

**Mirae Asset Prévoir Life Insurance
Company Limited**

Financial statements

For the year ended 31 December 2022



Mirae Asset Prévoir Life Insurance Company Limited

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Mirae Asset Prévoir Life Insurance Company Limited

GENERAL INFORMATION

THE COMPANY

Mirae Asset Prévoir Life Insurance Company Limited ("the Company") is a life insurance company wholly owned by foreign investors for a duration of 50 years in accordance with the Establishment and Operation License No. 31/GP/KDBH granted by the Ministry of Finance on 17 March 2005 and the latest Amended License No. 31/GPDC10/KDBH dated 8 May 2018.

The Company's principal activities are to provide life insurance products, reinsurance activities, investment activities and other business operations in line with prevailing laws and regulations.

The Company's head office is located at 6A and 8th Floor, Sai Gon Giai Phong Building, 436 - 438 Nguyen Thi Minh Khai Street, Ward 5, District 3, Ho Chi Minh City and it has one branch located at 9th Floor, Sun Red River Building, 23 Phan Chu Trinh, Hanoi.

BOARD OF DIRECTORS

Members of the Board of Directors during the year and at the date of this report are:

<u>Name</u>	<u>Position</u>	<u>Date of appointment/resignation</u>
Mr. Ko Young Wan	Chairman	Appointed on 6 February 2020
Ms. Patricia Lacoste	Member	Appointed on 11 May 2018
Mr. Khamsaya Soukhavong	Member	Appointed on 11 May 2018
Mr. Byun Jae Sang	Member	Appointed on 29 May 2019 Resigned on 15 February 2022
Mr. Seol Kyung Suk	Member	Appointed on 11 May 2018
Mr. Alferieff Ballhausen Miguel Angel	Member	Appointed on 20 November 2020
Mr. Kim Jae Sik	Member	Appointed on 15 February 2022

MANAGEMENT

The Company's management during the year and at the date of this report are:

<u>Name</u>	<u>Position</u>	<u>Date of appointment</u>
Mr. Ko Young Wan	Chief Executive Officer	Appointed on 14 May 2021
Ms. Truong Thi Dieu Thanh	Operation Director	Appointed on 1 June 2018
Mr. Bui Ngoc Long	Chief Distribution Officer	Appointed on 26 March 2018
Ms. Vo Pham Tu Cam	Human Resource Director	Appointed on 1 January 2019
Mr. Khamsaya Soukhavong	Chief Financial Officer	Appointed on 14 May 2021
Mr. Nguyen Quang Huy	Appointed Actuary	Appointed on 12 May 2022

LEGAL REPRESENTATIVE

The legal representative of the Company during the year and at the date of this report is Mr. Ko Young Wan, the Chief Executive Officer.

AUDITOR

The auditor of the Company is Ernst & Young Vietnam Limited.

Mirae Asset Prévoir Life Insurance Company Limited

REPORT OF MANAGEMENT

Management of Mirae Asset Prévoir Life Insurance Company Limited ("the Company") is pleased to present this report and the financial statements of the Company for the year ended 31 December 2022.

MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

Management is responsible for the financial statements of each financial year which give a true and fair view of the financial position of the Company and of the results of its operations and its cash flows for the year. In preparing those financial statements, management is required to:

- ▶ select suitable accounting policies and then apply them consistently;
- ▶ make judgements and estimates that are reasonable and prudent;
- ▶ state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ▶ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue its business.

Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Company and to ensure that the accounting records comply with the applied accounting system. It is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Management confirmed that it has complied with the above requirements in preparing the accompanying financial statements.

STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2022 and of the results of its operations and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System, the accounting guidance applicable to insurance companies and the statutory requirements relevant to the preparation and presentation of the financial statements.



Mr. Ko Young Wan
Chief Executive Officer

Ho Chi Minh City, Vietnam

17 March 2023

Reference: 60848286/22986993

INDEPENDENT AUDITORS' REPORT

To: The Board of Directors of Mirae Asset Prévoir Life Insurance Company Limited

We have audited the accompanying financial statements of Mirae Asset Prévoir Life Insurance Company Limited ("the Company") as prepared on 17 March 2023 and set out on pages 5 to 49, which comprise the balance sheet as at 31 December 2022, and the income statement and the cash flow statement for the year then ended and the notes thereto.

Management's responsibility

Management of the Company is responsible for the preparation and fair presentation of these financial statements in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System, the accounting guidance applicable to insurance companies and the statutory requirements relevant to preparation and presentation of financial statements, and for such internal control as management determines is necessary to enable the preparation and presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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

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

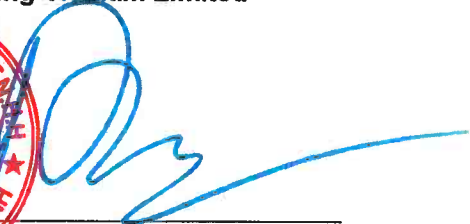
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view, in all material respects, of the financial position of the Company as at 31 December 2022 and of the results of its operations and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System, the accounting guidance applicable to insurance companies and the statutory requirements relevant to preparation and presentation of financial statements.

Ernst & Young Vietnam Limited




Dang Phuong Ha
Deputy General Director
Audit Practising Registration
Certificate No. 2400-2023-004-1



Huynh Nhat Hung
Auditor
Audit Practising Registration
Certificate No. 5040-2019-004-1

Ho Chi Minh City, Vietnam

17 March 2023

Mirae Asset Prévoir Life Insurance Company Limited

BALANCE SHEET
as at 31 December 2022

B01-DNNT

Code	ASSETS	Notes	Ending balance VND	Beginning balance VND
100	A. CURRENT ASSETS		2,005,169,336,488	1,815,496,902,691
110	I. Cash and cash equivalents	4	465,084,290,819	118,031,166,708
111	1. Cash		255,084,290,819	85,631,166,708
112	2. Cash equivalents		210,000,000,000	32,400,000,000
120	II. Short-term investments	5	1,217,456,638,069	1,395,859,784,185
121	1. Short-term investments		1,217,456,638,069	1,395,859,784,185
130	III. Current accounts receivable	6	180,495,431,501	168,542,073,732
131	1. Trade receivables		52,289,300,137	39,489,137,893
131.1	1.1 Insurance receivables		52,289,300,137	39,489,137,893
132	2. Advances to suppliers		4,455,115,370	5,787,150,498
135	3. Other short-term receivables		123,751,015,994	123,265,785,341
150	IV. Other short-term assets		142,132,976,099	133,063,878,066
151	1. Short-term prepaid expenses	7	142,132,976,099	133,063,878,066
200	B. NON-CURRENT ASSETS		1,658,863,360,151	1,720,631,682,562
210	I. Long-term receivables		17,175,250,097	15,301,290,918
218	1. Other long-term receivables		17,175,250,097	15,301,290,918
218.1	1.1 Statutory deposit	8	12,000,000,000	12,000,000,000
218.2	1.2 Other long-term receivables	9	5,175,250,097	3,301,290,918
220	II. Fixed assets		38,351,545,406	32,375,930,314
221	1. Tangible fixed assets	10	9,430,002,179	8,240,533,847
222	Cost		23,636,054,710	18,358,313,329
223	Accumulated depreciation		(14,206,052,531)	(10,117,779,482)
227	2. Intangible fixed assets	11	26,389,907,149	2,674,438,294
228	Cost		147,924,509,357	122,172,933,694
229	Accumulated amortization		(121,534,602,208)	(119,498,495,400)
230	3. Construction in progress	12	2,531,636,078	21,460,958,173
250	III. Long-term investments	13	1,286,742,356,094	1,462,392,533,097
258	1. Other long-term investments		1,286,742,356,094	1,462,392,533,097
260	IV. Other long-term assets		316,594,208,554	210,561,928,233
261	1. Long-term prepaid expenses	14	316,594,208,554	210,561,928,233
270	TOTAL ASSETS		3,664,032,696,639	3,536,128,585,253

Mirae Asset Prévoir Life Insurance Company Limited

BALANCE SHEET (continued)
as at 31 December 2022

B01-DNNT

Code	RESOURCES	Notes	Ending balance VND	Beginning balance VND
300	A. LIABILITIES		1,465,528,339,374	1,422,028,270,445
310	I. Short-term liabilities		203,855,837,796	225,014,136,697
312	1. Trade payables	15	62,334,810,306	65,012,690,822
312.1	1.1 Insurance payables		62,334,810,306	65,012,690,822
314	2. Statutory obligations	16	14,435,905,278	3,291,968,104
316	3. Accrued expenses	17	16,640,049,731	54,904,795,627
319	4. Other short-term payables	18.1	27,548,410,691	24,663,925,173
319.1	5. Short-term unearned revenue	18.2	78,258,580,693	70,372,862,765
320	6. Provision for short-term payables	19	4,638,081,097	6,767,894,206
330	II. Long-term liabilities		1,261,672,501,578	1,197,014,133,748
338	1. Long-term unearned revenue		191,287,105,300	89,417,265,541
344	2. Technical reserves	20	1,070,385,396,278	1,107,596,868,207
344.1	2.1 Mathematical reserve		957,627,970,341	961,265,071,206
344.2	2.2 Unearned premium reserve		102,528,193,678	138,089,373,759
344.3	2.3 Claim reserve		5,560,593,602	4,142,608,861
344.5	2.4 Balancing reserve		3,207,976,167	2,221,702,560
344.7	2.5 Resilience reserve		1,460,662,490	1,878,111,821
400	B. OWNERS' EQUITY	21	2,198,504,357,265	2,114,100,314,808
410	I. Capital		2,198,504,357,265	2,114,100,314,808
411	1. Contributed charter capital		2,158,000,000,000	2,158,000,000,000
413	2. Other owners' capital		21,000,000,000	21,000,000,000
419	3. Statutory reserve		14,160,755,005	9,916,344,202
421	4. Accumulated gain/(loss)		5,343,602,260	(74,816,029,394)
421a	4.1 Accumulated loss by the end of prior year		(74,816,029,394)	(92,006,372,718)
421b	4.2 Profit of the current year		80,159,631,654	17,190,343,324
440	TOTAL LIABILITIES AND OWNERS' EQUITIES		3,664,032,696,639	3,536,128,585,253

Mirae Asset Prévoir Life Insurance Company Limited

BALANCE SHEET (continued)
as at 31 December 2022

B01-DNNT

OFF-BALANCE SHEET ITEMS

ITEMS	Notes	Ending balance	Beginning balance
1. Operating lease commitments (VND)	32	35,422,932,925	35,177,396,585
2. Foreign currency			
- United States dollar (USD)		3,414.82	3,611.00
- Euro (EUR)		429.73	441.35

Ms. Nguyen Thanh Ha
Chief Accountant

Mr. Khamsaya Soukhavong
Chief Financial Officer



Mr. Ko Young Wan
Chief Executive Officer

Ho Chi Minh City, Vietnam

17 March 2023

Mirae Asset Prévoir Life Insurance Company Limited

INCOME STATEMENT

B02-DNNT

PART I: COMPREHENSIVE INCOME STATEMENT
for the year ended 31 December 2022

Code	ITEMS	Current year VND	Previous year VND
10	Total operating revenue	666,346,247,733	495,613,091,340
12	Finance income	205,150,344,119	192,582,818,242
13	Other income	34,291,405	90,807,076
20	Total insurance operating expenses	(438,066,497,571)	(383,764,459,564)
22	Finance expenses	(370,821,222)	(537,497,663)
23	Selling expenses	(227,046,153,002)	(178,497,448,341)
24	General and administrative expenses	(107,701,417,281)	(100,077,141,014)
25	Other expenses	(704,907,104)	(10,340,857)
50	Accounting profit before tax	97,641,087,077	25,399,829,219
51	Corporate income tax expense	(13,237,044,620)	(7,304,730,983)
60	Profit after tax	84,404,042,457	18,095,098,236

Ms. Nguyen Thanh Ha
Chief Accountant

Mr. Khamiaya Soukhavong
Chief Financial Officer



Mr. Ke Young Wan
Chief Executive Officer

Ho Chi Minh City, Vietnam

17 March 2023

Mirae Asset Prévoir Life Insurance Company Limited

INCOME STATEMENT (continued)

B02-DNNT

PART II: OPERATIONAL INCOME STATEMENT
for the year ended 31 December 2022

Code	ITEMS	Notes	Current year VND	Previous year VND
01	1. Insurance revenue		668,945,386,510	499,692,570,792
	<i>In which:</i>			
01.1	- Gross written premium	22	633,384,206,429	542,395,442,858
01.3	- Decrease/(increase) in unearned premium reserve		35,561,180,081	(42,702,872,066)
02	2. Reinsurance premium ceded	22.3	(2,715,984,451)	(4,565,087,924)
03	3. Net insurance premium	22	666,229,402,059	495,127,482,868
04	4. Commission on premiums ceded and other insurance income		116,845,674	485,608,472
	<i>In which:</i>			
04.1	- Commission on reinsurance premium ceded		116,845,674	485,608,472
10	5. Total operating revenue		666,346,247,733	495,613,091,340
11	6. Claims and maturity payment expenses	23	(280,802,712,199)	(267,764,975,253)
12	7. Claim recovery	23	2,453,364,148	-
13	8. Decrease/(increase) in technical reserves	23	1,650,291,848	(3,651,896,210)
15	9. Total claims and insurance payment expenses		(276,699,056,203)	(271,416,871,463)
16	10. Other expenses for insurance operation	24	(161,367,441,368)	(112,347,588,101)
	<i>In which:</i>			
16.1	- Commission expenses		(160,921,836,882)	(111,777,196,513)
16.2	- Other expenses for insurance operation		(445,604,486)	(570,391,588)
17	11. Total insurance operating expenses		(438,066,497,571)	(383,764,459,564)
18	12. Gross insurance operating profit		228,279,750,162	111,848,631,776
22	13. Finance income	27	205,150,344,119	192,582,818,242
23	14. Finance expenses	28	(370,821,222)	(537,497,663)
24	15. Profit from financial activities		204,779,522,897	192,045,320,579

Mirae Asset Prévoir Life Insurance Company Limited

INCOME STATEMENT (continued)

B02-DNNT

PART II: OPERATIONAL INCOME STATEMENT (continued)
for the year ended 31 December 2022

Code	ITEMS	Notes	Current year VND	Previous year VND
25	16. Selling expenses	25	(227,046,153,002)	(178,497,448,341)
26	17. General and administrative expenses	26	(107,701,417,281)	(100,077,141,014)
30	18. Net operating profit		98,311,702,776	25,319,363,000
31	19. Other income	29	34,291,405	90,807,076
32	20. Other expenses	29	(704,907,104)	(10,340,857)
40	21. Other (loss)/gain	29	(670,615,699)	80,466,219
50	22. Accounting profit before tax		97,641,087,077	25,399,829,219
51	23. Corporate income tax expense	30.1	(13,237,044,620)	(7,304,730,983)
60	24. Profit after tax		84,404,042,457	18,095,098,236



Ms. Nguyen Thanh Ha
Chief Accountant




Mr. Khamvong Soukhavong
Chief Financial Officer

Mr. Ko Young Wan
Chief Executive Officer

Ho Chi Minh City, Vietnam

17 March 2023

Mirae Asset Prévoir Life Insurance Company Limited


CASH FLOW STATEMENT (Direct method)
for the year ended 31 December 2022

B03-DNNT

Code	ITEMS	Notes	Current year VND	Previous year VND
	I. CASH FLOWS FROM OPERATING ACTIVITIES			
01	1. Receipt from sale of goods and rendering of services		727,838,627,310	578,953,549,020
02	2. Payments to suppliers of goods and services		(53,475,118,407)	(84,373,717,336)
03	3. Payment to employees		(74,674,903,110)	(65,542,340,711)
05	4. Payment of corporate income tax	16	(2,408,460,417)	(12,230,667,393)
06	5. Receipts from other operating activities		3,547,870,499	13,725,624,556
07	6. Payment of other operating activities		(804,895,855,686)	(642,008,607,956)
20	Net cash flows used in operating activities		(204,067,839,811)	(211,476,159,820)
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
21	1. Payment to purchase and construction of fixed assets and other long-term assets		(13,091,391,719)	(17,484,359,423)
23	2. Loans to other entities and payments for purchase of debt instruments of other entities		(1,741,400,000,000)	(2,025,500,000,000)
24	3. Collections from borrowers and proceeds from sale of debt instruments of other entities		2,095,600,000,000	1,951,800,000,000
27	4. Interest received		210,009,940,871	206,276,065,773
30	Net cash flows from investing activities		551,118,549,152	115,091,706,350
50	Net cash flows during the year		347,050,709,341	(96,384,453,470)
60	Cash and cash equivalents at the beginning of the year	4	118,031,166,708	214,417,742,496
61	Impact of exchange rate revaluation		2,414,770	(2,122,318)
70	Cash and cash equivalents at the end of the year	4	465,084,290,819	118,031,166,708


Ms. Nguyen Thanh Ha
Chief Accountant


Mr. Khamiaya Soukhavong
Chief Financial Officer


Mr. Ko Young Wan
Chief Executive Officer



Ho Chi Minh City, Vietnam

17 March 2023

Mirae Asset Prévoir Life Insurance Company Limited

NOTES TO THE FINANCIAL STATEMENTS
as at 31 December 2022 and for the year then ended

B09-DNNT

1. COMPANY INFORMATION

Mirae Asset Prévoir Life Insurance Company Limited ("the Company") is a life insurance company wholly owned by foreign investors for a duration of 50 years in accordance with the Establishment and Operation License No. 31/GP/KDBH granted by the Ministry of Finance on 17 March 2005 and the latest Amended License No. 31/GPDC10/KDBH dated 8 May 2018 granted by the Ministry of Finance.

The Company's principal activities are to provide life insurance products, reinsurance activities, investment activities and other business operations in line with prevailing laws and regulations.

The Company's head office is located at 6A and 8th Floor, Sai Gon Giai Phong Building, 436 - 438 Nguyen Thi Minh Khai Street, Ward 5, District 3, Ho Chi Minh City and it has one branch located at 9th Floor, Sun Red River Building, 23 Phan Chu Trinh, Hanoi.

The number of the Company's employees as at 31 December 2022 was 147 (31 December 2021: 140).

2. BASIS OF PREPARATION

2.1 *Accounting Standards and system*

The financial statements of Mirae Asset Prévoir Life Insurance Company Limited ("the Company") expressed in Vietnam dong ("VND"), are prepared in accordance with Circular No.199/2014/TT-BTC ("Circular 199") dated 19 December 2014 providing guidance on accounting applications for life insurance and reinsurance companies, Circular No.200/2014/TT-BTC ("Circular 200") dated 22 December 2014 providing guidance on enterprise accounting and Vietnamese Accounting Standards issued by the Ministry of Finance as per:

- ▶ Decision No. 149/2001/QD-BTC dated 31 December 2001 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 1);
- ▶ Decision No. 165/2002/QD-BTC dated 31 December 2002 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 2);
- ▶ Decision No. 234/2003/QD-BTC dated 30 December 2003 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 3);
- ▶ Decision No. 12/2005/QD-BTC dated 15 February 2005 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 4); and
- ▶ Decision No. 100/2005/QD-BTC dated 28 December 2005 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 5).

Accordingly, the accompanying financial statements, including their utilisation are not designed for those who are not informed about Vietnam's accounting principles, procedures and practices and furthermore are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

2.2 *Applied accounting documentation system*

The Company's applied accounting documentation system is the General Journal system.

2.3 *Fiscal year*

The Company's fiscal year applicable to the preparation of its financial statements starts on 1 January and ends on 31 December.

2.4 *Accounting currency*

The financial statements are prepared in VND which is also the Company's accounting currency.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Changes in accounting policies and disclosures

The accounting policies adopted by the Company in preparation of the financial statements for the year ended 31 December 2022 are consistent with those followed in the preparation of the Company's financial statements for the year ended 31 December 2021, except for the change as below:

Circular No. 24/2022/TT-BTC takes effect from 25 May 2022 and applies since financial year of 2022 on amendments and supplements to several articles of Circular No.48/2019/TT-BTC dated 8 August 2019 of the Minister of Finance, providing instructions about creation and management of provisions for devaluation of inventories, loss of investments, bad debts and warranties for products, goods, services or construction works at enterprises.

The main change of Circular 24 is the exemption from provisioning requirements for Government bonds, Government-guaranteed bonds and municipal bonds.

3.2 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks, and short-term, highly liquid investments with an original maturity of less than or equal to three (3) months that are readily convertible into known amounts of cash and that are subject to an insignificant risk of change in value.

3.3 Receivables

Receivables are presented in the financial statements at the carrying amounts due from customers and other debtors, after provision for doubtful debts.

The provision for doubtful debts represents amounts of outstanding receivables at the balance sheet date which are doubtful of being recovered. Increases or decreases to the provision balance are recorded as general and administrative expenses in the income statement.

For doubtful debts which are overdue, the Company adopts the provision policy as promulgated by the Ministry of Finance in Circular 48/2019/TT-BTC ("Circular 48") dated 8 August 2019 follows:

<u>Receivables overdue</u>	<u>Provision rate</u>
From six (6) months to less than one (1) year	30%
From one (1) to less than two (2) years	50%
From two (2) to less than three (3) years	70%
Three (3) years or above	100%

3.4 Tangible fixed assets and intangible fixed assets

Tangible fixed assets and intangible assets (collectively referred to as "fixed assets") are stated at cost less accumulated depreciation/amortisation.

The cost of fixed asset comprise its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use.

Expenditure for additions, improvements and renewals are capitalised and expenditure for maintenance and repairs is charged to the income statement as incurred.

When fixed assets are sold or retired, any gain or loss resulting from their disposal (the difference between the net disposal proceeds and the carrying amount) is included in the income statement.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Depreciation and amortisation

Depreciation of tangible fixed assets and amortisation of intangible fixed assets are calculated on a straight-line basis over the estimated useful life of each asset as follows:

Computer and other equipment	4 - 5 years
Furniture and fixture	5 years
Office equipment	3 - 4 years
Computer software	2 - 11 years
Development cost	4 years

3.6 Prepaid expenses

Prepaid expenses are reported as short-term or long-term prepaid expenses on the balance sheet and amortised over the period for which the amounts are paid or the period in which economic benefits are generated in relation to these expenses.

3.7 Investments

3.7.1 Held-to-maturity investments

Held-to-maturity investments are stated at their acquisition costs. After initial recognition, held-to-maturity investments are measured at recoverable amount. Any impairment loss incurred is recognised as expense in the financial statements.

3.7.2 Provision for diminution in value of investments

Provision of the investment is made when there are reliable evidences of the diminution in value of those investments at the balance sheet date.

Increases or decreases to the provision balance are recorded as finance expense in the income statement.

3.8 Payables and accruals

Payables and accruals are recognized for amount to be paid in the future for goods and services received, whether or not billed to the Company.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Foreign currency transactions

Transactions in currencies other than the Company's reporting currency of VND are recorded at the actual transaction exchange rates at transaction dates which are determined as follows:

- Transactions resulting in receivables are recorded at the buying exchange rates of the commercial banks designated for collection;
- Transactions resulting in liabilities are recorded at the selling exchange rates of the commercial banks designated for payment;
- Payments for assets or expenses without liabilities initially being recognised are recorded at the buying exchange rates of the commercial banks that process these payments.

At the end of the year, monetary balances denominated in foreign currencies are revaluated at the actual exchange rates at the balance sheet dates which are determined as follows:

- Monetary assets are revaluated at buying exchange rate of the commercial bank where the Company conduct transactions regularly; and
- Monetary liabilities are revaluated at selling exchange rate of the commercial bank where the Company conduct transactions regularly.

All foreign exchange differences incurred are taken to the income statement.

3.10 Employee benefits

3.10.1 Post-employment benefits, the sickness and maternity

Post-employment benefits are paid to retired, sickness and maternity employees of the Company by the social insurance agency of the Ministry of Labour, Invalids and Social Affairs. The Company is required to contribute to these post-employment benefits by paying social insurance premiums to the social insurance agency at the rate as regulated. Before 1 June 2017, this rate was 18% of employees' monthly gross salaries stated in labour contract at the cap of 20 times general minimum wage. Since 1 June 2017, according to Decision No 595/QĐ-BHXH issued by social insurance agency dated 14 April 2017, the rate applied has been 17.5% (from 1 July 2021 to 30 June 2022, this rate is 17% according to Resolution 68/NQ-CP in 2021) of employees' monthly gross salaries stated in labour contract at the cap of 20 times general minimum wage. The Company has no further obligation concerning post-employment benefits for its employees other than this.

3.10.2 Unemployment benefits

According to the Social Insurance Law No. 71/2006/QH11 issued on 29 June 2006, and Decree No. 127/2008/ND-CP issued on 12 December 2008, the Unemployment Insurance Fund is implemented from 1 January 2009, to which, employees contribute 1% of their salaries, employers contribute 1% of the salaries of the employees participating in the unemployment insurance scheme, and the Government contributes 1% of salaries of all those participating in the unemployment insurance scheme from the State budget (from 1 October 2021 to 30 September 2022, this rate is 0% according to Resolution 116/NQ-CP in 2021) and deduct 1% of the salary and salary paid for unemployment insurance of each employee to contribute at the same time to the Unemployment Insurance Fund).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Employee benefits (continued)

3.10.3 Accrual for severance allowance

The severance allowance paid to employee is accrued at the end of each reporting year for all employees who have been in service for more than 12 months up to the balance sheet date at the rate of one-half of the average monthly salary for each year of service up to 31 December 2008 in accordance with the Labour Code and related implementing guidance. The average monthly salary used in this calculation will be revised at the end of each reporting period following the average monthly salary of the 6-month period up to the reporting date. Increases or decreases to the accrued amount other than actual payment to employee will be taken to the income statement.

This accrued severance pay is used to settle the termination allowance to be paid to employee upon termination of their labour contract following Article 46 of the Labour Code.

3.11 Technical reserves

The technical reserves for traditional products include mathematical reserve, unearned premiums reserve, claim reserve, dividend reserve and balancing reserve. The calculation methodologies are based on Decree No. 73 ("Decree 73") issued by Government dated in 1 July, 2016 and Legal documents on guidelines for Government's Decree No. 73/2016/ND-CP; Circular No. 50/2017/TT-BTC issued by Ministry of Finance dated 15 May 2017 ("Circular 50"); Circular No. 01/2019/TT-BTC issued by Ministry of Finance dated 2 January 2019; Circular No. 89/2020/TT-BTC issued by Ministry of Finance dated 11 November 2020 as follows:

- ▶ *Mathematical reserve* is the difference between the present value of total insurance payables in the future and the present value of the net insurance premiums could be adjusted by Zillmer method for insurance premiums receivables in the future. Mathematical reserve is calculated for insurance policies that have valid period of more than one (1) year with specific actuarial formulae and factors for each type of products as registered and approved by the Ministry of Finance.
- ▶ *Unearned premium reserve* is the provision for unearned revenue as at the balance sheet date and is calculated for all in-forced policies having valid period of less than or equal to one year at the financial reporting date.
- ▶ *Claim reserve* includes the reserve for outstanding claims and for claims incurred but not reported.
 - Outstanding claim reserve ("OSC") is the provision for claims requests that have been submitted but still in the course of settlement as at the balance sheet date. The reserve is calculated for each individual outstanding claim requests and based on the sum insured payables for each case.
 - Reserve for incurred but not reported claims ("IBNR") for which the insurer is liable is applicable for only policies having valid period of less than or equal to one (1) year.
- ▶ *Dividend reserve* is the provision for accumulated unpaid dividends for participating policies, which is established on the variances between the actual rate of return announced for participating policies and the respective nominal interest rate.
- ▶ *Balancing reserve* is set at one percent (1%) of profit before tax and is provided for annually until it is equal to five percent (5%) of the Company's premium collected in the fiscal year.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Technical reserves (continued)

According to Circular No. 50/2017/TT-BTC ("Circular 50") issued by Ministry of Finance dated 15 May 2017 and Circular No. 52/2016/TT-BTC issued by Ministry of Finance dated 21 March 2016, the Company made technical reserve for the universal life part as follows:

- ▶ Reserve for the universal life part is the policy account value of universal life insurance contract. The surrender value of universal life insurance contract must guarantee the liabilities committed in the insurance contract.
- ▶ Reserve for insurance risk is the higher of the reserve amount calculated by the unearned premium method and by the cash flow method to cover all expenses in the future during the term of contract. In which, the unearned premium reserve equals to 100% of insurance premium earned in the term of universal life insurance.
- ▶ Claim reserve is appropriated by the method of specific provision calculated on the basis of statistics of amount of insurance to be paid for each dossier of compensation requirement from the insurer but unsettled by the end of financial year.
- ▶ The resilience reserve is used to guarantee the insurer's commitment to the customers as agreed in the insurance contract upon major change in investment market.

According to Decree No.73/2016/NĐ-CP ("Decree 73") issued by Government dated in 1 July 2016 and Circular 50 issued by Ministry of Finance dated 15 May 2017, the Company made technical reserve for the Health care products as follows:

- ▶ *Mathematical reserve* is the difference between the present value of total insurance payables in the future and the present value of the net insurance premiums for insurance premiums receivables in the future. Mathematical reserve is calculated for insurance policies that have valid period of more than one (1) year with specific actuarial formulae and factors for each type of products as registered and approved by the Ministry of Finance.

In any case, the insurer/foreign branch must ensure that the reserve to be set aside is not lower than that of the 1/8th method prescribed in the first dash, sub-point b, Point 3.1, Clause 3 of Article 17 Circular 50 hereof according to the gross premium valuation.

- ▶ *Unearned premium reserve* is the provision for unearned revenue as at the balance sheet date and is calculated for all in-forced policies having valid period of less than or equal to one year at the financial reporting date. This reserve is calculated according to methods prescribed in Point 3.1 Clause 3 Article 17 of Circular 50.
- ▶ *Claim reserve* includes the reserve for outstanding claims and for claims incurred but not reported.
 - Outstanding claim reserve ("OSC") is the provision for claims requests that have been submitted but still in the course of settlement as at the balance sheet date: The reserve is calculated for each individual outstanding claim requests and based on the sum insured payables for each case.
 - Reserve for incurred but not reported claims ("IBNR"): is calculated according to methods prescribed in sub-point a, Point 3.2, Clause 3, Article 17 of Circular 50.
- ▶ *Balancing reserve* is set at one percent (1%) of profit before tax and is provided for annually until it is equal to five percent (5%) of the Company's premium collected in the fiscal year.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Provisions

General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as an asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance expense.

Restructuring provision

Restructuring provision occurs as a result of a constructive obligation to restructure when the Company has a detailed and formal plan for restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it. Restructuring provision is recorded in "Provision for short-term payables".

3.13 Statutory reserve

The statutory reserve is established in order to supplement the Company's charter capital and ensure its solvency. Appropriations to the statutory reserve are made annually at five percent (5%) of after-tax profit until it reaches ten percent (10%) of charter capital in compliance with Degree No. 73/2016/ND-CP dated 1 July 2016 issued by the Government.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding trade discount, rebate and sales return. The following specific recognition criteria must also be met before revenue is recognized:

Gross written premiums

Gross written premiums are recognized in accordance with Circular 50 providing guidelines on financial regime applicable to insurers and insurance brokers. Specifically, gross written premium is recognized as revenue at the point of time when the following conditions are met: (1) the insurance contract has been entered into by the insurer and the policy holders; and (2) the premium has been paid by the policy holders or there is agreement between the Company and the policy holders for delayed payment of insurance premium. Prepaid premium before due date is recorded as "Short-term unearned revenue" in the balance sheet as at the year-end.

Interest

Revenue is recognized as the interest accrues (taking into account the effective yield on the asset) unless recovery is in doubt.

Interest revenue also includes the amount of amortization of any discount, premium or other difference between the initial carrying amount of a bond and its amount at maturity and allocated using straight-line method. When unpaid coupon has accrued before the acquisition of a bond, the subsequent receipt of coupon is allocated between pre-acquisition and post-acquisition period. Only post-acquisition coupon interest is recognized as revenue. Pre-acquisition coupon interest is deducted from the cost of the bond.

3.15 Expense recognition

Claims, maturity and surrender payments

Claim, maturity and surrender payment expenses are recognized when the liability to the policyholder under the policy has been determined.

Commission

Commission expenses are calculated as the percentage of gross written premiums and are recognized in the current year income statement. Commission for each type of products is calculated and paid for in accordance with specific percentages as stated in Circular 50/2017/TT-BTC.

General and administrative expenses

General and administrative expenses are recognized on accrual basis.

Selling expenses

Selling expenses include actual incurring expenses during the course of underwriting life insurance products.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 Recognition of outward reinsurance activities

Outward reinsurance premiums under treaty reinsurance agreements are recognized when gross written premiums within the scope of the treaty agreements are recognized.

Outward reinsurance commission is recognized when there is a corresponding outward reinsurance premium.

Claim recovery is recognized when there is evidence of liability on the part of the reinsurers.

3.17 Taxation

Current income tax

Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted as at the balance sheet date.

Current income tax is charged or credited to the income statement, except when it relates to items recognized directly to equity, in which case the current income tax is also dealt with in equity.

Current income tax assets and liabilities are offset when there is a legally enforceable right for the Company to offset current tax assets against current tax liabilities and when the Company intends to settle its current tax assets and liabilities on a net basis.

Deferred income tax

Deferred tax is provided using the liability method on the temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amount for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- ▶ where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at time of the related transaction, it affects neither the accounting profit nor taxable profit or loss;
- ▶ in respect of taxable temporarily differences associated with investments in subsidiaries and associates, and interests in joint ventures where timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carried forward unused tax credit and unused tax losses, to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward unused tax credit and unused tax losses can be utilized, except:

- ▶ where the deferred tax asset in respect of deductible temporary difference which arises from the initial recognition of an asset or liability which at time of the related transaction, it affects neither the accounting profit nor taxable profit or loss;
- ▶ in respect of deductible temporary differences associated with investments in subsidiaries, associates, and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 Taxation (continued)

Deferred income tax (continued)

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Previously unrecognized deferred income tax assets are re-assessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will be allowed for the deferred tax assets to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled based on tax rates and tax laws that have been enacted at the balance sheet date.

Deferred tax is charged or credited to the income statement, except when it relates to items recognized directly to equity; in which case the deferred tax is also dealt with in the equity account.

Deferred tax assets and liabilities are offset when there is a legally enforceable right for the Company to offset current tax assets against current tax liabilities and when they relate to corporate income taxes levied by the same taxation authority on:

- ▶ either the same taxable entity; or
- ▶ when the Company intends either settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3.18 Use of estimates

The preparation of the financial statements requires the Management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the income and expenses and provision made. Such estimates are necessarily based on assumptions about several factors involving various degrees of judgment and uncertainty and actual results may differ resulting in future changes in such provisions.

3.19 Related parties

Parties are considered to be related parties of the Company if one party has the ability to, directly or indirectly, control the other party or exercise significant influence over the other party in making financial and operating decisions, or when the Company and other party are under common control or under common significant influence. Related parties can be enterprise or individual, including close members of their families.

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4. CASH AND CASH EQUIVALENTS

	<i>Ending balance</i> <u>VND</u>	<i>Beginning balance</i> <u>VND</u>
Cash at banks	255,084,290,819	85,631,166,708
<i>In which:</i>		
VND	254,993,727,619	85,538,207,214
Foreign currencies	90,563,200	92,959,494
Cash equivalents (*)	210,000,000,000	32,400,000,000
	<u>465,084,290,819</u>	<u>118,031,166,708</u>

(*) Cash equivalents include term deposits at banks with original terms of less than or equal to three (3) months bear interest rates at 6.0% per annum.

5. SHORT-TERM INVESTMENTS

	<i>Ending balance</i> <u>VND</u>	<i>Beginning balance</i> <u>VND</u>
Term deposits at banks (*)	1,137,662,549,326	1,295,859,784,185
Corporate bonds (**)	20,000,000,000	100,000,000,000
Government bonds (***)	59,794,088,743	-
	<u>1,217,456,638,069</u>	<u>1,395,859,784,185</u>

(*) Short-term deposits are maintained at banks in VND with original terms of more than three (3) months and remaining terms of less than or equal to one (1) year at the balance sheet date, which bear interest rates ranging from 5.0% to 9.0% per annum.

(**) Corporate bonds in VND, with original term from twelve (12) months to eighteen (18) months and the remaining term of less than or equal to one (1) year at the balance sheet date, which bear annual coupon rate of 11.0% to 11.5% per annum.

(***) Government bonds in VND, with original terms of ten (10) years, remaining term of less than or equal to one (1) year and bear interest rates ranging from 8.9% to 9.1% per annum.

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6. CURRENT ACCOUNTS RECEIVABLE

	<i>Ending balance</i> VND	<i>Beginning balance</i> VND
Trade receivables	52,289,300,137	39,489,137,893
<i>Receivables from direct insurance activities</i>	51,492,866,279	39,489,137,893
<i>Receivables from reinsurers (Note 31)</i>	796,433,858	-
Advances to suppliers	4,455,115,370	5,787,150,498
Other receivables	123,751,015,994	123,265,785,341
<i>Accrued interest income from bonds and term deposits</i>	62,061,540,566	70,412,764,116
<i>Advances to staff</i>	578,036,520	1,012,149,000
<i>Receivables from partners</i>	58,331,555,509	50,000,000,000
<i>Other receivables</i>	2,779,883,399	1,840,872,225
	<u>180,495,431,501</u>	<u>168,542,073,732</u>

7. SHORT-TERM PREPAID EXPENSES

	<i>Ending balance</i> VND	<i>Beginning balance</i> VND
Prepaid for partners	80,066,746,353	43,613,777,460
Prepaid for insurance operating activities	57,902,170,000	84,609,800,000
Prepaid for IT services	3,653,908,468	4,502,288,385
Others	510,151,278	338,012,221
	<u>142,132,976,099</u>	<u>133,063,878,066</u>

8. STATUTORY DEPOSIT

The Company maintains statutory deposits at 2% of legal capital, equivalent to VND12 billion as required in clause 2, Article 16 of Decree No. 73/2016/ND-CP dated 01 July 2016 promulgated by the Government ("Decree 73").

9. OTHER LONG-TERM RECEIVABLES

	<i>Ending balance</i> VND	<i>Beginning balance</i> VND
Mortgage and collaterals	2,304,915,850	3,282,222,425
Accrued interest from bond and deposit	2,870,334,247	19,068,493
	<u>5,175,250,097</u>	<u>3,301,290,918</u>

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10. TANGIBLE FIXED ASSETS

	<i>Computers and other equipment VND</i>	<i>Furniture and fixtures VND</i>	<i>Office equipment VND</i>	<i>Total VND</i>
Cost				
Beginning balance	17,749,174,032	-	609,139,297	18,358,313,329
New purchases	-	-	66,482,075	66,482,075
Transfer from construction in progress	927,702,314	3,938,154,673	345,402,319	5,211,259,306
Ending balance	18,676,876,346	3,938,154,673	1,021,023,691	23,636,054,710
<i>In which:</i>				
<i>Fully depreciated</i>	5,600,770,363	-	387,599,297	5,988,369,660
Accumulated depreciation				
Beginning balance	(9,700,235,288)	-	(417,544,194)	(10,117,779,482)
Depreciation for the year	(3,217,638,260)	(734,232,227)	(136,402,562)	(4,088,273,049)
Ending balance	(12,917,873,548)	(734,232,227)	(553,946,756)	(14,206,052,531)
Net carrying amount				
Beginning balance	8,048,938,744	-	191,595,103	8,240,533,847
Ending balance	5,759,002,798	3,203,922,446	467,076,935	9,430,002,179

11. INTANGIBLE FIXED ASSETS

	<i>Computer software VND</i>	<i>Development cost VND</i>	<i>Total VND</i>
Cost			
Beginning balance	120,658,575,265	1,514,358,429	122,172,933,694
Transfer from construction in progress	25,751,575,663	-	25,751,575,663
Ending balance	146,410,150,928	1,514,358,429	147,924,509,357
<i>In which:</i>			
<i>Fully amortized</i>	116,664,114,765	1,514,358,429	118,178,473,194
Accumulated amortization			
Beginning balance	(117,984,136,971)	(1,514,358,429)	(119,498,495,400)
Amortization for the year	(2,036,106,808)	-	(2,036,106,808)
Ending balance	(120,020,243,779)	(1,514,358,429)	(121,534,602,208)
Net carrying amount			
Beginning balance	2,674,438,294	-	2,674,438,294
Ending balance	26,389,907,149	-	26,389,907,149

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12. CONSTRUCTION IN PROGRESS (“CIP”)

	<i>Ending balance</i> VND	<i>Beginning balance</i> VND
Beginning balance	21,460,958,173	19,343,852,650
Increase in period	13,263,269,569	9,363,503,023
Transfer to fixed asset (<i>Note 10, 11</i>)	(30,962,834,969)	(7,067,047,500)
Transfer to prepaid expense	(1,229,756,695)	(179,350,000)
Ending balance	<u>2,531,636,078</u>	<u>21,460,958,173</u>

13. LONG-TERM INVESTMENTS

	<i>Ending balance</i> VND	<i>Beginning balance</i> VND
Corporate bonds (<i>i</i>)	790,000,000,000	1,040,000,000,000
Government bonds (<i>ii</i>)	152,742,356,094	212,392,533,097
Fund certificate (<i>iii</i>)	200,000,000,000	200,000,000,000
<i>Mirae Asset Vietnam Growth Equity Fund</i>	30,000,000,000	70,000,000,000
<i>Mirae Asset Vietnam Flexible Fixed Income Fund</i>	170,000,000,000	130,000,000,000
Term deposits at banks (<i>iv</i>)	144,000,000,000	10,000,000,000
	<u>1,286,742,356,094</u>	<u>1,462,392,533,097</u>

- (i) Corporate bonds are invested with original terms from five (5) years to fifteen (15) years, and bear interest rates ranging from 6.63% to 8.7% per annum, with the revaluation period of interest rate are quarterly, semi-annually, annually or remain the fixed interest rate during the term.
- (ii) Government bonds are invested with original terms from nine (9) years to fifteen (15) years, remaining term of more than one (1) year and bear interest rates ranging from 7.0% to 8.8% per annum.
- (iii) Mirae Asset Vietnam Growth Equity Fund is a public open-ended mutual fund which invests in Vietnam 100% in Vietnam shares and is managed by Mirae Asset (Vietnam) Fund Management Co., Ltd. The Fund's Initial Public Offering (“IPO”) license was issued on 20 May 2019 by the State Securities Commission.
- Mirae Asset Vietnam Flexible Fixed Income Fund is a public open-ended mutual fund which which invests in Vietnam bonds and money market instruments and is managed by Mirae Asset (Vietnam) Fund Management Co., Ltd. The Fund's Initial Public Offering (“IPO”) license was issued on 20 September 2021 by the State Securities Commission.
- (iv) Long-term deposits are maintained at banks in VND with original terms of more than three (3) months and remaining terms of more than one (1) year at the balance sheet date, which bear interest rates ranging from 6.9% to 9.0% per annum.

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14. LONG-TERM PREPAID EXPENSES

	<i>Current year</i> VND	<i>Previous year</i> VND
Beginning balance	210,561,928,233	194,695,991,361
Additions during the year	334,199,555,441	431,184,638,572
Amortisation for the year	(228,167,275,120)	(415,318,701,700)
Ending balance	316,594,208,554	210,561,928,233

15. TRADE PAYABLES

	<i>Ending balance</i> VND	<i>Beginning balance</i> VND
Insurance payables	60,576,123,314	62,640,534,321
<i>Maturity and other insurance benefit payables</i>	48,941,987,067	39,320,535,267
<i>Commission payables</i>	8,824,261,545	16,702,886,820
<i>Other insurance payables</i>	2,809,874,702	6,617,112,234
Payables related to reinsurance activities	1,758,686,992	2,372,156,501
<i>Outward reinsurance payables</i>	1,758,686,992	2,372,156,501
	62,334,810,306	65,012,690,822

16. STATUTORY OBLIGATIONS

	<i>Beginning balance</i> VND	<i>Movement during the year</i>		<i>Ending balance</i> VND
		<i>Payables for the year</i> VND	<i>Payment made in the year</i> VND	
Personal income tax	1,579,075,273	15,556,760,263	(15,267,678,258)	1,868,157,278
Value added tax	7,954,457	39,173,261	(34,877,314)	12,250,404
Current income tax	1,704,730,983	13,237,044,620	(2,408,460,417)	12,533,315,186
Other taxes	207,391	241,723,330	(219,748,311)	22,182,410
	3,291,968,104	29,074,701,474	(17,930,764,300)	14,435,905,278

17. ACCRUED EXPENSES

	<i>Ending balance</i> VND	<i>Beginning balance</i> VND
Distribution channels development program	7,387,725,304	27,790,486,014
Support fees	4,414,606,531	7,244,680,709
Promotion expense	251,872,033	4,070,982,343
Reinsurance	88,135,042	1,775,491,661
Communication and conference expense	-	2,736,270,600
External service expense	-	2,184,563,892
Technical assistance fees	-	1,710,589,760
Other accrued expenses	4,497,710,821	7,391,730,648
	16,640,049,731	54,904,795,627

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18. OTHER SHORT-TERM PAYABLES AND SHORT-TERM UNEARNED REVENUE

18.1 Other short-term payables

	<i>Ending balance</i> <i>VND</i>	<i>Beginning balance</i> <i>VND</i>
Payables for insurance business expenses	12,458,216,659	13,185,202,029
Payable for performance salary	11,552,791,187	9,780,553,935
Other operating payables	3,537,402,845	1,698,169,209
	<u>27,548,410,691</u>	<u>24,663,925,173</u>

18.2 Short-term unearned revenue

	<i>Ending balance</i> <i>VND</i>	<i>Beginning balance</i> <i>VND</i>
Premium received in advance	77,222,369,770	70,372,862,765
Premium of policies waiting for approvals	1,036,210,923	-
	<u>78,258,580,693</u>	<u>70,372,862,765</u>

19. PROVISION FOR SHORT-TERM PAYABLES

This item is the restructuring provision which also includes retrenchment allowance relating principally to the plan to relocate the Company's head office to Ho Chi Minh city. The reserve of provision was used for restructuring in 2021, it will continue to be used for corporate restructuring purposes in 2022.

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20. TECHNICAL RESERVES

	Unearned premium reserve VND	Mathematical reserve VND	Claim reserve VND	Resilience reserve VND	Balancing reserve VND	Total VND
Beginning balance	138,089,373,759	961,265,071,206	4,142,608,861	1,878,111,821	2,221,702,560	1,107,596,868,207
Movement during the year	(35,561,180,081)	(3,637,100,865)	1,417,984,741	(417,449,331)	986,273,607	(37,211,471,929)
Ending balance	102,528,193,678	957,627,970,341	5,560,593,602	1,460,662,490	3,207,976,167	1,070,385,396,278

21. OWNERS' EQUITY

21.1 Movements in owners' equity during the year

	Contributed charter capital VND	Other owners' capital VND	Statutory reserve VND	Accumulated gain/(loss) VND	Total VND
Previous year					
Beginning balance	2,158,000,000,000	21,000,000,000	9,011,589,290	(92,006,372,718)	2,096,005,216,572
Profit for the year	-	-	-	18,095,098,236	18,095,098,236
Appropriation to statutory reserves	-	-	904,754,912	(904,754,912)	-
Ending balance	2,158,000,000,000	21,000,000,000	9,916,344,202	(74,816,029,394)	2,114,100,314,808
Current year					
Beginning balance	2,158,000,000,000	21,000,000,000	9,916,344,202	(74,816,029,394)	2,114,100,314,808
Profit for the year	-	-	-	84,404,042,457	84,404,042,457
Appropriation to statutory reserves	-	-	4,244,410,803	(4,244,410,803)	-
Ending balance	2,158,000,000,000	21,000,000,000	14,160,755,005	5,343,602,260	2,198,504,357,265

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21. OWNERS' EQUITY (continued)

21.1 Movements in owners' equity during the year (continued)

Detail of owners' equity contribution as at the balance sheet date is as follows:

	Ending balance		Beginning balance	
	Contributed capital VND	Ownership %	Contributed capital VND	Ownership %
Mirae Asset Life Insurance Company Limited	1,079,000,000,000	50.000	1,079,000,000,000	50.000
Prévoir-Vie Groupe	987,813,710,000	45.775	987,813,710,000	45.775
Scor Global Vie	91,186,290,000	4.225	91,186,290,000	4.225
	2,158,000,000,000	100	2,158,000,000,000	100

21.2 Capital transactions with owners

	Ending balance VND	Beginning balance VND
Contributed capital		
Beginning balance	2,158,000,000,000	2,158,000,000,000
Ending balance	2,158,000,000,000	2,158,000,000,000

22. NET INSURANCE PREMIUM

	Current year VND	Previous year VND
Direct written premium	633,384,206,429	542,395,442,858
Gross written premium (Note 22.1)	646,098,959,429	549,157,480,858
Premium returns (Note 22.2)	(12,714,753,000)	(6,762,038,000)
Decrease/(increase) in unearned premium reserve	35,561,180,081	(42,702,872,066)
Reinsurance premium ceded (Note 22.3)	(2,715,984,451)	(4,565,087,924)
	666,229,402,059	495,127,482,868

22.1 Gross written premium

	Current year VND	Previous year VND
Term life	402,339,923,444	342,868,965,680
Universal life	229,593,123,355	193,095,154,628
Riders	8,251,181,150	7,533,181,800
Endowment	5,630,099,480	5,660,178,750
Healthcare	284,632,000	-
	646,098,959,429	549,157,480,858

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22. NET INSURANCE PREMIUM (continued)

22.2 Premium returns

	<i>Current year</i> VND	<i>Previous year</i> VND
Universal life	12,356,529,000	6,521,412,000
Riders	350,180,000	240,626,000
Healthcare	8,044,000	-
	12,714,753,000	6,762,038,000

22.3 Reinsurance premium ceded

	<i>Current year</i> VND	<i>Previous year</i> VND
Universal life	792,684,938	1,409,643,125
Term life	382,373,949	727,125,524
Endowment	1,657,062	6,245,052
Riders	1,539,268,502	2,422,074,223
	2,715,984,451	4,565,087,924

23. CLAIMS AND INSURANCE PAYMENT EXPENSES

	<i>Current year</i> VND	<i>Previous year</i> VND
Claim, maturity and surrender payments	280,802,712,199	267,764,975,253
<i>Maturity</i>	176,062,787,653	151,373,522,205
<i>Full surrender</i>	71,261,076,478	92,156,270,489
<i>Partial surrender</i>	8,377,130,630	9,723,930,089
<i>Claim payment</i>	24,699,017,438	14,511,252,470
<i>Loyalty bonus</i>	402,700,000	-
Claim recovery	(2,453,364,148)	-
(Decrease)/increase in technical reserves	(1,650,291,848)	3,651,896,210
<i>(Decrease)/increase in mathematical reserve</i>	(3,637,100,865)	1,159,950,877
<i>Increase in claim reserve</i>	1,417,984,741	2,091,970,748
<i>Increase in balancing reserve</i>	986,273,607	256,563,932
<i>(Decrease)/increase in resilience reserve</i>	(417,449,331)	143,410,653
	276,699,056,203	271,416,871,463

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24. OTHER EXPENSES FOR INSURANCE OPERATION

	<i>Current year</i> <i>VND</i>	<i>Previous year</i> <i>VND</i>
Commission expenses	160,921,836,882	111,777,196,513
Policyholders' protection fund	268,915,177	446,580,176
Cash handling fee	10,693,892	11,886,684
Other insurance expenses	165,995,417	111,924,728
	<u>161,367,441,368</u>	<u>112,347,588,101</u>

25. SELLING EXPENSES

	<i>Current year</i> <i>VND</i>	<i>Previous year</i> <i>VND</i>
Promotion, marketing activities and market development cost	114,857,651,993	61,693,972,316
Training costs for distribution channels	67,814,036,168	52,464,372,562
Staff costs	23,381,076,314	16,522,440,519
Distribution channels expansion expenses	10,555,520,166	11,250,191,901
Instrument and tool expenses	2,781,560,065	1,826,570,523
Support fees	2,480,314,578	27,378,250,902
Marketing tools and gifts	2,188,493,416	1,270,768,672
Communication	1,215,436,514	1,210,313,245
Site visits and organisation of customer events	874,426,454	3,872,307,639
Depreciation & amortization expenses	827,637,334	970,341,312
Others	70,000,000	37,918,750
	<u>227,046,153,002</u>	<u>178,497,448,341</u>

26. GENERAL AND ADMINISTRATIVE EXPENSES

	<i>Current year</i> <i>VND</i>	<i>Previous year</i> <i>VND</i>
Staff costs	72,745,217,039	65,192,254,342
Office rentals	11,792,294,515	8,880,635,529
IT maintenance	9,140,608,593	6,837,245,783
Depreciation & amortization expenses	5,296,742,523	3,618,490,209
IT external services	2,208,537,035	1,117,064,565
Instrument and tool expenses	2,044,514,738	3,141,605,163
Travelling and transportation	1,720,344,303	809,659,678
Communication	1,087,753,219	1,026,914,530
Office utilities	892,005,382	612,925,675
Consultancy fee	550,143,509	400,999,004
Others	223,256,425	8,439,346,536
	<u>107,701,417,281</u>	<u>100,077,141,014</u>

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27. FINANCE INCOME

	<i>Current year</i> VND	<i>Previous year</i> VND
Interest income from bonds	98,938,327,719	112,937,813,173
Interest income from term deposits	81,855,775,423	79,388,600,199
Gain on selling fund certificates	24,154,200,000	-
Amortisation of bonds' discount	197,008,646	256,051,927
Foreign exchange gains	5,032,331	352,943
	<u>205,150,344,119</u>	<u>192,582,818,242</u>

28. FINANCE EXPENSES

	<i>Current year</i> VND	<i>Previous year</i> VND
Security custody fees	255,581,939	291,768,556
Amortisation of bonds' premium	70,940,592	212,840,615
Foreign exchange losses	44,298,691	32,888,492
	<u>370,821,222</u>	<u>537,497,663</u>

29. OTHER (LOSS)/GAIN

	<i>Current year</i> VND	<i>Previous year</i> VND
Other income	34,291,405	90,807,076
<i>Gain from instrument and tool disposal</i>	1,700,000	-
<i>Other income</i>	32,591,405	90,807,076
Other expenses	(704,907,104)	(10,340,857)
Other (loss)/gain	<u>(670,615,699)</u>	<u>80,466,219</u>

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30. CORPORATE INCOME TAX

30.1 Corporate income tax expenses

The statutory CIT rate applicable to the Company is 20% of taxable income (2021: 20%).

The tax returns filed by Company are subject to examination by the tax authorities. As the application of tax laws and regulations is susceptible to varying interpretations, the amounts reported in the financial statements could change at a later date upon final determination by the tax authorities.

	<i>Current year</i> VND	<i>Previous year</i> VND
Current corporate income tax (Note 30.2)	12,533,315,186	7,304,730,983
Adjustment for under accrual of tax from prior years	703,729,434	-
CIT expense	13,237,044,620	7,304,730,983

30.2 Current corporate income tax expenses

The reconciliation between CIT expense and the accounting profit multiplied by CIT rate is presented below:

	<i>Current year</i> VND	<i>Previous year</i> VND
Accounting profit before tax	97,641,087,077	25,399,829,219
At CIT rate of 20% (2021: 20%)	19,528,217,415	5,079,965,844
<i>Adjustments to increase:</i>		
Change in accrued expenses	-	2,148,055,334
Non-deductible expenses	658,529,904	76,285,342
<i>Adjustments to decrease:</i>		
Change in accrued expenses	(7,652,949,179)	-
(Gain)/loss on revaluation of foreign currencies	(482,954)	424,463
Estimated current tax expense	12,533,315,186	7,304,730,983

30.3 Unrecognized deferred tax

Deferred tax assets have not been recognized in respect of the following items due to uncertainty of future taxable income:

Temporary differences

	<i>Current year</i> VND	<i>Previous year</i> VND
Provisions for restructuring activities	4,638,081,097	6,767,894,206
Accrued expenses for operating activities	16,640,049,731	54,904,795,627
	21,278,130,828	61,672,689,833

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31. TRANSACTIONS WITH RELATED PARTIES

Significant transactions with related parties during the year were as follows:

<i>Related parties</i>	<i>Relationship</i>	<i>Transaction</i>	<i>Current year VND</i>	<i>Previous year VND</i>
Scor Global Vie	Owner	Outward reinsurance premium	263,838,584	236,802,431
		Reinsurance claim recovery	(1,000,364,148)	-
		Outward reinsurance commission	-	87,567,081
Prévoir-Vie Groupe	Owner	Technical support fee	1,710,589,760	-

Amounts due to and due from related parties at the balance sheet date were as follows:

<i>Related parties</i>	<i>Relationship</i>	<i>Transaction</i>	<i>Receivable/ (Payable) Ending balance VND</i>	<i>Receivable/ (Payable) Beginning balance VND</i>
Prévoir-Vie Groupe	Owner	Technical support fee	-	(1,710,589,760)
Scor Global Vie	Owner	Outward reinsurance premium	796,433,858	(50,461,731)

Remuneration to members of the Board of Directors and management:

	<i>Current year VND</i>	<i>Previous year VND</i>
Salaries and bonus	19,646,228,093	19,913,186,398

32. OPERATING LEASE COMMITMENTS

The Company leases its office premises under operating lease arrangements. The minimum lease commitments as at the balance sheet dates under the operating lease agreements are as follows:

	<i>Current year VND</i>	<i>Previous year VND</i>
Within one (1) year	15,459,430,300	8,739,244,460
From one (1) to five (5) years	19,963,502,625	26,438,152,125
	35,422,932,925	35,177,396,585

33 RISK MANAGEMENT FRAMEWORK

33.1 Governance framework

The primary objective of the Company's risk and financial management framework is to achieve its sustainable financial performance objectives. The Board of Directors and Management recognise the importance of having efficient and effective risk management systems in place.

The Company has established a risk management function which agreed clear terms of reference from the Management. This is supplemented with a clear organisational structure by documented delegated authorities and responsibilities from the Board of Directors to the Management and other senior management.

The Company actively manages its assets using an approach that considers the strategy, asset/credit quality, diversification, asset/liability matching, liquidity and duration management to achieve target investment return. The goal of the investment process is to achieve the target level of investment return with minimum volatility. Periodically, the Company reviews and approves target portfolios on a periodic basis, establishes investment guidelines and limits, and provides oversight of the asset/liability management process.

The Company establishes target asset portfolios for each major product category for its business. The investment strategy and asset allocation consider yield, duration, sensitivity, market risk, volatility, liquidity, asset concentration, foreign exchange and credit quality. The estimates and assumptions used in determining the approximate amounts and timing of payments to or on behalf of policyholders for insurance liabilities are regularly re-evaluated. Many of these estimates and assumptions are inherently subjective and could impact the Company's ability to achieve its asset management goals and objectives.

33.2 Capital management and regulatory framework

Regulatory capital requirements arise from the operations of the Company and require the Company to hold assets sufficient to cover liabilities and satisfy the solvency margin requirements in Vietnam. The principal solvency margin requirements that apply to the Company are those set out in Circular 50.

Regulators are primarily interested in protecting the rights of policy holders and monitor them closely to ensure that the insurance companies are satisfactorily managing affairs for their benefit. At the same time, regulators are also interested in ensuring that the Company maintains appropriate solvency position to meet unforeseen liabilities arising from economic shocks or natural disasters. The table below summarises the minimum regulatory solvency margin for the Company and the solvency capital:

	<i>Company Solvency Capital VND million</i>	<i>Minimum Solvency Margin VND million</i>	<i>Solvency Margin Ratio %</i>
31 December 2022	1,643,761	143,658	1,144%
31 December 2021	1,666,625	120,982	1,378%

The solvency ratio of the Company is calculated based on the relevant regulators promulgated by the Ministry of Finance in Vietnam, which is an indicator of the overall solvency position of the insurance operations.

33. RISK MANAGEMENT FRAMEWORK (continued)

33.3 Reinsurance strategy

The Company reinsures a portion of the insurance risks it underwrites in order to control its exposure to losses and protect its capital, through treaty reinsurance arrangements. These reinsurance agreements transfer part of the risk and limit the exposure from each insured. Under the surplus treaty agreement, the retention of each policy holder is VND 1 billion for Credit Life and Term Life product; and VND 2 billion for Universal Life product.

Under the terms of the reinsurance agreement, the reinsurer agrees to reimburse the ceded amount in the event the claim is paid. However, the Company remains liable to its policyholders with respect to ceded insurance if any reinsurer fails to meet the obligations it assumes.

Ceded reinsurance contains credit rating risk, and to minimise such risk, reinsurance from only those reinsurers who meet the Company's credit rating standard, either assessed by public rating agencies or internally assessed, will be used.

34. INSURANCE RISK MANAGEMENT

The insurance activity carried out by the Company is to establish assumptions of risk of loss from individuals or organisations that are directly subject to the risk. Such risks may relate to life, accident, financial or other perils that may arise from an insurable event. Therefore, the Company is exposed to the uncertainty of timing and amount of insurance claims under the contracts. Risk management is critical in controlling such insurance risks and maximizing Company's profits simultaneously.

The Company manages its insurance risk through underwriting limits, approval procedures for transactions related to new contracts or transactions exceed the limits, diversifying risk portfolios, pricing guidelines, providing valuation principles, principles of reinsurance and monitoring of other affairs.

For traditional life products, the insurance reserves are generally calculated on modified net premium basis, a modified net premium basis with Zillmer adjustment or a modified gross premium basis. The net premium is the level of premium payable over the premium payment period whose discounted value at the effective date of the policy would be sufficient to cover the discounted value of the guaranteed benefits at maturity or at loss events. The policy reserve is then calculated by subtracting the present value of future modified net premiums from the present value of the benefits guaranteed at maturity or loss events (such as death, injuries) up to the statement of financial position date. Negative provisions would not be allowed and recorded as zero in that case. The modified net premium basis makes no allowance for voluntary cancellation of insurance policies by policyholders as this would generally reduce the amount of policy reserves.

Under the modified gross premium method, the official premium will be used in the calculation of reserves. No allowance made for voluntary policy cancellation by policyholders so as to comply with the Vietnamese insurance regulation.

For universal life products, the policy reserve is determined as the policy account value of all in-force policies with an additional provision for the unexpired insurance risk, reserve under discounted cash flow method and reserve for loyalty bonus.

Unearned premium reserve is calculated for insurance contracts with the duration of equal to or less than one (1) year.

34. INSURANCE RISK MANAGEMENT (continued)

Life insurance contracts - traditional products

The basic feature of traditional insurance business is to provide guaranteed death benefit determined at the time of policy issuance.

Life insurance contracts – universal life products

The Company writes universal life insurance policies, which provide policyholders with life protection and investment in the universal life fund. The Company is selling two group of universal life products: single premium universal life product, and periodic premium universal life product.

These products offer guarantee on death, surrender and maturity where the crediting rate on the accounts will not be less than minimum interest rate 3.5% (for universal life products designed in a previous stage) or 2% (for universal life products designed in a recent period). In case the policy holder is dead, the policy is matured, the policyholder will receive investment interest according to the investment rate of the previous year of the insured event occurs year; or maturity year or will not receive investment interest arising from the first day of the policy termination year as specified in the Terms of Policy for each universal life product. In case the policyholder is terminated before its maturity date or other insurance events, the policyholders receive investment interest equal minimum interest rate or will not receive any interest from the first date of termination year as specified in Terms of Policy for each universal life product.

Assumptions, changes in assumptions and sensitivity analysis

Assumption making process

The purpose of assumption making is to provide stable and prudent estimates of future outcome. This is achieved by adopting relatively conservative assumptions which can withstand a reasonable range of fluctuation of actual experience. Annual review of the relevant experience is performed to ensure margin exists between the assumptions adopted and the most likely estimates of future outcome. The assumptions that are considered include the probability of claims and investment returns.

Assumptions

The principal assumptions underlying the calculation of the long-term business provision are:

(i) Mortality

The mortality tables used in reserving is based on the filed actuarial basis which is consistent with the local statutory requirement. The mortality table CSO 1980 is used.

(ii) Morbidity

The morbidity incidences rates used in reserving is based on the filed actuarial basis. The morbidity incidence rates, which mainly cover major illness and disability, are generally derived from total paid benefit payment and average annualized premium.

(iii) Valuation interest rate

The Company used the valuation rate: 2.0 - 2.5%.

35. FINANCIAL RISK MANAGEMENT

Financial instruments of the Company are exposed to 3 main risks: market risk, credit risk, and liquidity risk.

Risk management is integral to the whole business of the Company. The Company has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The Management continually monitors the Company's risk management process to ensure that an appropriate level of the above balance.

The Management reviews and agrees policies for managing each of these risks which are summarized as below:

35.1 *Market risk*

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and receivables and available-for-sale.

The sensitivity analysis has been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and the proportion of financial instruments in foreign currencies are all constant.

In calculating the sensitivity analysis, Management assumed that the statement of the balance sheet relates to available-for-sale debt instruments and the sensitivity of the relevant income statement items are impacted by the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 December 2022 and 31 December 2021.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's exposure to market risk for changes in interest rate is concentrated in its investment portfolio. The fixed maturity investments account for the whole investment portfolio which is principally managed to match expected liability payments. The Company monitors this exposure through periodic reviews of its assets and liabilities positions. Estimates of cash flows, as well as the impact of interest rate fluctuation relating to the investment portfolio and insurance reserves, are modelled and reviewed regularly. The overall objective of the investment strategy is to limit the net changes in the value of assets and liabilities arising from interest rate movements.

A sensitivity analysis is not performed for interest rate risk as the Company's exposure to interest-rate risk is minimal at reporting date.

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35. FINANCIAL RISK MANAGEMENT (continued)

35.1 *Market risk* (continued)

Foreign currency risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between VND and other currencies in which the Company conducts business may affect its financial condition and results of operations. The foreign current risk facing the Company mainly comes from movements in the USD/VND exchange rates. The Company seeks to limit its exposure to foreign currency risk by minimising its net foreign currency position.

The following table demonstrates the sensitivity to a reasonably possible change in the USD/VND exchange rate, with all other variables held constant, of the Company's profit before tax (due to changes in the fair value of monetary assets and liabilities) and equity. The Company's exposure to foreign currency changes for all other currencies is not material.

<i>Change in variance</i>	<i>Impact on profit before tax VND</i>
31 December 2022	
+5%	4,528,160
-5%	(4,528,160)
31 December 2021	
+5%	4,647,977
-5%	(4,647,977)

35.2 *Credit risk*

The Company's portfolio of fixed maturity investments (deposits at commercial banks, Government and corporate bonds) is subject to credit risk. This risk is defined as the potential loss in market value resulting from adverse changes in borrowers or counterparties' ability to repay the debts. The Company's objective is to earn competitive relative returns by investing in a diversified portfolio of investments. Management has a credit policy in place. Limits are established to manage credit quality and concentration risk.

The Company also has insurance receivables, reinsurance receivables and other receivables subject to credit risk. To mitigate the risk of the counterparties not paying the amount due, the Company has established certain business and financial guidelines for reinsurer approval, incorporating ratings by major agencies and considering currently available market information. The Company also periodically reviews the financial stability of reinsurers from public and other sources and the settlement trend of amounts due from reinsurers.

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35. FINANCIAL RISK MANAGEMENT (continued)

35.2 Credit risk (continued)

Details on credit quality by classes of assets for all financial assets exposed to credit risk as at 31 December 2022 are as follows:

	Not yet due and not impaired VND	Past-due but not individually impaired VND	Individually impaired VND	Total VND
31 December 2022				
Held to maturity	2,504,198,994,163	-	-	2,504,198,994,163
Government bonds	212,536,444,837	-	-	212,536,444,837
Corporation bonds	810,000,000,000	-	-	810,000,000,000
Term deposits	1,281,662,549,326	-	-	1,281,662,549,326
Fund certificates	200,000,000,000	-	-	200,000,000,000
Loans and receivables	193,215,566,228	-	-	193,215,566,228
Statutory deposits	12,000,000,000	-	-	12,000,000,000
Other long-term deposits	2,304,915,850	-	-	2,304,915,850
Insurance receivables	52,289,300,137	-	-	52,289,300,137
Accrued interest	64,931,874,813	-	-	64,931,874,813
Other short-term assets	61,689,475,428	-	-	61,689,475,428
Cash and cash equivalents	465,084,290,819	-	-	465,084,290,819
	3,162,498,851,210	-	-	3,162,498,851,210

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35. FINANCIAL RISK MANAGEMENT (continued)

35.2 Credit risk (continued)

Details on credit quality by classes of assets for all financial assets exposed to credit risk as at 31 December 2021 are as follows:

31 December 2021

	Not yet due and not impaired VND	Past-due but not individually impaired VND	Individually impaired VND	Total VND
Held to maturity	2,858,252,317,282	-	-	2,858,252,317,282
Government bonds	212,392,533,097	-	-	212,392,533,097
Corporation bonds	1,140,000,000,000	-	-	1,140,000,000,000
Term deposits	1,305,859,784,185	-	-	1,305,859,784,185
Fund certificates	200,000,000,000	-	-	200,000,000,000
Loans and receivables	178,056,214,152	-	-	178,056,214,152
Statutory deposits	12,000,000,000	-	-	12,000,000,000
Other long-term deposits	3,282,222,425	-	-	3,282,222,425
Insurance receivables	39,489,137,893	-	-	39,489,137,893
Accrued interest	70,431,832,609	-	-	70,431,832,609
Other short-term assets	52,853,021,225	-	-	52,853,021,225
Cash and cash equivalents	118,031,166,708	-	-	118,031,166,708
	3,154,339,698,142	-	-	3,154,339,698,142

Provision for bad debt is made under Circular 48/2019/TT-BTC dated 8 August 2019 by Ministry of Finance, in which:

Not yet due and not impaired: financial assets or the loans with interest or principal payments not yet past due and there is no evidence of impairment.

Past due but not individually impaired: financial assets with past due interest and principal payments but the Company believes that these assets are not impaired as they are secured by collaterals and have confidence in the customer's credit worthiness and other credit enhancements.

Individually impaired: debt instruments and loans to customers for which the Company considers that interests and principals are not able to be recovered under the terms of the contracts.

35. FINANCIAL RISK MANAGEMENT (continued)

35.3 Liquidity risk

The liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds.

The Company has to meet daily calls on its cash resources notably from claims, maturity, and surrenders of policy with surrender value. Therefore, there exists a risk that cash will not be available to settle liabilities when they are due at a reasonable cost. The Company manages this risk by monitoring and setting an appropriate level of operating funds and concurrently sets up a periodic payment plan to settle these liabilities

The following tables summarise the contractual maturity profile of the Company's financial assets based on contractual undiscounted payment, and financial liabilities on a discounted basis and estimated timing of cash flows arising from liabilities under insurance contracts, at 31 December 2022:

	Overdue (VND million)	No maturity date (VND million)	Up to one year (VND million)	1-3 years (VND million)	3-5 years (VND million)	5-15 years (VND million)	Over 15 years (VND million)	Total (VND million)
31 December 2022								
Financial assets - gross								
Held to maturity	-	-	1,217,457	300,203	220,000	766,539	-	2,504,199
Government bonds	-	-	59,794	56,203	-	96,539	-	212,536
Corporation bonds	-	-	20,000	100,000	20,000	670,000	-	810,000
Term deposits	-	-	1,137,663	144,000	-	-	-	1,281,663
Fund certificates	-	-	-	-	200,000	-	-	200,000
Loans and receivables	-	-	190,345	2,870	-	-	-	193,215
Statutory deposits	-	-	12,000	-	-	-	-	12,000
Other long-term deposits	-	-	2,305	-	-	-	-	2,305
Insurance receivables	-	-	52,289	-	-	-	-	52,289
Accrued interest	-	-	62,062	2,870	-	-	-	64,932
Other short-term assets	-	255,084	61,689	-	-	-	-	61,689
Cash and cash equivalents	-	-	210,000	-	-	-	-	465,084
	-	255,084	1,617,802	303,073	220,000	766,539	-	3,162,498
Financial liabilities								
Technical reserves	-	-	184,716	78,306	46,558	237,278	523,527	1,070,385
Insurance payables	-	-	60,576	-	-	-	-	60,576
Reinsurance payables	-	-	1,759	-	-	-	-	1,759
Other payables	-	-	124,339	-	-	-	-	124,339
Total	-	-	371,390	78,306	46,558	237,278	523,527	1,257,059
Net liquidity gap	-	255,084	1,246,412	224,767	173,442	529,261	(523,527)	1,905,439

35. FINANCIAL RISK MANAGEMENT (continued)

35.3 Liquidity risk (continued)

The following tables summarise the contractual maturity profile of the Company's financial assets based on contractual undiscounted payment, and financial liabilities on a discounted basis and estimated timing of cash flows arising from liabilities under insurance contracts, at 31 December 2021:

	Overdue (VND million)	No maturity date (VND million)	Up to one year (VND million)	1-3 years (VND million)	3-5 years (VND million)	5-15 years (VND million)	Over 15 years (VND million)	Total (VND million)
31 December 2021								
Financial assets – gross (*)								
Held to maturity	-	-	1,395,860	226,067	-	1,236,325	-	2,858,252
Government bonds	-	-	-	116,067	-	96,325	-	212,392
Corporation bonds	-	-	100,000	100,000	-	940,000	-	1,140,000
Term deposits	-	-	1,295,860	10,000	-	-	-	1,305,860
Fund certificates	-	-	-	-	-	200,000	-	200,000
Loans and receivables	-	-	178,037	19	-	-	-	178,056
Statutory deposits	-	-	12,000	-	-	-	-	12,000
Other long-term deposits	-	-	3,282	-	-	-	-	3,282
Insurance receivables	-	-	39,489	-	-	-	-	39,489
Accrued interest	-	-	70,413	19	-	-	-	70,432
Other short-term assets	-	85,631	52,853	-	-	-	-	52,853
Cash and cash equivalents	-	-	32,400	-	-	-	-	118,031
	-	85,631	1,606,297	226,086	-	1,236,325	-	3,154,339
Financial liabilities								
Technical reserves	-	-	212,551	68,921	58,140	246,417	521,568	1,107,597
Insurance payables	-	-	62,641	-	-	-	-	62,641
Reinsurance payables	-	-	2,372	-	-	-	-	2,372
Other payables	-	-	151,529	-	-	-	-	151,529
Total	-	-	429,093	68,921	58,140	246,417	521,568	1,324,139
Net liquidity gap	-	85,631	1,177,204	157,165	(58,140)	989,908	(521,568)	1,830,200

(*) Balances of these items do not include provision for impairment losses.

36. FINANCIAL INSTRUMENTS AND FINANCIAL LIABILITIES

On 6 November 2009, the Ministry of Finance issued Circular No. 210/2009/TT-BTC ("Circular 210") providing guidance for the adoption in Vietnam of the International Financial Reporting Standards on presentation and disclosures of financial instruments with effectiveness from financial years beginning on or after 1 January 2011. Circular 210 provides the definitions of financial assets, financial liabilities and derivative financial instruments, equity instruments as well as presentation and disclosures of financial instruments.

Due to Circular 210 only requires the presentation and disclosure of financial instruments, the definitions of financial assets, financial liabilities and other relevant definitions are applicable to prepare this note only. The assets, liabilities and equities of the Company still are recognized and accounting in accordance with the Vietnamese Accounting Standards and Vietnamese Accounting System applicable to insurance companies and comply with the relevant statutory requirements.

Financial assets

Financial assets within the scope of Circular 210 include cash and cash equivalents, fixed maturity instruments, quoted and unquoted financial instruments, loan and receivables, and other receivables.

According to Circular 210, for the purpose of disclosure in the financial statements, financial assets are classified as appropriate into one of the following categories:

▶ *Financial assets recognised at fair value through Profit and loss statements*

Is a financial asset satisfies either of the following conditions:

- a) Being classified as held for trading. A financial asset will be classified as securities held for trading if:
 - (i) It is purchased or created mainly for the purpose of resale/redemption in a short term;
 - (ii) There is an evidence that such instrument is traded for the purpose of gaining short-term profits; or
 - (iii) It is a derivative financial instrument (except for derivative financial instruments identified as financial guarantee contracts or effective hedging instruments).
- b) Upon initial recognition, the entity categorizes the financial asset as such reflected at fair value through profit and loss statement.

▶ *Held-to-maturity investments:*

Held-to-maturity investments are non-derivative financial assets with fixed or identifiable payments and fixed maturity periods which an entity has the intent and ability to hold until the date of maturity, with the exceptions of:

- a) Financial assets that, upon initial recognition, were categorized as such recognised at fair value through profit or loss statements;
- b) Financial assets already categorized as available for sale;
- c) Financial assets that meet the definitions of loans and receivables.

36. FINANCIAL INSTRUMENTS AND FINANCIAL LIABILITIES (continued)

Financial assets (continued)

▶ *Loans and receivables:*

Loans and receivables are non-derivative financial assets with fixed or identifiable payments and not listed on the market, with the exceptions of:

- a) The amounts the entity has the intention to immediately sell or will sell in a near future which are classified as assets held for trading, and like those which, upon initial recognition, the entity categorized as such recognised at fair value through profit or loss statements;
- b) The amounts categorized by the entity as available for sale upon initial recognition; or
- c) The amounts whose holders cannot recover most of the initial investment value not due to credit quality impairment and which are categorized as available for sale.

▶ *Available-for-sale assets:*

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

- a) Loans and receivables;
- b) Held-to-maturity investments;
- c) Financial assets recognised at fair value through profit and loss statements.

Financial liabilities

Financial liabilities within the scope of Circular 210 include trade and other payables, loans and borrowings, and other financial liabilities.

According to Circular 210, for the purpose of disclosure in the financial statements, financial liabilities are classified as appropriate into one of the following categories

▶ *Financial liabilities recognised at fair value through profit or loss statements*

Is a financial liability satisfies either of the following conditions:

- a) Being classified as held for trading. A financial liability will be classified as securities held for trading if:
 - (i) It is purchased or created mainly for the purpose of resale/redemption in a short term;
 - (ii) There is an evidence that such instrument is traded for the purpose of gaining short-term profits; or
 - (iii) It is a derivative financial instrument (except for derivative financial instruments identified as financial guarantee contracts or effective hedging instruments).
- b) Upon initial recognition, the entity categorizes the financial liabilities as such reflected at fair value through profit or loss statement.

▶ *Financial liabilities measured at amortised cost:*

Financial liabilities measured at amortised cost include financial liabilities that were not categorized as financial liabilities at fair value through profit or loss statements.

36. FINANCIAL INSTRUMENTS AND FINANCIAL LIABILITIES (continued)

Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation.

The following methods and assumptions are used to estimate the fair values:

- ▶ The fair value of cash and cash equivalents, trade receivables, trade payables and other short-term liabilities are measured at carrying value since they have short-term maturity.
- ▶ Where there is no observable market to determine fair value at reporting date, carrying value of financial assets and financial liabilities are shown.

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NOTES TO THE FINANCIAL STATEMENTS (continued)
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36. FINANCIAL INSTRUMENTS AND FINANCIAL LIABILITIES (continued)

Set out below is a comparison by class of the carrying amounts and fair value of the Company's financial instruments that are carried in the financial statements as at 31 December 2022:

31 December 2022	Carrying amount VND	Provision for impairment VND	Net carrying amount VND	Fair value VND
Financial assets				
Held to maturity				
Government bonds	2,504,055,082,423	-	2,504,055,082,423	2,519,186,361,907
Corporation bonds	212,392,533,097	-	212,392,533,097	212,392,533,097
Term deposits	810,000,000,000	-	810,000,000,000	810,000,000,000
Fund certificates	1,281,662,549,326	-	1,281,662,549,326	1,281,662,549,326
Loans and receivables	200,000,000,000	-	200,000,000,000	215,131,279,484
Statutory deposits	193,215,566,228	-	193,215,566,228	193,215,566,228
Other long-term deposits	12,000,000,000	-	12,000,000,000	12,000,000,000
Insurance receivables	2,304,915,850	-	2,304,915,850	2,304,915,850
Accrued interest	52,289,300,137	-	52,289,300,137	52,289,300,137
Other short-term assets	64,931,874,813	-	64,931,874,813	64,931,874,813
Cash and cash equivalents	61,689,475,428	-	61,689,475,428	61,689,475,428
	465,084,290,819	-	465,084,290,819	465,084,290,819
	3,162,354,939,470	-	3,162,354,939,470	3,177,486,218,954
Financial liabilities				
Technical reserves	1,070,385,396,278	-	1,070,385,396,278	1,070,385,396,278
Insurance payables	60,576,123,314	-	60,576,123,314	60,576,123,314
Reinsurance payables	1,758,686,992	-	1,758,686,992	1,758,686,992
Other payables	124,338,824,392	-	124,338,824,392	124,338,824,392
	1,257,059,030,976	-	1,257,059,030,976	1,257,059,030,976

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36. FINANCIAL INSTRUMENTS AND FINANCIAL LIABILITIES (continued)

The table below summarizes the carrying amount and fair value of financial assets in the Company's financial statements as at 31 December 2021:

31 December 2021	Carrying amount VND	Provision for impairment VND	Net carrying amount VND	Fair value VND
Financial assets				
Held to maturity				
Government bonds	2,858,252,317,282	-	2,858,252,317,282	2,900,723,927,752
Corporation bonds	212,392,533,097	-	212,392,533,097	212,392,533,097
Term deposits	1,140,000,000,000	-	1,140,000,000,000	1,140,000,000,000
Fund certificate	1,305,859,784,185	-	1,305,859,784,185	1,305,859,784,185
Loans and receivables	200,000,000,000	-	200,000,000,000	242,471,610,470
Statutory deposits	178,056,214,152	-	178,056,214,152	178,056,214,152
Other long-term deposits	12,000,000,000	-	12,000,000,000	12,000,000,000
Insurance receivables	3,282,222,425	-	3,282,222,425	3,282,222,425
Accrued interest	39,489,137,893	-	39,489,137,893	39,489,137,893
Other short-term assets	70,431,832,609	-	70,431,832,609	70,431,832,609
Cash and cash equivalents	52,853,021,225	-	52,853,021,225	52,853,021,225
	118,031,166,708	-	118,031,166,708	118,031,166,708
	3,154,339,698,142	-	3,154,339,698,142	3,196,811,308,612
Financial liabilities				
Technical reserves	1,107,596,868,207	-	1,107,596,868,207	1,107,596,868,207
Insurance payables	62,640,534,321	-	62,640,534,321	62,640,534,321
Reinsurance payables	2,372,156,501	-	2,372,156,501	2,372,156,501
Other payables	151,528,719,649	-	151,528,719,649	151,528,719,649
	1,324,138,278,678	-	1,324,138,278,678	1,324,138,278,678

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37. EVENTS AFTER THE BALANCE SHEET DATE

There is no matter or circumstance that has arisen since the balance sheet date that requires adjustment or disclosure in the financial statements of the Company.

Ms. Nguyen Thanh Ha
Chief Accountant

Mr. Khamvong Soukavong Mr. Ko Young Wan
Chief Financial Officer Chief Executive Officer

Ho Chi Minh City, Vietnam

17 March 2023