

[Unofficial Translation]



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Code: 8750 (TSE First section)

Supplementary Materials for the Three Months Ended June 30, 2021
(The Dai-ichi Frontier Life Insurance Co., Ltd.)

Financial Results for the Three Months Ended June 30, 2021

The Dai-ichi Frontier Life Insurance Co., Ltd. (the "Company"; President: Masao Taketomi) announces its financial results for the three months ended June 30, 2021.

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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, 2021	As of June 30, 2021	
			% of March 31, 2021 total
Individual insurance	418,614	421,482	100.7
Individual annuities	442,393	438,023	99.0
Total	861,007	859,506	99.8
Medical and survival benefits	1,581	1,884	119.1

New Policies

(millions of yen except percentages)

	Three months ended June 30, 2020	Three months ended June 30, 2021	% of June 30, 2020 total
Individual annuities	5,493	23,664	430.8
Total	11,199	35,704	318.8
Medical and survival benefits	-	311	-

Note: 1. 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. "Medical and survival benefits" include annualized net premiums related to medical benefits (e.g. hospitalization and surgery benefits), survival benefits (e.g. specified illness and nursing care benefits), and premiums related to premium waiver benefits (e.g. excluding disability-related causes but including causes related to specified illness and nursing care).

(2) Policies in Force and New Policies

Policies in Force

	As of March 31, 2021		As of June 30, 2021			
	Number of Policies (thousands)	Amount (millions of yen)	Number of Policies		Amount	
			(thousands)	% of March 31, 2021 total	(millions of yen)	% of March 31, 2021 total
Individual insurance	734	5,154,172	737	100.4	5,169,450	100.3
Individual annuities	829	4,166,339	823	99.3	4,087,338	98.1
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 June 30, 2020 total	(millions of yen)	% of June 30, 2020 total	New Business	Net increase from conversions
Three months ended June 30, 2021						
Individual insurance	16	197.5	120,198	203.3	120,198	-
Individual annuities	31	266.6	157,022	315.1	157,022	-
Group insurance	-	-	-	-	-	-
Group annuities	-	-	-	-	-	-
Three months ended June 30, 2020						
Individual insurance	8		59,131		59,131	-
Individual annuities	11		49,833		49,833	-
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, 2021		As of June 30, 2021	
	Carrying value	%	Carrying value	%
Cash, deposits, and call loans	785,833	9.1	820,296	9.5
Securities repurchased under resale agreements	-	-	-	-
Deposit paid for securities borrowing transactions	-	-	-	-
Monetary claims bought	-	-	2,000	0.0
Trading account securities	-	-	-	-
Money held in trust	1,123,204	13.0	1,103,337	12.8
Securities	6,481,546	74.8	6,457,883	74.9
Domestic bonds	1,645,775	19.0	1,646,651	19.1
Domestic stocks	-	-	-	-
Foreign securities	4,650,664	53.7	4,626,101	53.7
Foreign bonds	4,650,664	53.7	4,626,101	53.7
Foreign stocks and other securities	-	-	-	-
Other securities	185,106	2.1	185,130	2.1
Loans	-	-	-	-
Real estate	95	0.0	92	0.0
Deferred tax assets	-	-	-	-
Others	270,224	3.1	233,457	2.7
Reserve for possible loan losses	(14)	(0.0)	(13)	(0.0)
Total	8,660,888	100.0	8,617,052	100.0
Foreign currency-denominated assets	5,213,036	60.2	5,101,640	59.2

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

(2) Fair Value Information on Securities (Other than trading securities)

(millions of yen)

	Book value	Fair value	Gains (losses)		
			Gains	Losses	
As of June 30, 2021					
Bonds held to maturity	-	-	-	-	-
Policy-reserve-matching bonds	3,431,680	3,705,178	273,497	281,173	7,676
Stocks of subsidiaries and affiliates	-	-	-	-	-
Securities available for sale	2,819,948	3,028,202	208,253	212,615	4,361
Domestic bonds	464,792	481,579	16,786	16,916	129
Domestic stocks	-	-	-	-	-
Foreign securities	2,182,746	2,359,492	176,746	180,978	4,232
Foreign bonds	2,182,746	2,359,492	176,746	180,978	4,232
Foreign stocks and other securities	-	-	-	-	-
Other securities	170,409	185,130	14,720	14,720	-
Monetary claims bought	2,000	2,000	-	-	-
Certificates of deposit	-	-	-	-	-
Others	-	-	-	-	-
Total	6,251,629	6,733,380	481,751	493,789	12,038
Domestic bonds	1,629,864	1,724,807	94,943	96,130	1,187
Domestic stocks	-	-	-	-	-
Foreign securities	4,449,355	4,821,442	372,086	382,937	10,851
Foreign bonds	4,449,355	4,821,442	372,086	382,937	10,851
Foreign stocks and other securities	-	-	-	-	-
Other securities	170,409	185,130	14,720	14,720	-
Monetary claims bought	2,000	2,000	-	-	-
Certificates of deposit	-	-	-	-	-
Others	-	-	-	-	-
As of March 31, 2021					
Bonds held to maturity	-	-	-	-	-
Policy-reserve-matching bonds	3,402,501	3,609,308	206,807	227,336	20,529
Stocks of subsidiaries and affiliates	-	-	-	-	-
Securities available for sale	2,876,582	3,079,044	202,462	211,777	9,315
Domestic bonds	460,427	476,511	16,084	16,402	318
Domestic stocks	-	-	-	-	-
Foreign securities	2,245,655	2,417,427	171,771	180,768	8,997
Foreign bonds	2,245,655	2,417,427	171,771	180,768	8,997
Foreign stocks and other securities	-	-	-	-	-
Other securities	170,500	185,106	14,606	14,606	-
Monetary claims bought	-	-	-	-	-
Certificates of deposit	-	-	-	-	-
Others	-	-	-	-	-
Total	6,279,083	6,688,353	409,269	439,113	29,844
Domestic bonds	1,629,691	1,716,011	86,320	89,056	2,736
Domestic stocks	-	-	-	-	-
Foreign securities	4,478,892	4,787,235	308,342	335,451	27,108
Foreign bonds	4,478,892	4,787,235	308,342	335,451	27,108
Foreign stocks and other securities	-	-	-	-	-
Other securities	170,500	185,106	14,606	14,606	-
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.

*The book value of stocks and other securities without market value and of investment partnerships etc. 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, 2021	1,103,337	1,103,337	2,226	458
As of March 31, 2021	1,123,204	1,123,204	23,330	2,443

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, 2021		As of June 30, 2021	
	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	1,123,204	23,330	1,103,337	2,226

*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, 2021 (Summarized)	As of June 30, 2021
	Amount	Amount
(ASSETS)		
Cash and deposits	790,120	824,875
Monetary claims bought	-	2,000
Money held in trust	1,123,204	1,103,337
Securities	7,514,371	7,457,959
[Government bonds]	[516,321]	[511,915]
[Local government bonds]	[46,254]	[45,389]
[Corporate bonds]	[1,083,199]	[1,089,346]
[Foreign securities]	[4,662,647]	[4,638,002]
Tangible fixed assets	591	746
Intangible fixed assets	12,171	12,856
Reinsurance receivables	94,021	67,613
Other assets	164,478	153,171
Reserve for possible loan losses	(14)	(13)
Total assets	9,698,942	9,622,545

(millions of yen)

	As of March 31, 2021 (Summarized)	As of June 30, 2021
	Amount	Amount
(LIABILITIES)		
Policy reserves and others	8,213,333	8,135,916
Reserves for outstanding claims	23,899	20,747
Policy reserves	8,189,434	8,115,169
Reinsurance payable	719,586	666,214
Other liabilities	396,180	405,385
Corporate income tax payable	8,390	2,736
Lease liabilities	38	216
Other liabilities	387,751	402,432
Reserve for employees' retirement benefits	30,994	32,389
Reserve for price fluctuations	56,689	58,311
Total liabilities	9,416,783	9,298,216
(NET ASSETS)		
Capital stock	117,500	117,500
Capital surplus	67,500	67,500
Legal capital surplus	67,500	67,500
Retained earnings	(48,613)	(10,614)
Other retained earnings	(48,613)	(10,614)
Retained earnings brought forward	(48,613)	(10,614)
Total shareholders' equity	136,386	174,385
Net unrealized gains on securities, net of tax	145,772	149,942
Total of valuation and translation adjustments	145,772	149,942
Total net assets	282,158	324,328
Total liabilities and net assets	9,698,942	9,622,545

4. Unaudited Quarterly Statement of Earnings

(millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
	Amount	Amount
ORDINARY REVENUES	486,448	516,043
Premium and other income	154,727	360,439
[Premium income]	[105,485]	[269,432]
Investment income	331,718	78,178
[Interest and dividends]	[43,893]	[40,294]
[Gains on money held in trust]	[11,395]	[2,226]
[Gains on sale of securities]	[13,124]	[12,663]
[Derivative transaction gains]	[64,410]	[58]
[Foreign exchange gains]	[163,152]	[-]
[Gains on investment in separate accounts]	[35,740]	[22,477]
Other ordinary revenues	2	77,425
[Reversal of reserves for outstanding claims]	[-]	[3,152]
[Reversal of policy reserves]	[-]	[74,264]
ORDINARY EXPENSES	440,859	470,031
Benefits and claims	268,103	430,942
[Claims]	[23,702]	[33,244]
[Annuities]	[73,553]	[45,438]
[Benefits]	[22,045]	[27,959]
[Surrender values]	[100,946]	[229,074]
[Other refunds]	[725]	[1,121]
Provision for policy reserves and others	162,150	-
Provision for reserves for outstanding claims	1,831	-
Provision for policy reserve	160,318	-
Investment expenses	305	24,908
[Interest expenses]	[1]	[3]
[Losses on sale of securities]	[155]	[215]
[Foreign exchange losses]	[-]	[24,529]
Operating expenses	8,741	11,809
Other ordinary expenses	1,558	2,372
ORDINARY GAIN	45,589	46,012
EXTRAORDINARY LOSSES	1,426	1,395
Losses on disposal of fixed assets	-	0
Provision for reserve for price fluctuations	1,426	1,395
Gain before income taxes	44,163	44,617
Corporate income taxes - current	7,568	6,617
Total of corporate income taxes	7,568	6,617
Net income for the period	36,595	37,999

Notes to the Unaudited Quarterly Balance Sheet

- “Accounting Standard for Fair Value Measurement, etc.” (ASBJ Statement No. 30, July 4, 2019, hereinafter “Accounting Standard for Fair Value Measurement”) has been adopted, effective from the beginning of the first quarter ended June 30, 2021. Pursuant to the transitional treatment stipulated in paragraph 19 of the Accounting Standard for Fair Value Measurement and paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No.10, revised on July 4, 2019), new accounting policies established by the Accounting Standard for Fair Value Measurement shall be implemented prospectively. Note that this has no impact on the quarterly financial statements.
- Securities lent under lending agreements are included in the balance sheets. Total balance of securities lent as of June 30, 2021 was 425,624million yen.
- Amounts of financial instruments recorded on the balance sheet, their fair values, and differences between the two are as follows:

	Carrying amount on balance sheet	Fair value	Difference
(1) Cash and deposits	824,875	824,875	-
(2) Monetary claims bought	2,000	2,000	-
(3) Money held in trust	1,103,337	1,103,337	-
(4) Securities	7,457,959	7,731,456	273,497
(a) Trading securities	1,000,075	1,000,075	-
(b) Policy-reserve-matching bonds	3,431,680	3,705,178	273,497
(c) Other securities	3,026,202	3,026,202	-
Assets total	9,388,172	9,661,669	273,497
Derivative transactions			
(a) Derivative transactions to which hedge accounting is not applied	67,359	67,359	-
Derivative transactions total	67,359	67,359	-

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:

(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

The value of monetary claims bought is determined based on reasonably calculated prices.

(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.

(Additional information)

Effective from the first quarter ended June 30, 2021, the sub-group of individual insurance and annuities (NZ dollar-denominated) has been abolished, and the policy-reserve-matching bonds formerly held in said sub-group have been reclassified to securities available for sale.

This is due to the fact that the recording of interest rate risk management utilizing asset-liability matching in financial statements has declined in importance, as the outstanding balance of policy reserves related to said sub-group has decreased and the duration has been shortened. Consequently, the current sub-groups are as follows:

(a) Individual insurance and annuities (JP yen-denominated)

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

Note, however, that this excludes certain types of insurance and certain insurance policies.

The impact of this change on the quarterly financial statements is immaterial.

Notes to the Unaudited Quarterly Statement of Earnings

- Net income per share for the three months ended June 30, 2021 was 20,540,376.08 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, 2020	Three months ended June 30, 2021
Fundamental profit	A	14,629	10,514
Capital gains		282,004	67,492
Gains on money held in trust		11,395	2,226
Gains on investment in trading securities		-	-
Gains on sale of securities		13,124	12,663
Derivative transaction gains		64,410	58
Foreign exchange gains		163,152	-
Others		29,921	52,543
Capital losses		241,674	31,035
Losses on money held in trust		-	-
Losses on investment in trading securities		-	-
Losses on sale of securities		155	215
Losses on valuation of securities		-	-
Derivative transaction losses		-	-
Foreign exchange losses		-	24,529
Others		241,519	6,291
Net capital gains (losses)	B	40,329	36,456
Fundamental profit plus net capital gains (losses)	A + B	54,958	46,970
Other one-time gains		-	-
Reinsurance income		-	-
Reversal of contingency reserve		-	-
Reversal of specific reserve for possible loan losses		-	-
Others		-	-
Other one-time losses		9,369	958
Ceding reinsurance commissions		-	-
Provision for contingency reserve		9,368	958
Provision for specific reserve for possible loan losses		0	0
Provision for specific reserve for loans to refinancing countries		-	-
Write-down of loans		-	-
Others		-	-
Other one-time profits (losses)	C	(9,369)	(958)
Ordinary profit(loss)	A + B + C	45,589	46,012

(Reference)

Breakdown of Other Fundamental Income

(millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Fundamental Income	211,597	(46,252)
Impact from increase or decrease in surrender values in accordance with Market Value Adjustment (MVA)	(29,921)	(17,566)
Impact from market rate fluctuations of foreign exchange on foreign-currency denominated insurance policies	235,278	(34,977)
Interest received and/or paid related to currency swap and interest rate swap contracts covering foreign-currency denominated insurance policies	3,340	3,712
Impact from assets held in money trusts and others related to reinsurance dealings	2,900	2,579
Other Capital Gains	29,921	52,543
Impact from increase or decrease in surrender values in accordance with Market Value Adjustment (MVA)	29,921	17,566
Impact from market rate fluctuations of foreign exchange on foreign-currency denominated insurance policies	-	34,977
Other Capital Losses	241,519	6,291
Impact from market rate fluctuations of foreign exchange on foreign-currency denominated insurance policies	235,278	-
Interest received and/or paid related to currency swap and interest rate swap contracts covering foreign-currency denominated insurance policies	3,340	3,712
Impact from assets held in money trusts and others related to reinsurance dealings	2,900	2,579

6. Solvency Margin Ratio

(millions of yen)

	As of March 31, 2021	As of June 30, 2021
Total solvency margin (A)	570,750	608,160
Common stock, etc	136,386	174,385
Reserve for price fluctuations	30,994	32,389
Contingency reserve	111,326	112,285
General reserve for possible loan losses	7	6
(Net unrealized gains (losses) on securities (before tax) and deferred hedge gains (losses) (before tax)) × 90% *	182,216	187,428
Net unrealized gains (losses) on real estate × 85%*	-	-
Policy reserves in excess of surrender values	109,819	101,664
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)	200,614	198,032
Insurance risk R_1	135	148
3rd sector insurance risk R_8	-	-
Assumed investment yield risk R_2	51,027	48,699
Guaranteed minimum benefit risk R_7	2,794	2,825
Investment risk R_3	140,946	140,734
Business risk R_4	5,847	5,772
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	569.0%	614.2%

* Multiplied by 100% if losses.

Note: 1. The figures as of March 31, 2021 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, 2021 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, 2021	As of June 30, 2021
Individual variable insurance	39,537	33,310
Individual variable annuities	998,676	972,264
Group annuities	-	-
Separate account total	1,038,213	1,005,574

(2) Policies in Force

A. Individual Variable Insurance

(millions of yen except number of policies)

	As of March 31, 2021		As of June 30, 2021	
	Number of policies	Amount	Number of policies	Amount
Variable insurance (defined term type)	-	-	-	-
Variable insurance (whole life type)	44	385,040	41	362,094
Total	44	385,040	41	362,094

Notes: The outstanding policies in force for individual variable insurance include those managed in general account.

B. Individual Variable A

(millions of yen except number of policies)

	As of March 31, 2021		As of June 30, 2021	
	Number of policies	Amount	Number of policies	Amount
Individual variable annuities	471	2,639,398	453	2,497,799

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.