

**(Unofficial Translation)**  
**FY2015-2Q Financial Results Conference Call for Institutional Investors and Analysts**  
**Q&A Summary**

Date: November 13, 2015 19:00 - 20:00  
Respondent: Seiji Inagaki, Managing Executive Officer  
General Manager, Corporate Planning Department  
The Dai-ichi Life Insurance Company, Limited (the “Company”)

**< Sales Results >**

**Q1. Although annualized net premium (ANP) from new business in the third sector of Dai-ichi Life on a non-consolidated basis increased during the first half, new business ANP for other areas than the third sector decreased. Please explain the reason for this decrease.**

A1. That was due to unfavorable sales of single-premium whole life insurance for which we had lowered the pricing assumption on investment return.

**< Investment >**

**Q2. Dai-ichi on a non-consolidated basis recorded net capital gains of 48.1 billion yen for the first quarter and net capital losses of 18.7 billion yen for the second quarter, resulting in a gain of 29.4 billion yen for the first half. Please provide more color on the losses you recognized in the second quarter.**

A2. For the first quarter we made changes to our asset allocation and accordingly recognized gains, however, for the second quarter we recognized losses due to an increased exposure to foreign bonds and an increase in the cost of forex hedging.

**Q3. Considering an increase in overseas interest rates, is it difficult to increase the allocation to un-hedged foreign bonds? Otherwise, does the company aim to increase the allocation to un-hedged foreign bonds taking into account the expectation of a decline in profitability of currency-hedged foreign bonds?**

A3. The possibility of an increase in overseas interest rates is increasing. However, we cannot comment on whether we will shift our currency-hedged bonds to currency-denominated bonds at the moment. We will retain a flexible approach because there remain a number of factors which could affect the bond market.

< Additional policy reserve >

**Q4. The company provided 67.7 billion yen of additional policy reserve for the six months ended September 2015. 40 billion yen for the 2nd quarter alone seems more than expected. Have the full year forecast of 140 billion yen and the amount of provision of additional policy reserve not been changed?**

A4. The amount of provision of additional policy reserve depends on when each insurance policy started. In the first quarter, we did not conduct our usual campaign and the amount of provision of additional policy reserve was less than for other quarters. As we explained, the forecast of 140 billion yen has not been changed.

The nine-year program for enhanced provisioning of additional policy reserves will be over in FY2015 and the provision will decrease in FY2016. We have not changed this plan.

**Q5. During the first quarter conference call, we heard that DFL is contemplating measures to control the downside volatility of interest rate fluctuations. I would like to confirm the current situation.**

A5. Although DFL's financial results were basically influenced by AUD interest rate fluctuations, DFL took some measures to control downside volatility using reinsurance.

**Q6. DFL's investment expenses increased to 244.6 billion yen. Please explain whether DFL did anything unusual during this quarter. In addition, please confirm that the 28.1 billion yen provision for policy reserves related to GMMB (guaranteed minimum maturity benefit) risk was caused by legacy variable annuity blocks.**

A6. The increase in investment expenses was due mainly to the appreciation of the yen against AUD. As DFL sold foreign currency-denominated products, a change in currency exchange was recorded in investment expenses. These increases were offset by reversal of policy reserves and accordingly they have no impact on profit. As you mentioned, provision for policy reserves related to GMMB was caused mainly by legacy variable annuity blocks.

< European Embedded Value >

**Q7. Please indicate the impact of interest rate and stock price changes to EEV compared to March 31, 2015.**

A7. There was a positive impact of the higher interest rates in Japan because the longer end of the yield curve rose marginally during the six months ended September 2015. The impact was approximately 130 billion yen. The negative impact of domestic equity market correction was approximately 230 billion yen. As for foreign securities, both bond prices and stock prices were adversely impacted by approximately 200 billion yen and 100 billion yen, respectively.

**Q8. Please indicate the reason behind the YoY increase in value of new business (VNB).**

A8. Improved lapse and surrender, and renewal experience at Dai-ichi Life positively contributed to its VNB, however a product mix change more than offset the impact. To be more precise, sales of high margin products, such as nursing care products, were slow during the first half whereas individual annuity products sold well. As a group, VNB increased YoY mainly as a result of DFL's favorable sales of foreign currency-denominated products that carry higher margins and the consolidation of Protective Life.

**<Earnings Guidance for the Year Ending March 2016>**

**Q9 : I understand that the upward revision of your forecast for Dai-ichi's fundamental profit was due to an increase in positive spread, however you kept your forecast for ordinary profit unchanged. Does that mean that your forecast for Dai-ichi's net capital gains was revised downward compared to your original forecast? Also, DFL's ordinary profit for the first half significantly exceeded your annual forecast (and you have not changed your forecast for it). Please indicate whether you anticipate any losses in the second half, such as concerns over interest rate movements.**

A9 : The upward revision of our forecast for Dai-ichi's fundamental profit was due mainly to an increase in interest and dividend income for the first half. We expect to take a conservative stance on capital gain-like interest and dividends for the second half. Net capital gains at Dai-ichi, such as derivative transaction gains/losses, may result in deterioration in the second half. As you correctly pointed out, we cautiously forecast the impact of interest rate movements on DFL's results. Australian interest rates have been rising very recently, however it is also true that the rates may be cut and, therefore, it is not easy to forecast. If the rates should go down, DFL may have to provide for policy reserves related to market value adjustment (MVA), resulting in a decrease in ordinary profit.

**Q10. Please indicate what could be a trigger for you to revise Dai-ichi's forecast upward.**

A10. The main reason that our forecasts remain unchanged for Dai-ichi's ordinary profit and net income is that we need to consider the potential impact of interest rate increases in the United States and the results of net derivative transaction gains/losses. We may revise our forecasts upward if the global financial markets are reasonably stable in the third quarter and if we have more visibility towards March 2016. But we cannot indicate with certainty when we might do it.

Note: For clarity purposes, we made partial additions and alterations in preparing the above summary.

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