
Financial Results for the Nine Months Ended December 31, 2019

The Dai-ichi Frontier Life Insurance Co., Ltd. (the "Company"; President: Masao Taketomi) announces its financial results for the nine months ended December 31, 2019.

[Contents]

1. Business Highlights	.....	P. 1
2. Investment Results of General Account	.....	P. 3
3. Unaudited Quarterly Balance Sheet	.....	P. 6
4. Unaudited Quarterly Statement of Earnings	.....	P. 7
5. Breakdown of Ordinary Profit (Fundamental Profit)	.....	P. 10
6. Solvency Margin Ratio	.....	P. 11
7. Separate Account Status	.....	P. 12
8. Consolidated Financial Summary	.....	P. 12

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, 2019	As of December 31, 2019	
			% of March 31, 2019 total
Individual insurance	316,022	358,968	113.6
Individual annuities	511,633	492,339	96.2
Total	827,656	851,308	102.9
Medical and survival benefits	-	-	-

New Policies

(millions of yen except percentages)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019	% of December 31, 2018 total
Individual insurance	72,348	58,115	80.3
Individual annuities	84,412	34,184	40.5
Total	156,760	92,299	58.9
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, 2019		As of December 31, 2019			
	Number of Policies (thousands)	Amount (millions of yen)	Number of Policies		Amount	
			(thousands)	% of March 31, 2019 total	(millions of yen)	% of March 31, 2019 total
Individual insurance	576	3,875,382	656	114.0	4,395,476	113.4
Individual annuities	950	4,995,231	937	98.6	4,704,355	94.2
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, 2018 total	(millions of yen)	% of December 31, 2018 total	New Business	Net increase from conversions
Nine months ended December 31, 2019						
Individual insurance	96	75.4	652,149	76.5	652,149	-
Individual annuities	70	56.4	283,861	49.4	283,861	-
Group insurance	-	-	-	-	-	-
Group annuities	-	-	-	-	-	-
Nine months ended December 31, 2018						
Individual insurance	127		852,785		852,785	-
Individual annuities	125		574,108		574,108	-
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, 2019		As of December 31, 2019	
	Carrying value	%	Carrying value	%
Cash, deposits, and call loans	199,524	2.9	268,173	3.3
Securities repurchased under resale agreements	-	-	-	-
Deposit paid for securities borrowing transactions	-	-	-	-
Monetary claims bought	-	-	-	-
Trading account securities	-	-	-	-
Money held in trust	534,726	7.7	994,913	12.4
Securities	6,082,493	87.3	6,563,996	81.8
Domestic bonds	1,356,170	19.5	1,496,309	18.7
Domestic stocks	-	-	-	-
Foreign securities	4,538,002	65.1	4,879,938	60.9
Foreign bonds	4,530,203	65.0	4,875,513	60.8
Foreign stocks and other securities	7,799	0.1	4,425	0.1
Other securities	188,319	2.7	187,748	2.3
Loans	-	-	-	-
Real estate	96	0.0	91	0.0
Deferred tax assets	-	-	-	-
Others	150,760	2.2	192,402	2.4
Reserve for possible loan losses	(4)	(0.0)	(6)	(0.0)
Total	6,967,597	100.0	8,019,570	100.0
Foreign currency-denominated assets	4,946,182	71.0	5,313,624	66.3

Note: "Real estate" represents the value of buildings.

(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, 2019					
Bonds held to maturity	-	-	-	-	-
Policy-reserve-matching bonds	3,180,514	3,409,796	229,282	231,739	2,457
Stocks of subsidiaries and affiliates	-	-	-	-	-
Securities available for sale	3,122,435	3,379,056	256,620	258,081	1,460
Domestic bonds	424,223	440,355	16,131	16,593	462
Domestic stocks	-	-	-	-	-
Foreign securities	2,526,687	2,750,952	224,265	225,263	997
Foreign bonds	2,526,687	2,750,952	224,265	225,263	997
Foreign stocks and other securities	-	-	-	-	-
Other securities	171,525	187,748	16,223	16,223	-
Monetary claims bought	-	-	-	-	-
Certificates of deposit	-	-	-	-	-
Others	-	-	-	-	-
Total	6,302,950	6,788,853	485,903	489,820	3,917
Domestic bonds	1,480,177	1,578,875	98,698	99,581	882
Domestic stocks	-	-	-	-	-
Foreign securities	4,651,247	5,022,229	370,981	374,016	3,034
Foreign bonds	4,651,247	5,022,229	370,981	374,016	3,034
Foreign stocks and other securities	-	-	-	-	-
Other securities	171,525	187,748	16,223	16,223	-
Monetary claims bought	-	-	-	-	-
Certificates of deposit	-	-	-	-	-
Others	-	-	-	-	-
As of March 31, 2019					
Bonds held to maturity	-	-	-	-	-
Policy-reserve-matching bonds	4,871,729	5,160,046	288,317	296,428	8,110
Stocks of subsidiaries and affiliates	-	-	-	-	-
Securities available for sale	1,140,956	1,202,964	62,008	63,661	1,653
Domestic bonds	300,369	313,466	13,097	13,303	206
Domestic stocks	-	-	-	-	-
Foreign securities	666,158	701,178	35,019	36,467	1,447
Foreign bonds	666,158	701,178	35,019	36,467	1,447
Foreign stocks and other securities	-	-	-	-	-
Other securities	174,428	188,319	13,890	13,890	-
Monetary claims bought	-	-	-	-	-
Certificates of deposit	-	-	-	-	-
Others	-	-	-	-	-
Total	6,012,685	6,363,011	350,325	360,089	9,764
Domestic bonds	1,343,073	1,436,957	93,883	94,476	592
Domestic stocks	-	-	-	-	-
Foreign securities	4,495,183	4,737,734	242,550	251,722	9,171
Foreign bonds	4,495,183	4,737,734	242,550	251,722	9,171
Foreign stocks and other securities	-	-	-	-	-
Other securities	174,428	188,319	13,890	13,890	-
Monetary claims bought	-	-	-	-	-
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, 2019	994,913	994,913	(4,635)	5,925
As of March 31, 2019	534,726	534,726	4,213	6,801

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, 2019		As of December 31, 2019	
	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	534,726	4,213	994,913	(4,635)

*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. Unaudited Quarterly Balance Sheet

(millions of yen)

	As of March 31, 2019 (Summarized)	As of December 31, 2019
	Amount	Amount
(ASSETS)		
Cash and deposits	209,967	281,791
Money held in trust	534,726	994,913
Securities	7,858,032	7,829,190
[Government bonds]	[526,073]	[510,975]
[Local government bonds]	[23,941]	[32,704]
[Corporate bonds]	[806,156]	[952,629]
[Foreign securities]	[4,550,738]	[4,892,403]
Tangible fixed assets	327	372
Intangible fixed assets	7,688	8,861
Reinsurance receivables	61,474	65,137
Other assets	83,217	118,231
Reserve for possible loan losses	(4)	(6)
Total assets	8,755,429	9,298,492

(millions of yen)

	As of March 31, 2019 (Summarized)	As of December 31, 2019
	Amount	Amount
(LIABILITIES)		
Policy reserves and others	8,241,472	8,101,285
Reserves for outstanding claims	19,699	22,332
Policy reserves	8,221,773	8,078,953
Reinsurance payable	191,869	624,062
Other liabilities	90,211	163,206
Corporate income tax payable	662	8
Lease liabilities	72	97
Other liabilities	89,476	163,100
Reserve for price fluctuations	19,802	24,128
Deferred tax liabilities	17,362	71,853
Total liabilities	8,560,717	8,984,536
(NET ASSETS)		
Capital stock	117,500	117,500
Capital surplus	67,500	67,500
Legal capital surplus	67,500	67,500
Retained earnings	(34,934)	(55,810)
Other retained earnings	(34,934)	(55,810)
Retained earnings brought forward	(34,934)	(55,810)
Total shareholders' equity	150,065	129,189
Net unrealized gains on securities, net of tax	44,645	184,767
Total of valuation and translation adjustments	44,645	184,767
Total net assets	194,711	313,956
Total liabilities and net assets	8,755,429	9,298,492

4. Unaudited Quarterly Statement of Earnings

(millions of yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
	Amount	Amount
ORDINARY REVENUES	1,520,124	1,436,488
Premium and other income	1,401,396	1,014,109
[Premium income]	[1,329,776]	[900,216]
Investment income	118,721	279,551
[Interest and dividends]	[110,962]	[134,565]
[Gains on money held in trust]	[4,202]	[-]
[Gains on investment in trading securities]	[1,341]	[-]
[Gains on sale of securities]	[1,525]	[61,854]
[Derivative transaction gains]	[-]	[13,710]
[Gains on investment in separate accounts]	[-]	[69,321]
Other ordinary revenues	6	142,828
[Reversal of policy reserves]	[-]	[142,820]
ORDINARY EXPENSES	1,496,103	1,453,027
Benefits and claims	528,667	1,263,123
[Claims]	[46,582]	[63,930]
[Annuities]	[203,670]	[478,761]
[Benefits]	[49,690]	[69,232]
[Surrender values]	[98,037]	[102,032]
[Other refunds]	[4,911]	[4,317]
Provision for policy reserves and others	741,306	2,633
Provision for reserves for outstanding claims	4,063	2,633
Provision for policy reserve	737,242	-
Investment expenses	159,888	133,792
[Interest expenses]	[4]	[4]
[Losses on money held in trust]	[-]	[5,514]
[Losses on investment in trading securities]	[-]	[4,441]
[Losses on sale of securities]	[1,142]	[257]
[Derivative transaction losses]	[8,550]	[-]
[Foreign exchange losses]	[82,260]	[121,392]
[Losses on investment in separate accounts]	[66,803]	[-]
Operating expenses	57,802	46,025
Other ordinary expenses	8,438	7,452
ORDINARY GAIN (LOSS)	24,021	(16,538)
EXTRAORDINARY LOSSES	3,806	4,327
Losses on disposal of fixed assets	0	1
Provision for reserve for price fluctuations	3,806	4,326
Gain (loss) before income taxes	20,214	(20,866)
Corporate income taxes - current	8,220	10
Total of corporate income taxes	8,220	10
Net income (loss) for the period	11,993	(20,876)

As of December 31, 2019

1. Securities lent under lending agreements are included in the balance sheets. Total balance of securities lent as of December 31, 2019 was 249,241 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	281,791	281,791	-
(2) Money held in trust	994,913	994,913	-
(3) Securities	7,829,190	8,058,472	229,282
(a) Trading securities	1,269,619	1,269,619	-
(b) Policy-reserve-matching bonds	3,180,514	3,409,796	229,282
(c) Other securities	3,379,056	3,379,056	-
Assets total	9,105,896	9,335,178	229,282
Derivative transactions			
(a) Derivative transactions to which hedge accounting is not applied	(4,038)	(4,038)	-
Derivative transactions total	(4,038)	(4,038)	-

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) Money held in trust

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

(c) Securities

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

(d) 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.

(Additional Information)

Effective from the second quarter ended September 30, 2019, those policy-reserve-matching bonds that used to be held in the sub-group of individual insurance and annuities (AUS dollar-denominated), have been reclassified to securities available for sale, and the said sub-group has been abolished. This reclassification to securities available for sale was carried out in accordance with risk management policies as the sharp and significant decline of the Australian dollar interest rate has caused substantial changes to the economic prerequisites for the ownership ratio of policy-reserve-matching bonds in the said sub-group. As a result, the sub-groups are now as follows:

- (a) Individual insurance and annuities (JP yen-denominated);
- (b) Individual insurance and annuities (US dollar-denominated); and
- (c) Individual insurance and annuities (NZ dollar-denominated); with the exception of certain types and policies.

As a result of these changes, at the time of the reclassification, corporate bonds under Securities increased by 5,493 million yen; foreign securities under Securities rose by 198,713 million yen; net unrealized gains on securities, net of tax, increased by 147,029 million yen; and deferred tax liabilities grew 57,177 million yen.

Notes to the Non-Consolidated Statements of Earnings

Nine months ended December 31, 2019

1. Net loss per share for the Nine months ended December 31, 2019 was 11,284,439.75 yen. Fully diluted net loss 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, 2018	Nine months ended December 31, 2019
Fundamental profit	A	12,207	39,023
Capital gains		112,669	205,598
Gains on money held in trust		4,202	-
Gains on investment in trading securities		1,341	-
Gains on sale of securities		1,525	61,854
Derivative transaction gains		-	13,710
Foreign exchange gains		-	-
Others		105,600	130,033
Capital losses		94,737	268,065
Losses on money held in trust		-	5,514
Losses on investment in trading securities		-	4,441
Losses on sale of securities		1,142	257
Losses on valuation of securities		-	-
Derivative transaction losses		8,550	-
Foreign exchange losses		82,260	121,392
Others		2,783	136,459
Net capital gains (losses)	B	17,931	(62,467)
Fundamental profit plus net capital gains (losses)	A + B	30,139	(23,443)
Other one-time gains		-	442,405
Reinsurance income		-	-
Reversal of contingency reserve		-	34,975
Reversal of specific reserve for possible loan losses		-	-
Others		-	407,430
Other one-time losses		6,117	435,501
Ceding reinsurance commissions		-	-
Provision for contingency reserve		6,117	-
Provision for specific reserve for possible loan losses		-	0
Provision for specific reserve for loans to refinancing countries		-	-
Write-down of loans		-	-
Others		-	435,501
Other one-time profits (losses)	C	(6,117)	6,904
Ordinary profit(loss)	A + B + C	24,021	(16,538)

Note: 1. Fundamental profit includes the amount below.

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Impact from increase or decrease in surrender values in accordance with Market Value Adjustment (MVA)	2,783	136,459
Impact from market rate fluctuations of foreign exchange on foreign-currency denominated insurance policies	(105,600)	(130,033)

2. Other capital gains include the amount below.

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Impact from market rate fluctuations of foreign exchange on foreign-currency denominated insurance policies	105,600	130,033

3. Other capital losses include the amount below.

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Impact from increase or decrease in surrender values in accordance with Market Value Adjustment (MVA)	2,783	136,459

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. "Others" under other one-time gains represent the total sum of the reinsurance income (6,967 million yen for the first nine months of the fiscal year ending March 31, 2020) and the policy reserves (400,462 million yen for the first nine months of the fiscal year ending March 31, 2020), both attributable to the portion of reinsurance specified in Article 71, Paragraph 1, of the Ordinance for Enforcement of the Insurance Business Act.
"Others" under other one-time losses show ceding reinsurance commissions (435,501 million yen for the first nine months of the fiscal year ending March 31, 2020) for the reinsurance specified in Article 71, Paragraph 1, of the Ordinance for Enforcement of the Insurance Business Act.

6. Solvency Margin Ratio

(millions of yen)

	As of March 31, 2019	As of December 31, 2019
Total solvency margin (A)	520,279	592,066
Common stock, etc	150,065	129,189
Reserve for price fluctuations	19,802	24,128
Contingency reserve	131,480	96,504
General reserve for possible loan losses	4	5
(Net unrealized gains (losses) on securities (before tax) and deferred hedge gains (losses) (before tax)) × 90% *	55,807	230,958
Net unrealized gains (losses) on real estate × 85%*	-	-
Policy reserves in excess of surrender values	163,879	111,864
Qualifying subordinated debt	-	-
Excluded portion of policy reserves in excess of surrender values and qualifying subordinated debt	-	-
Excluded items	(759)	(584)
Others	-	-
Total Risk $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$ (B)	205,244	206,310
Insurance risk R_1	75	71
3rd sector insurance risk R_8	-	-
Assumed investment yield risk R_2	59,298	59,160
Guaranteed minimum benefit risk R_7	12,964	3,339
Investment risk R_3	127,001	137,798
Business risk R_4	5,980	6,011
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	506.9%	573.9%

* Multiplied by 100% if losses.

Note: 1. The figures as of March 31, 2019 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, 2019 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, 2019	As of December 31, 2019
Individual variable insurance	49,336	54,950
Individual variable annuities	1,738,555	1,224,071
Group annuities	-	-
Separate account total	1,787,891	1,279,021

(2) Policies in Force

A. Individual Variable Insurance

(millions of yen except number of policies)

	As of March 31, 2019		As of December 31, 2019	
	Number of policies	Amount	Number of policies	Amount
Variable insurance (defined term type)	-	-	-	-
Variable insurance (whole life type)	53	436,669	52	430,362
Total	53	436,669	52	430,362

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, 2019		As of December 31, 2019	
	Number of policies	Amount	Number of policies	Amount
Individual variable annuities	599	3,401,076	530	2,928,978

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.