

Financial Results for the Nine Months Ended December 31, 2011

Fukoku Mutual Life Insurance Company (President: Yoshiteru Yoneyama) announces financial results for the nine months ended December 31, 2011.

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1. Business Highlights

(1) Policies in Force, New Policies and Surrendered and Lapsed Policies

(i) Policies in Force

	As of March 31, 2011		As of December 31, 2011			
	Number of policies	Amount	Number of policies		Amount	
	(Thousands)	(100 millions of yen)	(Thousands)	Changes (%, Pre-FYE)	(100 millions of yen)	Changes (%, Pre-FYE)
Individual insurance	2,967	270,750	2,981	100.5	262,576	97.0
Individual annuities	755	29,754	765	101.3	29,916	100.5
Subtotal	3,722	300,504	3,746	100.7	292,492	97.3
Group insurance	-	162,472	-	-	163,456	100.6
Group annuities	-	19,664	-	-	19,686	100.1

Notes: 1. Policy amounts for individual annuities are equal to (a) the funds to be held at the time annuity payments are to commence for an annuity for which annuity payments have not yet commenced and (b) the amount of policy reserve for an annuity for which payments have commenced.
2. Policy amount in force for group annuities is equal to the amount of outstanding policy reserve.

(ii) New Policies

Nine months ended December 31, 2010	Total		New business	Net increase by conversion
	Number of policies (Thousands)	Amount (100 millions of yen)	Amount (Thousands)	Amount (100 millions of yen)
Individual insurance	317	9,185	11,404	(2,219)
Individual annuities	27	900	924	(23)
Subtotal	345	10,085	12,328	(2,243)
Group insurance	-	497	497	-
Group annuities	-	4	4	-

Nine months ended December 31, 2011	Total				New business		Net increase by conversion	
	Number of policies		Amount		Amount		Amount	
	(Thousands)	Changes (%, YoY)	(100 millions of yen)	Changes (%, YoY)	(100 millions of yen)	Changes (%, YoY)	(100 millions of yen)	Changes (%, YoY)
Individual insurance	298	94.1	10,231	111.4	11,715	102.7	(1,483)	-
Individual annuities	31	113.1	1,059	117.6	1,078	116.7	(19)	-
Subtotal	330	95.7	11,290	111.9	12,793	103.8	(1,502)	-
Group insurance	-	-	128	25.7	128	25.7	-	-
Group annuities	-	-	0	16.9	0	16.9	-	-

Notes: 1. Number of new policies is the sum of new business and policies after conversion.
2. Amount of new policies for individual annuities, both new business and net increase by conversion, is equal to the funds to be held at the time annuity payments are to commence.
3. Amount for group annuities is equal to the initial premium payment.

(iii) Surrendered and Lapsed Policies (Individual Insurance and Individual Annuities)

	Nine months ended December 31, 2010	Nine months ended December 31, 2011	
			Changes (%, YoY)
Amount of surrender and lapse (100 millions of yen)	13,453	12,359	91.9
Surrender and lapse ratio (%)	4.27	4.11	(0.16)

Notes: 1. The amount of lapse is not offset by the amount of reinstatement which was once lapsed.
2. The column of "Changes" of surrender and lapse ratio are increase-decrease points over year.

(2) Annualized Premiums

(i) Policies in Force

(100 millions of yen except percentage)

	As of March 31, 2011	As of December 31, 2011	
			Changes (%, Pre-FYE)
Individual insurance	2,848	2,820	99.0
Individual annuities	1,269	1,291	101.7
Total	4,118	4,112	99.8
Medical coverage and living benefits	1,018	1,033	101.5

(ii) New Policies

(100 millions of yen except percentage)

	Nine months ended December 31, 2010	Nine months ended December 31, 2011	
			Changes (%, Pre-FYE)
Individual insurance	146	157	107.2
Individual annuities	41	46	112.1
Total	187	203	108.3
Medical coverage and living benefits	59	64	108.3

Notes: 1. Annualized premiums are calculated by using coefficients based on the premium payment method. (For single premium contracts, the amount is calculated by dividing the premium by the coverage period.)

2. Figures for medical coverage and living benefits represent portion of annualized premium corresponding to the medical benefits (hospitalization benefits and surgery benefits, etc.), living benefits (nursing care benefits, etc.) and premium waiver benefits, in which disability cause is excluded but causes such as specific illness are included.

3. New policies include net increase by conversion.

(3) Selected Items of Statements of Operations

(100 millions of yen except percentage)

	Nine months ended December 31, 2010	Nine months ended December 31, 2011	
			Changes (%, Pre-FYE)
Premium and other income	4,780	4,439	92.9
Investment income	1,153	1,082	93.8
Claims and other payments	4,722	3,687	78.1
Investment expenses	455	565	124.0
Ordinary profits	468	302	64.7

(4) Total Assets

(100 millions of yen except percentage)

	As of March 31, 2011	As of December 31, 2011	
			Changes (%, Pre-FYE)
Total assets	56,752	56,054	98.8

2. Investment Results of General Account Assets

(1) Asset Composition

(Millions of yen)

	As of March 31, 2011		As of December 31, 2011	
	Amount	Percentage	Amount	Percentage
Cash, deposits, call loans	237,739	4.2	126,905	2.3
Monetary claims bought	1,424	0.0	1,368	0.0
Money held in trust	33,169	0.6	34,075	0.6
Securities	3,699,745	66.1	3,907,279	70.6
Domestic bonds	2,430,669	43.4	2,639,974	47.7
Domestic stocks	352,641	6.3	323,075	5.8
Foreign securities	862,075	15.4	891,197	16.1
Foreign bonds	687,834	12.3	702,733	12.7
Foreign stocks and other securities	174,240	3.1	188,463	3.4
Other securities	54,359	1.0	53,031	1.0
Loans	1,143,863	20.4	1,063,972	19.2
Policy loans	71,479	1.3	69,278	1.3
Ordinary loans	1,072,383	19.2	994,694	18.0
Real estate	281,288	5.0	274,041	5.0
Deferred tax assets	87,332	1.6	72,731	1.3
Others	112,466	2.0	54,265	1.0
Allowance for possible loan losses	(2,513)	(0.0)	(2,367)	(0.0)
Total	5,594,517	100.0	5,532,272	100.0
Foreign currency denominated assets	696,207	12.4	724,183	13.1

(2) Fair Value Information on Securities (with fair value, other than trading securities)

(Millions of yen)

	As of March 31, 2011					As of December 31, 2011				
	Book value	Fair value	Gains/losses		Book value	Fair value	Gains/losses			
			Gains	Losses			Gains	Losses		
Held-to-maturity debt securities	427,312	436,409	9,096	9,983	886	820,111	847,832	27,721	28,596	875
Domestic bonds	378,178	387,523	9,345	9,345	-	777,674	803,931	26,256	26,571	314
Foreign bonds	49,134	48,885	(249)	637	886	42,436	43,901	1,464	2,025	561
Monetary claims bought	-	-	-	-	-	-	-	-	-	-
Negotiable certificate of deposits	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-
Policy-reserve-matching bonds	652,180	672,087	19,907	23,872	3,965	670,583	707,249	36,666	38,939	2,273
Domestic bonds	644,831	664,759	19,928	23,872	3,944	656,463	693,293	36,830	38,931	2,100
Foreign bonds	7,349	7,328	(21)	0	21	14,119	13,955	(164)	8	172
Investments in subsidiaries and affiliates	1,393	868	(524)	-	524	1,393	790	(602)	-	602
Available-for-sale securities	2,331,356	2,347,024	15,667	76,486	60,818	2,130,080	2,155,907	25,826	104,313	78,486
Domestic bonds	1,389,523	1,407,660	18,136	24,369	6,232	1,152,439	1,205,836	53,397	57,906	4,508
Domestic stocks	300,218	317,678	17,460	43,327	25,867	276,792	279,018	2,226	34,549	32,323
Foreign securities	593,121	575,527	(17,594)	7,582	25,177	653,888	627,219	(26,668)	10,846	37,515
Foreign bonds	411,835	403,179	(8,656)	4,572	13,228	448,981	440,149	(8,832)	8,704	17,537
Foreign stocks and other securities	181,285	172,347	(8,938)	3,010	11,948	204,907	187,070	(17,836)	2,141	19,978
Other securities	48,491	46,158	(2,333)	1,207	3,541	46,960	43,832	(3,128)	1,010	4,139
Money held in trust	-	-	-	-	-	-	-	-	-	-
Monetary claims bought	-	-	-	-	-	-	-	-	-	-
Negotiable certificate of deposits	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-
Total	3,412,242	3,456,389	44,146	110,342	66,195	3,622,168	3,711,779	89,611	171,849	82,238
Domestic bonds	2,412,533	2,459,943	47,410	57,587	10,176	2,586,577	2,703,061	116,484	123,408	6,924
Domestic stocks	300,218	317,678	17,460	43,327	25,867	276,792	279,018	2,226	34,549	32,323
Foreign securities	650,998	632,608	(18,390)	8,220	26,610	711,838	685,867	(25,971)	12,880	38,851
Foreign bonds	468,319	459,392	(8,927)	5,209	14,136	505,538	498,006	(7,531)	10,738	18,270
Foreign stocks and other securities	182,678	173,215	(9,462)	3,010	12,473	206,300	187,860	(18,439)	2,141	20,581
Other securities	48,491	46,158	(2,333)	1,207	3,541	46,960	43,832	(3,128)	1,010	4,139
Money held in trust	-	-	-	-	-	-	-	-	-	-
Monetary claims bought	-	-	-	-	-	-	-	-	-	-
Negotiable certificate of deposits	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-

Note: The table above includes assets which are considered appropriate to deem as securities under the Financial Instruments and Exchange Law.

* Book value of securities without fair value are as follows:

	(Millions of yen)	
	As of March 31, 2011	As of December 31, 2011
Held-to-maturity debt securities	-	-
Unlisted foreign bonds	-	-
Others	-	-
Policy-reserve-matching bonds	-	-
Investments in subsidiaries and affiliates	26,616	35,969
Available-for-sale securities	17,047	17,287
Unlisted domestic stocks (except over-the-counter stocks)	8,345	8,087
Unlisted foreign stocks (except over-the-counter stocks)	500	-
Unlisted foreign bonds	-	-
Others	8,201	9,199
Total	43,664	53,256

(3) Fair Value Information on Money Held in Trust

(Millions of yen)

	As of March 31, 2011					As of December 31, 2011				
	Carrying value on balance sheets	Fair value	Gains/losses			Carrying value on balance sheets	Fair value	Gains/losses		
			Gains	Losses				Gains	Losses	
Money held in trust	33,169	33,169	-	-	-	34,075	34,075	-	-	-

* Money held in trust for trading purpose

(Millions of yen)

	As of March 31, 2011		As of December 31, 2011	
	Carrying value on balance sheets	Net valuation gains/losses included in the statements of operations	Carrying value on balance sheets	Net valuation gains/losses included in the statements of operations
Money held in trust for trading purpose	32,169	(0)	33,075	(256)

* Money held in trust classified as held-to-maturity, policy-reserve-matching and available-for-sale

(Millions of yen)

	As of March 31, 2011					As of December 31, 2011				
	Book value	Fair value	Gains/losses			Book value	Fair value	Gains/losses		
			Gains	Losses				Gains	Losses	
Money held in trust for held-to-maturity	-	-	-	-	-	-	-	-	-	-
Money held in trust for policy-reserve-matching	-	-	-	-	-	-	-	-	-	-
Money held in trust for available-for-sale	-	-	-	-	-	-	-	-	-	-

(reference) Fair Value of Real Estate (Land and Leaseholds)

(Millions of yen)

As of March 31, 2011			As of December 31, 2011		
Carrying value on the balance sheets	Fair value	Gains (losses)	Carrying value on the balance sheets	Fair value	Gains (losses)
163,749	230,903	67,153	161,330	226,424	65,093

Notes: 1. As of December 31, 2011, fair value is based on the appraisal value by the real-estate appraiser, the appraisal value for property tax as of January 1, 2011 and the road rate as of January 1, 2011.

2. As of March 31, 2011, fair value is based on the appraisal value by the real-estate appraiser, the appraisal value for property tax as of January 1, 2011 and the road rate as of January 1, 2010.

3. Non-consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2011	As of December 31, 2011
Assets:		
Cash and deposits	237,823	21,191
Call loans	-	105,800
Monetary claims bought	1,424	1,368
Money held in trust	33,169	34,075
Securities	3,778,639	3,979,697
[Government bonds]	[1,695,927]	[1,913,128]
[Local government bonds]	[149,399]	[152,800]
[Corporate bonds]	[615,051]	[603,816]
[Stocks]	[379,416]	[346,921]
[Foreign securities]	[884,029]	[909,594]
Loans	1,143,863	1,063,972
Policy loans	71,479	69,278
Ordinary loans	1,072,383	994,694
Tangible fixed assets	284,670	277,432
Intangible fixed assets	8,765	8,193
Reinsurance receivables	170	16
Other assets	101,867	43,351
Deferred tax assets	87,332	72,731
Allowance for possible loan losses	(2,513)	(2,367)
Total assets	5,675,214	5,605,463

	As of March 31, 2011	As of December 31, 2011
Liabilities:		
Policy reserves	5,216,576	5,248,438
Reserve for outstanding claims	31,053	20,386
Policy reserve	5,132,317	5,167,300
Reserve for dividends to policyholders	53,205	60,751
Reinsurance payables	86	78
Subordinated bonds	35,214	30,165
Other liabilities	125,256	40,171
Corporate income tax payable	10,850	767
Asset retirement obligations	2,846	2,827
Other liabilities	111,559	36,576
Reserve for employees' retirement benefits	50,109	46,840
Reserve for price fluctuation of securities	33,432	34,983
Deferred tax liabilities for revaluation reserve for land	19,936	16,197
Total liabilities	5,480,612	5,416,875
Net assets:		
Foundation funds	40,000	35,000
Accumulated foundation funds redeemed	46,000	71,000
Reserve for revaluation	112	112
Surplus	96,763	61,437
Legal reserve for future losses	2,249	2,325
Other surplus	94,513	59,111
Reserve for redemption of foundation funds	20,000	-
Reserve for dividend allowances	3,895	3,895
Accumulated fund for price fluctuation	-	11,000
Reserve for advanced depreciation of real estate for tax purpose	296	289
Other reserves	767	767
Unappropriated surplus	69,554	43,159
Total foundation funds, surplus and others	182,875	167,549
Net unrealized gains (losses) on available-for-sale securities, net of tax	9,994	17,877
Deferred valuation gains (losses) under hedge accounting	365	239
Revaluation reserve for land, net of tax	1,366	2,921
Total valuation and translation adjustments	11,726	21,038
Total net assets	194,601	188,587
Total liabilities and net assets	5,675,214	5,605,463

4. Non-consolidated Statements of Operations

(Millions of yen)

	Nine months ended December 31, 2010	Nine months ended December 31, 2011
Ordinary revenues:		
Premium and other income	478,073	443,960
[Premium income]	[478,017]	[443,757]
Investment income	115,389	108,232
[Interest, dividends and other income]	[80,772]	[82,312]
[Gains from money held in trust, net]	[474]	[-]
[Gains on sales of securities]	[19,482]	[15,488]
[Gains from derivative instruments, net]	[14,516]	[9,956]
Other ordinary revenues	51,592	18,676
[Reversal of reserve for outstanding claims]	[3,967]	[10,666]
[Reversal of policy reserve]	[39,189]	[-]
Total ordinary revenues	645,056	570,869
Ordinary expenditures:		
Claims and other payments	472,218	368,737
[Claims]	[144,972]	[113,009]
[Annuities]	[69,643]	[71,882]
[Benefits]	[131,391]	[93,191]
[Surrenders]	[109,804]	[70,462]
[Other payments]	[16,158]	[19,981]
Provision for policy reserve and others	90	35,047
Provision for policy reserve	-	34,983
Interest on accumulated dividends to policyholders	90	63
Investment expenses	45,576	56,515
[Interest expenses]	[1,084]	[990]
[Losses from money held in trust, net]	[-]	[950]
[Losses from trading securities, net]	[14,421]	[3,575]
[Losses on sales of securities]	[14,137]	[11,925]
[Losses on valuation of securities]	[1,571]	[21,868]
[Losses from separate accounts, net]	[3,549]	[5,654]
Operating expenses	64,223	65,257
Other ordinary expenditures	16,137	15,016
Total ordinary expenditures	598,246	540,573
Ordinary profits	46,809	30,296
Extraordinary gains:		
Gains on disposal of fixed assets	3	4,645
Reversal of allowance for possible loan losses	37	-
Total extraordinary gains	41	4,645
Extraordinary losses:		
Losses on disposal of fixed assets	39	115
Impairment losses	307	320
Provision for reserve for price fluctuation of securities	1,525	1,551
Losses on reduction entry of real estate for tax purpose	-	9
Effect of applying the accounting standard for asset retirement obligations	966	-
Total extraordinary losses	2,839	1,996
Surplus before income taxes	44,011	32,944
Income taxes:		
Current	11,685	7,768
Deferred	(1,215)	11,526
Total income taxes	10,469	19,295
Net surplus for the period	33,542	13,649

Notes to the Non-consolidated Financial Statements

I. Presentation of the Non-consolidated Financial Statements

1. Basis of Presentation

The accompanying non-consolidated financial statements have been prepared from the accounts maintained by Fukoku Mutual Life Insurance Company (the "Company") in accordance with the provisions set forth in the Insurance Business Law of Japan and its related rules and regulations and in conformity with accounting principles generally accepted in Japan, which are different in certain respects from accounting principles generally accepted in countries and jurisdictions other than Japan.

In addition, the notes to the non-consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

Amounts of less than one million yen have been eliminated. As a result, total in yen shown herein do not necessarily agree with the sum of the individual amounts.

II. Notes to Balance Sheet

1. Changes in Presentation

Effective for the nine months ended December 31, 2011, in accordance with the amendment of the Enforcement Regulation of the Insurance Business Law, "reversal of allowance for possible loan losses" reported on the statement of operations which was presented in "extraordinary gains" until previous fiscal year is included in "investment income".

2. Reserve for Dividends to Policyholders

Changes in reserve for dividends to policyholders for the nine months ended December 31, 2011 were as follows:

	(Millions of yen)
Balance at the beginning of current period.....	¥ 53,205
Transfer from surplus in previous fiscal year	24,381
Dividends paid in the current period	(16,899)
Increase in interest	63
Balance at the end of current period	<u>¥ 60,751</u>

3. Additional Foundation Funds

The Company raised additional foundation funds of ¥20,000 million during the nine months ended December 31, 2011 in accordance with Article 60 of the Insurance Business Law.

4. Redemption of Foundation Funds

In the nine months ended December 31, 2011, in connection with the redemption of foundation funds of ¥25,000 million, the Company reversed the reserve for redemption of foundation funds and provided the equivalent amount for accumulated foundation funds redeemed in accordance with Article 56 of the Insurance Business Law.

5. Effects of Changes in the Corporate Income Tax Rate

Following the promulgation of the "Act for Partial Amendment of the Income Tax Act, etc. for the Purpose of Creating a Taxation System Responding to Changes in Economic and Social Structures" (Act No. 114, 2011) and the "Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction following the Great East Japan Earthquake" (Act No. 117,

2011) on December 2, 2011, the corporate income tax rate will be lowered from the fiscal year beginning on April 1, 2012 and a special restoration surtax will be imposed from the fiscal year beginning on April 1, 2012 through the fiscal year beginning on April 1, 2014. The effective statutory tax rate used by the Company for the calculation of deferred tax assets and deferred tax liabilities will consequently be changed from the current rate of 36.2% to 33.3% for a temporary difference which is expected to be reversed in the period from April 1, 2012 to March 31, 2015, and 30.8% for a temporary difference which is expected to be reversed after April 1, 2015. As a result of these changes, deferred tax assets and deferred tax liabilities for revaluation reserve for land as of December 31, 2011 decreased by ¥12,049 million and ¥2,855 million, respectively.

5. Breakdown of Ordinary Profits (Fundamental Profit)

(Millions of yen)

		Nine months ended December 31, 2010	Nine months ended December 31, 2011
Fundamental profit	A	50,555	51,802
Capital gains		34,277	25,445
Gains from money held in trust, net		278	-
Gains from trading securities, net		-	-
Gains on sales of securities		19,482	15,488
Gains from derivative instruments, net		14,516	9,956
Foreign exchange gains, net		-	-
Other capital gains		-	-
Capital losses		37,828	46,532
Losses from money held in trust, net		-	1,065
Losses from trading securities, net		18,949	9,140
Losses on sales of securities		14,137	11,925
Losses on valuation of securities		1,571	21,868
Losses from derivative instruments, net		-	-
Foreign exchange losses, net		3,170	2,532
Other capital losses		-	-
Net capital gains (losses)	B	(3,551)	(21,087)
Fundamental profit plus net capital gains (losses)	A+B	47,004	30,715
Non-recurring gains		-	-
Reinsurance income		-	-
Reversal of contingency reserve		-	-
Other non-recurring gains		-	-
Non-recurring losses		194	418
Reinsurance premiums		-	-
Provision for contingency reserve		194	70
Provision for specific allowance for possible loan losses		-	96
Allowance for specified overseas loans		-	-
Write-off of loans		-	-
Other non-recurring losses		-	251
Non-recurring gains (losses)	C	(194)	(418)
Ordinary profits	A+B+C	46,809	30,296

Notes: 1. The following amounts in respect of gains / losses from money held in trust have been excluded from capital gains / losses and included in fundamental profit due to their income nature (being interest and dividend income): ¥195 million in respect of the nine months ended December 31, 2010 and ¥114 million in respect of the nine months ended December 31, 2011.

2. The following amounts in respect of gains / losses from trading securities have been excluded from capital gains / losses and included in fundamental profit due to their income nature (being interest and dividend income): ¥4,528 million in respect of the nine months ended December 31, 2010 and ¥5,565 million in respect of the nine months ended December 31, 2011.

3. For the nine months ended December 31, 2011, other non-recurring losses represent the losses relating to revision of the Company's retirement benefit plans.

Breakdown of Fundamental Profit

(100 millions of yen)

	Nine months ended December 31, 2010	Nine months ended December 31, 2011
Fundamental profit	505	518
Loading profit	31	10
Mortality and morbidity profit	568	582
Negative spread	(94)	(75)

6. Solvency Margin Ratio

(Millions of yen)

	As of March 31, 2011	As of December 31, 2011
Total solvency margin (A)	593,497	574,097
Foundation funds and surplus	156,224	147,544
Reserve for price fluctuation of securities	33,432	34,983
Contingency reserve	146,071	146,142
Allowance for possible loan losses	1,957	1,824
Net unrealized gains on available-for-sale securities x 90% (multiplied by 100% if losses)	14,101	23,243
Net unrealized gains on real estate x 85%	73,176	68,330
Excess amount of policy reserve based on full-time Zillmer method	103,984	110,912
Qualifying subordinated debt	35,214	30,165
Deductible items	(10,000)	(19,000)
Others	39,334	29,950
Total amount of risk $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$ (B)	109,064	105,172
Insurance risk R_1	28,485	27,977
3rd sector insurance risk R_8	9,443	9,561
Assumed investment yield risk R_2	18,528	18,318
Investment risk R_3	80,783	77,063
Business risk R_4	2,745	2,658
Minimum guarantee risk R_7	11	11
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	1088.3%	1091.7%

Notes: 1. Above figures are calculated based on Articles 86 and 87 of the Enforcement Regulation of the Insurance Business Law and Ministry of Finance Ordinance No. 50, 1996.

2. "Deductible items" represent the capital increase to the subsidiary, Fukokushinrai Life Insurance Co., Ltd.

3. "Minimum guarantee risk" is calculated by standard method.

(reference) Solvency Margin Ratio under the New Standards

(Millions of yen)

	As of March 31, 2011	As of December 31, 2011
Total solvency margin (A)	581,306	561,906
Foundation funds and surplus	156,224	147,544
Reserve for price fluctuation of securities	33,432	34,983
Contingency reserve	146,071	146,142
Allowance for possible loan losses	1,957	1,824
Net unrealized gains on available-for-sale securities x 90% (multiplied by 100% if losses)	14,101	23,243
Net unrealized gains on real estate x 85%	73,176	68,330
Excess amount of policy reserve based on full-time Zillmer method	103,984	110,912
Qualifying subordinated debt	35,214	30,165
The amount of "excess amount of policy reserve based on full-time Zillmer method" and "qualifying subordinated debt" excluded from the calculation of solvency margin	-	-
Deductible items	(10,000)	(19,000)
Others	27,143	17,759
Total amount of risk $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$ (B)	173,928	165,769
Insurance risk R_1	28,485	27,977
3rd sector insurance risk R_8	9,443	9,561
Assumed investment yield risk R_2	42,760	42,285
Investment risk R_3	122,801	115,163
Business risk R_4	4,069	3,899
Minimum guarantee risk R_7	7	8
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	668.4%	677.9%

- Notes: 1. In accordance with Cabinet Office Ordinance No.23, 2010 and Financial Services Agency Ordinance No.48, 2010, the standards for the calculation of total solvency margin and total amount of risk are planned to be revised to tighten margin calculation and tighten and refine risk measurements. The revised standards will be officially applied at the end of fiscal year ending March 31, 2012. The above figures are calculated by applying the revised standards to the financial results as of March 31, 2011 and December 31, 2011.
2. "Deductible items" represent the capital increase to the subsidiary, Fukokushinrai Life Insurance Co., Ltd.
3. "Minimum guarantee risk" is calculated by standard method.

7. Status of Separate Account

(1) Separate Account Assets by Products

(Millions of yen)

	As of March 31, 2011		As of December 31, 2011	
	Number	Amount	Number	Amount
Individual variable insurance		-		-
Individual variable annuities		538		488
Group annuities		82,742		74,252
Total		83,280		74,741

(2) Policies in Force

(i) Individual Variable Insurance

The company has not sold the individual variable insurance.

(ii) Individual Variable Annuities

(Millions of yen)

	As of March 31, 2011		As of December 31, 2011	
	Number	Amount	Number	Amount
Individual annuities	185	594	177	579

8. Status of the Company, Subsidiaries and Affiliates

(1) Selected Financial Data

(Millions of yen)

	Nine months ended December 31, 2010	Nine months ended December 31, 2011
Ordinary revenues	1,057,234	894,538
Ordinary profits	48,908	32,167
Net surplus for the period	34,279	13,467
Comprehensive income	22,600	25,319

	As of March 31, 2011	As of December 31, 2011
Total assets	6,670,346	6,900,936

(2) Scope of consolidation and application of equity method

Number of consolidated subsidiaries: 6

Number of unconsolidated subsidiaries accounted for under the equity method: 0

Number of affiliates accounted for under the equity method: 0

(3) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2011	As of December 31, 2011
Assets:		
Cash and deposits	314,392	92,218
Call loans	-	105,800
Monetary claims bought	1,424	1,368
Money held in trust	33,169	34,075
Securities	4,681,280	5,189,236
Loans	1,146,719	1,066,924
Tangible fixed assets	284,863	277,618
Intangible fixed assets	15,712	14,451
Agency receivables	4	3
Reinsurance receivables	174	21
Other assets	106,524	48,553
Deferred tax assets	88,745	73,203
Allowance for possible loan losses	(2,665)	(2,539)
Total assets	6,670,346	6,900,936

	As of March 31, 2011	As of December 31, 2011
Liabilities:		
Policy reserves	6,202,567	6,523,451
Reserve for outstanding claims	32,792	22,168
Policy reserve	6,115,914	6,439,917
Reserve for dividends to policyholders	53,205	60,751
Reserve for dividends to policyholders (subsidiary)	654	613
Agency payables	1,685	1,494
Reinsurance payables	100	97
Subordinated bonds	35,214	30,165
Other liabilities	129,127	52,493
Reserve for employees' retirement benefits	50,153	46,895
Reserve for price fluctuation of securities	33,865	35,603
Deferred tax liabilities for revaluation reserve for land	19,936	16,197
Total liabilities	6,472,650	6,706,400
Net assets:		
Foundation funds	40,000	35,000
Accumulated foundation funds redeemed	46,000	71,000
Reserve for revaluation	112	112
Consolidated surplus	98,228	62,720
Total foundation funds, surplus and others	184,340	168,832
Net unrealized gains (losses) on available-for-sale securities, net of tax	10,006	18,851
Deferred valuation gains (losses) under hedge accounting	365	239
Revaluation reserve for land, net of tax	1,366	2,921
Foreign currency translation adjustment	(761)	(835)
Total accumulated other comprehensive income	10,977	21,177
Minority interests	2,378	4,526
Total net assets	197,696	194,536
Total liabilities and net assets	6,670,346	6,900,936

(4) Consolidated Statements of Operations and Comprehensive Income
[Consolidated Statements of Operations]

(Millions of yen)

	Nine months ended December 31, 2010	Nine months ended December 31, 2011
Ordinary revenues:		
Premium and other income	920,042	751,984
Investment income	124,212	123,327
[Interest, dividends and other income]	[89,521]	[95,389]
[Gains from money held in trust, net]	[474]	[-]
[Gains on sales of securities]	[19,555]	[17,535]
[Gains from derivative instruments, net]	[14,516]	[9,956]
Other ordinary revenues	12,980	19,226
[Reversal of reserve for outstanding claims]	[4,024]	[10,624]
Total ordinary revenues	1,057,234	894,538
Ordinary expenditures:		
Claims and other payments	481,859	385,331
[Claims]	[146,483]	[114,656]
[Annuities]	[69,775]	[72,041]
[Benefits]	[133,430]	[97,583]
[Surrenders]	[115,456]	[80,503]
[Other payments]	[16,310]	[20,204]
Provision for policy reserve and others	380,793	324,067
Provision for policy reserve	380,702	324,003
Interest on accumulated dividends to policyholders	90	63
Interest on accumulated dividends to policyholders (subsidiary)	0	0
Investment expenses	45,265	58,784
[Interest expenses]	[1,096]	[1,001]
[Losses from money held in trust, net]	[-]	[950]
[Losses from trading securities, net]	[14,421]	[3,575]
[Losses on sales of securities]	[14,185]	[13,328]
[Losses on valuation of securities]	[1,571]	[23,105]
[Losses from separate accounts, net]	[3,549]	[5,654]
Operating expenses	82,440	77,128
Other ordinary expenditures	17,967	17,058
Total ordinary expenditures	1,008,326	862,371
Ordinary profits	48,908	32,167
Extraordinary gains:		
Gains on disposal of fixed assets	3	4,645
Reversal of allowance for possible loan losses	92	-
Gain on change in equity	-	55
Total extraordinary gains	96	4,700
Extraordinary losses:		
Losses on disposal of fixed assets	41	116
Impairment losses	307	320
Provision for reserve for price fluctuation of securities	1,657	1,738
Losses on reduction entry of real estate for tax purpose	-	9
Effect of applying the accounting standard for asset retirement obligations	967	-
Total extraordinary losses	2,973	2,184
Provision for reserve for dividends to policyholders (subsidiary)	283	349
Surplus before income taxes	45,747	34,333
Income taxes:		
Current	12,635	8,626
Deferred	(1,319)	12,019
Total income taxes	11,316	20,646
Net surplus before minority interests	34,431	13,686
Minority interests	152	218
Net surplus for the period	34,279	13,467

(4) Consolidated Statements of Operations and Comprehensive Income (Continued)
 [Consolidated Statements of Comprehensive Income]

(Millions of yen)

	Nine months ended December 31, 2010	Nine months ended December 31, 2011
Net surplus before minority interests	34,431	13,686
Other comprehensive income	(11,831)	11,633
Net unrealized gains (losses) on available-for-sale securities, net of tax	(11,621)	8,979
Deferred valuation gains (losses) under hedge accounting	(85)	(125)
Revaluation reserve for land, net of tax	-	2,854
Foreign currency translation adjustment	(124)	(74)
Comprehensive income	22,600	25,319
Comprehensive income attributable to parent company	22,356	24,966
Comprehensive income attributable to minority interests	243	353

Notes to the Consolidated Financial Statements

I. Presentation of the Consolidated Financial Statements

1. Basis of Presentation

The accompanying consolidated financial statements have been prepared from the accounts maintained by Fuku Mutual Life Insurance Company (the "Company") and its consolidated subsidiaries in accordance with the provisions set forth in the Insurance Business Law of Japan and its related rules and regulations and in conformity with accounting principles generally accepted in Japan, which are different in certain respects from accounting principles generally accepted in countries and jurisdictions other than Japan.

In addition, the notes to the consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

Amounts of less than one million yen have been eliminated. As a result, total in yen shown herein do not necessarily agree with the sum of the individual amounts.

II. Notes to Balance Sheet

1. Changes in Presentation

Effective for the nine months ended December 31, 2011, in accordance with the amendment of the Enforcement Regulation of the Insurance Business Law, "reversal of allowance for possible loan losses" reported on the statement of operations which was presented in "extraordinary gains" until previous fiscal year is included in "investment income".

2. Reserve for Dividends to Policyholders

Changes in reserve for dividends to policyholders for the nine months ended December 31, 2011 were as follows:

	(Millions of yen)
Balance at the beginning of current period.....	¥ 53,205
Transfer from surplus in previous fiscal year	24,381
Dividends paid in the current period	(16,899)
Increase in interest	63
Balance at the end of current period	<u>¥ 60,751</u>

3. Reserve for Dividends to Policyholders (Fukokushinrai Life Insurance Company)

Changes in reserve for dividends to policyholders for the nine months ended December 31, 2011 were as follows:

	(Millions of yen)
Balance at the beginning of current period.....	¥ 654
Dividends paid in the current period	(390)
Increase in interest	0
Provision for reserve for dividends to policyholders ...	349
Balance at the end of current period	<u>¥ 613</u>

4. Additional Foundation Funds

The Company raised additional foundation funds of ¥20,000 million during the nine months ended December 31, 2011 in accordance with Article 60 of the Insurance Business Law.

5. Redemption of Foundation Funds

In the nine months ended December 31, 2011, in connection with the redemption of foundation funds of ¥25,000 million, the Company reversed the reserve for redemption of foundation funds and provided the equivalent amount for accumulated foundation funds redeemed in accordance with Article 56 of the Insurance Business Law.

6. Effects of Changes in the Corporate Income Tax Rate

Following the promulgation of the “Act for Partial Amendment of the Income Tax Act, etc. for the Purpose of Creating a Taxation System Responding to Changes in Economic and Social Structures” (Act No. 114, 2011) and the “Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction following the Great East Japan Earthquake” (Act No. 117, 2011) on December 2, 2011, the corporate income tax rate will be lowered from the fiscal year beginning on April 1, 2012 and a special restoration surtax will be imposed from the fiscal year beginning on April 1, 2012 through the fiscal year beginning on April 1, 2014. The effective statutory tax rate used by the Company for the calculation of deferred tax assets and deferred tax liabilities will consequently be changed from the current rate of 36.2% to 33.3% for a temporary difference which is expected to be reversed in the period from April 1, 2012 to March 31, 2015, and 30.8% for a temporary difference which is expected to be reversed after April 1, 2015. As a result of these changes, deferred tax assets and deferred tax liabilities for revaluation reserve for land as of December 31, 2011 decreased by ¥12,071 million and ¥2,855 million, respectively.

III. Notes to Statement of Operations

1. Depreciation and Amortization of Goodwill

For the nine months ended December 31, 2011, the total amount of depreciation and depreciation of real estate for rent and other assets was ¥9,096 million and the amount of amortization of goodwill was ¥572 million.