

(Unofficial Translation)

FY2016-3Q Financial Results Conference Call for Institutional Investors and Analysts
Q&A Summary

Date: February 14, 2017 19:40 - 20:25
Respondent: Seiji Inagaki, Director, Managing Executive Officer
Dai-ichi Life Holdings, Inc. (the “Company”)

< Business Management >

Q1: Will the management structure change after you (Seiji Inagaki) assume office as president? In addition, do you intend to revise your medium-term management plan?

A1: My current role is to oversee corporate planning and I have been working closely with our current president (Koichiro Watanabe) in structuring our management policy which will continue to be our basic management policy. As for our medium-term management plan, fiscal year 2017 will be the final year of the current three-year period plan and our position is to maintain our current plan.

Q2: Central banks around the world are changing their policies and it is possible that interest rates could rise in the future. What are your views on changes in the interest rate environment in the medium term?

A2: The interest rate environment is important when we consider profitability for the upcoming fiscal year and onwards. The steepening of yield curves globally will positively impact our business. At Dai-ichi Frontier Life, as we hope for a rise in interest rates in the future, sales of certain yen-denominated products have resumed since last December. However, the Bank of Japan has announced their commitment to low interest rates through comprehensive validation. In considering the environment from April, rather than taking an overly aggressive approach, we will consider how we move forward based on the assumption that low interest rates will continue for a while.

Q3: Some domestic insurance companies have announced that they would lower their assumed rate of return on policies and raise insurance premium rates. What will be Dai-ichi's strategy from April?

A3: While we expect the standard rate of return to be revised, Dai-ichi is devoted to a unique product strategy. Unfortunately, I cannot share details at this point in time and we kindly ask you to please wait for further announcements.

Q4: I understand that variable annuity sales are facing an upward battle in the United States due to the tightening of fiduciary duties. Would there be a positive impact to your U.S. business from the easing of financial regulations or the rise in U.S. interest rates?

A4: Changes in U.S. financial regulations will have an effect on Protective. We are carefully monitoring the latest regulatory trends but since there is nothing concrete at this stage, I cannot comment at this point in time. But having said so, because Protective is engaged in the variable annuities business, there should potentially be a positive effect in general if regulations are eased.

< Results for Dai-ichi Life on a non-consolidated basis >

Q5: Could you explain the reason why derivative transaction gains of 38.1 billion yen booked in the first half turned to losses of 0.4 billion yen? Also, could you explain why gains on sale of securities increased compared to the end of the first half?

A5: The reason why derivative transactions turned to loss was because of market fluctuations. During the first half, there were hedge gains because of the stronger yen caused by events, including the referendum on Brexit. However, due to the improvements in the financial environment during the third quarter, we incurred losses. Gains on sale of securities increased due mainly to gains related to duration adjustments of policy-reserve-matching bonds which we regularly initiate every year.

Q6: Could you explain why losses on sale of securities increased during the third quarter? In addition, unrealized gains on foreign bonds are decreasing because of the rise in overseas interest rates. Are you planning to take any measures against these changes?

A6: Regarding foreign bonds, we booked losses because of a reshuffle aimed at improving interest income. Gains are secured for our entire foreign bonds portfolio and yield to maturity on a book value basis is at a high level. We will not be making significant changes to our asset management policy solely because of the rise in U.S. interest rates.

< European Embedded Value >

Q7: Please share with us any information on new business value for the cumulative third quarter.

A7: Taking into account the financial environment as of the end of December 2016, we calculate the value of new business for the nine months ended December 2016 to be around 1.5 times of that of the first half.

Q8: Individual annuities drove Dai-ichi Life's increase in new business on an annualized net premium (ANP) basis. From an economic value standpoint, I do not believe that it is feasible to sell individual annuities in a low interest rate environment. On the other hand, third-sector products for the third quarter (three-month period) increased year-on-year by about 40%. Could you explain why?

A8: Basically, level premium is applied for individual annuities. Investment is based on future cash in-flow so the rate of return is not fixed with the applied interest rate at the time a given insurance agreement has been executed. We understand there is criticism regarding the fact that individual annuity policies are continuing to be sold. However, consumer demand for this type of product is strong and we believe that it is a valuable product that supports the activities of our sales representatives. The number of customers is increasing and we believe it will help our future activities. We are planning to revise our assumed rate of return that is to be applied from April 2017, so the current trend is expected to continue until the end of the fiscal year.

As for the increase in third-sector products, a new corporate protection-type nursing insurance which was launched last September was well accepted and drove new business on an ANP basis during October to December.

< Earnings Results / Forecast >

Q9: Ordinary profit of Dai-ichi Frontier Life (DFL) was approximately 40 billion yen and was significantly higher than the annual plan of 21 billion yen. I understand that market fluctuation was the main cause but if results are much higher than the plan, it could be misleading in evaluating earnings results. Is DFL planning to increase reserve for price fluctuations? Or in order to balance profit of the entire group, is there a possibility that Dai-ichi Life will book loss on sales of foreign bonds aimed at improving income returns?

A9: We are basically not considering taking any specific measures because DFL results were higher than expected. If the current environment continues, DFL results will be higher against the annual plan. At the same time, Dai-ichi Life is expected to end the fiscal year below plan. Considering this balance, we have not revised our annual forecast.

Q10: Net income attributable to shareholders of parent company is above the annual plan. I believe you should be able to achieve your annual plan even if there are any events that could adversely impact the market in the fourth quarter. Please help us understand how we should think about the risks of impairment loss on Toshiba stocks and potential losses from loans to Toshiba.

A10: I would like to refrain from making comments relating to a specific company. However, looking at the entire picture, even if there is some adverse market shock, I believe we will be able to absorb any impact within the range of our annual profit.

Q11: When we look at gross unrealized gains and losses on domestic stocks, unrealized losses were 26.6 billion yen. Does this account for all held stocks with unrealized losses?

A11: Your understanding is correct.

Q12: I assume you will revise your policyholder dividend policy for group annuities in this period. How large would the impact be when considering the annual forecast?

A12: We are reviewing our policyholder dividend policy for group annuities based on persisting negative interest rates. We believe there will be a positive impact to accounting profit but I will not comment on how large the amount will be.

Note: We made partial additions and alterations in preparing the above summary for clarity.

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