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Hanoi, ... April 2021

REPORT ON 2020 OPERATING RESULTS AND BUSINESS PLAN IN 2021

Vietinbank Insurance Joint Stock Corporation would like to report to the General Meeting of Shareholders the 2020 operating results and the main orientations and targets in the business plans in 2021.

PART 1: OPERATIONS IN 2020

1. Overview of the non-life insurance market in 2020

2020 was considered as a year of great difficulties and challenges for the world economy in general and Vietnam in particular. The world economy suffered the most serious recession in history, the growth of major economies declined seriously due to the negative influence of the Covid 19 pandemic. The Vietnamese economy however still maintained its growth rate with the GDP growth of 2.9%.

This year also marked a growth of the Vietnam insurance market in the course of the pandemic. The insurance market once again was an attracting channel of the medium and long-term capital of the economy with the investments estimated at VND 460.5 trillion (increasing 22% over the same period last year). Total insurance premium revenue of the entire insurance industry in 2020 was estimated at VND 184.7 trillion (growing 15%), VND 57 trillion (growing 8%) of which was from the non-life insurance premium revenue, specifically:

- Motor vehicle insurance estimated at VND 17.5 trillion, growing 8.8% and accounting for 32%;
- Health insurance estimated at VND 16.8 trillion, growing -2%, accounting for 31%;
- Property and damage insurance estimated at VND 7.3 trillion, growing 12%, accounting for 13.5%;
- Other operations reached VND 15.4 trillion, accounting for 23.5%.

In terms of market share, the revenue of the enterprises in the top group of the market according to the ranking order of insurance market share is Bao Viet, accounting for 17% (2019: 20%), PVI accounted for 13.77% (2019: 14%), PTI accounted for 10.95% (2019: 11%), Bao Minh accounted for 7.4% (2019: 8.3%). VBI ranked the 9th in the market, accounting for 3.6% of the market share.

2. 2020 Operating results

2.1 Main items

Unit: million dong

No.	Item	2020	2019	Increase/decrease	% HTKH
1	Total assets	3,677,865	3,156,559	16.52%	
2	Owner's equity	1,272,634	1,246,964	2.04%	
3	Insurance premium revenue	2,223,238	2,031,393	9.44%	88.93%
	- Core insurance	2,069,285	1,891,599	9.39%	
	- Reinsurance	153,953	139,794	10.13%	
4	Compensation rate	45.2%	36.43%	8.77%	
5	Financial income	172,154	145,149	18.61%	90.6%
6	Profits before tax	151,830	130,189	16.62%	94.65%
7	Profits after tax	121,032	103,753	16.65%	

In terms of revenue: Total insurance premium revenue of VBI in 2020 reached VND 2,223 billion, completing 88.93% of the plan set forth. In 2020, under the influence of the pandemic and natural disasters, sales & marketing events were significantly canceled due to social isolation orders in the course of the pandemic, revenue growth of VBI slowed down, reaching only about 9.4%.

Revenue through distribution channels: cross-selling via banks still played an important role, accounting for 54.6% of the core insurance premium revenue in 2020, in which operations via Vietinbank account for 93%.

Revenue by operation: density of some major operations is as follows:

- Motor vehicle insurance accounted for 25.8%, increasing 19.6% compared to 2019;
- Personal insurance accounted for 32.8%, increasing 9.7%;
- Property and damage insurance accounted for 22.7%, increasing 33.1%;
- Cargo insurance accounted for 5.1%, increasing 3.2%;
- Hull and P&I insurance accounted for 2.4%, increasing 21%.

In terms of compensation: the 2020 compensation rate of the whole Corporation was at 45.2%, increasing 8.77% compared to 2019, in which the compensation rate from core insurance was at 40.8% and compensation rate from reinsurance was at 65%. The compensation rate from core insurance of some major operations was as follows:

- Motor vehicle insurance: compensation rate was at 54%;
- Personal insurance: compensation rate was at 44%;
- Property and damage insurance: compensation rate was at 33%;
- Cargo insurance: compensation rate was at 36%;
- Hull and P&I insurance: compensation ratio was at 34%.

In terms of pretax profit: VBI's profits before tax reached about VND 151.8 billion, completing 94.65% of the plan. In 2020, human business revenue did not grow, especially for

borrower insurance products, which were good performance products, while health insurance products, despite good growth during the pandemic period but had a high loss rate leading to a sharp increase in the compensation rate of human operations to 50%. Moreover, in the second half of 2020, VBI continuously recorded major losses in different operations such as ships, property, engineering etc. due to the continuous impact of tropical depressions, storms at levels of 5-13. These reasons lead to a sharp increase in VBI's compensation rate and affect the 2020 profits.

2.2 Other operating results

- **Development of service exploitation network:** VBI established and expanded 2 more affiliates in Hai Duong and Vinh Phuc, bringing the total number of transaction points of the whole Company to 34 units, including 26 affiliates and 08 transaction offices.

- **Diversification of products and distribution channels to meet the diverse customer needs:** In 2020, VBI continuously launched new products suitable for the market such as corona insurance and breast cancer insurance. In addition, VBI designed and introduced the insurance programs for clean energy projects to meet the needs of the market.

In terms of the distribution channel: in 2020, VBI promoted the deployment of insurance products for people and motor vehicles through non-Vietinbank banking channels such as Shinhanbank, Dong A bank, VP bank etc.; general insurance agency channels such as Brics, TCA, Asianlink etc. In 2020, VBI transformed the consultant channel model to the individual agency channel model and initially got results when exploiting revenue from this distribution channel in 2020 reached about VND 40 billion. In addition, VBI in 2020 began to approach and deploy the insurance product distribution through agency channels such as drugstore chains, supermarkets, driver partners of Grab, Mai Linh etc.; Developed the online personal sales channel through the landing page tool.

- **Customer service:** VBI in 2020 built and implemented the fast compensation procedures to simplify procedures in compensation, improved the customer experience. VBI also set up the service and customer experience department to conduct customer experience assessments for the purpose of improving the service quality.

PART 2: BUSINESS PLAN IN 2021

1. Forecast for the insurance market in 2021

With regard to the outlook in 2021, after the economic recession, with the expectation that the disease will be controlled globally, experts expect the world economy to enter a recovery period. For the economy of Vietnam, the National Assembly has approved the economic growth target with a GDP growth rate of 6%, the average consumer price index of 4% in 2021. The non-

life insurance market in Vietnam is expected at a double-digit growth. The enterprises expect in 4 lines with good growth potential. Specifically:

- The pandemic has raised the awareness of health insurance, the health insurance market still has a lot of potential. If there are suitable strategies, the companies can effectively expand and exploit.

- Policies on import tax exemption and reduction for imported car components and the plan to abolish the excise tax on domestically produced cars will help lower car prices in Vietnam, boost demand on vehicle consumption and motor vehicle insurance are expected to rebound strongly.

- The good control of the Covid 19 has contributed to enhancing Vietnam's reputation among foreign investors. The increase in investment and production structure relocation of multinational groups as well as the cash flow introduced by the Government to support the economic development and promote public investment, which will create growth opportunities for many companies and public services, opening up opportunities for the property, engineering insurance, etc.

In the trend of the non-life insurance market in 2021, insurance companies will focus on:

- Enhance the sales by chain channel, gradually replace traditional retail to meet the demand of revenue growth and increase labor productivity;
- Access to sell insurance to the Korean community, Korean businesses through partner companies;
- Search and expand cooperation with fintech, insurtech companies;
- Completely expand online insurance services: online insurance purchase, issuance of online certification, online compensation.
- Develop insurance and guarantee related services.

2. Basic plan targets in 2021

No.	Item	Unit	Plan in 2021
1	Insurance revenue <i>In which:</i> - Core insurance - Reinsurance	VND million	2,650,000 2,500,000 150,000
2	Target compensation rate	%	45%
3	Gross profit of HDKDBH	VND million	418,425
4	Profits before tax	VND million	172,325

3. Business orientation and solutions in 2021

*** Orientation**

- Increase the market share of non-life insurance to 3,9%;
- Reach the 8th in the non-life insurance market in terms of market share
- Dividend payout ratio is maintained at 10%-12%.

*** Solution:**

- Network: VBI plans to expand and establish 03 new affiliates in Ho Chi Minh City, Hanoi City, and Vung Tau.

- Revenue growth plan: Continue to cross-sell and increase sales on the basis of Vietinbank's customer groups (not limited to group of borrowers) in order to develop revenue, while promoting the group of key products (borrower insurance, business security and successful an phat) with growth target of at least 50% compared to 2020, cargo insurance, insurance for group of small and medium enterprise customers.

At the same time, VBI will expand the bancassurance channel through new partners such as Wooribank, Bac A Bank, VIB, NCB etc.; expanding chain distribution channels such as drugstore chains etc., technology taxi companies (Mai Linh, Thaco etc.) or technology car companies (Grab etc.); focus resources to promote the development of individual agent channels, general agent channels.

- Continue to implement projects to improve the process of insurance issuance and compensation in 2020 to improve service quality and customer experience.

- Improvement of the Information Technology system: Build the centralized database (datawarehouse) for exploiting the uniform data, developing BI tools, upgrading VBI4Sales sales application and developing new technologies such as AI, OCR, Chatbot etc.

4. Proposed plan on profit distribution in 2021 and dividend payout ratio

With the 2021 profit plan of VBI, VBI proposes the 2021 profit distribution as follows:

- Deduction from the compulsory reserve fund: 5% of profits after tax, equivalent to about VND 6.9 billion;

Dividend payout: propose to pay 10% -12% of cash dividend;

Respectfully report to the General Meeting of Shareholders.

GENERAL DIRECTOR

DRAFT