



MSIG Insurance (Vietnam) Company Limited

Financial Statements for the year ended
31 December 2022



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
	54/GPDC8/KDBH	18 October 2022

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 (until 29 May 2022)
	Mr. Clemens Philippi	Chairman (from 30 May 2022)
	Mr. Hidetomi Takahashi	Member (until 31 March 2022)
	Mr. Tetsuya Adachi	Member (from 1 April 2022)
	Mr. Katsumi Kuzuno	Member
	Mr. Minoru Nakamura	Member (until 31 March 2022)
	Mr. Yuichi Takeuchi	Member (from 1 April 2022)
	Ms. Pham Thi Kim Anh	Member

Inspectors	Ms. Nguyen Thi Bich	Chief Inspector
	Mr. Richard Da Silva	Inspector
	Mr. Hidenari Inamoto	Inspector

General Director	Mr. Katsumi Kuzuno
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Registered Office	10 th Floor, CornerStone Building 16 Phan Chu Trinh Hoan Kiem District Hanoi, Vietnam
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Auditor	KPMG Limited Vietnam
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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 2022.

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 2022, 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.



Katsunari Kuzuno
General Director

Hanoi, 23 March 2023



KPMG Limited
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South Tu Liem District, Hanoi, Vietnam
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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 2022, 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 23 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.



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 2022 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. 22-02-00427-23-1



Đoàn Thanh Toán
Practicing Auditor Registration
Certificate No. 3073-2019-007-1
Deputy General Director

Hanoi, 23 March 2023

Le Nhật Vương
Practicing Auditor Registration
Certificate No. 3849-2022-007-1

MSIG Insurance (Vietnam) Company Limited
Balance sheet as at 31 December 2022

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

	Code	Note	31/12/2022 VND	31/12/2021 VND
ASSETS				
A. CURRENT ASSETS				
(100 = 110 + 120 + 130 + 150 + 190)	100		2,200,741,694,675	1,916,639,086,378
I. Cash and cash equivalents	110	4	43,898,498,177	36,583,052,868
1 Cash	111		43,898,498,177	12,083,052,868
2 Cash equivalents	112		-	24,500,000,000
II. Short-term financial investments	120	5(a)	1,450,663,575,191	1,272,267,707,084
1 Short-term financial investments	121		1,450,663,575,191	1,272,267,707,084
III. Accounts receivable – short-term	130		157,867,381,991	135,674,902,997
1 Accounts receivable from customers	131		109,618,335,298	91,564,726,473
1.1 <i>Accounts receivable – insurance</i>	131.1	6(a)	109,618,335,298	91,564,726,473
2 Prepayments to suppliers	132		1,163,345,236	2,169,812,613
3 Other short-term receivables	135	6(b)	47,103,555,860	41,958,218,314
4 Allowance for doubtful debts	139		(17,854,403)	(17,854,403)
V. Other current assets	150		63,673,498,379	36,900,314,681
1 Short-term prepaid expenses	151	7	63,023,907,762	36,430,882,377
1.1 <i>Deferred commission expenses</i>	151.1		57,756,986,853	30,617,294,511
1.2 <i>Other short-term prepaid expenses</i>	151.2		5,266,920,909	5,813,587,866
2 Deductible value added tax	152		391,972,617	221,508,804
5 Other current assets	158		257,618,000	247,923,500
VIII. Reinsurance assets	190	14(c)	484,638,740,937	435,213,108,748
1 Unearned outward reinsurance premium reserve	191		300,055,589,977	272,910,407,784
2 Outward reinsurance claims reserve	192		184,583,150,960	162,302,700,964

The accompanying notes are an integral part of these financial statements

MSIG Insurance (Vietnam) Company Limited**Balance sheet as at 31 December 2022 (continued)****Form B 01 – DNPNT**
(Issued under Circular No. 232/2012/TT-BTC
dated 28 December 2012 of
the Ministry of Finance)

	Code	Note	31/12/2022 VND	31/12/2021 VND
B. LONG-TERM ASSETS (200 = 210 + 220 + 250 + 260)	200		61,072,297,134	89,213,484,062
I. Accounts receivable – long-term	210		6,000,000,000	6,000,000,000
4 Other long-term receivables	218	6(c)	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		1,881,468,836	4,097,283,758
1 Tangible fixed assets	221	8	239,880,003	1,082,461,309
Cost	222		15,772,423,305	15,789,938,760
Accumulated depreciation	223		(15,532,543,302)	(14,707,477,451)
3 Intangible fixed assets	227	9	1,641,588,833	3,014,822,449
Cost	228		15,766,785,467	15,766,785,467
Accumulated amortisation	229		(14,125,196,634)	(12,751,963,018)
IV. Long-term financial investments	250	5(b)	45,955,708,219	71,500,000,000
3 Other long-term financial investments	258		45,955,708,219	71,500,000,000
V. Other long-term assets	260		7,235,120,079	7,616,200,304
1 Long-term prepaid expenses	261	10	2,414,261,318	3,245,341,543
3 Other long-term assets	268		4,820,858,761	4,370,858,761
TOTAL ASSETS (270 = 100 + 200)	270		2,261,813,991,809	2,005,852,570,440

The accompanying notes are an integral part of these financial statements

MSIG Insurance (Vietnam) Company Limited

Balance sheet as at 31 December 2022 (continued) (Issued under Circular No. 232/2012/TT-BTC dated 28 December 2012 of the Ministry of Finance)

Form B 01 – DNPNT

	Code	Note	31/12/2022 VND	31/12/2021 VND
RESOURCES				
A. LIABILITIES (300 = 310 + 330)	300		1,335,561,976,229	999,220,539,385
I. Current liabilities	310		1,320,675,605,161	997,042,333,568
2 Accounts payable to suppliers	312	11	196,075,497,184	168,996,911,906
2.1 Accounts payable – insurance	312.1		193,780,864,916	163,792,121,019
2.2 Accounts payable – others	312.2		2,294,632,268	5,204,790,887
4 Taxes payable to State Treasury	314	12	9,067,894,937	13,156,204,474
5 Payables to employees	315		102,634,759	42,762,023
6 Accrued expenses	316		39,432,677,627	22,685,140,066
7 Unearned revenues	318		19,294,031,760	2,629,272,805
8 Other short-term payables	319	13	63,156,663,505	51,439,925,270
8.1 Unearned commission income	319.1		53,451,109,514	46,854,997,204
8.2 Other short-term payables	319.2		9,705,553,991	4,584,928,066
13 Technical reserves	329		993,546,205,389	738,092,117,024
13.1 Unearned premium reserve for direct insurance and inward reinsurance	329.1	14(a)	612,214,583,518	433,082,013,219
13.2 Claims reserve for direct insurance and inward reinsurance	329.2	14(a)	280,031,010,053	222,970,876,778
13.3 Catastrophe reserve	329.3	14(b)	101,300,611,818	82,039,227,027
II. Long-term liabilities	330		14,886,371,068	2,178,205,817
3 Other long-term payables	333		14,784,124,700	2,074,592,649
5 Deferred tax liabilities	335	22	102,246,368	103,613,168
B. EQUITY (400 = 410)	400		926,252,015,580	1,006,632,031,055
I Owner's equity	410	15	926,252,015,580	1,006,632,031,055
1 Contributed capital	411		300,000,000,000	300,000,000,000
9 Statutory reserves	419		30,000,000,000	30,000,000,000
11 Retained profits	421		596,252,015,580	676,632,031,055
TOTAL RESOURCES (440 = 300 + 400)	440		2,261,813,991,809	2,005,852,570,440

The accompanying notes are an integral part of these financial statements

MSIG Insurance (Vietnam) Company Limited
Balance sheet as at 31 December 2022 (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	31/12/2022 VND	31/12/2021 VND
4 Insurance policies not yet incurred insurance liabilities	VND	19,294,031,760	2,629,272,805
5 Foreign currencies (Original currency)			
- United States Dollar (USD)	USD	1,301,648.39	283,146.66
- Japanese Yen (JPY)	JPY	9,625,808.00	906,517.00

23 March 2023

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 2022

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	2022 VND	2021 VND
1 Net revenue from insurance activities	10	612,914,908,596	474,617,380,568
3 Financial income	12	87,740,582,372	77,389,199,605
4 Other income	13	118,829,949	536,643,935
5 Total expenses for insurance activities	20	427,419,231,209	199,617,024,111
7 Financial expenses	22	1,441,176,452	397,232,682
8 General and administration expenses	23	181,078,453,563	161,582,066,423
9 Other expenses	24	256,032,775	17,924,029
10 Accounting profit before tax (50 = 10 + 12 + 13 – 20 – 22 – 23 – 24)	50	90,579,426,918	190,928,976,863
11 Income tax expense – current	51	18,270,157,118	38,250,000,609
12 Income tax benefit – deferred	52	(1,366,800)	(11,675,821)
13 Net profit after tax (60 = 50 – 51 – 52)	60	72,310,636,600	152,690,652,075

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 2022 (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	2022 VND	2021 VND
1 Premium revenue (01 = 01.1 + 01.2 – 01.3)	01	16	1,202,092,050,745	1,022,706,707,377
In which:				
- Gross written premiums from direct insurance	01.1		1,334,816,333,941	1,011,579,894,320
- Gross written premiums from inward reinsurance	01.2		46,408,287,103	45,966,064,773
- Increase in unearned premium reserve for direct insurance and inward reinsurance	01.3	14(a)(ii)	179,132,570,299	34,839,251,716
2 Outward reinsurance premiums (02 = 02.1 – 02.2)	02	17	712,033,279,129	660,813,584,102
In which:				
- Outward reinsurance premiums	02.1		739,178,461,322	681,484,006,952
- Increase in unearned premium reserve for outward reinsurance	02.2	14(a)(ii)	27,145,182,193	20,670,422,850
3 Net premium revenue (03 = 01 – 02)	03		490,058,771,616	361,893,123,275
4 Commission income from outward reinsurance and other income from insurance activities (04 = 04.1 + 04.2)	04		122,856,136,980	112,724,257,293
In which:				
- Commission income from outward reinsurance	04.1	13	115,632,114,855	105,526,238,949
- Other income from insurance activities	04.2		7,224,022,125	7,198,018,344
5 Net revenue from insurance activities (10 = 03 + 04)	10		612,914,908,596	474,617,380,568
6.1 Claims paid	11		294,697,396,301	180,279,134,697
7 Claims recovery from outward reinsurance	12		166,237,933,484	86,328,261,887
8 Increase/(decrease) in claims reserve for direct insurance and inward reinsurance	13	14(a)(i)	57,060,133,275	(33,847,838,571)
9 Increase/(decrease) in claims reserve for outward reinsurance	14	14(a)(i)	22,280,449,996	(26,442,097,606)
10 Net claims expense (15 = 11 – 12 + 13 – 14)	15	18	163,239,146,096	86,545,131,845

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 2022 (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	2022 VND	2021 VND
11 Increase in catastrophe reserve	16	14(b)	19,261,384,792	11,281,858,564
12 Other operating expenses for insurance activities (17 = 17.1 + 17.2)	17	19	244,918,700,321	101,790,033,702
In which:				
- Commission on insurance activities	17.1	7(i)	87,832,083,547	66,090,078,953
- Other insurance costs	17.2		157,086,616,774	35,699,954,749
13 Total expenses for insurance activities (18 = 15 + 16 + 17)	18		427,419,231,209	199,617,024,111
14 Gross profit from insurance activities (19 = 10 – 18)	19		185,495,677,387	275,000,356,457
18 Financial income	23	20	87,740,582,372	77,389,199,605
19 Financial expenses	24		1,441,176,452	397,232,682
20 Profit from financial activities (25 = 23 – 24)	25		86,299,405,920	76,991,966,923
21 General and administration expenses	26	21	181,078,453,563	161,582,066,423
22 Net operating profit (30 = 19 + 25 – 26)	30		90,716,629,744	190,410,256,957
23 Other income	31		118,829,949	536,643,935
23 Other expenses	32		256,032,775	17,924,029
25 Results of other activities (40 = 31 - 32)	40		(137,202,826)	518,719,906
26 Accounting profit before tax (50 = 30 + 40)	50		90,579,426,918	190,928,976,863
27 Income tax expense – current	51	22	18,270,157,118	38,250,000,609
28 Income tax benefit – deferred	52	22	(1,366,800)	(11,675,821)
29 Net profit after tax (60 = 50 – 51 – 52)	60		72,310,636,600	152,690,652,075

23 March 2023

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 2022 (Indirect method)

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

	Code	2022 VND	2021 VND
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1 Profit before tax	01	90,579,426,918	190,928,976,863
2 Adjustments for			
Depreciation and amortisation	02	2,399,899,467	3,173,063,462
Allowances and provisions	03	185,484,876,144	19,004,050,803
Unrealised foreign exchange gains	04	(1,117,355,107)	(483,571,579)
Profits from investing activities	05	(85,115,536,662)	(75,904,155,649)
3 Operating profit before changes in working capital	08	192,231,310,760	136,718,363,900
Change in receivables and other assets	09	(18,343,147,149)	(12,217,069,580)
Change in payables and other liabilities	11	81,987,848,231	36,358,540,482
Change in prepayments	12	1,377,747,181	499,721,510
		257,253,759,023	161,359,556,312
Income tax paid	14	(25,965,402,380)	(38,711,541,738)
Net cash flows from operating activities	20	231,288,356,643	122,648,014,574
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1 Payments for additions to fixed assets	21	(184,084,545)	(109,485,000)
2 Proceeds from disposals of fixed assets	22	38,291,200	7,699,695
3 Payments for term deposits at banks	23	(1,222,972,832,370)	(3,101,996,621,494)
4 Receipts from term deposits at banks	24	1,070,121,256,045	2,962,301,100,584
7 Receipts of interest	27	80,597,755,304	84,552,887,476
Net cash flows from investing activities	30	(72,399,614,366)	(55,244,418,739)
III. CASH FLOWS FROM FINANCING ACTIVITIES			
6 Profits distribution to the parent company	36	(152,690,652,075)	(66,665,525,214)
Net cash flows from financing activities	40	(152,690,652,075)	(66,665,525,214)

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 2022 (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	2022 VND	2021 VND
Net cash flows during the year (50 = 20 + 30 + 40)	50	6,198,090,202	738,070,621
Cash and cash equivalents at the beginning of the year	60	36,583,052,868	35,361,410,668
Effect of exchange rate fluctuations on cash and cash equivalents	61	1,117,355,107	483,571,579
Cash and cash equivalents at the end of the year (70 = 50 + 60 + 61) (Note 4)	70	43,898,498,177	36,583,052,868

23 March 2023

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 2022, the Company had 170 employees (31/12/2021: 162 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.

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

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.

(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.

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.

(I) 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 retained 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 Management 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 Management 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(l)(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 which are amortised in accordance with the accounting policy as described at Note 3(e), are recognised in the statement of income when incurred.

(v) Leases

(i) *Leased assets*

Assets held under lease contract of which the Company, as lessee, does not assume substantially all the risks and rewards of ownership 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 parent company), 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

	31/12/2022 VND	31/12/2021 VND
Cash on hand	14,660,000	8,791,000
Cash in banks	43,883,838,177	12,074,261,868
Cash equivalents	-	24,500,000,000
Cash and cash equivalents in the statement of cash flows	43,898,498,177	36,583,052,868

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

	31/12/2022	31/12/2021
Cash equivalents in VND	Not applicable	1.90% - 2.00%
Cash equivalents in USD	Not applicable	0.00%

5. Financial investments

(a) Short-term financial investments

As at 31 December 2022 and 31 December 2021, 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:

	31/12/2022	31/12/2021
Term deposits in VND	4.60% - 9.50%	4.60% - 6.70%
Term deposits in USD	0.00%	0.00%

MSIG Insurance (Vietnam) Company Limited
Notes to the financial statements for the year
ended 31 December 2022 (continued)

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the Ministry of Finance)

Short-term deposits at banks detailed by banks:

	31/12/2022 VND	31/12/2021 VND
Vietnam Export Import Commercial Joint Stock Bank	221,343,377,150	146,479,236,712
Tien Phong Commercial Joint Stock Bank	220,639,441,685	111,643,000,000
Vietnam Prosperity Joint Stock Commercial Bank	213,775,706,392	96,070,867,123
Vietnam International Commercial Joint Stock Bank	208,093,037,973	92,789,041,096
Ho Chi Minh City Housing Development Joint Stock Commercial Bank	194,260,301,436	192,796,740,280
Hong Leong Bank Vietnam Limited	191,920,757,965	206,717,993,297
Vietnam Technological and Commercial Joint Stock Bank	166,988,000,000	-
Orient Commercial Joint Stock Bank	31,284,369,863	204,599,885,688
First Commercial Bank, Ltd. – Hanoi Branch	2,358,582,727	2,280,097,466
Joint Stock Commercial Bank for Investment and Development of Vietnam	-	183,890,845,422
CIMB Bank (Vietnam) Ltd.	-	35,000,000,000
	1,450,663,575,191	1,272,267,707,084

(b) Long-term financial investments

As at 31 December 2022 and 31 December 2021, other long-term financial investments represent 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 9,50% to 10,00% (31/12/2021: from 5.00% to 6.00%).

Long-term deposits at banks detailed by bank:

	31/12/2022 VND	31/12/2021 VND
Vietnam Technological and Commercial Joint Stock Bank	30,500,000,000	-
Vietnam International Commercial Joint Stock Bank	15,455,708,219	-
Ho Chi Minh City Housing Development Joint Stock Commercial Bank	-	10,000,000,000
Tien Phong Commercial Joint Stock Bank	-	59,500,000,000
Orient Commercial Joint Stock Bank	-	2,000,000,000
	45,955,708,219	71,500,000,000

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6. Accounts receivable

(a) Accounts receivable – insurance

	31/12/2022 VND	31/12/2021 VND
Premiums receivable from direct insurance	64,560,323,058	66,260,690,135
Premiums receivable from inward reinsurance	2,725,747,240	11,656,896,335
Claims recoverable from reinsurers	40,721,895,829	12,682,677,228
Claims recoverable from co-insurers	1,610,369,171	964,462,775
	<hr/>	<hr/>
	109,618,335,298	91,564,726,473

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

	31/12/2022 VND	31/12/2021 VND
Amounts due from the parent company		
▪ Insurance	9,630,598,834	5,348,455,149
Amounts due from other related companies		
▪ Insurance	10,342,833,818	5,895,357,284
	<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.

(b) Other short-term receivables

	31/12/2022 VND	31/12/2021 VND
Interest receivable from term deposits at banks	44,752,472,408	40,272,982,250
Other receivables from the parent company	1,737,095,791	1,177,529,174
Other receivables from other parties	613,987,661	507,706,890
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	47,103,555,860	41,958,218,314

MSIG Insurance (Vietnam) Company Limited
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(c) Other long-term receivables

	31/12/2022 VND	31/12/2021 VND
Statutory security deposit (i)	6,000,000,000	6,000,000,000

- (i) According to Decree 73, the Company is required to make a compulsory insurance deposit at a commercial bank licensed in Vietnam with an amount equal to 2% of the legal capital. The compulsory insurance deposit is only used to meet the commitments made to the insurance buyer when the solvency is insufficient and must be approved in writing by the Ministry of Finance. The Company is only allowed to withdraw the entire deposit upon termination of business operations.

As at 31 December 2022, the Company maintained a statutory security deposit of VND6 billion at Vietnam Technological and Commercial Joint Stock Bank and earns an annual interest rate of 7.00% (31/12/2021: 5.55%).

7. Short-term prepaid expenses

	31/12/2022 VND	31/12/2021 VND
Deferred commission expenses (i)	57,756,986,853	30,617,294,511
Prepaid rental expense	2,390,568,996	2,380,753,412
Other prepaid expenses	2,876,351,913	3,432,834,454
	63,023,907,762	36,430,882,377

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

	2022 VND	2021 VND
Opening balance	30,617,294,511	25,557,719,206
Additions during the year	114,971,775,889	71,149,654,258
Amortisation during the year	(87,832,083,547)	(66,090,078,953)
Closing balance	57,756,986,853	30,617,294,511

8. Tangible fixed assets

2022	Office equipment VND	Office furniture VND	Other tangible fixed assets VND	Total VND
Cost				
Opening balance	13,279,443,480	1,437,120,541	1,073,374,739	15,789,938,760
Additions	184,084,545	-	-	184,084,545
Disposals	(201,600,000)	-	-	(201,600,000)
Closing balance	13,261,928,025	1,437,120,541	1,073,374,739	15,772,423,305
Accumulated depreciation				
Opening balance	12,359,878,414	1,437,120,541	910,478,496	14,707,477,451
Additions	894,452,530	-	132,213,321	1,026,665,851
Disposals	(201,600,000)	-	-	(201,600,000)
Closing balance	13,052,730,944	1,437,120,541	1,042,691,817	15,532,543,302
Net book value				
Opening balance	919,565,066	-	162,896,243	1,082,461,309
Closing balance	209,197,081	-	30,682,922	239,880,003

8. Tangible fixed assets (continued)

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

Included in tangible fixed assets were assets costing VND13,595million which were fully depreciated as at 31 December 2022 (31/12/2021: VND11,117 million), but which are still in active use.

9. Intangible fixed assets

	Computer software	
	2022	2021
	VND	VND
Cost		
Opening and closing balance	15,766,785,467	15,766,785,467
Accumulated amortisation		
Opening balance	12,751,963,018	10,864,959,608
Charge for the year	1,373,233,616	1,887,003,410
Closing balance	14,125,196,634	12,751,963,018
Net book value		
Opening balance	3,014,822,449	4,901,825,859
Closing balance	1,641,588,833	3,014,822,449

Included in intangible fixed assets were assets costing VND9,456 million which were fully amortised as at 31 December 2022 (31/12/2021: VND9,419 million), but which are still in active use.

10. Long-term prepaid expenses

	31/12/2022	31/12/2021
	VND	VND
Tools and instruments	1,303,925,630	2,059,728,859
Others	1,110,335,688	1,185,612,684
	2,414,261,318	3,245,341,543

11. Accounts payable to suppliers

	31/12/2022 VND	31/12/2021 VND
Accounts payable – insurance		
▪ Premiums payable for outward reinsurance	174,192,798,551	151,113,665,456
▪ Premiums payable for co-insurance	6,765,982,974	4,677,298,532
▪ Commissions payable	12,822,083,391	8,001,157,031
	<hr/>	<hr/>
	193,780,864,916	163,792,121,019
	<hr/>	<hr/>
Other payables to suppliers	2,294,632,268	5,204,790,887
	<hr/>	<hr/>
	196,075,497,184	168,996,911,906
	<hr/>	<hr/>

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

	31/12/2022 VND	31/12/2021 VND
Amounts due to the parent company		
▪ Insurance	60,016,126,611	32,901,527,096
Amounts due to other related companies		
▪ Insurance	25,466,410,405	34,055,484,480
▪ Other payables	5,421,715,827	2,989,319,247
	<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

	1/1/2022 VND	Incurred VND	Paid VND	31/12/2022 VND
Value added tax	4,448,544,537	50,445,099,935	(46,928,079,888)	7,965,564,584
Personal income tax	1,842,314,078	15,982,783,993	(15,937,407,574)	1,887,690,497
Withholding tax	422,348,331	4,126,706,097	(4,082,166,838)	466,887,590
Corporate income tax	6,442,997,528	18,270,157,118	(25,965,402,380)	(1,252,247,734)
	13,156,204,474	88,824,747,143	(92,913,056,680)	9,067,894,937
	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	96,224,197,283	(96,092,263,539)	13,156,204,474

13. Other short-term payables

	31/12/2022 VND	31/12/2021 VND
Unearned commission income (i)	53,451,109,514	46,854,997,204
Other short-term payables to the parent company	4,876,819,165	3,236,424,565
Other short-term payables to other parties	4,828,734,826	1,348,503,501
	63,156,663,505	51,439,925,270

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

	2022 VND	2021 VND
Opening balance	46,854,997,204	44,750,467,498
Additions during the year	122,228,227,165	107,630,768,655
Amortisation during the year	(115,632,114,855)	(105,526,238,949)
Closing balance	53,451,109,514	46,854,997,204

14. Technical reserves

(a) Claims reserve and unearned premium reserve

As at 31 December 2022	Reserves for direct insurance and inward reinsurance VND (1)	Reserves for outward reinsurance VND (2)	Net reserve VND (3) = (1) – (2)
Claims reserve (i)	280,031,010,053	184,583,150,960	95,447,859,093
▪ <i>Outstanding claims reserve</i>	210,969,779,000	147,624,227,894	63,345,551,106
▪ <i>Reserve for claims incurred but not reported</i>	69,061,231,053	36,958,923,066	32,102,307,987
Unearned premium reserve (ii)	612,214,583,518	300,055,589,977	312,158,993,541
	892,245,593,571	484,638,740,937	407,606,852,634
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

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

For the year ended 31 December 2022	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	222,970,876,778	162,302,700,964	60,668,175,814
Increase in claims reserve during the year	57,060,133,275	22,280,449,996	34,779,683,279
Closing balance	280,031,010,053	184,583,150,960	95,447,859,093

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

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

For the year ended 31 December 2022	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	433,082,013,219	272,910,407,784	160,171,605,435
Increase in unearned premium reserve during the year	179,132,570,299	27,145,182,193	151,987,388,106
Closing balance	612,214,583,518	300,055,589,977	312,158,993,541

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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

(b) Catastrophe reserve

	2022 VND	2021 VND
Opening balance	82,039,227,027	70,757,368,463
Increase of catastrophe reserve during the year	19,261,384,791	11,281,858,564
Closing balance	101,300,611,818	82,039,227,027

Included in catastrophe reserve as at 31 December 2022 was contingency reserve of health insurance amounting to VND11,928 million (31/12/2021: VND9,303 million).

(c) Reinsurance assets

	31/12/2022 VND	31/12/2021 VND
Unearned outward reinsurance premium reserve	300,055,589,977	272,910,407,784
Outward reinsurance claims reserve	184,583,150,960	162,302,700,964
	484,638,740,937	435,213,108,748

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 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 (Note 15(c))	-	-	(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
Net profit for the year	-	-	72,310,636,600	72,310,636,600
Profits distribution to the parent company (Note 15(c))	-	-	(152,690,652,075)	(152,690,652,075)
Balance at 31 December 2022	300,000,000,000	30,000,000,000	596,252,015,580	926,252,015,580

(b) Contributed capital

The Company's authorised and contributed charter capital are:

	As at 31/12/2022 and 31/12/2021	
	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 20 May 2022, the Members' Council of the Company resolved to distribute the whole profit after tax of 2021 to the parent company amounting to VND152,690,652,075.

(d) Statutory reserve

The Company did not appropriate to statutory reserve for the year ended 31 December 2022 as the balance of statutory reserve reaches 10% of the Company's charter capital.

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16. Premium revenue

	2022 VND	2021 VND
Gross written premiums from direct insurance		
Personal accident and health insurance	309,698,713,993	127,497,544,432
▪ <i>Personal accident insurance</i>	221,120,281,922	62,183,522,462
▪ <i>Health insurance</i>	88,578,432,071	65,314,021,970
Property and casualty insurance	190,324,244,694	183,863,692,300
Cargo insurance	143,995,811,154	134,282,202,736
Motor vehicle insurance	84,062,226,327	81,449,513,739
▪ <i>Compulsory</i>	3,533,560,400	2,556,258,689
▪ <i>Voluntary</i>	80,528,665,927	78,893,255,050
Fire and explosion insurance	458,165,567,946	330,771,831,392
▪ <i>Compulsory</i>	451,887,118,258	323,934,716,094
▪ <i>Voluntary</i>	6,278,449,688	6,837,115,298
Public liability insurance	94,701,541,065	90,714,977,769
Credit and financial risk insurance	18,215,515,918	23,933,123,717
Business interruption insurance	35,652,712,844	39,067,008,235
	<hr/>	<hr/>
	1,334,816,333,941	1,011,579,894,320
Gross written premiums from inward reinsurance		
Personal accident and health insurance	32,753,354	29,273,215
▪ <i>Personal accident insurance</i>	32,753,354	29,273,215
Property and casualty insurance	16,447,387,701	18,758,625,591
Cargo insurance	235,806,798	280,263,530
Fire and explosion insurance	16,881,472,269	13,552,233,469
▪ <i>Compulsory</i>	16,881,054,283	13,537,754,083
▪ <i>Voluntary</i>	417,986	14,479,386
Hull and protection and indemnity ("P&I") insurance	9,370,557,839	10,206,198,930
Public liability insurance	1,421,071,817	1,596,142,610
Business interruption insurance	2,019,237,325	1,543,327,428
	<hr/>	<hr/>
	46,408,287,103	45,966,064,773
Increase in unearned premium reserve for direct insurance and inward reinsurance (Note 14(a)(ii))	(179,132,570,299)	(34,839,251,716)
	<hr/>	<hr/>
	1,202,092,050,745	1,022,706,707,377

17. Outward reinsurance premiums

	2022 VND	2021 VND
Total outward reinsurance premiums		
Personal accident and health insurance	2,551,389,029	6,680,221,412
▪ <i>Personal accident insurance</i>	1,482,323,665	5,695,610,287
▪ <i>Health insurance</i>	1,069,065,364	984,611,125
Property and casualty insurance	153,455,868,409	193,888,548,018
Cargo insurance	39,439,047,795	29,468,641,250
Motor vehicle insurance	36,695,990,711	36,542,898,053
▪ <i>Compulsory</i>	388,203,426	426,372,128
▪ <i>Voluntary</i>	36,307,787,285	36,116,525,925
Fire and explosion insurance	406,525,087,072	301,325,336,446
▪ <i>Compulsory</i>	405,085,988,387	298,219,124,283
▪ <i>Voluntary</i>	1,439,098,685	3,106,212,163
Hull and protection and indemnity ("P&I") insurance	9,367,043,825	10,201,959,618
Public liability insurance	36,712,783,395	40,439,198,729
Credit and financial risk insurance	18,033,360,759	23,350,893,568
Business interruption insurance	36,397,890,327	39,586,309,858
	<hr/>	<hr/>
	739,178,461,322	681,484,006,952
Increase in unearned premium reserve for outward reinsurance (Note 14(a)(ii))	(27,145,182,193)	(20,670,422,850)
	<hr/>	<hr/>
	712,033,279,129	660,813,584,102

18. Net claims expense

	2022 VND	2021 VND
Claims paid		
Personal accident and health insurance	46,940,129,370	30,169,402,672
▪ <i>Personal accident insurance</i>	11,806,072,053	6,237,973,508
▪ <i>Health insurance</i>	35,134,057,317	23,931,429,164
Property and casualty insurance	73,447,640,100	40,034,614,254
Cargo insurance	26,898,627,799	29,556,689,250
Motor vehicle insurance	41,022,376,848	29,321,674,906
▪ <i>Compulsory</i>	905,429,317	521,764,242
▪ <i>Voluntary</i>	40,116,947,531	28,799,910,664
Fire and explosion insurance	25,502,795,870	31,172,691,287
▪ <i>Compulsory</i>	25,479,084,195	31,168,065,143
▪ <i>Voluntary</i>	23,711,675	4,626,144
Hull and protection and indemnity ("P&I") insurance	58,640,083	515,710,437
Public liability insurance	23,654,734,927	18,952,933,379
Business interruption insurance	8,726,706,251	555,418,512
Credit and financial risk insurance	48,445,745,053	-
	<hr/>	<hr/>
	294,697,396,301	180,279,134,697
Claims recovery from outward reinsurance	(166,237,933,484)	(86,328,261,887)
Increase/(decrease) in claims reserve for direct insurance and inward reinsurance (Note 14(a)(i))	57,060,133,275	(33,847,838,571)
Increase/(decrease) in claims reserve for outward reinsurance (Note 14(a)(i))	(22,280,449,996)	26,442,097,606
	<hr/>	<hr/>
	163,239,146,096	86,545,131,845

19. Other operating expenses for insurance activities

	2022 VND	2021 VND
Commission on insurance activities	87,832,083,547	66,090,078,953
<i>In which:</i>		
▪ <i>Commissions for direct insurance</i>	106,645,069,861	62,160,470,457
▪ <i>Deferred commission expenses</i>	(27,139,692,342)	(5,059,575,304)
▪ <i>Commissions for inward reinsurance</i>	8,326,706,028	8,989,183,800
Advertising and promotion expenses	44,854,630,866	11,706,852,879
Agent support expenses	49,957,540,838	14,677,557,099
Other expenses	62,274,445,070	9,315,544,771
	<hr/>	<hr/>
	244,918,700,321	101,790,033,702

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20. Financial income

	2022 VND	2021 VND
Interest income from deposits at banks	85,077,245,462	75,920,405,871
Realised foreign exchange gains	1,561,871,339	1,019,747,594
Unrealised foreign exchange gains	1,101,465,571	449,046,140
	87,740,582,372	77,389,199,605

21. General and administration expenses

	2022 VND	2021 VND
Salaries and related expenses	106,078,084,222	91,766,081,746
Outside services expenses	46,540,120,106	40,047,143,929
Office rental expenses	15,926,146,919	16,286,430,782
Depreciation and amortisation	2,399,899,468	3,173,063,461
Tax expenses	2,794,037,846	2,426,389,060
Stationery expenses	547,798,016	707,057,922
Others	6,792,366,986	7,175,899,523
	181,078,453,563	161,582,066,423

22. Income tax

(a) Recognised in the statement of income

	2022 VND	2021 VND
Current tax expense		
Current year	18,270,157,118	38,250,000,609
Deferred tax benefit		
Origination of temporary differences	(1,366,800)	(11,675,821)
	18,268,790,318	38,238,324,788

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(b) Reconciliation of effective tax rate

	2022 VND	2021 VND
Accounting profit before tax	90,579,426,918	190,928,976,863
Tax at the Company's tax rate	18,115,885,384	38,185,795,373
Adjustments to non-deductible expenses	152,904,934	52,529,415
	18,268,790,318	38,238,324,788

(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

	31/12/2022 VND	31/12/2021 VND
<i>Recognised deferred tax liabilities:</i>		
Unrealised foreign exchange gains	102,246,368	103,613,168

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	31/12/2022 VND	31/12/2021 VND
Cash in banks and cash equivalents	(i)	43,883,838,177	36,574,261,868
Short-term financial investments	(i)	1,450,663,575,191	1,272,267,707,084
Insurance receivables - gross	(ii)	109,618,335,298	91,564,726,473
Other short-term receivables - gross	(ii)	47,103,555,860	41,958,218,314
Statutory security deposit	(i)	6,000,000,000	6,000,000,000
Other long-term financial investments	(i)	45,955,708,219	71,500,000,000
		1,703,225,012,745	1,519,864,913,739

(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 credit 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.

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(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 2022	Carrying amount VND	Contractual cash flows VND	Up to 1 year VND	From 1 to 2 years VND
Accounts payable to suppliers	196,075,497,184	196,075,497,184	196,075,497,184	-
Accrued expenses	39,432,677,627	39,432,677,627	39,432,677,627	-
Other short-term payables	9,705,553,991	9,705,553,991	9,705,553,991	-
Other long-term payables	14,784,124,700	14,784,124,700	-	14,784,124,700
	259,997,853,502	259,997,853,502	245,213,728,802	14,784,124,700
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	2,074,592,649	2,074,592,649	-	2,074,592,649
	198,341,572,687	198,341,572,687	196,266,980,038	2,074,592,649

(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.

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

As at 31 December 2022

	USD	JPY	Original currency SGD	THB	GBP	Equivalent VND
Cash and cash equivalents	1,201,026.26	9,625,808.00	-	-	-	29,835,224,321
Short-term financial investments	100,622.13	-	-	-	-	2,358,582,727
Accounts receivable from customers	62,657.85	616,919.60	-	-	4,112.90	1,691,114,717
Total exposed assets (1)	1,364,306.24	10,242,727.60	-	-	4,112.90	33,884,921,765
Accounts payable to suppliers	5,766.31	383,129.93	-	-	3,291.46	301,870,850
Other payables	-	-	223,440.70	2,027,266	-	5,423,714,710
Total exposed liabilities (2)	5,766.31	383,129.93	223,440.70	2,027,266	3,291.46	5,725,585,560
Net asset/(liability) position [(1) - (2)]	1,358,539.93	9,859,597.67	(223,440.70)	(2,027,266)	821.44	28,159,336,205

As at 31 December 2021

	USD	JPY	Original currency SGD	THB	GBP	Equivalent VND
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

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

	Exchange rate as at	
	31/12/2022	31/12/2021
USD/VND	23,440	22,660
JPY/VND	174.86	194.92
SGD/VND	17,928	17,191
THB/VND	698.4	699
HKD/VND	3,066	2,886
GBP/VND	29,036	30,199

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 2022

	Effect to profit after tax Increase/ (decrease) VND
USD (3% strengthening)	876,909,347
JPY (10% weakening)	(141,943,066)
SGD (4% strengthening)	(137,388,525)
TBH (1% weakening)	(11,342,945)

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

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

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(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	
	31/12/2022 VND	31/12/2021 VND
<i>Fixed rate instruments</i>		
Cash in banks and cash equivalents	43,883,838,177	36,574,261,868
Short-term financial investments	1,450,663,575,191	1,272,267,707,084
Statutory security deposit	6,000,000,000	6,000,000,000
Other long-term financial investments	45,955,708,219	71,500,000,000

(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:

	31/12/2022		31/12/2021	
	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	43,898	43,898	36,583	36,583
▪ Accounts receivable from customers and other receivables	157,867	157,867	135,675	135,675
▪ Other financial assets – short-term	548,312	548,312	472,113	472,113
▪ Other financial assets – long-term	7,235	(*)	7,616	(*)
Categorised as held-to-maturity investments:				
▪ Short-term investments	1,450,664	1,450,664	1,272,268	1,272,268
▪ Long-term investments	45,956	(*)	71,500	(*)
Categorised as financial liabilities at amortised cost:				
▪ Accounts payable to suppliers and other payables – short-term	(245,214)	(245,214)	(196,267)	(196,267)
▪ Other financial liabilities – long-term	(14,784)	(*)	(2,075)	(*)

(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.

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
2022				
Change in profit after tax	(30,865)	30,865	(14,480)	14,480
Change in equity	(30,865)	30,865	(14,480)	14,480
	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

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.

The event limits under the 2022 Property surplus and Engineering quota share treaties are sufficient to cover the estimated 1-in-200 catastrophe losses.

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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 2018.

After outward reinsurance

Unit: VND million

Actual claims compared with previous estimates	Years of indemnity					Total
	2018	2019	2020	2021	2022	
Estimate of cumulative claims						
1	106,448	104,670	94,160	85,393	148,898	
2	108,011	109,979	97,206	92,305		
3	107,112	110,076	95,248			
4	107,338	106,112				
5	107,390					
Estimate of cumulative claims up to current year (1)	107,390	106,112	95,248	92,305	148,898	549,963
Cumulative claims payment						
1	77,694	62,076	65,399	62,270	94,857	
2	105,134	93,162	92,689	88,547		
3	107,058	96,300	93,960			
4	107,049	102,311				
5	107,098					
Cumulative claims payment up to current year (2)	107,098	102,311	93,960	88,547	94,857	486,773
Total claims reserve not yet settled (3) = (1) - (2)	293	3,810	1,288	3,758	54,041	63,189
Estimate of redundancy or deficiency of claims reserve (4)						32,102
Cumulative redundancy or deficiency as a percentage of estimated claim payments (5) = (4)/(1)*100%						5.8%

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(b) Transactions with related parties

	Income/(expense)	
	2022	2021
	VND	VND
<i>The parent company</i>		
Mitsui Sumitomo Insurance Co., Ltd.		
Outward reinsurance premiums	(203,784,669,243)	(189,828,671,671)
Commission income from outward reinsurance	33,346,710,159	28,925,036,078
Claims recovery from outward reinsurance	31,423,732,685	24,981,778,692
Commission income from claim settlement agency	4,951,236,160	4,855,831,235
Commission expenses for claim settlement agency	(103,199,355)	(166,167,466)
Other expenses	(2,138,028,127)	(663,455,802)
(Payment)/receipt on behalf	-	(213,354,662)
<i>Other related companies</i> <i>(subsidiaries of the parent company)</i>		
MSIG Holdings (Asia) Pte., Ltd.		
Services costs	(27,164,147,728)	(24,176,734,731)
(Payment)/receipt on behalf	-	(1,247,771,430)
MSIG Insurance (Hong Kong) Co., Ltd.		
Outward reinsurance premiums	(449,512,072)	(575,532,404)
Commission income from outward reinsurance	14,776,257	18,010,363
Commission income from claim settlement agency	26,380,995	19,269,481
Commission expenses for claim settlement agency	(7,739,801)	(3,881,197)
MSIG Insurance (Malaysia) Bhd.		
Commission income from claim settlement agency	426,788,521	604,707,918
Commission expenses for claim settlement agency	(9,646,409)	(10,186,478)
MSIG Insurance (Singapore) Pte., Ltd.		
Outward reinsurance premiums	(22,315,149,257)	(26,597,109,967)
Commission income from outward reinsurance	2,510,939,597	3,622,225,992
Claims recovery from outward reinsurance	47,887,342,013	3,084,091,412
Commission income from claim settlement agency	573,119,933	612,228,029
Commission expenses for claim settlement agency	-	(5,726,712)
MSIG Insurance (Thailand) Public Co., Ltd.		
Commission income from claim settlement agency	78,858,498	11,577,315
PT. Asuransi MSIG Indonesia		
Commission income from claim settlement agency	18,635,566	3,856,605
Commission expenses for claim settlement agency	(23,767,981)	(31,536,368)

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(b) Transactions with related parties (continued)

	Income/(expense)	
	2022	2021
	VND	VND
<i>Other related companies (continued)</i>		
MSIG Mingtai Insurance Co., Ltd.		
Commission income from claim settlement agency	18,463,459	23,588,364
Commission expenses for claim settlement agency	(3,651,894)	(3,921,693)
Aioi Nissay Dowa Insurance Co., Ltd.		
Outward reinsurance premiums	(77,890,795,888)	(66,340,700,750)
Claims recovery from outward reinsurance	24,336,401,755	16,355,127,285
Commission income from claim settlement agency	3,863,109	-
Commission income from outward reinsurance	22,094,224,040	19,458,037,854
InterRisk Asia (Thailand) Co., Ltd.		
Other expenses	(1,555,204,802)	(358,272,450)
Mitsui Sumitomo Insurance (China) Co., Ltd.		
Outward reinsurance premiums	(4,129,263,727)	(2,883,593,253)
Commission income from outward reinsurance	697,299,821	428,888,331
Commission income from claim settlement agency	81,966,653	75,732,147
MS Amlin, Plc. and its subsidiaries		
Outward reinsurance premiums	(9,498,447,436)	(10,715,526,619)
Commission income from outward reinsurance	1,732,050,941	1,949,541,999
Claims recovery from outward reinsurance	3,586,229,368	1,858,406,521
MS First Capital Insurance Limited		
Outward reinsurance premiums	(46,389,278,228)	(49,356,555,725)
Commission income from outward reinsurance	6,436,632,643	6,426,372,644
Claims recoverable on outward reinsurance	1,693,120,892	3,585,978,052
BPI/MS Insurance Corporation		
Commission income from claim settlement agency	-	3,857,438
Commission expenses for claim settlement agency	(21,879,316)	(20,211,378)
Mitsui Sumitomo Marine Management (U.S.A)		
Commission income from outward reinsurance	62,327,467	85,045,941
Commission expenses for claim settlement agency	(22,758,398)	(37,141,973)
MSIG Service and Adjusting (Thailand) Co., Ltd		
Commission expenses for claim settlement agency	(52,965,402)	(94,108,796)
MSIG Insurance Europe AG		
Outward reinsurance premiums	(5,285,470,829)	(1,912,417,962)
Commission income from outward reinsurance	819,247,978	296,424,784
Commission income from claim settlement agency	3,876,956	-
Members' Council, Inspectors and Board of Directors		
Salaries and allowances	(13,146,499,332)	(12,640,210,617)

26. Key financial ratios

	Unit	31/12/2022	31/12/2021
Structure of assets and resources			
Structure of assets			
Long-term assets/Total assets	%	2.70%	4.45%
Current assets/Total assets	%	97.30%	95.55%
Structure of resources			
Liabilities/Total resources	%	59.05%	49.82%
Owner's equity/Total resources	%	40.95%	50.18%
Liquidity ratios			
Current ratio			
Total assets/Total liabilities	times	1.69	2.01
Current liabilities settlement ratio			
Current assets/Current liabilities	times	1.67	1.93
Current assets (excluding reinsurance assets)/ Current liabilities (excluding technical reserves)	times	5.25	5.78
Quick ratio			
Cash and cash equivalents/Current liabilities (excluding technical reserves)	times	0.13	0.14
	Unit	2022	2021
Profitability ratios			
Profit before tax/Net revenue ratio	%	14.78%	40.23%
Profit after tax/Net revenue ratio	%	11.80%	32.17%
Profit before tax/Total assets ratio	%	4.00%	9.52%
Profit after tax/Total assets ratio	%	3.20%	7.61%
Profit after tax/Owner's equity ratio	%	7.81%	15.17%

27. Comparative information

The comparative information was derived from the balances and amounts reported in the Company financial statements as at and for the year ended 31 December 2021.

23 March 2023

Prepared by



Nguyen Thi Van Anh
Chief Accountant

Approved by



Katsumi Kuzuno
General Director

