

Asahi Mutual Life Acquires a Vietnamese Life Insurance Company—Limited Impact on Rating

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion regarding Asahi Mutual Life Insurance Company (security code: -) reaching an agreement with Canada's The Manufacturers Life Insurance Company (Manulife) to commence procedures for acquiring Vietnam's life insurance company, MVI Life Co. Ltd. (MVI Life).

- (1) Asahi Mutual Life Insurance Company (the "Company") announced today that the Company had agreed on the acquisition of MVI Life with the parent company, Manulife. The acquisition price of all shares is USD 170 million (approximately JPY 26.3 billion), and the Company plans to fully finance the acquisition amount with its fund on hand. JCR places "Positive" outlook on the Company's issuer rating, and given the relatively small burden associated with this acquisition, JCR judges that the impact, including that on the outlook on the issuer rating, will be limited.
- (2) The Asahi Mutual Life Group's domestic insurance business performance has been solid. Under the three-year medium-term management plan starting April 2024, the Company stated that it would pursue new business development in overseas operations to accelerate the transformation to a business model capable of sustained growth beyond 2030. JCR views this transaction as part of strategic initiatives aligned with this policy. Since commencing operations in Vietnam in 2017, the Asahi Mutual Life Group has steadily expanded its business, including establishing a local subsidiary in 2023 to engage in insurance agency business. Acquiring MVI Life, which possesses a certain business foundation in a region where the Group has know-how, is expected to contribute to diversifying the Group's business foundation and revenue sources.
- (3) The Asahi Mutual Life Group demonstrates relatively high soundness as seen in factors such as ESR, and the negative impact of this acquisition on its financial foundation is expected to be limited. The Group has been advancing the sophistication of its ERM, and JCR assesses that an economic value-based approach has become deeply spread within the Group. This acquisition is the Group's first-ever overseas insurer M&A. Steady progress in the acquisition procedures and ensuring post-acquisition management and operational frameworks are important. JCR will pay attention to the building of the Group's unified governance structures and PMI for MVI Life.

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<Reference>

Issuer: Asahi Mutual Life Insurance Company

Long-term Issuer Rating: A- Outlook: Positive

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