

(Unofficial Translation)
Financial Analyst Meeting for the Fiscal Year Ended March 31, 2014
Q&A Summary

Date: May 23, 2014, 10:00 a.m. – 11:00 a.m.

Attendees: Koichiro Watanabe, President and Representative Director

Seiji Inagaki, Executive Officer, General Manager, Corporate Planning Department

The Dai-ichi Life Insurance Company, Limited (the “Company”)

[Questions and Answers]

The name of the respondent is mentioned at the end of each answer.

< Medium-Term Management Plan Covering Fiscal Years 2013 to 2015 >

Q1. On page 17 of the presentation material, the value of new business per sales representative increased YoY. Please explain whether the increase is due to a change in product features, change in assumption of EV calculation or an improvement in the quality of sales representatives.

A1. The number of new policies of Dai-ichi Life on a non-consolidated basis for the fiscal year ended March 2014 decreased YoY, due mainly to the decrease in sales after experiencing a rush in demand before the pricing change in April 2014. However, the value of new business for the fiscal year ended March 2014 increased YoY and that per sales representative increased accordingly. It is mainly because the margin of newly acquired policy increased, reflecting the decrease in assumed interest rates in April 2014. (Inagaki)

< Investment >

Q2. In the press release on May 15, 2014, “Strategy Updates of the Medium-Term Management Plan”, you explained that, as an institutional investor, you increased the budget for investing in emerging businesses by 50 billion yen to 200 billion yen. Please discuss the background of the budget increase.

A2. As we increased our total budget for investments in emerging businesses to 200 billion yen, we believe that environment and infrastructure areas, domestic growth businesses and emerging markets are promising. Since the duration of insurance policies underwritten is long, we believe that, as a provider of business funds for infrastructure areas, we can contribute to the development of society both in Japan and in Asian emerging countries. In order to fully leverage our ability to provide such funds, we set the budget to 200 billion yen. (Inagaki)

< International Strategies >

Q3. Please explain if there is a change in your international M&A strategy.

A3. Our basic strategy regarding developed countries, including North America, is unchanged. As described on page 23 of the presentation material, we think some developed countries are more attractive markets than the Japanese market because they are expected to grow in terms of population and economy. In the future, we intend to consider M&A opportunities with companies which could grow further by integrating with the Dai-ichi Life Group. (Inagaki)

Q4. Please provide the forecast for achieving the goal of “30% contribution from overseas businesses to the Group’s consolidated profit”.

A4. As well as achieving growth in countries in which we operate already, by continuing to consider growth opportunities through new investments we will strive to achieve the goal of 30% contribution from overseas businesses to the Group’s consolidated profit. (Inagaki)

< Capital Strategies >

Q5. Please provide how much market risks consist of out of the 4.1 trillion yen risk amount as of March 2014 described on page 26 of the presentation material. Also, please explain your forecast for dealing with market risks including risks related to domestic stocks.

A5. Market risks account for three-quarters of the total risk amount. Please understand that this figure is based on our current internal model. While we have reduced the pace of decreasing domestic stocks compared to previous years, our plan to control domestic stock exposure is unchanged. Our basic strategy to shift from market risks to insurance underwriting risks is consistent. (Inagaki)

Q6. Based on page 26 of the presentation material (status of economic value-based capital adequacy ratio), it seems you have room to achieve the capital adequacy ratio goals as of March 2015. Please discuss whether it is possible that, after the completion of the “Action D” medium-term management plan, you will enhance capital other than by accumulating the value of new business, such as by issuing subordinated bonds, etc., and will make further growth investments.

A6. We would like to actively make growth investments after the completion of “Action D”. Our basic policy is to secure the budget for growth investment from internal reserves by accumulating the value of new business, etc. However, in general, in the event there is an opportunity for growth investments which exceed the budget provided by internal reserves, leveraging external funds from subordinated bonds, etc. could be one of the alternatives to consider. (Inagaki)

< Consolidated Adjusted Net Income >

Q7. On page 28 of the presentation material, you revised the topline goals (Group in-force annualized net premium) and operating efficiency (fixed cost reduction) upward and increased the per-share dividend forecast for the fiscal year ending March 2015 to 25 yen. Please discuss whether you are considering an upward revision of your goal of achieving 100 billion yen of consolidated adjusted net income for the fiscal year ending March 2016.

A7. As we expect more conservative economic assumptions for the fiscal year ending March 2016, which is the final year of “Action D”, we did not revise the goal of consolidated adjusted net income. However, as you can expect based on the increase in per-share dividend forecast to 25 yen for the fiscal year ending March 2015, the possibility to achieve the goal of 100 billion yen of consolidated adjusted net income is increasing. (Inagaki)

< European Embedded Value (EEV) >

Q8. In EEV calculations, some insurance companies reflect certain inflation rates but others assume that the inflation rate is 0%. Would it be correct to roughly estimate the impact of inflation on EEV by using the sensitivity of the decline in maintenance expenses?

A8. Whether to reflect the concept of inflation to EEV calculation is a challenge for us to examine in the future. To incorporate the concept of inflation to EEV calculations, we need to not only reflect the increase in inflation rates to factors affecting operating expenses, but also take into account the impact of the expectation over the future inflation on the shape of the yield curve. (Inagaki)

< Discover and Create New Areas for Growth >

Q9. For the sales channels for customers who prefer to “compare and choose an insurance product with relatively simplified procedures from a variety of insurance products”, you will respond to it through a new subsidiary (Sompo Japan DIY Life which will be a wholly-owned subsidiary of Dai-ichi Life). Please discuss whether you will cover all five unexplored channels described on page 59 of the presentation material, “Bancassurance (level premium)”, “Walk-in insurance shops”, “Internet”, “Direct (TV)” and “Leaflet, direct mails and fraternal insurance sellers” with the new subsidiary or whether you will focus on selling low-price third sector products through walk-in shops and bancassurance channels.

A9. Basically, initiatives through the new subsidiary will focus on all channels. First, we have maintained a good relationship with banks and securities companies by entrusting to them the sale of Dai-ichi Frontier Life’s products. We are considering entrusting to such bancassurance channels the sale of the new subsidiary’s products as well. In addition, as the competitive

environment of the walk-in insurance shop channel, which has been gaining market share, is expected to calm down, we believe this is an appropriate time for this initiative. Moreover, we would like to consider growing the existing telemarketing and direct sales of life insurance business model of Sompo Japan DIY Life. (Inagaki)

Q10. Please discuss whether it is possible that Dai-ichi Life Group will directly manage a walk-in insurance shop as an agent.

A10. Although we have not focused on investing in walk-in insurance shops, we think it will be one alternative going forward. (Inagaki)

[Supplemental Explanation Based on Questions and Answers]

Presenter: Koichiro Watanabe, President and Representative Director

Lastly, let me explain our basic concepts regarding ERM and risk-taking based on our medium-term management plan.

When thinking about growth strategies in Japan, we believe we have entered a phase in which we should consider how to take risks strategically, in addition to the viewpoint of traditional risk management. As we plan to accelerate growth in line with our medium-term management plan, our business expansion should correspond to the evaluation based on the ERM framework. Our ERM framework not only focuses on internal control and risk management but also emphasizes risk-taking when implementing our strategy. Regarding our international businesses, our basic strategy in ASEAN regions has been to develop gradually. On the other hand, we believe developed countries such as North America have high growth potential in terms of population and economic growth. To think about our overseas expansion going forward, by focusing on the entry in developed countries, including North America, from the viewpoint of geographical diversification, in the future we would like to establish an insurance underwriting portfolio that consists of Japan, ASEAN regions and developed countries, including North America.

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

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