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## Financial Results for the Three Months Ended June 30, 2019

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The Dai-ichi Frontier Life Insurance Co., Ltd. (the "Company"; President: Masao Taketomi) announces its financial results for the three months ended June 30, 2019.

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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, 2019	As of June 30, 2019	
			% of March 31, 2018 total
Individual insurance	316,022	326,664	103.4
Individual annuities	511,633	496,859	97.1
Total	827,656	823,523	99.5
Medical and survival benefits	-	-	-

#### New Policies

(millions of yen except percentages)

	Three months ended June 30, 2018	Three months ended June 30, 2019	% of June 30, 2018 total
Individual annuities	29,025	13,353	46.0
Total	49,203	34,991	71.1
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 June 30, 2019			
	Number of Policies (thousands)	Amount (millions of yen)	Number of Policies		Amount	
			(thousands)	% of March 31, 2018 total	(millions of yen)	% of March 31, 2018 total
Individual insurance	576	3,875,382	610	105.9	3,989,039	102.9
Individual annuities	950	4,995,231	958	100.8	4,867,362	97.4
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, 2018 total	(millions of yen)	% of June 30, 2018 total	New Business	Net increase from conversions
Three months ended June 30, 2019						
Individual insurance	38	99.2	251,336	101.7	251,336	-
Individual annuities	27	69.7	112,564	61.6	112,564	-
Group insurance	-	-	-	-	-	-
Group annuities	-	-	-	-	-	-
Three months ended June 30, 2018						
Individual insurance	38		247,134		247,134	-
Individual annuities	39		182,745		182,745	-
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 June 30, 2019	
	Carrying value	%	Carrying value	%
Cash, deposits, and call loans	199,524	2.9	142,452	2.0
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	542,275	7.6
Securities	6,082,493	87.3	6,300,616	88.2
Domestic bonds	1,356,170	19.5	1,394,712	19.5
Domestic stocks	-	-	-	-
Foreign securities	4,538,002	65.1	4,716,580	66.1
Foreign bonds	4,530,203	65.0	4,709,319	66.0
Foreign stocks and other securities	7,799	0.1	7,260	0.1
Other securities	188,319	2.7	189,324	2.7
Loans	-	-	-	-
Real estate	96	0.0	97	0.0
Deferred tax assets	-	-	-	-
Others	150,760	2.2	154,351	2.2
Reserve for possible loan losses	(4)	(0.0)	(5)	(0.0)
Total	6,967,597	100.0	7,139,788	100.0
Foreign currency-denominated assets	4,946,182	71.0	5,078,116	71.1

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 June 30, 2019					
Bonds held to maturity	-	-	-	-	-
Policy-reserve-matching bonds	5,039,700	5,466,931	427,231	429,817	2,585
Stocks of subsidiaries and affiliates	-	-	-	-	-
Securities available for sale	1,166,999	1,253,655	86,656	87,020	364
Domestic bonds	298,793	312,793	13,999	14,032	32
Domestic stocks	-	-	-	-	-
Foreign securities	695,470	751,538	56,067	56,399	331
Foreign bonds	695,470	751,538	56,067	56,399	331
Foreign stocks and other securities	-	-	-	-	-
Other securities	172,735	189,324	16,588	16,588	-
Monetary claims bought	-	-	-	-	-
Certificates of deposit	-	-	-	-	-
Others	-	-	-	-	-
Total	6,206,700	6,720,587	513,887	516,837	2,950
Domestic bonds	1,380,712	1,491,292	110,579	110,643	64
Domestic stocks	-	-	-	-	-
Foreign securities	4,653,251	5,039,970	386,719	389,604	2,885
Foreign bonds	4,653,251	5,039,970	386,719	389,604	2,885
Foreign stocks and other securities	-	-	-	-	-
Other securities	172,735	189,324	16,588	16,588	-
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 June 30, 2019	542,275	542,275	2,362	1,243
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 June 30, 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	542,275	2,362

\*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, 2019 (Summarized)	As of June 30, 2019
	Amount	Amount
<b>(ASSETS)</b>		
Cash and deposits	209,967	158,302
Money held in trust	534,726	542,275
Securities	7,858,032	7,949,652
[Government bonds]	[ 526,073 ]	[ 520,266 ]
[Local government bonds]	[ 23,941 ]	[ 24,667 ]
[Corporate bonds]	[ 806,156 ]	[ 849,777 ]
[Foreign securities]	[ 4,550,738 ]	[ 4,729,235 ]
Tangible fixed assets	327	410
Intangible fixed assets	7,688	8,072
Reinsurance receivables	61,474	60,900
Other assets	83,217	91,382
Reserve for possible loan losses	(4)	(5)
<b>Total assets</b>	<b>8,755,429</b>	<b>8,810,991</b>

(millions of yen)

	As of March 31, 2019 (Summarized)	As of June 30, 2019
	Amount	Amount
<b>(LIABILITIES)</b>		
Policy reserves and others	8,241,472	8,290,753
Reserves for outstanding claims	19,699	22,276
Policy reserves	8,221,773	8,268,477
Reinsurance payable	191,869	191,018
Other liabilities	90,211	96,757
Corporate income tax payable	662	2
Lease liabilities	72	135
Other liabilities	89,476	96,619
Reserve for employees' retirement benefits	19,802	21,198
Reserve for price fluctuations	17,362	24,263
<b>Total liabilities</b>	<b>8,560,717</b>	<b>8,623,991</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	(34,934)	(60,392)
Other retained earnings	(34,934)	(60,392)
Retained earnings brought forward	(34,934)	(60,392)
Total shareholders' equity	150,065	124,607
Net unrealized gains on securities, net of tax	44,645	62,392
Total of valuation and translation adjustments	44,645	62,392
<b>Total net assets</b>	<b>194,711</b>	<b>186,999</b>
<b>Total liabilities and net assets</b>	<b>8,755,429</b>	<b>8,810,991</b>

#### 4. Non-Consolidated Balance Sheets

(millions of yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019
	Amount	Amount
<b>ORDINARY REVENUES</b>	483,443	428,201
Premium and other income	420,941	367,995
[Premium income]	[ 400,452 ]	[ 346,406 ]
Investment income	62,441	60,203
[Interest and dividends]	[ 33,026 ]	[ 42,895 ]
[Gains on money held in trust]	[ - ]	[ 2,362 ]
[Gains on sale of securities]	[ 837 ]	[ 485 ]
[Gains on investment in separate accounts]	[ 10,464 ]	[ 14,441 ]
Other ordinary revenues	61	3
[Reversal of reserves for outstanding claims]	[ 58 ]	[ - ]
<b>ORDINARY EXPENSES</b>	478,003	452,259
Benefits and claims	145,174	208,503
[Claims]	[ 14,650 ]	[ 20,742 ]
[Annuities]	[ 56,557 ]	[ 116,480 ]
[Benefits]	[ 14,017 ]	[ 20,464 ]
[Surrender values]	[ 33,477 ]	[ 21,564 ]
[Other refunds]	[ 1,275 ]	[ 1,298 ]
Provision for policy reserves and others	303,590	49,281
Provision for reserves for outstanding claims	-	2,577
Provision for policy reserve	303,590	46,703
Investment expenses	8,866	174,890
[Interest expenses]	[ 1 ]	[ 0 ]
[Losses on money held in trust]	[ 857 ]	[ - ]
[Losses on investment in trading securities]	[ 2,131 ]	[ 539 ]
[Losses on sale of securities]	[ 74 ]	[ 430 ]
[Derivative transaction losses]	[ 5,557 ]	[ 2,040 ]
Operating expenses	17,824	17,027
Other ordinary expenses	2,549	2,556
<b>ORDINARY GAIN(LOSS)</b>	5,439	(24,057)
<b>EXTRAORDINARY LOSSES</b>	1,117	1,396
Losses on disposal of fixed assets	0	-
Provision for reserve for price fluctuations	1,117	1,396
Gain(loss) before income taxes	4,321	(25,453)
Corporate income taxes - current	2,039	4
Total of corporate income taxes	2,039	4
Net income(loss) for the period	2,282	(25,458)

## Notes to the Non-Consolidated Balance Sheet

As of June 30, 2019

- Securities lent under lending agreements are included in the balance sheets. Total balance of securities lent as of June 30, 2019 was 188,993million 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	158,302	158,302	-
(2) Money held in trust	542,275	542,275	-
(3) Securities	7,949,652	8,376,883	427,231
(a) Trading securities	1,656,295	1,656,295	-
(b) Policy-reserve-matching bonds	5,039,700	5,466,931	427,231
(c) Other securities	1,253,655	1,253,655	-
Assets total	8,650,229	9,077,461	427,231
Derivative transactions			
(a) Derivative transactions to which hedge accounting is not applied	(22,441)	(22,441)	-
Derivative transactions total	(22,441)	(22,441)	-

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.
- 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 and interest rate 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, 2019

- Net loss per share for the three months ended June 30, 2019 was 13,761,150.57 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)

		Three months ended June 30, 2018	Three months ended June 30, 2019
Fundamental profit	A	14,780	6,056
Capital gains		18,286	192,308
Gains on money held in trust		-	2,362
Gains on investment in trading securities		-	-
Gains on sale of securities		837	485
Derivative transaction gains		-	-
Foreign exchange gains		17,449	-
Others		-	189,459
Capital losses		24,351	229,377
Losses on money held in trust		857	-
Losses on investment in trading securities		2,131	539
Losses on sale of securities		74	430
Losses on valuation of securities		-	-
Derivative transaction losses		5,557	2,040
Foreign exchange losses		-	171,672
Others		15,731	54,695
Net capital gains (losses)	B	(6,065)	(37,069)
Fundamental profit plu	A + B	8,714	(31,013)
Other one-time gains		-	6,955
Reinsurance income		-	-
Reversal of contingency reserve		-	6,955
Reversal of specific reserve for possible loan losses		-	-
Others		-	-
Other one-time losses		3,275	0
Ceding reinsurance commissions		-	-
Provision for contingency reserve		3,275	-
Provision for specific reserve for possible loan losses		-	0
Provision for specific reserve for loans to refinancing countries		-	-
Write-down of loans		-	-
Others		-	-
Other one-time profits (losses)	C	(3,275)	6,955
Ordinary profit(loss)	A + B + C	5,439	(24,057)

Note: 1. Fundamental profit includes the amount below.

	Three months ended June 30, 2018	Three months ended June 30, 2019
Impact from increase or decrease in surrender values in accordance with Market Value Adjustment (MVA)	2,843	54,695
Adjustment of the portion valued in exchange rate fluctuations of foreign-currency denominated insurance's liability	12,888	(189,459)

2. Other capital gains include the amount below.

	Three months ended June 30, 2018	Three months ended June 30, 2019
Adjustment of the portion valued in exchange rate fluctuations of foreign-currency denominated insurance's liability	-	189,459

3. Other capital losses include the amount below.

	Three months ended June 30, 2018	Three months ended June 30, 2019
Impact from increase or decrease in surrender values in accordance with Market Value Adjustment (MVA)	2,843	54,695
Adjustment of the portion valued in exchange rate fluctuations of foreign-currency denominated insurance's liability	12,888	-

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.

## 6. Solvency Margin Ratio

(millions of yen)

	As of March 31, 2019	As of June 30, 2019
Total solvency margin (A)	520,279	486,014
Common stock, etc	150,065	124,607
Reserve for price fluctuations	19,802	21,198
Contingency reserve	131,480	124,524
General reserve for possible loan losses	4	4
(Net unrealized gains (losses) on securities (before tax) and deferred hedge gains (losses) (before tax)) × 90% *	55,807	77,990
Net unrealized gains (losses) on real estate × 85%*	-	-
Policy reserves in excess of surrender values	163,879	138,389
Qualifying subordinated debt	-	-
Excluded portion of policy reserves in excess of surrender values and qualifying subordinated debt	-	-
Excluded items	(759)	(700)
Others	-	-
Total Risk $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$ (B)	205,244	206,239
Insurance risk $R_1$	75	66
3rd sector insurance risk $R_8$	-	-
Assumed investment yield risk $R_2$	59,298	60,794
Guaranteed minimum benefit risk $R_7$	12,964	9,750
Investment risk $R_3$	127,001	129,685
Business risk $R_4$	5,980	6,008
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	506.9%	471.3%

\* 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 June 30, 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 June 30, 2019
Individual variable insurance	49,336	49,804
Individual variable annuities	1,738,555	1,621,453
Group annuities	-	-
Separate account total	1,787,891	1,671,257

### (2) Policies in Force

#### A. Individual Variable Insurance

(millions of yen except number of policies)

	As of March 31, 2019		As of June 30, 2019	
	Number of policies	Amount	Number of policies	Amount
Variable insurance (defined term type)	-	-	-	-
Variable insurance (whole life type)	53	436,669	53	428,476
Total	53	436,669	53	428,476

Notes: The outstanding pol

#### B. Individual Variable A

(millions of yen except number of policies)

	As of March 31, 2019		As of June 30, 2019	
	Number of policies	Amount	Number of policies	Amount
Individual variable annuities	599	3,401,076	583	3,233,378

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.