

## VIS Rating assigns first-time A+ issuer rating to Vietinbank Insurance Joint Stock Corporation, stable outlook

Hanoi, 03 October 2025 - Vietnam Investors Service And Credit Rating Agency Joint Stock Company (VIS Rating) has assigned a long-term issuer rating of A+ to Vietinbank Insurance Joint Stock Corporation (VBI). The outlook on VBI's A+ issuer rating is stable. This is the first time VIS Rating has assigned a rating to VBI.

### RATING RATIONALE

VBI's A+ long-term issuer rating is underpinned primarily by its above-average standalone assessment. The firm's standalone assessment incorporates its fast-growing market position as a mid-sized non-life insurer in Vietnam, supported by a well-established brand and nationwide distribution network. It also reflects our view of VBI's strong asset quality and profitability, supported by its strong product risk and diversification. In addition, the rating also considers its robust capital adequacy and reserve adequacy.

We position VBI's market position, brand, and distribution at an 'Above-Average' level. VBI began operations in 2008 and is a key subsidiary (73.37% stake) of Vietinbank, one of Vietnam's largest state-owned commercial banks by assets. Vietinbank collaborates closely with its subsidiaries and affiliates to provide a comprehensive range of banking, insurance, securities, and fund management products and services to its customers.

Through Vietinbank's extensive nationwide physical network, VBI is able to distribute its insurance products and services to Vietinbank's customers. Additionally, VBI has established bancassurance partnerships with 15 other commercial banks in Vietnam, thereby expanding its reach. Bancassurance serves as VBI's main distribution channel, accounting for 67% of its total gross premiums written in 2024, and supporting its rapid business expansion over the past five years. VBI also maintains one of the largest agency forces among non-life insurers in Vietnam with over 7,000 individual and institutional agents as of 2024.

Currently, VBI is ranked among the largest non-life insurers, holding a 6% market share of gross premiums written. VBI is also among the two leading insurers for non-life health insurance in Vietnam. VBI reported a gross premium compound annual growth rate (CAGR) of 19% per year from 2020 to 2024, exceeding the industry average of 9%, driven by a strategic focus on expanding sales through its parent bank and partner bank networks, particularly in personal and fire and explosion insurance.

We assess VBI's product risk and product diversification to be strong. In 2024, its key products include personal insurance, which comprises health and credit life (accounting for 50% of gross premiums written), fire and explosion (18%), motor (15%), and property and casualty (11%). Most of VBI's underwritten risks are short-tail, resulting in lower reserving risk and more predictable claims outcomes.

As of 2024, VBI reported an underwriting expense of 61.9% on total net premiums written, which is lower than that of its industry peers at 63.6%. This is supported by its strong bancassurance network, which enables lower distribution costs, and its strong digital capabilities.

We expect VBI's relative market share<sup>1</sup> of gross premiums written of 1.7x to gradually increase over the next 12–18 months, driven by continued business expansion through Vietinbank and its partner banks, and supported by its advanced digital capabilities.

Since 2016, VBI has digitized key aspects of its sales and claims operations to enhance productivity and customer experience. Notably, it has integrated its sales platform with the digital applications of its banking partners, enabling customers to access VBI's products directly through those channels. According to the management, 70–80% of its small health insurance claims are now processed by its automated claims system - the first of its kind in Vietnam.

<sup>1</sup> Relative market share is measured by dividing a company's gross premiums by the industry average premium



VBI aims to grow its gross premiums written at a rate of 1.2-1.5x above the industry average over the next two years.

Management is prioritizing expansion in retail health insurance through its bancassurance network, agency force, and digital channels. The company is deploying new technology, such as Optical Character Recognition (OCR) and Artificial Intelligence (AI), to streamline customer onboarding and accelerate claims processing. To broaden retail distribution, VBI is partnering with digital platforms, including Viettel Money, Zalo Pay, and other mobile banking applications.

On the wholesale side, VBI is pursuing selective growth in property and casualty insurance, targeting public infrastructure projects amid rising government investment. The company is also expanding fire and explosion insurance sales in response to Decree 105<sup>2</sup>, effective July 2025, which eliminates premium discounts and expands mandatory coverage requirements.

We assess VBI's profitability as 'Strong', supported by its robust and fast-growing core insurance income, and a conservative investment strategy, which provides stable investment returns.

From 2022 to 2024, VBI reported an average return on capital (ROC) of 9.2%, lower than the industry average of 10.5% primarily driven by lower investment income. However, its ROC was more stable than its peers, reflected in a 3-year average Sharpe ratio of ROC of 933%, higher than the industry average of 560%.

VBI's above-industry insurance income is underpinned by its expanding sales strategy and lower underwriting and compensation expenses. Its average compensation rate during 2020-2024 was 27%, below the industry average of 33%, owing to the dominance of low-claim credit life insurance and stricter product policies. VBI has actively reduced exposure to high-loss products, such as corporate health, and curbed claims fraud through live motor damage verification via its MyVBI digital application.

VBI's asset risk is assessed as 'Strong', supported by its continued shift toward a more conservative investment strategy and disciplined reinsurance practices. Over the past three years, 84% of its portfolio was allocated to bank deposits and bank bonds, with corporate bonds comprising 16%. This fixed-income-focused investment has resulted in greater stability in its investment income compared to its peers.

During 2023-2024, VBI incurred losses of VND 100 billion from its corporate bond investments linked to distressed issuers. While the company is actively negotiating collateral recovery, we expect recovery rates to be low as most of the collateral consists of devalued shares and illiquid assets. VBI has made full provision for these bonds. To further stabilize its asset risk and investment income, management plans to reduce corporate bonds to 9% of its investment portfolio over the next 12-18 months.

Reinsurance risk is well-managed, with VBI consistently partnering with reputable reinsurers, including global firms such as Swiss RE Ltd and Westfield, and domestic firms like VINARE and ABIC. According to the management, there were no write-offs from its reinsurance recoverables over the past 5 years.

Following Typhoon Yagi, 86% of affected contracts that were covered by reinsurance were submitted for recovery. As of 1H2025, VBI had recovered a part of the reinsured amounts, with full recovery expected as the remaining claims are processed.

VBI's 'Average' capital adequacy reflects its rising gross underwriting leverage (GUL), amid strong insurance revenue growth that outpaced profit growth.

GUL rose from 3.1x in 2019 to 5.0x by year-end 2024 – exceeding the peer average of 4.2x. The sharp increase in 2024 was driven by higher compensation reserves related to Typhoon Yagi-affected policy contracts.

We expect the company's GUL to normalize over the next 12-18 months, supported by stabilizing profitability and reserves.

We assess VBI's reserve adequacy at an 'Above-Average' level, reflecting prudent underwriting practices and supported by its automated claim-handling.

VBI's short-tail-focused product mix allows for faster claims settlement and more predictable loss patterns, reducing long-term reserving needs and minimizing volatility in reserve estimates.

VBI has standardized its product underwriting process and actively monitors loss ratios and adjusts pricing for motor and personal health products.

According to the management, the company employs a disciplined, data-driven reserving process - initial loss projections are made within three days of assessment, and reserve data is updated daily to reflect changes in claim evaluations and customer documentation.

VBI maintains a strong liquidity position, underpinned by substantial liquid assets, including bank deposits, bank bonds, and access to bank credit lines, including facilities from Vietinbank. The company primarily employs a cash flow matching strategy to manage liquidity and is gradually transitioning toward duration matching to better align its asset and liability profiles.

<sup>2</sup> Refer to [Decree 105/2025/ND-CP Detailed Regulations and Measures for the Implementation of the Law on Fire Prevention, Fighting, and Rescue Operations](#)

We expect support from Vietinbank to be forthcoming during extraordinary circumstances, underpinned by Vietinbank's significant ownership in VBI, the close integration between Vietinbank and VBI in corporate branding, strategic planning, and execution, and the strategic importance of VBI to Vietinbank's current and future business plans.

We expect a low likelihood of government support for insurers during extraordinary circumstances, given the limited systemic impact of insurers compared to credit institutions and the lack of a clear policy framework for support to be rendered.

The outlook on VBI's long-term issuer rating is stable, reflecting our expectation that VBI will continue to strengthen its market reach and improve its core insurance profitability. At the same time, it will maintain a diversified low-risk product mix with adequate reserves and capital over the next 12-18 months.

**Factors that could lead to an upgrade of the rating**

VBI's A+ rating could be upgraded if (1) capital adequacy improves, evidenced by a sustained gross underwriting leverage ratio below 3.0x; or (2) return on capital remains above 18.5%, supported by consistent growth in its core insurance business and stable investment returns.

**Factors that could lead to a downgrade of the rating**

VBI's A+ rating could be downgraded if (1) product risks increase due to rapid expansion into new or higher-risk segments without commensurate risk mitigation and increase in buffers to cover losses under adverse scenarios; or (2) rising exposure to high-risk assets increases the likelihood of balance sheet losses and income volatility; or (3) return on capital falls below 7%, for example, from sustained losses in insurance operations or investments.

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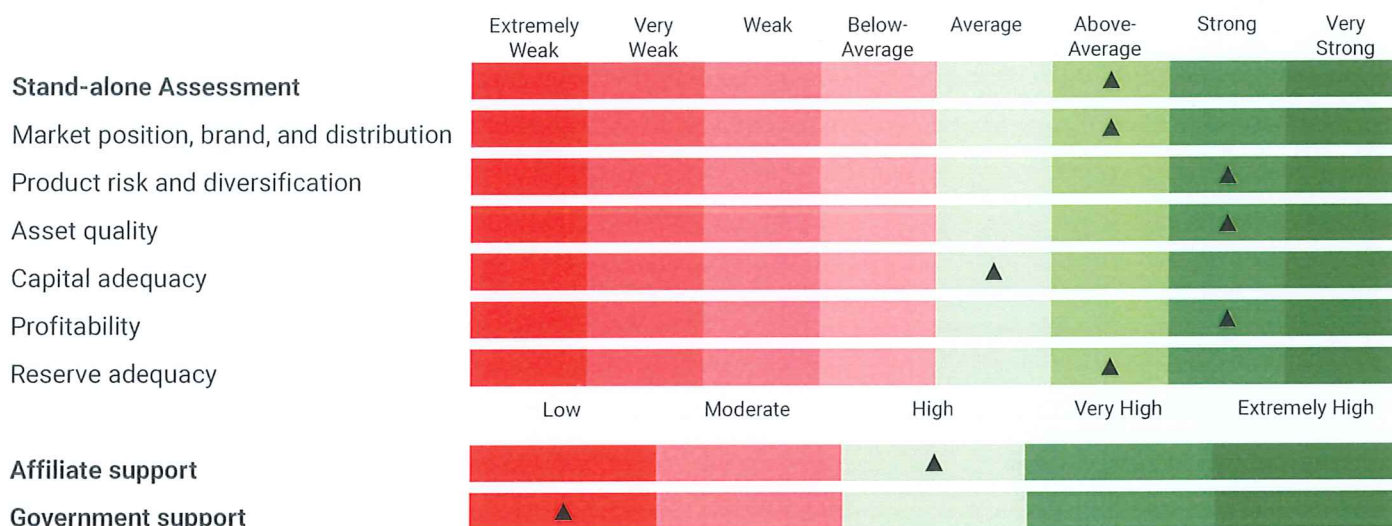


## RATING METHODOLOGY

Rating Methodology: Insurance Companies

For detailed information, please see our full methodologies at: <https://visrating.com/how-to-get-rated/view/insurance-companies-rating-methodology.5>

## SUMMARY OF KEY FACTORS



Source: VIS Rating

## CREDIT RATING HISTORY

| Date            | Rating type                    | Rating | Outlook | Action                |
|-----------------|--------------------------------|--------|---------|-----------------------|
| 03 October 2025 | Long-term Issuer Credit Rating | A+     | Stable  | First-time assignment |

## RATING SCALE

### Long-Term Rating

|     |   |
|-----|---|
| AAA | Issuers or debt instruments demonstrate the <b>strongest</b> creditworthiness relative to other domestic entities and transactions.   |
| AA  | Issuers or debt instruments demonstrate <b>very strong</b> creditworthiness relative to other domestic entities and transactions.   |
| A   | Issuers or debt instruments demonstrate <b>above-average</b> creditworthiness relative to other domestic entities and transactions.   |
| BBB | Issuers or debt instruments demonstrate <b>average</b> creditworthiness relative to other domestic entities and transactions.   |
| BB  | Issuers or debt instruments demonstrate <b>below-average</b> creditworthiness relative to other domestic entities and transactions.   |
| B   | Issuers or debt instruments demonstrate <b>weak</b> creditworthiness relative to other domestic entities and transactions and may be approaching default, with strong recovery prospects.                     |
| CCC | Issuers or debt instruments demonstrate <b>very weak</b> creditworthiness relative to other domestic entities and transactions and are likely in or near default, typically with moderate recovery prospects. |
| CC  | Issuers or debt instruments demonstrate <b>extremely weak</b> creditworthiness relative to other domestic entities and transactions and are typically in default, typically with poor recovery prospects.     |
| C   | Issuers or debt instruments demonstrate the <b>weakest</b> creditworthiness relative to other domestic entities and transactions and are typically in default, with very poor recovery prospects.             |

*Note: VIS Rating appends the modifiers + and – to each generic rating classification from AA through CCC. The modifier + indicates that the obligation ranks in the higher end of its generic rating category; no modifier indicates a mid-range ranking; and the modifier – indicates a ranking in the lower end of that generic rating category*

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The ownership ratio of VBI held by VIS Rating's staff: 0%

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### Primary Analysts:

**Phan Thi Van Anh, MSc** – Director – Senior Analyst – email: [vananh.phan@visrating.com](mailto:vananh.phan@visrating.com)

**Nguyen Duc Huy, CFA** – Sector Lead Analyst – email: [huy.nguyen@visrating.com](mailto:huy.nguyen@visrating.com)

### Rating Committee Members:

**Simon Chen, CFA** – Committee Chairman – email: [simon.chen@visrating.com](mailto:simon.chen@visrating.com)

**Nguyen Dinh Duy, CFA** – Committee Member – email: [duy.nguyen@visrating.com](mailto:duy.nguyen@visrating.com)

**Duong Duc Hieu, CFA** – Committee Member – email: [hieu.duong@visrating.com](mailto:hieu.duong@visrating.com)

**Phan Duy Hung, CFA, MBA** – Committee Member – email: [hung.phan@visrating.com](mailto:hung.phan@visrating.com)

### Vietnam Investors Service and Credit Rating Agency Joint Stock Company

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**Simon Chen, CFA**

Head of Ratings and Research

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