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# Financial Results for the Nine Months Ended December 31, 2020

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The Dai-ichi Frontier Life Insurance Co., Ltd. (the "Company"; President: Masao Taketomi) announces its financial results for the nine months ended December 31, 2020.

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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, 2020	As of December 31, 2020	
			% of March 31, 2020 total
Individual insurance	357,533	386,053	108.0
Individual annuities	450,325	459,322	102.0
Total	807,859	845,375	104.6
Medical and survival benefits	-	1,069	-

#### New Policies

(millions of yen except percentages)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020	% of December 31, 2019 total
Individual insurance	58,115	37,060	63.8
Individual annuities	34,184	13,989	40.9
Total	92,299	51,049	55.3
Medical and survival benefits	-	1,086	-

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, 2020		As of December 31, 2020			
	Number of Policies (thousands)	Amount (millions of yen)	Number of Policies		Amount	
			(thousands)	% of March 31, 2020 total	(millions of yen)	% of March 31, 2020 total
Individual insurance	692	4,377,536	709	102.5	4,745,847	108.4
Individual annuities	915	4,215,064	894	97.7	4,331,371	102.8
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, 2019 total	(millions of yen)	% of December 31, 2019 total	New Business	Net increase from conversions
<b>Nine months ended December 31, 2020</b>						
Individual insurance	49	50.9	364,750	55.9	364,750	-
Individual annuities	33	48.0	126,853	44.7	126,853	-
Group insurance	-	-	-	-	-	-
Group annuities	-	-	-	-	-	-
<b>Nine months ended December 31, 2019</b>						
Individual insurance	96	-	652,149	-	652,149	-
Individual annuities	70	-	283,861	-	283,861	-
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, 2020		As of December 31, 2020	
	Carrying value	%	Carrying value	%
Cash, deposits, and call loans	264,889	3.4	404,105	4.8
Securities repurchased under resale agreements	-	-	-	-
Deposit paid for securities borrowing transactions	-	-	-	-
Monetary claims bought	-	-	-	-
Trading account securities	-	-	-	-
Money held in trust	1,004,788	12.8	1,222,835	14.5
Securities	6,331,705	80.7	6,583,977	78.3
Domestic bonds	1,499,055	19.1	1,588,031	18.9
Domestic stocks	-	-	-	-
Foreign securities	4,648,420	59.3	4,807,870	57.2
Foreign bonds	4,648,420	59.3	4,807,870	57.2
Foreign stocks and other securities	-	-	-	-
Other securities	184,229	2.3	188,075	2.2
Loans	-	-	-	-
Real estate	88	0.0	97	0.0
Deferred tax assets	-	-	-	-
Others	240,315	3.1	195,824	2.3
Reserve for possible loan losses	(11)	(0.0)	(26)	(0.0)
Total	7,841,776	100.0	8,406,814	100.0
Foreign currency-denominated assets	5,141,062	65.6	5,276,286	62.8

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, 2020					
Bonds held to maturity	-	-	-	-	-
Policy-reserve-matching bonds	3,192,226	3,543,809	351,583	354,696	3,112
Stocks of subsidiaries and affiliates	-	-	-	-	-
Securities available for sale	3,068,720	3,391,750	323,030	324,144	1,114
Domestic bonds	451,680	471,048	19,368	19,754	386
Domestic stocks	-	-	-	-	-
Foreign securities	2,446,540	2,732,627	286,087	286,815	728
Foreign bonds	2,446,540	2,732,627	286,087	286,815	728
Foreign stocks and other securities	-	-	-	-	-
Other securities	170,500	188,075	17,574	17,574	-
Monetary claims bought	-	-	-	-	-
Certificates of deposit	-	-	-	-	-
Others	-	-	-	-	-
Total	6,260,947	6,935,560	674,613	678,840	4,227
Domestic bonds	1,568,663	1,673,176	104,512	105,904	1,391
Domestic stocks	-	-	-	-	-
Foreign securities	4,521,783	5,074,309	552,525	555,361	2,835
Foreign bonds	4,521,783	5,074,309	552,525	555,361	2,835
Foreign stocks and other securities	-	-	-	-	-
Other securities	170,500	188,075	17,574	17,574	-
Monetary claims bought	-	-	-	-	-
Certificates of deposit	-	-	-	-	-
Others	-	-	-	-	-
As of March 31, 2020					
Bonds held to maturity	-	-	-	-	-
Policy-reserve-matching bonds	3,178,684	3,377,727	199,043	216,790	17,746
Stocks of subsidiaries and affiliates	-	-	-	-	-
Securities available for sale	2,871,084	3,153,020	281,936	285,777	3,841
Domestic bonds	423,865	438,716	14,850	16,416	1,565
Domestic stocks	-	-	-	-	-
Foreign securities	2,275,694	2,530,075	254,381	256,657	2,276
Foreign bonds	2,275,694	2,530,075	254,381	256,657	2,276
Foreign stocks and other securities	-	-	-	-	-
Other securities	171,525	184,229	12,703	12,703	-
Monetary claims bought	-	-	-	-	-
Certificates of deposit	-	-	-	-	-
Others	-	-	-	-	-
Total	6,049,768	6,530,748	480,980	502,567	21,587
Domestic bonds	1,484,204	1,569,195	84,990	88,762	3,772
Domestic stocks	-	-	-	-	-
Foreign securities	4,394,038	4,777,324	383,285	401,100	17,815
Foreign bonds	4,394,038	4,777,324	383,285	401,100	17,815
Foreign stocks and other securities	-	-	-	-	-
Other securities	171,525	184,229	12,703	12,703	-
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, 2020	1,222,835	1,222,835	20,806	21,862	1,056
As of March 31, 2020	1,004,788	1,004,788	(18,271)	580	18,852

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, 2020		As of December 31, 2020	
	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	1,004,788	(18,271)	1,222,835	20,806

\*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, 2020 (Summarized)	As of December 31, 2020
	Amount	Amount
<b>(ASSETS)</b>		
Cash and deposits	272,704	410,123
Money held in trust	1,004,788	1,222,835
Securities	7,427,849	7,641,658
[Government bonds]	[ 513,178 ]	[ 517,415 ]
[Local government bonds]	[ 36,725 ]	[ 44,029 ]
[Corporate bonds]	[ 949,151 ]	[ 1,026,586 ]
[Foreign securities]	[ 4,660,588 ]	[ 4,819,871 ]
Tangible fixed assets	343	346
Intangible fixed assets	9,266	10,976
Reinsurance receivables	58,251	65,388
Other assets	173,970	119,234
Reserve for possible loan losses	(11)	(26)
<b>Total assets</b>	<b>8,947,162</b>	<b>9,470,536</b>

(millions of yen)

	As of March 31, 2020 (Summarized)	As of December 31, 2020
	Amount	Amount
<b>(LIABILITIES)</b>		
Policy reserves and others	7,779,920	7,950,297
Reserves for outstanding claims	20,037	21,664
Policy reserves	7,759,882	7,928,633
Reinsurance payable	589,384	811,302
Other liabilities	220,591	264,172
Corporate income tax payable	14	1,240
Lease liabilities	78	43
Other liabilities	220,498	262,888
Reserve for price fluctuations	25,337	29,627
Deferred tax liabilities	78,942	90,448
<b>Total liabilities</b>	<b>8,694,175</b>	<b>9,145,848</b>
<b>(NET ASSETS)</b>		
Capital stock	117,500	117,500
Capital surplus	67,500	67,500
Legal capital surplus	67,500	67,500
Retained earnings	(135,006)	(92,893)
Other retained earnings	(135,006)	(92,893)
Retained earnings brought forward	(135,006)	(92,893)
Total shareholders' equity	49,993	92,106
Net unrealized gains on securities, net of tax	202,994	232,581
Total of valuation and translation adjustments	202,994	232,581
<b>Total net assets</b>	<b>252,987</b>	<b>324,687</b>
<b>Total liabilities and net assets</b>	<b>8,947,162</b>	<b>9,470,536</b>

#### 4. Unaudited Quarterly Statement of Earnings

(millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
	Amount	Amount
<b>ORDINARY REVENUES</b>	1,436,488	1,234,934
Premium and other income	1,014,109	649,669
[Premium income]	[ 900,216 ]	[ 486,235 ]
Investment income	279,551	585,234
[Interest and dividends]	[ 134,565 ]	[ 131,308 ]
[Gains on money held in trust]	[ - ]	[ 20,806 ]
[Gains on sale of securities]	[ 61,854 ]	[ 57,434 ]
[Derivative transaction gains]	[ 13,710 ]	[ 115,244 ]
[Foreign exchange gains]	[ - ]	[ 161,689 ]
[Gains on investment in separate accounts]	[ 69,321 ]	[ 98,565 ]
Other ordinary revenues	142,828	30
[Reversal of policy reserves]	[ 142,820 ]	[ - ]
<b>ORDINARY EXPENSES</b>	1,453,027	1,181,317
Benefits and claims	1,263,123	973,627
[Claims]	[ 63,930 ]	[ 78,323 ]
[Annuities]	[ 478,761 ]	[ 195,308 ]
[Benefits]	[ 69,232 ]	[ 80,408 ]
[Surrender values]	[ 102,032 ]	[ 263,672 ]
[Other refunds]	[ 4,317 ]	[ 2,932 ]
Provision for policy reserves and others	2,633	170,377
Provision for reserves for outstanding claims	2,633	1,626
Provision for policy reserve	-	168,750
Investment expenses	133,792	802
[Interest expenses]	[ 4 ]	[ 2 ]
[Losses on money held in trust]	[ 5,514 ]	[ - ]
[Losses on investment in trading securities]	[ 4,441 ]	[ - ]
[Losses on sale of securities]	[ 257 ]	[ 190 ]
[Foreign exchange losses]	[ 121,392 ]	[ - ]
Operating expenses	46,025	30,673
Other ordinary expenses	7,452	5,837
<b>ORDINARY GAIN (LOSS)</b>	(16,538)	53,616
<b>EXTRAORDINARY GAINS</b>	-	0
Gains on disposal of fixed assets	-	0
<b>EXTRAORDINARY LOSSES</b>	4,327	4,301
Losses on disposal of fixed assets	1	11
Provision for reserve for price fluctuations	4,326	4,290
Gain (loss) before income taxes	(20,866)	49,315
Corporate income taxes - current	10	7,202
Total of corporate income taxes	10	7,202
Net income (loss) for the period	(20,876)	42,113



## Notes to the Non-Consolidated Balance Sheet

As of December 31, 2020

- Securities lent under lending agreements are included in the balance sheets. Total balance of securities lent as of December 31, 2020 was 289,934 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	410,123	410,123	-
(2) Money held in trust	1,222,835	1,222,835	-
(3) Securities	7,641,658	7,993,241	351,583
(a) Trading securities	1,057,681	1,057,681	-
(b) Policy-reserve-matching bonds	3,192,226	3,543,809	351,583
(c) Other securities	3,391,750	3,391,750	-
Assets total	9,274,617	9,626,200	351,583
Derivative transactions			
(a) Derivative transactions to which hedge accounting is not applied	53,916	53,916	-
Derivative transactions total	53,916	53,916	-

Note: 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.
- Money held in trust  
Information on securities and derivative transactions appear below in "(c) Securities" and "(d) Derivative transactions", respectively.
- 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, 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, 2020

- Net income per share for the Nine months ended December 31, 2020 was 22,763,824.63 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, 2019	Nine months ended December 31, 2020
Fundamental profit	A	40,642	39,521
Capital gains		212,607	355,174
Gains on money held in trust		-	20,806
Gains on investment in trading securities		-	-
Gains on sale of securities		61,854	57,434
Derivative transaction gains		13,710	115,244
Foreign exchange gains		-	161,689
Others		137,042	-
Capital losses		276,693	322,743
Losses on money held in trust		5,514	-
Losses on investment in trading securities		4,441	-
Losses on sale of securities		257	190
Losses on valuation of securities		-	-
Derivative transaction losses		-	-
Foreign exchange losses		121,392	-
Others		145,086	322,552
Net capital gains (losses)	B	(64,085)	32,431
Fundamental profit plus net capital gains (losses)	A + B	(23,443)	71,953
Other one-time gains		442,405	190,974
Reinsurance income		-	-
Reversal of contingency reserve		34,975	625
Reversal of specific reserve for possible loan losses		-	-
Others		407,430	190,348
Other one-time losses		435,501	209,310
Ceding reinsurance commissions		-	-
Provision for contingency reserve		-	-
Provision for specific reserve for possible loan losses		0	18
Provision for specific reserve for loans to refinancing countries		-	-
Write-down of loans		-	-
Others		435,501	209,292
Other one-time profits (losses)	C	6,904	(18,336)
Ordinary profit(loss)	A + B + C	(16,538)	53,616

(Reference)

## Breakdown of Other Fundamental Income

(millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Fundamental Income	36,115	341,495
Impact from increase or decrease in surrender values in accordance with Market Value Adjustment (MVA)	136,459	31,119
Impact from market rate fluctuations of foreign exchange on foreign-currency denominated insurance policies	(130,033)	273,852
Interest received and/or paid related to currency swap and interest rate swap contracts covering foreign-currency denominated insurance policies	8,627	10,231
Impact from assets held in money trusts and others related to reinsurance dealings	(7,008)	7,347
Reinsurance income for the reinsurance specified in Article 71, paragraph 1 of the Ordinance for Enforcement of the Insurance Business Act	(6,967)	-
Policy reserves attributable to the portion of reinsurance specified in Article 71, paragraph 1 of the Ordinance for Enforcement of the Insurance Business Act	(400,462)	(190,348)
Ceding reinsurance commissions for the reinsurance specified in Article 71, paragraph 1 of the Ordinance for Enforcement of the Insurance Business Act	435,501	209,292
Other Capital Gains	137,042	-
Impact from increase or decrease in surrender values in accordance with Market Value Adjustment (MVA)	130,033	-
Impact from assets held in money trusts and others related to reinsurance dealings	7,008	-
Other Capital Losses	145,086	322,552
Impact from increase or decrease in surrender values in accordance with Market Value Adjustment (MVA)	136,459	31,119
Impact from market rate fluctuations of foreign exchange on foreign-currency denominated insurance policies	-	273,852
Interest received and/or paid related to currency swap and interest rate swap contracts covering foreign-currency denominated insurance policies	8,627	10,231
Impact from assets held in money trusts and others related to reinsurance dealings	-	7,347
Other One-Time Gains	407,430	190,348
Reinsurance income for the reinsurance specified in Article 71, paragraph 1 of the Ordinance for Enforcement of the Insurance Business Act	6,967	-
Policy reserves attributable to the portion of reinsurance specified in Article 71, paragraph 1 of the Ordinance for Enforcement of the Insurance Business Act	400,462	190,348
Other One-Time Gains	435,501	209,292
Ceding reinsurance commissions for the reinsurance specified in Article 71, paragraph 1 of the Ordinance for Enforcement of the Insurance Business Act	435,501	209,292

## 6. Solvency Margin Ratio

(millions of yen)

	As of March 31, 2020	As of December 31, 2020
Total solvency margin (A)	476,465	568,050
Common stock, etc	49,993	92,106
Reserve for price fluctuations	25,337	29,627
Contingency reserve	63,246	62,621
General reserve for possible loan losses	9	6
(Net unrealized gains (losses) on securities (before tax) and deferred hedge gains (losses) (before tax)) × 90% *	253,742	290,727
Net unrealized gains (losses) on real estate × 85%*	-	-
Policy reserves in excess of surrender values	84,136	92,962
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)	197,263	204,500
Insurance risk $R_1$	65	101
3rd sector insurance risk $R_8$	-	0
Assumed investment yield risk $R_2$	54,578	52,479
Guaranteed minimum benefit risk $R_7$	3,136	3,010
Investment risk $R_3$	133,800	143,051
Business risk $R_4$	5,747	5,959
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	483.0%	555.5%

\* Multiplied by 100% if losses.

Note: 1. The figures as of March 31, 2020 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, 2020 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, 2020	As of December 31, 2020
Individual variable insurance	35,329	46,407
Individual variable annuities	1,070,172	1,017,508
Group annuities	-	-
Separate account total	1,105,501	1,063,915

### (2) Policies in Force

#### A. Individual Variable Insurance

(millions of yen except number of policies)

	As of March 31, 2020		As of December 31, 2020	
	Number of policies	Amount	Number of policies	Amount
Variable insurance (defined term type)	-	-	-	-
Variable insurance (whole life type)	51	390,654	50	406,888
Total	51	390,654	50	406,888

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, 2020		As of December 31, 2020	
	Number of policies	Amount	Number of policies	Amount
Individual variable annuities	519	2,624,970	495	2,686,796

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.