

(Unofficial Translation)
FY2018-2Q Financial Results Conference Call for Institutional Investors and Analysts
Q&A Summary

Date: November 14, 2018 19:00 - 20:00
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Dai-ichi Life Performance

Q1: How will the rise in hedging cost affect the Dai-ichi Life's assets allocation and capital gains and losses in the second half?

A1: The full-year guidance incorporates the further rate hike in the US, and we believe that we can control our annual results to be within the guidance, while promoting efforts toward cost control such as diversification of currencies. Domestic interest rates slightly increased, but even at this level, there is no change in our policy for not purchasing Japanese government bonds except for the purposes of maintaining duration.

Q2: Please explain the reason why an interest and dividends income exceeded your initial plan?

A2: Number of factors including the increase of dividends from domestic stocks and increase of interest income on foreign bonds, etc. Also, although it is not at the same level as it was recorded last year, gains on redemption of mutual funds also contributed.

Q3: Dai-ichi Life's gains from core insurance activities were higher YoY for the first quarter and the second quarter; do you assume same pace of improvement in the second half?

A3: The main reason for gains from core insurance activities was that when the standard interest rate was revised in FY 2017, Dai-ichi Life did not change the assumed interest rate of guaranteed products, so the provision of standard policy reserves increased. In 2018, due to the change in the assumed interest rate in line with the sale of "Just", provision of the standard policy reserves decreased. However, it cannot be assured that that the gains from insurance for second half will progress at the same pace.

Q4: What are the reasons for both the risk margin and the gains from core insurance activities excluding the risk margin are higher YoY? Also, which accounting item includes the increase in provision of standard policy reserves?

A4: The change in provision of standard policy reserves is reflected in risk margins. The main reason for the increase of gains from insurance activities excluding risk margins, is that the operating expenses have decreased by 9.9 billion yen. The decrease was against higher compensation for

sales reps recorded in prior fiscal year due to a rush demand towards the end of previous fiscal year when premium rates were revised. As there is a timing lag for expenses including systems related investment, it is not necessarily that the progress will be at the same pace in the second half.

Q5: Looking at the data on page 24, the book value balance of Dai-ichi Life's domestic stocks is gradually decreasing; can we assume that it is a strategic move?

A5: The decrease is a result of implementing ALM with medium to long-term perspective.

Neo First Life Performance

Q6: Neo First Life's value of new business contributed as much as 15.6 billion yen in the second quarter, but how much of "Neo de Kigyo" contributed to it?

A6: Due to difficulty in cost allocation EV is calculated on a per company basis and we do not calculate value of new business by product. However, in the first half of last year, when sales almost entirely represented with medical insurance products, while the new business margin was 14.12%. And when the sales of "Neo de Kigyo" increased, the new business margin declined to 5.08%. It is possible to infer the degree of influence from such decline.

Q7: Considering that the new business ANP for the third sector has tripled YoY, could we assume that the difference between the tripled value of new business (*ultimate unit-cost based*) for first half of last fiscal year and the value of the new business for the first half of current FY could be explained by increase in the sales of "Neo de Kigyo"?

A7: Although it is not that large, the dynamics direction is roughly as you stated.

Q8: What is the share of sales reps channel in the sales of "Neo de Kigyo"? The total value of new business for the three domestic companies decreased YoY, could that negative impact resulting from shifting sales reps to selling "Neo de Kigyo"?

A8: As shown in the reference material on page 22, sales of "Neo de Kigyo" by sales reps has just from August only and ANP basis amounted to only 3.4 billion yen. We believe that we should sell products that meet the needs of our customers, and we are going to focus on sales of "Just".

Q9: Operating expenses are increasing at Neo First Life, will it continue in coming quarters? Also, please explain what does the affiliated agents channel mean?

A9: Increase in operating expenses are due to increased sales. An affiliated agents is a channel in which a salesperson visits customers directly, and it is different from agency channel such as an insurance shop.

European Embedded Value (EEV)

Q10: Please explain the trend in the value of new business for the whole group and also for each company?

A10: In domestic life insurance business, we are promoting a multi-brand multi-channel strategy, therefore it is necessary to look the new business as a total for the three domestic life insurers. Moreover, while the value of new business at Dai-ichi Frontier Life has declined YoY, as indicated on page 17 of the document, there are other components that contribute to the growth such as realization of investment spreads, so in addition to the value of new business it is necessary to see including such components. For Dai-ichi Life, the value of new business declined YoY due to changes in the product mix. To address it, in the second half we are strengthening "Just" sales to new customers.

Q 11: Dai-ichi Life's new business margin 6.48%, which is lower YoY can you explain what factors caused such decline?

A11: We see the changes in the product mix as main factor. As a result of responding to customer needs, the ratio of savings products increased affecting the new business margin.

Capital policy

Q12: Do you plan any major capital and asset management policies changes?

A12: Currently we do not plan any capital policy changes.

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

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