

(Unofficial Translation)
FY 2017 Financial Results Conference Call for Institutional Investors and Analysts
Q&A Summary

Date: May 23, 2018 16:00 - 17:00
Respondent(s): Seiji Inagaki, Representative Director, President
Munehiro Uryu, Managing Executive Officer
Tatsusaburo Yamamoto, Managing Executive Officer
Taisuke Nishimura, Chief of Corporate Planning Unit
Dai-ichi Life Holdings, Inc. (the “Company”)

Q1: With respect to the current Medium-term Management Plan, based on your current capital level, what size and which field you consider for M&A?

A1: Our current medium-term target of 250 billion yen in Group adjusted profit will be achievable with organic growth of existing group companies rather than large investments. While we maintain our total payout ratio at 40%, we maintain internal reserves for flexibility for future opportunities. For instance, the holding company may make additional investment in emerging countries and subsidiaries that require capital to maintain high growth. However, we do not expect any large scale M&A activities in the next three years. (Inagaki)

Q2: You have disclosed Operating ROE. What is background for disclosure and what level of Operating ROE you want to achieve?

A2: ROE calculated based on accounting standards without adjustments may not be ideal as an indicator of capital productivity. For instance, when interest rates decline, unrealized gains on bonds will increase and ROE will decrease. Therefore, operating ROE is calculated and disclosed using the same method as North American life insurers. Having said that, it is difficult to set goals due to the influences such as tax reform in the US observed in previous period that led to an increase in capital, negatively effecting operating ROE. Nevertheless, we will aim for continued two-digit level exceeding levels of that of North American life insurers as well. (Inagaki)

Q3: If you consider the fact that on an accounting basis you retain 60% of Group adjusted profit and on an economic value basis, assuming that EV of about 6 trillion yen will grow by 8%, there should be a reasonable amount of investment capacity. What are your thoughts on usage of that investment capacity?

A3: Not all of Group adjusted profit is remitted to the holding company because some of the Group companies are still of accumulating capital. Regarding investment capacity, we retain a certain amount of internal reserves so that we are able to respond flexibly to future business opportunities. (Inagaki)

Q4: Regarding overseas investment, you have indicated earlier that you put high priority on the Mekong region and North America. Any changes in your thinking? The news reported this company entering China. In this sense, what do you think about perspectives in China?

A4: There is no change in priority of region. The Mekong region still has the highest priority, and if there are other investment opportunities in countries where we already have presence, the holding company will provide support. Regarding China, we see that some companies are advancing in areas related to FinTech and InsTech so we will continue research actively, but we do not expect deployment of capital. (Inagaki)

Q5: Would you consider IFRS based disclosure instead of disclosing EV?

A5: We are still exploring internally and so far we are not totally convinced whether a life insurance company's business condition can be accurately conveyed using IFRS. We believe disclosing EV provides more information. For the time being, we will continue to disclose EV as an economic value indicator. If more investors seek disclosure of financial results based on IFRS, we may consider disclosures based on IFRS. (Inagaki)

Q6: The RBC ratio of Protective is declining due to the acquisition of Liberty Life's individual life and annuity businesses. In this sense, please tell us about the recovery pace of capital capacity and the growth potential of the acquisition business?

A6: As you pointed out, the capital amount of Protective declined as a result of the recent acquisition. But capital level will recover through accumulation of free cash flow. We are not disclosing exactly how much and how long, but in the next 3 years we think it would be possible for Protective to conduct an acquisition equivalent in scale to the Liberty Life deal. (Yamamoto)

Q7: Considering the growth rates in value of new business in domestic life insurance business in FY 2017, for the medium term period, disclosed growth rates seems to be rather conservative, what do you think about it? And if the value of new business will grow more than you expect, can we expect an increase in Group adjusted profit as well?

A7: Value of the new business has grown considerably as a result of a shift to protection-type products in FY 2017. Considering that the current sales portfolio will be maintained, we believe that such rapid growth will be difficult to maintain. Regarding accounting profit, value of new business takes time to be realized and also a low interest rate environment puts downward pressure in yields so we do not expect adjusted profit to grow in short-term. (Inagaki)

Q8: Can you explain the reasons for the increase in sales by Total Life Plan Designers?

A8: As the attractiveness of savings-type products declined with low interest rates, sales of protection-type products that provide coverage for three major diseases and nursing care grew as

a result of training Total Life Plan Designers to be knowledgeable of these products. Sales of Frontier Life's foreign-currency-denominated products also contributed to the sales growth. (Uryu)

Q9: Regarding competition in the domestic life insurance market, other companies have substantially lowered insurance premium rates, how do you deal with it?

A9: What you have pointed out is related to death protection insurance and we believe that there might be some differences based on products specifications, age and gender. In the case of Dai-ichi Life, rather than focusing on death protection products, we are strategically pricing medical and nursing care products that are aimed to support healthy living. (Uryu)

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

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