
Financial Results for the Nine Months Ended December 31, 2013

The Dai-ichi Frontier Life Insurance Co., Ltd. (the "Company"; President: Satoru Tsutsumi) announces its financial results for the nine months ended December 31, 2013.

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

1. Business Highlights

(1) Policies in Force and New Policies

Policies in Force

	As of March 31, 2013		As of December 31, 2013			
	Number of Policies (thousands)	Amount (millions of yen)	Number of Policies		Amount	
			(thousands)	% of March 31, 2013 total	(millions of yen)	% of March 31, 2013 total
Individual insurance	15	133,326	74	490.6	568,091	426.1
Individual annuities	368	2,103,035	421	114.3	2,421,464	115.1
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, 2012 total	(millions of yen)	% of December 31, 2012 total	New Business	Net increase from conversions
Nine months ended December 31, 2013						
Individual insurance	59	909.4	445,524	823.4	445,524	-
Individual annuities	73	149.8	399,674	159.2	399,674	-
Group insurance	-	-	-	-	-	-
Group annuities	-	-	-	-	-	-
Nine months ended December 31, 2012						
Individual insurance	6		54,107		54,107	-
Individual annuities	49		251,108		251,108	-
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) Annualized Net Premiums

Policies in Force

(millions of yen except percentages)

	As of March 31, 2013	As of December 31, 2013	
			% of March 31, 2013 total
Individual insurance	9,298	42,756	459.8
Individual annuities	228,272	257,755	112.9
Total	237,571	300,511	126.5
Medical and survival benefits	-	-	-

New Policies

(millions of yen except percentages)

	Nine months ended December 31, 2012	Nine months ended December 31, 2013	% of December 31, 2012 total
Individual insurance	3,690	34,285	929.1
Individual annuities	36,033	45,813	127.1
Total	39,723	80,098	201.6
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. Investment Results of General Account

(1) Asset Composition

(millions of yen except percentages)

	As of March 31, 2013		As of December 31, 2013	
	Carrying value	%	Carrying value	%
Cash, deposits, and call loans	53,667	6.6	72,779	5.6
Securities repurchased under resale agreements	-	-	-	-
Deposit paid for securities borrowing transactions	-	-	-	-
Monetary claims bought	1,978	0.2	6,041	0.5
Trading account securities	-	-	-	-
Money held in trust	32,179	3.9	26,744	2.0
Securities	691,648	84.6	1,160,310	88.6
Domestic bonds	322,321	39.4	548,087	41.9
Domestic stocks	-	-	-	-
Foreign securities	369,327	45.2	587,713	44.9
Foreign bonds	364,694	44.6	583,716	44.6
Foreign stocks and other securities	4,632	0.6	3,996	0.3
Other securities	-	-	24,510	1.9
Loans	-	-	-	-
Real estate	-	-	-	-
Deferred tax assets	-	-	-	-
Others	38,035	4.7	43,757	3.3
Reserve for possible loan losses	(1)	(0.0)	(1)	(0.0)
Total	817,509	100.0	1,309,632	100.0
Foreign currency-denominated assets	325,664	39.8	556,818	42.5

(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, 2013					
Bonds held to maturity	-	-	-	-	-
Policy-reserve-matching bonds	543,821	543,026	(794)	3,649	4,444
Stocks of subsidiaries and affiliates	-	-	-	-	-
Securities available for sale	613,092	618,534	5,442	9,033	3,591
Domestic bonds	307,677	312,371	4,693	5,231	537
Domestic stocks	-	-	-	-	-
Foreign securities	274,822	275,612	789	3,760	2,971
Foreign bonds	274,822	275,612	789	3,760	2,971
Foreign stocks and other securities	-	-	-	-	-
Other securities	24,592	24,510	(82)	-	82
Monetary claims bought	6,000	6,041	41	41	-
Certificates of deposit	-	-	-	-	-
Others	-	-	-	-	-
Total	1,156,913	1,161,561	4,647	12,683	8,035
Domestic bonds	543,393	549,377	5,983	6,926	943
Domestic stocks	-	-	-	-	-
Foreign securities	582,927	581,632	(1,294)	5,714	7,009
Foreign bonds	582,927	581,632	(1,294)	5,714	7,009
Foreign stocks and other securities	-	-	-	-	-
Other securities	24,592	24,510	(82)	-	82
Monetary claims bought	6,000	6,041	41	41	-
Certificates of deposit	-	-	-	-	-
Others	-	-	-	-	-
As of March 31, 2013					
Bonds held to maturity	-	-	-	-	-
Policy-reserve-matching bonds	295,732	299,537	3,805	4,503	697
Stocks of subsidiaries and affiliates	-	-	-	-	-
Securities available for sale	382,795	393,262	10,467	11,096	629
Domestic bonds	194,630	199,656	5,025	5,311	285
Domestic stocks	-	-	-	-	-
Foreign securities	186,165	191,627	5,462	5,784	322
Foreign bonds	186,165	191,627	5,462	5,784	322
Foreign stocks and other securities	-	-	-	-	-
Other securities	-	-	-	-	-
Monetary claims bought	2,000	1,978	(21)	-	21
Certificates of deposit	-	-	-	-	-
Others	-	-	-	-	-
Total	678,527	692,799	14,272	15,599	1,327
Domestic bonds	317,295	323,113	5,818	6,131	313
Domestic stocks	-	-	-	-	-
Foreign securities	359,232	367,707	8,475	9,467	992
Foreign bonds	359,232	367,707	8,475	9,467	992
Foreign stocks and other securities	-	-	-	-	-
Other securities	-	-	-	-	-
Monetary claims bought	2,000	1,978	(21)	-	21
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, 2013	26,744	26,744	(16,435)	16,435
As of March 31, 2013	32,179	32,179	(18,914)	18,914

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, 2013		As of December 31, 2013	
	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	32,179	(18,914)	26,744	(16,435)

*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, 2013 (Summarized)	As of December 31, 2013
	Amount	Amount
(ASSETS)		
Cash and deposits	37,167	58,230
Call loans	25,400	30,000
Monetary claims bought	1,978	6,041
Money held in trust	32,179	26,744
Securities	2,236,570	2,937,499
[Government bonds]	[113,020]	[283,794]
[Local government bonds]	[9,116]	[8,005]
[Corporate bonds]	[200,183]	[256,288]
[Foreign securities]	[372,912]	[591,851]
Tangible fixed assets	39	64
Intangible fixed assets	1	1
Reinsurance receivables	27,968	25,007
Other assets	11,893	19,021
Reserve for possible loan losses	(1)	(1)
Total assets	2,373,197	3,102,609

(millions of yen)

	As of March 31, 2013 (Summarized)	As of December 31, 2013
	Amount	Amount
(LIABILITIES)		
Policy reserves and others	2,269,986	2,995,430
Reserves for outstanding claims	1,539	2,069
Policy reserves	2,268,447	2,993,361
Reinsurance payable	847	1,021
Other liabilities	33,742	55,042
Corporate income tax payable	101	22
Other liabilities	33,641	55,019
Reserve for employees' retirement benefits	103	131
Reserve for retirement benefits of directors, executive officers and corporate auditors	6	9
Reserve for price fluctuations	775	1,317
Deferred tax liabilities	3,220	1,674
Total liabilities	2,308,682	3,054,626
(NET ASSETS)		
Capital stock	117,500	117,500
Capital surplus	67,500	67,500
Legal capital surplus	67,500	67,500
Retained earnings	(127,730)	(140,785)
Other retained earnings	(127,730)	(140,785)
Retained earnings brought forward	(127,730)	(140,785)
Total shareholders' equity	57,269	44,214
Net unrealized gains on securities, net of tax	7,246	3,767
Total of valuation and translation adjustments	7,246	3,767
Total net assets	64,515	47,982
Total liabilities and net assets	2,373,197	3,102,609

4. Non-Consolidated Statements of Earnings

(millions of yen)

	Nine months ended December 31, 2012	Nine months ended December 31, 2013
	Amount	Amount
ORDINARY REVENUES	425,891	1,036,498
Premium and other income	321,483	899,062
[Premium income]	[286,383]	[810,933]
Investment income	104,392	137,434
[Interest and dividends]	[9,369]	[15,133]
[Gains on sale of securities]	[2,987]	[8,034]
[Gains on investment in separate accounts]	[74,375]	[114,267]
Other ordinary revenues	15	1
[Reversal of reserves for outstanding claims]	[14]	[-]
ORDINARY EXPENSES	438,954	1,048,903
Benefits and claims	108,514	249,984
[Claims]	[54]	[1,080]
[Annuities]	[499]	[494]
[Benefits]	[10,288]	[14,339]
[Surrender values]	[49,833]	[135,159]
[Other refunds]	[1,081]	[2,880]
Provision for policy reserves and others	290,032	725,444
Provision for reserves for outstanding claims	-	530
Provision for policy reserve	290,032	724,914
Investment expenses	25,637	36,097
[Interest expenses]	[0]	[0]
[Losses on money held in trust]	[13,534]	[16,435]
[Losses on investment in trading securities]	[3,749]	[2,644]
[Losses on sale of securities]	[3]	[114]
[Derivative transaction losses]	[7,888]	[14,437]
Operating expenses	13,723	33,970
Other ordinary expenses	1,047	3,406
ORDINARY LOSS	13,062	12,405
EXTRAORDINARY LOSSES	294	542
Provision for reserve for price fluctuations	285	542
Other extraordinary losses	9	0
Loss before income taxes	13,356	12,947
Corporate income taxes - current	63	106
Total of corporate income taxes	63	106
Net loss for the period	13,420	13,054

Notes to the Non-Consolidated Balance Sheet

As of December 31, 2013

- Securities lent under lending agreements are included in the balance sheets. The total balance of securities lent as of December 31, 2013 was 10,366 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	58,230	58,230	-
(2) Call loans	30,000	30,000	-
(3) Monetary claims bought	6,041	6,041	-
(4) Money held in trust	26,744	26,744	-
(5) Securities	2,937,499	2,936,704	(794)
(a) Trading securities	1,781,184	1,781,184	-
(b) Policy-reserve-matching bonds	543,821	543,026	(794)
(c) Other securities	612,493	612,493	-
Assets total	3,058,516	3,057,721	(794)
Derivative transactions			
(a) Derivative transactions to which hedge accounting is not applied	(8,571)	(8,571)	-
Derivative transactions total	(8,571)	(8,571)	-

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) Call loans

Since all call loans are close to due date and their fair value is close to carrying amounts, fair value of call loans is based on their carrying amount.

(c) Monetary claims bought

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

(d) Money held in trust

Information on the fair value of derivative transactions attributable to money held in trust appears below in "(f) Derivative transactions".

(e) Securities

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

(f) Derivative transactions

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

For currency 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 the three months ended June 30, 2013, in order to conduct appropriate duration control, taking into account debt situation, and thus promote more sophisticated ALM, the Company added individual insurance and annuities (JP yen-denominated, long term) as a new sub-group for insurance products subject to the policy reserve matching bonds. As a result, the sub-groups are:

(a) Individual insurance and annuities (JP yen-denominated, short term)

(b) Individual insurance and annuities (JP yen-denominated, long term)

(c) Individual insurance and annuities (US dollar-denominated)

(d) Individual insurance and annuities (AUS dollar-denominated)

with the exception of certain types and policies.

This addition did not have any impact on profits or losses of the Company for the nine months ended December 31, 2013.

Notes to the Non-Consolidated Statements of Earnings

Nine months ended December 31, 2013

- Net loss per share for the nine months ended December 31, 2013 was 7,056,361.89yen. Fully diluted net loss per share is not reported because the Company has no residual shares.
- Depreciation for the nine months ended December 31, 2013 was 28 million yen.

5. Breakdown of Ordinary Profit (Fundamental Profit)

(millions of yen)

		Nine months ended December 31, 2012	Nine months ended December 31, 2013
Fundamental profit	A	21,093	25,619
Capital gains		20,637	10,585
Gains on money held in trust		-	-
Gains on investment in trading securities		-	-
Gains on sale of securities		2,987	8,034
Derivative transaction gains		-	-
Foreign exchange gains		17,650	-
Others		-	2,550
Capital losses		40,893	35,613
Losses on money held in trust		13,534	16,435
Losses on investment in trading securities		3,749	2,644
Losses on sale of securities		3	114
Losses on valuation of securities		-	-
Derivative transaction losses		7,888	14,437
Foreign exchange losses		-	1,982
Others		15,718	-
Net capital gains (losses)	B	(20,255)	(25,028)
Fundamental profit plus net capital gains (losses)	A + B	837	590
Other one-time gains		-	-
Reinsurance income		-	-
Reversal of contingency reserve		-	-
Reversal of specific reserve for possible loan losses		-	-
Others		-	-
Other one-time losses		13,900	12,995
Ceding reinsurance commissions		-	-
Provision for contingency reserve		13,900	12,995
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	(13,900)	(12,995)
Ordinary profit (loss)	A + B + C	(13,062)	(12,405)

Note: 1. Fundamental profit includes the amount below.

	Nine months ended December 31, 2012	Nine months ended December 31, 2013
Adjustment of the portion valued in exchange rate fluctuations of foreign-currency denominated insurance's liability	15,718	(2,550)

2. Other capital gains include the amount below.

	Nine months ended December 31, 2012	Nine months ended December 31, 2013
Adjustment of the portion valued in exchange rate fluctuations of foreign-currency denominated insurance's liability	-	2,550

3. Other capital losses include the amount below.

	Nine months ended December 31, 2012	Nine months ended December 31, 2013
Adjustment of the portion valued in exchange rate fluctuations of foreign-currency denominated insurance's liability	15,718	-

4. Gains (losses) on money held in trust and gains (losses) on investment in trading securities are attributable to investments 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.

6. Solvency Margin Ratio

(millions of yen)

	As of March 31, 2013	As of December 31, 2013
Total solvency margin (A)	219,637	221,605
Common stock, etc	57,269	44,214
Reserve for price fluctuations	775	1,317
Contingency reserve	92,403	105,399
General reserve for possible loan losses	1	1
Net unrealized gains on securities (before tax) × 90%*	9,420	4,898
Net unrealized gains (losses) on real estate × 85%*	-	-
Policy reserves in excess of surrender values	59,768	65,774
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)	46,798	60,650
Insurance risk R_1	5	25
3rd sector insurance risk R_8	-	-
Assumed investment yield risk R_2	4,330	8,920
Investment risk R_3	18,611	25,241
Guaranteed minimum benefit risk R_7	22,493	24,721
Business risk R_4	1,363	1,767
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	938.6%	730.7%

* Multiplied by 100% if losses.

Note: 1. The figures as of March 31, 2013 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, 2013 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, 2013	As of December 31, 2013
Individual variable insurance	2,985	2,998
Individual variable annuities	1,555,229	1,791,500
Group annuities	-	-
Separate account total	1,558,215	1,794,498

(2) Policies in Force

A. Individual Variable Insurance

(millions of yen except number of policies)

	As of March 31, 2013		As of December 31, 2013	
	Number of policies (thousands)	Amount	Number of policies (thousands)	Amount
Variable insurance (defined term type)	-	-	-	-
Variable insurance (whole life type)	0	3,081	0	2,979
Total	0	3,081	0	2,979

Notes: Policy amounts not placed into separate accounts as of the end of the fiscal period are included in policies in force.

B. Individual Variable Annuities

(millions of yen except number of policies)

	As of March 31, 2013		As of December 31, 2013	
	Number of policies (thousands)	Amount	Number of policies (thousands)	Amount
Individual variable annuities	266	1,569,891	302	1,804,296

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. Policy amounts not placed into separate accounts as of the end of the fiscal period are included in policies in force.

8. Consolidated Financial Summary

Not applicable.

Reference: Exposure to Securitized Products and Subprime-related Investments

The Company discloses its exposure to securitized products and subprime-related investments, based on the "Leading-Practice Disclosures for Selected Exposures" included in the Financial Stability Forum (FSF) report announced in April 2008.

The Company's exposure to securitized and subprime-related products is as follows:

The Company held no direct investments in subprime-related products as of December 31, 2013.

The Company defines "unrealized gains (losses)" as fair value less book value and "realized gains (losses)" as total of gains (losses) on sales and impairment losses.

The Company's exposure to securitized products

1. Special-Purpose Entities (SPEs, as of December 31, 2013)

The Company holds no investments in SPEs.

2. Collateralized Debt Obligation (CDOs, as of December 31, 2013)

The Company holds no investments in CDOs.

3. Other Subprime/Alt-A Exposure (as of December 31, 2013)

The Company holds no securitized products backed by subprime/Alt-A exposure.

4. Commercial Mortgage-Backed Securities (CMBS, as of December 31, 2013)

The Company holds no commercial mortgage-backed securities.

5. Leveraged Finance (as of December 31, 2013)

The Company holds no leveraged finance products.

6. Others (as of December 31, 2013)

	Fair value	Unrealized gains (losses)	Realized gains (losses)
Credit-linked note	13,864	364	-

(millions of yen)