

**CHUBB LIFE FUND MANAGEMENT COMPANY LIMITED**

**REPORT ON CAPITAL ADEQUACY RATIO  
AS AT 31 DECEMBER 2020**

**CHUBB LIFE FUND MANAGEMENT COMPANY LIMITED**

**REPORT ON CAPITAL ADEQUACY RATIO  
AS AT 31 DECEMBER 2020**

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## **CHUBB LIFE FUND MANAGEMENT COMPANY LIMITED**

### **CORPORATE INFORMATION**

<b>Establishment and Operation Licence</b>	No. 52/GP-UBCK dated 24 October 2013 No. 13/GPDC-UBCK dated 17 June 2014 No. 26/GPDC-UBCK dated 21 September 2015 No. 03/GPDC-UBCK dated 4 April 2016 were issued by the State Securities Commission of Vietnam.	
<b>The Executive Board</b>	Mr. Lam Hai Tuan Mr. Bui Thanh Hiep Ms. Dang Thi Hong Loan	Chairman of the Company Vice Chairman of the Company Director
<b>Legal Representative</b>	Mr. Lam Hai Tuan	Chairman of the Company
<b>Principal activities</b>	The principal activities of Chubb Life Fund Management Company Limited are management of securities investment funds, management of securities investment portfolios and securities investment consultancy in Vietnam.	
<b>Registered Office</b>	Parcel K, 8th Floor, Sun Wah Tower, 115 Nguyen Hue Street, District 1, Ho Chi Minh City, Vietnam	
<b>Auditor</b>	PwC (Vietnam) Limited	

## CHUBB LIFE FUND MANAGEMENT COMPANY LIMITED

### STATEMENT OF THE RESPONSIBILITY OF THE EXECUTIVE BOARD IN RESPECT OF THE REPORT ON CAPITAL ADEQUACY RATIO

The Executive Board of Chubb Life Fund Management Company ("the Company") is responsible for preparing the report on capital adequacy ratio as at 31 December 2020 ("the Report") in accordance with Circular 87/2017/TT-BTC issued by the Ministry of Finance on 15 August 2017 ("Circular 87/2017/TT-BTC") and applied interpretations as described in Note 2.1 to the Report.

The Executive Board of the Company 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 which enable the Report to be prepared which comply with the reporting principles set out in Note 3 to the Report. The Executive Board 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 errors.

### APPROVAL OF THE REPORT ON CAPITAL ADEQUACY RATIO

I hereby approve the accompanying report on capital adequacy ratio as set out on pages 5 to 26. The Report was prepared and presented in accordance with Circular 87/2017/TT-BTC and applied interpretations as described in Note 2.1 to the Report.

On behalf of the Executive Board 



  
Lam Hai Tuan  
Legal representative

Ho Chi Minh City, SR Vietnam  
29 March 2021



## **INDEPENDENT AUDITOR'S REPORT TO THE OWNER OF CHUBB LIFE FUND MANAGEMENT COMPANY LIMITED**

We have audited the accompanying report on capital adequacy ratio as at 31 December 2020 ("the Report") of Chubb Life Fund Management Company Limited ("the Company") which was approved by the Executive Board on 29 March 2021. The Report includes the report on capital adequacy ratio and explanatory notes including basis of preparation and reporting principles as set out on pages 5 to 26.

### **The Executive Board's Responsibility**

The Executive Board of the Company is responsible for the preparation and presentation of the Report in accordance with Circular 87/2017/TT-BTC issued by the Ministry of Finance on 15 August 2017 ("Circular 87/2017/TT-BTC") providing guidance on capital adequacy ratio applicable to securities dealing institutions and sanctions imposed on non-compliance cases and applied interpretations as described in Note 2.1 to the Report and for such internal control which the Executive Board determines as necessary to enable the preparation of the Report that is free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Report 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 in order to obtain reasonable assurance as to whether the Report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Report. The procedures selected depend on the auditor's judgment, including an assessment of the risks of material misstatement of the Report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Company's preparation of the Report 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Executive Board, as well as evaluating the overall presentation of the Report.

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



### Auditor's Opinion

In our opinion, the Company's report on capital adequacy ratio as at 31 December 2020 had been prepared and presented, in all material respects, in accordance with Circular 87/2017/TT-BTC and applied interpretations as described in Note 2.1 to the Report.

### Purpose and reporting principles and restriction on use of audit report

Without modifying our opinion, we draw attention to Note 2.1 to the Report which describes the purpose and reporting principles. The Report is prepared solely to comply with requirements of Circular 87/2017/TT-BTC on capital adequacy ratio and information disclosure in the securities market. As a result, our audit report and accompanying report on capital adequacy ratio may not be suitable for any other purpose.

### Other Matter

The independent auditor's report is prepared in Vietnamese and English. Should there be any conflict between the Vietnamese and English versions, the Vietnamese version shall take precedence.

### For and on behalf of PwC (Vietnam) Limited



\_\_\_\_\_  
Nguyen Hoang Nam  
Audit Practising Licence No.  
0849-2018-006-1  
Authorised signatory



\_\_\_\_\_  
Tran Van Thang  
Audit Practising Licence No.  
3586-2021-006-1

Report reference number: HCM10373  
Ho Chi Minh City, 29 March 2021

**Chubb Life Fund Management Company Limited**  
Ref:  
Re: Report on capital adequacy ratio

**SOCIALIST REPUBLIC OF VIETNAM**  
**Independence - Freedom - Happiness**

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Ho Chi Minh City, 29 March 2021

**To: The State Securities Commission**

**REPORT ON CAPITAL ADEQUACY RATIO**

As at 31 December 2020

We commit that:

- (1) The Report is prepared on the basis of data updated as at the date of the report in accordance with Circular 87/2017/TT-BTC issued by the Ministry of Finance on 15 August 2017 providing guidance on capital adequacy ratio applicable to securities dealing institutions and sanctions imposed on non-compliance;
- (2) Matters that may affect the financial position of the Company after the date of this Report are updated in the next reporting period;
- (3) We are fully responsible under the laws for the accuracy and truthfulness of the contents of the Report.

**Chief Accountant**



Do Thi Thu Nguyet

**Head of Internal control  
department**



Tran Hong Tien

**Legal representative**


Lam Hai Tuan

**CHUBB LIFE FUND MANAGEMENT COMPANY LIMITED**

**REPORT ON CAPITAL ADEQUACY RATIO AS AT 31 DECEMBER 2020**

**SUMMARY OF RISK VALUE AND LIQUID CAPITAL**

**Unit: VND**

<b>No.</b>	<b>Item</b>	<b>Value of Risk/Liquidity</b>
1	Total market risk value	-
2	Total payment risk value	3,528,375,714
3	Total operational risk value	5,000,000,000
4	<b>Total value of risk (4 = 1 + 2 + 3)</b>	<b>8,528,375,714</b>
5	<b>Liquidity</b>	<b>49,160,309,342</b>
6	<b>Liquidity ratio (6 = 5/4)</b>	<b>576.43%</b>

The notes on pages 16 to 26 are an integral part of this Report.



CHUBB LIFE FUND MANAGEMENT COMPANY LIMITED

REPORT ON CAPITAL ADEQUACY RATIO AS AT 31 DECEMBER 2020

I. LIQUID CAPITAL

NO.	DESCRIPTION	LIQUID CAPITAL		
		Liquid capital VND	Deduction VND	Increase VND
A	RESOURCES	(1)	(2)	(3)
1	Owner's capital, excluding redeemable preference shares (if any)	26,000,000,000		
2	Share premium, other capital, excluding redeemable preference shares (if any)	-		
3	Treasury shares	-		
4	Additional reserve fund of charter capital (if any)	1,190,675,413		
5	Investment and development fund (if any)	-		
6	Financial reserve fund	1,190,675,413		
7	Owner's other funds	-		
8	Undistributed earnings	21,432,157,470		
9	Provision for impairments of assets	-		
10	Fixed assets' revaluation reserve	-		
11	Foreign currency translation reserve	-		
12	Convertible bonds			-
13	Total decrease or increase portion of securities on financial investments		-	-
14	Others (if any)	-		
1A	Total			49,813,508,296

The notes on pages 16 to 26 are an integral part of this Report.

CHUBB LIFE FUND MANAGEMENT COMPANY LIMITED

REPORT ON CAPITAL ADEQUACY RATIO AS AT 31 DECEMBER 2020

LIQUID CAPITAL (continued)

NO.	DESCRIPTION	LIQUID CAPITAL		
		Liquid capital VND	Deduction VND	Increase VND
B	CURRENT ASSETS	(1)	(2)	(3)
I	Cash and cash equivalents			
II	Short-term financial investments			
1.	Short-term investments			
	Securities posing market risks in accordance with Clause 2 of Article 9			
	Securities deducted from liquid capital in accordance with Clause 5 of Article 6		-	
2.	Provision for diminution in value of short-term investments			
III	Short-term accounts receivable, include receivables from entrusted activities		-	
1.	Trade receivables			
	Trade receivables which are due within 90 days or less			
	Trade receivables which are due after 90 days		-	
2.	Prepayments to suppliers		-	
3.	Receivables from operating activities			
	Receivables from operating activities which are due within 90 days or less			
	Receivables from operating activities which are due after 90 days		-	
4.	Short-term internal receivables			
	Internal receivables which are due within 90 days or less			
	Internal receivables which are due after 90 days		-	
5.	Receivables from securities trading activities			
	Receivables from securities trading activities which are due within 90 days or less			
	Receivables from securities trading activities which are due after 90 days			

The notes on pages 16 to 26 are an integral part of this Report.

CHUBB LIFE FUND MANAGEMENT COMPANY LIMITED

REPORT ON CAPITAL ADEQUACY RATIO AS AT 31 DECEMBER 2020

LIQUID CAPITAL (continued)

NO.	DESCRIPTION	LIQUID CAPITAL		
		Liquid capital VND	Deduction VND	Increase VND
B	CURRENT ASSETS (continued)	(1)	(2)	(3)
III	Short-term accounts receivable, include receivables from entrusted activities (continued)			
6.	Other receivables			
	Other receivables which are due within 90 days or less			
	Other receivables which are due after 90 days		361,050	
7.	Provision for doubtful short-term receivables			
IV	Inventories		-	
V	Other current assets			
1.	Short-term prepayments		86,591,569	
2.	Deductible VAT			
3.	Taxes and other receivables from the State Budget			
4.	Other current assets			
4.1	Advances			
	Advances with a remaining reimbursement period of 90 days or less			
	Advances with a remaining reimbursement period of more than 90 days		-	
4.2	Other current assets		-	
1B	Total			86,952,619

The notes on pages 16 to 26 are an integral part of this Report.



**CHUBB LIFE FUND MANAGEMENT COMPANY LIMITED**

**REPORT ON CAPITAL ADEQUACY RATIO AS AT 31 DECEMBER 2020**

**I. LIQUID CAPITAL (continued)**

NO.	DESCRIPTION	LIQUID CAPITAL		
		LIQUID CAPITAL VND	Deduction VND	Increase VND
<b>C</b>	<b>NON-CURRENT ASSETS</b>	<b>(1)</b>	<b>(2)</b>	<b>(3)</b>
<b>I</b>	<b>Long-term accounts receivable, include receivables from entrusted activities (continued)</b>			
1.	Long-term trade receivables			
	Long-term trade receivables which are due within 90 days or less			
	Long-term trade receivables which are due after 90 days		-	
2.	Capital in affiliates		-	
3.	Long-term internal receivables			
	Long-term internal receivables which are due within 90 days or less			
	Long-term internal receivables which are due after 90 days			
4.	Other long-term receivables			
	Other long-term receivables which are due within 90 days or less			
	Other long-term receivables which are due after 90 days		190,252,000	
5.	Provision for doubtful long-term receivables			
<b>II</b>	<b>Fixed assets</b>		<b>131,476,334</b>	
<b>III</b>	<b>Investment properties</b>		-	

The notes on pages 16 to 26 are an integral part of this Report.

CHUBB LIFE FUND MANAGEMENT COMPANY LIMITED

REPORT ON CAPITAL ADEQUACY RATIO AS AT 31 DECEMBER 2020

I. LIQUID CAPITAL (continued)

NO.	DESCRIPTION	LIQUID CAPITAL		
		Liquid capital VND	Deduction VND	Increase VND
C	NON-CURRENT ASSETS (continued)	(1)	(2)	(3)
IV	Long-term financial investments			
1.	Investments in subsidiaries		-	
2.	Capital contributed to joint ventures		-	
3.	Investments in associates		-	
4.	Long-term securities investments			
	Securities posing market risks in accordance with Clause 2 of Article 9			
	Securities deducted from liquid capital in accordance with Clause 5 of Article 6		-	
5.	Long-term investments abroad		-	
6.	Other long-term investments		-	
7.	Provision for diminution in value of long-term financial investments			
V	Other non-current assets			
1.	Long-term prepayments		-	
2.	Deferred income tax assets		244,518,001	
3.	Long-term deposits		-	
	Asset items subjected to qualified items in the audited annual financial statements without being deducted in accordance with Article 6		-	
1C	Total			566,246,335
	LIQUID CAPITAL = 1A-1B-1C			49,160,309,342

**Note:** The figures being not applicable for preparing the liquid capital spreadsheet will not be shown.



CHUBB LIFE FUND MANAGEMENT COMPANY LIMITED

REPORT ON CAPITAL ADEQUACY RATIO AS AT 31 DECEMBER 2020

I. RISK VALUE

A. POSITION RISK VALUE

<i>Investment items</i>		<i>Risk coefficient</i>	<i>Scale of risk VND</i>	<i>Risk value VND</i>
		(1)	(2)	(3) = (1) x (2)
<b>I</b>	<b>Cash and cash equivalents, money market instruments</b>			-
1	Cash (VND)	0%	1,864,919,094	-
2	Cash equivalents	0%	49,407,104,637	-
3	Valuable papers, instruments transferable on the money market, certificates of deposit	0%	-	-
<b>II</b>	<b>Government bonds</b>			-
4	Interest-free Government bonds	0%	-	-
5	Government bonds, Government bonds belonging to OECD countries, or bonds guaranteed by the Governments or Central Banks of these countries, bonds issued by international organisations like IBRD, ADB, IADB, AfDB, EIB and EBRD	3%	-	-
<b>III</b>	<b>Corporate bonds</b>			-
6	Listed bonds with a remaining maturity period of less than 1 year, including convertible bonds	8%	-	-
	Listed bonds with a remaining maturity period of 1 to 3 years, including convertible bonds	10%	-	-
	Listed bonds with a remaining maturity period of 3 to 5 years, including convertible bonds	15%	-	-
	Listed bonds with a remaining maturity period of 5 years or more, including convertible bonds	20%	-	-
7	Unlisted bonds with a remaining maturity period of less than 1 year, including convertible bonds	25%	-	-
	Unlisted bonds with a remaining maturity period of 1 to 3 years, including convertible bonds	30%	-	-
	Unlisted bonds with a remaining maturity period of 3 to 5 years, including convertible bonds	35%	-	-
	Unlisted bonds with a remaining maturity period of 5 years or more, including convertible bonds	40%	-	-

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CHUBB LIFE FUND MANAGEMENT COMPANY LIMITED

REPORT ON CAPITAL ADEQUACY RATIO AS AT 31 DECEMBER 2020

II. RISK VALUE (continued)

A. POSITION RISK VALUE (continued)

<i>Investment items</i>		<i>Risk coefficient</i>	<i>Scale of risk VND</i>	<i>Risk value VND</i>
		<i>(1)</i>	<i>(2)</i>	<i>(3) = (1) x (2)</i>
<b>IV</b>	<b>Shares</b>			-
8	Ordinary shares, preference shares listed in the Ho Chi Minh Stock Exchange; open-ended fund certificates	10%	-	-
9	Ordinary shares, preference shares of organisations listed in the Hanoi Stock Exchange	15%	-	-
10	Ordinary shares, preference shares of unlisted public interest entities, registered for trading through the UpCom	20%	-	-
11	Ordinary shares, preference shares of public interest entities registered for depositing, but not listed or registered for trading; shares in an Initial Public Offering (IPO)	30%	-	-
12	Shares of other public interest entities	50%	-	-
<b>V</b>	<b>Fund certificates</b>			-
13	Public funds, including public investment companies	10%	-	-
14	Member funds, separate investment companies	30%	-	-
<b>VI</b>	<b>Restricted securities</b>			-
15	Securities suspended from trading	40%	-	-
16	Delisted securities, cancelled securities	50%	-	-
<b>VII</b>	<b>Other securities</b>			-
17	Shares, capital contribution, and other securities	80%	-	-
18	Others	80%	-	-
<b>VIII</b>	<b>Additional risk (if any) (based on equity after required provisions are made)</b>			-
<b>A</b>	<b>TOTAL MARKET RISK VALUE (A = I+II+III+IV+V+VI+VII+VIII)</b>			-



CHUBB LIFE FUND MANAGEMENT COMPANY LIMITED

REPORT ON CAPITAL ADEQUACY RATIO AS AT 31 DECEMBER 2020

II. RISK VALUES (continued)

B. COUNTERPARTY RISK VALUE

1. Risk value of balances not yet due

Transaction type		Risk value VND						Total risk value VND
		(1)	(2)	(3)	(4)	(5)	(6)	
I.	Pre-maturity risk							
1.	Term deposits and unsecured loans and receivables from trading securities activities	-	-	-	-	2,964,426,278	6,601,130	2,971,027,408
2.	Securities lending/ Agreements of common substance	-	-	-	-	-	-	-
3.	Securities borrowing/ Agreements of common substance	-	-	-	-	-	-	-
4.	Contracts for purchase of securities with a commitment to resale/ Agreements of common substance	-	-	-	-	-	-	-
5.	Contracts for sale of securities with a commitment to repurchase/ Agreements of common substance	-	-	-	-	-	-	-
6.	Loan agreements for margin trading (for borrowers to purchase securities)/Economic agreements of the same nature	-	-	-	-	-	-	-
TOTAL EARLY PAYMENT RISK								2,971,027,408

2. Risk value of overdue balances

	Overdue period	Risk coefficient %	Scale of risk VND	Risk value VND
<b>II Overdue risk</b>				
1.	0 - 15 days past due, or after the time of transfer of securities	16%	-	-
2.	16 - 30 days past due, or after the time of transfer of securities	32%	-	-
3.	31 - 60 days past due, or after the time of transfer of securities	48%	-	-
4.	60 days or more	100%	-	-
<b>TOTAL OVERDUE RISK VALUE</b>				<b>-</b>

The notes on pages 16 to 26 are an integral part of this Report.

CHUBB LIFE FUND MANAGEMENT COMPANY LIMITED

REPORT ON CAPITAL ADEQUACY RATIO AS AT 31 DECEMBER 2020

II. RISK VALUE (continued)

B COUNTERPARTY RISK VALUE (continued)

3. Risk value of large exposures

	Details to loans to each partner	Increased by	Scale of risk	Risk value
		%	VND	VND
<b>III</b>	<b>Increased risk</b>			
1.	Term deposits at Asia Commercial Joint Stock Bank - 13 months	30%	1,018,755,288	305,626,586
2.	Term deposits at Asia Commercial Joint Stock Bank - 1 year	30%	608,015,342	182,404,603
3.	Term deposits at An Binh Commercial Joint Stock Bank - 18 months	10%	170,644,981	17,064,498
4.	Term deposits at An Binh Commercial Joint Stock Bank - 1 year	10%	150,405,205	15,040,521
5.	Term deposits at Orient Commercial Joint Stock Bank - 1 year	10%	372,120,986	37,212,098
<b>TOTAL INCREASED RISK VALUE</b>			<b>2,319,941,803</b>	<b>557,348,306</b>
<b>TOTAL PAYMENT RISK VALUE (B=I+II+III)</b>				<b>3,528,375,714</b>

C OPERATIONAL RISK VALUE (WITHIN 12 MONTHS)

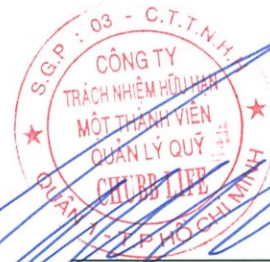
	Description	Value VND
<b>I.</b>	<b>Total operating expenses arising within 12 months up to 31 December 2020</b>	<b>7,536,448,212</b>
<b>II.</b>	<b>Deduction</b>	<b>46,403,412</b>
	1. Depreciation expenses	46,403,412
	2. Provision/(reversals of provisions) for diminution in value of short-term securities investments	-
	3. Provision/(reversals of provisions) for diminution in value of long-term securities investments	-
	4. Provision/(reversals of provisions) for doubtful receivables	-
<b>III.</b>	<b>Total expenses after deduction (III = I - II)</b>	<b>7,490,044,800</b>
<b>IV.</b>	<b>25% Total expenses after deduction (IV = 25% III)</b>	<b>1,872,511,200</b>
<b>V.</b>	<b>20% Legal capital of the Company</b>	<b>5,000,000,000</b>
<b>C. TOTAL OPERATIONAL RISK VALUE (C=Max{IV, V})</b>		<b>5,000,000,000</b>
<b>D. TOTAL RISK VALUE (A+B+C)</b>		<b>8,528,375,714</b>



Do Thi Thu Nguyet  
Chief Accountant



Tran Hong Tien  
Head of Internal control department



Lam Hai Tuan  
Legal representative  
29 March 2021

The notes on pages 16 to 26 are an integral part of this Report.



## CHUBB LIFE FUND MANAGEMENT COMPANY LIMITED

### NOTES TO THE REPORT ON CAPITAL ADEQUACY RATIO AS AT 31 DECEMBER 2020

#### 1 GENERAL INFORMATION

Chubb Life Fund Management Company (formerly known as ACE Life Fund Management Limited) ("the Company") was established in SR Vietnam pursuant to Investment and Operating License No. 52/GP-UBCK dated 24 October 2013 issued by the State Securities Commission of Vietnam ("the SSC") for a period of 50 years from the date of the initial Investment and Operating License.

On 17 June 2014, the amendment of the Investment and Operating License No. 13/GPDC-UBCK was issued by the SSC to approve for the change of the Company's registered office.

On 21 September 2015, the amendment of the Investment and Operating License No. 26/GPDC-UBCK was issued by the SSC to increase the charter capital of the Company to VND26,000,000,000.

On 4 April 2016, the Company received the second amendment of the Investment and Operating License No. 03/GPDC-UBCK issued by the SSC to approve for the change of the Company's name from ACE Life Fund Management Company Limited to Chubb Life Fund Management Company Limited.

The Company is a one-member limited company, wholly owned by the Chubb Life Insurance Vietnam Company Limited (formerly known as ACE Life Insurance Company Limited), a company incorporated in Vietnam.

The principal activities of the Company are management of securities investment funds, securities investment portfolios and securities investment consultancy in Vietnam.

As at 31 December 2020, the Company had 15 employees (31 December 2019: 12 employees).

#### 2 BASIS OF PREPARATION OF THE REPORT ON CAPITAL ADEQUACY RATIO

##### 2.1 Applicable legal documents and interpretations

The Company's report on capital adequacy ratio as at 31 December 2020 ("the Report") is prepared and presented in accordance with Circular 87/2017/TT-BTC issued by the Ministry of Finance on 15 August 2017 ("Circular 87/2017/TT-BTC") providing guidance on capital adequacy ratio applicable to securities dealing institutions and sanctions imposed on non-compliance and applied interpretations as described below.

The Report is prepared to comply with requirements on capital adequacy ratio and information disclosure in the securities market. As a result, the Report on capital adequacy ratio may not be suitable for any other purpose.

The Company applied certain interpretations, in the absence of clear guidance of Circular 87/2017/TT-BTC, for the following matters:

*Item "Balance of provision for impairment of assets" (Criterion h, Item 2, Article 4 - Liquid capital, Circular 87/2017/TT-BTC)*

This item includes the balance of provisions as at 31 December 2020.

*Item "Cash equivalents" (Criterion d, Clause 2, Article 9 - Position risk value, Circular 87/2017/TT-BTC)*

This item includes balances of cash equivalents and time term at banks as at 31 December 2020, the counterparty risk value of these items are calculated based on the formula set out in Circular 87/2017/TT-BTC.

The Report in Vietnamese language are the official statutory Report of the Company. The Report in English language have been translated from the Vietnamese language Report.



## CHUBB LIFE FUND MANAGEMENT COMPANY LIMITED

### NOTES TO THE REPORT ON CAPITAL ADEQUACY RATIO AS AT 31 DECEMBER 2020 (continued)

#### 2 BASIS OF PREPARATION OF THE REPORT ON CAPITAL ADEQUACY RATIO (continued)

##### 2.1 Applicable legal documents and interpretations (continued)

*Item "Receivables" (Items g and h, Item 1, Article 10 – Counterparty risk value, Circular 87/2017/TT-BTC)*

This item includes other receivables and other assets that have potential payment risk, and the counterparty risk value of these items are calculated by the formula set out in Circular 87/2017/TT-BTC.

##### 2.2 Reporting currency

The accounting currency is Vietnamese Dong ("VND") and the Report is presented in VND.

#### 3 PRINCIPAL POLICIES FOR PREPARING THE REPORT ON CAPITAL ADEQUACY RATIO

##### 3.1 Capital adequacy ratio

Capital adequacy ratio is the ratio of liquid capital to total risk value.

The Company's capital adequacy ratio is determined according to the formula as follows:

$$\text{Capital adequacy ratio} = \frac{\text{Liquid capital} \times 100\%}{\text{Total risk value}}$$

Where total risk value is the total of market risk value, payment risk value and operational risk value.

##### 3.2 Liquid capital

According to Circular 87/2017/TT-BTC, the liquid capital is the owner's equity which can be converted into cash within ninety (90) days, including:

- a) The owner's equity, excluding redeemable share capital (if any), excluding treasury stocks (if any);
- b) Share premium excluding premium from redeemable preference shares (if any);
- c) Supplementary capital reserve;
- d) Investment and development fund (if any);
- e) Financial and operational risk reserve;
- f) Other equity funds made in accordance with prevailing regulations;
- g) Undistributed earnings after tax;
- h) The balance of the provision for impairment of assets;
- i) Fifty percent (50%) of the upward revaluation of fixed assets in accordance with prevailing regulations (if written up), or excluding all downward revaluation (if written down);
- j) Exchange rate difference;
- k) Deductions specified in Note 3.2.1;
- l) Additions specified in Note 3.2.2;
- m) Other equity (if any).

## CHUBB LIFE FUND MANAGEMENT COMPANY LIMITED

### NOTES TO THE REPORT ON CAPITAL ADEQUACY RATIO AS AT 31 DECEMBER 2020 (continued)

#### 3 PRINCIPAL POLICIES FOR PREPARING THE REPORT ON CAPITAL ADEQUACY RATIO (continued)

##### 3.2 Liquid capital (continued)

###### 3.2.1 Deductions

The liquid capital of the Company is deduced by the following items:

- a) Market valuation downside value of financial investments being carried at cost, except those excluded from liquid capital. The market value is determined in accordance with Circular 87/2017/TT-BTC;

Securities are excluded from the liquid capital, including:

- Securities issued by entities related to the Company including: (i) its parent company, subsidiaries, joint ventures and associates and (ii) subsidiaries, joint ventures and associates of its parent company;
  - Securities suspended from transfer for more than ninety (90) days from the reporting date.
- b) Non-current assets, excluding (i) assets subject to market risk exposure and (ii) securities excluded from the liquid capital and (iii) provisions for these items;
  - c) Current assets with remaining maturity above ninety (90) days;
  - d) Exceptions, contrary opinions or refusal to give opinions (if any) on the audited financial statements but have not been deducted from the liquid capital at the points mentioned above. In cases when the auditor certifies that it has expired, the Company shall not have to subtract these amounts

In determining deductions, the following reliefs are permitted:

- For assets used to secure the obligations of the Company itself, the discounted value shall be reduced to the minimum value of (i) the market value of such assets determined in accordance with Circular 87/2017/TT-BTC, (ii) the book value and (iii) the residual value of the obligation;
- For assets secured by assets of customers, the deduction shall be reduced to the minimum value of (i) the value of collateral determined in accordance with Circular 87/2017/TT-BTC and (ii) the book value.

According to Circular 87/2017/TT-BTC, the Company is not required to calculate risk values of assets excluded from liquid capital.

## CHUBB LIFE FUND MANAGEMENT COMPANY LIMITED

### NOTES TO THE REPORT ON CAPITAL ADEQUACY RATIO AS AT 31 DECEMBER 2020 (continued)

#### 3 PRINCIPAL POLICIES FOR PREPARING THE REPORT ON CAPITAL ADEQUACY RATIO (continued)

##### 3.2 Liquid capital (continued)

###### 3.2.2 Additions

The liquid capital of the Company is increased up to 50% of the equity, as the value of the following items:

- a) Market valuation downside value of financial investments being carried at cost, except those excluded from liquid capital. The market value is determined in accordance with Circular 87/2017/TT-BTC.
- b) Debts convertible into equity

Debts convertible into equity are comprise two groups below, and meet all conditions listed below:

- Convertible bonds (excluding equity component which is already included in liquid capital), preference shares with initial preference period of at least five (5) years; or
- Debt instruments with initial term of at least ten (10) years and in any case the holders are repaid only when the Company pays off its secured debts and unsecured debts.

Conditions to qualify debts convertible into equity include the followings:

- Not secured by the Company's assets;
- The Company only redeems before maturity upon request of holders or repurchase on secondary market after announcing to the State Securities Commission in accordance with Circular 87/2017/TT-BTC;
- The Company is able to pause interest payment and delay to following year if such interest payment resulting a loss;
- In case of liquidation, the holder is only repaid after the Company pays off its secured and unsecured debts;
- Interest increase revision, including revision of interest spread, is applied after five (5) years since issue date and only once during its duration before conversion into ordinary shares;
- The debt is registered for addition in accordance with Circular 87/2017/TT-BTC.

Addition by debts convertible into equity reduces over time following principle below:

- During the last five (5) years before maturity/conversion date, the Company reduces by 20% of initial value each year;
- During the last four (4) quarters before maturity/conversion date, the Company reduces by 25% of remaining value each quarter, after reducing by 20% of initial value each year above.



## CHUBB LIFE FUND MANAGEMENT COMPANY LIMITED

### NOTES TO THE REPORT ON CAPITAL ADEQUACY RATIO AS AT 31 DECEMBER 2020 (continued)

#### 3 PRINCIPAL POLICIES FOR PREPARING THE REPORT ON CAPITAL ADEQUACY RATIO (continued)

##### 3.3 Position risk value

Position risk value is a value equivalent to the possible loss arising when the market value of assets currently owned by the Company changes towards the adverse trend and is determined by the Company at closing trading day according to the following formula:

Position risk value = Net position x Asset value x Market risk coefficient

In which the net position of each security at a point of time is the quantity being held at reporting date, adjusted by deducting securities lent and securities being hedged by put options and future contracts; and adding securities borrowed in accordance with prevailing regulations.

Assets not subject to position risk include:

- Treasury shares;
- The group of securities is excluded from liquid capital as stated in Item 3.2.1;
- Bonds, debt instruments, valuable papers in the currency market have matured;
- Securities have been hedged against future contracts;
- The rights to sell contracts are used to hedge risks for underlying securities.

##### 3.3.1 Market risk coefficient

Market risk coefficient is determined for each value item in accordance with Circular 87/2017/TT-BTC.

##### 3.3.2 Asset value

###### a. Cash and cash equivalents, money market instruments

Value of cash in VND is the balance of the cash account at the date of calculation.

Value of cash in foreign currency is the value converted into VND at the exchange rates quoted by credit institutions ("CI") permitted to trade in foreign exchange at the date of calculation.

Value of term deposits and money market instruments equals to the value of deposits/purchase price plus accumulated interest which is outstanding from the date of calculation.

The value of money market instruments includes treasury bills, bank drafts, commercial papers, transferable certificates, bonds and discounted money market instruments determined by the purchase price plus accrued interest has not been paid up to the date of calculation.

## CHUBB LIFE FUND MANAGEMENT COMPANY LIMITED

### NOTES TO THE REPORT ON CAPITAL ADEQUACY RATIO AS AT 31 DECEMBER 2020 (continued)

#### 3 PRINCIPAL POLICIES FOR PREPARING THE REPORT ON CAPITAL ADEQUACY RATIO (continued)

##### 3.3 Position risk value (continued)

###### 3.3.2 Asset value (continued)

###### b. Shares

The value of shares listed on the Ho Chi Minh City Stock Exchange and Hanoi Stock Exchange is the closing price at the latest trading day.

The value of shares of public companies registered for trading on UpCom is the average transaction price of the last trading day calculated.

In the case of listed shares or shares registered for trading on UpCom, there will be no trading within more than two (2) weeks prior to the calculation date, or the shares are suspended, delisting or cancelled registered for trading, the value of the stock is the largest value of the following values: book value; purchase price; price according to the internal valuation of the Company.

The value of shares registered and deposited but not yet listed for trading is the average value based on quotations of at least three (3) securities companies not related to the securities trading organization at the latest trading date before the time of calculation. In cases where the stock does not have enough quotation from at least three (3) securities companies, the value of the stock is the maximum value of the following values: the price from the quotation; price of the latest reporting period; book value; purchase price; price in accordance with internal valuation of the Company.

The value of shares of entities in the process of dissolution or bankruptcy equals to 80% of the liquidation value of such shares at the date of the latest accounting balance sheet or specified internally by the Company.

The value of shares or other capital contributions is the maximum value of the following values: book value; purchase price/value of capital contribution; price in accordance with internal valuation of the Company.

###### c. Funds/shares of securities investment companies

The value of the public close-end fund is the closing price of the most recent trading day from the date of calculation. Where a public closed-end fund has had no transactions for more than two (2) weeks from the date of calculation, the value of the fund is calculated equal to (Net Asset Value ("NAV")/ Fund Certificate) in the most recent reporting period from the date of calculation.

Value of a member fund / open-ended fund /shares of securities investment business organizations issued separately by NAV per unit of capital contribution/unit of fund certificate/share at the most recent reporting period before the calculation date.

Value of other funds/shares is the value specified internally by the Company.



## CHUBB LIFE FUND MANAGEMENT COMPANY LIMITED

### NOTES TO THE REPORT ON CAPITAL ADEQUACY RATIO AS AT 31 DECEMBER 2020 (continued)

#### 3 PRINCIPAL POLICIES FOR PREPARING THE REPORT ON CAPITAL ADEQUACY RATIO (continued)

##### 3.3 Position risk value (continued)

###### 3.3.3 Risk value of large exposures

The position risk value of assets will be increased where the Company takes too long position in it, except securities that are currently under issue underwriting in the form of firm commitment underwriting, Governmental bonds, bonds guaranteed by the Government. The risk value is increased on the following principle:

- Increase by 10% where the total exposure from investment in shares and bonds of an entity ranges from 10% to 15% of the Company's equity;
- Increase by 20% where the total exposure from investment in shares and bonds of an entity ranges from 15% to 25% of the Company's equity;
- Increase by 30% where the total exposure from investment in shares and bonds of an entity exceeds 25% of the Company's equity.

Dividends, coupons and rights (if any) or interests from loans, cash deposits, cash equivalents, transferable intruments, valuable papers are included in position risk exposure.

##### 3.4 Counterparty risk value

Counterparty risk value associates with potential loss from counterparty's failure to pay or transfer assets as timely as committed. Counterparty risk value is determined at the end of the trading date of contracts or transactions as follows:

- For term deposit at credit institutions; loans to other institutions or individuals; securities borrowing contracts in accordance with prevailing regulations; repo contracts in accordance with prevailing regulations; reverse repo contracts in accordance with prevailing regulations, margin loans contracts in accordance with prevailing regulations; receivables and other receivables and other assets exposed to counterparty risk, the counterparty risk is determined according to the following formula:

Counterparty risk value = Risk coefficient by counterparty x Counterparty risk exposure

- For balances from co-underwriting contracts with firm commitment where the Company is the lead underwriter, the counterparty risk value is determined by 30% of the remaining value of outstanding contracts.
- For overdue receivables, other receivables and other assets; assets past due but not transfer including securities, uncollected term deposits at credit institutions; overdue loans to other institutions and individuals, overdue securities borrowing contracts in accordance with prevailing regulations; overdue repo contracts in accordance with prevailing regulations; overdue reverse repo contracts in accordance with prevailing regulations, overdue margin loans contracts in accordance with prevailing regulations, the counterparty risk is determined according to the following formula:

Counterparty risk value = Risk coefficient by time x Counterparty risk exposure

## NOTES TO THE REPORT ON CAPITAL ADEQUACY RATIO AS AT 31 DECEMBER 2020 (continued)

**3 PRINCIPAL POLICIES FOR PREPARING THE REPORT ON CAPITAL ADEQUACY RATIO (continued)****3.4 Counterparty risk value (continued)**

Counterparty risk coefficient is determined based on type of counterparty and past due period as required in Circular 87/2017/TT-BTC.

**3.4.1 Risk coefficient by counterparty**

Risk coefficient by counterparty is determined as in table below:

	Type of counterparty	Risk coefficient
(1)	The Government, issuing organisations guaranteed by the Government or the Ministry of Finance, the State Bank of Vietnam, Governments and Central Banks of OECD countries, People's Committees of Municipalities	0%
(2)	Stock Exchanges, Securities Depository Centre	0.8%
(3)	Credit institutions, financial institutions, securities trading organisations incorporated in OECD countries and having credibility ratings meeting other conditions in accordance with internal regulations of securities trading organisations	3.2%
(4)	Credit institutions, financial institutions, securities trading organisations incorporated outside OECD countries; or incorporated in OECD countries and not meeting other conditions in accordance with internal regulations of securities trading organisation	4.8%
(5)	Credit institutions, financial institutions, securities trading organisations incorporated and existing in Vietnam	6%
(6)	Other organisations and individuals	8%

**3.4.2 Risk coefficient by time**

Risk coefficient by counterparty is determined base on past due period as required in Circular 87/2017/TT-BTC detailed as below:

	Overdue dates since deadlines of payments/ securities settlements	Risk coefficient
(1)	0 - 15 days since deadlines of payments/ securities settlements	16%
(2)	16 - 30 days since deadlines of payments/ securities settlements	32%
(3)	31 - 60 days since deadlines of payments/ securities settlements	48%
(4)	Over 60 days since deadlines of payments/ securities settlements	100%



CHUBB LIFE FUND MANAGEMENT COMPANY LIMITED

NOTES TO THE REPORT ON CAPITAL ADEQUACY RATIO AS AT 31 DECEMBER 2020 (continued)

3 PRINCIPAL POLICIES FOR PREPARING THE REPORT ON CAPITAL ADEQUACY RATIO (continued)

3.4 Counterparty risk value (continued)

3.4.3 Counterparty risk exposure

The counterparty risk exposure in borrowing, securities lending, margin trading and buy and sell transactions are determined as follows:

No.	Type of transactions	Counterparty risk exposure
1.	Term deposits, unsecured loans	Entire value of the loans
2.	Securities lending	Max {(Market value of contracts – Value of collateral assets (if any)), 0}
3.	Securities borrowing	Max {(Value of collaterals - Market value of contracts), 0}
4.	Contracts for purchase of securities with a commitment to resale	Max {(Value of contracts by purchase price - Market value of contracts x (1 – Market risk coefficient)), 0}
5.	Contracts for sale of securities with a commitment to repurchase	Max {(Market value of contracts x (1 – Market risk coefficient) - Value of contracts by selling price), 0}
6.	Contracts for lending for purchase and deposit of securities (for borrowers to purchase securities)/ Agreements of common substance	Max {(Debt balance - Value of collateral assets), 0}

The counterparty risk exposure in securities trading activities is defined as follows:

No.	Time	Counterparty risk exposure
A - For securities trading transactions (sellers are securities trading organizations or securities trading organizations' clients in brokerage activities)		
1.	Prior to receiving payment	0
2.	After the payment deadline	The market value of the contract (in case the market price is lower than the trading price)
		0 (in case the market price is higher than the transaction price)
B - For securities purchase transactions (buyers are securities trading organizations or securities trading organizations's client)		
1.	Prior to receiving payment	0
2.	After the payment deadline	The market value of the contract (in case the market price is higher than the trading price)
		0 (in case the market price is higher than the transaction price)



## NOTES TO THE REPORT ON CAPITAL ADEQUACY RATIO AS AT 31 DECEMBER 2020 (continued)

### 3 PRINCIPAL POLICIES FOR PREPARING THE REPORT ON CAPITAL ADEQUACY RATIO (continued)

#### 3.4 Counterparty risk value (continued)

##### 3.4.4 Counterparty risk exposure relief

The Company deducts the portion of value of collateral assets of counterparties and customers upon determination of the counterparty risk exposure risks. Counterparty risk exposure relief is applicable to contracts and transactions that fully meet the following conditions:

- Counterparty/customer has collateral assets to secure their obligations and collateral assets are cash and cash equivalents, valuable papers, transferable money market instruments, listed securities, securities registered for trading, Government bonds, bonds guaranteed by the Ministry of Finance;
- The Company reserves discretion to control, utilise or transfer the collateral assets in case the counterparty fails to meet their obligations sufficiently and timeline as committed in the contracts.

Value of assets backing the relief is determined as follows:

Value of collateral assets = Quantity x Asset price x (1 – Market risk coefficient)

##### 3.4.5 Risk value of large exposures

Counterparty risk value is increased following the principle below:

- Increase by 10% where the total exposure from an entity, an individual and a group of related entities and individuals (if any) ranges from 10% to 15% of the Company's equity; or
- Increase by 20% where the total exposure from an entity, an individual and a group of related entities and individuals (if any) ranges from 15% to 25% of the Company's equity; or
- Increase by 30% where the total exposure from an entity, an individual and a group of related entities and individuals (if any), or an individual and their related parties (if any) exceeds 25% of the Company's equity.

##### 3.4.6 Bilateral offsetting of counterparty risk exposure

Counterparty risk exposure can be bilateral offset if:

- Counterparty risks relates to the same counterparty;
- Risks arise on the same type of transactions;
- Bilateral offsetting has been agreed in written form.

## NOTES TO THE REPORT ON CAPITAL ADEQUACY RATIO AS AT 31 DECEMBER 2020 (continued)

### 3 PRINCIPAL POLICIES FOR PREPARING THE REPORT ON CAPITAL ADEQUACY RATIO (continued)

#### 3.5 Operational risk value

Operational risk value associates with potential loss from technical failure, system malfunction, control deficiencies, human errors, insufficient working capital due to unexpected expenses and investment losses, and other uncontrollable causes.

The Company's operational risk value is determined by 25% of recurring expenses of the Company in twelve (12) consecutive months preceeding reporting date, or 20% of the Company's legal capital in accordance with the regulations, whichever is higher.

The Company's operating expenses are determined by the total expense arising in the period exclude depreciation expenses, provision or reversal of provision for diminution in value of short-term investments, provision or reversal of provision for diminution in value of long-term investments; provision or reversal of provision for doubtful receivables.

### 4 EVENTS AFTER REPORTING DATE

No significant events occurring after 31 December 2020 are required to be adjusted or disclosed in this Report.

The Report was approved by the Executive Board on 29 March 2021.



Do Thi Thu Nguyet  
Chief Accountant



Tran Hong Tien  
Head of Internal control department



Lam Hai Tuan  
Legal representative