

**(Unofficial Translation)**  
**FY2019-3Q Financial Results Conference Call for Institutional Investors and Analysts**  
**Q&A Summary**

Date: February 14, 2020 17:00 - 17:30  
Respondent: Taisuke Nishimura, Chief of Corporate Planning Unit  
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**Group and Dai-ichi Life Performance**

**Q1: While consolidated net income is currently at 56% versus your annual forecast, group adjusted profit is much higher at 89%. Considering net capital gains (losses) and reinsurance ceding expenses in the upcoming fourth quarter, which of the two profit indicators is expected to be closer to your annual forecast?**

A1: The scale of reinsurance transaction is under consideration. However, we expect that ceding will have an impact on group adjusted profit. In addition to the impact of ceding, the impact of market value adjustment (MVA) gains and losses at Dai-ichi Frontier Life (DFL) can possibly have a significant impact on net income.

**Q2: Could you comment on the value of new business for the nine months ended December 31, 2019 compared to that of the first half? Did the change in product mix have any effect?**

A2: We do not calculate the value of new business for the third quarter. However, we believe that there is no significant slowdown since the first half.

**Q3: Regarding Dai-ichi Life's net capital losses, what were the factors behind the increase in net losses on derivative transactions and foreign exchange losses?**

A3: Net losses on derivative transactions were due to yen appreciation and higher stock prices in the third quarter. Whereas net gains in the first half were resulted from hedging positions amid a market decline. Though hedging cost ratio has fallen, the increase in the balance of hedged foreign bonds had an impact on foreign exchange losses.

**Q4: We can assume that J-GAAP profits are subject to noise due to derivative transactions. Currently, group adjusted profit excludes market value adjustments but there are no other significant adjustments for other noise from derivatives. Do you have any plans to revise your policy on the source for shareholders returns?**

A4: As for shareholder returns, we currently have no plans to change our policy to return 40% of group adjusted profit to shareholders, set forth for the three-year period of our current medium-term management plan “CONNECT 2020.” Our shareholder return policy for the period of the next medium-term plan is under consideration.

**Q5: I believe the downside effect to adjusted profit in the fourth quarter will be risk reduction by ceding in-force policy blocks. Will you consider the effect on group adjusted profit when determining the scale of ceding?**

A5: As we are still considering the scale of ceding in-force policy blocks, we are unable to comment on the potential impact on group adjusted profit.

**Q6: Is there any significant change in derivative positions mitigating interest rate risk since the end of September 2019?**

A 6: There is no significant change in such derivative positions.

### **Dai-ichi Frontier Life**

**Q7: What indicators should we look at in terms of risk factors for DFL's MVA gains and losses?**

A7: Foreign currency-denominated insurance policies that generate MVA gains and losses at DFL are most significantly affected by falling U.S. interest rates, followed by falling Australian interest rates.

**Q8: Both U.S. and Australian interest rates have been falling in January 2020. Does this suggest a possible downside in J-GAAP profits?**

A8: While interest rates may fluctuate further, based on current interest rate levels, we assume MVA gains and losses are closer to first half results rather than the current quarter results.

### **Neo First Life**

**Q9: Why is growth of in-force policies for third-sector products at Neo First Life (NFL) much stronger than that of DL? In addition, is there a difference in profitability between products offered by DL and NFL?**

A9: Under the circumstances when the sales of business owner insurance, one of the main drivers of in-force policies annualized net premiums, were suspended NFL has been expanding medical insurance sales through walk-in insurance shops, etc. DL and NFL new business margins are not equal because they handle different products. (note: sales of business owners insurance are currently resumed).

### **Overseas Life Insurance Business**

**Q10: Has the effect of the legislative change regarding superannuation settled down at TAL? What do you expect from the opt-in legislation commencing from April 2020?**

A10: As for TAL's insurance related income and expenses, payments for insurance claims are increasing mainly for group insurance. The scope of the opt-in policy will be expanded in April 2020 and we will monitor the situation and identify the long-term effects.

**Q 11: Reportedly, influenza in the U.S. is spreading at historic levels. Are there any concerns regarding your insurance business in the U.S.?**

A11: For FY2018 Protective (PLC) explained that the mortality rates increase had an impact on PLC's performance. On the other hand, recent influenza affected individuals of different age range. In FY2018 there were many elderly patients. Our understanding is that now younger people are more likely to be affected. Although we do not expect the same impact as in FY2018, we will continue to monitor the impact of the influenza outbreak on PLC's performance.

**Q12: I assume that PLC could not foresee the actual effects of the influenza when putting together their initial forecast for FY2018, resulting in lower profit than planned. In the future, is it an option for PLC to have more conservative business plan based on past learnings?**

A12: Regarding how the impact of the influenza will be reflected in PLC's forecast for the next fiscal year, a conservative mortality rates will not be set solely because there are concerns even though actual profits may fluctuate if actual mortality rates differ from expectations.

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

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