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Data & Analytics in Trade Credit Insurance



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Data ■ Analytics ■ Research ■ Intelligence ■ Ratings

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Strategic Partner with: NIKKEI Quick

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- Risk Analytics

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- Industry Analysis Report
- Market Research
- Business Due Diligence
- Market Entry Consulting

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- Issuer & Debt Instrument Ratings
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Data & Analytics In Trade Credit Insurance

01 | Demand from Selling & Exporting Enterprises

02 Trade Credit Risk

03 Risk Assessment & Analytics

04 Case Studies



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01 Why Trade Credit Insurance (TCI) Matters

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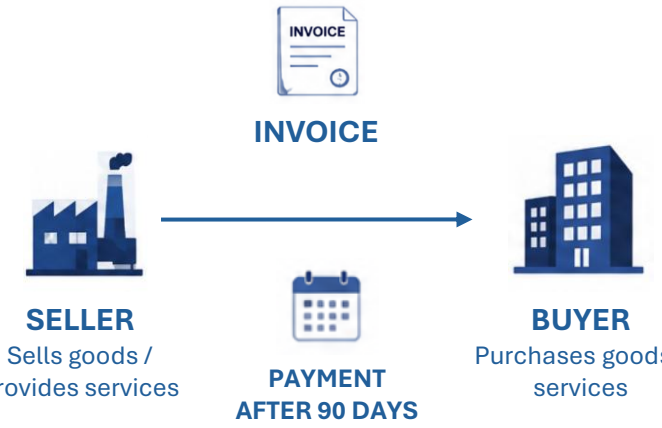
TRADE & EXPORT TRANSACTION



During the waiting period for payment, the seller is effectively extending "credit" to the buyer.

RISKS TO THE SELLER

Late Payment
Extends collection period, increases DSO and cash flow pressure.

Inability to Pay
Buyer is unable to repay due to weak financial condition.

Bankruptcy
Buyer goes bankrupt or enters prolonged bankruptcy proceedings.

Commercial Dispute
Disputes over quality, terms, delivery, documents, etc.

Country / Political Risk
Transfer restrictions, war, sanctions, economic crisis.

Concentration Risk
Dependence on a few large customers or a specific market.

ROLE OF TCI

Receivables Protection
Indemnifies the seller when the buyer fails to pay.

Risk Pricing
Buyer risk is measured and priced using data analytics.

Continuous Monitoring
Monitors buyer health and provides early risk alerts.

Easier Financing
Insured receivables may be accepted by banks / financial institutions for financing.

Portfolio Management
Controls risk concentration by buyer, sector, and country.

01 Vietnam Trade Credit Insurance Market

VIETNAM TRADE FOUNDATION

Total trade value 2025

~ USD 930 billion

Exports ~USD 475B | Imports ~USD 455B | Trade surplus ~USD 20 billion

Trade-to-GDP ratio

~165 – 180%

Among the highest globally

Export structure 2025 by market

Top markets: **U.S. (USD 153.2 billion)**, EU, China, South Korea, ASEAN
More than **70% of exports are driven by FDI enterprises**

Transaction characteristics

- Payment terms commonly range from **60–120 days**
- High dependence on international buyers
- Focus sectors: electronics, textiles, footwear, seafood, wood products, etc.

TCI MARKET SIZE

Estimated current TCI premium 2025

~ USD 30–35 million / year

Theoretical TAM if penetration reaches 5%

~ USD 150–250 million / year

ENTERPRISE ACCESSIBILITY

Large enterprises / FDI

- Have relationships with global insurers
- Commonly use whole-turnover policies
- Access level: High

SMEs

- Strong need for receivables protection
- Difficulty obtaining sufficient buyer data
- High policy underwriting cost
- Access level: Low

KEY PROVIDERS IN VIETNAM

Group	Representative providers
Global TCI insurers	Allianz Trade
	Atradius
	coface
Domestic TCI insurers	PVI INSURANCE
	BAOVIET Insurance
	BAO MINH
	PTI Insurance

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02 Trade Credit Risk & Risk Mitigation Tools

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KEY RISK CATEGORIES IN TRADE TRANSACTIONS

1 Buyer Credit Risk
- Buyer loses ability to pay due to financial weakness
- Bankruptcy, restructuring
- Insufficient cash flow

2 Late Payment Risk
- Prolonged collection period
- Increase in DSO, impact on cash flow and financing cost
- Higher risk of bad debt

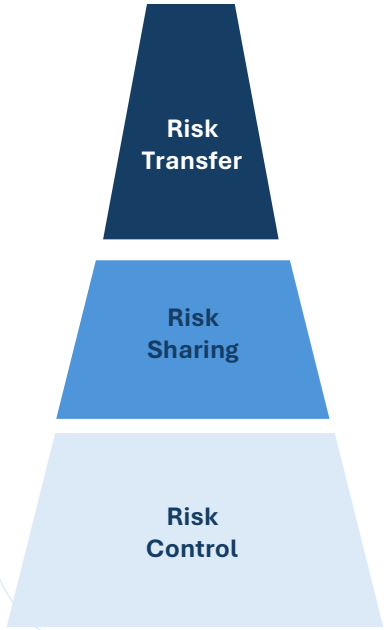
3 Concentration Risk
- Dependence on one or a few large customers
- Concentration by market, sector or related industry group

4 Sector Risk
- Decline in sector demand
- Falling profit margins
- Inventory build-up, intense competition
- Supply chain risk

5 Country / Political Risk
- Transfer restrictions, foreign exchange controls
- Political instability, war, sanctions
- Changes in trade policies

6 Commercial Dispute Risk
- Disputes over goods / service quality
- Disputes over contracts, delivery, documents, invoices
- Complaints and returned goods

ENTERPRISES SHOULD COMBINE MULTIPLE TOOLS



- Trade Credit Insurance
- Export credit insurance
- Reinsurance for large exposures

Reduce the impact when risk occurs

- Factoring / receivables financing
- Letter of Credit
- Payment guarantee

Share losses among participating parties.

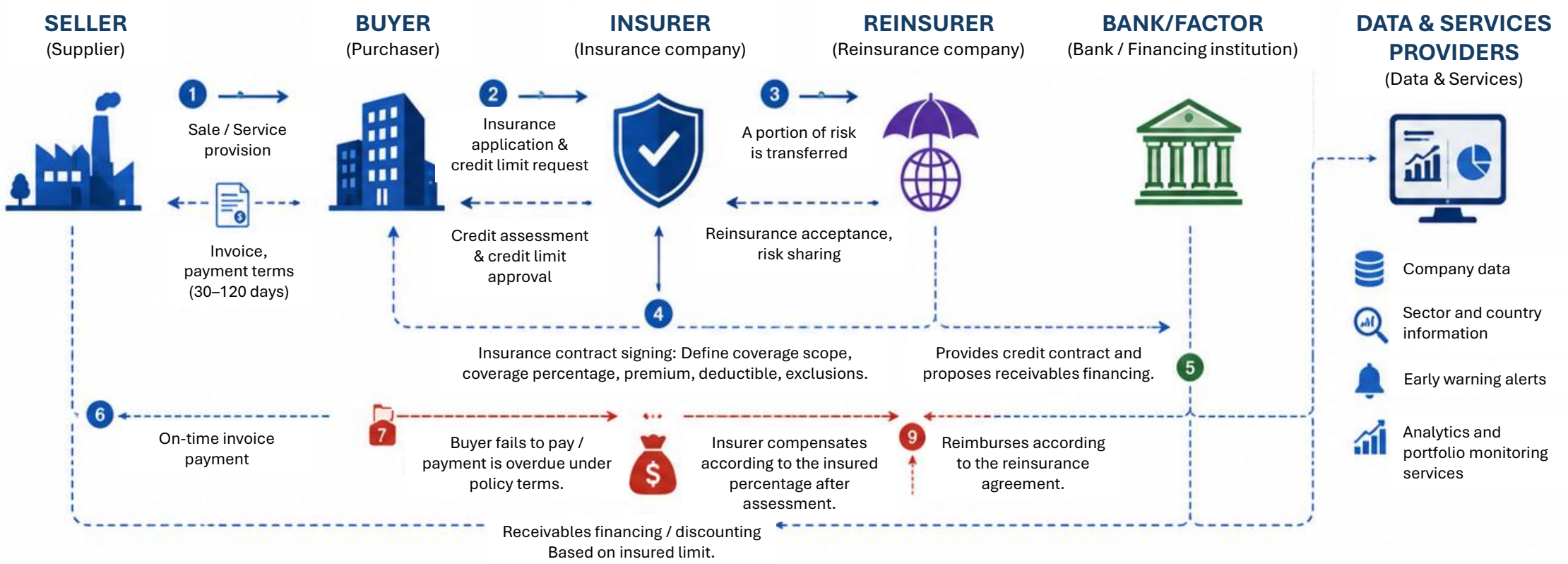
- KYC and credit assessment
- Internal credit limits and appropriate payment terms
- Continuous monitoring, early warning, diversification

Prevent risk from arising

RISK MANAGEMENT & MITIGATION TOOLS

KYC & Customer Due Diligence	Internal Credit Limit Setting	Appropriate Payment Terms	Payment Security Instrument	Factoring / Receivables Financing	Trade Credit Insurance	Monitoring & Early Warning	Portfolio Diversification

02 Risk Transfer Mechanism in Trade Credit Insurance



RISK SHARING ACROSS PARTIES

SELLER
(Retains part of the risk)

- Deductible / co-insurance
- Risk outside coverage scope
- Commercial dispute risk

INSURER
(Bears the main risk)

- Indemnity risk when the buyer loses ability to pay
- Credit assessment risk
- Pricing / mispricing risk

REINSURER
(Shares risk)

- Bears part of large risks
- Helps stabilize results
- Enhances risk appetite

BANK / FACTOR
(Reduces credit financing risk)

- Reduces bad debt risk
- Still bears operational, documentation, fraud and dispute risks

DATA ECOSYSTEM
(Enable Better Decision-Making)

- Provides timely and accurate information
- Supports underwriting, pricing and monitoring
- Reduces information asymmetry

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03 Role of Data & Analytics Across the TCI Value Chain

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DATA & ANALYTICS ARE EMBEDDED ACROSS THE FULL TCI PRODUCT LIFECYCLE

1 Market Screening



- Analyze market size, sectors, and regions
- Identify potential customer segments
- Assess penetration level and insurance gap

2 Customer Onboarding



- KYB
- Verify legal information and ownership structure
- Assess financial capacity and transaction history
- Initial risk classification

3 Buyer Underwriting



- Collect and assess buyer data
- Credit scoring
- Grant credit limit
- Define terms and conditions

4 Pricing



- Risk-based pricing using PD, LGD, EAD, sector and country risk
- Optimize insurance premium
- Set deductible and co-insurance levels

5 Portfolio Monitoring



- Track exposure by buyer, sector and country
- Detect accumulated risk concentration
- Evaluate portfolio performance: loss ratio, attrition, etc.

6 Early Warning & Risk Alerts



- Monitor early warning signals: late payment, negative news, litigation, score changes, etc.
- Update risk score and adjust credit limit
- Activate risk management process

7 Claims Management



- Receive and verify claim files
- Check documents and policy terms
- Estimate losses and approve indemnity
- Support recovery

KEY DATA SOURCES



Legal & KYC Data

- Business registration
- Ownership structure
- UBO and related parties
- Watchlist / Sanctions screening



Financial Data

- Financial statements and key ratios
- Revenue and cash flow
- Credit information
- Payment capacity



Payment Behavior Data

- Payment history
- DSO and Days Past Due
- Payment ratio
- Payment disputes
- Late payment behavior by time period



External Data

- Country risk
- Sector risk
- Interest rates, exchange rates, commodity prices
- Logistics and supply chain disruptions



Event Data

- Negative news
- Litigation, taxes and bankruptcy
- Management changes
- Leadership changes



Portfolio Data

- Exposure by buyer / customer group / country
- Loss history
- Claims performance

ANALYTICS & DECISION SUPPORT TOOLS



Credit scoring & rating



Limit optimization



Pricing model



Early warning model



Portfolio analytics



Claims analytics

03 Trends in Business Information Services

DATA TRANSFORMATION

1 From Static Data



Mainly relying on financial statements, legal records and information available at the point of underwriting.

2 To Payment Behavior Data



DSO, Days Past Due, payment history and payment disputes become important indicators.

3 Multi-source Data Integration



Combining KYC, financials, invoices, sector risk, country risk and credit information to create a multi-dimensional view.

4 AI & Analytics for Underwriting



Credit scoring, credit limit recommendations, risk-based pricing, early warning and portfolio monitoring.

5 Embedded TCI in Digital Ecosystems



Integration into trade finance, factoring, SCF, e-invoice and B2B transaction platforms.

6 Continuous Real-time Monitoring



Continuous buyer monitoring, real-time updates and fast response to risk signals.

IMPACT ON TRADE CREDIT INSURANCE OPERATIONS

- More accurate underwriting
- More risk-sensitive pricing
- Early warning and loss reduction
- Greater ability to serve SMEs
- More effective portfolio management

IMPLICATIONS FOR THE VIETNAMESE MARKET

- The biggest bottleneck is standardized buyer risk data and B2B payment data.
- The opportunity is not only in selling insurance, but also in building pricing data infrastructure.
- Banks, insurers, brokers and platforms can all benefit from shared data.

03 Trade Credit Risk Assessment Framework

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6 RISK ASSESSMENT PILLARS

1 Identity & KYC Risk



- Legal status and business registration
- Ownership structure and UBO
- Group structure and related companies
- Sanctions / watchlist / PEP screening
- Legal events and litigation

Output

Transparent legal profile, reliability level and reputational risk level.

2 Financial Health



- Business size and revenue growth
- Profit margin
- Financial leverage
- Liquidity and short-term payment capacity
- Operating cash flow
- Asset and inventory turnover
- Earnings quality

Output

Financial strength and resilience against downturns.

3 Trade Credit History



- Payment history with suppliers
- Days Past Due
- Average payable days
- Overdue ratio
- Payment behavior over time
- Invoice / goods quality disputes
- Payment score / rating, if available

Output

Payment behavior — the most important indicator of non-payment risk.

4 Country Risk



- Political and social risk
- Transfer and foreign exchange risk
- Macro risk: GDP, inflation, growth
- Legal environment and contract enforcement
- Sanctions and trade restrictions
- Sovereign credit rating

Output

Assessment of country-level risk affecting debt collection ability.

5 Sector Risk



- Industry cycle
- Growth and outlook of the sector
- Competition and market structure
- Average sector profitability
- Inventory and supply-demand dynamics
- Supply chain risk
- Policies, taxes and regulations

Output

Identification of cyclical risk and structural risk of the sector.

6 Event Risk



- Negative news / adverse media
- Litigation and bankruptcy events
- Late tax payment or tax arrears
- Changes in key shareholders or management
- M&A, restructuring or divestment
- Deterioration / insolvency signals

Output

Early warning of adverse events that may lead to default.

03 TCI Underwriting vs. Bank Credit Assessment

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CRITERIA	BANK CREDIT ASSESSMENT	TRADE CREDIT INSURANCE UNDERWRITING
Main assessment subject	Borrower	Buyer / Debtor
Nature of exposure	Loan	Trade Receivable
Risk trigger	Failure to repay principal / interest	Failure to pay invoice on time / inability to pay
Collateral	Usually secured by collateral, e.g. real estate, inventories, etc.	Usually **unsecured**
Key data focus	• CIC, credit score, borrowing history; • Financial statements and cash flow; • Assets and collateral; • Industry and competitors	• Buyer's financial statements; • Trade payment history, DSO and payment behavior; • Business information and group structure; • Country risk, sector risk, negative news and litigation
Tenor	Short / medium / long term	Mainly short term, usually **<180 days**, often structured as a revolving credit limit
Output	• Loan limit; • Interest rate / fee; • Collateral and credit conditions	• Credit limit for each Buyer; • Coverage ratio, deductible / co-insurance, policy terms; • Exclusions
Portfolio risk	By borrower, sector, customer group and geography	By Buyer, corporate group, sector, country, concentration and risk correlation
Main objective	Debt recovery and credit profit maximization	Receivables protection and indemnity loss control
Customer relationship	Long-term relationship, ongoing support throughout the loan lifecycle	Risk-based relationship, periodic review and continuous monitoring
Main revenue source	Interest income, commitment fees and service fees	Insurance premium and credit limit management service fees

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03 Case Study: Buyer Underwriting in the Offshore Oil & Gas Marine Services Sector

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Company Profile

Sector
Offshore oil & gas marine services

Segment
Services – Large enterprise

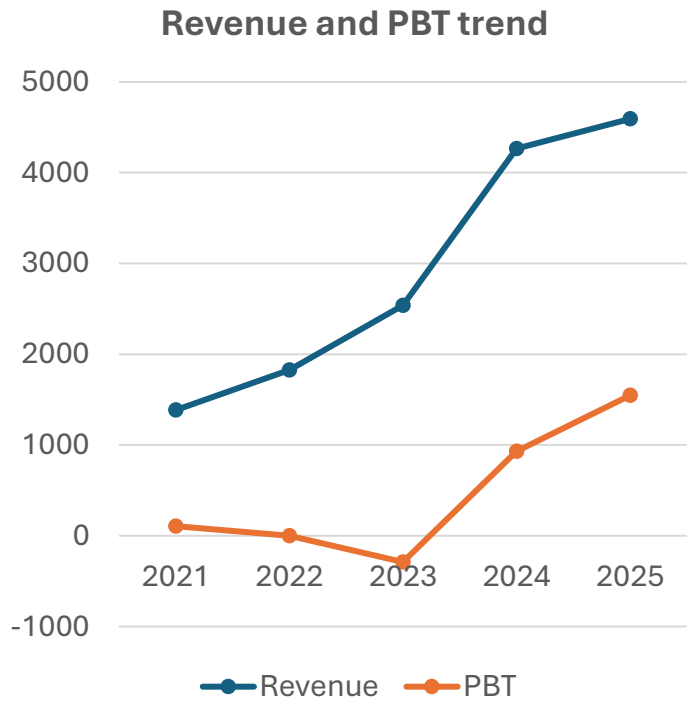
Assessment context
Buyer in a trade credit insurance transaction

Recommended trade credit limit
VND 243.00 billion

Financial Performance

2025 Revenue	2025 PBT
4,592.6	1,546.6
ROA (%)	**ROE (%)**
22.95	67
Net profit margin (%)	**Cash conversion cycle (days)**
26.9	98.83

Revenue increased strongly; PBT was negative during 2022–2023 and strong recovery in 2024–2025



- Revenue increased strongly, driven by day rate recovery and fleet expansion.
- PBT was negative during 2022–2023 due to high costs and depreciation.
- Strong recovery in 2024–2025, with improved profit margin.

Underlying Fragility

Receivables account for **49.81%** of total assets

DSO above industry average **60,97 days**

Long cash conversion cycle **98,83 days**

Liabilities / Total assets **0.63**

Net debt **VND 2,078.3 billion**

03 Case Study: Buyer Underwriting in the Offshore Oil & Gas Marine Services Sector

Current Risk Score Overview

Risk score	Risk grade	Risk level	PD	Industry median risk score
562	FG-8	Medium risk	3,68%	579

Risk Score Trend



Why did the risk score increase?

- **PBT recovered strongly** after losses during 2022–2023.
- **Financial expenses decreased in 2025**, supporting profit improvement.
- **Interest coverage improved**, with EBIT cover increasing to **5.83x**.
- **Operating cash flow remained positive**, supporting payment capacity.
- **Business performance stabilized in 2024–2025**, helping the score recover from a lower level.
- **However, the improvement remains limited** due to long DSO, high receivables and sector risk.

Overall Assessment

STRENGTHS

- High profitability: ROA 22.95%, ROE 67%, net profit margin 26.90%.
- Revenue and PBT grew well over the last three years.
- Strong interest coverage: EBIT 5.83x, EBITDA 7.84x.
- Operating cash flow was positive in the last two years.
- Stable asset structure, with fixed assets aligned with the sector's operating model.

WATCHPOINTS

- High receivables exposure: receivables account for 49.81% of total assets.
- Long DSO: 112.77 days, higher than the industry average of 60.97 days.
- Long cash conversion cycle: 98.83 days.
- Exposure to oil price cycles, offshore project progress and demand for marine/offshore services.
- Oil price volatility driven by geopolitical tensions, OPEC+ decisions or supply disruptions may increase operating costs and pressure cash flow.

GENERAL ASSESSMENT

The company has a solid operating base and strong profitability, but receivables risk and sector cyclicality keep the risk score at a **medium-risk level — FG-8**. Close monitoring of receivables, cash flow and sector movements is required.

03 Case Study: Buyer Underwriting in the Steel Sector

Company Profile

Sector
Mechanical processing; metal treatment and coating

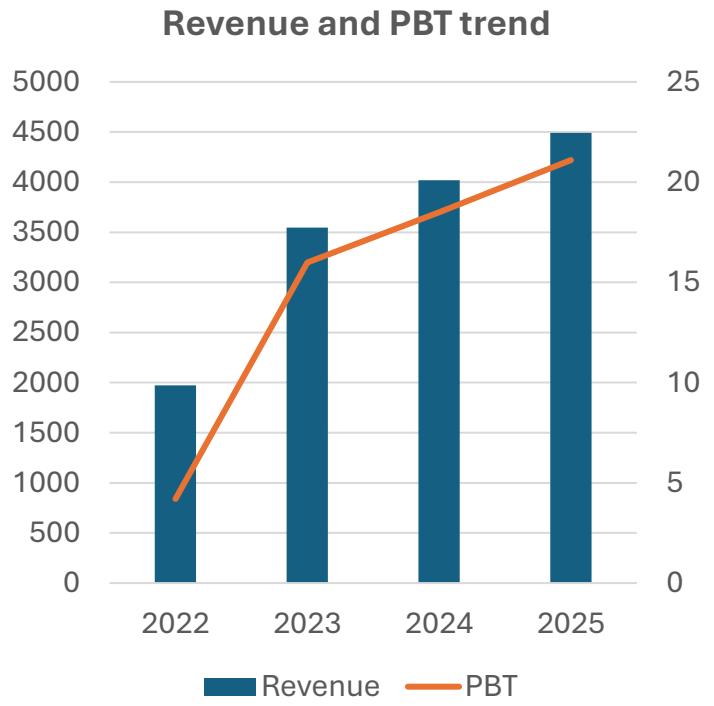
Segment
Manufacturing – Large enterprise

Assessment context
Buyer in a trade credit insurance transaction

Recommended trade credit limit
VND 1,74T

Financial Performance

2025 Revenue (VND)	2025 PBT (VND)
4,492.8B	21,1B
ROA (%)	**ROE (%)**
0,38	67
Net profit margin (%)	**Cash conversion cycle (days)**
0,21	73,97



The company has a large revenue base but very thin profitability. ROE appears high mainly due to significant financial leverage, while the cash conversion cycle of **73.97 days** indicates considerable working capital needs.

Revenue increased steadily during **2022–2025**, reaching **VND 4,492.8 billion** in 2025. PBT also improved from **VND 4.2 billion** to **VND 21.1 billion**, but profit remains thin relative to revenue scale.

Underlying Fragility

Very thin profit margin
ROA **0.38%**, net profit margin **0.21%**.

High leverage
Liabilities / Total assets **0.77**; net debt around **VND 1,657.8 billion**.

Weak liquidity
Quick ratio **0.48** and cash ratio **0.09**.

Rising financial expenses
Interest expense in 2025 was around **VND 75.3 billion**.

High working capital dependence
Inventories account for **26.89%** of total assets; fixed assets and investment properties account for **29.92%**.

Low earnings quality
Profitability is under pressure due to thin margins in the steel / mechanical processing sector.

03 Case Study: Buyer Underwriting in the Steel Sector

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CURRENT RISK SCORE OVERVIEW

Risk score	Risk grade	Risk level	PD	Industry median risk score
818	FG-2	Very low risk	0.50%	587

RISK SCORE TREND



Why did the risk score increase?

- **Revenue expanded continuously**, reaching **VND 4,492.8 billion** in 2025.
- **PBT improved**, increasing from **VND 4.2 billion** to **VND 21.1 billion**.
- **Positive free cash flow was maintained**, supporting payment capacity.
- **Receivables and inventory management are better than the industry average.**
- **However, the score has not improved further** due to thin margins, high leverage and weak liquidity.

OVERALL ASSESSMENT

STRENGTHS

- **Profit recovered after a low-profit period:** PBT improved continuously, reaching **VND 21.1 billion** in 2025.
- **Positive free cash flow:** maintained positive value and increased continuously over the last three years.
- **Risk score improved along with business scale:** revenue increased to **VND 4,492.8 billion**, reflecting stronger operating capacity.
- **However, the improvement remains limited** due to thin profit margins, high leverage and weak liquidity.

WATCHPOINTS

- **Very thin profit margin:** ROA only **0.38%**, net profit margin **0.21%**.
- **High financial leverage:** Liabilities / Total assets **0.77**, net debt around **VND 1,657.8 billion**.
- **Weak liquidity:** Current ratio **1.07**, quick ratio **0.48**, cash ratio **0.09**.
- **ising financial expenses:** interest expense in 2025 was around **VND 75.3 billion**.
- **Steel / mechanical processing sector has thin margins**, sensitive to raw material prices and the construction – manufacturing cycle.

GENERAL ASSESSMENT

The company has a **strong risk score, improving trend and high recommended trade credit limit**. However, earnings quality remains thin, financial leverage is high and liquidity is not yet strong.

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