

(Unofficial Translation)
Investor Meeting “Analyst Day” for Institutional Investors and Analysts
Q&A Summary

Date: September 7, 2018 13:30 - 16:15

Participants: Seiji Inagaki, President and Representative Director, Dai-ichi Life Holdings, Inc.
(the “Company”)
Koichi Maeda, Outside Director
Tatsusaburo Yamamoto, Managing Executive Officer
Norimitsu Kawahara, Executive Officer, Chief of International Life Insurance
Business Unit
Taisuke Nishimura, Chief of Corporate Planning Unit
Steven Walker, Chief Financial Officer, Protective Life Corporation
Paul Wells, Chief Accounting Officer & Controller, Protective Life Corporation
Kent Griffin, Chief Financial Officer, TAL

< Product Strategy >

Q1: While there are reports that the FSA is inquiring insurance for business owners, how do you think about the sustainability of this type of product? Also, in the first quarter, how much does insurance for business owners contributed to the value of new business?

A1: Regarding insurance for business owners, the FSA has provided a questionnaire and Company responded accordingly. Although we are not in a position to comment on the merit of tax saving to a company, but we think there is certain need for business succession and retirement payment. Even if there are any rule changes in the future, it is our mission to provide speedily the products that are most suitable for customer's needs, and we will address those needs through Dai-ichi Life and Neo First Life. (Inagaki)

Regarding the value of new business, we do not disclose it because Neo-First Life does not calculate value of new business on quarterly basis. Since the insurance for business owners has the function of both protection and savings, the new business margin is comparatively lower than that of death protection products, but the value of new business is determined by the margin and also sales volume. (IR)

< Medium-term Management Plan >

Q2: Was there any topic on which it was difficult to obtain internal consensus while discussing medium-term management plan, or any matter that deserves to be challenged in the next medium-term management plan?

A2: Although there were instances where we received opinions I do not recall any case when we could not reach consensus. The new medium-term management plan "CONNECT 2020" is planning to expand our diversity in future, and has gained wide support in this regard. We believe that continuing to foster global talents remains a challenge. (Inagaki)

< Governance >

Q3: Innovation is among others a keyword in this medium-term management plan, what kind of opportunities do you think in Dai-ichi Life have in the field of InsTech? What kind of advice have you provided as an outside director in the process of developing this medium-term management plan?

A3: We have discussed various initiatives whether it makes real impact from the user's standpoint. One example in the InsTech field is the utilization of big data. By analyzing the big data from various aspects and reflecting it in the insurance premium, the Company can provide best services to customers. For that purpose, the Company is tying up with various companies and organizations. The other area is underwriting. Despite the progress in efficiency in this field, it is still labor intensive. Therefore using robotics in this area we could promote simple and error-free administrative processing. (Maeda)

Q4: As a recent trend, there is a gap between opinion of the insurance company management who intend to undertake overseas M&A and that of investors who expect return to shareholders, please share your thinking as an outside director, on the optimal balance between the two?

A4: I do not think that intention of investment for growth conflict with maximizing shareholders' return. While a company aims for sustainable growth by expanding business through M&A, at the same time I believe that it is fundamental for that investment to generate profits and secure stable shareholders returns. Therefore I believe that balance between growth investment and shareholder returns is important and we will continue discussing this matter. (Maeda)

Q5: The president of the Holding Company is also serving as the president of Dai-ichi Life, the core company. What kind of changes may lead board of directors to consider separating the presidents of both companies?

A5: At the moment, the scale of Dai-ichi Life's business is still significant within the group, and it is necessary to think about how to reallocate the resources that Dai-ichi Life has. For that reason, I think it is too early to separate the role of President of Holding Company and Dai-ichi Life. We believe it will be a turning point when the share of overseas business in net income continue rising and with it there should be a progress in group management. (Maeda)

Q6: Do you think your prior experience at different industry makes a big difference when seeing Dai-ichi Life?

A6: Although the industry is different, both the telecommunications industry and the insurance industry are heavily regulated industries, so both are very similar in a way that they need to secure the benefits of their users. Regarding globalization, I feel that both companies have similar corporate culture of proper risk management while taking up challenges based on solid backings. (Maeda)

Q7: Last year Dai-ichi Life has experienced the succession of the President to a much younger President. What made such generation change so smooth?

A7: The age difference of President Inagaki and former president Watanabe is 10 years, the same was between former Chairman Saito and President Watanabe. I believe the Company has established through its long history among the management team, the spirit of supporting new president with expertise in every field as a culture, and the fact that new president is much younger was not a concern for outside directors as well. (Maeda)

Q8: While I think the life insurance business is inherently a long-term stable business, but with the progress of technology in recent years, there is possibility that the life insurance business can change significantly. How does the management respond to such changes?

A8: The Company and its sales force are facing a significant competition when the progress of technology attracts IT and other companies from different industries to enter insurance business. Under such circumstances, while paying attention to the opinion of sales force on competitiveness and product lineups offered to our customers, Company is focusing on M&As and product development. Through such frequent interactions I feel that Company actively responds to changes in the environment. (Maeda)

Q9: Mutual company accounts for a majority of the Japanese life insurance industry. Please let me know if Dai-ichi Life, which was first major company to demutualize, can demonstrate superiority of a listed company, from the perspective of an outside director?

A9: Japan's life insurance business is a mature industry, and I think that it is important to aggressively and flexibly address overseas business in order to grow in the future. In this respect, by demutualizing the Dai-ichi Life Group has established a structure for timely decision making after considering appropriate risk and return of such transformation. The results are obvious and I believe that we will hear more of such positive results in the future. (Maeda)

Q10: Please let me know how the outside directors regard KPIs specific to life insurance such as EEV and value of new business.

A10: At early days of appointment as an outside director, KPIs specific to a life insurance company seemed difficult to understand. However, now I comprehend that these are necessary indicators to legitimately evaluate the life insurance business. And I think that it is important to look also at comparative accounting indicators. (Maeda)

< Capital Policy >

Q11: Please let us know about the decision making for capital needs within the group. Does the hurdle rate differ between case when each company investing with their surplus funds and case of capital injection from holding company?

A11: Investment decision will be made by the function level according to the amount invested, from company level to Regional Headquarters, President of the Dai-ichi Life Holdings, Board of Directors, etc. In any case decision will be made with disciplined capital management policy in light of the capital cost of Dai-ichi Life Holdings and others. On the other hand, when it is necessary to inject capital from the holding company, decision will be made at Holding Company considering that investment return exceeds the capital cost adjusted for interest rate of the Dai-ichi Life Group, etc. (Inagaki)

Q12: Considering the difference in the economic environment the capital procurement cost in Japan and the capital procurement cost in Australia or in US are different, how do you consider such differences in capital procurement as group?

A12: Whether it is reasonable to raise capital in particular market varies depending on the market environment. Therefore the optimal method is selected based on the market environment and timing. In addition, our basic stance for each company to optimize capital cost including utilization of loans, and based on that consideration if capital injection from Holdings is reasonable it will be carried out. (Inagaki)

< Overseas Life Insurance Business (TAL) >

Q13: In the Australian market, we can assume that banks divest life insurance business because ROE life insurance business is lower than that of banking business. Do you think that TAL can achieve high ROE for life insurance business?

A13: In Australia, the life insurance business is a business that can deliver ROE equivalent to that of the banking business. I think there are several reasons why banks divest life insurance business. For example, looking at acquisitions several decades ago, the amount of purchase exceeded the amount warranted by the business. Secondly, banks place importance on the

stability of cash flows. Life insurance business has higher volatility than banks, especially with income protection insurance. Beside purely financials banks in Australia have been struggling with distribution due to differences in skills required and digital processing capabilities that banks had were not sufficient for sales of insurance products. As you can see there are various reasons why banks divest their life insurance businesses. And I think that as life insurance specialist take over these businesses, they can deliver comparable ROE to that of banks. (Griffin)

Q14: The margin of the third sector products in Japan is relatively high, but can we expect also high margin for longevity insurance in Australia?

A14: We are interested in longevity insurance and we are considering market entrance opportunities. In Australia, retirees are expected to increase by the mandatory retirement system introduced in the 1980s, and the need for longevity preparation will greatly expand in the next ten years. In response to this, we are considering how the industry including TAL can respond in the current low interest rate environment. I think as the industry gets the scale over next several years we will be able to deliver margins so question remaining is how we can get that scale. (Griffin)

Q15: In relation with group insurance market you have explained that 2018 Australian Federal Budget provisions are expected to dramatically change the industry, significantly reducing the size of the market. It can be assumed that providing group insurance to subscribers of superannuation would lead to increased awareness of subscribing to death protection, what if it would not increase awareness for death protection and your strategy to complement growth through independent financial adviser (IFA), etc. may also not go well. Can you share your thoughts for this matter?

A15: The change of Federal Budget provisions for group insurance will affect subscribers who are under the age of 25 and the rest of subscribers there is still the opportunity to provide group insurance as before. If you look closer to those who under 25, we see that they are not so interested in life insurance and not so high percentage rate of them possess group insurance. When those under 25 years old will join to group of above 25 our challenge will be how we can increase awareness and encourage them to purchase insurance. There is also a tendency especially among larger superannuation schemes to be active with their membership around benefit plans beyond purely saving to increase customers and these initiatives should partly offset decline due to the rule change. (Griffin)

Q 16: I think strict rules will be imposed by authorities on IFAs, under such circumstances how IFAs will evolve in future?

A16: There is a long time intention to raise the quality of IFA. There are around 14-15 thousand

IFAs in Australia, of which 5,300 IFAs have contracts with TAL. At TAL, we are we are striving to enhance the quality of IFAs through educating and one of such efforts is realized through training program called Risk Academy. It is expected that the number of IFAs will decrease in the future and therefore we believe it will be important to increase IFA's productivity and those IFAs with higher productivity will remain in the market. (Griffin)

Q17: I think that TAL and Suncorp Life have not been aggressive in bancassurance so far, so how you will strengthen sales through this channel?

A17: Though we sell through bancassurance channel, however as you correctly pointed out neither TAL nor Suncorp Life are the main players in the bancassurance market. Looking at bigger picture, the Royal Committee shows a strong interest in the sales practices of banks and is focusing on eliminating conflicts of interest and banks are expected to open up for other players as well, which we believe will be positive for us. Regarding particularly the sales through Suncorp Life, it will mainly be digital and direct sales. (Griffin)

< Overseas Life Insurance Business (Protective) >

Q18: Regarding M&A, you have targeted insurance products that are more capital heavy insurance blocks that need higher policy reserves such as term life insurance and universal life insurance, are you also planning to target insurance products with lower capital needs like group life?

A18: First of all, regarding acquisition target it is important for us to fully understand the business and have competitiveness. Therefore our sweet spot is mortality based businesses and we are mainly focusing on death protection, pension business, excluding variable annuities, as a possible acquisition target. For such type insurance blocks, we believe that we can review cash flows and risks, and select projects that can capitalize and capture returns. On the other hand, group insurance where we are much less experienced and it is being very competitive market with higher price premiums is not our target for M&A. (Walker)

Q19: For how long profits from MONY will change in the future?

A19: Money's cash flow is very stable, and there is also protection against downside through reinsurance. Normally, we anticipate that profits will gradually decrease by about 4 to 6% per year for acquisition of existing policy blocks, but due to the longer duration of insurance liability in this case we anticipate profit will decline at the rate of 2-3% per year. (Walker)

Q20: Profit of life marketing business for this term is depressed by influenza. Can you explain why there is such an impact?

A20: We experienced influenza in the first quarter that was much larger than usual year, which can be confirmed with the data of the Centers for Disease Control and Prevention, and

similar impact can be observed for other companies in our industry. Insurance claims have declined in the second quarter, but there is still impact of claims from some major contracts. For insurance policies there is tendency for higher volatility in insurance claims as they mature. The rise in the reinsurance premiums for policies in force also contributed to the decline in profit for the first half of the year. (Walker)

Q21: For annuities business, how do you think this year's and future sales value is affected by the changes in the Department of Labor's fiduciary rule?

A21: Since rule was implemented we have already adhered to the fiduciary rule requirements on the agency side, and I believe that with the rule being rescinded nobody will go back to prior business model. The negative impact that we saw in 2016 and early 2017, is behind us and sales since then are recovering. Therefore, it seems that there will be no big impact on the sales amount in the coming years. (Walker)

< Others >

Q22: Please tell me what measures you are taking to enhance global talent base, such as hiring experienced global talents and utilization of talents from overseas companies which joined the group through M&A?

A22: In addition to hiring experienced global talents in Japan, we enhance group global talents at our Regional Headquarters, especially in Singapore where the official language is English. We have hired experienced talents locally and also implemented career rotation system between Group companies. From now on, we will accelerate promoting such initiatives. (Inagaki)

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

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