

(Unofficial Translation)
FY2019-1Q Financial Results Conference Call for Institutional Investors and Analysts
Q&A Summary

Date: August 9, 2019 18:45 - 19:15
Respondent: Taisuke Nishimura, Chief of Corporate Planning Unit
Dai-ichi Life Holdings, Inc. (the “Company”)

FY2019-1Q Financial Results

Q1: Group adjusted profit has already reached 39% of the Company’s full-year guidance. Is this result exceeds your expectations? Also, what is the reason for Protective earnings to be particularly high?

A1: Group adjusted profit is in line with our expectations. Profits from the Acquisition segment and improvement in the Life Marketing segment contributed to Protective’s results.

Q2: What was the reason for improvement in capital gains? Can we expect high levels for the rest of the fiscal year?

A2: The main factor for improvement in capital gains was that we managed to reduce losses related with exchange of foreign bonds to improve yields and gains on sales of securities as a part of our efforts to reduce stocks on-hand. In addition, derivative transaction gains and losses improved as a result of flexibly adjusting balances through currency hedging in preparation for a market decline.

Q3: In the current low interest rate environment, operations to improve foreign bond yields as in the previous year can be considered difficult. Also considering the decline in hedge costs, can we assume that capital gains will remain at current high level for the rest of the fiscal year?

A3: We will refrain from commenting on the outlook because it depends on market conditions.

Dai-ichi Life Performance

Q4: As for Dai-ichi Life insurance, dementia insurance is not so sensitive to interest rates. Are you considering revising products that are highly sensitive to JPY interest rates?

A4: We have no plans regarding product revisions or changes. Dai-ichi Life's product strategy is focused on third sector products such as JUST and dementia insurance. These products have high new business margins regardless of interest rate fluctuations. Savings-type products are handled by Dai-ichi Frontier Life.

Q5: Do you recognize that Dai-ichi Life's savings-type products maintain sufficient profitability even in the current interest rates environment?

A5: Dai-ichi Life products are sold through the Total Life Plan Designers channel. Our strategy is to strengthen profitability of products as a whole by offering a product lineup that meet customer needs. While we also sell level premium annuities to certain extent, we secure sufficient profitability.

Q6: Please explain the reason behind decrease in gains from core insurance activities categorized under fundamental profit of Dai-ichi Life?

A 6: The main factor is the impact of revision of group insurance premium rates.

Q7: Based on prior question will group insurance policyholder dividends for the full year be reduced due to this decrease?

A7: That is roughly true.

Q8: The amount of provisions for additional policy reserves has decreased YoY. Will this trend continue for the rest of the fiscal year and beyond?

A8: Generally, the amount of provisions will not fluctuate significantly YoY, and will not drastically decrease next year.

Q9: If hedging cost is considered it will be negative spread, what is the reason for significant decrease in positive spread?

A9: The decrease in positive spread is mainly due to the impact of yen appreciation and redemption of preferred securities.

Q10: Can you explain your policy on capital gains? Will you maintain 40% of total payout ratio even if capital gains exceed your assumptions?

A10: Considering current market environment, we will refrain from commenting on the outlook for capital gains.

Dai-ichi Frontier Life Performance

Q11: Losses related to market value adjustments (MVA) incurred due to lower interest rates, do you expect such negative impact for the rest of the fiscal year? Also, compared to high new business levels in the past, was the decrease due to lower interest rates or due to issues relating to bancassurance channel?

A11: Losses related with MVA mainly put pressure on net income. If interest rates further decrease, the negative impact will enlarge. However, losses due to an increase of MVA related provisions are

recovered through the insurance period, therefore when viewed in the insurance period total, the impact is close to neutral. Therefore we exclude gains and losses related with MVA from Group adjusted profit. As for sales performance, it is in line with our initial expectations from the beginning of fiscal year.

Q12: We understood that the decline in sales is in line with expectations; can you clarify if the decline was due to lower interest rates?

A12: We think the sales decrease can be explained by a return to normal sales levels after a strong prior fiscal year.

European Embedded Value (EEV)

Q13: What caused change in EEV?

A13: The main factors are a drop in domestic interest rates and decrease in unrealized gains on domestic equities.

Q14: The value of new business is not disclosed for the first quarter. What is your rough estimation?

A14: We assume that YoY strong sales of third sector insurance products with relatively higher new business margin, including JUST, will contribute to the value of new business. Dai-ichi Frontier Life assumes a risk-free rate for investment yield in the calculation of new business margin. But actually Dai-ichi Life Frontier set assumed interest rates based on USD denominated corporate bond investment resulting in a lower new business margin. For Neo First Life we assume that the value of new business is declining due to the suspension of business owners insurance. However, YoY increase in annualized net premiums for third sector products with relatively higher new business margin will greatly contribute to the value of new business.

Q15: How do you evaluate the progress of the value of new business comparing to previous fiscal year?

A15: Although we assume that results will be lower compared to the previous fiscal year due to suspension of business owners insurance sales, we believe we are on track.

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.