

(Unofficial Translation)
FY2018-3Q Financial Results Conference Call for Institutional Investors and Analysts
Q&A Summary

Date: February 14, 2019 19:00 - 19:45
Respondent: Taisuke Nishimura, Chief of Corporate Planning Unit
Dai-ichi Life Holdings, Inc. (the “Company”)

Dai-ichi Life Performance

Q1: Within the total gains on sales of securities what is the share of domestic stocks?

A1: Domestic stocks accounted for about 20% of the total year-to-date gains on sales of securities.

Q2: Approximately 32 billion yen was recorded for the third quarter alone as foreign exchange losses which compares approximately 36 billion yen for the first half of the year, while. Is it due to an increase in hedging costs, or temporary item related to valuation of foreign currency deposits?

A2: Foreign exchange losses in the third quarter are primarily hedging costs, and valuation of foreign currency deposits are not a major factor. In addition, as for whether the company continue to record same amount in the future, it should fluctuate depending on the rollover timing of the foreign exchange forward contract and the change in currency mix.

Q3: Please explain how foreign bond mix has changed at Dai-ichi Life?

A3: At the timing of the rise in US interest rates in the third quarter the Company traded US dollar bonds.

Q4: Losses on sales of securities of Dai-ichi Life expanded in the third quarter, will such trend continue in the fourth quarter?

A4: Dai-ichi Life plans to sell shares and execute scheduled rebalance of policy reserve matching yen bonds, we expect a certain degree of gains on the sale of securities in the fourth quarter.

Q5: With regard to your investment operations from October to December, is it correct to understand that you have responded to the rise in interest rates around October but no other major operations were carried out? Also, please explain your current investment strategy?

A5: Your understanding on our investment operations from October to December is correct. Since we have a conservative view on the US market, the Company will act flexibly to the market.

Q6: Is there any change in sales trend of JUST? Also, please let us know the outlook for the value of new business for the second half based on that trend?

A 6: JUST sales continued to be strong and we also steadily progressing with extending sales to young people, which was our initiative for the second half. In addition, at Dai-ichi Life, sales of dementia insurance are strong and we expect they will make a meaningful contribution to the value of new business.

Insurance for Business Owners

Q7: Please let us know which products for business owners are suspended effective today and what was the share of suspended products in the first half sales?

A7: We suspended sale of "Success" (long & fixed term insurance), "Majesty" (increasing benefit fixed term insurance), "Exceed" (income protection fixed term annuity)", sold at Dai-ichi Life, and Neo First Life's "Neo de Kigyō". The sales of these products amounted to approximately 95 billion yen out of the total of 315 billion yen, the total new business ANP of the three domestic companies for the first three quarters. Regarding the impact on value of new business, as we shared during first half results announcement, these products have relatively lower margins, so we consider about 10 to 20 billion yen for the year.

Q8: You mentioned that the value of the new business on sales of insurance for business owners was between 10 to 20 billion yen on annual basis, if the sale is suspended, will it have significant impact on the Group's results. What are your expectations for the coming terms?

A8: We are focusing on selling JUST, our flagship product, to new customers. In addition, sales of dementia insurance, launched in December, are strong. These products have higher margins and we believe they will contribute to the value of new business.

Q9: With the suspension of sales of insurance for business owners such as "Neo de Kigyō", to which products you will shift your sales?

A9: In addition to sales of medical insurance, Neo First Life will develop products that respond to the needs of small and medium businesses such as business continuity and business succession. We will continue to provide attractive products in the future by utilizing sales channels that have greatly expanded with the sales of "Neo de Kigyō".

Dai-ichi Frontier Life

Q10: Dai-ichi Frontier Life displays net return on certain products. Please explain when the Company started displaying it? Also, was there any impact on sales after displaying net return?

A10: Dai-ichi Frontier Life displays net return on main saving type annuities since their launching date. For other products, although they are not shown in the form of actual return, the total return on surrender value is displayed. In the future, as soon as the industry standardizes display method, we plan to adapt to such standard.

Q 11: Can you explain why, despite the fact that both Australian dollar and US dollar interest rates declined between September and December MVA related gains/ losses were positive? Also, what is the current breakdown of the balance of Australian dollar (AUD) and US dollar (USD) denominated products?

A11: In Dai-ichi Frontier Life, since the crediting rates are set twice a month, the movement of the market interest rates since then and the reserve interest rates may deviate. Looking at policy reserves balance for foreign currency-denominated products, the share of AUD and USD denominated are about 60% and 40% respectively, but about 80% of the new sales are denominated in USD.

Overseas Life Insurance Business

Q12: Please explain whether the increase in claims at TAL shall be considered a temporary factor or not? Also, how much do you anticipate profits contribution through the acquisition of Suncorp Life?

A12: Please consider the increase in claims as a temporary factor. Acquisition of Suncorp Life is progressing steadily, although due to slower regulatory approval process the initial schedule is slightly delayed. Regarding contribution to earnings, we anticipate a certain integration costs during the initial years of acquisition.

Q13: If the RBC ratio falls below 400% as a result of acquiring policy block from Great West, will there be a certain period of time until Protective can make new acquisition?

A13: Based on the size of the acquisition we also anticipate funding including financing from the holding company so that RBC ratio will be maintained above 400% even after the acquisition. We do not foresee new acquisition as of now, and we assume that certain time and resources will be allocated to PMI of this acquisition.

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

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