

---

# Financial Results for the Nine Months Ended December 31, 2016

---

The Dai-ichi Frontier Life Insurance Co., Ltd. (the "Company"; President: Hiroshi Kanai) announces its financial results for the nine months ended December 31, 2016.

## [Contents]

1. Business Highlights	.....	P. 1
2. Investment Results of General Account	.....	P. 3
3. Non-Consolidated Balance Sheets	.....	P. 6
4. Non-Consolidated Statements of Earnings	.....	P. 7
5. Breakdown of Ordinary Profit (Fundamental Profit)	.....	P. 9
6. Solvency Margin Ratio	.....	P. 10
7. Separate Account Status	.....	P. 11
8. Consolidated Financial Summary	.....	P. 11

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, 2016	As of December 31, 2016	
			% of March 31, 2016 total
Individual insurance	164,202	175,765	107.0
Individual annuities	401,635	500,419	124.6
Total	565,838	676,185	119.5
Medical and survival benefits	-	-	-

#### New Policies

(millions of yen except percentages)

	Nine months ended December 31, 2015	Nine months ended December 31, 2016	% of December 31, 2015 total
Individual annuities	69,440	108,143	155.7
Total	119,711	127,548	106.5
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, 2016		As of December 31, 2016			
	Number of Policies (thousands)	Amount (millions of yen)	Number of Policies		Amount	
			(thousands)	% of March 31, 2016 total	(millions of yen)	% of March 31, 2016 total
Individual insurance	288	2,089,116	311	108.1	2,255,283	108.0
Individual annuities	696	4,091,675	745	107.0	4,388,778	107.3
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, 2015 total	(millions of yen)	% of December 31, 2015 total	New Business	Net increase from conversions
Nine months ended December 31, 2016						
Individual insurance	33	39.0	256,488	40.8	256,488	-
Individual annuities	67	58.0	400,127	54.4	400,127	-
Group insurance	-	-	-	-	-	-
Group annuities	-	-	-	-	-	-
Nine months ended December 31, 2015						
Individual insurance	85		629,124		629,124	-
Individual annuities	116		736,087		736,087	-
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, 2016		As of December 31, 2016	
	Carrying value	%	Carrying value	%
Cash, deposits, and call loans	107,633	2.7	108,541	2.5
Securities repurchased under resale agreements	-	-	-	-
Deposit paid for securities borrowing transactions	-	-	-	-
Monetary claims bought	6,093	0.2	6,089	0.1
Trading account securities	-	-	-	-
Money held in trust	34,670	0.9	239,839	5.4
Securities	3,752,040	93.0	3,943,693	89.1
Domestic bonds	1,145,836	28.4	1,133,720	25.6
Domestic stocks	-	-	-	-
Foreign securities	2,347,130	58.2	2,608,788	59.0
Foreign bonds	2,339,221	58.0	2,601,838	58.8
Foreign stocks and other securities	7,908	0.2	6,949	0.2
Other securities	259,073	6.4	201,185	4.5
Loans	-	-	-	-
Real estate	-	-	-	-
Deferred tax assets	-	-	-	-
Others	135,276	3.4	126,839	2.9
Reserve for possible loan losses	(8)	(0.0)	(7)	(0.0)
Total	4,035,705	100.0	4,424,997	100.0
Foreign currency-denominated assets	2,461,055	61.0	2,747,016	62.1

## (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, 2016					
Bonds held to maturity	-	-	-	-	-
Policy-reserve-matching bonds	2,877,646	2,962,752	85,106	110,890	25,783
Stocks of subsidiaries and affiliates	-	-	-	-	-
Securities available for sale	1,047,622	1,065,188	17,566	33,286	15,720
Domestic bonds	303,391	321,415	18,024	18,574	549
Domestic stocks	-	-	-	-	-
Foreign securities	543,742	536,498	(7,244)	7,778	15,022
Foreign bonds	543,742	536,498	(7,244)	7,778	15,022
Foreign stocks and other securities	-	-	-	-	-
Other securities	194,488	201,185	6,696	6,844	148
Monetary claims bought	6,000	6,089	89	89	-
Certificates of deposit	-	-	-	-	-
Others	-	-	-	-	-
<b>Total</b>	<b>3,925,268</b>	<b>4,027,940</b>	<b>102,672</b>	<b>144,177</b>	<b>41,504</b>
Domestic bonds	1,115,696	1,190,635	74,939	78,179	3,240
Domestic stocks	-	-	-	-	-
Foreign securities	2,609,083	2,630,030	20,947	59,063	38,116
Foreign bonds	2,609,083	2,630,030	20,947	59,063	38,116
Foreign stocks and other securities	-	-	-	-	-
Other securities	194,488	201,185	6,696	6,844	148
Monetary claims bought	6,000	6,089	89	89	-
Certificates of deposit	-	-	-	-	-
Others	-	-	-	-	-
As of March 31, 2016					
Bonds held to maturity	-	-	-	-	-
Policy-reserve-matching bonds	2,582,535	2,745,305	162,770	164,228	1,457
Stocks of subsidiaries and affiliates	-	-	-	-	-
Securities available for sale	1,107,635	1,167,690	60,054	60,893	838
Domestic bonds	325,341	351,845	26,504	26,531	26
Domestic stocks	-	-	-	-	-
Foreign securities	531,655	550,677	19,021	19,532	510
Foreign bonds	531,655	550,677	19,021	19,532	510
Foreign stocks and other securities	-	-	-	-	-
Other securities	244,638	259,073	14,435	14,736	301
Monetary claims bought	6,000	6,093	93	93	-
Certificates of deposit	-	-	-	-	-
Others	-	-	-	-	-
<b>Total</b>	<b>3,690,170</b>	<b>3,912,996</b>	<b>222,825</b>	<b>225,121</b>	<b>2,295</b>
Domestic bonds	1,119,332	1,218,220	98,888	99,105	216
Domestic stocks	-	-	-	-	-
Foreign securities	2,320,199	2,429,608	109,408	111,186	1,778
Foreign bonds	2,320,199	2,429,608	109,408	111,186	1,778
Foreign stocks and other securities	-	-	-	-	-
Other securities	244,638	259,073	14,435	14,736	301
Monetary claims bought	6,000	6,093	93	93	-
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, 2016	239,839	239,839	(16,984)	18,012
As of March 31, 2016	34,670	34,670	(990)	1,001

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, 2016		As of December 31, 2016	
	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	34,670	(990)	239,839	(16,984)

\*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, 2016 (Summarized)	As of December 31, 2016
	Amount	Amount
<b>(ASSETS)</b>		
Cash and deposits	118,431	115,644
Monetary claims bought	6,093	6,089
Money held in trust	34,670	239,839
Securities	5,836,582	6,064,190
[Government bonds]	[ 637,292 ]	[ 576,753 ]
[Local government bonds]	[ 13,352 ]	[ 14,022 ]
[Corporate bonds]	[ 495,191 ]	[ 542,944 ]
[Foreign securities]	[ 2,363,646 ]	[ 2,624,994 ]
Tangible fixed assets	296	257
Intangible fixed assets	2,710	3,762
Reinsurance receivables	72,577	61,794
Other assets	60,926	62,503
Reserve for possible loan losses	(8)	(7)
<b>Total assets</b>	<b>6,132,279</b>	<b>6,554,075</b>

(millions of yen)

	As of March 31, 2016 (Summarized)	As of December 31, 2016
	Amount	Amount
<b>(LIABILITIES)</b>		
Policy reserves and others	5,948,138	6,254,170
Reserves for outstanding claims	6,975	7,365
Policy reserves	5,941,162	6,246,804
Reinsurance payable	20,932	154,269
Other liabilities	53,419	42,098
Corporate income tax payable	410	713
Lease liabilities	218	195
Other liabilities	52,790	41,188
Reserve for employees' retirement benefits	192	224
Reserve for retirement benefits of directors, executive officers and corporate auditors	4	4
Reserve for price fluctuations	6,773	9,241
Deferred tax liabilities	16,899	4,960
<b>Total liabilities</b>	<b>6,046,359</b>	<b>6,464,969</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	(142,234)	(108,499)
Other retained earnings	(142,234)	(108,499)
Retained earnings brought forward	(142,234)	(108,499)
Total shareholders' equity	42,765	76,500
Net unrealized gains on securities, net of tax	43,155	12,606
Total of valuation and translation adjustments	43,155	12,606
<b>Total net assets</b>	<b>85,920</b>	<b>89,106</b>
<b>Total liabilities and net assets</b>	<b>6,132,279</b>	<b>6,554,075</b>

#### 4. Non-Consolidated Statements of Earnings

(millions of yen)

	Nine months ended December 31, 2015	Nine months ended December 31, 2016
	Amount	Amount
<b>ORDINARY REVENUES</b>	1,520,309	866,900
Premium and other income	1,451,786	723,878
[Premium income]	[ 1,298,341 ]	[ 629,953 ]
Investment income	68,519	143,015
[Interest and dividends]	[ 59,978 ]	[ 76,941 ]
[Gains on sale of securities]	[ 8,277 ]	[ 19,251 ]
[Gains on investment in separate accounts]	[ - ]	[ 46,393 ]
Other ordinary revenues	3	6
<b>ORDINARY EXPENSES</b>	1,470,465	826,553
Benefits and claims	394,259	421,557
[Claims]	[ 16,423 ]	[ 22,814 ]
[Annuities]	[ 14,582 ]	[ 41,896 ]
[Benefits]	[ 32,139 ]	[ 35,194 ]
[Surrender values]	[ 163,616 ]	[ 116,675 ]
[Other refunds]	[ 3,288 ]	[ 2,068 ]
Provision for policy reserves and others	850,559	306,032
Provision for reserves for outstanding claims	1,441	390
Provision for policy reserve	849,118	305,642
Investment expenses	142,764	54,106
[Interest expenses]	[ 3 ]	[ 2 ]
[Losses on money held in trust]	[ 3,842 ]	[ 16,984 ]
[Losses on investment in trading securities]	[ 1,456 ]	[ 6,019 ]
[Losses on sale of securities]	[ 621 ]	[ 1,911 ]
[Derivative transaction losses]	[ 7,116 ]	[ 14,740 ]
[Losses on investment in separate accounts]	[ 56,402 ]	[ - ]
Operating expenses	74,363	40,489
Other ordinary expenses	8,518	4,367
<b>ORDINARY GAIN</b>	49,843	40,347
<b>EXTRAORDINARY LOSSES</b>	2,088	2,473
Losses on disposal of fixed assets	-	5
Provision for reserve for price fluctuations	2,088	2,468
Gain before income taxes	47,755	37,873
Corporate income taxes - current	4,343	4,138
Total of corporate income taxes	4,343	4,138
Net income for the period	43,412	33,734

## Notes to the Non-Consolidated Balance Sheet

As of December 31, 2016

1. Securities lent under lending agreements are included in the balance sheets. Total balance of securities lent as of December 31, 2016 was 281,782 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	115,644	115,644	-
(2) Monetary claims bought	6,089	6,089	-
(3) Money held in trust	239,839	239,839	-
(4) Securities	6,064,190	6,149,297	85,106
(a) Trading securities	2,127,445	2,127,445	-
(b) Policy-reserve-matching bonds	2,877,646	2,962,752	85,106
(c) Other securities	1,059,098	1,059,098	-
Assets total	6,425,764	6,510,871	85,106
Derivative transactions			
(a) Derivative transactions to which hedge accounting is not applied	(23,860)	(23,860)	-
Derivative transactions total	(23,860)	(23,860)	-

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 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

Nine months ended December 31, 2016

1. Net gain per share for the nine months ended December 31, 2016 was 18,235,006.75 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, 2015	Nine months ended December 31, 2016
Fundamental profit	A	38,091	61,751
Capital gains		92,196	30,994
Gains on money held in trust		-	-
Gains on investment in trading securities		-	-
Gains on sale of securities		8,277	19,251
Derivative transaction gains		-	-
Foreign exchange gains		-	-
Others		83,918	11,742
Capital losses		85,799	53,203
Losses on money held in trust		3,842	16,984
Losses on investment in trading securities		1,456	6,019
Losses on sale of securities		621	1,911
Losses on valuation of securities		-	-
Derivative transaction losses		7,116	14,740
Foreign exchange losses		72,762	13,547
Others		-	-
Net capital gains (losses)	B	6,397	(22,208)
Fundamental profit plus net capital gains (losses)	A + B	44,488	39,542
Other one-time gains		5,355	805
Reinsurance income		-	-
Reversal of contingency reserve		5,355	805
Reversal of specific reserve for possible loan losses		-	-
Others		-	-
Other one-time losses		-	-
Ceding reinsurance commissions		-	-
Provision for contingency reserve		-	-
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	5,355	805
Ordinary profit	A + B + C	49,843	40,347

Note: 1. Fundamental profit includes the amount below.

	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Adjustment of the portion valued in exchange rate fluctuations of foreign-currency denominated insurance's liability	(83,918)	(11,742)

2. Other capital gains include the amount below.

	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Adjustment of the portion valued in exchange rate fluctuations of foreign-currency denominated insurance's liability	83,918	11,742

3. 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, 2016	As of December 31, 2016
Total solvency margin (A)	348,758	378,084
Common stock, etc	42,765	76,500
Reserve for price fluctuations	6,773	9,241
Contingency reserve	114,644	113,839
General reserve for possible loan losses	8	7
(Net unrealized gains (losses) on securities (before tax) and deferred hedge gains (losses) (before tax)) × 90% *	54,049	15,809
Net unrealized gains (losses) on real estate × 85%*	-	-
Policy reserves in excess of surrender values	188,894	206,662
Qualifying subordinated debt	-	-
Excluded portion of policy reserves in excess of surrender values and qualifying subordinated debt	(53,056)	(38,649)
Excluded items	(5,320)	(5,325)
Others	-	-
Total Risk $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$ (B)	133,391	141,197
Insurance risk $R_1$	46	58
3rd sector insurance risk $R_8$	-	-
Assumed investment yield risk $R_2$	29,556	29,668
Guaranteed minimum benefit risk $R_7$	24,180	22,803
Investment risk $R_3$	75,767	84,611
Business risk $R_4$	3,886	4,114
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	522.9%	535.5%

\* Multiplied by 100% if losses.

Note: 1. The figures as of March 31, 2016 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, 2016 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, 2016	As of December 31, 2016
Individual variable insurance	45,597	59,995
Individual variable annuities	2,052,238	2,069,156
Group annuities	-	-
Separate account total	2,097,835	2,129,152

### (2) Policies in Force

#### A. Individual Variable Insurance

(millions of yen except number of policies)

	As of March 31, 2016		As of December 31, 2016	
	Number of policies	Amount	Number of policies	Amount
Variable insurance (defined term type)	-	-	-	-
Variable insurance (whole life type)	40	294,847	50	381,222
Total	40	294,847	50	381,222

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, 2016		As of December 31, 2016	
	Number of policies	Amount	Number of policies	Amount
Individual variable annuities	576	3,501,656	612	3,696,532

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.