

**POST AND TELECOMMUNICATION JOINT STOCK
INSURANCE CORPORATION**

(Incorporated in the Socialist Republic of Vietnam)

**REVIEWED INTERIM SEPARATE
FINANCIAL STATEMENTS**

For the 6 - months period ended 30 June 2021



POST AND TELECOMMUNICATION JOINT STOCK INSURANCE CORPORATION

8th Floor, Building at No. 4A Lang Ha, Ba Dinh District,

Hanoi, S.R. Vietnam

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POST AND TELECOMMUNICATION JOINT STOCK INSURANCE CORPORATION

8th Floor, Building at No. 4A Lang Ha, Ba Dinh District,
Hanoi, S.R. Vietnam

STATEMENT OF THE BOARD OF MANAGEMENT

The Board of Management of Post and Telecommunication Joint Stock Insurance Corporation (the "Corporation") presents this report together with the Corporation's interim separate financial statements for the 6-month period ended 30 June 2021.

THE BOARD OF DIRECTORS, SUPERVISORY BOARD AND BOARD OF MANAGEMENT

The members of the Board of Directors, Supervisory Board and Board of Management of the Corporation who held office during the period and to the date of this report are as follows:

Board of Directors

Mr. Nguyen Minh Duc	Chairman
Mr. Kim Kang Wook	Vice Chairman
Mr. Bui Xuan Thu	Member
Mr. Ko Young Joo	Member
Mr. Mai Xuan Dung	Member
Ms. Tran Thi Minh	Member
Mr. Do Ngoc Quynh	Member
Ms. Nguyen Ho Nga	Member
Mr. Ha Chan Ho	Member (appointed on 29 April 2021)
Mr. Park Suk Gon	Member (resigned on 29 April 2021)

Supervisory Board

Mr. Nguyen Huu Thang	Head of the Board
Ms. Bui Thanh Hien	Member
Mr. Park Ki Hyun	Member
Mr. Bae Taeg Soo	Member
Ms. Nguyen Thi Ha Ninh	Member

Board of Management

Mr. Bui Xuan Thu	Chief Executive Officer
Mr. Cao Ba Huy	Deputy Chief Executive Officer
Mr. Do Quang Khanh	Deputy Chief Executive Officer
Mr. Nguyen Kim Lan	Deputy Chief Executive Officer
Mr. Doan Kien	Deputy Chief Executive Officer
Mr. Nghiem Xuan Thai	Deputy Chief Executive Officer
Ms. Luu Phuong Lan	Deputy Chief Executive Officer

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STATEMENT OF THE BOARD OF MANAGEMENT (Continued)

BOARD OF MANAGEMENT'S STATEMENT OF RESPONSIBILITY

The Board of Management of the Corporation is responsible for preparing the interim separate financial statements, which give a true and fair view of the financial position of the Corporation as at 30 June 2021, and its financial performance and its cash flows for the 6-month period then ended in accordance with Vietnamese accounting standards, accounting regime applicable to insurance enterprises and legal regulations relating to interim financial reporting. In preparing these interim separate financial statements, the Board of Management is required to:

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

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

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

For and on behalf of the Board of Management



Bui Xuan Thu
Chief Executive Officer

Hanoi, 30 August 2021

No.: 0268 /VN1A-HN-BC

REPORT ON REVIEW OF INTERIM SEPARATE FINANCIAL STATEMENTS

To: Shareholders
Board of Directors, Supervisory Board and Board of Management
Post and Telecommunication Joint Stock Insurance Corporation

We have reviewed the accompanying interim separate financial statements of Post and Telecommunication Joint Stock Insurance Corporation (the "Corporation"), prepared on 30 August 2021 as set out from page 05 to page 49, which comprise the interim balance sheet as at 30 June 2021, the interim income statement and interim cash flow statement for the 6-month period then ended, and a summary of significant accounting policies and other explanatory information.

Board of Management's Responsibility for the Interim Separate Financial Statements

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the accompanying interim separate financial statements based on our review. We conducted our review in accordance with Vietnamese Standard on Review Engagements (VSRE) 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

A review of interim separate financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Vietnamese Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

REPORT ON REVIEW OF INTERIM SEPARATE FINANCIAL STATEMENTS (Continued)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim separate financial statements do not present fairly, in all material respects, the financial position of the Corporation as at 30 June 2021, and its financial performance and its cash flows for the 6-month period then ended in accordance with Vietnamese accounting standards, accounting regime applicable to insurance enterprises and legal regulations relating to interim separate financial reporting.

Other Matter

The interim separate financial statements of the Corporation for the 6-month period ended 30 June 2020 were reviewed by another independent auditor, who expressed an unmodified conclusion on those statements on 30 August 2020.

The separate financial statements of the Corporation for the year ended 31 December 2020 were audited by another independent auditor, who expressed an unmodified opinion on those statements on 22 March 2021.




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

DELOITTE VIETNAM COMPANY LIMITED

30 August 2021
Hanoi, S.R. Vietnam

INTERIM BALANCE SHEET

As at 30 June 2021

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
A. CURRENT ASSETS (100=110+120+130+140+150+190)	100		7,190,675,609,906	6,405,146,315,262
I. Cash and cash equivalents	110	4	185,099,186,662	297,060,378,455
1. Cash	111		184,099,186,662	297,060,378,455
2. Cash equivalents	112		1,000,000,000	-
II. Short-term financial investments	120		3,981,493,751,554	3,063,937,884,605
1. Trading securities	121	5	50,000,000,000	5,773,214,858
2. Held-to-maturity investments	123	5	3,931,493,751,554	3,058,164,669,747
III. Short-term receivables	130		872,844,455,932	1,035,989,564,670
1. Trade accounts receivable	131		507,965,204,343	540,365,756,625
1.1. Receivables of insurance contracts	131.1	6	507,965,204,343	540,365,756,625
2. Advances to suppliers	132	7	140,328,620,253	287,252,725,019
3. Other receivables	135	8	312,852,405,899	290,144,797,864
4. Provision for short-term doubtful debts	139	9	(88,301,774,563)	(81,773,714,838)
IV. Inventories	140		3,288,157,407	2,025,501,719
1. Inventories	141		3,288,157,407	2,025,501,719
V. Other current assets	150		587,118,869,128	590,321,955,879
1. Short-term prepaid expenses	151	10	563,596,785,452	589,109,781,272
1.1. Unallocated commission expenses	151.1		383,361,500,409	404,700,563,407
1.2. Other short-term prepaid expenses	151.2		180,235,285,043	184,409,217,865
2. VAT deductibles	152		21,841,932,791	633,003,952
3. Taxes and other receivables from the State budget	154	16	1,680,150,885	579,170,655
VI. Reinsurance assets	190	19	1,560,831,189,223	1,415,811,029,934
1. Unearned premium reserve for outward reinsurance	191		1,037,912,080,727	894,555,566,300
2. Claim reserve for outward reinsurance	192		522,919,108,496	521,255,463,634
B. NON-CURRENT ASSETS (200=210+220+240+250+260)	200		1,192,165,565,971	1,354,952,214,290
I. Long-term receivables	210		17,519,417,054	17,491,728,901
1. Other long-term receivables	218		17,519,417,054	17,491,728,901
1.1. Insurance deposit	218.1		8,000,000,000	8,200,000,000
1.2. Other long-term receivables	218.2		9,519,417,054	9,291,728,901
II. Fixed assets	220		123,395,300,032	111,929,380,017
1. Tangible fixed assets	221	11	89,565,287,808	80,843,357,432
Cost	222		196,601,720,407	180,612,901,678
Accumulated depreciation	223		(107,036,432,599)	(99,769,544,246)
2. Intangible assets	227	12	25,508,412,224	14,796,100,256
Cost	228		39,147,954,304	27,342,062,486
Accumulated amortization	229		(13,639,542,080)	(12,545,962,230)
3. Construction in progress	230		8,321,600,000	16,289,922,329
III. Investment property	240	13	309,796,744,676	106,930,921,100
Cost	241		327,110,252,494	121,103,326,188
Accumulated amortization	242		(17,313,507,818)	(14,172,405,088)
IV. Long-term financial investments	250	5	705,352,447,172	1,079,449,513,606
1. Investments in subsidiaries	251		88,200,000,000	88,200,000,000
2. Investments in associates	252		34,444,900,000	34,444,900,000
3. Equity investments in other entities	253		30,129,400,000	30,129,400,000
4. Provision for impairment of long-term financial investments	254		(35,421,852,828)	(36,324,786,394)
5. Held-to-maturity investments	255		588,000,000,000	963,000,000,000
V. Other non-current assets	260		36,101,657,037	39,150,670,666
1. Long-term prepaid expenses	261	10	36,101,657,037	39,150,670,666
TOTAL ASSETS (270=100+200)	270		8,382,841,175,877	7,760,098,529,552

The accompanying notes are an integral part of these interim separate financial statements

**POST AND TELECOMMUNICATION JOINT STOCK
INSURANCE CORPORATION**

8th Floor, Building at No. 4A Lang Ha, Ba Dinh District
Hanoi, S.R. Vietnam

FORM B01a-DNPNT

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

INTERIM BALANCE SHEET (Continued)

As at 30 June 2021

Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening balance
A. LIABILITIES (300=310+330)	300		6,367,890,304,465	5,745,852,726,818
I. Current liabilities	310		6,365,438,887,122	5,743,375,034,407
1. Short-term loans and liabilities	311	14	262,304,000,000	-
2. Trade accounts payable	312	15	564,175,121,173	471,261,418,641
2.1. Payables of insurance contracts	312.1		546,733,650,051	441,239,322,902
2.2. Other payables to suppliers	312.2		17,441,471,122	30,022,095,739
3. Advances from customers	313		10,334,064,009	5,164,869,408
4. Taxes and amounts payable to the State budget	314	16	46,351,699,982	60,307,693,375
5. Payables to employees	315		208,778,579,847	86,075,660,954
6. Accrued expenses	316		1,013,712,761	12,583,962,830
7. Unearned revenue	318	17	90,114,450,962	167,917,724,858
8. Other current payables	319	18	184,275,264,184	104,701,238,035
9. Unearned commission income	319.1	18	319,256,445,140	353,365,193,200
10. Short-term provisions	320		-	110,000,000,000
11. Underwriting reserves	329	19	4,678,835,549,064	4,371,997,273,106
11.1. Unearned premium reserve for direct insurance and inward reinsurance	329.1		3,453,175,485,574	3,126,304,107,134
11.2. Claim reserve for direct insurance and inward reinsurance	329.2		1,160,835,967,114	1,203,186,839,531
11.3. Catastrophe reserve	329.3		64,824,096,376	42,506,326,441
II. Long-term liabilities	330		2,451,417,343	2,477,692,411
1. Other long-term payables	333		2,451,417,343	2,477,692,411
B. EQUITY (400=410)	400		2,014,950,871,412	2,014,245,802,734
I. Owners' equity	410	20	2,014,950,871,412	2,014,245,802,734
1. Owners' contributed capital	411		803,957,090,000	803,957,090,000
2. Share premium	412		827,943,052,804	827,943,052,804
3. Investment and development funds	417		26,019,645,665	23,517,729,849
4. Compulsory reserve fund	419		67,912,037,589	67,912,037,589
5. Retained earnings	421		289,119,045,354	290,915,892,492
- Retained earnings accumulated to the prior year end	421a		195,508,688,597	53,233,890,004
- Retained earnings of the current period/ year	421b		93,610,356,757	237,682,002,488
TOTAL RESOURCES (440 = 300+ 400)	440		8,382,841,175,877	7,760,098,529,552

The accompanying notes are an integral part of these interim separate financial statements

INTERIM BALANCE SHEET (Continued)

As at 30 June 2021

OFF-BALANCE SHEET ITEMS

ITEMS	Unit	Closing balance	Opening balance
1. Direct insurance contract of which the responsibility has not yet been incurred	VND	257,207,853,695	206,322,312,802
2. Foreign currencies			
- United States Dollar	USD	142,125.05	106,787.03
- Euro	EUR	32,171.56	31,491.51
- British Pound	GBP	318.23	321.53



Le Trong Hiep
Preparer



Cao Thu Hien
Chief Accountant



Bui Xuan Thu
Chief Executive Officer

Hanoi, 30 August 2021

INTERIM INCOME STATEMENT

For the 6-month period ended 30 June 2021

Unit: VND

PART I: GENERAL INTERIM INCOME STATEMENT

ITEMS	Codes	Current period	Prior period
1. Net revenue from insurance activities	10	2,437,915,653,043	2,278,769,788,899
2. Income from investment property business	11	24,008,293,657	3,484,544,009
3. Financial income	12	105,977,053,566	84,998,713,002
4. Other income	13	2,716,924,629	2,338,592,348
5. Total expenses for insurance activities	20	2,130,957,326,876	1,954,291,092,047
6. Cost of investment property	21	15,919,673,346	2,068,859,742
7. Financial expenses	22	28,438,054,616	(3,216,666,865)
8. General and administration expenses	23	278,026,347,945	274,162,471,244
9. Other expenses	24	336,996,129	646,958,751
10. Total accounting profit before tax (50 = 10+11+12+13-20-21-22-23-24)	50	116,939,525,983	141,638,923,339
11. Current corporate income tax expense	51	23,329,169,226	28,402,371,788
12. Net profit after corporate income tax (60 = 50-51)	60	93,610,356,757	113,236,551,551

The accompanying notes are an integral part of these interim separate financial statements

INTERIM INCOME STATEMENT (Continued)

For the 6-month period ended 30 June 2021

Unit: VND

PART II: INTERIM INCOME STATEMENT BY ACTIVITY

ITEMS	Codes	Notes	Current period	Prior period
1. Insurance premium (01 = 01.1 + 01.2 - 01.3)	01	21	2,747,709,991,913	2,886,088,436,077
- Direct insurance premium	01.1		3,022,706,508,661	2,950,844,150,235
- Inward reinsurance premium	01.2		51,874,861,692	39,020,690,119
- Increase in unearned premium reserves for direct insurance and inward reinsurance	01.3		326,871,378,440	103,776,404,277
2. Outward reinsurance premium (02=02.1-02.2)	02	22	699,447,862,434	984,289,203,971
- Total outward reinsurance premium	02.1		842,804,376,861	892,711,202,712
- Increase/ (decrease) in unearned premium reserve for outward reinsurance	02.2		143,356,514,427	(91,578,001,259)
3. Net insurance premium (03= 01 - 02)	03		2,048,262,129,479	1,901,799,232,106
4. Commission income from outward reinsurance and other income from insurance activities (04 = 04.1 + 04.2)	04		389,653,523,564	376,970,556,793
- Commission income from outward reinsurance	04.1		285,629,413,671	247,582,720,016
- Other income from insurance activities	04.2		104,024,109,893	129,387,836,777
5. Net revenue from insurance activities (10 = 03 + 04)	10		2,437,915,653,043	2,278,769,788,899
6. Claim settlement expenses (11= 11.1 - 11.2)	11		1,132,864,096,072	981,997,318,834
- Total claim settlement expenses	11.1		1,138,014,870,322	993,856,155,163
- Deductions (Receipt of claim form third party, receipt of 100% claim for goods)	11.2		5,150,774,250	11,858,836,329
7. Claims receipts from ceded policies	12		244,752,075,910	258,163,106,366
8. (Decrease) in claim reserves for direct insurance and inward reinsurance	13		(42,350,872,417)	(166,157,933,201)
9. Increase/ (Decrease) in claim reserve for outward reinsurance	14		1,663,644,862	(140,804,672,116)
10. Total insurance claim settlement expenses (15 = 11 - 12 + 13 - 14)	15	23	844,097,502,883	698,480,951,383
11. Increase in catastrophe reserve	16		22,317,769,935	20,971,536,376
12. Other expenses for insurance activities (17 = 17.1 + 17.2)	17	24	1,264,542,054,058	1,234,838,604,288
- Insurance commission expense	17.1		336,818,724,091	334,017,870,003
- Other expenses for insurance activities	17.2		927,723,329,967	900,820,734,285
13. Total expenses for insurance activities (18 = 15 + 16 + 17)	18		2,130,957,326,876	1,954,291,092,047
14. Gross profit from insurance activities (19 = 10 - 18)	19		306,958,326,167	324,478,696,852

The accompanying notes are an integral part of these interim separate financial statements

INTERIM INCOME STATEMENT (Continued)

For the 6-month period ended 30 June 2021

Unit: VND

PART II: INTERIM INCOME STATEMENT BY ACTIVITY (Continued)

ITEMS	Codes	Notes	Current period	Prior period
15. Revenue from investment property trading	20	25	24,008,293,657	3,484,544,009
16. Cost of investment property	21	26	15,919,673,346	2,068,859,742
17. Gross profit from investment property business (22 = 20 - 21)	22		8,088,620,311	1,415,684,267
18. Financial income	23	27	105,977,053,566	84,998,713,002
19. Financial expenses	24	28	28,438,054,616	(3,216,666,865)
20. Gross profit from financial activities (25 = 23 - 24)	25		77,538,998,950	88,215,379,867
21. General and administration expenses	26	29	278,026,347,945	274,162,471,244
22. Net profit from operating activities (30 = 19 + 22 + 25 - 26)	30		114,559,597,483	139,947,289,742
23. Other income	31		2,716,924,629	2,338,592,348
24. Other expenses	32		336,996,129	646,958,751
25. Other profit (40 = 31 - 32)	40		2,379,928,500	1,691,633,597
26. Accounting profit before tax (50 = 30 + 40)	50		116,939,525,983	141,638,923,339
27. Current corporate income tax expense	51	31	23,329,169,226	28,402,371,788
28. Net profit after corporate income tax (60 = 50 - 51)	60		93,610,356,757	113,236,551,551

Le Trong Hiep
Preparer

Cao Thu Hien
Chief Accountant



Bui Xuan Thu
Chief Executive Officer

Hanoi, 30 August 2021

INTERIM CASH FLOW STATEMENT

For the 6-month period ended 30 June 2021

Unit: VND

ITEMS	Codes	Current period	Prior period
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	01	116,939,525,983	141,638,923,339
2. Adjustments for:			
Depreciation and amortisation of fixed assets and investment properties	02	12,540,030,280	9,845,015,417
Provisions	03	57,443,242,828	(1,092,712,374)
Foreign exchange losses arising from translating foreign currency items	04	743,300,575	-
Gain from investing activities	05	(80,154,552,191)	(132,664,322,990)
Interest expense	06	2,454,249,054	1,276,108,614
3. Operating profit before movements in working capital	08	109,965,796,529	19,003,012,006
(Increase)/decrease in receivables	09	(59,606,860,438)	36,003,099,203
(Increase)/decrease in inventories	10	(1,262,655,688)	747,645,382
Increases in payables (excluding accrued loan interest and corporate income tax payable)	11	71,985,442,556	202,698,078,661
Decrease/(increase) in prepaid expenses	12	28,562,009,449	(4,455,420,135)
(Increase)/decrease in trading securities	13	(44,226,785,142)	222,536,431,575
Interest paid	14	(1,521,331,083)	(1,276,108,614)
Corporate income tax paid	15	(26,663,966,201)	(19,648,830,932)
Net cash generated by operating activities	20	77,231,649,982	455,607,907,146
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Acquisition and construction of fixed assets and other long-term assets	21	(66,066,616,622)	(3,755,725,800)
2. Proceeds from sale, disposal of fixed assets and other long-term assets	22	11,537,866,199	272,727,273
3. Cash outflow for lending, buying debt instruments of other entities	23	(1,965,270,913,699)	(2,194,779,281,091)
4. Cash recovered from lending, selling debt instruments of other entities	24	1,466,941,831,892	1,426,991,670,382
5. Cash recovered from investments in other entities	26	-	33,538,076,200
6. Interest earned, dividends and profits received	27	101,697,840,972	135,943,788,436
Net cash used in investing activities	30	(451,159,991,258)	(601,788,744,600)

The accompanying notes are an integral part of these interim separate financial statements

INTERIM CASH FLOW STATEMENT (Continued)

For the 6-month period ended 30 June 2021

Unit: VND

ITEMS	Codes	Current period	Prior period
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Proceeds from borrowings	33	262,304,000,000	180,762,500,000
2. Dividends and profits paid	36	(241,269,763)	(131,947,090)
Net cash generated by financing activities	40	262,062,730,237	180,630,552,910
 Net (decrease)/increase in cash (50=20+30+40)	 50	 (111,865,611,039)	 34,449,715,456
 Cash and cash equivalents at the beginning of the period	 60	 297,060,378,455	 117,595,429,206
 Effects of changes in foreign exchange rates	 61	 (95,580,754)	 -
 Cash and cash equivalents at the end of the period (70=50+60+61)	 70	 185,099,186,662	 152,045,144,662

Le Trong Hiep
Preparer

Cao Thu Hien
Chief Accountant



Bui Xuan Thu
Chief Executive Officer

Hanoi, 30 August 2021

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

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

1. GENERAL INFORMATION

Structure of ownership

Post and Telecommunication Joint Stock Insurance Corporation (the "Corporation") was incorporated and has operated under Business Licence No. 3633/GP-UB dated 01 August 1998 issued by Hanoi People's Committee and the latest amended Business Licence No. 41A/GPDC30/KDBH dated 07 July 2021.

The number of employees of the Corporation as at 30 June 2021 was 2,499 (as at 31 December 2020: 2,427).

Business sector and principal activities

Business sector of the Corporation is non-life insurance services.

The Corporation's principal activities include:

- Non-life insurance business;
- Re-insurance business;
- Financial investments;
- Other activities in accordance with the Business Licence.

Normal operating cycle

The Corporation's normal operating cycle is carried out for a time period of 12 months or less.

The Corporation's structure

The Corporation has the main office located on 8th Floor, Building at No. 4A Lang Ha, Ba Dinh District, Hanoi. As at 30 June 2021, the Corporation has 01 headoffice; 03 representative offices for claim appraisal in Hanoi, Ho Chi Minh and Hai Phong Cities; 01 Southern representative office and 52 branches directly under the Corporation.

The list of the Corporation's subsidiary and associates as at 30 June 2021 are as follow:

Subsidiary/associate	Location	Proportion of ownership interest (%)	Proportion of voting power held (%)	Main business
Subdiary				
- Post Real Estate Joint Stock Company	Hanoi	95.32%	95.32%	Real estate investment; financial investments
Associates				
- Lanexang Assurance Public Company	Vientian, Lao	50.00%	50.00%	Insurance business
- Kasati Joint Stock Company	Ho Chi Minh	21.30%	21.30%	Telecom, informatics and electronic devices

Disclosure of information comparability in the interim separate financial statements

Comparative figures of the interim balance sheet and corresponding notes are the figures of the audited interim financial statements for the year ended 31 December 2020. Comparative figures of the interim income statement, interim cash flow statement and corresponding notes are the figures of the reviewed interim separate financial statements for the 6-month period ended 30 June 2020.

Events occurring during the period affecting the Corporation's operations

Due to the wide-ranging effects of the COVID-19 pandemic developments, plenty of challenges have arisen for all economic sectors. These changes may greatly affect the Corporation's operations, economic interests and obligations. The Board of Directors and Board of Management of the Corporation have been carefully monitoring and evaluating the possible impact of this issue on its operations. Therefore, the Board of Directors and Board of Management believe that COVID-19 will not materially affect business activities of the Corporation in 2021.

2. ACCOUNTING CONVENTION AND ACCOUNTING PERIOD

Accounting convention

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

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

Accounting period

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

These interim separate financial statements are prepared for the 6-month period ended 30 June 2021.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Estimates

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

Financial instruments

Initial recognition

Financial assets

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

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

The fair value of cash and cash equivalents is defined as the book value. The fair value of the receivables is measured at cost less provision for doubtful debts. The fair value of the investments is presented in the Notes to the financial investments.

Financial liabilities

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

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

Subsequent measurement after initial recognition

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

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, cash in transit and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Financial investments

a) *Trading securities*

Trading securities are those the Corporation holds for trading purpose. Trading securities are recognised from the date the Corporation obtains the ownership of those securities and initially measured at the fair value of payments made at the transaction date plus directly attributable transaction costs.

In subsequent periods, investments in trading securities are measured at cost less provision for impairment of such investments.

Provision for impairment of investments in trading securities is made in accordance with prevailing accounting regulations.

b) *Held-to-maturity investments*

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

Held-to-maturity investments are recognized on a trade date basis and are initially measured at acquisition price plus directly attributable transaction costs. Post-acquisition interest income from held-to-maturity investments is recognized in the interim income statement on an accrual basis. Pre-acquisition interest is deducted from the cost of such investments at the acquisition date.

Held-to-maturity investments are measured at cost less provision for doubtful debts.

Provision for doubtful debts relating to held-to-maturity investments is made in accordance with prevailing accounting regulations.

c) *Investments in subsidiaries, associates*

Investment in subsidiaries

A subsidiary is an entity over which the Corporation has control. Control is achieved where the Corporation has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

Investments in associates

An associate is an entity over which the Corporation has significant influence and that is neither a subsidiary nor an interest in joint venture. Significant influence is the power to participate in the

financial and operating policy decisions of the investee but not control or joint control over those policies.

Interests in subsidiaries and associates are initially recognised at cost. The Corporation's share of the net profit of the investee after acquisition is recognised in the income statement. Other distributions received other than such profit share are deducted from the cost of the investments as recoverable amounts.

Investments in subsidiaries and associates are carried in the balance sheet at cost less provision for impairment of such investments (if any). Provisions for impairment of investments in subsidiaries and associates are made when there is reliable evidence for declining in value of these investments at the balance sheet date.

d) Equity investments in other entities

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

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

Receivables

Receivables represent the amounts recoverable from customers or other debtors and are stated at book value less provision for doubtful debts. Provision for doubtful debts is made for receivables that are overdue for six months or more, or when the debtor is in dissolution, in bankruptcy, or is experiencing similar difficulties and so may be unable to repay the debt.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. The costs of purchased tangible fixed assets comprise their purchase prices and any directly attributable costs of bringing the assets to their working condition and location for their intended use.

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

	<u>Number of years</u>
Buildings and structures	25 - 35
Machinery and equipment	05 - 06
Motor vehicles	05 - 10
Office equipment	03 - 05

Gains and losses arising from the disposal or sale of tangible fixed assets are the difference between the income from proceeds and the carrying amount of the assets and are recognized in the interim income statement.

Intangible assets and amortization

Land use rights

Intangible assets represent indefinite land use rights. According to the current regulations, the Corporation does not amortize the indefinite land use rights.

Computer software

Computer software is amortized using the straight-line method over the estimated useful life of 03 – 04 years.

Investment properties

Investment properties are composed of land use rights, buildings, a part of buildings and structures held by the Corporation to earn rentals or for capital appreciation. Investment properties held to earn rentals are stated at cost less accumulated depreciation. Investment properties held for capital appreciation are stated at cost less impairment loss. The costs of purchased investment properties comprise their purchase prices and any directly attributable expenditures, such as professional fees for legal services, property transfer taxes and other related transaction costs. The costs of self-constructed investment properties are the finally accounted construction or directly attributable costs of the properties.

Investment properties held to earn rentals are depreciated using the straight-line method over their estimated useful lives of 20 – 50 years.

Prepayments

Prepayments are expenses which have already been paid but relate to results of operations of multiple accounting periods. Prepayments include unallocated commissions expenses, prepayments for business development and other prepayments.

Business development expenses relating to Credit risk insurance in the period is allocated in line with the unearned premium reserves method of this type of insurance.

The accounting policy for prepayment for insurance commissions expenses is presented in the accounting policy section for some specific operations of insurance business activities, the "Expenditures" section.

Other prepayments comprise costs of tools, supplies issued for consumption, office rentals, agent development, other prepaid service expenses which are expected to provide future economic benefits to the Corporation. These expenditures have been capitalised as prepayments, and are allocated to the interim income statement using the straight-line method in accordance with the prevailing accounting regulations.

Foreign currencies

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

Other payable provisions

Other payable provisions are recognized when the Corporation has a present obligation as a result of a past event, and it is probable that the Corporation will be required to settle that obligation. Payable provisions are measured at the Board of Management's best estimate of the expenditures required to settle the obligation at the interim balance sheet date.

Unearned revenue

Unearned revenue is recognized as amounts payable by the Corporation to its customers when the Corporation has received money from the customers but have yet to provide services to them.

Underwriting reserves

Underwriting reserves are made in accordance with Circular No. 50/2017/TT-BTC issued by the Ministry of Finance dated 15 May 2017 ("Circular 50") and Approval Document No. 3281/BTC-QLBH dated 23 March 2018. Details are as follows:

a) Non-life insurance lines

Unearned premium reserve:

Unearned premium reserves are made by a factor of period of direct policies, in which:

- For direct insurance and reinsurance contracts with a term of less than 01 year, the reserves are determined by the percentage of total retained insurance premium, details are as follows:
 - For cargo insurance: The reserves are made by 25% of total retained insurance premium.
 - For other types of insurance: The reserves are made by 50% of total retained insurance premium.
- For direct insurance and reinsurance contracts which have the term more than 01 year, unearned premium reserves are determine by a factor of period of insurance contract.

Claim reserve

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

For losses incurred but not reported ("IBNR"), claim reserves are made based on statistic rate on claim in 3 consecutive years. The Board of Management believes IBNR reserve has been prudently evaluated and fully recorded.

Catastrophe reserve

Under Vietnamese Accounting Standard No. 19 "Insurance Contract", the possible claim under contracts that has neither arisen nor existed at the reporting date (including catastrophe reserve) is not required to be made. However, the Corporation follows the reserve policy in accordance with Circular 50, accordingly, catastrophe reserves for all types of insurance were consistently made at 1% of total retained premium in the period.

b) Health insurance lines

Mathematical reserve

For health insurance and reinsurance contract (insurance contract) with a term of more than 01 year, mathematical reserves are made in line with the method of making reserve on a daily basis according to the gross premium valuation.

Unearned premium reserve

For health insurance and reinsurance contract with a term of less than 01 year, the unearned premium reserve is made in accordance with the percentage of the insurance premium retained.

Claim reserve

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

For losses incurred but not reported ("IBNR"), claim reserves are made based on statistic rate on claim in 3 consecutive years. The Board of Management believes IBNR reserve has been prudently evaluated and fully recorded.

Equalization reserve

The Corporation's equalization reserve was consistently provided at 1% of the premium retained in the period and recorded in Catastrophe reserve in the interim balance sheet.

Reserves for the Corporation's direct insurance and inward reinsurance are not offset with reserve for outward reinsurance. Such reserves should be presented under separate items in the interim balance sheet. Accordingly, unearned premium reserve and claim reserve for direct insurance and inward reinsurance and catastrophe reserve are recognized as payables while unearned premium reserve for outward reinsurance and claim reserve for outward reinsurance are recognized as reinsurance assets.

Insurance deposits

The Corporation is obliged to pay a deposit equal to 2% of the legal capital, the deposit shall receive interest in accordance with the agreement reached with the bank into which it is paid and the Corporation may withdraw the whole amount of their deposit upon termination of its operation. The

Corporation may only use its insurance deposit to meet undertakings to purchasers of insurance when its solvency is inadequate and upon written approval of the Ministry of Finance.

Enterprise funds

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

Revenue recognition

Direct insurance premium

Direct insurance premium is recognized under Circular 50. In particular, direct insurance premiums are recognized when the following conditions are met:

- (1) The contract has been signed between the insurer and the insured;
- (2) The insured has paid insurance fee or has agreed with the insurer on the payment of the premium (including the extension period) which is no more than 30 days from the effective date of the insurance policy (applicable to the first installment of insurance premium or one-time payment policy). The first installment of insurance premium (for periodical premium payment) or insurance premium for the one-time premium payment should be accounted for at the beginning of the insurance policy.

Inward reinsurance

a) Treaty inward 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 interim separate financial statements, revenue and expenses related to treaty reinsurance transactions whose the periodical reconciliation has not been received from the cedants will be estimated based on the statistical and estimated figures of the cedants.

b) Facultative inward reinsurance

Inward reinsurance premium 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.

Outward reinsurance

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.

Claim receipts from ceded policies are recognized when there is substantial evidence on reinsurers' obligations.

Commission income from outward reinsurance is recognized when outward reinsurance premium is recognized.

Other revenues

Other revenues of the Corporation such as revenue from other services relating to insurance activities, revenue from selling investment properties, leasing houses, interest on bank deposits, securities, bonds and loans are recognized when incurred.

The allocation principles for assets, resources, revenue, general expenses related to Shareholders' fund and Policyholders' fund approved by the Ministry of Finance in Official Letter No. 7034/BTC-QLBH dated 14 June 2018 were applied to allocating revenue from investment activities using technical reserves to insurance operation. During the period, gain from investing activities from the use of technical reserves for insurance operations amounted to VND 71.36 billion (for 6-month period ended 30 June 2020: VND 67.62 billion).

Expenditure recognition

Claim settlement expenses

Claim expense is recognized when the claim procedures are completed and approved by authorized persons. Any claim that has not been approved is considered as outstanding claim and included in claim reserve.

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

Claim receipts from ceded policies are recognized when incurred corresponding to the claim settlement expenses recorded in the period and the ceded ratios.

Commission expenses

Commission expenses are recognized corresponding to the percentage of direct premium in the interim income statement in the period. Commission of each type of products are calculated by respective percentage in accordance with Circular 50 guiding the implementation of Decision No. 73/2016/ND-CP dated 01 July 2016 of the Government regarding Insurance Business Law.

At the period end, the Corporation should determine unearned commission expenses for direct insurance and inward reinsurance which have not been recognized as expenses for the period corresponding to unearned direct premium and inward reinsurance premium so as to allocate such commission expenses to the subsequent accounting periods in accordance with the above-mentioned method.

Other expenses

Other expenses are recognized when incurred.

Interest income

Interest income is recorded in the accrued basis and actual interest rate in the period.

Dividends and shared profits

Dividends and shared profits are recorded where the Corporation has the right to receive dividends or shared profits. Dividends by shares are recorded by increasing number of shares, not increasing the value of the received shares.

Expenditure on investing activities

Expenditure on investing activities includes directly incurred expenses relating to investment activities and allocated expenses from general expenses.

Direct expenses include: salary of staffs in investment department, investment portfolio management expenses, provision for devaluation of investments, securities trading losses, securities transaction costs, expenses related to real estate activities.

General expenses for investing activities allocated to insurance operations based on the proportion of revenue from investments of each investment source in the total revenue in the period. This allocation principal was approved by the Ministry of Finance in Official Letter No. 7034/BTC-QLBH dated 14 June 2018. During the period, general expenses have been allocated from investing activities with the amount of VND 9.4 billion (for 6-month period ended 30 June 2020: VND 7.4 billion).

Borrowing costs

Borrowing costs are recognised in the interim income statement in the period when incurred in accordance with Vietnamese Accounting Standard No. 16 "Borrowing costs".

Taxation

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

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

Deferred tax is recognized on significant differences between carrying amounts of assets and liabilities in the interim separate financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using balance sheet liability method. Deferred tax liabilities are generally recognized for all temporary differences and deferred tax assets are

recognized to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilized.

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

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

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

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

4. CASH AND CASH EQUIVALENTS

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Cash on hand	6,477,893,099	6,066,355,564
Bank demand deposits	177,394,293,563	273,702,868,891
Cash in transit	227,000,000	17,291,154,000
Cash equivalents (i)	1,000,000,000	-
	<u>185,099,186,662</u>	<u>297,060,378,455</u>

(i) Represent deposits at bank with term of 3 months.

5. FINANCIAL INVESTMENTS

	Closing balance		Opening balance	
	Cost VND	Provision VND	Cost VND	Provision VND
a) Trading securities	50,000,000,000	-	5,773,214,858	-
- Total trading securities	50,000,000,000	-	5,773,214,858	-
+ Aviation Logistics Joint Stock Company (ALS)	50,000,000,000	-	-	-
+ Khang Dien House Trading and Investment Joint Stock Company (KDH)	-	-	4,507,664,968	-
+ Kien Giang Construction and Investment Consultancy Joint Stock Company (CKG)	-	-	1,265,549,890	-
b) Held-to-maturity investments	4,519,493,751,554	(7,344,000,000)	4,021,164,669,747	(7,344,000,000)
b1) Short-term	3,931,493,751,554	-	3,058,164,669,747	-
- Short-term deposits (i)	3,831,493,751,554	-	2,958,164,669,747	-
- Bonds (ii)	100,000,000,000	-	100,000,000,000	-
b2) Long-term	588,000,000,000	(7,344,000,000)	963,000,000,000	(7,344,000,000)
- Long-term deposits (iii)	380,000,000,000	-	755,000,000,000	-
- Bonds (iv)	200,000,000,000	-	200,000,000,000	-
- Investment in Real Estate Project through Post Real Estate Joint Stock Company	8,000,000,000	(7,344,000,000)	8,000,000,000	(7,344,000,000)
c) Equity investments in other entities	152,774,300,000	(28,077,852,828)	152,774,300,000	(28,980,786,394)
- Investment in subsidiary	88,200,000,000	(17,968,097,143)	88,200,000,000	(18,871,030,709)
+ Post Real Estate Joint Stock Company	88,200,000,000	(17,968,097,143)	88,200,000,000	(18,871,030,709)
- Investments in associates	34,444,900,000	(4,110,351,940)	34,444,900,000	(4,110,351,940)
+ Lanexang Assurance Public Company	20,152,200,000	(4,110,351,940)	20,152,200,000	(4,110,351,940)
+ Kasati Joint Stock Company	14,292,700,000	-	14,292,700,000	-
- Investments in other entities	30,129,400,000	(5,999,403,745)	30,129,400,000	(5,999,403,745)
+ UTXI Aquatic Products Processing Corporation	15,000,000,000	(5,999,403,745)	15,000,000,000	(5,999,403,745)
+ Post and Telecommunications Tourism Joint Stock Company	2,940,000,000	-	2,940,000,000	-
+ Global Data Service Joint Stock Company	5,699,400,000	-	5,699,400,000	-
+ Huawei Vietnam Joint Stock Company	5,800,000,000	-	5,800,000,000	-
+ Phuong Nam Real Estate Investment Joint Stock Company	65,000,000	-	65,000,000	-
+ Communication Technology Development Investment Joint Stock Company	625,000,000	-	625,000,000	-

The Corporation has not evaluated the fair value of financial investments as at the balance sheet date given that there is no specific guidance on determining the fair value of financial investments.

- (i) Represent deposits at domestic banks with original term of more than 3 months and remaining term of 12 months or less from the balance sheet date.
- (ii) Represent investments in corporate bonds of Industrial Investment and Development Corporation with value of VND 100,000,000,000, which has a term of 02 years from 25 June 2020, interest rate of 10.9% pa.
- (iii) Represent deposits at domestic banks with the remaining term of more than 12 months from the balance sheet date.
- (iv) Represent investments in bonds with the remaining terms more than 12 months from the end of the period. Details are as follows:
 - 1,000,000 bonds of Thanh Thanh Cong Investment Joint Stock Company with the value of VND 100,000,000,000 which has a term of 02 years from 18 June 2021, interest rate of 10.5% pa.
 - 10,000 bonds of Lien Viet Post Joint Stock Commercial Bank with the value of VND 100,000,000,000 which has a term of 07 years from 24 November 2020 with the commitment to buying back shares at the end date of the 2-year period from the issue date.

6. RECEIVABLES OF INSURANCE CONTRACTS

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Receivables regarding direct insurance premium	348,626,789,427	369,497,986,705
<i>Including:</i>		
- Receivable from policy holders	237,055,232,649	239,927,431,271
- Receivable from insurance agencies, brokers	92,335,410,443	103,404,789,420
- Receivable from co-insurers	19,231,507,899	26,006,036,861
- Other receivables from insurance business	4,638,436	159,729,153
Receivables regarding inward reinsurance premium	43,291,243,283	47,250,885,352
Receivables regarding outward reinsurance premium	116,047,171,633	123,616,884,568
	<u>507,965,204,343</u>	<u>540,365,756,625</u>

7. ADVANCES TO SUPPLIERS

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Advances for claim regarding direct insurance	125,777,115,275	107,207,718,750
Other advances regarding direct insurance	1,103,942,031	836,751,977
Other advances to suppliers	13,447,562,947	179,208,254,292
	<u>140,328,620,253</u>	<u>287,252,725,019</u>

8. OTHER RECEIVABLES

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Interest, dividend receivables from financial activities	186,235,674,422	210,203,745,458
Compensation receivable (i)	5,614,181,754	5,614,181,754
Commision advances for agencies	18,000,000,000	22,312,932,836
Other receivables	43,327,635,779	31,871,173,507
Advances for business activities	52,207,420,521	13,601,079,747
Short-term deposits and mortgages	7,467,493,423	6,541,684,562
	<u>312,852,405,899</u>	<u>290,144,797,864</u>

- (i) Represent receivables for the compensation that has been paid to Khai Thanh Manufacturing and Trading Limited Company according to the court's decision. Provision for this receivable has been fully made.

9. PROVISIONS FOR SHORT-TERM DOUBTFUL DEBTS

	Closing balance			Opening balance		
	Cost	Recoverable amount	Provisions	Cost	Recoverable amount	Provisions
	VND	VND	VND	VND	VND	VND
- The total value of the receivables, loans overdue or not overdue but unlikely to be recovered:	295,800,781,538	207,499,006,975	88,301,774,563	298,672,980,160	216,899,265,322	81,773,714,838
+ Receivables regarding direct insurance	237,055,232,649	203,036,342,743	34,018,889,906	239,927,431,271	209,461,491,602	30,465,939,669
+ Receivables regarding reinsurance	2,706,938,219	-	2,706,938,219	2,706,938,219	-	2,706,938,219
+ Receivables regarding investment activities	32,465,894,661	4,462,664,232	28,003,230,429	32,465,894,661	7,437,773,720	25,028,120,941
+ Other receivables	23,572,716,009	-	23,572,716,009	23,572,716,009	-	23,572,716,009

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

10. PREPAID EXPENSES

	Closing balance	Opening balance
	VND	VND
a) Short-term		
- Unallocated commission expenses	383,361,500,409	404,700,563,407
- Unallocated operating expenses (i)	179,492,892,125	184,363,217,865
- Other short-term prepaid expenses	742,392,918	46,000,000
	563,596,785,452	589,109,781,272
b) Long-term		
- Cost of tools and supplies	3,215,528,408	4,302,645,026
- Office rental	7,192,758,449	4,856,862,306
- Expenses on agent development	357,434,964	294,392,219
- Other long-term prepaid expenses	25,335,935,216	29,696,771,115
	36,101,657,037	39,150,670,666

- (i) Represent unallocated operating expenses relating to Credit risk insurance in the period. These expenses are recorded and allocated in line with the unearned premium reserves method of this insurance.

11. INCREASES, DECREASES IN TANGIBLE FIXED ASSETS

	Buildings and structures	Machinery, equipment	Motor vehicles	Office equipment	Total
	VND	VND	VND	VND	VND
COST					
Opening balance	21,995,579,410	237,270,000	117,689,929,857	40,690,122,411	180,612,901,678
New purchases	-	-	10,581,333,183	5,950,364,546	16,531,697,729
Disposals	-	-	(500,999,000)	(41,880,000)	(542,879,000)
Closing balance	21,995,579,410	237,270,000	127,770,264,040	46,598,606,957	196,601,720,407
ACCUMULATED DEPRECIATION					
Opening balance	4,022,286,099	156,655,876	67,624,491,266	27,966,111,005	99,769,544,246
Charge for the period	346,159,303	34,075,639	4,668,794,558	2,760,737,853	7,809,767,353
Disposals	-	-	(500,999,000)	(41,880,000)	(542,879,000)
Closing balance	4,368,445,402	190,731,515	71,792,286,824	30,684,968,858	107,036,432,599
NET BOOK VALUE					
Opening balance	17,973,293,311	46,538,485	50,065,438,591	12,724,011,406	80,843,357,432
Closing balance	17,627,134,008	80,614,124	55,977,977,216	15,913,638,099	89,565,287,808

The cost of the Corporation's tangible fixed assets includes VND 50,774,049,393 of tangible fixed assets which have been fully depreciated but are still in use as at 30 June 2021 (as at 31 December 2020: VND 43,429,559,131).

12. INCREASES, DECREASES IN INTANGIBLE ASSETS

	Land use rights	Computer software	Total
	VND	VND	VND
COST			
Opening balance	11,477,276,800	15,864,785,686	27,342,062,486
New purchases	7,703,941,818	4,101,950,000	11,805,891,818
Closing balance	19,181,218,618	19,966,735,686	39,147,954,304
ACCUMULATED AMORTISATION			
Opening balance	-	12,545,962,230	12,545,962,230
Charge for the period	-	1,093,579,850	1,093,579,850
Closing balance	-	13,639,542,080	13,639,542,080
NET BOOK VALUE			
Opening balance	11,477,276,800	3,318,823,456	14,796,100,256
Closing balance	19,181,218,618	6,327,193,606	25,508,412,224

The cost of the Corporation's intangible assets includes VND 11,161,285,686 of intangible assets which have been fully amortised but are still in use as at 30 June 2021 (as at 31 December 2020: VND 10,903,485,686).

13. INCREASE, DECREASE IN INVESTMENT PROPERTIES

	Land use rights and buildings, structures VND
COST	
Opening balance	121,103,326,188
Additions	218,040,372,852
Disposal	(12,033,446,546)
Closing balance	327,110,252,494
ACCUMULATED AMORTISATION	
Opening balance	14,172,405,088
Charge for the period	3,636,683,077
Disposals	(495,580,347)
Closing balance	17,313,507,818
NET BOOK VALUE	
Opening balance	106,930,921,100
Closing balance	309,796,744,676

According to VAS No. 05 - Investment Properties, fair value of investment property as at 30 June 2021 is required to be disclosed. However, the Corporation could not determine the fair value as at 30 June 2021; therefore, no information about the fair value is disclosed in the notes to the interim separate financial statements. In order to determine the fair value, the Corporation would require an independent consultancy company to perform the valuation. At present, the Corporation has not found a suitable consultancy company yet.

14. SHORT-TERM LOANS AND LIABILITIES

	Opening balance		In the period		Closing balance	
	Amount	VND Amount able to be paid off	Increases	VND Decreases	Amount	VND Amount able to be paid off
Woori Bank Vietnam - Hoan Kiem Branch (i)	-	-	55,000,000,000	-	55,000,000,000	55,000,000,000
Shinhan Bank - Singapore Branch (ii)	-	-	207,304,000,000	-	207,304,000,000	207,304,000,000
	-	-	262,304,000,000	-	262,304,000,000	262,304,000,000

(i) Represent the loans from Woori Bank Vietnam – Hoan Kiem Branch under the credit line contract No. VN120002335-009 dated 18 May 2021 with credit limit of VND 100,000,000,000 to supplement working capital. This loan is secured by the deposit balance at Woori Bank Vietnam. The credit term for each credit is determined according to each debt acceptance agreement. The interest rate is equal to the 3-month deposit interest rate at state-owned banks plus 0.49%/year and is adjusted every 3 months.

(ii) Represent the loan from Shinhan Bank - Singapore Branch under loan contract dated 15 December 2020 to supplement working capital with credit limit of USD 9,800,000, and interest rate of 3-month LIBOR rate in USD plus 1.1%/year. This loan is guaranteed by L/C issued by Shinhan Bank – Pham Hung branch. The credit term is stated on each debt acknowledgement, the term of loan is until 08 December 2021.

15. TRADE ACCOUNTS PAYABLE

	Closing balance	Opening balance
	VND	VND
Payables regarding direct insurance	208,705,365,108	165,745,617,292
Payables regarding reinsurance	331,556,814,303	261,239,702,159
Payables to co-insurers	6,471,470,640	14,254,003,451
Payables to other suppliers	17,441,471,122	30,022,095,739
	564,175,121,173	471,261,418,641

16. TAXES AND AMOUNTS RECEIVABLE FROM/PAYABLE TO THE STATE BUDGET

	Opening balance		Payable during the period	Paid during the period/ Net off	Closing balance	
	Receivables	Payables			Receivables	Payables
	VND	VND	VND	VND	VND	VND
Value added taxes on goods and services sold domestically	2,746,480	28,493,639,383	226,618,330,688	232,414,305,836	801,988	22,695,719,743
Corporate income tax	-	20,515,572,973	23,329,169,226	26,663,966,201	-	17,180,775,998
Personal income tax	564,620,872	11,060,885,933	36,642,804,833	42,553,867,298	1,661,545,594	6,246,748,190
Other taxes and charges payable	11,803,303	237,595,086	2,990,621,267	3,005,760,302	17,803,303	228,456,051
	579,170,655	60,307,693,375	289,580,926,014	304,637,899,637	1,680,150,885	46,351,699,982

17. SHORT-TERM UNEARNED REVENUE

	Closing balance	Opening balance
	VND	VND
Unearned revenue from direct insurance	80,712,915,333	167,736,095,858
Unearned revenue from investment property	9,401,535,629	181,629,000
	90,114,450,962	167,917,724,858

18. OTHER CURRENT PAYABLES

	<u>Current period</u>	<u>Prior year</u>
	VND	VND
a) Unearned commission income		
- Opening balance	353,365,193,200	293,161,262,536
- Unearned commission income incurred in the period	251,520,665,611	289,600,845,252
- Commission income allocated in the period	(285,629,413,671)	(247,582,720,016)
- Closing balance	<u>319,256,445,140</u>	<u>335,179,387,772</u>
	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
b) Other payables		
Social, health and unemployment insurances	695,437,365	395,317,365
Trade Union fees	6,643,942,604	5,462,920,349
Short-term deposits received	7,904,000	20,735,736
Payable dividends and profits	90,463,485,472	10,309,046,235
Withheld foreign corporate tax	40,155,344	2,725,779,722
Insurance fund contribution payables	22,870,337,913	18,269,196,554
Unreconciled insurance premium receipts	26,094,021,657	26,297,991,663
Other payables	37,459,979,829	41,220,250,411*
	<u>184,275,264,184</u>	<u>104,701,238,035</u>

POST AND TELECOMMUNICATION JOINT STOCK INSURANCE CORPORATION
NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B09a-DNPNT

19. UNDERWRITING RESERVES

Claim reserve and unearned premium reserve:

Unit: VND

Claim reserve and unearned premium reserve	Closing balance		Opening balance	
	Direct insurance and inward reinsurance reserve	Outward reinsurance reserve	Net reserve	Outward reinsurance reserve
1. Unearned premium reserve	3,453,175,485,574	1,037,912,080,727	2,415,263,404,847	894,555,566,300
2. Claim reserve	1,160,835,967,114	522,919,108,496	637,916,858,618	521,255,463,634
Including:				
- Reserve for claims not yet settled	1,019,691,187,544	485,626,362,333	534,064,825,211	483,962,717,471
- Reserve for loss incurred but not reported (IBNR)	141,144,779,570	37,292,746,163	103,852,033,407	37,292,746,163
Total	4,614,011,452,688	1,560,831,189,223	3,053,180,263,465	1,415,811,029,934
				2,913,679,916,731

In detail:

1. Unearned premium reserve	Current period		Prior period	
	Direct insurance and inward reinsurance reserve	Outward reinsurance reserve	Net unearned premium reserve	Outward reinsurance reserve
Opening balance	3,126,304,107,134	894,555,566,300	2,231,748,540,834	1,373,748,583,697
Provided for in the period	326,871,378,440	143,356,514,427	183,514,864,013	(91,578,001,259)
Closing balance	3,453,175,485,574	1,037,912,080,727	2,415,263,404,847	1,282,170,582,438
				1,981,866,798,838

POST AND TELECOMMUNICATION JOINT STOCK INSURANCE CORPORATION
NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (Continued)

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2. Claim reserve	Current period			Prior period		
	Direct insurance and inward reinsurance reserve	Outward reinsurance reserve	Net claim reserve	Direct insurance and inward reinsurance reserve	Outward reinsurance reserve	Net claim reserve
Opening balance	1,203,186,839,531	521,255,463,634	681,931,375,897	1,161,842,936,713	609,646,277,303	552,196,659,410
(Reversed)/ provided for in the period	(42,350,872,417)	1,663,644,862	(44,014,517,279)	(166,157,933,201)	(140,804,672,116)	(25,353,261,085)
Closing balance	1,160,835,967,114	522,919,108,496	637,916,858,618	995,685,003,512	468,841,605,187	526,843,398,325

Catastrophe reserve:

	Current period	Prior period
	VND	VND
Opening balance	42,506,326,441	103,775,184,431
Provided for in the period	22,317,769,935	20,971,536,376
Closing balance	64,824,096,376	124,746,720,807

POST AND TELECOMMUNICATION JOINT STOCK INSURANCE CORPORATION
NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B09a-DNPNT

20. OWNERS' EQUITY

	Owners' contributed capital	Share premium	Investment and development fund	Compulsory reserve fund	Retained earnings	Total
	VND	VND	VND	VND	VND	VND
Prior year's opening balance	803,957,090,000	827,943,052,804	22,414,190,857	55,402,458,511	139,147,293,963	1,848,864,086,135
Profit for the year	-	-	-	-	250,191,581,566	250,191,581,566
Appropriation to other owners' funds	-	-	1,103,538,992	12,509,579,078	(13,613,118,070)	-
Appropriation of customer bonus fund	-	-	-	-	(1,103,538,992)	(1,103,538,992)
Compensation and bonuses payment to Board of Directors and Supervisory Board	-	-	-	-	(1,103,538,992)	(1,103,538,992)
Executive officers' bonus fund	-	-	-	-	(2,207,077,983)	(2,207,077,983)
Dividend declared	-	-	-	-	(80,395,709,000)	(80,395,709,000)
Current period's opening balance	803,957,090,000	827,943,052,804	23,517,729,849	67,912,037,589	290,915,892,492	2,014,245,802,734
Profit for the period	-	-	-	-	93,610,356,757	93,610,356,757
Appropriation to other owners' funds (i)	-	-	2,501,915,816	-	(2,501,915,816)	-
Appropriation of customer bonus fund (i)	-	-	-	-	(5,003,831,631)	(5,003,831,631)
Compensation and bonuses payment to Board of Directors and Supervisory Board(i)	-	-	-	-	(2,501,915,817)	(2,501,915,817)
Executive officers' bonus fund (i)	-	-	-	-	(5,003,831,631)	(5,003,831,631)
Dividend declared (i)	-	-	-	-	(80,395,709,000)	(80,395,709,000)
Current period's closing balance	803,957,090,000	827,943,052,804	26,019,645,665	67,912,037,589	289,119,045,354	2,014,950,871,412

(i) The Corporation have allocated funds and distributed dividends under Resolution of General shareholders' meetings No. 35/NQ-PTI-DHDCD dated 29 April 2021.

Shares

	<u>Closing balance</u>	<u>Opening balance</u>
a) Number of ordinary shares registered to be issued	80,400,000	80,400,000
b) Number of ordinary shares issued	80,395,709	80,395,709
c) Number of ordinary shares outstanding in circulation	80,395,709	80,395,709

Dividend

	<u>Current period</u>	<u>Prior period</u>
Unpaid dividends at the beginning of the period	10,309,046,235	9,657,149,161
Dividend declared in the period	80,395,709,000	80,395,709,000
Dividend paid in the period	(241,269,763)	(131,947,090)
Dividend unpaid at the end of the period	<u>90,463,485,472</u>	<u>89,920,911,071</u>

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21. INSURANCE PREMIUM

	Current period	Prior period
	VND	VND
Direct insurance premium	3,022,706,508,661	2,950,844,150,235
Motor vehicle insurance	1,325,170,807,897	1,335,005,425,727
Health and personal accident insurance	711,944,847,666	659,273,242,115
Property and business interruption insurance	332,653,285,562	207,949,876,550
Credit and financial risk insurance	323,341,498,798	379,765,740,887
Fire insurance	151,034,373,672	214,165,205,676
Cargo insurance	72,632,753,013	66,933,487,937
Hull and P&I insurance	66,714,100,879	46,483,877,601
General liability insurance	28,629,262,323	20,793,010,641
Aviation insurance	10,648,125,905	20,474,283,101
Agriculture insurance	(62,547,054)	-
Inward reinsurance premium	51,874,861,692	39,020,690,119
Property and business interruption insurance	45,056,191,241	23,680,348,445
Cargo insurance	2,785,603,600	2,842,598,999
Motor vehicle insurance	1,047,096,807	541,351,330
Hull and P&I insurance	1,013,765,795	1,865,927,371
Health and personal accident insurance	916,695,298	8,077,061,777
General liability insurance	573,398,486	204,054,267
Fire insurance	389,814,572	1,809,347,930
Agriculture insurance	92,295,893	-
(Increase) in unearned premium reserves for direct insurance and inward reinsurance	(326,871,378,440)	(103,776,404,277)
	2,747,709,991,913	2,886,088,436,077

22. OUTWARD REINSURANCE PREMIUM

	Current period	Prior period
	VND	VND
Total outward reinsurance premium	842,804,376,861	892,711,202,712
Health and personal accident insurance	308,379,139,351	375,361,645,368
Property and business interruption insurance	326,730,356,713	220,951,635,234
Fire insurance	69,608,340,588	141,300,932,410
Credit and financial risk insurance	78,424,728,685	111,823,822,261
Hull and P&I insurance	27,770,843,521	19,449,102,279
Cargo insurance	26,031,245,728	22,285,927,499
General liability insurance	5,859,722,275	2,201,640,023
Aviation insurance	-	(276,793,575)
Motor vehicle insurance	-	(386,708,787)
(Increase)/ decrease in unearned premium reserve for outward reinsurance	(143,356,514,427)	91,578,001,259
	699,447,862,434	984,289,203,971

23. TOTAL CLAIM SETTLEMENT EXPENSES

	Current period	Prior period
	VND	VND
Total claim settlement expenses	1,138,014,870,322	993,856,155,163
Motor vehicle insurance	605,263,800,288	546,461,376,735
Health and personal accident insurance	406,263,141,105	279,237,702,981
Property and business interruption insurance	55,027,057,228	67,314,827,126
Cargo insurance	30,190,235,563	19,640,261,006
Hull and P&I insurance	21,950,951,155	67,242,164,640
Fire insurance	15,183,897,076	10,192,783,675
General liability insurance	3,085,673,135	3,767,039,000
Aviation insurance	1,050,114,772	-
Deductions from claim settlement expenses	(5,150,774,250)	(11,858,836,329)
Claims receipts from ceded policies	(244,752,075,910)	(258,163,106,366)
(Decrease) in claim reserves for direct insurance and inward reinsurance	(42,350,872,417)	(166,157,933,201)
(Increase)/ Decrease in claim reserve for outward reinsurance	(1,663,644,862)	140,804,672,116
	844,097,502,883	698,480,951,383

24. OTHER EXPENSES FOR INSURANCE ACTIVITIES

	Current period	Prior period
	VND	VND
Direct expenses of insurance development department	569,351,146,121	471,898,912,071
Commission expense	336,818,724,091	334,017,870,003
Agents management expense	295,923,038,729	368,917,752,918
Advertising and marketing expense	32,665,175,707	31,420,596,156
Expense for risk limitation	6,228,858,023	6,252,123,601
Contributions to insurance funds	9,512,275,332	8,006,096,381
Other expenses	14,042,836,055	14,325,253,158
	<u>1,264,542,054,058</u>	<u>1,234,838,604,288</u>

25. REVENUE FROM INVESTMENT PROPERTIES TRADING

	Current period	Prior period
	VND	VND
Revenues from selling investment property	12,033,446,546	-
Revenues from leasing investment properties	11,974,847,111	3,484,544,009
	<u>24,008,293,657</u>	<u>3,484,544,009</u>

26. COST OF INVESTMENT PROPERTIES TRADING

	Current period	Prior period
	VND	VND
Cost of sold investment property	11,537,866,199	-
Cost of investment properties for lease	4,381,807,147	2,068,859,742
	<u>15,919,673,346</u>	<u>2,068,859,742</u>

27. FINANCIAL INCOME

	Current period	Prior period
	VND	VND
Interest on term deposits	76,645,016,936	70,093,533,727
Interest on demand deposit	83,321,570	94,247,211
Gain on securities trading activities	26,654,807,110	9,010,524,830
Dividends and profits received	1,084,753,000	-
Realized foreign exchange gains	1,507,664,706	1,432,813,271
Gain on liquidation of subsidiaries	-	1,446,609,451
Other financial income	1,490,244	2,920,984,512
	<u>105,977,053,566</u>	<u>84,998,713,002</u>

28. FINANCIAL EXPENSES

	Current period	Prior period
	VND	VND
Interest expenses	2,454,249,054	1,276,108,614
Foreign exchange losses	2,081,229,858	1,951,070,066
Loss on securities trading	15,372,474,331	124,538,816,538
(Reversed) provision for impairment of short-term and long-term financial investments	(902,933,566)	(131,079,825,960)
Others	9,433,034,939	97,163,877
	<u>28,438,054,616</u>	<u>(3,216,666,865)</u>

29. GENERAL AND ADMINISTRATION EXPENSES

	Current period	Prior period
	VND	VND
Labour cost	117,396,264,579	118,967,531,308
Raw materials and consumables	10,425,376,844	11,763,727,626
Office equipment expense	5,665,027,946	6,304,351,453
Depreciation and amortisation	8,307,481,198	8,016,775,175
Taxes, fees and charges	11,477,137,963	11,155,624,318
Provisions expenses	6,528,059,725	989,208,974
Out-sourced services	51,856,144,476	48,592,236,905
Other expenses	66,370,855,214	68,373,015,485
	278,026,347,945	274,162,471,244

30. OPERATION COST BY NATURE

	Current period	Prior period
	VND	VND
Cost of insurance business activities	2,130,957,326,876	1,954,291,092,047
Labour cost	117,396,264,579	118,967,531,308
Office expenses	16,090,404,790	18,068,079,079
Depreciation and amortisation	12,540,030,280	9,845,015,417
Taxes, fees and charges	11,477,137,963	11,155,624,318
Provision expenses	6,528,059,725	989,208,974
Out-sourced services	51,856,144,476	48,592,236,905
Other expenses	78,057,979,478	68,613,634,985
	2,424,903,348,167	2,230,522,423,033

31. CORPORATE INCOME TAX

	Current period	Prior period
	VND	VND
Profit before tax	116,939,525,983	141,638,923,339
Adjustments for taxable profit		
Less: Non-taxable profit	1,084,753,000	-
- Dividends, profits received	1,084,753,000	-
Add: Non - deductible expenses	791,073,146	372,935,603
- Depreciation charge of car that has historical cost more than VND 1.6 billion	488,456,616	-
- Other non-deductible expenses	302,616,530	372,935,603
Taxable profit	116,645,846,129	142,011,858,942
Normal tax rate	20%	20%
Total current corporate income tax expense	23,329,169,226	28,402,371,788

Corporate income tax for the 6-month period ended 30 June 2021 is provisional figure. The Corporation will determine the final amount of corporate income tax when preparing separate financial statements for the year ended 31 December 2021.

32. LIQUIDATION MARGIN

	Closing balance	Opening balance
I. Difference between total assets and liabilities payable	2,014,950,871,412	2,014,245,802,734
1. Total corporate assets	8,382,841,175,877	7,760,098,529,552
2. Liabilities payable	6,367,890,304,465	5,745,852,726,818
II. Asset liquidity	434,840,604,872	390,139,349,135
1. <i>Illiquidity of fully illiquid assets:</i>	110,257,449,371	73,423,808,044
1.1 Capital contribution to establish other insurance companies from the owner's equity of insurance company	16,041,848,060	20,152,200,000
1.2 Debts that unable to be recovered in accordance with the law after deducting corresponding provisions for bad debts	4,462,664,232	-
1.3 Prepaid expenses, loans without guarantee, advances, office equipment and stationery, inter-company receivables	89,051,470,476	52,797,750,413
1.4 Receivable on over-2-year overdue insurance premium and reinsurance premium less relevant provision for bad debts as regulated	701,466,603	473,857,631
2. <i>Illiquidity of partly illiquid assets:</i>	324,583,155,501	316,715,541,091
2.1 Investment assets:	84,734,929,012	48,374,135,647
a) <i>Secured bonds: excluding 1% of accounting value;</i>	2,000,000,000	-
b) <i>Unsecured bonds: excluding 3% of accounting value;</i>	3,000,000,000	9,000,000,000
c) <i>Listed shares: excluding 15% of accounting value;</i>	-	865,982,229
d) <i>Unlisted shares: excluding 20% of accounting value;</i>	14,825,999,251	4,825,999,251
e) <i>Direct investments in property used by the company excluding 8% of accounting value;</i>	1,534,497,489	918,182,144
f) <i>Direct investments in property for lease, secured trading loans: excluding 15% of accounting value;</i>	46,469,511,701	16,039,638,165
g) <i>Contribution capital to other entities except for insurance companies: excluding 20% of accounting value.</i>	16,904,920,571	16,724,333,858
2.2 Accounts receivable	1,416,226,670	662,762,401
a) <i>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%;</i>	951,257,806	235,656,290
b) <i>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%;</i>	464,968,864	427,106,112
2.3 Tangible fixed assets, intangible fixed assets which are computer software and inventories: excluding 25% of accounting value;	24,795,159,705	21,546,920,652
2.4 Other assets: excluding 15% of accounting value.	213,636,840,114	246,131,722,391
III. Solvency margin (I-II)	1,580,110,266,540	1,624,106,453,599
IV. Minimum solvency margin [Maximum value of (a) and (b)]	1,134,220,447,792	1,100,564,608,829
(a) 25% of total retained premium	1,134,220,447,792	1,100,564,608,829
(b) 12.5% of total direct premium and inward reinsurance premium	766,283,778,965	755,694,212,715
V. Comparison between Solvency margin and Minimum solvency margin (III and IV)		
Difference in absolute amount	445,889,818,748	523,541,844,770
Difference in percentage	139%	148%

33. FINANCIAL INSTRUMENTS

Capital risk management

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

The capital structure of the Corporation consists of net debt (comprising borrowings offset by cash and cash equivalents) and owners' equity (comprising contributed capital and reserves).

Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in Note 3.

Categories of financial instruments

	Closing balance		Opening balance	
	Book value	Fair value	Book value	Fair value
	VND	VND	VND	VND
Financial assets				
Cash and cash equivalents	185,099,186,662	185,099,186,662	297,060,378,455	297,060,378,455
Trade and other receivables	689,827,832,212	689,827,832,212	744,427,488,805	744,427,488,805
Short-term investments	3,981,493,751,554	3,981,493,751,554	3,063,937,884,605	3,063,937,884,605
Long-term investments	604,785,996,255	604,785,996,255	979,785,996,255	979,785,996,255
Total	5,461,206,766,683	5,461,206,766,683	5,085,211,748,120	5,085,211,748,120
Financial liabilities				
Loans	262,304,000,000	262,304,000,000	-	-
Trade and other payables	741,111,005,388	741,111,005,388	575,962,656,676	575,962,656,676
Other financial liabilities	3,465,130,104	3,465,130,104	15,061,655,241	15,061,655,241
Total	1,006,880,135,492	1,006,880,135,492	591,024,311,917	591,024,311,917

The fair value of financial assets and financial liabilities is stated at the value of convertible financial instruments in a current transaction between the parties, except where required to sell or liquidate. The Corporation uses the following methods and assumptions to estimate the fair value:

- The fair value of short-term items including cash, cash equivalents, trade receivables, other receivables, trade payables, accrued expenses, and other short-term amounts is equivalent to the book value of these items due to their short or undetermined terms.
- For financial assets and financial liabilities with insufficient information in the market to have the fair value determined at the reporting date, the book value of these items is shown instead of the fair value.

Financial risk management objectives

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

Financial risks include market risk (including foreign currency risk, interest rate risk and price risk), credit risk, liquidity risk and insurance risk.

Market risk

The Corporation's activities primarily expose it to the financial risks of changes in foreign currency exchange rates, interest rates and prices. The Corporation does not hedge these risk exposures due to the lack of active market for the trading activities of these financial instruments.

Foreign currency risk management

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

Interest rate risk

The Corporation has significant interest rate risks arising from interest bearing loans which are arranged. The risk is managed by the Corporation by maintaining an appropriate level of borrowings and analysing market competition to enjoy favourable interest rates from appropriate lenders.

Share price risk management

Shares held by the Corporation are affected by market risks arising from the uncertainty about future prices of such shares. The Corporation manages this risk exposure by setting up investment limits and diversifying the investment portfolio.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Corporation. The Corporation has a credit policy in place and the exposure to credit risk is monitored on an on-going basis. Credit risk was evaluated prudently by the Board of Management as presented in Note 5 and Note 9.

Liquidity risk management

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

The following table details the Corporation's remaining contractual maturity for its non-derivative financial assets and financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial assets and undiscounted cash flow of financial liabilities based on the earliest date on which the Corporation can be required to pay. The inclusion of information on non-derivative financial assets is necessary in order to understand the Corporation's liquidity risk management as the liquidity is managed on a net asset and liability basis.

	Less than 1 year	More than 1 year	Total
	VND	VND	VND
Closing balance			
Cash and cash equivalents	185,099,186,662	-	185,099,186,662
Trade and other receivables	680,308,415,158	9,519,417,054	689,827,832,212
Short-term investments	3,981,493,751,554	-	3,981,493,751,554
Long-term investments	-	604,785,996,255	604,785,996,255
Total	4,846,901,353,374	614,305,413,309	5,461,206,766,683
Borrowings	262,304,000,000	-	262,304,000,000
Trade and other payables	741,111,005,388	-	741,111,005,388
Other financial liabilities	1,013,712,761	2,451,417,343	3,465,130,104
Total	1,004,428,718,149	2,451,417,343	1,006,880,135,492
Net liquidity gap	3,842,472,635,225	611,853,995,966	4,454,326,631,191
	Less than 1 year	More than 1 year	Total
	VND	VND	VND
Opening balance			
Cash and cash equivalents	297,060,378,455	-	297,060,378,455
Trade and other receivables	735,135,759,904	9,291,728,901	744,427,488,805
Short-term investments	3,063,937,884,605	-	3,063,937,884,605
Long-term investments	-	979,785,996,255	979,785,996,255
Total	4,096,134,022,964	989,077,725,156	5,085,211,748,120
Trade and other payables	575,962,656,676	-	575,962,656,676
Other financial liabilities	12,583,962,830	2,477,692,411	15,061,655,241
Total	588,546,619,506	2,477,692,411	591,024,311,917
Net liquidity gap	3,507,587,403,458	986,600,032,745	4,494,187,436,203

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

Insurance risk

A risk arising from any insurance contract is the possibility that the insured event occurs and of the uncertainty of the amount of the claims payments. As the nature of an insurance contract, this risk is random and therefore unpredictable.

To achieve the goal of managing insurance risk, the Corporation has established and applied a full range of risk assessment processes before accepting insurance, insurance risk transfer processes (reinsurance), damage assessment processes and claim settlement processes.

For premium operations, the Corporation has diversified the types of insurance services, insurance products as well as geographical areas to minimize concentrations of insurance risk. Besides, the Corporation has also applied different criteria in risk selection, implemented various measures in risk assessment to build an appropriate premium level. The Corporation does not accept insurance risks that highly likely occur or are subject to self-interested profit-maximizing behaviours.

For insurance risks accepted for the 6-month period ended 30 June 2021, the Corporation redefined the premium rates applicable to each risk group based on historical loss statistics and forecast of the trend of risks, inflation, level of industry competition and related regulations.

- With regard to the risk groups having increasing rates of losses and premiums, the Corporation will only accept insurance risk if the insured accepts to increase the premium correspondingly or limit the insurance coverage and increase deductibles;
- With regard to the risk groups having loss rate increasing but still at an acceptable level and ensuring insurance profit, the Corporation has adopted a policy on increasing the proportion of acceptable insurance risk to have its market share risen, and also takes advantage of cash inflows from insurance premiums for the purpose of investments.

The Corporation has also conducted thorough and strict measures to transfer insurance risks to other insurance companies in order to minimize the risks which may occur but still ensure the effectiveness of insurance businesses through building a reasonable level of retained premium for each type of insurance products, reinsurance arrangements and co-insurances.

The Corporation has been undertaking the policy on the acceleration of the damage assessment and settlement of compensation to minimize the risks which may arise during the compensation assessment process, such as exchange rate risk, inflation risk, increased loss risk, ethical risk, etc. The damage assessment and compensation settlement are conducted by the Corporation at two different levels depending on the complexity and nature of damage:

- For large and complicated cases, the damage assessment and compensation settlement will be conducted at the Corporation's office;
- For small cases where the Corporation's member companies have practical experience and sufficient resources to implement, the work will be handled by the Corporation's members.

34. RELATED PARTY TRANSACTIONS AND BALANCES

List of related parties with significant transactions and balances:

<u>Related parties</u>	<u>Relationship</u>
Vietnam Post Corporation	Major Shareholder
Dongbu Insurance Limited Company	Major Shareholder
VN Direct Securities Joint Stock Company	Major Shareholder
Post Real Estate Joint Stock Company	Subsidiary
Kasati Joint Stock Company	Associate
Lanexang Assurance Public Company	Associate
I.P.A. Securities Investment Fund Management Limited Company	Having the same key management

In the period, the Corporation entered into the significant transactions with its related parties as follows:

	<u>Current period</u>	<u>Prior period</u>
	<u>VND</u>	<u>VND</u>
Post Real Estate Joint Stock Company		
- Revenue from properties business co-operation	-	1,474,710,705
- Recovery of investment in business co-operation	-	8,660,000,000
- Received dividend of previous year	-	2,292,000,000
Lanexang Assurance Public Company		
Outward reinsurance		
- Outward reinsurance premium	18,482,380,093	152,291,073,909
- Commission income from outward reinsurance	17,736,949,934	62,501,019,409
- Commission income	5,778,085,157	37,934,739,566
- Claim receipt from ceded policies	98,459,931	57,943,386,510
Inward reinsurance		
- Inward reinsurance premium	9,520,318,567	3,750,521,223
- Commission expenses for inward reinsurance	1,834,550,047	907,364,000
- Claim settlements for inward reinsurance	99,457,940	87,852,687
Kasati Joint Stock Company		
- Dividend receivables	1,084,753,000	1,190,675,940
Dongbu Insurance Limited Company		
- Outward reinsurance premium	8,034,947,702	9,547,969,443
- Commission income from outward reinsurance	2,557,188,920	3,052,441,195
- Claim receipt from ceded policies	1,590,873,464	355,600,102
- Prior year's dividend received	30,000,000,000	30,000,000,000
Vietnam Post Corporation		
- Prior year's dividend received	18,225,648,000	18,225,648,000
VNDirect Securities Joint Stock Company		
- Prior year's dividend received	13,216,055,000	13,216,055,000
I.P.A. Securities Investment Fund Management Limited Company		
- Recovery from investment trust	-	12,913,442,872

Significant related parties' balances at the interim balance sheet date were as follows:

	Closing balance	Opening balance
	VND	VND
Long-term investment trust		
- Post Real Estate Joint Stock Company	8,000,000,000	8,000,000,000
Reinsurance receivables		
- Dongbu Insurance Limited Company	1,650,516,403	388,048,070
- Lanexang Assurance Public Company	17,782,227,902	1,668,956,514
	19,432,744,305	2,057,004,584
Other short-term receivables		
- Post Real Estate Joint Stock Company	17,590,347,222	17,590,347,222
Reinsurance payables		
- Dongbu Insurance Limited Company	8,895,846,791	3,754,128,675
- Lanexang Assurance Public Company	13,191,988,800	5,786,394,410
	22,087,835,591	9,540,523,085

Salary of the Board of Management and remuneration of the Board of Directors, Supervisory Board during the period is as follows:

	Current period	Prior period
	VND	VND
Board of Management's salary	7,454,748,867	4,904,018,306
Remuneration for Boards of Directors and Supervisory Board	444,000,000	408,000,000
	7,898,748,867	5,312,018,306

35. SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Supplemental non-cash disclosures

Cash outflows for acquisition and construction of fixed assets and other long-term assets during the period exclude an amount of VND 172,343,023,448 representing advances made to suppliers from the previous year to purchase investment properties in the period. Consequently, increase, decrease in account receivables have been adjusted by the same amounts.

The dividends and profits paid to owners in the period excludes dividend declared but not yet paid as at 30 June 2021 amounting to VND 90,463,485,472 (as at 31 December 2020: VND 10,309,046,235). Consequently, increase, decrease in accounts payable have been adjusted by the same amounts.



Le Trong Hiep
Preparer



Cao Thu Hien
Chief Accountant



Bùi Xuân Thu
Chief Executive Officer

Hanoi, 30 August 2021