Samsung
Vina Insurance

PROPOSAL

To: **General Director**

Chief Financial Officer

From: Head of Finance & Accounting Dept.

V/v: **Approval for the Investment Management Regulations ("Regulations")**

Pursuant to:

- Law on Insurance Business No. 08/2022/QH15 dated 16 June 2022 ("**IB Law 2022**");
- Decree No. 73/2016/ND-CP dated 1 July 2016;
- Decree No. 46/2023/ND-CP dated 1 July 2023;
- Asset Management Standard Guideline of Company;

In order to guarantee safe and efficient capital investment while capable of fulfilling continuous liquidity requirements for insurance policy commitments, this Regulations is proposed with the following contents:

1. **Investment Sources**

   It shall include:

   - Owners' equity;
   - Idle capital from technical reserves in accordance with the Government's regulations;
   - Other lawful sources as prescribed by law.

2. **Investment Principles and Prohibited Activities**

   2.1 Investment principles

   The investment activities of Company in Vietnam must comply with the following principles:

   a) Ensure safety, liquidity, and efficiency; comply with statutory regulations, and assume sole responsibility for investment activities;

   b) Technical reserves shall only be invested within Vietnam, except for the cases specified in Point b, Clause 2, Article 100 of the IB Law 2022;

   c) Do not borrow loans for investment purposes or for entrusting investments into securities, real estate businesses, or capital contributions to other enterprises;

d) Do not invest more than 30% of total investment sources into companies within the same corporate group with mutual ownership relationships. This regulation shall not apply to deposits made at credit institutions and investments abroad in the form of establishing overseas enterprises or overseas branches;

e) Do not re-invest under any form in shareholders, contributing members, or related persons of such shareholders or contributing members as prescribed by the Law on Enterprises, except for deposits made at shareholders or members that are credit institutions;

f) Do not purchase corporate bonds issued for the purpose of restructuring the debts of the issuing enterprise itself;

g) In the case of investment entrustment, the trustee organization must be licensed to conduct investment entrustment activities compatible with the scope of the investment entrustment.

2.2 Prohibited Investment Activities

- Investment in high-risk assets such as loans, stocks, and real estates is banned in principle, while investment in assets of qualified investment institutions or qualified grades, mainly savings and bonds, is possible.
- Therefore, Company shall not be permitted to conduct the following investment activities:

a) Real estate business;

b) Investment in precious metals and gemstones;

c) Investment in intangible fixed assets, except where they serve the insurance business operations of the enterprise or branch;

d) Investment in derivative securities or derivative contracts.

3. Specific Asset Allocation Limits for Owners' Equity and Idle Capital from Technical Reserves

3.1 General Principles on Fund Segregation:

The Company's total investment funds must be strictly segregated into two independent portfolios: Owners' Equity and Technical Reserves.

3.2 Determination of the Owners' Equity and the Idle Capital from Technical Reserves

a) *Owners' Equity*: Investment from Owners' Equity equal to the legal capital requirement or the minimum solvency margin, whichever is greater, shall be carried out within Vietnam in accordance with the regulations on the investment of idle capital from insurance technical provisions.

b) *Idle Capital from Technical Reserves*:

- The idle capital from insurance technical reserves of Company shall be the total insurance technical reserves minus the funds used for regular insurance indemnity payouts during the period.
- The funds designated for regular insurance indemnity payouts of Company shall not be lower than 25% of the total insurance technical reserves and must be deposited at credit institutions operating within Vietnam.

3.3 Specific Asset Allocation Limits (Asset Allocation Matrix)

The investment limits applied to idle capital from technical reserves and owners' equity shall comply with the following statutory thresholds and carried out by Company within Vietnam as below:

No.	Asset Categories	Allocation Limits (% of Owners' Equity & Idle Capital from Technical Reserves)	Implementation by Company	Territory
a)	Government bonds, treasury bills, treasury bonds, national construction bonds, municipal bonds, and Government-guaranteed bonds.	Unlimited	Permissible	Vietnam
b)	Institutional bank deposits at credit institutions approved by Board of Directors	Unlimited	Permissible	Vietnam

No.	Asset Categories	Allocation Limits (% of Owners' Equity & Idle Capital from Technical Reserves)	Implementation by Company	Territory
c)	Corporate shares (stocks), corporate bonds, fund certificates, and capital contributions to other enterprises.	Maximum 35%	Banded by HQ	Vietnam
d)	Real estate business in accordance with the Law on Real Estate Business.	Maximum 10%	Banded by HQ	Vietnam

3.4 Guidelines on Financial Soundness and Credit Risk Management

a) Minimum credit rating: Investment credit rating should be BBB+ (low credit rating by S&P or Moody's) or above.

Bank list which have good credit rating includes:

Korean Bank	:	Shinhan, Woori, Kookmin, IBK, KEB, etc…
Foreign Bank	:	Citi, HSBC, Standard Chartered
Local Bank	:	Big4 in Vietnam (Vietcombank, BIDV, Viettinbank, Argribank)

b) Downgrade disposal settlement: If a currently held asset is downgraded below BBB+, Company, in principle, initiate a disposal strategy to divest or liquidate the asset to safeguard the portfolio.

c) Counterparty concentration limit: To mitigate systemic banking risks, the total deposit transaction volume at any single commercial bank must be restricted to less than 30% of the total managed investment assets.

d) New Counterparty Onboarding: Prior approval from the Board of Directors is strictly required before executing any new deposit transaction with a banking institution that has no existing transaction history with the Company.

4. Review and reclassification

- Operation Asset, Equity and Technical Reserves result is changed from time to time. Therefore, review and reclassification of investment list from these sources are required quarterly.
- The source reclassification do not modify any fundamental investment principles, nor do it impact the inherent nature of time deposits or cash balance (Operation Asset).
- The reclassification that is approved by Board of Directors of sources ensures that investments are accurately tracked and recognized based on their specific capital sources, thereby ensuring full compliance with applicable laws and regulations.

5. Asset Risk Monitoring and Reporting

To ensure comprehensive portfolio oversight and robust internal control, the Company shall execute the following periodic risk reporting:

- Quaterly Monitoring Checklist: Company prepares and submits the Quarterly Asset Risk Monitoring Checklist to the Board of Directors.
- Asset Management Overview: A detailed Asset Management Overview Report - encompassing asset allocation variance, investment performance, liquidity ratios, and credit rating status - shall be compiled quarterly to evaluate overall portfolio stability.

6. Effectiveness and Enforcement

a) This Regulation shall come into full force and effect from 1st June 2024 and apply from 2024 fiscal year.

b) Any previous regulations, rules, or guidelines issued by the Company that are contrary to this Regulation shall be automatically annulled and superseded.

c) Finance & Accounting Department and all related units and individuals shall be responsible for the strict implementation of this Regulation.

d) In the event of any changes in state laws, regulations of the Ministry of Finance, or the Company's operational strategy, the Finance & Accounting Department shall collaborate with relevant departments to propose necessary amendments and supplements to this Regulation for the Board of Directors' review and approval.

7. Approval and Execution

IN WITNESS WHEREOF, this Regulation on Investment Management has been reviewed, approved, and officially signed into effect by the authorized representatives of the Company.

Prepared by:	Approved by:	Approved by:
Ms. Ho Mai Quynh Chi **Head of Finance Dept.**	**Ms. Song Hyun Mi** **Chief Financial Officer**	**Mr. Ye Young Hae** **General Director**