



MSIG Insurance (Vietnam) Company Limited

Financial Statements for the year ended
31 December 2021

MSIG Insurance (Vietnam) Company Limited Corporate Information

Establishment and Operation Licence No.	54/GP/KDBH	18 September 2008
	54/GPDC1/KDBH	2 March 2009
	54/GPDC2/KDBH	1 March 2012
	54/GPDC3/KDBH	29 October 2012
	54/GPDC4/KDBH	22 October 2014
	54/GPDC5/KDBH	28 September 2018
	54/GPDC6/KDBH	5 November 2018
	54/GPDC7/KDBH	12 November 2020

The Establishment and Operation Licence and its updates were issued by the Ministry of Finance and are valid for 50 years from the initial licence date.

Members' Council	Mr. Alan J. Wilson	Chairman
	Mr. Minoru Nakamura	Member
	Ms. Pham Thi Kim Anh	Member
	Mr. Jun Urakami	Member <i>(until 31 March 2021)</i>
	Mr. Hidetomi Takahashi	Member <i>(from 1 April 2021)</i>
	Mr. Katsumi Kuzuno	Member <i>(from 1 April 2021)</i>
	Mr. Yujiro Sobajima	Member <i>(until 31 March 2021)</i>
Inspectors	Ms. Nguyen Thi Bich	Chief Inspector
	Mr. Richard Da Silva	Inspector
	Mr. Hidenari Inamoto	Inspector <i>(from 1 October 2021)</i>
	Mr. Akihiro Yoshikawa	Inspector <i>(until 30 September 2021)</i>
General Director	Mr. Katsumi Kuzuno	<i>(from 1 April 2021)</i>
	Mr. Yujiro Sobajima	<i>(until 31 March 2021)</i>
Registered Office	10 th Floor, CornerStone Building 16 Phan Chu Trinh Hoan Kiem District Hanoi, Vietnam	
Auditor	KPMG Limited Vietnam	

MSIG Insurance (Vietnam) Company Limited Statement of Management

Management of MSIG Insurance (Vietnam) Company Limited (“the Company”) presents this statement and the accompanying financial statements of the Company for the year ended 31 December 2021.

The Company’s Management is responsible for the preparation and fair presentation of the financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises, Circular No. 232/2012/TT-BTC dated 28 December 2012 issued by the Ministry of Finance on the promulgation of accounting guidance for non-life insurance companies, reinsurance companies and branches of foreign non-life insurance companies and the relevant statutory requirements applicable to financial reporting. In the opinion of The Company’s Management:

- (a) the financial statements set out on pages 5 to 56 give a true and fair view of the financial position of the Company as at 31 December 2021, and of its results of operations and cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises, Circular No. 232/2012/TT-BTC dated 28 December 2012 issued by the Ministry of Finance on the promulgation of accounting guidance for non-life insurance companies, reinsurance companies and branches of foreign non-life insurance companies and the relevant statutory requirements applicable to financial reporting; and
- (b) at the date of this statement, there are no reasons to believe that the Company will not be able to pay its debts as and when they fall due.

The Company’s Management has, on the date of this statement, authorised the accompanying financial statements for issue.



Katsumi Kuzuno
General Director

Hanoi, 22 March 2022



KPMG Limited
46th Floor, Keangnam Landmark 72
E6 Pham Hung Road, Me Tri Ward
South Tu Liem District, Hanoi, Vietnam
+84 (24) 3946 1600 | kpmg.com.vn

INDEPENDENT AUDITOR'S REPORT

To the Investor MSIG Insurance (Vietnam) Company Limited

We have audited the accompanying financial statements of MSIG Insurance (Vietnam) Company Limited ("the Company"), which comprise the balance sheet as at 31 December 2021, the statements of income and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Company's Management on 22 March 2022 as set out on pages 5 to 56.

Management's Responsibility

The Company's Management is responsible for the preparation and fair presentation of these financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises, Circular No. 232/2012/TT-BTC dated 28 December 2012 issued by the Ministry of Finance on the promulgation of accounting guidance for non-life insurance companies, reinsurance companies and branches of foreign non-life insurance companies and the relevant statutory requirements applicable to financial reporting, and for such internal control as the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 of 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 auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Company's 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.

ÔNG
NHÌ
CPI
LIÊN



Auditor's Opinion

In our opinion, the financial statements give a true and fair view, in all material respects, of the financial position of MSIG Insurance (Vietnam) Company Limited as at 31 December 2021 and of its results of operations and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises, Circular No. 232/2012/TT-BTC dated 28 December 2012 issued by the Ministry of Finance on the promulgation of accounting guidance for non-life insurance companies, reinsurance companies and branches of foreign non-life insurance companies and the relevant statutory requirements applicable to financial reporting.

KPMG Limited
Vietnam
Audit Report No. 21-02-00478-22-1



Doan Thanh Toan
Practicing Auditor Registration
Certificate No. 3073-2019-007-1
Deputy General Director

Hanoi, 22 March 2022



Le Nhat Vuong
Practicing Auditor Registration
Certificate No. 3458-2022-007-1

MSIG Insurance (Vietnam) Company Limited
Balance sheet as at 31 December 2021

Form B 01 – DNPNT
(Issued under Circular No. 232/2012/TT-BTC
dated 28 December 2012 of
the Ministry of Finance)

	Code	Note	31/12/2021 VND	31/12/2020 VND (Reclassified)
ASSETS				
A. CURRENT ASSETS (100 = 110 + 120 + 130 + 150 + 190)	100		1,916,639,086,378	1,678,646,262,239
I. Cash and cash equivalents	110	4	36,583,052,868	35,361,410,668
1 Cash	111		12,083,052,868	16,081,410,668
2 Cash equivalents	112		24,500,000,000	19,280,000,000
II. Short-term financial investments	120	5(a)	1,272,267,707,084	1,045,112,186,174
1 Short-term financial investments	121		1,272,267,707,084	1,045,112,186,174
III. Accounts receivable – short-term	130		135,674,902,997	131,368,581,618
1 Accounts receivable from customers	131	6(a)	91,564,726,473	78,117,325,594
1.1 <i>Accounts receivable – insurance</i>	<i>131.1</i>		<i>91,564,726,473</i>	<i>78,117,325,594</i>
2 Prepayments to suppliers	132		2,169,812,613	1,915,511,647
3 Other short-term receivables	135	6(a)	41,958,218,314	51,353,598,780
4 Allowance for doubtful debts	139		(17,854,403)	(17,854,403)
V. Other current assets	150		36,900,314,681	31,819,016,053
1 Short-term prepaid expenses	151	7	36,430,882,377	31,118,471,790
1.1 <i>Deferred commission expenses</i>	<i>151.1</i>		<i>30,617,294,511</i>	<i>25,557,719,206</i>
1.2 <i>Other short-term prepaid expenses</i>	<i>151.2</i>		<i>5,813,587,866</i>	<i>5,560,752,584</i>
2 Deductible value added tax	152		221,508,804	332,544,263
5 Other current assets	158		247,923,500	368,000,000
VIII. Reinsurance assets	190	14(c)	435,213,108,748	434,985,067,726
1 Unearned outward reinsurance premium reserve	191	14(a)	272,910,407,784	252,239,984,934
2 Outward reinsurance claims reserve	192	14(a)	162,302,700,964	182,745,082,792

The accompanying notes are an integral part of these financial statements

MSIG Insurance (Vietnam) Company Limited
Balance sheet as at 31 December 2021
(continued)

Form B 01 – DNPNT
(Issued under Circular No. 232/2012/TT-BTC
dated 28 December 2012 of
the Ministry of Finance)

	Code	Note	31/12/2021 VND	31/12/2020 VND
B. LONG-TERM ASSETS (200 = 210 + 220 + 250 + 260)	200		89,213,484,062	181,004,190,679
I. Accounts receivable – long-term	210		6,000,000,000	6,000,000,000
4 Other long-term receivables	218	6(b)	6,000,000,000	6,000,000,000
4.1 Statutory security deposit	218.1		6,000,000,000	6,000,000,000
II. Fixed assets	220		4,097,283,758	7,184,812,137
1 Tangible fixed assets	221	8	1,082,461,309	2,282,986,278
Cost	222		15,789,938,760	15,712,845,578
Accumulated depreciation	223		(14,707,477,451)	(13,429,859,300)
3 Intangible fixed assets	227	9	3,014,822,449	4,901,825,859
Cost	228		15,766,785,467	15,766,785,467
Accumulated amortisation	229		(12,751,963,018)	(10,864,959,608)
IV. Long-term financial investments	250	5(b)	71,500,000,000	158,960,000,000
3 Other long-term financial investments	258		71,500,000,000	158,960,000,000
V. Other long-term assets	260		7,616,200,304	8,859,378,542
1 Long-term prepaid expenses	261	10	3,245,341,543	3,997,898,336
3 Other long-term assets	268		4,370,858,761	4,861,480,206
TOTAL ASSETS (270 = 100 + 200)	270		2,005,852,570,440	1,859,650,452,918

The accompanying notes are an integral part of these financial statements

MSIG Insurance (Vietnam) Company Limited
Balance sheet as at 31 December 2021
(continued)

Form B 01 – DNPNT
(Issued under Circular No. 232/2012/TT-BTC
dated 28 December 2012 of
the Ministry of Finance)

	Code	Note	31/12/2021 VND	31/12/2020 VND (Reclassified)
RESOURCES				
A. LIABILITIES (300 = 310 + 330)	300		999,220,539,385	939,043,548,724
I. Current liabilities	310		997,042,333,568	938,084,634,734
2 Accounts payable to suppliers	312	11	168,996,911,906	134,574,749,143
2.1 <i>Accounts payable – insurance</i>	<i>312.1</i>		<i>163,792,121,019</i>	<i>130,782,706,926</i>
2.2 <i>Accounts payable – others</i>	<i>312.2</i>		<i>5,204,790,887</i>	<i>3,792,042,217</i>
4 Taxes payable to State Treasury	314	12	13,156,204,474	13,024,270,730
5 Payables to employees	315		42,762,023	70,733,574
6 Accrued expenses	316		22,685,140,066	20,104,529,455
7 Unearned revenue	318		2,629,272,805	5,397,053,906
8 Other short-term payables	319	13	51,439,925,270	49,008,318,326
8.1 <i>Unearned commission income</i>	<i>319.1</i>		<i>46,854,997,204</i>	<i>44,750,467,498</i>
8.2 <i>Other short-term payables</i>	<i>319.2</i>		<i>4,584,928,066</i>	<i>4,257,850,828</i>
13 Technical reserves	329		738,092,117,024	715,904,979,600
13.1 <i>Unearned premium reserve for direct insurance and inward reinsurance</i>	<i>329.1</i>	<i>14(a)</i>	<i>433,082,013,219</i>	<i>398,242,761,503</i>
13.2 <i>Claims reserve for direct insurance and inward reinsurance</i>	<i>329.2</i>	<i>14(a)</i>	<i>222,970,876,778</i>	<i>246,904,849,634</i>
13.3 <i>Catastrophe reserve</i>	<i>329.3</i>	<i>14(b)</i>	<i>82,039,227,027</i>	<i>70,757,368,463</i>
II. Long-term liabilities	330		2,178,205,817	958,913,990
3 Other long-term payables	333		2,074,592,649	843,625,000
5 Deferred tax liabilities	335	22	103,613,168	115,288,990
B. EQUITY (400 = 410)	400		1,006,632,031,055	920,606,904,194
I Owner's equity	410	15	1,006,632,031,055	920,606,904,194
1 Contributed capital	411		300,000,000,000	300,000,000,000
9 Statutory reserve	419		30,000,000,000	36,324,245,341
11 Retained profits	421		676,632,031,055	584,282,658,853
TOTAL RESOURCES (440 = 300 + 400)	440		2,005,852,570,440	1,859,650,452,918

The accompanying notes are an integral part of these financial statements

MSIG Insurance (Vietnam) Company Limited
Balance sheet as at 31 December 2021
(continued)

Form B 01 – DNPNT
(Issued under Circular No. 232/2012/TT-BTC
dated 28 December 2012 of
the Ministry of Finance)

OFF-BALANCE SHEET ITEMS

	Unit	31/12/2021 VND	31/12/2020 VND
4 Insurance policies not yet incurred insurance liabilities – Premiums from direct insurance	VND	2,629,272,805	5,397,053,906
5 Foreign currencies (Original currency)			
- United States Dollar (USD)	USD	283,146.66	330,091.75
- Japanese Yen (JPY)	JPY	906,517.00	1,774,091.00

22 March 2022

Prepared by



Nguyen Thi Van Anh
Chief Accountant

Approved by



Katsumi Kuzuno
General Director

MSIG Insurance (Vietnam) Company Limited
Statement of income for the year ended
31 December 2021

Form B 02 – DNPNT
(Issued under Circular No. 232/2012/TT-BTC
dated 28 December 2012 of
the Ministry of Finance)

Part I – Summary statement of income

	Code	2021 VND	2020 VND
1 Net revenue from insurance activities	10	474,617,380,568	442,823,405,079
3 Financial income	12	77,389,199,605	84,965,067,170
4 Other income	13	536,643,935	198,085,479
5 Total expenses for insurance activities	20	199,617,024,111	188,381,547,262
7 Financial expenses	22	397,232,682	767,336,707
8 General and administration expenses	23	161,582,066,423	172,009,781,013
9 Other expenses	24	17,924,029	28,243,295
10 Accounting profit before tax (50 = 10 + 12 + 13 – 20 – 22 – 23 – 24)	50	190,928,976,863	166,799,649,451
11 Income tax expense – current	51	38,250,000,609	33,968,138,876
12 Income tax benefit – deferred	52	(11,675,821)	(499,539,852)
13 Net profit after tax (60 = 50 – 51 – 52)	60	152,690,652,075	133,331,050,427

The accompanying notes are an integral part of these financial statements

MSIG Insurance (Vietnam) Company Limited
Statement of income for the year ended
31 December 2021 (continued)

Form B 02 – DNPNT
(Issued under Circular No. 232/2012/TT-BTC
dated 28 December 2012 of
the Ministry of Finance)

Part II – Statement of income by activities

	Code	Note	2021 VND	2020 VND
1 Premium revenue (01 = 01.1 + 01.2 – 01.3)	01	16	1,022,706,707,377	943,673,508,180
In which:				
- Gross written premiums from direct insurance	01.1		1,011,579,894,320	938,880,267,513
- Gross written premiums from inward reinsurance	01.2		45,966,064,773	35,237,673,707
- Increase in unearned premium reserve for direct insurance and inward reinsurance	01.3	14(a)(ii)	34,839,251,716	30,444,433,040
2 Outward reinsurance premiums (02 = 02.1 – 02.2)	02	17	660,813,584,102	608,243,618,461
In which:				
- Outward reinsurance premiums	02.1		681,484,006,952	625,624,775,946
- Increase in unearned premium reserve for outward reinsurance	02.2	14(a)(ii)	20,670,422,850	17,381,157,485
3 Net premium revenue (03 = 01 – 02)	03		361,893,123,275	335,429,889,719
4 Commission income from outward reinsurance and other income from insurance activities (04 = 04.1 + 04.2)	04		112,724,257,293	107,393,515,360
In which:				
- Commission income from outward reinsurance	04.1	13	105,526,238,949	101,026,474,324
- Other income from insurance activities	04.2		7,198,018,344	6,367,041,036
5 Net revenue from insurance activities (10 = 03 + 04)	10		474,617,380,568	442,823,405,079
6.1 Claims paid	11		180,279,134,697	327,347,093,125
7 Claims recovery from outward reinsurance	12		86,328,261,887	228,536,051,644
8 Decrease in claims reserve for direct insurance and inward reinsurance	13	14(a)(i)	(33,847,838,571)	(281,989,667,750)
9 Decrease in claims reserve for outward reinsurance	14	14(a)(i)	(26,442,097,606)	(283,290,432,396)
10 Net claims expense (15 = 11 – 12 + 13 – 14)	15	18	86,545,131,845	100,111,806,127

The accompanying notes are an integral part of these financial statements

MSIG Insurance (Vietnam) Company Limited
Statement of income for the year ended
31 December 2021 (continued)

Form B 02 – DNPNT
(Issued under Circular No. 232/2012/TT-BTC
dated 28 December 2012 of
the Ministry of Finance)

Part II – Statement of income by activities (continued)

	Code	Note	2021 VND	2020 VND
11 Increase in catastrophe reserve	16	14(b)	11,281,858,564	10,454,794,958
12 Other operating expenses for insurance activities (17 = 17.1 +17.2)	17	19	101,790,033,702	77,814,946,177
In which:				
- Commission on insurance activities	17.1	7(i)	66,090,078,953	58,478,473,760
- Other insurance costs	17.2		35,699,954,749	19,336,472,417
13 Total expenses for insurance activities (18 = 15 + 16 + 17)	18		199,617,024,111	188,381,547,262
14 Gross profit from insurance activities (19 = 10 – 18)	19		275,000,356,457	254,441,857,817
18 Financial income	23	20	77,389,199,605	84,965,067,170
19 Financial expenses	24		397,232,682	767,336,707
20 Profit from financial activities (25 = 23 – 24)	25		76,991,966,923	84,197,730,463
21 General and administration expenses	26	21	161,582,066,423	172,009,781,013
22 Net operating profit (30 = 19 + 25 – 26)	30		190,410,256,957	166,629,807,267
23 Other income	31		536,643,935	198,085,479
23 Other expenses	32		17,924,029	28,243,295
25 Results of other activities (40 = 31 -32)	40		518,719,906	169,842,184
26 Accounting profit before tax (50 = 30 + 40)	50		190,928,976,863	166,799,649,451
27 Income tax expense – current	51	22	38,250,000,609	33,968,138,876
28 Income tax benefit – deferred	52	22	(11,675,821)	(499,539,852)
29 Net profit after tax (60 = 50 – 51 – 52)	60		152,690,652,075	133,331,050,427

22 March 2022

Prepared by



Nguyen Thi Van Anh
 Chief Accountant

Approved by



Katsumi Kuzuno
 General Director

The accompanying notes are an integral part of these financial statements

MSIG Insurance (Vietnam) Company Limited
Statement of cash flows for the year ended
31 December 2021 (Indirect method)

Form B 03 – DNPNT
(Issued under Circular No. 232/2012/TT-BTC
dated 28 December 2012 of
the Ministry of Finance)

	Code	2021 VND	2020 VND
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1 Profit before tax	01	190,928,976,863	166,799,649,451
2 Adjustments for			
Depreciation and amortisation	02	3,173,063,462	3,794,362,939
Allowances and provisions	03	19,004,050,803	24,889,377,937
Unrealised foreign exchange gains	04	(483,571,579)	(529,664,539)
Profits from investing activities	05	(75,904,155,649)	(83,930,236,570)
3 Operating profit before changes in working capital	08	136,718,363,900	111,023,489,218
Change in receivables and other assets	09	(12,217,069,580)	(24,385,594,922)
Change in payables and other liabilities	11	36,358,540,482	13,791,032,418
Change in prepayments	12	499,721,510	(2,224,926,678)
		161,359,556,312	98,204,000,036
Income tax paid	14	(38,711,541,738)	(32,181,094,957)
Net cash flows from operating activities	20	122,648,014,574	66,022,905,079
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1 Payments for additions to fixed assets	21	(109,485,000)	(4,384,953,163)
2 Proceeds from disposals of fixed assets	22	7,699,695	13,853,799
3 Payments for term deposits at banks	23	(3,101,996,621,494)	(4,986,320,486,703)
4 Receipts from term deposits at banks	24	2,962,301,100,584	4,897,489,047,306
7 Receipts of interest	27	84,552,887,476	76,975,254,660
Net cash flows from investing activities	30	(55,244,418,739)	(16,227,284,101)
III. CASH FLOWS FROM FINANCING ACTIVITIES			
6 Profits distribution to the parent company	36	(66,665,525,214)	(55,098,582,168)
Net cash flows from financing activities	40	(66,665,525,214)	(55,098,582,168)

The accompanying notes are an integral part of these financial statements

MSIG Insurance (Vietnam) Company Limited
Statement of cash flows for the year ended
31 December 2021 (Indirect method – continued)

Form B 03 – DNPNT
(Issued under Circular No. 232/2012/TT-BTC
dated 28 December 2012 of
the Ministry of Finance)

	Code	2021 VND	2020 VND
Net cash flows during the year (50 = 20 + 30 + 40)	50	738,070,621	(5,302,961,190)
Cash and cash equivalents at the beginning of the year	60	35,361,410,668	40,134,707,319
Effect of exchange rate fluctuations on cash and cash equivalents	61	483,571,579	529,664,539
Cash and cash equivalents at the end of the year (70 = 50 + 60 + 61) (Note 4)	70	36,583,052,868	35,361,410,668

22 March 2022

Prepared by



Nguyen Thi Van Anh
Chief Accountant

Approved by



Katsumi Kuzuno
General Director

The accompanying notes are an integral part of these financial statements

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

1. Reporting entity

(a) Ownership structure

MSIG Insurance (Vietnam) Co., Ltd (“the Company”) is a 100% foreign-owned company established in Vietnam under Establishment and Operation Licence No. 54/GP/KDBH issued by the Ministry of Finance (“MOF”) on 18 September 2008, which was subsequently amended by the latest Establishment and Operation Licence No. 54/GPDC7/KDBH issued by the MOF on 12 November 2020.

(b) Principal activities

The principal activities of the Company are to provide non-life insurance and health insurance services in Vietnam including direct insurance services, reinsurance services, claim settling agent services, and carry out investment activities and other related activities.

(c) Normal operating cycle

The normal operating cycle of the Company is generally within 12 months.

(d) The Company’s headcounts

As at 31 December 2021, the Company had 162 employees (31/12/2020: 168 employees).

2. Basis of preparation

(a) Statement of compliance

These financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises, Circular No. 232/2012/TT-BTC dated 28 December 2012 issued by the Ministry of Finance on the promulgation of accounting guidance for non-life insurance companies, reinsurance companies and branches of foreign non-life insurance companies and the relevant statutory requirements applicable to financial reporting.

These standards and relevant statutory requirements may differ in some material respects from generally accepted accounting principles and standards in other countries. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations and cash flows of the Company in accordance with generally accepted accounting principles and practices in countries or jurisdictions other than Vietnam. Furthermore, their utilisation is not designed for those who are not informed about Vietnam’s accounting principles, procedures and practices for non-life insurance companies, reinsurance companies and branches of foreign non-life insurance companies.

(b) Basis of measurement

The financial statements, except for the statement of cash flows, are prepared on the accrual basis using the historical cost concept. The statement of cash flows is prepared using the indirect method.

(c) Annual accounting period

The annual accounting period of the Company is from 1 January to 31 December.

(d) Accounting and presentation currency

The Company's accounting currency is Vietnam Dong ("VND"), which is also the currency used for financial statements presentation purpose.

3. Summary of significant accounting policies

The following significant accounting policies have been adopted by the Company in the preparation of these financial statements.

(a) Foreign currency transactions

Transactions in currencies other than VND during the year have been translated into VND at actual rates of exchange ruling at the transaction dates.

Monetary assets and liabilities denominated in currencies other than VND are translated into VND at the account transfer buying rate and account transfer selling rate, respectively, at the end of the annual accounting period quoted by the commercial bank where the Company most frequently conducts transactions.

All foreign exchange differences are recorded in the statement of income.

(b) Cash and cash equivalents

Cash comprises cash balances and call deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

(c) Investments

Held-to-maturity investments

Held-to-maturity investments are those that the Company's management has the intention and ability to hold until maturity. Held-to-maturity investments comprise term deposits at banks. These investments are stated at cost less allowance for doubtful debts.

(d) Accounts receivable

Insurance and other receivables are stated at cost less allowance for doubtful debts.

Allowance for doubtful debts based on the expected losses of overdue debts is determined by the Company's management after giving consideration to the recovery of these debts.

(e) Deferred commission expenses

Commission expenses on direct insurance and inward reinsurance are capitalised and amortised on the same basis as the allocation basis of unearned premium reserve as described in Note 3(1)(i). The balance of deferred commission expenses at the end of the accounting period represents the commission expenses corresponding to the unearned premium.

(f) Statutory security deposit

According to Decree No. 73/2016/ND-CP dated 1 July 2016 ("Decree 73") issued by the Government of Vietnam on the promulgation of implementation guidance for Laws on insurance business, the Company is required to make a statutory security deposit of 2% of legal capital. This deposit earns interest at a rate agreed with the bank where the deposit is placed and is withdrawn until cessation of the business operations. The statutory security deposit is only used to meet any commitments made to the policyholders when the Company is unable to meet its financial obligations and the approval from the Ministry of Finance has been obtained.

(g) Tangible fixed assets

(i) Cost

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price, including import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after tangible fixed assets have been put into operation, such as repair, maintenance and overhaul cost, is charged to the statement of income in the year in which the cost is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of tangible fixed assets beyond their originally assessed standard of performance, the expenditure is capitalised as an additional cost of tangible fixed assets.

(ii) Depreciation

Depreciation is computed on a straight-line basis over the estimated useful lives of tangible fixed assets. The estimated useful lives are as follows:

▪ office equipment	3 years
▪ office furniture	3 years
▪ other tangible fixed assets	5 years

(h) Intangible fixed assets

Computer software

Cost of acquiring new computer software, which is not an integral part of the related hardware, is capitalised and treated as an intangible asset. Computer software cost is amortised on a straight-line basis over a period ranging from 3 to 10 years.

(i) Long-term prepaid expenses

(i) *Golf club memberships*

Golf club memberships are recorded at cost and amortised on a straight-line basis over the term of the memberships of 28 years.

(ii) *Office fitting expenses*

Office fitting expenses are recorded at cost and amortised on a straight-line basis over 5 years.

(iii) *Tools and instruments*

Tools and instruments include assets held for use by the Company in the normal course of business whose costs of individual items are less than VND30 million and therefore not qualified for recognition as fixed assets under the prevailing regulation. Cost of tools and instruments are amortised on a straight-line basis over a period ranging from over 1 to 3 years.

(j) Insurance and other payables

Insurance and other payables are stated at their cost.

(k) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(l) Technical reserves

Technical reserves are established in accordance with regulations and instructions of Circular No. 50/2017/TT-BTC dated 15 May 2017 (“Circular 50”) of the Ministry of Finance providing guidance for implementation of Decree 73 and Official Letter No. 1101/BTC-QLBH dated 24 January 2018 (“OL 1101”) of the Ministry of Finance approving for the Company’s calculation methods of technical reserves.

Technical reserves of the Company include technical reserves for non-life insurance policies and technical reserves for health insurance:

(i) *Technical reserves for non-life insurance policies*

Unearned premium reserve

Unearned premium reserve is the proportion of written premiums that are related to risk after the reporting date and is included as a liability at the end of the accounting period.

Unearned premium reserve is calculated based on a coefficient of the term of insurance policies. The unearned premium reserve is calculated using daily method as stipulated in the third dash (-) of sub-item b, item 3.1, clause 3, Article 17 of Circular 50. Accordingly, unearned premium reserve for all types of insurance policies or reinsurance policies is calculated based on the following formula:

$$\text{Unearned premium reserve} = \frac{\text{Insurance premium} \times \text{Remaining insured days of the insurance or reinsurance policy}}{\text{Total insured days under the insurance or reinsurance policy}}$$

Unearned premium reserve is calculated and presented separately for the gross premiums from direct insurance, inward reinsurance premiums and outward reinsurance premiums.

Claims reserve

Claims reserve is established in accordance with the calculation methods as approved in OL 1101.

Claims reserve includes reserve for outstanding claims and reserve for claims incurred but not reported.

Reserve for outstanding claims is made for each insurance policy by estimating the indemnity to be paid for each claim case which was reported or claimed but not yet settled by the end of the annual accounting period.

Reserve for claims incurred but not yet reported or claimed (“IBNR”) is made at 5% of the premium for each type of insurance product.

Claims reserve is calculated and presented separately for direct insurance and inward reinsurance and for outward reinsurance.

Catastrophe reserve

Catastrophe reserve is made annually at 3% of the retained premium for all insurance products. Catastrophe reserve is made until this reserve reaches 100% of the retained premium of the current annual accounting period.

(ii) *Technical reserves for health insurance*

Unearned premium reserve

Unearned premium reserve for health insurance policies with terms of less than one year is made based on the coefficient of insurance period of insurance. The Company adopts the calculation method of daily basis in accordance with Circular 50 and OL 1101.

Claims reserve

Reserve for outstanding claims is established on a case by case basis based on the statistics of the sum insured to be paid for each claim case reported or claimed but not yet settled at the end of the annual accounting period.

Reserve for claims incurred but not yet reported or claimed is made at 5% of the retained premium for each type of insurance product in accordance with the instructions in Circular 50.

Equalization reserve

Equalization reserve is made at 3% of the retained premium for each type of health insurance product and is recorded in catastrophe reserve in the balance sheet.

(m) *Contributed capital*

Contributed capital is recognised on the contribution date at the actual amount contributed less any directly attributable transaction costs.

(n) *Statutory reserve*

Statutory reserve is appropriated from 5% of profit after tax annually until this reserve reaches 10% of the Company's charter capital. This statutory reserve is non-distributable and is classified as part of equity.

(o) Classification of financial instruments

Solely for the purpose of providing disclosures about the significance of financial instruments to the Company's financial position and results of operations and the nature and extent of risk arising from financial instruments, the Company classifies its financial instruments as follows:

(i) Financial assets

Financial assets at fair value through profit and loss

A financial asset at fair value through profit or loss is a financial asset that meets either of the following conditions:

- It is considered by Board of Directors as held for trading. A financial asset is considered as held for trading if:
 - it is acquired principally for the purpose of selling it in the near term;
 - there is evidence of a recent pattern of short-term profit-taking; or
 - a derivative (except for a derivative that is financial guarantee contract or a designated and effective hedging instrument).
- Upon initial recognition, it is designated by the Company as at fair value through profit or loss.

Held-to-maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and a fixed maturity that the Company has the positive intention and ability to hold to maturity, other than:

- those that the Company upon initial recognition designates as at fair value through profit or loss;
- those that the Company designates as available-for-sale; and
- those that meet the definition of loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those:

- that the Company intends to sell immediately or in the near term, which are classified as held-for-trading, and those that the entity on initial recognition designates as at fair value through profit or loss;
- that the Company on initial recognition designates as available-for-sale; or
- for which the Company may not recover substantially all of its initial investment, other than because of credit deterioration, which are classified as available-for-sale.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or that is not classified as:

- financial assets at fair value through profit or loss;
- held-to-maturity investments; or
- loans and receivables.

(ii) *Financial liabilities*

Financial liabilities at fair value through profit or loss

A financial liability at fair value through profit or loss is a financial liability that meets either of the following conditions:

- It is considered by Board of Directors as held for trading. A financial liability is considered as held for trading if:
 - it is incurred principally for the purpose of repurchasing it in the near term;
 - there is evidence of a recent pattern of short-term profit-taking; or
 - a derivative (except for a derivative that is financial guarantee contract or a designated and effective hedging instrument).
- Upon initial recognition, it is designated by the Company as at fair value through profit or loss.

Financial liabilities carried at amortised cost

Financial liabilities which are not classified as financial liabilities at fair value through profit or loss are classified as financial liabilities carried at amortised cost.

The above described classification of financial instruments is solely for presentation and disclosure purpose and is not intended to be a description of how the instruments are measured. Accounting policies for measurement of financial instruments are disclosed in other relevant notes.

(p) Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the statement of income except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates at the end of the annual accounting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using the tax rates enacted or substantively enacted at the end of the annual accounting period.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(q) Premium revenue

Premiums are recognised in accordance with the requirements of Decree 73 and Circular 50.

Accordingly, gross premium from direct insurance is recognised when insurance obligations arise with the insured, specifically as follows:

- the insurance policy has been entered into by the insurer and the insured and the premium has been paid; or
- there is evidence that the insurance policy has been entered into and the insured has paid the premium; or
- the insurance policy has been entered into by the insurer and the insured; if there is agreement between the insurer and the insured for delayed payment of insurance premium the insurer still has to recognise revenue for the delayed payment although the premium has not been paid by the insured.

If the Company and its customers mutually agree the term of payment of insurance premium on instalment basis, only the insurance premium which is due shall be recognised as premium revenue and the premium not yet due shall not be recognised as premium revenue for the period. Premium being paid before due date is recorded as “Unearned revenue” in the balance sheet at the end of the annual accounting period.

(r) Interest income

Interest income is recognised on a time proportion basis with reference to the principal outstanding and at the applicable interest rate.

(s) Reinsurance activities

(i) *Inward reinsurance*

Income and expenses other than commission expenses relating to inward reinsurance are recognised when the reinsurance confirmations and statements of accounts are received from the cedants.

Commission expenses on inward reinsurance are recognised in accordance with accounting policy as described in Note 3(e).

(ii) *Outward reinsurance*

Outward reinsurance premiums under treaty and facultative reinsurance agreements are recognised when gross written premiums within the scope of the treaty and facultative agreements are recognised.

Outward reinsurance recoveries are recognised when there is evidence of liability portion assumed by the reinsurers.

Commission income from outward reinsurance are deferred in the statement of income on the same basis as the allocation basis of unearned premium reserve as described in Note 3(1)(i). The balance of unearned commission income at the end of the accounting period represents the commission income corresponding to the unearned premium.

(t) Claims expense

Claims and loss adjustment expenses are recognised in the statement of income when the insured events incur. The charges for claims, loss adjustment expenses incurred for an accounting period are based on the estimated ultimate costs of settling the claims and related loss adjustment expenses.

Changes in estimates of claim costs (claims and loss adjustment expenses) resulting from the continuous review process and differences between estimates and actual payments for claims are recognised in the statement of income of the year in which the estimates are changed or the payments are made.

Recoveries on claims, such as salvage or subrogation, are evaluated based on their actual realisable values and deducted from the claims expense during the year.

(u) Acquisition costs

All acquisition costs other than commission expenses incurred on underwriting or renewal of insurance policies (Note 3(e)) are recognised in the statement of income when incurred.

(v) Leases

(i) Leased assets

Assets held under other leases are classified as operating leases and are not recognised in the Company's balance sheet.

(ii) Lease payments

Payments made under operating leases are recognised in the statement of income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of income as an integral part of the total lease expense, over the term of the lease.

(w) Related parties

Parties are considered to be related to the Company if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, or where the Company and the other party are subject to common control or significant influence. Related parties may be individuals or corporate entities and include close family members of any individual considered to be a related party.

Related companies refer to the investor, the ultimate parent company and their subsidiaries and associates.

(x) Comparative information

Comparative information in these financial statements is presented as corresponding figures. Under this method, comparative information for the prior year are included as an integral part of the current period financial statements and are intended to be read only in relation to the amounts and other disclosures relating to the current year. Accordingly, the comparative information included in these financial statements is not intended to present the Company financial position, results of operation or cash flows for the prior year.

(y) Nil balances

Items or balances required by Circular No. 232/2012/TT-BTC dated 28 December 2012 issued by the Ministry of Finance on the promulgation of accounting guidance for non-life insurance companies, reinsurance companies and branches of foreign non-life insurance companies that are not shown in these financial statements indicate nil balances.



4. Cash and cash equivalents

	31/12/2021	31/12/2020
	VND	VND
Cash on hand	8,791,000	8,520,500
Cash in banks	12,074,261,868	16,072,890,168
Cash equivalents	24,500,000,000	19,280,000,000
	<hr/>	<hr/>
Cash and cash equivalents in the statement of cash flows	36,583,052,868	35,361,410,668
	<hr/>	<hr/>

Annual interest rates of cash equivalents at reporting date were as follows:

	31/12/2021	31/12/2020
Cash equivalents in VND	1.90% - 2.00%	0.10% - 8.00%
Cash equivalents in USD	0.00%	0.00%
	<hr/>	<hr/>

5. Financial investments

(a) Short-term financial investments

As at 31 December 2021 and 2020, short-term financial investments represent term deposits at banks denominated in USD and VND with remaining terms to maturities of more than three months to one year from the end of the annual accounting period.

Annual interest rates of term deposits at reporting date were as follows:

	31/12/2021	31/12/2020
Term deposits in VND	4.60% - 6.70%	4.50% - 8.00%
Term deposits in USD	0.00%	0.00%
	<hr/>	<hr/>

MSIG Insurance (Vietnam) Company Limited
Notes to the financial statements for the year
ended 31 December 2021 (continued)

Form B 09 – DNPNT
(Issued under Circular No. 232/2012/TT-BTC
dated 28 December 2012 of
the Ministry of Finance)

Short-term deposits at banks detailed by banks:

	31/12/2021	31/12/2020
	VND	VND
Hong Leong Bank Vietnam Limited	206,717,993,297	120,850,270,552
Orient Commercial Joint Stock Bank	204,599,885,688	52,251,054,794
Ho Chi Minh City Housing Development Joint Stock Commercial Bank	192,796,740,280	136,588,718,212
Joint Stock Commercial Bank for Investment and Development of Vietnam	183,890,845,422	43,500,000,000
Vietnam Export Import Commercial Joint Stock Bank	146,479,236,712	164,008,431,834
Tien Phong Commercial Joint Stock Bank	111,643,000,000	-
Vietnam Prosperity Joint Stock Commercial Bank	96,070,867,123	137,794,211,067
Vietnam International Commercial Joint Stock Bank	92,789,041,096	90,704,635,629
CIMB Bank (Vietnam) Ltd.	35,000,000,000	48,500,000,000
First Commercial Bank, Ltd. – Hanoi Branch	2,280,097,466	2,313,302,769
Vietnam Technological and Commercial Joint Stock Bank	-	141,845,027,397
Asia Commercial Joint Stock Bank	-	106,756,533,920
	1,272,267,707,084	1,045,112,186,174

(b) Long-term financial investments

As at 31 December 2021, other long-term financial investments represent term deposits at banks denominated in VND with remaining terms to maturities of more than one year from the end of the annual accounting period and have annual interest rates from 5.00% to 6.00% (31/12/2020: from 5.80% to 6.70%).

Long-term deposits at banks detailed by bank:

	31/12/2021	31/12/2020
	VND	VND
Ho Chi Minh City Housing Development Joint Stock Commercial Bank	10,000,000,000	39,000,000,000
Tien Phong Commercial Joint Stock Bank	59,500,000,000	-
Orient Commercial Joint Stock Bank	2,000,000,000	7,000,000,000
CIMB Bank (Vietnam) Ltd.	-	35,000,000,000
Hong Leong Bank Vietnam Limited	-	19,200,000,000
Vietnam Export Import Commercial Joint Stock Bank	-	15,260,000,000
Vietnam Prosperity Joint Stock Commercial Bank	-	43,500,000,000
	71,500,000,000	158,960,000,000

6. Accounts receivables

(a) Account receivables – short-term

Accounts receivable – insurance comprised:

	31/12/2021	31/12/2020
	VND	VND
Premiums receivable from direct insurance	66,260,690,135	32,698,271,521
Premiums receivable from inward reinsurance	11,656,896,335	1,925,562,311
Claims recoverable from reinsurers	12,682,677,228	39,906,747,609
Claims recoverable from co-insurers	964,462,775	3,586,744,153
	<hr/>	<hr/>
	91,564,726,473	78,117,325,594
	<hr/>	<hr/>

Accounts receivable – insurance include the following amounts due from related companies:

	31/12/2021	31/12/2020
	VND	VND
Amounts due from the parent company		
▪ Insurance	5,348,455,149	9,947,756,515
Amounts due from other related companies		
▪ Insurance	5,895,357,284	8,017,946,237
	<hr/>	<hr/>

The insurance related amounts due from the parent company and other related companies were unsecured, interest free and are receivable on certification by both parties.

Other short-term receivables comprised:

	31/12/2021	31/12/2020
	VND	VND
		(Reclassified)
Interest receivable from term deposits at banks	40,272,982,250	48,905,463,855
Other receivables from the parent company	1,177,529,174	1,863,590,058
Other receivables from other parties	507,706,890	584,544,867
	<hr/>	<hr/>
	41,958,218,314	51,353,598,780
	<hr/>	<hr/>

(b) Account receivables – long-term

	31/12/2021	31/12/2020
	VND	VND
Statutory security deposit (i)	6,000,000,000	6,000,000,000

- (i) According to Decree No. 73, the Company is required to make a statutory security deposit of 2% of legal capital at an authorised bank in Vietnam. The statutory security deposit is not permitted to be withdrawn until cessation of the business operations or prior approval from the Ministry of Finance has been obtained. However, interest earned from the statutory security deposit can be withdrawn at any time.

As at 31 December 2021, the Company maintained a statutory security deposit of VND6 billion at Tien Phong Commercial Joint Stock Bank and earns an annual interest rate of 5.55% (31/12/2020: 7.80%).

7. Short-term prepaid expenses

	31/12/2021	31/12/2020
	VND	VND
Deferred commission expenses (i)	30,617,294,511	25,557,719,206
Prepaid rental expense	2,380,753,412	3,041,066,335
Other prepaid expenses	3,432,834,454	2,519,686,249
	36,430,882,377	31,118,471,790

- (i) Movements of deferred commission expenses during the year were as follows:

	2021	2020
	VND	VND
Opening balance	25,557,719,206	22,799,757,406
Additions during the year	71,149,654,258	61,236,435,560
Amortisation during the year	(66,090,078,953)	(58,478,473,760)
Closing balance	30,617,294,511	25,557,719,206

8. Tangible fixed assets

2021	Office equipment VND	Office furniture VND	Other tangible fixed assets VND	Total VND
Cost				
Opening balance	13,169,958,481	1,437,120,540	1,105,766,557	15,712,845,578
Additions	109,485,000	-	-	109,485,000
Disposals	-	-	(32,391,818)	(32,391,818)
Closing balance	13,279,443,481	1,437,120,540	1,073,374,739	15,789,938,760
Accumulated depreciation				
Opening balance	11,256,681,844	1,437,120,540	736,056,916	13,429,859,300
Additions	1,103,196,572	-	182,863,480	1,286,060,052
Disposals	-	-	(8,441,901)	(8,441,901)
Closing balance	12,359,878,416	1,437,120,540	910,478,495	14,707,477,451
Net book value				
Opening balance	1,913,276,637	-	369,709,641	2,282,986,278
Closing balance	919,565,065	-	162,896,244	1,082,461,309

8. Tangible fixed assets (continued)

2020	Office equipment VND	Office furniture VND	Other tangible fixed assets VND	Total VND
Cost				
Opening balance	13,004,164,481	1,437,120,540	850,926,558	15,292,211,579
Additions	322,614,000	-	287,231,817	609,845,817
Disposals	(156,820,000)	-	(32,391,818)	(189,211,818)
Closing balance	13,169,958,481	1,437,120,540	1,105,766,557	15,712,845,578
Accumulated depreciation				
Opening balance	9,964,882,595	1,316,053,995	525,997,608	11,806,934,198
Additions	1,448,619,249	121,066,545	214,041,909	1,783,727,703
Disposals	(156,820,000)	-	(3,982,601)	(160,802,601)
Closing balance	11,256,681,844	1,437,120,540	736,056,916	13,429,859,300
Net book value				
Opening balance	3,039,281,886	121,066,545	324,928,950	3,485,277,381
Closing balance	1,913,276,637	-	369,709,641	2,282,986,278

Included in tangible fixed assets were assets costing VND11,117 million which were fully depreciated as at 31 December 2021 (31/12/2020: VND11,539 million), but which are still in active use.

9. Intangible fixed assets

	Computer software	
	2021	2020
	VND	VND
Cost		
Opening balance	15,766,785,467	13,764,800,121
Additions	-	2,001,985,346
	<hr/>	<hr/>
Closing balance	15,766,785,467	15,766,785,467
	<hr/>	<hr/>
Accumulated amortisation		
Opening balance	10,864,959,608	8,854,324,372
Charge for the year	1,887,003,410	2,010,635,236
	<hr/>	<hr/>
Closing balance	12,751,963,018	10,864,959,608
	<hr/>	<hr/>
Net book value		
Opening balance	4,901,825,859	4,910,475,749
Closing balance	3,014,822,449	4,901,825,859
	<hr/>	<hr/>

Included in intangible fixed assets were assets costing VND9,419 million which were fully amortised as at 31 December 2021 (31/12/2020: VND7,801 million), but which are still in active use.

10. Long-term prepaid expenses

	31/12/2021	31/12/2020
	VND	VND
Office fitting expenses	-	2,287,993
Tools and instruments	2,059,728,859	2,434,239,430
Others	1,185,612,684	1,561,370,913
	<hr/>	<hr/>
	3,245,341,543	3,997,898,336
	<hr/>	<hr/>

11. Accounts payable to suppliers

	31/12/2021 VND	31/12/2020 VND
Accounts payable – insurance		
▪ Premiums payable for outward reinsurance	151,113,665,456	120,691,250,030
▪ Premiums payable for co-insurance	4,677,298,532	690,487,268
▪ Commissions payable	8,001,157,031	9,400,969,628
	<hr/>	<hr/>
	163,792,121,019	130,782,706,926
	<hr/>	<hr/>
Other payables to suppliers	5,204,790,887	3,792,042,217
	<hr/>	<hr/>
	168,996,911,906	134,574,749,143
	<hr/>	<hr/>

Accounts payable – insurance include the following amounts due to related companies:

	31/12/2021 VND	31/12/2020 VND
Amounts due to the parent company		
▪ Insurance	32,901,527,096	51,321,129,171
▪ Other insurance related payables	-	54,720,000
Amounts due to other related companies		
▪ Insurance	34,055,484,480	17,009,166,251
▪ Other insurance related payables	2,989,319,247	1,849,979,901
	<hr/>	<hr/>

The insurance related amounts due to the parent company and other related companies were unsecured, interest free and are payable on certification by both parties.

12. Taxes payable to State Treasury

	1/1/2021 VND	Incurred VND	Paid VND	31/12/2021 VND
Value added tax	3,372,923,484	38,244,713,367	(37,169,092,314)	4,448,544,537
Personal income tax	2,326,079,111	16,033,284,345	(16,517,049,378)	1,842,314,078
Withholding tax	420,729,477	3,696,198,962	(3,694,580,108)	422,348,331
Corporate income tax	6,904,538,658	38,250,000,609	(38,711,541,738)	6,442,997,528
	13,024,270,730	96,224,197,282	(96,092,263,539)	13,156,204,474
	1/1/2020 VND	Incurred VND	Paid VND	31/12/2020 VND
Value added tax	4,302,738,405	29,941,280,081	(30,871,095,002)	3,372,923,484
Personal income tax	2,645,801,386	20,851,309,200	(21,171,031,475)	2,326,079,111
Withholding tax	520,699,744	3,935,692,280	(4,035,662,547)	420,729,477
Corporate income tax	5,117,494,739	33,968,138,876	(32,181,094,957)	6,904,538,658
	12,586,734,274	88,696,420,437	(88,258,883,981)	13,024,270,730

13. Other short-term payables

	31/12/2021 VND	31/12/2020 VND (Reclassified)
Unearned commission income (i)	46,854,997,204	44,750,467,498
Other short-term payables to the parent company	3,236,424,565	2,271,699,901
Other short-term payables to other parties	1,348,503,501	1,986,150,927
	51,439,925,270	49,008,318,326

(i) Movements of unearned commission income during the year were as follows:

	2021 VND	2020 VND
Opening balance	44,750,467,498	42,082,678,026
Additions during the year	107,630,768,655	103,694,263,796
Amortisation during the year	(105,526,238,949)	(101,026,474,324)
Closing balance	46,854,997,204	44,750,467,498

14. Technical reserves

(a) Claims reserve and unearned premium reserve

As at 31 December 2021	Reserves for direct insurance and inward reinsurance VND (1)	Reserves for outward reinsurance VND (2)	Net reserve VND (3) = (1) – (2)
Claims reserve (i)	222,970,876,778	162,302,700,964	60,668,175,814
▪ <i>Outstanding claims reserve</i>	170,093,578,823	128,228,500,616	41,865,078,207
▪ <i>Reserve for claims incurred but not reported</i>	52,877,297,955	34,074,200,348	18,803,097,607
Unearned premium reserve (ii)	433,082,013,219	272,910,407,784	160,171,605,435
	656,052,889,997	435,213,108,748	220,839,781,249
As at 31 December 2020	Reserves for direct insurance and inward reinsurance VND (1)	Reserves for outward reinsurance VND (2)	Net reserve VND (3) = (1) – (2)
Claims reserve (i)	246,904,849,634	182,745,082,792	64,159,766,842
▪ <i>Outstanding claims reserve</i>	198,198,952,573	151,463,843,994	46,735,108,579
▪ <i>Reserve for claims incurred but not reported</i>	48,705,897,061	31,281,238,798	17,424,658,263
Unearned premium reserve (ii)	398,242,761,503	252,239,984,934	146,002,776,569
	645,147,611,137	434,985,067,726	210,162,543,411

MSIG Insurance (Vietnam) Company Limited
Notes to the financial statements for the year
ended 31 December 2021 (continued)

Form B 09 – DNPNT
(Issued under Circular No. 232/2012/TT-BTC
dated 28 December 2012 of
the Ministry of Finance)

(i) Movements of claims reserve during the year were as follows:

For the year ended 31 December 2021	Claims reserve for direct insurance and inward reinsurance VND (1)	Claims reserve for outward reinsurance VND (2)	Net claims reserve VND (3) = (1) – (2)
Opening balance	246,904,849,634	182,745,082,792	64,159,766,842
Decrease in claims reserve during the year	(33,847,838,571)	(26,442,097,606)	(7,405,740,965)
Effect of accrued loss adjustment expenses	9,913,865,715	5,999,715,778	3,914,149,937
Closing balance	222,970,876,778	162,302,700,964	60,668,175,814
For the year ended 31 December 2020	Claims reserve for direct insurance and inward reinsurance VND (1)	Claims reserve for outward reinsurance VND (2)	Net claims reserve VND (3) = (1) – (2)
Opening balance	527,393,779,719	464,695,492,629	62,698,287,090
Decrease in claims reserve during the year	(281,989,667,750)	(283,290,432,396)	1,300,764,646
Effect of accrued loss adjustment expenses	1,500,737,665	1,340,022,559	160,715,106
Closing balance	246,904,849,634	182,745,082,792	64,159,766,842

(ii) Movements of unearned premium reserve during the year were as follows:

For the year ended 31 December 2021	Unearned premium reserve for direct insurance and inward reinsurance VND (1)	Unearned premium reserve for outward reinsurance VND (2)	Net unearned premium reserve VND (3) = (1) – (2)
Opening balance	398,242,761,503	252,239,984,934	146,002,776,569
Increase in unearned premium reserve during the year	34,839,251,716	20,670,422,850	14,168,828,866
Closing balance	433,082,013,219	272,910,407,784	160,171,605,435

MSIG Insurance (Vietnam) Company Limited
Notes to the financial statements for the year
ended 31 December 2021 (continued)

Form B 09 – DNPNT
(Issued under Circular No. 232/2012/TT-BTC
dated 28 December 2012 of
the Ministry of Finance)

For the year ended 31 December 2020	Unearned premium reserve for direct insurance and inward reinsurance VND (1)	Unearned premium reserve for outward reinsurance VND (2)	Net unearned premium reserve VND (3) = (1) – (2)
Opening balance	367,798,328,463	234,858,827,449	132,939,501,014
Increase in unearned premium reserve during the year	30,444,433,040	17,381,157,485	13,063,275,555
Closing balance	398,242,761,503	252,239,984,934	146,002,776,569

(b) Catastrophe reserve

	2021 VND	2020 VND
Opening balance	70,757,368,463	60,302,573,505
Increase of catastrophe reserve during the year	11,281,858,564	10,454,794,958
Closing balance	82,039,227,027	70,757,368,463

Included in catastrophe reserve as at 31 December 2021 was contingency reserve of health insurance arising in the reporting year amounting to VND1,929 million (31/12/2020: VND2,242 million).

(c) Reinsurance assets

	31/12/2021 VND	31/12/2020 VND
Unearned outward reinsurance premium reserve	272,910,407,784	252,239,984,934
Outward reinsurance claims reserve	162,302,700,964	182,745,082,792
	435,213,108,748	434,985,067,726

15. Owner's equity

(a) Statement of changes in owner's equity

	Contributed capital VND	Statutory reserve VND	Retained profits VND	Total VND
Balance at 1 January 2020	300,000,000,000	29,657,692,820	512,716,743,115	842,374,435,935
Net profit for the year	-	-	133,331,050,427	133,331,050,427
Appropriation to statutory reserve	-	6,666,552,521	(6,666,552,521)	-
Profits distribution to the parent company	-	-	(55,098,582,168)	(55,098,582,168)
Balance at 31 December 2020	300,000,000,000	36,324,245,341	584,282,658,853	920,606,904,194
Balance at 1 January 2021	300,000,000,000	36,324,245,341	584,282,658,853	920,606,904,194
Net profit for the year	-	-	152,690,652,075	152,690,652,075
Adjustment to statutory reserve (*)	-	(6,324,245,341)	6,324,245,341	-
Profits distribution to the parent company	-	-	(66,665,525,214)	(66,665,525,214)
Balance at 31 December 2021	300,000,000,000	30,000,000,000	676,632,031,055	1,006,632,031,055

(*) During the year, the Company adjusted the statutory reserve balance to 10% of the charter capital.

(b) Contributed capital

The Company's authorised and contributed charter capital are:

	As at 31/12/2021 and 31/12/2020	
	Authorised and contributed VND	%
Mitsui Sumitomo Insurance Co., Ltd. – the parent company	300,000,000,000	100

The parent company and the ultimate parent company, MS&AD Insurance Group, are incorporated in Japan.

(c) Profit distribution

On 7 May 2021, the Members' Council of the Company resolved to distribute a portion of profit after tax of 2020 to the parent company amounting to VND66,665,525,214.

16. Premium revenue

	2021 VND	2020 VND
Gross written premiums from direct insurance		
Personal accident and health insurance	127,497,544,432	100,220,568,512
▪ <i>Personal accident insurance</i>	62,183,522,462	24,590,391,979
▪ <i>Health insurance</i>	65,314,021,970	75,630,176,533
Property and casualty insurance	183,863,692,300	168,459,414,055
Cargo insurance	134,282,202,736	115,907,335,635
Motor vehicle insurance	81,449,513,739	83,350,272,710
▪ <i>Compulsory</i>	2,556,258,689	1,962,750,120
▪ <i>Voluntary</i>	78,893,255,050	81,387,522,590
Fire and explosion insurance	330,771,831,392	323,146,193,651
▪ <i>Compulsory</i>	323,934,716,094	316,759,901,549
▪ <i>Voluntary</i>	6,837,115,298	6,386,292,102
Public liability insurance	90,714,977,769	88,110,906,734
Credit and financial risk insurance	23,933,123,717	18,807,096,689
Business interruption insurance	39,067,008,235	40,878,479,527
	<hr/> 1,011,579,894,320	<hr/> 938,880,267,513
Gross written premiums from inward reinsurance		
Personal accident and health insurance	29,273,215	30,894,969
▪ <i>Personal accident insurance</i>	29,273,215	30,894,969
Property and casualty insurance	18,758,625,591	14,101,451,730
Cargo insurance	280,263,530	278,941,005
Fire and explosion insurance	13,552,233,469	11,453,093,942
▪ <i>Compulsory</i>	13,537,754,083	11,399,907,343
▪ <i>Voluntary</i>	14,479,386	53,186,599
Hull and protection and indemnity ("P&I") insurance	10,206,198,930	7,284,579,132
Public liability insurance	1,596,142,610	1,392,554,256
Business interruption insurance	1,543,327,428	696,158,673
	<hr/> 45,966,064,773	<hr/> 35,237,673,707
Increase in unearned premium reserve for direct insurance and inward reinsurance (Note 14(a)(ii))	(34,839,251,716)	(30,444,433,040)
	<hr/> <hr/> 1,022,706,707,377	<hr/> <hr/> 943,673,508,180

17. Outward reinsurance premiums

	2021	2020
	VND	VND
Total outward reinsurance premiums		
Personal accident and health insurance	6,680,221,412	3,615,960,021
▪ <i>Personal accident insurance</i>	5,695,610,287	2,729,530,684
▪ <i>Health insurance</i>	984,611,125	886,429,337
Property and casualty insurance	193,888,548,018	172,460,520,721
Cargo insurance	29,468,641,250	23,255,173,354
Motor vehicle insurance	36,542,898,053	36,792,826,771
▪ <i>Compulsory</i>	426,372,128	346,459,230
▪ <i>Voluntary</i>	36,116,525,925	36,446,367,541
Fire and explosion insurance	301,325,336,446	285,618,961,076
▪ <i>Compulsory</i>	298,219,124,283	283,297,975,718
▪ <i>Voluntary</i>	3,106,212,163	2,320,985,358
Hull and protection and indemnity (“P&I”) insurance	10,201,959,618	7,281,508,129
Public liability insurance	40,439,198,729	37,689,314,620
Credit and financial risk insurance	23,350,893,568	18,570,972,828
Business interruption insurance	39,586,309,858	40,339,538,426
	<hr/>	<hr/>
	681,484,006,952	625,624,775,946
Increase in unearned premium reserve for outward reinsurance (Note 14(a)(ii))	(20,670,422,850)	(17,381,157,485)
	<hr/>	<hr/>
	660,813,584,102	608,243,618,461
	<hr/>	<hr/>

18. Net claims expense

	2021 VND	2020 VND
Claims paid		
Personal accident and health insurance	30,169,402,672	28,852,878,652
▪ <i>Personal accident insurance</i>	6,237,973,508	4,852,149,121
▪ <i>Health insurance</i>	23,931,429,164	24,000,729,531
Property and casualty insurance	40,034,614,254	177,030,821,952
Cargo insurance	29,556,689,250	20,910,007,661
Motor vehicle insurance	29,321,674,906	37,746,261,321
▪ <i>Compulsory</i>	521,764,242	758,905,732
▪ <i>Voluntary</i>	28,799,910,664	36,987,355,589
Fire and explosion insurance	31,172,691,287	37,856,918,043
▪ <i>Compulsory</i>	31,168,065,143	37,856,918,043
▪ <i>Voluntary</i>	4,626,144	-
Hull and protection and indemnity (“P&I”) insurance	515,710,437	426,378,170
Public liability insurance	18,952,933,379	22,070,830,498
Business interruption insurance	555,418,512	387,143,379
Credit and financial risk insurance	-	2,065,853,449
	180,279,134,697	327,347,093,125
Claims recovery from outward reinsurance	(86,328,261,887)	(228,536,051,644)
Decrease in claims reserve for direct insurance and inward reinsurance (Note 14(a)(i))	(33,847,838,571)	(281,989,667,750)
Decrease in claims reserve for outward reinsurance (Note 14(a)(i))	26,442,097,606	283,290,432,396
	86,545,131,845	100,111,806,127

19. Other operating expenses for insurance activities

	2021 VND	2020 VND
Commission on insurance activities	66,090,078,953	58,478,473,760
<i>In which:</i>		
▪ <i>Commissions for direct insurance</i>	62,160,470,457	53,824,816,648
▪ <i>Deferred commission expenses</i>	(5,059,575,304)	(2,757,961,801)
▪ <i>Commissions for inward reinsurance</i>	8,989,183,800	7,411,618,913
Risk assessment and survey fees	-	185,619,761
Advertising and promotion expenses	11,706,852,879	-
Other expenses	23,993,101,870	19,150,852,656
	101,790,033,702	77,814,946,177

20. Financial income

	2021 VND	2020 VND
Interest income from deposits at banks	75,920,405,871	83,944,791,988
Realised foreign exchange gains	1,019,747,594	419,407,220
Unrealised foreign exchange gains	449,046,140	600,867,962
	<hr/>	<hr/>
	77,389,199,605	84,965,067,170
	<hr/>	<hr/>

21. General and administration expenses

	2021 VND	2020 VND (Reclassified)
Salaries and related expenses	91,766,081,746	95,969,631,231
Outside services expenses	40,047,143,929	46,886,297,465
Office rental expenses	16,286,430,782	16,738,608,927
Depreciation and amortisation	3,173,063,461	3,794,362,939
Tax expenses	2,426,389,060	2,377,142,147
Stationery expenses	707,057,922	1,180,185,981
Others	7,175,899,523	5,063,552,323
	<hr/>	<hr/>
	161,582,066,423	172,009,781,013
	<hr/>	<hr/>

22. Income tax

(a) Recognised in the statement of income

	2021 VND	2020 VND
Current tax expense		
Current year	38,250,000,609	33,968,138,876
Deferred tax benefit		
Origination and reversal of temporary differences	(11,675,821)	(499,539,852)
	<hr/>	<hr/>
Income tax expense	38,238,324,788	33,468,599,024
	<hr/>	<hr/>

MSIG Insurance (Vietnam) Company Limited
Notes to the financial statements for the year
ended 31 December 2021 (continued)

Form B 09 – DNPNT
(Issued under Circular No. 232/2012/TT-BTC
dated 28 December 2012 of
the Ministry of Finance)

(b) Reconciliation of effective tax rate

	2021 VND	2020 VND
Accounting profit before tax	190,928,976,863	166,799,649,451
Tax at the Company's tax rate	38,185,795,373	33,359,929,890
Adjustments to non-deductible expenses	52,529,415	108,669,134
	<u>38,238,324,788</u>	<u>33,468,599,024</u>

(c) Applicable tax rates

The Company has obligations to pay corporate income tax at 20% of taxable profits. The income tax computation is subject to the review and approval of the tax authorities.

(d) Deferred tax liabilities

	31/12/2021 VND	31/12/2020 VND
<i>Recognised deferred tax liabilities:</i>		
Unrealised foreign exchange gains	103,613,168	115,288,990
	<u>103,613,168</u>	<u>115,288,990</u>

23. Financial instruments

(a) Financial risk management

Overview

The Company has exposure to the following risks from their use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk.

Management has overall responsibility for the establishment and oversight of the Company's risk management framework. Management establishes policies to identify and analyse the risks faced by the Company, to set up appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. Through training and management standards and procedures, management aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(b) Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's accounts receivable, cash in banks and cash equivalents, short-term financial investments, other long-term financial investments, statutory security deposit and other financial assets.

Exposure to credit risk

The total of carrying amounts of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the end of the annual accounting period was as follows:

	Note	31/12/2021 VND	31/12/2020 VND
Cash in banks and cash equivalents	(i)	36,574,261,868	35,352,890,168
Short-term financial investments	(i)	1,272,267,707,084	1,045,112,186,174
Insurance receivables - gross	(ii)	91,564,726,474	78,117,325,594
Other short-term receivables - gross	(ii)	41,958,218,314	51,353,598,780
Statutory security deposit	(i)	6,000,000,000	6,000,000,000
Other long-term financial investments	(i)	71,500,000,000	158,960,000,000
		1,519,864,913,740	1,374,896,000,716

(i) *Cash in banks and cash equivalents, short-term financial investments, other long-term financial investments and statutory security deposit*

Cash in banks and cash equivalents, short-term financial investments, other long-term financial investments and statutory security deposit of the Company are held with well-known financial institutions. Management does not foresee any significant credit risk from these deposits and does not expect that these financial institutions may default and cause losses to the Company.

(ii) *Insurance and other receivables*

The Company's exposure to credit risk in relation with receivables is mainly influenced by the individual characteristics of each customer.

The Company adopted regulations on the time limit for payment of insurance premium in accordance with Circular 50. For direct insurance business, receivables for the first premium payment are due within 30 days from the starting date of the insurance period under insurance policies.

No collateral is collected from the customers.

Insurance and other receivables that are neither past due nor impaired are mostly debtors with good collection track records with the Company. Management believes that those receivables are of high credit quality.

(iii) *Reinsurance Credit Risks*

The Company has Reinsurance Credit risk Framework to monitor and manage this exposure, based on risk limits, risk amounts and outstanding receivables.

Rating of reinsurers is one of the most important criteria to select reinsurers (regulated in Reinsurance Policy) and further monitoring.

The Company has low risk appetite for credit risks from reinsurance counterparties and implement suitable control to ensure the risk are within the risk appetite, except as approved.

The Company has the highest exposure to the MS&AD Insurance Group (A+) whilst the rest of the reinsurers are well spread out. Majority of the Company's reinsurers has credit rating of A - and above.

It allows the Company to recover reinsurance losses promptly.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as and when they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The financial liabilities with fixed or determinable payments have the following contractual maturities including the estimated interest payments:

As at 31 December 2021	Carrying amount VND	Contractual cash flows VND	Up to 1 year VND	From 1 to 2 years VND
Accounts payable to suppliers	168,996,911,906	168,996,911,906	168,996,911,906	-
Accrued expenses	22,685,140,066	22,685,140,066	22,685,140,066	-
Other short-term payables	4,584,928,066	4,584,928,066	4,584,928,066	-
Other long-term payables	2,074,592,647	2,074,592,647	-	2,074,592,647
	198,341,572,684	198,341,572,684	196,266,980,037	2,074,592,647
As at 31 December 2020	Carrying amount VND	Contractual cash flows VND	Up to 1 year VND	From 1 to 2 years VND
Accounts payable to suppliers	134,574,749,143	134,574,749,143	134,574,749,143	-
Accrued expenses	20,104,529,455	20,104,529,455	20,104,529,455	-
Other short-term payables	4,257,850,828	4,257,850,828	4,257,850,828	-
Other long-term payables	843,625,000	843,625,000	-	843,625,000
	159,780,754,426	159,780,754,426	158,937,129,426	843,625,000

(d) Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Currency risk

The Company is exposed to currency risk on transactions that are denominated in foreign currencies other than VND, the Company's accounting currency. The currencies giving rise to this risk are primarily USD, JPY, SGD, THB and GBP.

The Company underwrites insurance policies, does business and makes investments in Vietnam. The Company's principal activities give rise to receivables and payables denominated in the same currency, helping the company to reduce exchange rate risk for these activities, which enables the Company to minimize foreign exchange rate risk for these activities.

MSIG Insurance (Vietnam) Company Limited

Form B 09 – DNPNT

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

Notes to the financial statements for the year ended 31 December 2021 (continued)

At the end of the annual accounting period, the Company had the following net currency positions:

As at 31 December 2021	Original currency				Equivalent VND	
	USD	JPY	SGD	THB		GBP
Cash and cash equivalents	182,524.53	906,517	-	-	-	4,312,704,143
Short-term financial investments	100,622.13	-	-	-	-	2,280,097,466
Accounts receivable from customers	145,695.73	436,444	-	-	2,750.02	3,469,584,754
Total exposed assets (1)	428,842.39	1,342,961	-	-	2,750.02	10,062,386,363
Accounts payable to suppliers	100,367.28	8,305	-	-	2,134.01	2,366,918,399
Other payables	-	-	155,032.31	462,576	-	2,988,501,065
Total exposed liabilities (2)	100,367.28	8,305	155,032.31	462,576	2,134.01	5,355,419,464
Net asset/(liability) position [(1) - (2)]	328,475.11	1,334,656	(155,032.31)	(462,576)	616.01	4,706,966,899
As at 31 December 2020	Original currency				Equivalent VND	
	USD	JPY	SGD	THB		HKD
Cash and cash equivalents	229,469.62	1,774,091.00	-	-	-	5,666,374,293
Short-term financial investments	100,622.13	-	-	-	-	2,313,302,769
Accounts receivable from customers	391,439.08	228,864.81	-	-	2,145.01	9,055,924,999
Total exposed assets (1)	721,530.83	2,002,955.81	-	-	2,145.01	17,035,602,061
Accounts payable to suppliers	159,848.75	173,851.95	-	-	-	3,713,225,824
Other payables	-	-	86,463.81	-	-	1,538,537,035
Total exposed liabilities (2)	159,848.75	173,851.95	86,463.81	-	-	5,251,762,859
Net asset/(liability) position [(1) - (2)]	561,682.08	1,829,103.86	(86,463.81)	-	2,145.01	11,783,839,202



MSIG Insurance (Vietnam) Company Limited
Notes to the financial statements for the year
ended 31 December 2021 (continued)

Form B 09 – DNPNT
(Issued under Circular No. 232/2012/TT-BTC
dated 28 December 2012 of
the Ministry of Finance)

The following are the significant exchange rates applied by the Company:

	Exchange rate as at	
	31/12/2021	31/12/2020
USD/VND	22,660	22,990
JPY/VND	194.92	220.32
SGD/VND	17,191	17,794
THB/VND	699	790.50
HKD/VND	2,886	2,945
GBP/VND	30,199	30,968

Below is an analysis of the possible impact on the profit after tax of the Company, after taking into account the current level of exchange rates and the historical volatility as well as market expectations as at the end of the accounting period. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted premiums and claims:

As at 31 December 2021

	Effect to profit after tax Increase/ (decrease) VND
USD (1% weakening)	(85,472,681)
JPY (12% weakening)	(23,993,606)
SGD (3% weakening)	72,253,198
TBH (12% weakening)	29,941,219

As at 31 December 2020

	Effect to profit after tax Increase/ (decrease) VND
USD (1% weakening)	(74,617,273)
JPY (5% strengthening)	17,067,068
HKD (1% strengthening)	63,171

The opposite movement of the currencies would have the equal but opposite effect to the profit after tax of the Company.

MSIG Insurance (Vietnam) Company Limited
Notes to the financial statements for the year
ended 31 December 2021 (continued)

Form B 09 – DNPNT
(Issued under Circular No. 232/2012/TT-BTC
dated 28 December 2012 of
the Ministry of Finance)

(ii) Interest rate risk

At the end of the annual accounting period, the interest rate profile of the Company's interest-bearing financial instruments was:

	Carrying amount	
	31/12/2021	31/12/2020
	VND	VND
<i>Fixed rate instruments</i>		
Cash in banks and cash equivalents	36,574,261,868	35,352,890,168
Short-term financial investments	1,272,267,707,084	1,045,112,186,174
Other long-term financial investments	71,500,000,000	158,960,000,000
Statutory security deposit	6,000,000,000	6,000,000,000

(e) Fair values

(i) Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

	31/12/2021		31/12/2020	
	Carrying amount VND million	Fair value VND million	Carrying amount VND million	Fair value VND million
Categorised as loans and receivables:				
▪ Cash in banks and cash equivalents	36,583	36,583	35,361	35,361
▪ Accounts receivable from customers and other receivables	135,675	135,675	131,369	131,369
▪ Other financial assets – short-term	472,113	472,113	466,804	466,804
▪ Other financial assets – long-term	7,616	(*)	8,859	(*)
Categorised as held-to-maturity investments:				
▪ Short-term investments	1,272,268	1,272,268	1,045,112	1,045,112
▪ Long-term investments	71,500	(*)	158,960	(*)
Categorised as financial liabilities at amortised cost:				
▪ Accounts payable to suppliers and other payables – short-term	(196,267)	(196,267)	(158,937)	(158,937)
▪ Other financial liabilities – long-term	(2,075)	(*)	(844)	(*)
	1,797,413	(*)	1,686,684	(*)

(ii) Basis for determining fair values

The fair values of cash and cash equivalents, accounts receivable from customers – short-term and other receivables and short-term non-derivative financial liabilities equal their carrying amounts due to short-term nature of these financial instruments. The fair value of the instruments is determined for disclosure purposes only.

- (*) The Company has not determined fair values of these financial instruments for disclosure in the financial statements because information about their market prices is not available and there is currently no guidance on determination of fair value using valuation techniques under the Vietnamese Accounting Standards or the Vietnamese Accounting System for enterprises. Their fair values of these financial instruments may differ from their carrying amounts.

24. Insurance risks and policies to manage

The Company has low appetite for underwriting losses, on both gross and net of reinsurance bases, from individual classes of business, where: frequency of losses will be reduced through appropriate pricing and underwriting; and severity of losses will be reduced by excess of loss reinsurance.

The risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geography. For natural catastrophe risk, the Company will write carefully controlled and selected risks. Furthermore, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are all policies and procedures put in place to reduce the risk exposure of the Company. The Company further enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the business.

The Company has also limited its exposure by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements in order to limit exposure to catastrophic events (e.g., hurricanes, earthquakes and flood damage).

The underwriting and claims manuals are reviewed and updated on an annual basis. Reinsurance scheme is reviewed and approved by the Members' Council annually.

(a) Sensitivity analysis

Estimates of claim liabilities and obligations related to insurance policies may be affected by future events, which cannot be predicted with certainty. The assumptions made may vary from actual experience so that the actual liability may vary considerably from the best estimates of loss.

MSIG Insurance (Vietnam) Company Limited
Notes to the financial statements for the year
ended 31 December 2021 (continued)

Form B 09 – DNPNT
(Issued under Circular No. 232/2012/TT-BTC
dated 28 December 2012 of
the Ministry of Finance)

An analysis of sensitivity around various scenarios provides an indication of the reasonableness of the Company's estimation for insurance policies. The table presented below demonstrates the sensitivity of insurance liability estimates under various scenarios as a result of movements in key assumptions used in the estimation process. Certain assumptions can be expected to impact the liabilities more than others, and consequently a greater degree of sensitivity to these variables may be expected.

The analysis below has been prepared for a change in one variable with all other variables remaining constant and ignores changes in values of the related assets. The Company recognised that some of the assumptions are interdependent, but it will be difficult to analyse such interdependencies.

The key driver considered in the sensitivity analysis is the Ultimate Loss Ratio ("ULR") including claim reserve. This is the ratio of the total estimated pay-out (total claim payment plus estimated claim reserve) to the earned premium. The estimated claims reserve is calculated in accordance with the instructions in Articles 17 and 19 of Circular 50.

The sensitivity test is performed by changing the ULR including claim reserve for the latest year of indemnity by increasing or decreasing 10% with all other variables remaining constant. The impact on profit after tax and owner's equity are shown before and after reinsurance:

	Before outward reinsurance		After outward reinsurance	
	Change of ULR by		Change of ULR by	
	+10.0%	-10.0%	+10.0%	-10.0%
	VND million	VND million	VND million	VND million
2021				
Change in profit after tax	(18,849)	18,849	(8,336)	8,336
Change in equity	(18,849)	18,849	(8,336)	8,336
	Before outward reinsurance		After outward reinsurance	
	Change of ULR by		Change of ULR by	
	+10.0%	-10.0%	+10.0%	-10.0%
	VND million	VND million	VND million	VND million
2020				
Change in profit after tax	(20,594)	20,594	(8,927)	8,927
Change in equity	(20,594)	20,594	(8,927)	8,927

The sensitivity analysis does not include any impact of catastrophe reserve. Under Circular 50, the Company is not required to establish claims handling expenses and risk margins as part of claims reserves. These expenses are excluded in the sensitivity analysis as well.

(b) Concentration risk

The Company has purchased Reinsurance Treaties to protect for the concentration of sum insureds and/or its liability across the country against catastrophic events.

The Company's Property and Engineering Event XOL limit is sufficient to cover the estimated 1-in-200 catastrophe losses.

MSIG Insurance (Vietnam) Company Limited
Notes to the financial statements for the year
ended 31 December 2021 (continued)

Form B 09 – DNPNT
(Issued under Circular No. 232/2012/TT-BTC
dated 28 December 2012 of
the Ministry of Finance)

The event limits under the 2021 Property surplus and Engineering quota share treaties are sufficient to cover the estimated 1-in-200 catastrophe losses.

In the event of a 1-in-200 year catastrophe event, the Company may face liquidity strain. However, it is expected that the Company will receive prompt recoveries from Head Office and exercise cash call from the reinsurers in the event of a large loss.

(c) Claim data table

The below table of claims data, after outward reinsurance, are prepared to compare the actual claims payments with the previous estimates from 1 January 2017.

After outward reinsurance

Unit: VND million

Actual claims compared with previous estimates	Years of indemnity					Total
	2017	2018	2019	2020	2021	
Estimate of cumulative claims						
1	129,223	106,448	104,670	94,160	85,393	
2	131,787	108,011	109,979	97,206		
3	127,888	107,112	110,076			
4	128,518	107,338				
5	129,191					
Estimate of cumulative claims up to current year (1)	129,191	107,338	110,076	97,206	85,393	529,204
Cumulative claims payment						
1	79,939	77,694	62,076	65,399	62,270	
2	122,817	105,134	93,162	92,689		
3	126,964	107,058	96,300			
4	127,440	107,049				
5	129,052					
Cumulative claims payment up to current year (2)	129,052	107,049	96,300	92,689	62,270	487,360
Total claims reserve not yet settled (3) = (1) - (2)	139	289	13,776	4,517	23,123	41,844
Estimate of redundancy or deficiency of claims reserve (4)						18,803
Cumulative redundancy or deficiency as a percentage of estimated claim payments (5) = (4)/(1)*100%						3.6%

25. Significant transactions and balances with related parties

(a) Balances with related parties

	31/12/2021	31/12/2020
	VND	VND
The parent company		
Mitsui Sumitomo Insurance Co., Ltd.		
Receivables		
<i>Claims recoverable on outward reinsurance</i>	5,348,455,149	9,947,756,515
<i>Other receivables</i>	1,177,529,174	1,863,590,058
Payables		
<i>Premiums payable for outward reinsurance</i>	(32,901,527,096)	(51,321,129,171)
<i>Other insurance related payables</i>	-	(54,720,000)
Other related companies (subsidiaries of the parent company)		
MS Amlin, Plc and its subsidiaries		
Receivables		
<i>Claims recoverable on outward reinsurance</i>	30,296,161	2,490,305,239
Payables		
<i>Premiums payable for outward reinsurance</i>	(1,638,026,370)	(2,721,887,881)
MSIG Holdings (Asia) Pte., Ltd.		
Other payables		-
Service fee accrual	(2,665,160,441)	(1,849,979,901)
MS First Capital Insurance Limited		
Receivables		
<i>Claims recoverable on outward reinsurance</i>	-	565,612,689
Payables		
<i>Premiums payable for outward reinsurance</i>	(19,710,692,304)	(987,916,858)
<i>Claim payable</i>	(818,182)	-
Aioi Nissay Dowa Insurance Co., Ltd.		
Receivables		
<i>Claims recoverable on outward reinsurance</i>	5,635,461,793	4,951,484,318
Payables		
<i>Premiums payable for outward reinsurance</i>	(8,644,772,887)	(7,016,225,099)
MSIG Insurance (Singapore) Pte. Ltd.		
Receivables		
<i>Claims recoverable on outward reinsurance</i>	229,599,331	10,543,990
Payables		
<i>Premiums payable for outward reinsurance</i>	(3,357,036,850)	(6,292,136,413)
InterRisk Asia (Thailand) Company Limited		
Other payables	(323,340,624)	-
MSIG Insurance Europe AG		
<i>Premiums payable for outward reinsurance</i>	(704,137,887)	-

MSIG Insurance (Vietnam) Company Limited
Notes to the financial statements for the year
ended 31 December 2021 (continued)

Form B 09 – DNPNT
(Issued under Circular No. 232/2012/TT-BTC
dated 28 December 2012 of
the Ministry of Finance)

(b) Transactions with related parties

	2021	2020
	VND	VND
<i>The parent company</i>		
Mitsui Sumitomo Insurance Co., Ltd.		
Outward reinsurance premiums	(189,828,671,671)	(189,731,263,730)
Commission income from outward reinsurance	28,925,036,078	29,732,790,542
Claims recovery from outward reinsurance	24,981,778,692	146,060,452,007
Commission income from claim settlement agency	4,855,831,235	3,933,411,445
Commission expenses for claim settlement agency	(166,167,466)	(93,672,107)
Other expenses	(663,455,802)	(1,057,684,566)
(Payment)/receipt on behalf	(213,354,662)	120,631,311
<i>Other related companies</i> <i>(subsidiaries of the parent company)</i>		
MSIG Holdings (Asia) Pte., Ltd.		
Services costs	(24,176,734,731)	(26,198,924,042)
(Payment)/receipt on behalf	(1,247,771,430)	40,386,405
MSIG Insurance (Hong Kong) Co., Ltd.		
Outward reinsurance premiums	(575,532,404)	(561,076,906)
Commission income from outward reinsurance	18,010,363	18,324,376
Commission income from claim settlement agency	19,269,481	27,676,422
Commission expenses for claim settlement agency	(3,881,197)	-
MSIG Insurance (Malaysia) Bhd.		
Commission income from claim settlement agency	604,707,918	603,358,232
Commission expenses for claim settlement agency	(10,186,478)	-
MSIG Insurance (Singapore) Pte., Ltd.		
Outward reinsurance premiums	(26,597,109,967)	(19,851,863,989)
Commission income from outward reinsurance	3,622,225,992	2,692,930,286
Claims recovery from outward reinsurance	3,084,091,412	1,351,583,245
Commission income from claim settlement agency	612,228,029	555,832,585
Commission expenses for claim settlement agency	(5,726,712)	-
MSIG Insurance (Thailand) Public Co., Ltd.		
Commission income from claim settlement agency	11,577,315	51,238,084
PT. Asuransi MSIG Indonesia		
Commission income from claim settlement agency	3,856,605	18,269,034
Commission expenses for claim settlement agency	(31,536,368)	(3,574,455)

MSIG Insurance (Vietnam) Company Limited
Notes to the financial statements for the year
ended 31 December 2021 (continued)

Form B 09 – DNPNT
(Issued under Circular No. 232/2012/TT-BTC
dated 28 December 2012 of
the Ministry of Finance)

(b) Transactions with related parties (continued)

	2021	2020
	VND	VND
<i>Other related companies (continued)</i>		
MSIG Mingtai Insurance Co., Ltd.		
Commission income from claim settlement agency	23,588,364	25,626,945
Commission expenses for claim settlement agency	(3,921,693)	(7,491,260)
Aioi Nissay Dowa Insurance Co., Ltd.		
Outward reinsurance premiums	(66,340,700,750)	(66,672,191,701)
Commission income from outward reinsurance	19,458,037,854	19,347,482,608
Claims recovery from outward reinsurance	16,355,127,285	17,183,938,859
InterRisk Asia (Thailand) Co., Ltd.		
Other expenses	(358,272,450)	(112,377,970)
Mitsui Sumitomo Insurance (China) Co., Ltd.		
Outward reinsurance premiums	(2,883,593,253)	-
Commission income from outward reinsurance	428,888,331	-
Commission income from claim settlement agency	75,732,147	58,845,916
MS Amlin, Plc. and its subsidiaries		
Outward reinsurance premiums	(10,715,526,619)	(16,291,443,486)
Commission income from outward reinsurance	1,949,541,999	3,127,857,498
Claims recovery from outward reinsurance	1,858,406,521	4,904,975,527
MS First Capital Insurance Limited		
Outward reinsurance premiums	(49,356,555,725)	(33,635,828,092)
Commission income from outward reinsurance	6,426,372,644	6,449,741,237
Claims recoverable on outward reinsurance	3,585,978,052	4,650,405,581
BPI/MS Insurance Corporation		
Commission income from claim settlement agency	3,857,438	-
Commission expenses for claim settlement agency	(20,211,378)	(3,574,455)
Mitsui Sumitomo Marine Management (U.S.A)		
Commission income from outward reinsurance	85,045,941	28,282,179
Commission expenses for claim settlement agency	(37,141,973)	(4,323,570)
MSIG Service and Adjusting (Thailand) Co., Ltd		
Commission expenses for claim settlement agency	(94,108,796)	(43,447,519)
MSIG Insurance Europe AG		
Outward reinsurance premiums	(1,912,417,962)	-
Commission income from outward reinsurance	296,424,784	-
Commission income from claim settlement agency	-	72,352,430
Members' Council, Inspectors and Board of Directors		
Salaries and allowances	(12,640,210,617)	(13,036,763,183)

26. Key financial ratios

	Unit	31/12/2021	31/12/2020
Structure of assets and resources			
Structure of assets			
<i>Long-term assets/Total assets</i>	%	4.45%	9.73%
<i>Current assets/Total assets</i>	%	95.55%	90.27%
Structure of resources			
<i>Liabilities/Total resources</i>	%	49.82%	50.50%
<i>Owner's equity/Total resources</i>	%	50.18%	49.50%
Liquidity ratios			
Current ratio			
<i>Total assets/Total liabilities</i>	times	2.01	1.98
Current liabilities settlement ratio			
<i>Current assets/Current liabilities</i>	times	1.93	1.80
<i>Current assets (excluding reinsurance assets)/</i> <i>Current liabilities (excluding technical reserves)</i>	times	5.78	5.74
Quick ratio			
<i>Cash and cash equivalents/Current liabilities</i> <i>(excluding technical reserves)</i>	times	0.14	0.16
	Unit	2021	2020
Profitability ratios			
Profit before tax/Net revenue ratio	%	40.23%	37.67%
Profit after tax/Net revenue ratio	%	32.17%	30.11%
Profit before tax/Total assets ratio	%	9.52%	8.97%
Profit after tax/Total assets ratio	%	7.61%	7.17%
Profit after tax/Owner's equity ratio	%	15.17%	14.48%

27. Unusual items

The large-scale resurgence of the Covid-19 pandemic from the end of April 2021 in Vietnam has significantly affected to the income of people and business activities of many enterprises in many different industries. The Government of Vietnam has taken many preventive solutions, notably the implementation of long-term social isolation and the promotion of vaccination. Up to now, the coverage of Covid-19 vaccine in Vietnam has reached over 90%. However, the impact of the epidemic on the production and business activities of enterprises, including the Company, depends on the evolution of the disease in the future, including the time and extent of the disease's spread and information that cannot be reliably predicted at the date of these financial statements.

28. Comparative information

Certain comparative information items have been reclassified to conform with the current year's presentation. A comparison of the amounts previously reported and as reclassified is as follows:

Balance sheet

	31/12/2020 (reclassified)	31/12/2020 (as previously reported)
	VND	VND
Other short-term receivables	51,353,598,780	49,490,008,722
Other short-term payables	49,008,318,326	46,736,618,425
Inter-company receivables	-	1,863,590,058
Inter-company payables	-	2,271,699,901

Unless the reclassification as stated above, the comparative information as at 1 January 2021 was derived from the balances and amounts reported in the Company financial statements as at and for the year ended 31 December 2020.

22 March 2022

Prepared by



Nguyen Thi Van Anh
Chief Accountant

Approved by



Katsumi Kuzuno
General Director

