Basic earnings/declined interests per share</b>	<b>1,354</b>	<b>193</b>



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The average number of common shares outstanding during the year is calculated as follows:

	<b>Current year</b>	<b>Previous year</b>
Common outstanding shares at the beginning of the year	80,395,709	80,395,709
Effects of common shares repurchased	-	-
Effects of common shares issued	-	-
<b>Average number of common shares outstanding during the year</b>	<b>80,395,709</b>	<b>80,395,709</b>

The figures of appropriation of customer bonus fund, allowances for the BOM and the Control Board, the Executive officers' bonus fund, bonus and welfare funds when determining basic earnings per share in the current year are calculated based on the plan approved in the Resolution No. 28/NQ-PTI-DHDCD dated 23 April 2019.

There have not been any transactions of common shares or potential transactions of common shares from the balance sheet date to the disclosure date of these consolidated financial statements.

**VII. OTHER INFORMATION****1. Transactions with related parties**

*Income of the key managers is as follows:*

	<b>Current year</b>	<b>Previous year</b>
Salary of the Executive Officers	12,264,433,350	10,486,968,920
Allowances and bonus of the BOM and the Control Board	767,382,976	1,384,827,359
<b>Total</b>	<b>13,031,816,326</b>	<b>11,871,796,279</b>

***Transactions with other related parties***

Other related parties of the Corporation include:

<b>Other related parties</b>	<b>Relationship</b>
Vietnam Post Corporation (VNPost)	Capital contributor
DB Insurance Co., Ltd.	Capital contributor
VNDirect Securities JSC.	Capital contributor
Kasati JSC.	Associate
Lanexang Assurance Public Insurance JSC. (LAP)	Associate
IPAF	The Company has the same key managers

Apart from transactions with subsidiaries and associates as presented in Note V.2c, the Group has also had other transactions with other related parties as follows:

	<b>Current year</b>	<b>Previous year</b>
<b>DB Insurance Co., Ltd.</b>		
Reinsurance premium ceded	10,445,927,652	6,889,637,398
Receiving commission on reinsurance ceded	3,415,580,103	2,408,405,245
Receiving indemnity of reinsurance ceded	730,587,676	584,750,330
Share of dividends	24,000,000,000	36,000,000,000

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	<u>Current year</u>	<u>Previous year</u>
<b>VNPost</b>		
Share of dividends	14,580,518,400	21,870,777,600
<b>VNDirect Securities JSC.</b>		
Share of dividends	10,572,844,000	18,019,266,000
<b>IPAF</b>		
Transfer of investment trust	-	17,913,442,872
Recovery from investment trust	5,000,000,000	-

As of the balance sheet date, the liabilities with other related parties were as follows:

	<u>Ending balance</u>	<u>Beginning balance</u>
LAP – receivable on dividends	-	990,773,316
PostRE – receivable on long-term investment trust	8,000,000,000	42,910,347,222
PostRE – receivable on trust interest	-	2,900,000,000
PostRE – receivable on dividends	2,292,000,000	2,792,000,000
Vietnam Petrol Commercial Corporation – receivable on short-term investment trust	-	2,200,000,000
VN-IBS., JSC. – receivable on dividends	8,398,333,000	6,427,999,657
IPAF – investment portfolio management trust	12,913,442,872	17,913,442,872
<b>Total accounts receivable</b>	<b>31,903,775,872</b>	<b>76,434,563,067</b>
 DB Insurance Co., Ltd. – payable on reinsurance premium	 1,690,262,049	 1,325,806,770
LAP – payable on reinsurance premium	3,701,292,292	1,038,201,296
<b>Total accounts payable</b>	<b>5,391,554,341</b>	<b>2,364,008,066</b>

The prices of goods and services provided to related parties are the market prices. The purchase of goods and services from related parties is implemented in accordance with the market prices.

Accounts receivable are unsecured and will be paid in cash. No provision for bad debts has been prepared for accounts receivable from related parties.

**2. Segment information**

The segment information is presented in accordance with business segments and geographical segments. The primary reporting format is the business segments as risk and profit margin of the Group are mainly affected by differences on products and services provided by the Group.

**Business segments**

The Group has had the major business segments as follows:

- Insurance segment: providing non-life insurance products.



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- Other segments: trading petroleum products, leasing investment property, trading telecommunication equipment and inbuilding projects.

Information on business results, fixed assets, other long-term assets and values of non-cash large expenses of business segments of the Group is as follows:

<b>Current year</b>	<b>Insurance segment</b>	<b>Other segments</b>	<b>Total</b>
Net sales of selling goods and providing services externally	4,310,237,987,970	238,560,442,964	4,548,798,430,934
Net sales of selling goods and providing services among segments	-	-	-
<b>Total net sales</b>	<b>4,310,237,987,970</b>	<b>238,560,442,964</b>	<b>4,548,798,430,934</b>
Segment business results	59,040,001,928	23,985,778,727	83,025,780,655
Financial income	185,985,575,430	1,916,195,484	187,901,770,914
Financial expenses	(133,233,651,243)	(2,531,761,280)	(135,765,412,523)
Gain or loss in associates	-	-	2,408,355,394
Other income	2,664,187,726	-	2,664,187,726
Other expenses	(1,941,029,717)	(311,982,702)	(2,253,012,419)
Current corporate income tax	-	-	(24,765,111,081)
Deferred corporate income tax	-	191,886,672	191,886,672
<b>Profit after corporate income tax</b>			<b>113,408,445,338</b>
<b>Total expenses arising to purchase fixed assets and other long-term assets</b>	<b>54,243,158,494</b>	<b>28,003,174,353</b>	<b>82,246,332,847</b>
<b>Total depreciation expenses and allocation of long-term prepaid expenses</b>	<b>19,021,601,274</b>	<b>3,815,471,852</b>	<b>22,837,073,126</b>
<b>Previous year</b>			
Net sales of selling goods and providing services externally	3,377,065,124,664	166,612,786,332	3,543,677,910,996
Net sales of selling goods and providing services among segments	-	-	-
<b>Total net sales</b>	<b>3,377,065,124,664</b>	<b>166,612,786,332</b>	<b>3,543,677,910,996</b>
Segment business results	5,613,923,199	7,034,183,803	12,648,107,002
Financial income	171,465,502,401	651,013,751	172,116,516,152
Financial expenses	(159,419,300,946)	(1,119,527,495)	(160,538,828,441)
Gain or loss in associates			(837,888,346)

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Other income	2,990,969,699	909,175	2,991,878,874
Other expenses	(2,294,938,512)	(116,623,044)	(2,411,561,556)
Current corporate income tax	-	-	(6,991,162,990)
Deferred corporate income tax	-	(9,922,940)	(9,922,940)
<b>Profit after corporate income tax</b>			<b>16,967,137,755</b>

<b>Total expenses arising to purchase fixed assets and other long-term assets</b>	<b>40,794,572,124</b>	<b>20,086,545,836</b>	<b>60,881,117,960</b>
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<b>Total depreciation expenses and allocation of long-term prepaid expenses</b>	<b>17,295,604,188</b>	<b>4,483,812,692</b>	<b>21,779,416,880</b>
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Assets and liabilities of business segments based on the Group are as follows:

	<b>Insurance segment</b>	<b>Other segments</b>	<b>Total</b>
<b>Ending balance</b>			
Direct assets of segments	7,536,593,274,453	77,954,053,090	7,614,547,327,543
Assets allocated for segments	-	-	-
Assets not allocated for each segment	-	-	-
<b>Total assets</b>			<b>7,614,547,327,543</b>

Direct payable liabilities of segments	5,687,729,188,318	59,255,681,568	5,746,984,869,886
Payable liabilities allocated for segments	-	-	-
Payable liabilities not allocated for each segment	-	-	-
<b>Total payable liabilities</b>			<b>5,746,984,869,886</b>

<b>Beginning balance</b>			
Direct assets of segments	6,047,780,912,186	61,590,192,227	6,109,371,104,413
Assets allocated for segments	-	-	-
Assets not allocated for each segment	-	-	-
<b>Total assets</b>			<b>6,109,371,104,413</b>

Direct payable liabilities of segments	4,243,486,345,251	49,905,437,427	4,293,391,782,678
Payable liabilities allocated for segments	-	-	-
Payable liabilities not allocated for each segment	-	-	-
<b>Total payable liabilities</b>			<b>4,293,391,782,678</b>

**Geographical segments**

All operations of the Group take place in Vietnamese territory only.



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### 3. Financial risk management

Operations of the Group include the following financial risks: credit risk, liquidity risk and market risk. The Management Board is responsible for designing policies and controls to minimize financial risks as well as supervising the application of those policies and controls. Financial risk management is mostly undertaken by Accounting – Finance Department in accordance with the policies and procedures approved by the Management Board.

#### 3a. Credit risk

Credit risk is the risk that a contractual party cannot perform its responsibilities, leading to a financial loss to the Group.

The Group has had credit risks mainly from accounts receivable from customers and cash in bank.

##### *Receivable from customers*

Receivables from customers subject to credit risk include receivables from insurance, reinsurance and other receivables. The Corporation manages customer credit risks through the Corporation's policies, procedures and control process related to customer credit risk management.

The most significant item of the receivables from reinsurance is the claim receivable from the reinsurance companies. To minimize this risk, the Corporation has established a number of business and financial principles in accepting reinsurance companies, using the classification results of large credit rating organizations, and at the same time taking into account of more information on the market. The Corporation also regularly reviews the financial stability of reinsurance companies from the mass media as well as other sources and the trend of paying the payables of reinsurance companies.

##### *Cash in bank*

Termed and demand deposits of the Group are deposited in local banks. The Management Board does not realize any material credit risk in those deposits.

Maximum level of credit risk for financial assets is the net book value of the financial assets (See Note VII.4 regarding net book value of financial assets).

Analysis of overdue time and devaluation of financial assets is as follows:

	Not yet overdue or devalued	Already overdue and/or devalued	Total
<b>Ending balance</b>			
Cash and cash equivalents	118,142,382,645	-	118,142,382,645
Trading securities	159,994,380,350	354,701,122,868	514,695,503,218
Investments held to maturity date	3,243,161,927,033	8,000,000,000	3,251,161,927,033
Receivable from customers	612,776,447,541	39,801,949,487	652,578,397,027
Other receivable	302,945,642,570	14,822,013,484	317,767,656,054
Capital contribution in other entities	39,423,442,872	69,863,299,985	109,286,742,857
<b>Total</b>	<b>4,476,444,223,011</b>	<b>487,188,385,824</b>	<b>4,963,632,608,834</b>



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	Not yet overdue or devalued	Already overdue and/or devalued	Total
<b>Beginning balance</b>			
Cash and cash equivalents	124,625,653,602	-	124,625,653,602
Trading securities	118,845,790,186	480,662,878,632	599,508,668,818
Investments held to maturity date	2,677,752,977,653	39,904,016,282	2,717,656,993,935
Receivable from customers	575,195,385,088	-	575,195,385,088
Other receivable	177,788,646,285	19,764,048,988	197,552,695,273
Capital contribution in other entities	173,672,855,557	40,000,000,000	213,672,855,557
<b>Total</b>	<b>3,847,881,308,371</b>	<b>580,330,943,902</b>	<b>4,428,212,252,273</b>

**3b. Liquidity risk**

Liquidity risk is the risk that the Group will have difficulties in paying its financial liabilities due to lack of cash.

The Group's liquidity risk is mainly from financial assets and financial liabilities with different maturity dates.

The Group has managed the liquidity risk by frequently following current and forecasted payment requests to maintain a suitable amount of cash as well as loans at a reasonable level, supervising cash flow actually arising in comparison with estimation to minimize the effects of cash flow fluctuations

The payment term of non-derivative financial liabilities (including interest payable) is based on estimated payments according to the contracts but not discounted yet as follows:

	Under 1 year	From 1 year to 5 years	Over 5 years	Total
<b>Ending balance</b>				
Payable to suppliers	554,948,319,769	-	-	554,948,319,769
Loans and debts	6,287,285,564	11,360,701,654	-	17,647,987,218
Other payable	94,691,483,739	1,320,665,586	-	96,012,149,325
<b>Total</b>	<b>655,927,089,072</b>	<b>12,681,367,240</b>	<b>-</b>	<b>668,608,456,312</b>
<b>Beginning balance</b>				
Payable to suppliers	528,841,629,022	-	-	528,841,629,022
Loans and debts	126,064,008,530	7,529,552,184	-	133,593,560,714
Other payable	110,060,327,353	1,501,442,386	-	111,561,769,739
<b>Total</b>	<b>764,965,964,905</b>	<b>9,030,994,570</b>	<b>-</b>	<b>773,996,959,475</b>

The Management Board realizes that risk level for debt payment is low. The Group has liquidity of due debts by cash flows from business operations and receipts from due financial assets. The Group is able to access capital sources and loans on due within 12 months can be extended by present lenders.



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### Notes to the consolidated financial statements (cont.)

#### 3c. Market risk

Market risk is the risk that fair value or cash flows in the future of financial instruments will change according to changes of market prices.

The market risk related to operation of the Group includes foreign currency risk, interest rate risk and risk related to price of securities.

The analyses of sensitivity and evaluations hereafter are related to the financial position of the Group as of 31 December 2019 and 31 December 2018 and are based on the value of net liabilities. Changes in foreign exchange rates, interest rates, price of securities used in the analyses of sensitivity are based on the evaluation of ability to occur within the next one year under observable circumstances of the market at present.

##### *Foreign currency risk*

Foreign currency risk is the risk that fair value or cash flows in the future of financial instruments will change according to the fluctuations of foreign exchange rates.

The Group manages risks concerning fluctuations in exchange rates by optimizing maturity of debts, forecasting foreign exchange rates, maintaining reasonably structure of borrowing and loans between foreign currencies and VND, choosing time of buying and paying of items in foreign currencies at the time of low foreign exchange rate, utilizing available cash resources to balance between foreign exchange risk and liquidity risk.

The Management Board realizes the impact level due to fluctuations in foreign exchange rates to profit after tax and owner's equity of the Group is not material.

##### *Interest rate risk*

Interest rate risk is the risk that fair value or cash flows in the future of financial instrument will change according to changes of market interest rates.

Interest rate risk of the Group is mainly related to termed deposits, loan trust at floating interest rate.

The Group has managed the interest rate risk by analyzing the market situation to make reasonable decisions in choosing time of loans with suitable terms as to gain the most profitable interest rates as well as maintaining the suitable structure of loans at floating rates and fixed rates.

Financial instruments with floating interest rates of the Group are as follows:

	<u>Ending balance</u>	<u>Beginning balance</u>
Cash and cash equivalents	-	75,000,000
Investments held to maturity dates	3,243,161,927,033	2,677,752,977,653
Loans and debts	(17,647,987,218)	(133,593,560,714)
<b>Total</b>	<b>3,225,513,939,815</b>	<b>2,544,234,416,939</b>

As of 31 December 2019, with the assumption of other unchangeable variables, if the interest rate of loans in VND with floating rate increased/decreased by 2%, profit after tax and owner's equity of the Group in the current year would increase/decrease by VND 51,608,223,037 (in the previous year, they had increased/decreased by VND 40,707,750,671). The sensitivity level to fluctuations of interest rates of the current year increases/decreases in comparison with that of the previous year due to the increase/decrease in loans at floating interest rates.

##### *Risk related to price of securities*

Securities held by the Group can be affected by risks related to future values of investment securities. The Group manages the risk related to price of securities by setting up investment limit and diversifying investment portfolio.



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### Notes to the consolidated financial statements (cont.)

As of 31 December 2019, with the assumption of other unchangeable variables, if prices of listed securities invested by the Group increased/decreased by 2%, profit after tax and owner's equity of the Group in the current year would increase/decrease by VND 8,235,128,051 (in the previous year, they had increased/decreased by VND 9,592,138,701) due to decrease/increase in provisions. The sensitivity level to fluctuations in prices of securities in the current year decreases in comparison with that of the previous year as the Corporation has decreased the investment in listed trading securities.

#### 3d. Collaterals

The Group has had no financial assets used as collaterals to other entities as well as collaterals received from other entities as of 31 December 2018 and as of 31 December 2019.

#### 4. Fair value of financial assets and liabilities

##### Financial assets

Net book value of financial assets is as follows:

	Ending balance		Beginning balance	
	Historical costs	Provision	Historical costs	Provision
Cash and cash equivalents	118,142,382,645	-	124,625,653,602	-
Trading securities	514,695,503,218	(137,506,487,068)	599,508,668,818	(76,375,920,784)
Investments held to maturity date	3,243,161,927,033	(7,344,000,000)	2,717,656,993,935	(32,520,375,649)
Receivable from customers	652,578,397,027	(33,656,819,383)	575,195,385,088	(41,068,205,233)
Other receivable	317,767,656,054	(14,822,013,484)	197,552,695,273	(19,764,048,988)
Capital contribution in other entities	109,286,742,857	40,398,571,184	213,672,855,557	(51,102,880,881)
<b>Total</b>	<b>4,955,632,608,834</b>	<b>(152,930,748,751)</b>	<b>4,428,212,252,273</b>	<b>(220,831,431,535)</b>

##### Financial liabilities

	Ending balance	Beginning balance
Payable to suppliers	554,948,319,769	528,841,629,022
Loans and debts	17,647,987,218	133,593,560,714
Other payable	96,012,149,325	111,561,769,739
<b>Total</b>	<b>668,608,456,312</b>	<b>773,996,959,475</b>

##### Fair value

The Group has not determined the fair values of financial assets and liabilities in accordance as the Circular No. 210/2009/TT-BTC dated 6 November 2009 of the Ministry of Finance as well as the prevailing regulations have not given out any detailed guidance.



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**Notes to the consolidated financial statements (cont.)****5. Several figures to assess overall financial position and business results**

Items	Unit	Current year	Previous year
<b>Structures of assets and capital sources</b>			
<i>Structure of assets</i>			
Current assets/Total assets	%	87.37	82.99
Long-term assets/Total assets	%	12.63	17.01
<i>Capital sources</i>			
Liabilities/Total capital sources	%	75.47	70.28
Owner's equity/Total capital sources	%	24.53	29.72
<b>Solvency</b>			
Current solvency	Time	1.32	1.42
Short-term liabilities solvency	Time	1.16	1.18
Quick solvency	Time	0.02	0.03
Long-term liabilities solvency	Time	74.21	109.19
<b>Profit ratio</b>			
<i>Profit to Revenue ratio</i>			
Profit before tax to Net revenue ratio	%	3.05	0.68
Profit after tax to Net revenue ratio	%	2.51	0.48
<i>Profit to Total assets ratio</i>			
Profit before tax to Total assets ratio	%	1.81	0.39
Profit after tax to Total assets ratio	%	1.49	0.28
<i>Profit after tax to Owner's equity ratio</i>	%	6.06	0.93

**6. Insurance risk**

The first objective of the Group in capital management is to maintain sufficient capital to support its business growth and meet its legal capital requirements. The Group is aware of the impacts on the shareholders' profit, the level of capital contribution and learn how to maintain a prudent balance.

The legal capital requirements arise from the Group's operations and require the Group to maintain sufficient capital to settle its debts and meet the requirements on solvency margin in Vietnam. The solvency requirement applicable to the Corporation is stipulated in the Circular No. 50/2017/TT-BTC dated 15 May 2017 of the Ministry of Finance guiding the implementation of Decree No. 73/2016/ND-CP dated 1 July 2016 of the Government regulating the financial regime for insurance companies and insurance brokerage companies.

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The attached appendix (pages 62 - 63) presents the minimum solvency margin and solvency margin of the Group. Policy makers are concerned about the protection of the insured's benefits and keep tracking to ensure that insurance companies are operating effectively for the insured's benefits. They are also concerned about the assurance that insurance companies are able to maintain adequate solvency to respond to unexpected insurance obligations due to economic recession or natural disasters.

#### 7. Subsequent events

On 13 March 2020, the Corporation's BOM issued the Resolution No. 18/NQ-PTI-HDQT on approving the Corporation's divestment in VN-IBS., JSC. Accordingly, the Corporation has offered to sell all 1,980,000 shares equivalent to 99% of charter capital actually contributed, the starting price is based on the Valuation Certificate issued by the Valuation Company and approved by the Board of Management.

Prepared on 18 March 2020

Prepared by

Chief Accountant

General Director



Pham Hong Tien



Cao Thu Hien



Bui Xuan Thu



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APPENDIX

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**CONSOLIDATED FINANCIAL STATEMENTS**

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**SOLVENCY STATEMENT**

Unit: VND

	Current year	Previous year
<b>I. Difference between asset value and liabilities payable</b>	<b>1,867,562,457,657</b>	<b>1,815,979,321,735</b>
1. Total assets	7,614,547,327,543	6,109,371,104,413
2. Liabilities payable	5,746,984,869,886	4,293,391,782,678
<b>II. Asset value excluded</b>	<b>434,087,509,223</b>	<b>425,415,825,665</b>
<b>1. Assets of which accounting values are fully excluded:</b>	<b>68,565,820,046</b>	<b>73,013,847,276</b>
1.1 Capital contribution to establish other insurance companies from the owner's equity of insurance company	20,152,200,000	20,152,200,000
1.2 Assets equivalent to bonus and welfare funds	-	-
1.3 Bad debts as regulated less relevant provision for bad debts	-	-
1.4 Intangible fixed assets except for computer software and land use right	-	-
1.5 Prepaid expenses, loans without guarantee, advances, office equipment and stationery, inter-company receivable	47,848,220,781	51,767,502,499
1.6 Receivable on insurance premium and reinsurance premium assumed overdue 2 years less relevant provision for bad debts as regulated	565,399,265	1,094,144,777
1.7 Loans, re-investment to shareholders or related objects as regulated in Article 4 of the Business Law except for the case of bank deposits	-	-
<b>2. Assets of which accounting values are partly excluded:</b>	<b>365,521,689,177</b>	<b>352,401,978,389</b>
2.1 Investment assets:	104,536,713,540	139,865,571,135
a) Secured bonds: excluding 1% of accounting value;	-	-
b) Unsecured bonds: excluding 3% of accounting value;	6,000,000,000	6,000,000,000
c) Listed shares: excluding 15% of accounting value;	35,419,320,680	89,732,394,058
d) Unlisted shares: excluding 20% of accounting value;	39,406,988,084	6,526,000,000
d) Direct investments in property used by the company itself: excluding 8% of accounting value;	407,744,544	967,325,626
e) Direct investments in property for lease, secured trading loans: excluding 15% of accounting value;	20,140,387,716	16,124,946,000
g) Contribution capital to other entities except for insurance companies: excluding 20% of accounting value.	3,162,272,517	20,514,905,450
2.2 Accounts receivable	1,547,692,190	1,598,755,493
Receivable on insurance premium and reinsurance premium assumed overdue from 180 days to under 1 year less relevant provision for bad debts as regulated: excluding 30%;	309,950,007	361,013,311
Receivable on insurance premium and reinsurance premium assumed overdue from 1 year to under 2 years less relevant provision for bad debts as regulated: excluding 50%;	1,237,742,183	1,237,742,183

2.3	Tangible fixed assets, intangible fixed assets which are computer software and inventories: excluding 25% of accounting value;	29,539,770,912	25,142,579,248
2.4	Other assets: excluding 15% of accounting value.	229,897,512,534	185,795,072,513
III.	<b>Solvency margin (I-II)</b>	<b>1,433,474,948,434</b>	<b>1,390,563,496,070</b>
IV.	<b>Minimum solvency margin</b> 25% total retained premium	890,357,441,465	717,821,154,625
Comparison of solvency margin and minimum solvency margin (III and IV)			
	Absolute figure difference	543,117,506,969	672,742,341,445
	Percentage (%) difference	161%	194%

Prepared on 18 March 2020

Prepared by

Chief Accountant

General Director



Pham Hong Tien



Cao Thu Hien



Bui Xuan Thu

