



VIETNAM INSURANCE SECTOR UPDATE Q2.2021

September, 2021

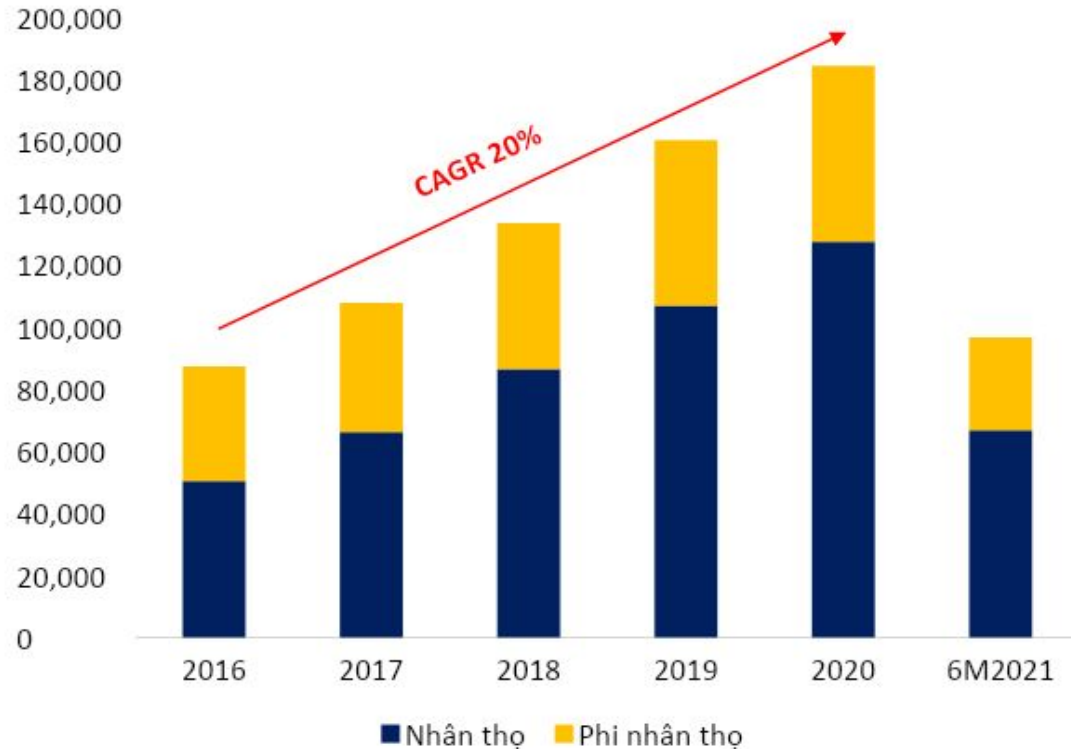


SECTOR HIGHLIGHTS

Ongoing growth of insurance revenue.

- Total 6M2021 life insurance premium revenue reached VND 66,818 billion (+19.4% yoy)
- Non-life insurance grew over 10% in 6M2021, with total premium revenue reaching VND29,981 billion.

Total insurance premium earned (billion VND)



Non-life insurance growth over 10% in 6M2021



Source: General Statistics Office

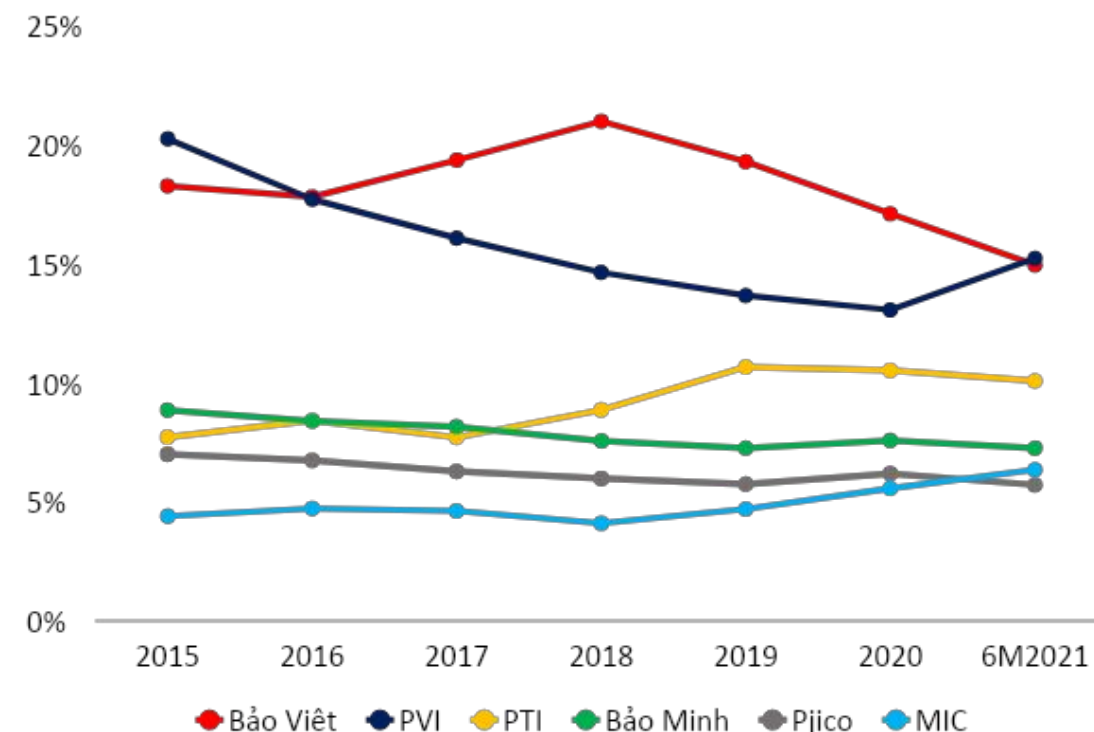
SECTOR HIGHLIGHTS

Intense competition on market share among both life and non-life insurance companies.

Foreign insurance companies are gradually dominating the life insurance market

| | 6M2021 | 5Y change | YTD |
|---------------|--------|-----------|-------|
| AIA | 10.8% | 1.5% | -0.3% |
| AVIVA | 1.9% | 0.5% | -0.5% |
| BaoViet Life | 20.8% | -6.0% | -0.9% |
| BIDV Metlife | 0.7% | 0.2% | -0.3% |
| Cathay Life | 1.5% | 0.9% | 0.3% |
| Chubb Life | 2.9% | -1.2% | -0.3% |
| Dai-ichi Life | 12.1% | 1.6% | 0.0% |
| Fubon Life | 0.1% | 0.0% | 0.0% |
| FWD | 2.4% | 2.3% | 0.5% |
| Generali | 2.6% | 0.0% | -0.3% |
| Hanwha Life | 2.6% | 0.5% | 0.0% |
| Manulife | 19.0% | 6.9% | 3.5% |
| MB Ageas | 3.1% | 3.1% | 0.4% |
| Phu Hung Life | 0.4% | 0.3% | 0.1% |
| Prudential | 16.0% | -10.7% | -3.5% |
| Sun Life | 2.5% | 0.8% | 1.5% |

The top 6 enterprises accounted for about 60% of the non-life insurance market share

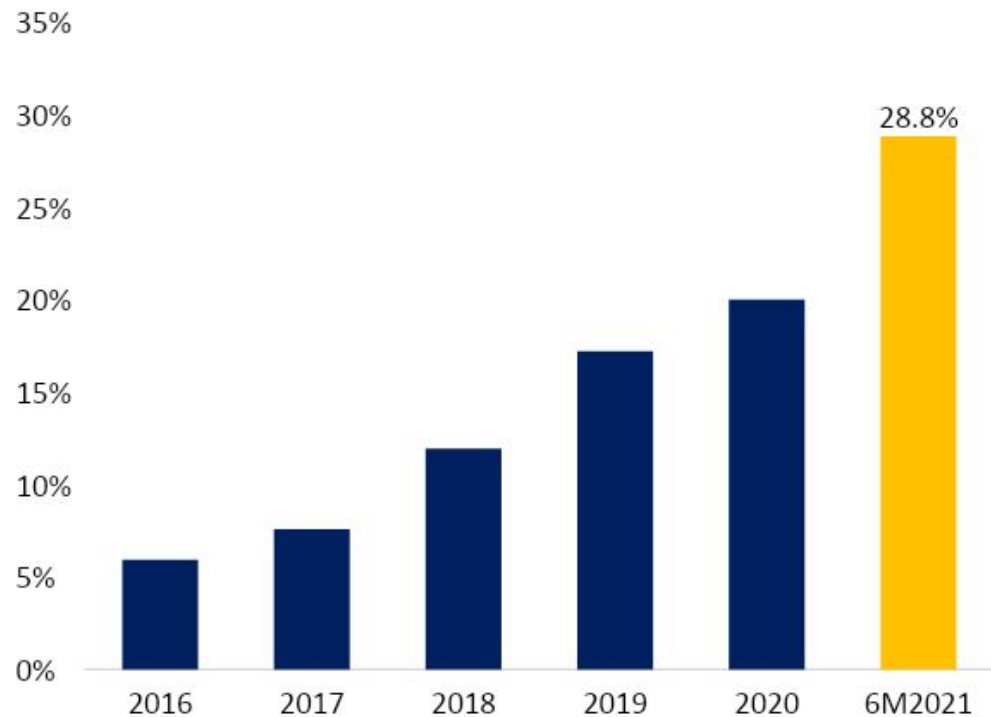


Source: AVI, General Statistics Office

SECTOR HIGHLIGHTS

Bancassurance has contributed an important part in the business activities of insurance companies.

Bancassurance penetration rate



Source: AVI, BSC Research

Recent prominent bancassurance deals

04/2021



03/2021



12/2020



11/2020



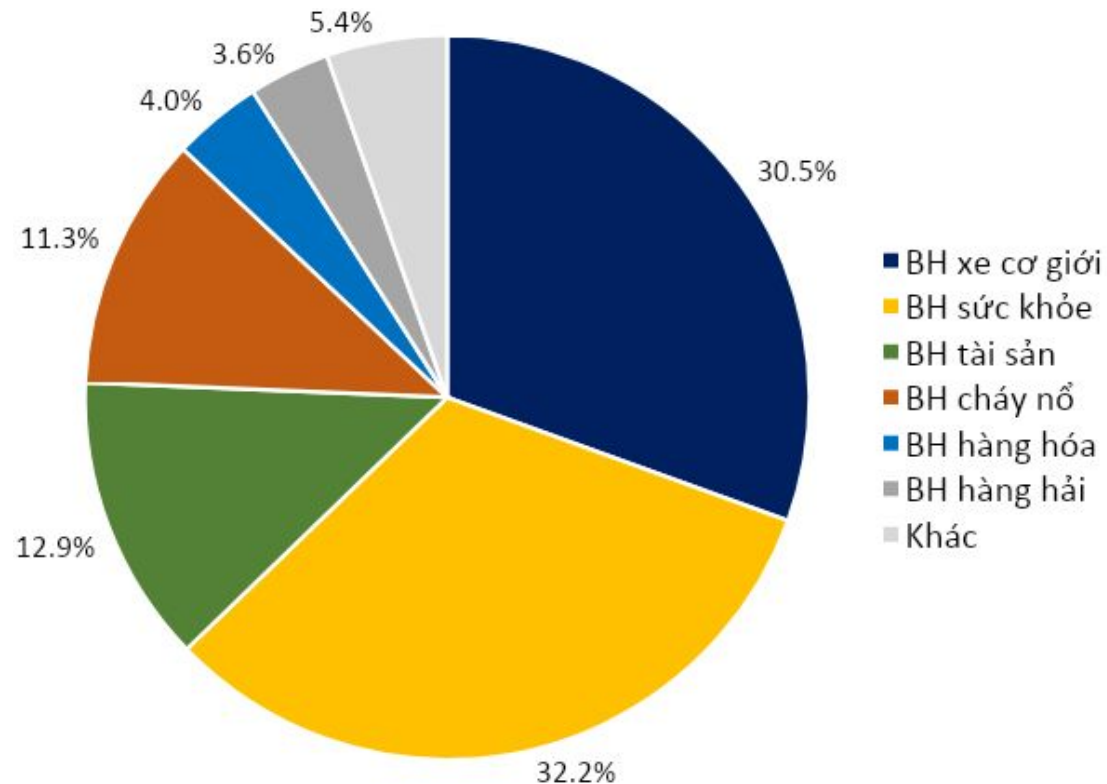
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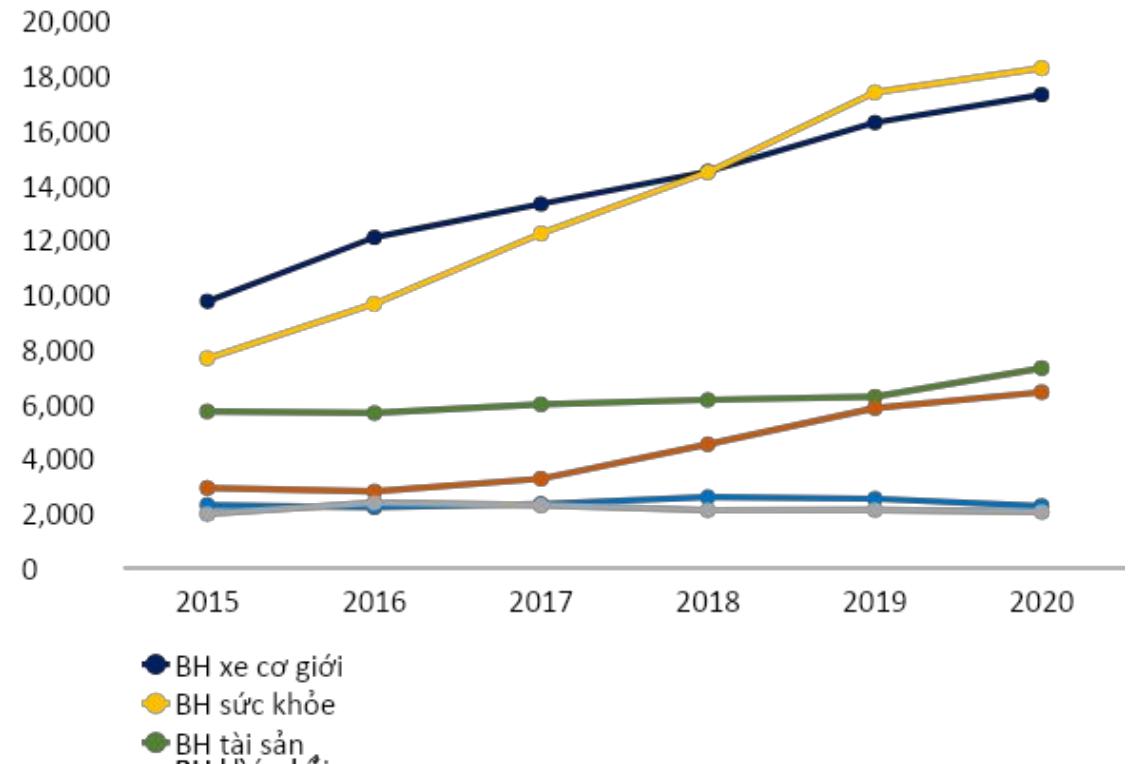
SECTOR HIGHLIGHTS

- Motor vehicle insurance and health insurance still account for the highest proportion in the revenue structure of non-life insurance.
- Premium revenue from health insurance products tends to increase sharply over the years.

Structure of premium revenue by product



Health insurance premium revenue tends to increase sharply

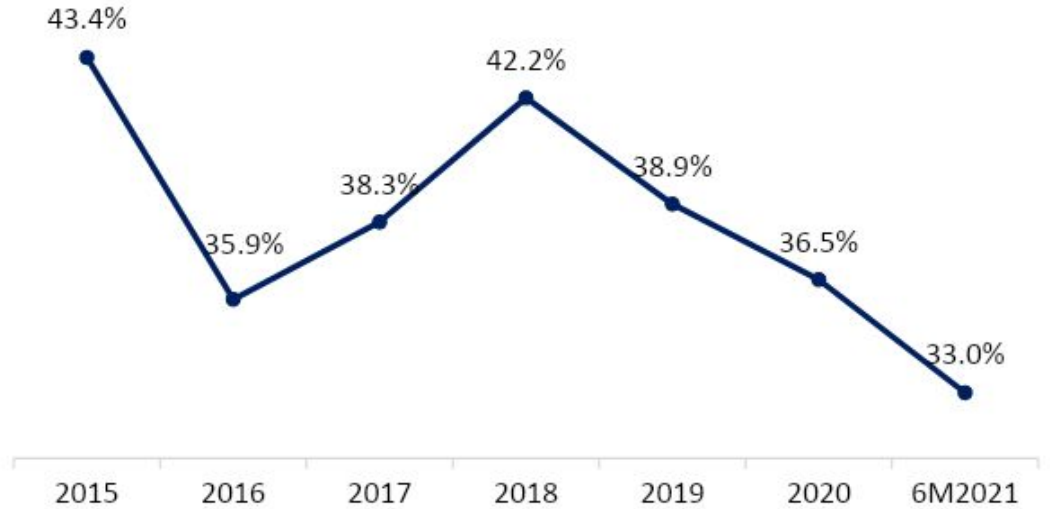


Source: General Statistics Office

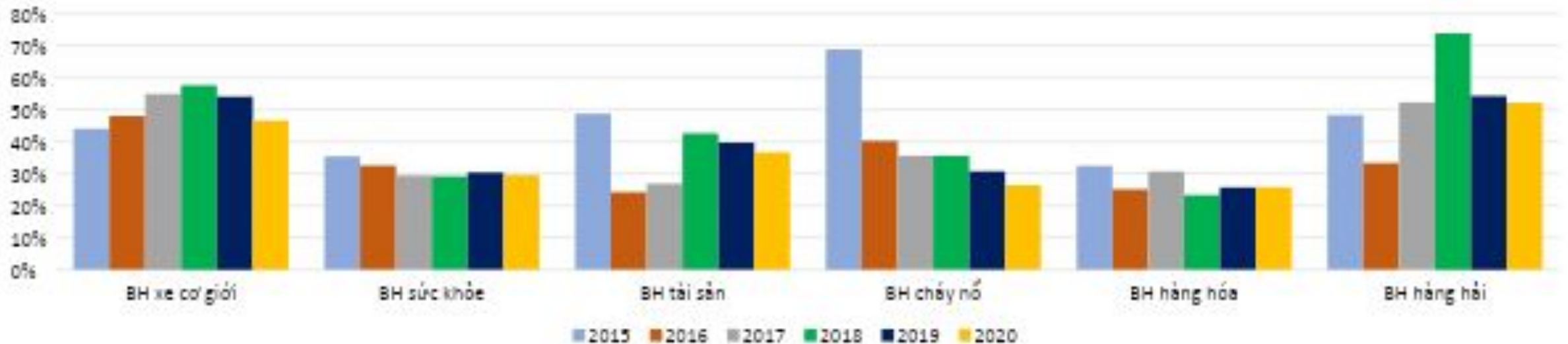
SECTOR HIGHLIGHTS

- The rate of compensation has tended to decrease recently.
- Health insurance products have significantly lower claims rates than auto insurance products.

Non-life insurance claim ratio / original fee revenue *



Compensation rate on each non-life insurance product



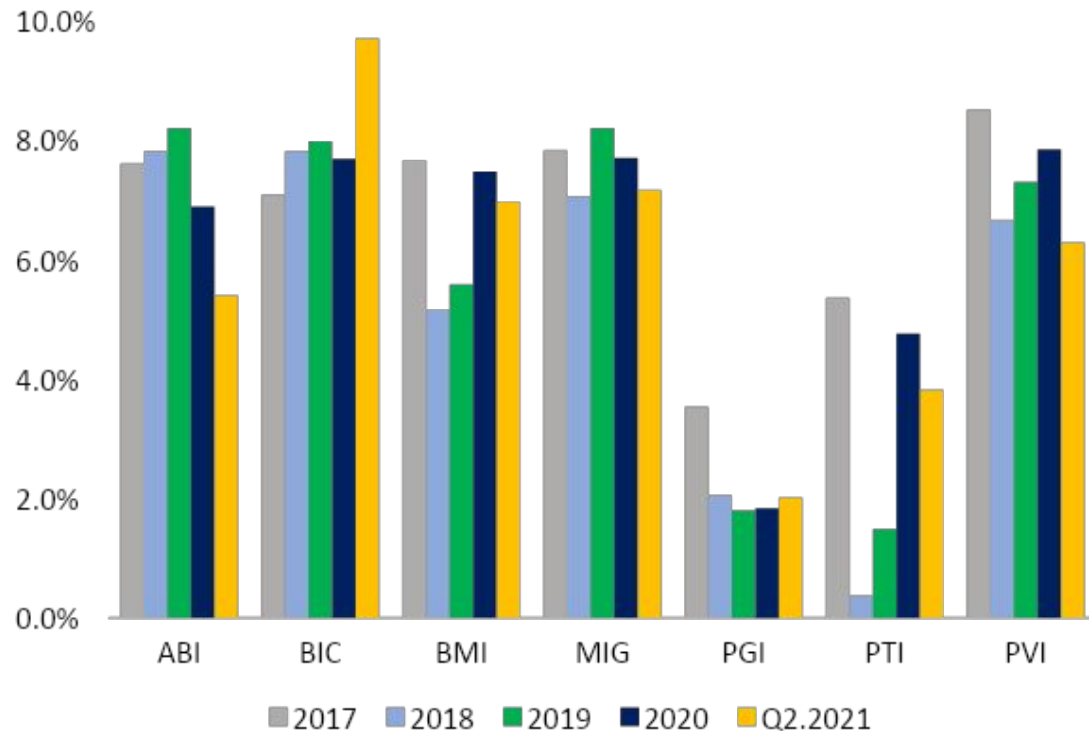
* Companies included in the statistics: ABI, BIC, BMI, BVH, MIG, PGI, PTI, PVI

Source: General Statistics Office, BSC Research

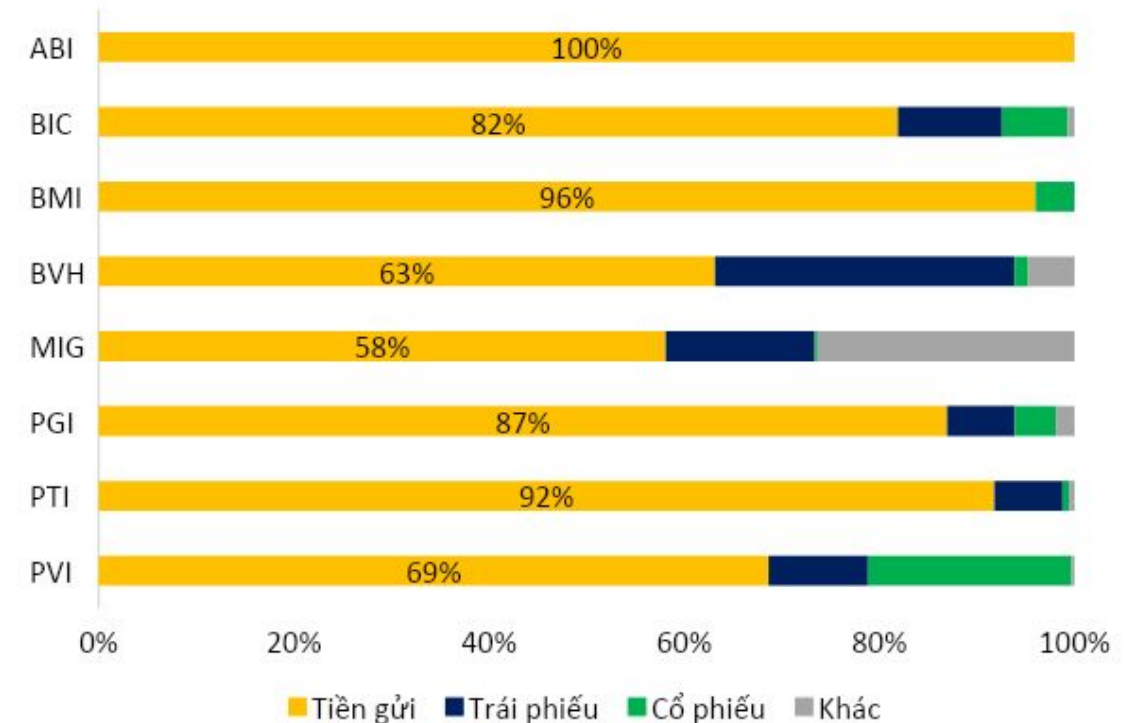
SECTOR HIGHLIGHTS

- Along with the upward trend of stock market, insurance industry is still maintaining high growth rates over the same period.
- Low interest rates reduce the financial returns of deposit-focused insurers.

Yield investment of non-life insurers *



Deposits account for more than 80% of investment portfolios of insurers



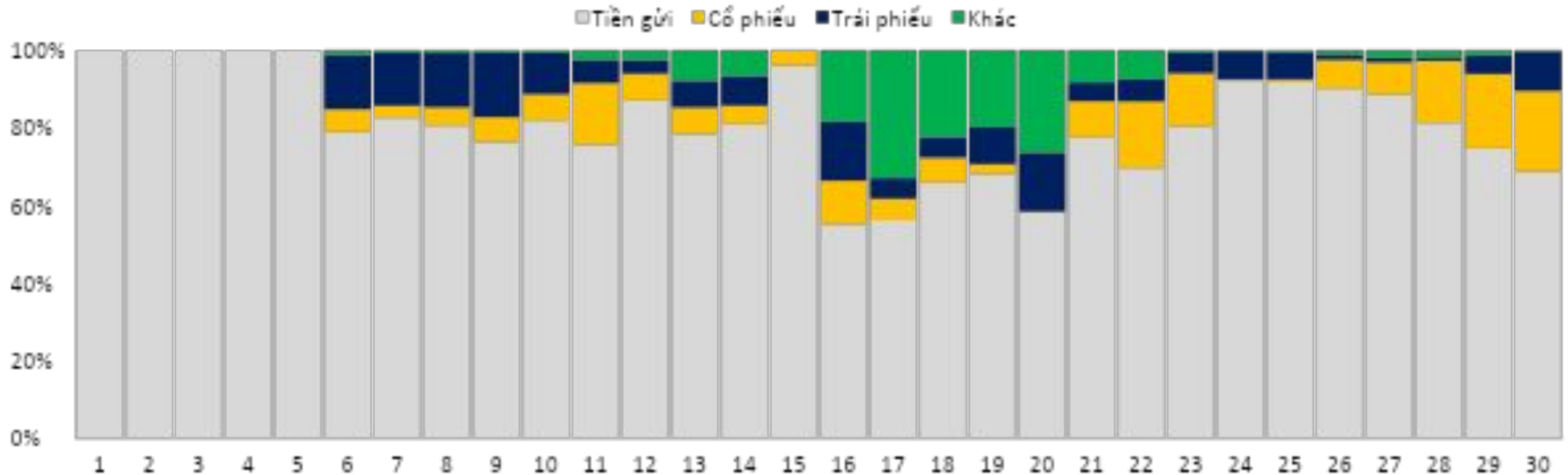
Source: Insurers' Financial Statements, BSC Research

* Yield investment = financial profit / original value of financial investments at the beginning of the year

SECTOR HIGHLIGHTS

- ABI focuses entirely on deposits, BIC focuses on bonds, while MIG diversify through investment trusts at MB Capital.
- PVI tends to gradually increase the proportion of investment in stocks & bonds.

Structure of investment portfolio of insurers



Source: Insurers' Financial Statements, BSC Research

INVESTMENT OUTLOOK – 2021

- Most insurers have set negative or low growth targets in 2021 due to the low interest rate environment.
- Opening up the “room” for foreign investors can help insurance companies be revalued.
- Stocks with divestment potential: BMI, MIG.

| Business Performance 6M2021 | | | | | | | | | | 2021 Forecast | | Valuation | |
|-----------------------------|-------------|-------|------------------|-------|------|-------|-------------------|------------------|-------|--------------------|------|-----------|------|
| | Fee revenue | % YoY | Operating profit | % YoY | NPAT | % YoY | Compensation rate | Combination rate | ROE | Fee revenue growth | EBT | PB | PE |
| ABI | 910 | 6% | 146 | 5% | 167 | 1% | 30% | 83% | 28.3% | 8% | -18% | 2.0 | 7.8 |
| BIC | 1,420 | 18% | 33 | -42% | 179 | 13% | 32% | 97% | 12.9% | 6% | -22% | 1.4 | 10.8 |
| BMI | 2,302 | -2% | 41 | 56% | 120 | 32% | 33% | 98% | 10.2% | -3% | 19% | 1.9 | 18.9 |
| MIG | 1,694 | 35% | 31 | 746% | 79 | 53% | 33% | 98% | 16.1% | 35% | 40% | 2.2 | 16.0 |
| PGI | 1,850 | 13% | 166 | 53% | 163 | 49% | 38% | 89% | 14.8% | 2% | -7% | 1.5 | 10.1 |
| PTI | 2,748 | -5% | 30 | -36% | 120 | -18% | 35% | 99% | 11.1% | 9% | -15% | 1.4 | 13.5 |
| PVI | 5,107 | 15% | 211 | 7% | 462 | 2% | 31% | 91% | 11.5% | 5% | -17% | 1.3 | 12.2 |
| VNR | 1,193 | -6% | 37 | 75% | 179 | 53% | 20% | 95% | 12.3% | -18% | 6% | 2.0 | 16.5 |
| PRE | 883 | 7% | 33 | -26% | 65 | -12% | 31% | 93% | 14.8% | -7% | -6% | 1.6 | 10.7 |