Overview of Dai-ichi Life Vietnam (DLVN)

General Director, Tran Dinh Quan

13th September 2016
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I. Vietnamese Market

(1) Vietnam Macro Economy

- GDP stays at 5-6% level. Economic outlook has improved, although it is indispensable for Vietnam to implement the structural reforms to accelerate its economic growth.
- Inflation is coming back due to the oil price rebound, while its level is still lower than the government forecast (3%).

**GDP Growth Rate**

- Progress of TPP and deregulation will certainly facilitate the economic growth and FDI
- Structural reform priorities are privatization, banking sector restructuring, etc
- Life insurance market is expected to grow further thanks to the middle class expansion

**CPI / Interest Rates**

- 10-year government bond yield sharply dropped from 9% to 6% level in 2014, and then the yield stays at around 7%
- Steady stream of FDI contributes financial market stability in Vietnam

(Source: General Statistics Office of Vietnam, Bloomberg, DLVN)
I. Vietnamese Market

(2) Life Insurance Market – Growth Potential

- Although market size (Premium Income) is still small, continuous growth can be expected based on population size & penetration level.

<table>
<thead>
<tr>
<th>Country</th>
<th>Premium Income</th>
<th>Population</th>
<th>Penetration</th>
<th>Premium Income /GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>371,588mil USD</td>
<td>127mil</td>
<td>90%+</td>
<td>8.4%</td>
</tr>
<tr>
<td>Thailand</td>
<td>13,297mil USD</td>
<td>68mil</td>
<td>N/A</td>
<td>3.6%</td>
</tr>
<tr>
<td>India</td>
<td>55,299mil USD</td>
<td>1,295mil</td>
<td>N/A</td>
<td>2.6%</td>
</tr>
<tr>
<td>Indonesia</td>
<td>10,159mil USD</td>
<td>254mil</td>
<td>5.8%</td>
<td>1.1%</td>
</tr>
<tr>
<td>Vietnam</td>
<td>984mil USD</td>
<td>92mil</td>
<td>6.2%</td>
<td>0.7%</td>
</tr>
</tbody>
</table>

Although market size (Premium Income) is still small, continuous growth can be expected based on population size & penetration level.

(Source: Reports of each countries of Insurance Institutions, EIU, Swiss Re)
1. Vietnamese Market

(3) Life insurance market situation with other countries

Although Premium Income/GDP of Vietnam Insurance Market is low score, Vietnam Insurance Market has a high potential for development with growth of their Economics and Importance of Life Insurance.

(Source: Data from Swiss Re)
I. Vietnamese Market

(4) Life Insurance Market – History & Our Position

1999 ~ : Opened to foreign insurers.
In 2015, 17 life insurers (2 domestic + 15 foreign insurers).
New & competitive market. Initially developed by Western life insurers.

First Year Premium
Renewal Year Premium

DLVN Market Share*
*Premium Income base

Market CAGR (2006-2015)
First Year Premium: +29.5%
Premium Income: +18.1%

DLVN entered in Vietnam in 2007

(Source: Association of Vietnamese Insurers)
Mainly through Agency channel is selling saving/investment-oriented products.
Alternative Channel (e.g. Bancassurance) has been growing rapidly.

**Distribution Channels**

- **Agency Channel** 94% (estimation)

- Bancassurance sales = around 6%

**Products**

- Investment Insurance 44%
- Endowment Insurance 43%
- Term Insurance 3%
- Others (Whole Life, Pension, etc.) 2%
- Riders 8%

13,265 Bil VND (71Bil JPY)

* 2015 New Business (First Year Premium) base
* 1 JPY = 185 VND (1 VND = 0.0054 JPY)

(Source: Association of Vietnamese Insurers)
II. About DLVN
### 2. About DLVN

#### (1) Overview of DLVN

<table>
<thead>
<tr>
<th><strong>Acquisition</strong></th>
<th><strong>18th January, 2007</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Head Office</strong></td>
<td>Ho Chi Minh City, Vietnam</td>
</tr>
<tr>
<td><strong>Chairman</strong></td>
<td>Mr. Takashi Fujii</td>
</tr>
<tr>
<td><strong>General Director</strong></td>
<td>Mr. Tran Dinh Quan</td>
</tr>
<tr>
<td><strong>Number of Employees</strong> (*)</td>
<td>739</td>
</tr>
<tr>
<td><strong>Number of Agencies</strong> (*)</td>
<td>About 50,000</td>
</tr>
<tr>
<td><strong>Number of Sales Offices</strong> (*)</td>
<td>155 End-July 2016, 170 sales offices.</td>
</tr>
<tr>
<td><strong>Charter Capital</strong> (*)</td>
<td>1,141bil VND (6.1bil JPY) End-July 2016, 1,767bil VND (9.5bil JPY)</td>
</tr>
<tr>
<td><strong>Assets</strong> (*)</td>
<td>7,652bil VND (41.3bil JPY)</td>
</tr>
<tr>
<td><strong>Premium Income</strong> (*)</td>
<td>3,539bil VND (19.1bil JPY)</td>
</tr>
<tr>
<td><strong>Number of Policies in Force</strong> (*)</td>
<td>About 380,000</td>
</tr>
<tr>
<td><strong>Profit after Tax</strong> (*)</td>
<td>102bil VND (550mil JPY)</td>
</tr>
<tr>
<td><strong>Solvency</strong> (*)</td>
<td>231% Regulation requirement : ≥ 100%</td>
</tr>
</tbody>
</table>

*1VND=0.0054JPY (End of Dec 2015)*
II. About DLVN
(2) DLVN Strategy

<table>
<thead>
<tr>
<th>Products</th>
<th>Diversification</th>
<th>Balance with 2 main products + Launch new products</th>
</tr>
</thead>
<tbody>
<tr>
<td>Educational</td>
<td>Agency</td>
<td>2 main products + Launch new products</td>
</tr>
<tr>
<td>Insurance</td>
<td>Expand Sales Network</td>
<td>(2 main products → UL: Universal Life, VE: Variable Endowment)</td>
</tr>
</tbody>
</table>

Premium Income Growth (Bil VND)

Growth Rate (YoY)

- **FYP**: Sustainable Growth
- **RYP**: Alternative Channel Development
- **Premium Income Growth (YoY)**

<table>
<thead>
<tr>
<th>Year</th>
<th>FYP</th>
<th>RYP</th>
<th>Premium Income Growth (YoY)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>473</td>
<td>585</td>
<td>-</td>
</tr>
<tr>
<td>2008</td>
<td>744</td>
<td>995</td>
<td>124%</td>
</tr>
<tr>
<td>2009</td>
<td>1,166</td>
<td>1,479</td>
<td>127%</td>
</tr>
<tr>
<td>2010</td>
<td>1,857</td>
<td>2,546</td>
<td>134%</td>
</tr>
<tr>
<td>2011</td>
<td>3,539</td>
<td>3,539</td>
<td>137%</td>
</tr>
<tr>
<td>2012</td>
<td>150%</td>
<td>150%</td>
<td>139%</td>
</tr>
<tr>
<td>2013</td>
<td>130%</td>
<td>130%</td>
<td>140%</td>
</tr>
<tr>
<td>2014</td>
<td>120%</td>
<td>120%</td>
<td>150%</td>
</tr>
<tr>
<td>2015</td>
<td>110%</td>
<td>110%</td>
<td>160%</td>
</tr>
</tbody>
</table>

**FYP TOP3 By 2018**
II. About DLVN

(3) Sales Channels – Agency Channel

- Agency Channel is the current Main Engine of DLVN topline growth.

| New Business | 
|-----------------|-----------------|-----------------|
| factors        | 2010 | 2015 | Growth |
| Active FCs*    | 2,243 | 4,491 | 200%   |
| (month/Avg)    |      |      |        |
| Policies In-force | 177,845 | 366,999 | 206% |
| Sales Offices  | 55   | 153  | 278%   |

*Active FCs : FCs (Financial Consultant) who sell more than 1 Insurance policy within 1 month.

<table>
<thead>
<tr>
<th>Renewal Year Premium</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Bil VND)</td>
</tr>
</tbody>
</table>
| 500 | 1,000 | 1,500 | 2,000 | 2,500 | Introduced Customer Loyalty Program from 2013 (Includes additional Points for customers’ voluntarily renewal premium payment.)

Sales Method

- **Customer Seminar**
  
  Organize Seminar regularly to let customers understand well about risks of life, family money management, and necessity of life insurance product.

- **Dai-ichi Financial Advisory Center in HCM & Ha Noi**
  
  Enhance Individual sales, and increase MDRT* qualifiers.

  *MDRT: Million Dollar Round Table
II. About DLVN

(3) Sales Channels – Alternative Distribution

- Developing Alternative Channel via collaboration with several banks, VN Post & other distributions.

Current Partners

- **Exclusive**
  - HD Bank
  - VP Bank
  - Sacombank

- **Non Exclusive**
  - ACB
  - OCB

- **Others Distribution**
  - VN Post
  - Mocap
  - Corporate Agents, Brokers, etc

New Business

- Aim to contribute **10%** of First Year Premium in end 2016

- Japan Post Insurance(Kampo), Dai-ichi Life Japan, and Vietnam Post have signed the memorandum with regard to their trilateral collaboration in providing life insurance services in Vietnam on 19th April 2016.

- Kampo life will share to DLVN and VN Post their **Know-how of Life Insurances sales through the Post distribution**.

- Already had several meetings among Dai-ichi Life, Kampo, and DLVN about cooperation in Vietnam.

- About DLVN

- **Bancassurance**
  - Exclusive
  - HD Bank
  - Non Exclusive
  - ACB
  - OCB
  - VP Bank
  - Sacombank

- **Others Distribution**
  - Exclusive
  - VN Post
  - Mocap
  - Corporate Agents, Brokers, etc
III. DLVN – Management Philosophy
Through the long term commitment from Dai-ichi Life Japan, DLVN has achieved higher growth than the market average.

- **Same Corporate Mission**
  - 一生涯のパートナー
  - By your side, for life
  - “Gắn bó dài lâu”
  - (= Lifetime Partner)

- **Long-term Commitment**
  - Committed local management team
    - (only two CEOs since the foundation of 2007)
  - Strong capital supports for the above market growth

- **Group synergy**
  - Respecting each other, Learning from each other, Growing together
  - (e.g.) Providing DLVN agency business experiences to other DL group companies to generate value creation synergies
DLVN has been committed to various CSR activities to make contributions to Vietnamese society. 
DLVN will establish a CSR Foundation for long-term and well-planned CSR activities throughout the country.
III. DLVN – Management Philosophy

(2) Our CSR Activities

- DLVN has been committed to various CSR activities to make contributions to Vietnamese society.
- DLVN will establish a CSR Foundation for long-term and well-planned CSR activities throughout the country.

Received “Prime Minister Award”
Since established, DLVN have conducted CSR activities, and spending a total of more than 15 billion Vietnamese dong (as of 30/06/2016). DLVN received the “Prime Minister Award” in 2014, because these activities was esteemed to have contributed to the growth of Vietnam.
THANK YOU