

SEOUL GUARANTEE INSURANCE COMPANY
– HANOI BRANCH OFFICE

(Incorporated in the Socialist Republic of Vietnam)

AUDITED FINANCIAL STATEMENTS

For the year ended 31 December 2024



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SEOUL GUARANTEE INSURANCE COMPANY – HANOI BRANCH OFFICE

Unit 901, 9th Floor, East Tower, Hanoi Lotte Center,
54 Lieu Giai Street, Cong Vi Ward, Ba Dinh District, Hanoi, S.R. Vietnam

STATEMENT OF THE BOARD OF MANAGEMENT OF THE BRANCH

The Board of Management of Seoul Guarantee Insurance Company – Hanoi Branch Office (the “Branch”) presents this report together with the Branch’s financial statements for the year ended 31 December 2024.

THE BOARD OF MANAGEMENT OF THE BRANCH

The members of the Board of Management of the Branch during the year and to the date of this report are as follows:

Board of Management of the Branch

Mr. Know Soon Yong	Branch Manager
Mr. Kim Jong Bong	Deputy Branch Manager (Appointed on 12 August 2024)
Mr. Hwang Soon Young	Deputy Branch Manager (Resigned from 11 August 2024)

THE BOARD OF MANAGEMENT’S STATEMENT OF RESPONSIBILITY

The Board of Management of the Branch is responsible for preparing the financial statements, which give a true and fair view of the financial position of the Branch as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with Vietnamese accounting standards, accounting regime applicable to insurance enterprises and legal regulations relating to financial reporting. In preparing these financial statements, the Board of Management is required to:

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

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

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

For and on behalf of the Board of Management of the Branch,



Kwon Soon Yong
Branch Manager

Hanoi, 14 March 2025

No.: 06/14 /VN1A-HN-BC

INDEPENDENT AUDITORS' REPORT

**To: The Owners and the Board of Management of
Seoul Guarantee Insurance Company – Hanoi Branch Office**

We have audited the accompanying financial statements of Seoul Guarantee Insurance Company – Hanoi Branch Office (the "Branch"), prepared on 14 March 2025 as set out from page 04 to page 31, which comprise the balance sheet as at 31 December 2024, the statement of income and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Management's Responsibility for the Financial Statements

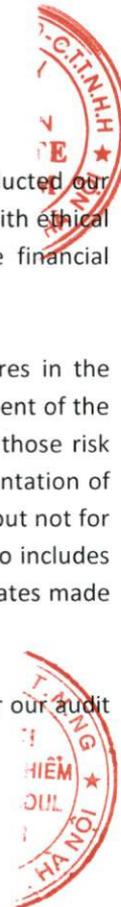
The Board of Management of the Branch is responsible for the preparation and fair presentation of these financial statements in accordance with Vietnamese accounting standards, accounting regime applicable to insurance enterprises and legal regulations relating to financial reporting, and for such internal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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Branch'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 Branch's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Board of 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.



INDEPENDENT AUDITORS' REPORT (Continued)

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Branch as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with Vietnamese accounting standards, accounting regime applicable to Vietnamese insurance enterprises and legal regulations relating to financial reporting.



Pham Tuan Linh
Deputy General Director
Audit Practising Registration Certificate
No. 3001-2024-001-1

DELOITTE VIETNAM AUDIT COMPANY LIMITED

14 March 2025
Hanoi, S.R. Vietnam

Nguyen Khuong Duy
Auditor
Audit Practising Registration Certificate
No. 5063-2025-001-1

BALANCE SHEET

As at 31 December 2024

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
A. CURRENT ASSETS	100		665,726,902,840	554,698,355,753
I. Cash and cash equivalents	110	4	301,090,862,257	270,474,011,786
1. Cash	111		33,513,565,911	4,986,055,969
2. Cash equivalents	112		267,577,296,346	265,487,955,817
II. Short-term financial investments	120		316,571,900,000	264,710,000,000
1. Held-to-maturity investments	123	5	316,571,900,000	264,710,000,000
III. Short-term receivables	130		47,875,427,000	19,366,778,466
1. Short-term trade receivables	131	6	53,341,254,657	45,808,742,708
<i>Receivables of insurance contracts</i>	131.1		53,341,254,657	45,808,742,708
2. Other short-term receivables	135	7	40,651,411,905	18,697,991,458
3. Provision for short-term doubtful debts	139	6	(46,117,239,562)	(45,139,955,700)
IV. Other short-term assets	150		152,431,336	147,565,501
1. Short-term prepayments	151		152,431,336	56,198,223
2. Value added tax deductibles	152		-	91,367,278
V. Reinsurance assets	190	10	36,282,247	-
1. Claim reserve for outward reinsurance	192		36,282,247	-
B. NON-CURRENT ASSETS	200		229,008,603,662	268,327,101,876
I. Long-term receivables	210		22,391,495,365	31,524,214,792
1. Other long-term receivables	218		22,391,495,365	31,524,214,792
<i>Insurance deposit</i>	218.1		12,000,000,000	12,000,000,000
<i>Other deposits</i>	218.2		1,312,643,400	1,078,602,150
<i>Other long-term receivables</i>	218.3	7	9,078,851,965	18,445,612,642
II. Fixed assets	220		1,586,770,958	138,537,906
1. Tangible fixed assets	221	8	1,586,770,958	138,537,906
- Cost	222		3,603,498,183	3,321,608,183
- Accumulated depreciation	223		(2,016,727,225)	(3,183,070,277)
2. Intangible assets	227		-	-
- Cost	228		204,440,000	204,440,000
- Accumulated amortisation	229		(204,440,000)	(204,440,000)
III. Long-term financial investments	250		203,599,440,000	236,571,900,000
1. Held-to-maturity investments	255	5	203,599,440,000	236,571,900,000
IV. Other long-term assets	260		1,430,897,339	92,449,178
1. Long-term prepayments	261		1,430,897,339	92,449,178
TOTAL ASSETS (270=100+200)	270		894,735,506,502	823,025,457,629

The accompanying notes are an integral part of these financial statements

BALANCE SHEET (Continued)

As at 31 December 2024

Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening balance
C. LIABILITIES	300		76,220,418,643	51,737,039,367
I. Current liabilities	310		69,423,617,043	47,351,802,841
1. Taxes and amounts payable to the State budget	314	9	5,085,277,095	7,355,689,903
2. Short-term accrued expenses	316		887,424,620	562,928,000
3. Other current payables	319		510,920,910	179,177,251
4. Underwriting reserves	329	10	62,939,994,418	39,254,007,687
<i>Unearned premium reserve for direct insurance</i>	329.1		51,161,386,085	22,114,628,174
<i>Claim reserve for direct insurance</i>	329.2		1,807,711,186	8,920,512,012
<i>Catastrophe reserve</i>	329.3		9,970,897,147	8,218,867,501
II. Long-term liabilities	330		6,796,801,600	4,385,236,526
1. Deferred tax liabilities	335	11	6,796,801,600	4,385,236,526
D. EQUITY	400		818,515,087,859	771,288,418,262
I. Owners' equity	410	12	818,515,087,859	771,288,418,262
1. Owners' contributed capital	411		600,000,000,000	600,000,000,000
2. Compulsory reserve fund	419		11,644,634,501	9,283,301,021
3. Retained earnings	421		206,870,453,358	162,005,117,241
- <i>Retained earnings accumulated to the prior year end</i>	421a		162,005,117,241	113,076,815,985
- <i>Retained earnings of the current year</i>	421b		44,865,336,117	48,928,301,256
TOTAL RESOURCES (440=300+400)	440		894,735,506,502	823,025,457,629



Nguyen Thi Van
Preparer



Ha Thi Minh Thu
Chief Accountant



Kwon Soon Yong
Branch Manager

Hanoi, 14 March 2025

INCOME STATEMENT

For the year ended 31 December 2024

Unit: VND

PART I: GENERAL INCOME STATEMENT

ITEMS	Codes	Current year	Prior year
1. Net revenue from insurance activities	10	29,765,429,067	34,682,845,234
2. Financial income	12	47,835,143,748	47,036,548,844
3. Other income	13	526,936,850	82,654,693
4. Total expenses for insurance activities	20	(4,565,557,918)	(11,042,907,034)
5. Financial expenses	22	3,552,652	405,511,809
6. General and administration expenses	23	23,463,738,045	22,039,681,261
7. Other expenses	24	21,841,133	146,053
8. Total accounting profit before tax (50 = 10+12+13-20-22-23-24)	50	59,203,935,753	70,399,616,682
9. Current corporate income tax expense	51	9,565,701,082	16,801,503,910
10. Deferred corporate income tax expense/(income)	52	2,411,565,074	2,094,632,713
11. Net profit after corporate income tax (60 = 50-51-52)	60	47,226,669,597	51,503,480,059

The accompanying notes are an integral part of these financial statements



INCOME STATEMENT (Continued)

For the year ended 31 December 2024

Unit: VND

PART II: INCOME STATEMENT BY ACTIVITY

ITEMS	Codes	Notes	Current year	Prior year
1. Insurance premium (01=01.1-01.3)	01	13	30,563,638,489	35,838,777,984
- Direct insurance premium	01.1		59,610,396,400	30,600,822,000
- Increase/(Decrease) in unearned premium reserves for direct insurance and inward reinsurance	01.3		29,046,757,911	(5,237,955,984)
2. Outward reinsurance premium (02=02.1-02.2)	02	14	1,209,408,215	1,751,413,257
- Total outward reinsurance premium	02.1		1,209,408,215	-
- (Decrease)/Increase in unearned premium reserves for outward reinsurance	02.2		-	(1,751,413,257)
3. Net insurance premium (03= 01 - 02)	03		29,354,230,274	34,087,364,727
4. Commission income from outward reinsurance and other income from insurance activities	04		411,198,793	595,480,507
- Commission income from outward reinsurance	04.1		411,198,793	595,480,507
5. Net revenue from insurance activities (10 = 03 + 04)	10		29,765,429,067	34,682,845,234
6. Claim settlement expenses (11= 11.1 - 11.2)	11		-	-
- Total claim settlement expenses	11.1		9,300,414,796	2,698,289,831
- Deductions	11.2		(9,300,414,796)	(2,698,289,831)
+ Indemnity recovered during the year			(1,767,902,847)	(1,395,734,523)
+ Indemnity receivables			(7,532,511,949)	(1,302,555,308)
7. Claims receipts from ceded policies	12		-	-
8. (Decrease) in claim reserves for direct insurance and inward reinsurance	13		(7,112,800,826)	(13,104,904,609)
9. Increase/(decrease) in claim reserve for outward reinsurance	14		36,282,247	(76,289,514)
10. Total insurance claim settlement expenses (15 = 11 - 12 + 13 - 14)	15	15	(7,149,083,073)	(13,028,615,095)
11. Increase in catastrophe reserve	16		1,752,029,646	918,024,660
12. Other expenses for insurance activities	17		831,495,509	1,067,683,401
- Other expenses for insurance activities	17.2		831,495,509	1,067,683,401
13. Total expenses for insurance activities (18 = 15 + 16 + 17)	18		(4,565,557,918)	(11,042,907,034)
14. Gross profit from insurance activities (19 = 10 - 18)	19		34,330,986,985	45,725,752,268

The accompanying notes are an integral part of these financial statements

INCOME STATEMENT (Continued)

For the year ended 31 December 2024

Unit: VND

PART II: INCOME STATEMENT BY ACTIVITY (Continued)

ITEMS	Codes	Notes	Current year	Prior year
15. Financial income	23	16	47,835,143,748	47,036,548,844
16. Financial expenses	24		3,552,652	405,511,809
17. Gross profit from financial activities (25 = 23-24)	25		47,831,591,096	46,631,037,035
18. General and administration expenses	26	17	23,463,738,045	22,039,681,261
19. Net profit from operating activities (30 = 19 + 25 - 26)	30		58,698,840,036	70,317,108,042
20. Other incomes	31		526,936,850	82,654,693
21. Other expenses	32		21,841,133	146,053
22. Other profit (40 = 31 - 32)	40		505,095,717	82,508,640
23. Accounting profit before tax (50 = 30 + 40)	50		59,203,935,753	70,399,616,682
24. Current corporate income tax expense	51	18	9,565,701,082	16,801,503,910
25. Deferred corporate income tax (income)	52		2,411,565,074	2,094,632,713
26. Net profit after corporate income tax (60 = 50 - 51 - 52)	60		47,226,669,597	51,503,480,059



Nguyen Thi Van
Preparer



Ha Thi Minh Thu
Chief Accountant



Kwon Soon Yong
Branch Manager

Hanoi, 14 March 2025

CASH FLOW STATEMENT

(Indirect method)

For the year ended 31 December 2024

Unit: VND

ITEMS	Codes	Current year	Prior year
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	01	59,203,935,753	70,399,616,682
2. Adjustments for:			
Depreciation and amortisation of fixed assets	02	102,973,312	71,202,305
Provisions	03	24,626,988,346	(13,065,168,323)
Foreign exchange gain arising from translating foreign currency items	04	(12,142,349,246)	(6,518,503,645)
Gains from investing activities	05	(36,103,764,274)	(40,511,486,955)
3. Operating profit before movements in working capital	08	35,687,783,891	10,375,660,064
(Increase) in receivables	09	(7,675,185,921)	(1,573,569,036)
Increase/(decrease) in payables (excluding accrued loan interest and corporate income tax payable)	11	1,374,849,443	(663,061,975)
(Increase)/decrease in prepaid expenses	12	(1,434,681,274)	20,780,919
Corporate income tax paid	15	(12,554,723,054)	(11,245,643,877)
Net cash generated by/(used in) operating activities	20	15,398,043,085	(3,085,833,905)
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Acquisition and construction of fixed assets and other long-term assets	21	(1,551,206,364)	(33,000,000)
2. Proceeds from sale, disposal of fixed assets and other long-term assets	22	427,272,723	-
3. Cash outflow for lending, buying debt instruments of other entities	23	(283,599,440,000)	(476,281,900,000)
4. Cash recovered from lending, selling debt instruments of other entities	24	264,710,000,000	273,200,000,000
5. Interest earned	27	23,089,831,781	16,861,672,444
Net cash generated by/(used in) investing activities	30	3,076,458,140	(186,253,227,556)
III. CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash (used in) financing activities	40	-	-
Net increase/(decrease) in cash (50=20+30+40)	50	18,474,501,225	(189,339,061,461)
Cash and cash equivalents at the beginning of the year	60	270,474,011,786	453,294,569,602
Effects of changes in foreign exchange rates	61	12,142,349,246	6,518,503,645
Cash and cash equivalents at the end of the year (70=50+60+61)	70	301,090,862,257	270,474,011,786


Nguyen Thi Van
Preparer


Ha Thi Minh Thu
Chief Accountant


Kwon Soon Yong
Branch Manager

Hanoi, 14 March 2025

The accompanying notes are an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

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

1. GENERAL INFORMATION**Structure of ownership**

Seoul Guarantee Insurance Company – Hanoi Branch Office (the “Branch”) was incorporated in Vietnam under the License for establishment and operation No. 73GP/KDBH dated 26 August 2014 which was issued by the Ministry of Finance for a period of 50 years from the date of the License. It was first amended in accordance with amended License No. 73/GPĐC1/KDBH dated 25 June 2015 issued by the Ministry of Finance.

The owner of the Company is Seoul Guarantee Insurance Company, which is incorporated in South Korea. Details of capital contributions are presented in Note 12.

The total number of employees of the Branch as at 31 December 2024 was 19 (as at 31 December 2023: 16).

Business sector

Business sector of the Branch includes insurance services.

Operating industry

- Direct insurance business;
- Reinsurance business
- Investing idle funds in Vietnam in various financial sectors and activities as allowed by the law:
 - Buy government bonds
 - Buy stocks and corporate bonds
 - Real estate business
 - Contribute capital to other businesses
 - Deposit money at credit institutions

Normal business cycle

The Branch’s normal business cycle is carried out for a time period of 12 months or less.

Disclosure of information comparability in the financial statements

Comparative figures are the figures of the audited financial statements for the year ended 31 December 2023.

Characteristics of the business's operations in the fiscal year affected the Financial Statements

In the fiscal year ending 31 December 2024, the Branch established an additional business location in Ho Chi Minh City and commenced operations from 01 July 2024.

2. ACCOUNTING CONVENTION AND FINANCIAL YEAR

Accounting convention

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

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

Financial year

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Estimates

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

Financial instruments

Initial recognition

Financial assets

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

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

The fair value of cash is defined as the book value. The fair value of the receivables is measured at cost less provision. The fair value of the investments is presented in the note to the accounting policies on financial investments. The fair value of other financial assets is measured at the book value.

Financial liabilities

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

Financial liabilities of the Branch comprise other payables and other financial liabilities.

Subsequent measurement after initial recognition

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

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Financial investments

Held-to-maturity investments comprise investments that the Branch has the positive intent or ability to hold to maturity, including bank term deposits.

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

Held-to-maturity investments are measured at cost less provision for impairment of held-to-maturity investments.

Provision for impairment of held-to-maturity investments is made in accordance with prevailing accounting regulations.

Receivables

Indemnity receivables

Indemnity receivables presents claim receivable amount secured as per contract terms, covering insurance, interest, and other expenses (if any).

Provision for indemnity receivables is assessed in accordance with the estimated loss that may arise. The details were as follows:

For the corporate customers:

Provision for indemnity receivables from corporate customer are individually assessed on a case-by-case basis.

For individual customers:

Provision for indemnity receivables from individual customer are collectively assessed based on historical loss rate over the last five years.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation.

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

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

	<u>Years</u>
Furniture and fittings	05
Motor vehicles	06
Office equipment	05
Software	05

Loss or gain resulting from sales and disposals of tangible fixed assets is the difference between the net proceeds from sales or disposals of assets and their carrying amount and is recognised in the income statement.

Prepayments

Prepayments are expenses which have already been paid but relate to results of operations of multiple financial years, including unallocated office rentals and other prepayments.

Office rentals represent rentals that have been paid in advance. Prepaid office rentals are charged to the income statement using the straight-line method over the lease term.

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

Foreign currencies

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

Unearned commission income

Unearned commission income is the amounts received in advance relating to results of operations of multiple accounting periods for reinsurance activities that have been yet delivered. The Company recognizes unearned commission income in proportion to its obligations that the Company will have to perform in the future. When the revenue recognition conditions are satisfied, unearned commission income will be recognized in the income statement for the year corresponding to the portion that meets the revenue recognition conditions.

Underwriting reserves

Underwriting reserves are made in accordance with Circular 67 and the approved Official Letter No. 14000/BTC-QLBH dated 2 October 2014 from the Insurance Supervisory Authority – Ministry of Finance. Details are as follows:

Unearned premium reserve

The method for establishing the unearned premium reserves is based upon the period of the insurance and reinsurance contract. Unearned premium reserves are calculated proportionally over the period of coverage using the daily method.

Claim reserve

For outstanding loss reserve (“OSLR”), the Branch provides for claim reserves for direct insurance and outward reinsurance using the statistic of retention liabilities for each estimated loss incurred and reported.

For losses incurred but not reported (“IBNR”), the reserve is provided for at the rate of 3% of the premium for the year.

Catastrophe reserve

Under Vietnamese Accounting Standard No. 19 “Insurance Contract”, it is not mandatory to provide for claim (including catastrophe reserve) under contracts that do not in existence at the reporting date. However, the Branch follows the reserve policy in accordance with Circular 67 and the approved Official Letter No. 14000/BTC-QLBH, accordingly, catastrophe reserve for all types of insurance services is consistently made at 3% of total retained premium until its balance is equal to 100% of the retained premium in the year.

Insurance deposits

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

Compulsory reserve funds

Compulsory reserves fund is established in order to supplement the Branch’s charter capital and ensure its solvency. In accordance with Decree 46, the Branch is required to make an annual appropriation to the compulsory reserves fund at five (5) percent of after-tax profit until the fund reaches ten (10) percent of the Branch’s charter capital.

Revenue recognition

Direct insurance premium

Direct insurance premium is recognized under Circular 67 revenue recognition occurs when the buyer make payment for the insurance premium. Both of them also must subject to specified criteria are fulfilled for recognizing the original insurance premium revenue following conditions are met: (1) the contract has been signed between the insurer and the insured and; (2) the insured has paid insurance fee or has agreed with the insured on the payment of the premium (including the extension period) that is no more than 30 days from the effective date of the insurance policy (applicable to the first instalment of insurance premium or one-time payment policy). Particularly, the first instalment of insurance premium

(for periodical premium payment) or insurance premium for the one-time premium payment should be accounted for at the beginning of the insurance policy.

Reinsurance premium

Commission income is recognized corresponding to outward reinsurance premium incurred in the year. In the year, the entire outward reinsurance commission under outward reinsurance contracts signed in accordance with regulations of the financial regime is presented in the "Commission income from outward reinsurance" item.

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

Other incomes from reinsurance activities are recognized when incurred.

Financial income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the applicable interest rate.

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

Expenditures

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

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

Other expenses are recognized when incurred.

Taxation

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

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

Deferred tax is recognized on significant differences between carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using balance sheet liability method. Deferred tax liabilities are generally recognized for all temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilized. In the year, there were no significant temporary differences; therefore, the Branch presented no deferred tax in the financial statements.

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

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

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

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

4. CASH AND CASH EQUIVALENTS

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
Cash on hand	5,847,534	10,025,830
Bank demand deposits	33,507,718,377	4,976,030,139
Cash equivalents (i)	267,577,296,346	265,487,955,817
	<u>301,090,862,257</u>	<u>270,474,011,786</u>

- (i) Represent deposits at domestic joint stock commercial banks with original term of 3 months or less with interest rate from 0% to 2.3 % per annum (as at 31 December 2023: from 0% to 2.4% per annum).



5. HELD-TO-MATURITY INVESTMENTS

	Closing balance			Opening balance		
	Cost	Fair value	VND Provision	Cost	Fair value	VND Provision
a. Current investments						
- Term deposits (i)	316,571,900,000	316,571,900,000	-	264,710,000,000	264,710,000,000	-
b. Non-current investments						
- Term deposits (ii)	203,599,440,000	203,599,440,000	-	236,571,900,000	236,571,900,000	-

- (i) Represent deposits at domestic joint stock commercial banks with the original term of more than 3 months and the remaining term of 12 months or less from the reporting date, with interest rate from 3% to 7.6% per annum (as at 31 December 2023: from 4.8% to 8.9% per annum).
- (ii) Represent deposits at domestic joint stock commercial banks with the remaining term more than 12 months from the reporting date, with interest rate 4.7% per annum (as at 31 December 2023: 7.6 % to 8.8% per annum).

6. RECEIVABLES UNDER INSURANCE CONTRACTS

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Indemnity receivables from guaranteed customers	53,341,254,657	45,808,742,708
Provision for indemnity receivables from guaranteed customers	(46,117,239,562)	(45,139,955,700)
	<u>7,224,015,095</u>	<u>668,787,008</u>

Movement of indemnity receivables from guaranteed customers balance during the year is as follows:

	<u>Current year</u>	<u>Current year</u>
	VND	VND
Opening balance	45,808,742,708	44,506,187,400
Indemnity receivables from claim expense during the year (Note 15)	7,532,511,949	1,302,555,308
Closing balance	<u>53,341,254,657</u>	<u>45,808,742,708</u>

Movement of provision for indemnity receivables from guaranteed customers during the year is as follows:

	<u>Current year</u>	<u>Prior year</u>
	VND	VND
Opening balance	45,139,955,700	42,607,990,861
Provision for indemnity receivables from guaranteed customers (Note 17)	977,283,862	2,531,964,839
Closing balance	<u>46,117,239,562</u>	<u>45,139,955,700</u>

7. OTHER RECEIVABLES

	Closing balance	Opening balance
	VND	VND
a. Current		
Interest receivables	40,651,411,905	18,697,991,458
	<u>40,651,411,905</u>	<u>18,697,991,458</u>
b. Non-current		
Interest receivables	9,078,851,965	18,445,612,642
	<u>9,078,851,965</u>	<u>18,445,612,642</u>

8. INCREASES, DECREASES IN TANGIBLE FIXED ASSETS

	Furniture and fittings	Motor vehicles	Office equipment	Total
	VND	VND	VND	VND
COST				
Opening balance	1,719,177,273	1,269,316,364	333,114,546	3,321,608,183
Additions	432,000,000	952,376,364	166,830,000	1,551,206,364
Disposals	-	(1,269,316,364)	-	(1,269,316,364)
Closing balance	<u>2,151,177,273</u>	<u>952,376,364</u>	<u>499,944,546</u>	<u>3,603,498,183</u>
ACCUMULATED DEPRECIATION				
Opening balance	1,694,250,410	1,269,316,364	219,503,503	3,183,070,277
Charge for the year	15,689,996	9,813,914	77,469,402	102,973,312
Disposals	-	(1,269,316,364)	-	(1,269,316,364)
Closing balance	<u>1,709,940,406</u>	<u>9,813,914</u>	<u>296,972,905</u>	<u>2,016,727,225</u>
NET BOOK VALUE				
Opening balance	<u>24,926,863</u>	<u>-</u>	<u>113,611,043</u>	<u>138,537,906</u>
Closing balance	<u>441,236,867</u>	<u>942,562,450</u>	<u>202,971,641</u>	<u>1,586,770,958</u>

The cost of the Branch's tangible fixed assets includes VND 1,855,023,637 of tangible fixed assets which have been fully depreciated but are still in use as at 31 December 2024 (as at 31 December 2023: VND 3,008,580,001).

9. TAXES AND AMOUNTS PAYABLE TO THE STATE BUDGET

	Opening balance	Payable during the year	Paid during the year	Closing balance
	VND	VND	VND	VND
Value added tax	(29,500,130)	4,573,056,926	3,875,310,617	668,246,179
Corporate income tax	7,331,753,333	9,565,701,082	12,554,723,054	4,342,731,361
Personal income tax	53,498,504	987,643,826	966,780,971	74,361,359
Foreign contractor tax	(61,804)	1,209,408	1,209,408	(61,804)
Business license tax	-	3,000,000	3,000,000	-
	<u>7,355,689,903</u>	<u>15,130,611,242</u>	<u>17,401,024,050</u>	<u>5,085,277,095</u>

10. UNDERWRITING RESERVES

Claim reserve and unearned premium reserve:

Unit: VND

	Closing balance			Opening balance		
	Direct insurance reserve	Outward reinsurance reserve	Net reserve	Direct insurance reserve	Outward reinsurance reserve	Net reserve
1. Unearned premium reserve	51,161,386,085	-	51,161,386,085	22,114,628,174	-	22,114,628,174
2. Claim reserve	1,807,711,186	36,282,247	1,771,428,939	8,920,512,012	-	8,920,512,012
Including:						
- Reserve for claims not yet settled (OSLR)	19,399,294	-	19,399,294	8,002,487,352	-	8,002,487,352
- Reserve for loss incurred but not reported (IBNR)	1,788,311,892	36,282,247	1,752,029,645	918,024,660	-	918,024,660
Total	52,969,097,271	36,282,247	52,932,815,024	31,035,140,186	-	31,035,140,186

In detail:

	Current year			Prior year		
	Direct insurance reserve	Outward reinsurance reserve	Net unearned premium reserve	Direct insurance reserve	Outward reinsurance reserve	Net unearned premium reserve
1. Unearned premium reserve						
Opening balance	22,114,628,174	-	22,114,628,174	27,352,584,158	1,751,413,257	25,601,170,901
Provided /(Reversal) for in the year	29,046,757,911	-	29,046,757,911	(5,237,955,984)	(1,751,413,257)	(3,486,542,727)
Closing balance	51,161,386,085	-	51,161,386,085	22,114,628,174	-	22,114,628,174

Unit: VND

	Current year			Prior year		
	Direct insurance reserve	Outward reinsurance reserve	Net claim reserve	Direct insurance reserve	Outward reinsurance reserve	Net claim reserve
2. Claim reserve						
Opening balance	8,920,512,012	-	8,920,512,012	22,025,416,621	76,289,514	21,949,127,107
(Reversal) for in the year	(7,112,800,826)	36,282,247	(7,149,083,073)	(13,104,904,609)	(76,289,514)	(13,028,615,095)
Closing balance	1,807,711,186	36,282,247	1,771,428,939	8,920,512,012	-	8,920,512,012

Catastrophe reserve:

	Current year	Prior year
	VND	VND
Opening balance	8,218,867,501	7,300,842,841
Provided for in the year	1,752,029,646	918,024,660
Closing balance	9,970,897,147	8,218,867,501

11. DEFERRED TAX LIABILITIES

	Closing balance VND	Opening balance VND
Corporate income tax rates used for determination of value of deferred tax liabilities	20%	20%
Taxable temporary differences	33,984,008,006	21,926,182,632
In which:	-	-
- <i>Difference in provision for indemnity receivables between the Branch's provision policy and Circular 48/2019/TT-BTC</i>	(2,996,902,858)	(3,065,040,358)
- <i>Bonus expense accrued</i>	(426,734,600)	(266,753,025)
- <i>Unrealized foreign exchange gains</i>	37,407,645,464	25,257,976,015
Deferred tax liabilities	6,796,801,600	4,385,236,526

	Closing balance VND	Opening balance VND
Movement in deferred tax liabilities is as follows:		
Opening balance	4,385,236,526	2,290,603,813
Recorded in the income statement	2,411,565,074	2,094,632,713
Closing balance	6,796,801,600	4,385,236,526

12. OWNER'S EQUITY

	Owner's contributed capital VND	Compulsory reserve fund VND	Retained earnings VND	Total VND
Prior year's opening balance	600,000,000,000	6,708,122,218	113,076,815,985	719,784,938,203
Profit for the year	-	-	51,503,480,059	51,503,480,059
Allocated to compulsory reserve fund	-	2,575,178,803	(2,575,178,803)	-
Current year's opening balance	600,000,000,000	9,283,301,021	162,005,117,241	771,288,418,262
Profit for the year	-	-	47,226,669,597	47,226,669,597
Allocated to compulsory reserve fund	-	2,361,333,480	(2,361,333,480)	-
Current year's closing balance	600,000,000,000	11,644,634,501	206,870,453,358	818,515,087,859

The Branch's authorised legal capital of VND 600,000,000,000 has been fully contributed by Seoul Guarantee Insurance Company, which is incorporated in South Korea.

13. INSURANCE PREMIUM

	Current year	Prior year
	VND	VND
Direct insurance premium	60,341,848,000	33,482,881,500
Advance payment bonds	8,044,956,900	4,616,383,900
Bid bonds	33,481,200	22,829,600
Maintenance bonds	9,108,465,400	10,716,272,800
Performance bonds	12,617,893,800	11,388,518,500
Personal loan bonds	2,806,599,800	6,738,876,700
Personal loan bonds II	27,730,450,900	-
Deductions from direct insurance premium	(731,451,600)	(2,882,059,500)
(Increase)/Decrease in unearned premium reserves for direct insurance	(29,046,757,911)	5,237,955,984
	30,563,638,489	35,838,777,984

14. OUTWARD REINSURANCE PREMIUM

	Current year	Prior year
	VND	VND
Total outward reinsurance premium	1,209,408,215	-
Advance payment bonds	926,569,965	-
Performance bonds	282,838,250	-
Decrease in unearned premium reserve for outward reinsurance	-	1,751,413,257
	1,209,408,215	1,751,413,257

15. TOTAL CLAIM SETTLEMENT EXPENSES

	Current year	Prior year
	VND	VND
Total claim settlement expenses	9,300,414,796	2,698,289,831
Advance payment bonds	6,131,120,000	1,018,113,102
Maintenance bonds	499,728,443	-
Performance bonds	710,000,000	676,932,743
Personal loan bonds	1,959,566,353	1,003,243,986
Deductions from claim settlement expenses	(1,767,902,847)	(1,395,734,523)
Increase in indemnity receivables (i) (Note 6)	(7,532,511,949)	(1,302,555,308)
(Decrease) in claim reserves for direct insurance	(7,112,800,826)	(13,104,904,609)
(Increase)/Decrease in claim reserve for outward reinsurance	(36,282,247)	76,289,514
	(7,149,083,073)	(13,028,615,095)

- (i) During the year, claim settlement expenses which the Branch are entitled to the right to collect from guaranteed customers under the insurance contract terms are recorded in the Receivable under insurance contracts (Note 6).

16. FINANCIAL INCOME

	Current year	Prior year
	VND	VND
Interest from term deposits	35,692,794,502	40,517,637,349
Unrealized foreign exchange gain	12,142,349,246	6,518,503,645
Realized foreign exchange gain	-	407,850
	<u>47,835,143,748</u>	<u>47,036,548,844</u>

17. GENERAL AND ADMINISTRATION EXPENSES

	Current year	Prior year
	VND	VND
Labour	10,702,287,066	8,443,066,596
Rental fee	7,850,663,193	7,529,000,711
Provision for indemnity receivables (Note 6)	977,283,862	2,531,964,839
Out-sourced services	1,527,073,601	1,305,259,681
Office equipment expenses	371,228,891	320,722,999
Depreciation expenses	102,973,308	71,202,305
Others	1,932,228,124	1,838,464,130
	<u>23,463,738,045</u>	<u>22,039,681,261</u>

18. CORPORATE INCOME TAX

	Current year	Prior year
	VND	VND
Profit before tax	59,203,935,753	70,399,616,682
Adjustments for taxable profit		
Less: Non-taxable income	(15,474,142,629)	(9,300,558,457)
- Foreign exchange (gain) arising from translating foreign currency balance at the year - end	(12,142,349,246)	(6,518,503,645)
- Reversal of provision for indemnity receivables	(3,065,040,358)	(2,578,634,822)
- Reversal of bonus expense accrued	(266,753,025)	(203,419,990)
Add back: Non-deductible expenses	4,098,712,286	7,950,420,375
- Provision for indemnity receivables	2,996,902,858	3,065,040,358
- Bonus expense accrued	426,734,600	266,753,025
- Unearned insurance costs	103,333,300	10,288,500
- Other non-deductible expenses	571,741,528	4,608,338,492
- Foreign exchange gains of foreign currency deposits from previous fiscal years realized in the current year	-	14,958,040,953
Taxable profit	47,828,505,410	84,007,519,553
Normal tax rate	20%	20%
Corporate income tax expense based on taxable profit in the current year (i)	9,565,701,082	16,801,503,910

- (i) Corporate income tax charge for the year is based on estimated taxable income and is subject to review and possible adjustments by the tax authorities.

19. KEY FINANCIAL INDICATORS

Items	Unit	Closing balance	Opening balance
1. Structure of assets and resources			
1.1 Structure of assets			
- Short-term assets/Total assets	%	74.40%	67.40%
- Long-term assets/Total assets	%	25.60%	32.60%
1.2 Structure of resources			
- Liabilities/Total resources	%	8.52%	6.29%
- Equity/Total resources	%	91.48%	93.71%
2. Liquidity ratios			
2.1 Current ratio	time	11.74	15.91
2.2 Short-term debt coverage	time	9.59	11.71
2.3 Quick ratio	time	8.90	11.30

Items	Unit	Current year	Prior year
3. Profitability ratios			
3.1 Profit margin			
- Profit before tax/Revenue	%	191.14%	193.22%
- Profit after tax/Revenue	%	152.47%	141.36%
3.2 Profit ratios over total assets			
- Profit before tax/Total assets	%	6.62%	8.55%
- Profit after tax/Total assets	%	5.28%	6.26%
3.3 Profit after tax/Equity	%	5.77%	6.68%

20. SOLVENCY MARGIN

The solvency ratio of the Branch is calculated based on the relevant regulations promulgated by the Ministry of Finance in Vietnam, which is an indicator of the overall solvency position of the relevant insurance operations. The principal solvency requirements that apply to the Branch are those set out in Circular 67.

	Closing balance	Opening balance
	VND	VND
I. The Branch's solvency margin	807,795,028,090	765,257,782,304
II. Minimum solvency margin	14,600,247,046	7,650,205,500
Solvency margin percentage	5,532.75%	10,003.10%

21. FINANCIAL INSTRUMENTS

Governance framework

The primary objective of the Branch's risk and financial management framework is to protect the Branch from events that hinder the sustainable achievement of financial performance objectives. The Board of Management recognises the importance of having efficient and effective risk management systems in place.

The Branch has established a risk management function which is supplemented with a clear organisational structure with documented delegated authorities and responsibilities from the Board of Management to other senior management. A policy framework has been developed and implemented

which sets out the risk profiles for the Branch's risk management, control and business conduct standards for the Branch's operations. Each policy has specific director in charge with overseeing compliance with the policy throughout the Branch.

Risk management objectives, policies and processes for management of insurance risk

The primary insurance activity carried out by the Branch is the assumption of risk of loss from persons or organisations that are directly subject to the risk. Such risks may relate to guarantee insurance activities that may arise from insurable events. As such the Branch is exposed to the uncertainty surrounding the timing and severity of claims under the contract. The Branch also has exposure to market risk through its insurance and investment activities.

The Branch manages its insurance risk through underwriting limits, approval procedures for transactions that involve new products or those exceed set limits, risk diversification, pricing guidelines, reinsurance and monitoring of emerging issues.

Underwriting strategy

The Branch's underwriting strategy seeks diversity to ensure a balanced mix of business portfolio and is based on a large portfolio of similar risks over a number of years and, as such, reduces the variability of the outcome.

Reinsurance strategy

The Branch reinsures a portion of the insurance risks it underwrites in order to control its exposures to losses and protect its capital, through treaty and facultative reinsurance arrangements. These reinsurance agreements transfer part of the risk and limit the exposure from each insured. The amount of each risk retained depends on the Branch's evaluation of the specific risk, subject in certain circumstances, to maximum limits based on characteristics of coverage. Under the terms of the reinsurance agreements, the reinsurer agrees to reimburse the ceded amount in the event the claim is paid. However, the Branch remains liable to its beneficiary with respect to ceded insurance if any reinsurer fails to meet the obligations it assumes.

Capital risk management

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

The capital structure of the Branch consists of owners' equity (comprising owner's contributed capital, compulsory reserve fund and retained earnings).

Significant accounting policies

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

Categories of financial instruments

	Closing balance		Opening balance	
	Book value	Fair value	Book value	Fair value
	VND	VND	VND	VND
Financial assets				
Cash and cash equivalents	301,090,862,257	301,090,862,257	270,474,011,786	270,474,011,786
Trade and other receivables	47,875,427,000	47,875,427,000	50,890,993,258	50,890,993,258
Financial investments	520,171,340,000	520,171,340,000	501,281,900,000	501,281,900,000
	869,137,629,257	869,137,629,257	822,646,905,044	822,646,905,044
Financial liabilities				
Other payables	510,920,910	510,920,910	179,177,251	179,177,251
Accrued expenses	887,424,620	887,424,620	562,928,000	562,928,000
	1,398,345,530	1,398,345,530	742,105,251	742,105,251

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

- The fair value of investments is determined as presented in Note 5.
- The fair value of short-term items including cash, trade receivables, other receivables, trade payables, accrued expenses, and other short-term amounts is equivalent to the book value of these items due to their short-term or undetermined periods.

Financial risk management objectives

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

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

Market risk

The Branch's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

Foreign currency risk management

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

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

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Current account at bank denominated in USD	974,036,917	927,421,091
Term deposits at bank denominated in USD	252,577,296,346	240,487,955,816
	<u>253,551,333,263</u>	<u>241,415,376,907</u>

Foreign currency sensitivity analysis

The Branch is mainly exposed to United States Dollar.

For a 1% increase/decrease in the United States Dollar against Vietnam Dong, the profit before tax in the year would decrease/increase by about VND 2,535,513,333 (2023: VND 2,414,153,769). 1% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents the Board of Management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis is solely applicable to the balance of the foreign currency denominated monetary items at the year end and the retranslation of these items is subject to an adjustment when there is a 1% change in the exchange rate.

Interest rate risk

The Branch's exposure to interest rate risk is minimum as the Branch primarily has fixed interest holdings in the investment portfolio.

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Fixed rate instruments		
Cash and cash equivalents	301,090,862,257	270,474,011,786
Short-term financial investments	316,571,900,000	264,710,000,000
Insurance compulsory deposits	12,000,000,000	12,000,000,000
Long-term financial investments	203,599,440,000	236,571,900,000
	<u>833,262,202,257</u>	<u>783,755,911,786</u>

Credit risk

Credit risk refers to the risk that a client or a counterparty fails to perform or fails to fulfill the contractual obligations, therefore, the Branch is obliged to make compensation resulting in financial loss to the Branch. The Branch has a credit policy in place and the exposure to credit risk is monitored on an on-going basis. At the balance sheet date, there is a significant concentration of credit risk arising on the amount due from the receivables from guaranteed customers. The maximum credit risk is represented as the carrying value of the trade accounts receivable that have been provided for devaluation.

In order to minimize risks, the Branch has implemented credit policies that consider factors like financial strength, transaction records, customer industry focus, and adherence to evaluation processes. The Branch sets fair credit terms for customers and ensures that any costs associated with seeking reimbursement for receivables fall within acceptable risk thresholds. Additionally, the Branch evaluates loss rates to maintain operational security.

Liquidity risk management

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

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

	Less than 1 year	More than 1 year	Total
	VND	VND	VND
Closing balance			
Cash and cash equivalents	301,090,862,257	-	301,090,862,257
Trade and other receivables	25,483,931,635	22,391,495,365	47,875,427,000
Short-term financial investments	316,571,900,000	-	316,571,900,000
Long-term financial investments	-	203,599,440,000	203,599,440,000
	643,146,693,892	225,990,935,365	869,137,629,257
			-
Other payables	510,920,910	-	510,920,910
Accrued expenses	887,424,620	-	887,424,620
	1,398,345,530	-	1,398,345,530
Net liquidity gap	641,748,348,362	225,990,935,365	867,739,283,727
	Less than 1 year	More than 1 year	Total
	VND	VND	VND
Opening balance			
Cash and cash equivalents	270,474,011,786	-	270,474,011,786
Trade and other receivables	19,366,778,466	31,524,214,792	50,890,993,258
Short-term financial investments	264,710,000,000	-	264,710,000,000
Long-term financial investments	-	236,571,900,000	236,571,900,000
	554,550,790,252	268,096,114,792	822,646,905,044
Other payables	179,177,251	-	179,177,251
Accrued expenses	562,928,000	-	562,928,000
	742,105,251	-	742,105,251
Net liquidity gap	553,808,685,001	268,096,114,792	821,904,799,793

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

Insurance risk

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

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

For premium operations, the Branch has diversified the types of insurance products as well as geographical areas to minimize concentrations of insurance risk. Besides, the Branch has also applied different criteria in risk selection and also applies different criteria in selecting risks, implements many different measures in assessing risks as well as periodically reassessing risk rates to establish fee levels. The Branch does not accept insurance risks that highly likely occur or are subject to self-interested profiteering behaviours.

For insurance risks accepted for the year ended 31 December 2024, the Branch redefined the premium rates applicable to each risk group based on historical loss statistics and forecasted the trend of risks, inflation, level of industry competition and related regulations.

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

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

The Branch has been undertaking the policy on the acceleration of the damage assessment and settlement of compensation to minimize the risks which may arise during the compensation assessment process, such as exchange rate risk, inflation risk, increased loss risk, ethical risk, etc. The damage assessment and compensation settlement are conducted at the Branch.

22. RELATED PARTY TRANSACTIONS AND BALANCES

List of related parties with significant transactions for the year:

<u>Related party</u>	<u>Relationship</u>
Seoul Guarantee Insurance Company	Parent company

During the year, the Branch entered into the following significant transactions with its related parties:

	Current year VND	Prior year VND
Seoul Guarantee Insurance Company		
Outward reinsurance premium	1,209,408,215	-
Commission income from outward reinsurance	411,198,793	-

Remuneration for Board of Management during the year as below:

	Current year VND	Prior year VND
Remuneration for key management personnel		
Salary	1,776,038,050	1,565,826,000
Other benefits	2,367,509,073	2,312,343,244
	4,143,547,123	3,878,169,244

23. OPERATING LEASE COMMITMENTS

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

	Current year VND	Prior year VND
Office rental fee (i)		
Within one year	3,770,272,500	2,909,751,735
From 2 to 5 years	7,010,728,800	-
Apartment rental fee (ii)		
Within one year	2,446,362,620	2,538,170,782

- (i) Total rentals payable by the Branch for renting 230 m² of office at Unit 901, on the 9th Floor, East Tower, Hanoi Lotte Center, 54 Lieu Giai Street, Cong Vi Ward, Ba Dinh District, Hanoi, Vietnam with renting fee of VND 908,460/m²/month, service fee of VND 197,760m²/month and 45 m² at Unit 909A on the 9th Floor, Diamond Plaza, 34 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh city with renting fee of VND 1,071,000/m²/month, service fee of VND 225,000m²/month. The office lease agreement was signed for a period of 3 years.
- (ii) Total rentals payable by the Branch for renting apartments for expatriates who are currently working for the Branch under the apartment lease agreements signed in 2024 for a period of 1 year.



Nguyen Thi Van
Preparer



Ha Thi Minh Thu
Chief Accountant



Kwon Soon Yong
Branch Manager

Hanoi, 14 March 2025