
Financial Results for the Three Months Ended June 30, 2014

The Dai-ichi Frontier Life Insurance Co., Ltd. (the "Company"; President: Satoru Tsutsumi) announces its financial results for the three months ended June 30, 2014.

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Please note that this is an unofficial translation of the original disclosure in Japanese.

1. Business Highlights

(1) Policies in Force and New Policies

Policies in Force

	As of March 31, 2014		As of June 30, 2014			
	Number of Policies (thousands)	Amount (millions of yen)	Number of Policies		Amount	
			(thousands)	% of March 31, 2014 total	(millions of yen)	% of March 31, 2014 total
Individual insurance	98	768,813	119	121.5	926,431	120.5
Individual annuities	441	2,545,193	470	106.8	2,760,015	108.4
Group insurance	-	-	-	-	-	-
Group annuities	-	-	-	-	-	-

Note: Policy amount in force for individual annuities is equal to the sum of (a) the amount required to fund annuity payments when they commence for annuities that have not yet commenced paying out and (b) policy reserves for annuities that have commenced paying out.

New Policies

	Number of Policies		Amount			
	(thousands)	% of June 30, 2013 total	(millions of yen)	% of June 30, 2013 total	New Business	Net increase from conversions
Three months ended June 30, 2014						
Individual insurance	21	206.5	162,064	202.6	162,064	-
Individual annuities	37	115.3	244,541	139.6	244,541	-
Group insurance	-	-	-	-	-	-
Group annuities	-	-	-	-	-	-
Three months ended June 30, 2013						
Individual insurance	10		79,978		79,978	-
Individual annuities	32		175,166		175,166	-
Group insurance	-		-		-	-
Group annuities	-		-		-	-

Note: Amount of new policies (new business) for individual annuities is equal to the amount required to fund annuity payments when they commence.

(2) Annualized Net Premiums

Policies in Force

(millions of yen except percentages)

	As of March 31, 2014	As of June 30, 2014	
			% of March 31, 2014 total
Individual insurance	57,984	70,610	121.8
Individual annuities	270,574	286,248	105.8
Total	328,558	356,858	108.6
Medical and survival benefits	-	-	-

New Policies

(millions of yen except percentages)

	Three months ended June 30, 2013	Three months ended June 30, 2014	% of June 30, 2013 total
Individual insurance	5,982	13,030	217.8
Individual annuities	19,814	22,044	111.3
Total	25,797	35,074	136.0
Medical and survival benefits	-	-	-

Note: Annualized net premiums are calculated by multiplying the per-premium payments by a multiplier that depends on the premium payment terms. For single-premium contracts, the amount is calculated by dividing the premium by the duration of the policy.

2. Investment Results of General Account

(1) Asset Composition

(millions of yen except percentages)

	As of March 31, 2014		As of June 30, 2014	
	Carrying value	%	Carrying value	%
Cash, deposits, and call loans	69,010	4.4	65,572	3.5
Securities repurchased under resale agreements	-	-	-	-
Deposit paid for securities borrowing transactions	-	-	-	-
Monetary claims bought	6,040	0.4	6,070	0.3
Trading account securities	-	-	-	-
Money held in trust	31,701	2.0	32,487	1.7
Securities	1,424,152	89.8	1,718,262	91.2
Domestic bonds	618,016	39.0	682,322	36.2
Domestic stocks	-	-	-	-
Foreign securities	747,728	47.2	927,779	49.2
Foreign bonds	744,967	47.0	921,434	48.9
Foreign stocks and other securities	2,761	0.2	6,345	0.3
Other securities	58,407	3.7	108,161	5.7
Loans	-	-	-	-
Real estate	-	-	-	-
Deferred tax assets	-	-	-	-
Others	54,243	3.4	61,738	3.3
Reserve for possible loan losses	(8)	(0.0)	(12)	(0.0)
Total	1,585,139	100.0	1,884,118	100.0
Foreign currency-denominated assets	717,407	45.3	910,148	48.3

(2) Fair Value Information on Securities (securities with fair value except trading securities)

(millions of yen)

	Book value	Fair value	Gains (losses)		
			Gains	Losses	
As of June 30, 2014					
Bonds held to maturity	-	-	-	-	-
Policy-reserve-matching bonds	971,358	999,636	28,277	28,554	276
Stocks of subsidiaries and affiliates	-	-	-	-	-
Securities available for sale	722,593	746,628	24,035	24,241	206
Domestic bonds	311,426	320,910	9,483	9,552	68
Domestic stocks	-	-	-	-	-
Foreign securities	300,122	311,487	11,365	11,502	137
Foreign bonds	300,122	311,487	11,365	11,502	137
Foreign stocks and other securities	-	-	-	-	-
Other securities	105,044	108,161	3,117	3,117	-
Monetary claims bought	6,000	6,070	70	70	-
Certificates of deposit	-	-	-	-	-
Others	-	-	-	-	-
Total	1,693,951	1,746,265	52,313	52,796	483
Domestic bonds	672,838	688,623	15,784	15,881	96
Domestic stocks	-	-	-	-	-
Foreign securities	910,068	943,410	33,341	33,727	386
Foreign bonds	910,068	943,410	33,341	33,727	386
Foreign stocks and other securities	-	-	-	-	-
Other securities	105,044	108,161	3,117	3,117	-
Monetary claims bought	6,000	6,070	70	70	-
Certificates of deposit	-	-	-	-	-
Others	-	-	-	-	-
As of March 31, 2014					
Bonds held to maturity	-	-	-	-	-
Policy-reserve-matching bonds	734,108	740,080	5,972	7,723	1,751
Stocks of subsidiaries and affiliates	-	-	-	-	-
Securities available for sale	681,823	693,323	11,500	12,972	1,472
Domestic bonds	309,891	317,261	7,369	7,559	190
Domestic stocks	-	-	-	-	-
Foreign securities	307,881	311,614	3,733	4,996	1,263
Foreign bonds	307,881	311,614	3,733	4,996	1,263
Foreign stocks and other securities	-	-	-	-	-
Other securities	58,050	58,407	357	376	19
Monetary claims bought	6,000	6,040	40	40	-
Certificates of deposit	-	-	-	-	-
Others	-	-	-	-	-
Total	1,415,931	1,433,404	17,472	20,696	3,224
Domestic bonds	610,647	621,233	10,585	10,865	279
Domestic stocks	-	-	-	-	-
Foreign securities	741,233	747,723	6,489	9,414	2,925
Foreign bonds	741,233	747,723	6,489	9,414	2,925
Foreign stocks and other securities	-	-	-	-	-
Other securities	58,050	58,407	357	376	19
Monetary claims bought	6,000	6,040	40	40	-
Certificates of deposit	-	-	-	-	-
Others	-	-	-	-	-

Note: The table above includes assets which are considered appropriate to handle as securities as defined in the Financial Instruments and Exchange Law.

*Book values of securities for which it is not practicable to determine fair value are as follows:

Not applicable.

(3) Fair Value Information on Money Held in Trust

(millions of yen)

	Carrying value on the balance sheet	Fair value	Gains (losses)	
			Gains	Losses
As of June 30, 2014	32,487	32,487	(1,113)	1,113
As of March 31, 2014	31,701	31,701	(19,178)	19,178

Note: 1. Fair value equivalents appearing in this table are based on prices calculated using a reasonable method by trustees of money held in trust.

2. Gains (losses) are valuation gains (losses) that were included in the statement of earnings.

*Information on money held in trust for investment purposes is as follows:

(millions of yen)

	As of March 31, 2014		As of June 30, 2014	
	Carrying value on the balance sheet	Valuation gains (losses) included in the statements of earnings	Carrying value on the balance sheet	Valuation gains (losses) included in the statements of earnings
Money held in trust for investment purposes	31,701	(19,178)	32,487	(1,113)

*Information on money held in trust classified as held-to-maturity, policy-reserve-matching, or other money held in trust are as follows:

Not applicable.

3. Non-Consolidated Balance Sheets

(millions of yen)

	As of March 31, 2014 (Summarized)	As of June 30, 2014
	Amount	Amount
(ASSETS)		
Cash and deposits	49,790	53,771
Call loans	28,300	21,600
Monetary claims bought	6,040	6,070
Money held in trust	31,701	32,487
Securities	3,220,656	3,578,119
[Government bonds]	[338,895]	[382,934]
[Local government bonds]	[7,905]	[7,902]
[Corporate bonds]	[271,216]	[291,485]
[Foreign securities]	[752,284]	[934,097]
Tangible fixed assets	85	77
Intangible fixed assets	1	94
Reinsurance receivables	26,891	32,521
Other assets	28,942	30,981
Reserve for possible loan losses	(8)	(12)
Total assets	3,392,400	3,755,711

(millions of yen)

	As of March 31, 2014 (Summarized)	As of June 30, 2014
	Amount	Amount
(LIABILITIES)		
Policy reserves and others	3,288,370	3,633,793
Reserves for outstanding claims	2,485	3,132
Policy reserves	3,285,885	3,630,660
Reinsurance payable	1,260	1,521
Other liabilities	49,050	55,572
Corporate income tax payable	17	10
Other liabilities	49,032	55,561
Reserve for employees' retirement benefits	131	149
Reserve for retirement benefits of directors, executive officers and corporate auditors	5	6
Reserve for price fluctuations	1,714	2,013
Deferred tax liabilities	3,538	7,395
Total liabilities	3,344,071	3,700,451
(NET ASSETS)		
Capital stock	117,500	117,500
Capital surplus	67,500	67,500
Legal capital surplus	67,500	67,500
Retained earnings	(144,632)	(146,380)
Other retained earnings	(144,632)	(146,380)
Retained earnings brought forward	(144,632)	(146,380)
Total shareholders' equity	40,367	38,619
Net unrealized gains on securities, net of tax	7,961	16,639
Total of valuation and translation adjustments	7,961	16,639
Total net assets	48,329	55,259
Total liabilities and net assets	3,392,400	3,755,711

4. Non-Consolidated Statements of Earnings

(millions of yen)

	Three months ended June 30, 2013	Three months ended June 30, 2014
	Amount	Amount
ORDINARY REVENUES	305,088	458,349
Premium and other income	284,036	403,913
[Premium income]	[249,724]	[367,071]
Investment income	21,051	54,435
[Interest and dividends]	[3,818]	[9,784]
[Gains on investment in trading securities]	[1,876]	[-]
[Gains on sale of securities]	[6,141]	[324]
[Derivative transaction gains]	[-]	[1,498]
[Gains on investment in separate accounts]	[9,215]	[42,311]
Other ordinary revenues	0	0
ORDINARY EXPENSES	321,375	459,746
Benefits and claims	109,112	88,721
[Claims]	[159]	[2,700]
[Annuities]	[231]	[10,631]
[Benefits]	[4,263]	[6,387]
[Surrender values]	[69,359]	[36,639]
[Other refunds]	[600]	[863]
Provision for policy reserves and others	181,120	345,422
Provision for reserves for outstanding claims	42	647
Provision for policy reserve	181,077	344,775
Investment expenses	20,202	3,411
[Interest expenses]	[0]	[-]
[Losses on money held in trust]	[1,037]	[1,113]
[Losses on investment in trading securities]	[-]	[527]
[Losses on sale of securities]	[4]	[82]
[Derivative transaction losses]	[3,186]	[-]
Operating expenses	10,036	19,837
Other ordinary expenses	904	2,352
ORDINARY LOSS	16,287	1,396
EXTRAORDINARY LOSSES	104	305
Provision for reserve for price fluctuations	104	299
Other extraordinary losses	-	6
Loss before income taxes	16,391	1,702
Corporate income taxes - current	(1)	46
Total of corporate income taxes	(1)	46
Net loss for the period	16,389	1,748

Notes to the Non-Consolidated Balance Sheet

As of June 30, 2014

- Securities lent under lending agreements are included in the balance sheets. The total balance of securities lent as of June 30, 2014 was 10,315 million yen.
- Amounts of financial instruments recorded on the balance sheet, their fair values, and differences between the two are as follows:

(millions of yen)

	Carrying amount on balance sheet	Fair value	Difference
(1) Cash and deposits	53,771	53,771	-
(2) Call loans	21,600	21,600	-
(3) Monetary claims bought	6,070	6,070	-
(4) Money held in trust	32,487	32,487	-
(5) Securities	3,578,119	3,606,397	28,277
(a) Trading securities	1,866,202	1,866,202	-
(b) Policy-reserve-matching bonds	971,358	999,636	28,277
(c) Other securities	740,558	740,558	-
Assets total	3,692,048	3,720,326	28,277
Derivative transactions			
(a) Derivative transactions to which hedge accounting is not applied	4,824	4,824	-
Derivative transactions total	4,824	4,824	-

Note: Derivative transactions include those attributable to money held in trust and foreign securities (investment trusts).

Net derivative assets and liabilities arising from derivative transactions are reported as a net value. A negative total indicates a net liability.

Fair values of financial instruments are calculated as follows:

- Cash and deposits
Deposits are recorded at book value as all deposits have no maturities and their book values approximate their fair values.
- Call loans
Since all call loans are close to due date and their fair value is close to carrying amounts, fair value of call loans is based on their carrying amount.
- Monetary claims bought
Fair value of monetary claims bought is based on the reasonably calculated price.
- Money held in trust
Information on the fair value of derivative transactions attributable to money held in trust appears below in "(f) Derivative transactions".
- Securities
Fair value of bonds is based on the price on stock exchanges. Fair value of mutual funds is based on unit price.
- Derivative transactions
For foreign exchange forward contracts, futures market prices on the book closing date are used as fair value.
For currency swap contracts, amounts discounted to present value are used as fair value. For total return swap contracts, amounts calculated by using indices on the book closing date are used as fair value. For futures transactions and other market traded instruments, securities exchange market closing prices are used as fair value.

Notes to the Non-Consolidated Statements of Earnings

Three months ended June 30, 2014

- Net loss per share for the three months ended June 30, 2014 was 945,043.18yen. Fully diluted net loss per share is not reported because the Company has no residual shares.
- Depreciation for the three months ended June 30, 2014 was 11 million yen.

5. Breakdown of Ordinary Profit (Fundamental Profit)

(millions of yen)

		Three months ended June 30, 2013	Three months ended June 30, 2014
Fundamental profit	A	(12,529)	4,073
Capital gains		20,982	1,823
Gains on money held in trust		-	-
Gains on investment in trading securities		1,876	-
Gains on sale of securities		6,141	324
Derivative transaction gains		-	1,498
Foreign exchange gains		-	-
Others		12,964	-
Capital losses		20,042	3,523
Losses on money held in trust		1,037	1,113
Losses on investment in trading securities		-	527
Losses on sale of securities		4	82
Losses on valuation of securities		-	-
Derivative transaction losses		3,186	-
Foreign exchange losses		15,814	1,522
Others		-	278
Net capital gains (losses)	B	939	(1,700)
Fundamental profit plus net capital gains (losses)	A + B	(11,589)	2,373
Other one-time gains		-	-
Reinsurance income		-	-
Reversal of contingency reserve		-	-
Reversal of specific reserve for possible loan losses		-	-
Others		-	-
Other one-time losses		4,697	3,769
Ceding reinsurance commissions		-	-
Provision for contingency reserve		4,697	3,769
Provision for specific reserve for possible loan losses		-	-
Provision for specific reserve for loans to refinancing countries		-	-
Write-down of loans		-	-
Others		-	-
Other one-time profits (losses)	C	(4,697)	(3,769)
Ordinary profit (loss)	A + B + C	(16,287)	(1,396)

Note: 1. Fundamental profit includes the amount below.

	Three months ended June 30, 2013	Three months ended June 30, 2014
Adjustment of the portion valued in exchange rate fluctuations of foreign-currency denominated insurance's liability	(12,964)	278

2. Other capital gains include the amount below.

	Three months ended June 30, 2013	Three months ended June 30, 2014
Adjustment of the portion valued in exchange rate fluctuations of foreign-currency denominated insurance's liability	12,964	-

3. Other capital losses include the amount below.

	Three months ended June 30, 2013	Three months ended June 30, 2014
Adjustment of the portion valued in exchange rate fluctuations of foreign-currency denominated insurance's liability	-	278

4. Gains (losses) on money held in trust and gains (losses) on investment in trading securities are attributable to investments in derivative financial instruments (including investments in money held in trust, foreign securities (investment trusts)) for the purpose of mitigating the guaranteed minimum benefit risk on individual variable annuities.

6. Solvency Margin Ratio

(millions of yen)

	As of March 31, 2014	As of June 30, 2014
Total solvency margin (A)	229,705	255,470
Common stock, etc	40,367	38,619
Reserve for price fluctuations	1,714	2,013
Contingency reserve	107,274	111,044
General reserve for possible loan losses	8	12
Net unrealized gains on securities (before tax) × 90%*	10,350	21,632
Net unrealized gains (losses) on real estate × 85%*	-	-
Policy reserves in excess of surrender values	69,990	82,148
Qualifying subordinated debt	-	-
Excluded portion of policy reserves in excess of surrender values and qualifying subordinated debt	-	-
Excluded items	-	-
Others	-	-
Total Risk $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$ (B)	68,429	76,407
Insurance risk R_1	34	38
3rd sector insurance risk R_8	-	-
Assumed investment yield risk R_2	12,939	17,037
Guaranteed minimum benefit risk R_7	22,812	25,027
Investment risk R_3	30,683	32,116
Business risk R_4	1,994	2,226
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	671.3%	668.7%

* Multiplied by 100% if losses.

Note: 1. The figures as of March 31, 2013 are calculated based on Articles 86 and 87 of the Enforcement Regulations of Insurance Business Act, and Announcement No.50, Ministry of Finance, 1996.

The figures as of June 30, 2014 are calculated by using the method which is deemed appropriate taking the regulations and announcement above into account.

2. Guaranteed minimum benefit risk is calculated by the standard method.

7. Separate Account Status

(1) Separate Account Assets by Product

(millions of yen)

	As of March 31, 2014	As of June 30, 2014
Individual variable insurance	2,935	2,904
Individual variable annuities	1,805,876	1,870,026
Group annuities	-	-
Separate account total	1,808,811	1,872,931

(2) Policies in Force

A. Individual Variable Insurance

(millions of yen except number of policies)

	As of March 31, 2014		As of June 30, 2014	
	Number of policies (thousands)	Amount	Number of policies (thousands)	Amount
Variable insurance (defined term type)	-	-	-	-
Variable insurance (whole life type)	0	2,898	0	3,072
Total	0	2,898	0	3,072

Notes: Policy amounts not placed into separate accounts as of the end of the fiscal period are included in policies in force.

B. Individual Variable Annuities

(millions of yen except number of policies)

	As of March 31, 2014		As of June 30, 2014	
	Number of policies (thousands)	Amount	Number of policies (thousands)	Amount
Individual variable annuities	315	1,886,390	344	2,094,661

Notes: 1. Total policy amount in force for individual annuities is equal to the sum of (a) the amount required to fund annuity payments when they commence for annuities that have not yet commenced paying out and (b) policy reserves for annuities that have commenced paying out.

2. Policy amounts not placed into separate accounts as of the end of the fiscal period are included in policies in force.

8. Consolidated Financial Summary

Not applicable.