
Financial Results for the Nine Months Ended December 31, 2017

The Dai-ichi Frontier Life Insurance Co., Ltd. (the "Company"; President: Takashi Kawashima) announces its financial results for the nine months ended December 31, 2017.

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

1. Business Highlights

(1) Annualized Net Premiums

Policies in Force

(millions of yen except percentages)

	As of March 31, 2017	As of December 31, 2017	
			% of March 31, 2017 total
Individual insurance	185,125	226,046	122.1
Individual annuities	527,625	521,644	98.9
Total	712,750	747,690	104.9
Medical and survival benefits	-	-	-

New Policies

(millions of yen except percentages)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017	% of December 31, 2016 total
Individual insurance	19,405	44,151	227.5
Individual annuities	108,143	95,584	88.4
Total	127,548	139,735	109.6
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) Policies in Force and New Policies

Policies in Force

	As of March 31, 2017		As of December 31, 2017			
	Number of Policies (thousands)	Amount (millions of yen)	Number of Policies		Amount	
			(thousands)	% of March 31, 2017 total	(millions of yen)	% of March 31, 2017 total
Individual insurance	324	2,368,991	391	120.8	2,879,418	121.5
Individual annuities	754	4,471,695	811	107.6	4,835,974	108.1
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 December 31, 2016 total	(millions of yen)	% of December 31, 2016 total	New Business	Net increase from conversions
Nine months ended December 31, 2017						
Individual insurance	75	226.6	523,999	204.3	523,999	-
Individual annuities	94	140.6	466,941	116.7	466,941	-
Group insurance	-	-	-	-	-	-
Group annuities	-	-	-	-	-	-
Nine months ended December 31, 2016						
Individual insurance	33		256,488		256,488	-
Individual annuities	67		400,127		400,127	-
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. Investment Results of General Account

(1) Asset Composition

(millions of yen except percentages)

	As of March 31, 2017		As of December 31, 2017	
	Carrying value	%	Carrying value	%
Cash, deposits, and call loans	102,516	2.2	121,776	2.2
Securities repurchased under resale agreements	-	-	-	-
Deposit paid for securities borrowing transactions	-	-	-	-
Monetary claims bought	6,081	0.1	6,037	0.1
Trading account securities	-	-	-	-
Money held in trust	282,919	6.1	443,889	8.2
Securities	4,094,184	88.7	4,682,818	86.4
Domestic bonds	1,145,301	24.8	1,200,985	22.2
Domestic stocks	-	-	-	-
Foreign securities	2,747,216	59.5	3,278,880	60.5
Foreign bonds	2,740,228	59.4	3,276,948	60.5
Foreign stocks and other securities	6,987	0.2	1,931	0.0
Other securities	201,666	4.4	202,953	3.7
Loans	-	-	-	-
Real estate	-	-	-	-
Deferred tax assets	-	-	-	-
Others	127,642	2.8	164,824	3.0
Reserve for possible loan losses	(6)	(0.0)	(7)	(0.0)
Total	4,613,338	100.0	5,419,339	100.0
Foreign currency-denominated assets	2,900,997	62.9	3,532,942	65.2

(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 December 31, 2017					
Bonds held to maturity	-	-	-	-	-
Policy-reserve-matching bonds	3,609,507	3,741,846	132,338	141,818	9,480
Stocks of subsidiaries and affiliates	-	-	-	-	-
Securities available for sale	1,040,615	1,077,416	36,800	41,603	4,803
Domestic bonds	308,265	322,497	14,232	14,729	496
Domestic stocks	-	-	-	-	-
Foreign securities	535,381	545,928	10,546	14,824	4,278
Foreign bonds	535,381	545,928	10,546	14,824	4,278
Foreign stocks and other securities	-	-	-	-	-
Other securities	190,968	202,953	11,984	12,012	27
Monetary claims bought	6,000	6,037	37	37	-
Certificates of deposit	-	-	-	-	-
Others	-	-	-	-	-
Total	4,650,123	4,819,262	169,138	183,422	14,283
Domestic bonds	1,186,752	1,260,528	73,775	75,617	1,841
Domestic stocks	-	-	-	-	-
Foreign securities	3,266,402	3,349,743	83,341	95,755	12,413
Foreign bonds	3,266,402	3,349,743	83,341	95,755	12,413
Foreign stocks and other securities	-	-	-	-	-
Other securities	190,968	202,953	11,984	12,012	27
Monetary claims bought	6,000	6,037	37	37	-
Certificates of deposit	-	-	-	-	-
Others	-	-	-	-	-
As of March 31, 2017					
Bonds held to maturity	-	-	-	-	-
Policy-reserve-matching bonds	3,031,803	3,131,521	99,718	118,995	19,276
Stocks of subsidiaries and affiliates	-	-	-	-	-
Securities available for sale	1,037,399	1,061,474	24,074	35,385	11,310
Domestic bonds	301,841	318,513	16,672	17,118	445
Domestic stocks	-	-	-	-	-
Foreign securities	536,859	535,212	(1,646)	9,126	10,772
Foreign bonds	536,859	535,212	(1,646)	9,126	10,772
Foreign stocks and other securities	-	-	-	-	-
Other securities	192,699	201,666	8,967	9,059	92
Monetary claims bought	6,000	6,081	81	81	-
Certificates of deposit	-	-	-	-	-
Others	-	-	-	-	-
Total	4,069,203	4,192,996	123,793	154,380	30,587
Domestic bonds	1,128,628	1,198,646	70,017	72,681	2,664
Domestic stocks	-	-	-	-	-
Foreign securities	2,741,875	2,786,602	44,727	72,558	27,830
Foreign bonds	2,741,875	2,786,602	44,727	72,558	27,830
Foreign stocks and other securities	-	-	-	-	-
Other securities	192,699	201,666	8,967	9,059	92
Monetary claims bought	6,000	6,081	81	81	-
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 December 31, 2017	443,889	443,889	(8,420)	16,124
As of March 31, 2017	282,919	282,919	(16,443)	20,572

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, 2017		As of December 31, 2017	
	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	282,919	(16,443)	443,889	(8,420)

*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, 2017 (Summarized)	As of December 31, 2017
	Amount	Amount
(ASSETS)		
Cash and deposits	109,844	132,278
Monetary claims bought	6,081	6,037
Money held in trust	282,919	443,889
Securities	6,214,999	6,885,711
[Government bonds]	[585,775]	[566,645]
[Local government bonds]	[12,257]	[11,357]
[Corporate bonds]	[547,268]	[622,981]
[Foreign securities]	[2,762,780]	[3,293,040]
Tangible fixed assets	238	194
Intangible fixed assets	4,009	4,847
Reinsurance receivables	61,104	65,373
Other assets	63,276	97,682
Reserve for possible loan losses	(6)	(7)
Total assets	6,742,468	7,636,007

(millions of yen)

	As of March 31, 2017 (Summarized)	As of December 30, 2017
	Amount	Amount
(LIABILITIES)		
Policy reserves and others	6,419,066	7,203,752
Reserves for outstanding claims	9,176	10,203
Policy reserves	6,409,889	7,193,548
Reinsurance payable	156,167	199,108
Other liabilities	39,930	59,972
Corporate income tax payable	3,203	8,691
Lease liabilities	182	141
Other liabilities	36,545	51,140
Reserve for price fluctuations	10,216	13,265
Deferred tax liabilities	6,766	10,311
Total liabilities	6,632,147	7,486,410
(NET ASSETS)		
Capital stock	117,500	117,500
Capital surplus	67,500	67,500
Legal capital surplus	67,500	67,500
Retained earnings	(91,987)	(61,891)
Other retained earnings	(91,987)	(61,891)
Retained earnings brought forward	(91,987)	(61,891)
Total shareholders' equity	93,012	123,108
Net unrealized gains on securities, net of tax	17,307	26,488
Total of valuation and translation adjustments	17,307	26,488
Total net assets	110,320	149,596
Total liabilities and net assets	6,742,468	7,636,007

4. Non-Consolidated Statements of Earnings

(millions of yen)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
	Amount	Amount
ORDINARY REVENUES	866,900	1,415,295
Premium and other income	723,878	1,076,925
[Premium income]	[629,953]	[934,571]
Investment income	143,015	338,363
[Interest and dividends]	[76,941]	[88,312]
[Gains on sale of securities]	[19,251]	[3,761]
[Derivative transaction gains]	[-]	[10,844]
[Gains on investment in separate accounts]	[46,393]	[158,825]
Other ordinary revenues	6	6
ORDINARY EXPENSES	826,553	1,365,442
Benefits and claims	421,557	514,143
[Claims]	[22,814]	[32,620]
[Annuities]	[41,896]	[107,568]
[Benefits]	[35,194]	[41,395]
[Surrender values]	[116,675]	[126,227]
[Other refunds]	[2,068]	[3,948]
Provision for policy reserves and others	306,032	784,685
Provision for reserves for outstanding claims	390	1,026
Provision for policy reserve	305,642	783,658
Investment expenses	54,106	19,159
[Interest expenses]	[2]	[2]
[Losses on money held in trust]	[16,984]	[8,420]
[Losses on investment in trading securities]	[6,019]	[7,448]
[Losses on sale of securities]	[1,911]	[2,624]
[Derivative transaction losses]	[14,740]	[-]
Operating expenses	40,489	41,664
Other ordinary expenses	4,367	5,789
ORDINARY GAIN(LOSS)	40,347	49,852
EXTRAORDINARY LOSSES	2,473	3,049
Losses on disposal of fixed assets	5	0
Provision for reserve for price fluctuations	2,468	3,049
Gain(loss) before income taxes	37,873	46,803
Corporate income taxes - current	4,138	16,707
Total of corporate income taxes	4,138	16,707
Net income(loss) for the period	33,734	30,095

Notes to the Non-Consolidated Balance Sheet

As of December 31, 2017

1. Securities lent under lending agreements are included in the balance sheets. Total balance of securities lent as of December 31, 2017 was 187,986 million yen.
2. 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	132,278	132,278	-
(2) Monetary claims bought	6,037	6,037	-
(3) Money held in trust	443,889	443,889	-
(4) Securities	6,885,711	7,018,049	132,338
(a) Trading securities	2,204,824	2,204,824	-
(b) Policy-reserve-matching bonds	3,609,507	3,741,846	132,338
(c) Other securities	1,071,378	1,071,378	-
Assets total	7,467,917	7,600,255	132,338
Derivative transactions			
(a) Derivative transactions to which hedge accounting is not applied	16,798	16,798	-
Derivative transactions total	16,798	16,798	-

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:

(a) Cash and deposits

Deposits are recorded at book value as all deposits have no maturities and their book values approximate their fair values.

(b) Monetary claims bought

Fair value of monetary claims bought is based on the reasonably calculated price.

(c) Money held in trust

Information on securities and derivative transactions appear below in "(d) Securities" and "(e) Derivative transactions", respectively.

(d) Securities

Fair value of bonds is based on the price on stock exchanges. Fair value of mutual funds is based on unit price.

(e) Derivative transactions

For foreign exchange forward contracts, futures market prices on the book closing date are used as fair value.

For currency swap contracts, interest rate swap contracts and credit default 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

Nine months ended December 31, 2017

1. Net gain per share for the Nine months ended December 31, 2017 was 16,267,890.84 yen. Fully diluted net gain per share is not reported because the Company has no residual shares.

5. Breakdown of Ordinary Profit (Fundamental Profit)

(millions of yen)

		Nine months ended December 31, 2016	Nine months ended December 31, 2017
Fundamental profit	A	44,073	72,210
Capital gains		48,672	88,251
Gains on money held in trust		-	-
Gains on investment in trading securities		-	-
Gains on sale of securities		19,251	3,761
Derivative transaction gains		-	10,844
Foreign exchange gains		-	73,646
Others		29,420	-
Capital losses		53,203	102,109
Losses on money held in trust		16,984	8,420
Losses on investment in trading securities		6,019	7,448
Losses on sale of securities		1,911	2,624
Losses on valuation of securities		-	-
Derivative transaction losses		14,740	-
Foreign exchange losses		13,547	-
Others		-	83,615
Net capital gains (losses)	B	(4,531)	(13,857)
Fundamental profit plus net capital gains (losses)	A + B	39,542	58,353
Other one-time gains		805	-
Reinsurance income		-	-
Reversal of contingency reserve		805	-
Reversal of specific reserve for possible loan losses		-	-
Others		-	-
Other one-time losses		-	8,500
Ceding reinsurance commissions		-	-
Provision for contingency reserve		-	8,500
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	805	(8,500)
Ordinary profit(loss)	A + B + C	40,347	49,852

Note: 1. Fundamental profit includes the amount below.

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Impact from increase or decrease in surrender values in accordance with Market Value Adjustment (MVA)	(17,677)	268
Impact from market rate fluctuations of foreign exchange on foreign-currency denominated insurance policies	(11,742)	83,347

2. Other capital gains include the amount below.

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Impact from increase or decrease in surrender values in accordance with Market Value Adjustment (MVA)	17,677	-
Impact from market rate fluctuations of foreign exchange on foreign-currency denominated insurance policies	11,742	-

3. Other capital losses include the amount below.

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Impact from increase or decrease in surrender values in accordance with Market Value Adjustment (MVA)	-	268
Impact from market rate fluctuations of foreign exchange on foreign-currency denominated insurance policies	-	83,347

4. The Company invests 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. These transactions are included in gains (losses) on money held in trust and gains (losses) on investment in trading securities.

5. Effective from the fiscal year ending March 31, 2017, the reporting method of the breakdown of ordinary profit has been changed, reflecting the impact from increase or decrease in surrender values in accordance with Market Value Adjustment (MVA). The figures for the first quarter of the preceding fiscal year ended March 2017 have also been recalculated and restated accordingly. Consequently, fundamental profit for the first quarter of the preceding fiscal year decreased by 17,677 million yen, while net capital gains(losses) increased by 17,677 million yen compared to those before the change.

6. Solvency Margin Ratio

(millions of yen)

	As of March 31, 2017	As of December 31, 2017
Total solvency margin (A)	421,078	489,646
Common stock, etc	93,012	123,108
Reserve for price fluctuations	10,216	13,265
Contingency reserve	114,970	123,471
General reserve for possible loan losses	6	7
(Net unrealized gains (losses) on securities (before tax) and deferred hedge gains (losses) (before tax)) × 90% *	21,667	33,120
Net unrealized gains (losses) on real estate × 85%*	-	-
Policy reserves in excess of surrender values	207,553	201,293
Qualifying subordinated debt	-	-
Excluded portion of policy reserves in excess of surrender values and qualifying subordinated debt	(21,188)	-
Excluded items	(5,160)	(4,618)
Others	-	-
Total Risk $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$ (B)	146,034	156,608
Insurance risk R_1	66	73
3rd sector insurance risk R_8	-	-
Assumed investment yield risk R_2	31,404	38,716
Guaranteed minimum benefit risk R_7	21,955	22,953
Investment risk R_3	88,419	90,374
Business risk R_4	4,255	4,563
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	576.6%	625.3%

* Multiplied by 100% if losses.

Note: 1. The figures as of March 31, 2017 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 December 31, 2017 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, 2017	As of December 31, 2017
Individual variable insurance	63,438	84,388
Individual variable annuities	2,066,212	2,132,745
Group annuities	-	-
Separate account total	2,129,651	2,217,134

(2) Policies in Force

A. Individual Variable Insurance

(millions of yen except number of policies)

	As of March 31, 2017		As of December 31, 2017	
	Number of policies	Amount	Number of policies	Amount
Variable insurance (defined term type)	-	-	-	-
Variable insurance (whole life type)	54	427,003	58	495,374
Total	54	427,003	58	495,374

Notes: The outstanding policies in force for individual variable insurance include those managed in general account.

B. Individual Variable Annuities

(millions of yen except number of policies)

	As of March 31, 2017		As of December 31, 2017	
	Number of policies	Amount	Number of policies	Amount
Individual variable annuities	617	3,742,986	626	3,862,939

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. The outstanding policies in force for individual variable annuities include those managed in general account.

8. Consolidated Financial Summary

Not applicable.