(Unofficial Translation)

Financial Analyst Meeting for the Six Months Ended September 30, 2018

Q&A Summary

Date: November 22, 2018 16:00 - 17:00

Participants: Seiji Inagaki, President and Representative Director, Dai-ichi Life Holdings, Inc. (the "Company")
Tatsusaburo Yamamoto, Managing Executive Officer
Taisuke Nishimura, Chief of Corporate Planning Unit
Tetsuya Kikuta, Director and Managing Executive Officer, The Dai-ichi Life Insurance Company, Limited ("Dai-ichi Life")
Kazuyuki Shigemoto, Chief of Investment Department, Dai-ichi Life

[Questions and Answers]

(Note) The name of the respondent is mentioned at the end of each answer.

Medium-Term Business Plan

Q1: Please share with us any progress or challenges so far towards achieving Group adjusted profit targets?

A1: The Adjusted Profit of three domestic life insurance companies increased YoY mainly due to the decrease in the provision for policy reserves at Dai-ichi Life. Though there might be some temporary ups and downs in earnings during the course of business to FY2020, we believe that our core capabilities will be enhanced through profit contribution from acquisition of Liberty Life and Suncorp Life. (Yamamoto)

Capital Policy

Q2: Your Economic Solvency Ratio (ESR) at the end of September 2018 reached 186%, please explain to us how you will utilize capital surplus if ESR exceeds your target range of 170 ~ 200%?

A2: While we cannot answer to your question directly, if there is any attractive project with return that exceeds the equity cost of capital of 8%, we may consider such risk taking; otherwise we may consider returning excess capital to shareholders. (Inagaki)

Q3: In the case of a negative scenario when interest rates and stock prices decline, and the yen appreciates, how you will maintain adequate level of ESR?

A3: Assuming that the global financial environment may deteriorate from the next fiscal year, we are conducting operations to reduce risk in our portfolio by improving the quality of assets. Based on changes in the financial environment we may also considerably increase hedging. (Kikuta)

<u>Domestic Life Insurance Business</u>

Q4: New business Annualized Net Premiums (ANP) of three domestic life insurance companies combined, increased by more than 40% YoY. Do you think the growth is sustainable or do you see any risk to it?

A4: In the first half of the current fiscal year, we were able to substantially increase sales by combining the product development capability of three domestic life insurance companies with Dai-ichi Life’s historically strong channel capability. However, we assume that this trend may slow down to a certain extent, as the significant part of that sales growth came from increased demand for Neo-First Life's insurance for business owners. The YoY decrease in the value of new business is our current concern. Generally, when we launch new product, we first approach to our existing customers who have long-time established relationships with us, what may result in lower value of new business comparing to selling to new customers. This trend was notable in the first half of the fiscal year but since October we started promoting our new product to new customers especially young people. (Inagaki)

<u>Asset management of Dai-ichi Life</u>

Q5: You have explained the risks associated with substantially reducing risk assets under the current capital regulation; but if the regulation is changed, will you change your policy and reduce risk assets; or you will not consider the possible impact on investment income flow?

A5: We do not expect any major changes in our investment policy even if the capital regulation is changed. Dai-ichi Life has a costly liability in the general account, and this is the fact. We believe it is difficult to generate return exceeding that high liability cost, only with fixed-income assets. (Inagaki)

Q6: Do you take into account maximizing shareholders value when formulating your investment policy? And please share you views on the factors that make your stock price to EV multiple to be so low?

A6: We think that the stock price to EV multiple is low due to the high volatility associated with our balanced investment strategy. And we adopt such asset management policy because we believe that the negative impact on the corporate value would be greater if we cannot keep our return commitment to policy holders after changing our portfolio. (Inagaki)

Q7: What was your intention behind explaining your investment policy this time or is there an expected change in investment policy after just a half into the new medium-term management plan (hereinafter "mid-term plan")?

A7: Of our three growth engines for our the mid-term plan, on domestic life insurance business we have explained in May earlier this year, we dedicated Analyst Day to the second growth engine

- overseas life insurance business where we explained about progress at Protective and TAL. So since launching the new mid-term plan we did not have a chance to explain about our third growth engine that is the asset management business. (Inagaki)
We do not have any changes in investment policy since launching the mid-term plan. (Kikuta)

Q8: You have explained that you will change your asset portfolio when interest rates are on the rise, but based on your simulation, what is the trigger level of interest rates that would lead to the change?

A8: We have set the specific trigger level after consideration of the cost of liability and when the interest rates reach that trigger level we will change the portfolio. (Kikuta)

Q9: Do you think it would be possible to shift from risk assets to fixed-income assets when interest rates rise without an adverse impact from market? Moreover, as interest rates rise, it is expected that market volatility will increase, please share your view on whether you will have sufficient capital to cope with volatility and you do not need to procure additional capital?

A9: Although it is difficult to quantify the extent of the market impact and the extent of the cost associated with portfolio mix shift, we do take into consideration simulation that generate ten thousands of different scenarios and make decision so that we do not need to raise additional capital. (Inagaki)

Q10: Though it seems that you are slowing down the pace of reducing domestic equities in recent years, is there any room for accelerating the pace to take advantage of relatively high current stock prices?

A10: Although we cannot provide detailed numbers on our plans for reducing domestic equities, of course our investment policy assumes realizing profits through partial selling during the current mid-term plan. The pace of reduction has slowed recently as a result of the significant decline in interest rates that forced us to maintain risk assets. (Kikuta)

Q11: You have explained that with a rise in interest rates you plan to reduce risk assets, but what would you do if stock prices fall simultaneously?

A11: The break-even point of Dai-ichi Life's domestic stocks is as low as 10,000 yen in terms of the Nikkei index. Moreover, in the risk-off or recession scenario, we will respond flexibly accelerating pace of reduction of domestic equities reduction and constructing highly effective hedge positions. (Kikuta)

Q12: Correct me if I misunderstood your explanation. Your medium to long-term portfolio simulation assumes that the economic value-based capital will be tripled in the 10 years following FY 2017? If so, please explain factors contributing to such increase? And to

realize it will you take a prudent strategy rather than aggressive high-risk high-return approach to build economic value-based capital while gradually reducing the amount of risk assets?

A12: You are correct if you assume expected growth includes the value of new business. We are striking the balance between maintaining economic value based capital and statutory capital after considering current cost of liability we believe that our present approach is appropriate under existing circumstances. (Kikuta)

Q13: With regard to the page 36 of the presentation, while we observe globally that both financial reporting and capital regulations are moving towards economic value based approach and there are many life insurance companies that do not hold equity in their portfolios, please explain reasons for your strong emphasis on current financial reporting?

A13: From the standpoint of running the company as going concern, the increase of ESR is only temporary, and it is in the best interest of policy holders and shareholders if we change the portfolio accordingly with the change in the interest rate levels in the medium to long-term. (Inagaki)

<u>Asset management business</u>

Q14: Two asset management companies in which you have minority interest do not make a sizable profit contribution. Is there any possibility for changing your current strategy in the future?

A14: We are constantly discussing future strategies. We think that having the asset management business in our business portfolio is rational also from the capital efficiency standpoint. And we discuss options to effectively manage and operate them in order to increase the contribution in the mid- to long term perspective. And one of the considered options is to have some controllable interest in an entity in that business. (Kikuta)

<u>Others</u>

Q15: Do you have any dialog with the Bank of Japan regarding its monetary easing policy?

A15: Whenever we have an opportunity to communicate with the Bank of Japan, we express our view that it is appropriate to let the market dictate the ultra-long-term yield curve. (Kikuta)

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

【Disclaimer】

The information in this material is subject to change without prior notice. Neither this material nor any of its contents may be disclosed or used by any other party for any other purpose without the prior written consent of the Company.

Statements contained herein that relate to the future operating performance of the Company are forward-looking statements. Forward-looking statements may include – but are not limited to – words such as "believe," "anticipate," "plan," "strategy," "expect," "forecast," "predict," "possibility" and similar words that describe future operating activities, business performance, events or conditions. Forward-looking statements are based on judgments made by the Company's management based on information that is currently available to it and are subject to significant assumptions. As such, these forward-looking statements are subject to various risks and uncertainties and actual business results may vary substantially from the forecasts expressed or implied in forward-looking statements. Consequently, you are cautioned not to place undue reliance on forward-looking statements. The Company disclaims any obligation to revise forward-looking statements in light of new information, future events or other findings.