

August 10, 2012

## Financial Results for the Three Months Ended June 30, 2012

Fukoku Mutual Life Insurance Company (President: Yoshiteru Yoneyama) announces financial results for the three months ended June 30, 2012.

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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, 2012				As of June 30, 2012			
	Number of policies		Amount		Number of policies		Amount	
	(Thousands)	(100 millions of yen)	(Thousands)	Changes (% Pre-FYE)	(Thousands)	Changes (% Pre-FYE)	(100 millions of yen)	Changes (% Pre-FYE)
Individual insurance	2,983	259,536	2,987	100.1	256,889	99.0		
Individual annuities	770	29,989	771	100.2	29,997	100.0		
Subtotal	3,753	289,526	3,758	100.1	286,886	99.1		
Group insurance	—	160,562	—	—	161,302	100.5		
Group annuities	—	19,720	—	—	19,867	100.7		

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

Three months ended June 30, 2011	Total		New business	Net increase by conversion
	Number of policies	Amount	Amount	Amount
	(Thousands)	(100 millions of yen)	(Thousands)	(100 millions of yen)
Individual insurance	101	3,331	3,957	(626)
Individual annuities	9	302	309	(7)
Subtotal	110	3,633	4,267	(633)
Group insurance	—	20	20	—
Group annuities	—	0	0	—

Three months ended June 30, 2012	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	97	96.0	3,360	100.9	3,899	98.5	(538)	—
Individual annuities	8	90.0	280	92.8	287	92.8	(6)	—
Subtotal	105	95.5	3,641	100.2	4,186	98.1	(545)	—
Group insurance	—	—	95	466.0	95	466.0	—	—
Group annuities	—	—	91	21,599.8	91	21,599.8	—	—

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)

	three months ended June 30, 2011	Three months ended June 30, 2012	
		Amount	Changes (% YoY)
Amount of surrender and lapse (100 millions of yen)	4,141	4,116	99.4
Surrender and lapse ratio (%)	1.38	1.42	0.04

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, 2012	As of June 30, 2012	
			Changes (%, Pre-FYE)
Individual insurance	2,809	2,798	99.6
Individual annuities	1,302	1,308	100.4
Total	4,111	4,106	99.9
Medical coverage and living benefits	1,035	1,040	100.4

### (ii) New Policies

(100 millions of yen except percentage)

	Three months ended June 30, 2011	Three months ended June 30, 2012	
			Changes (%, Pre-FYE)
Individual insurance	51	49	96.2
Individual annuities	14	11	81.6
Total	65	61	92.9
Medical coverage and living benefits	20	21	104.3

- 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)

	Three months ended June 30, 2011	Three months ended June 30, 2012	
			Changes (%, Pre-FYE)
Premium and other income	1,692	2,275	134.4
Investment income	302	392	129.7
Claims and other payments	1,500	1,854	123.5
Investment expenses	107	208	193.1
Ordinary profits	93	103	110.8

## (4) Total Assets

(100 millions of yen except percentage)

	As of March 31, 2012	As of June 30, 2012	
			Changes (%, Pre-FYE)
Total assets	56,995	56,967	100.0

## 2. Investment Results of General Account Assets

(1) Asset Composition

(Millions of yen)

	As of March 31, 2012		As of June 30, 2012	
	Amount	Percentage	Amount	Percentage
Cash, deposits, call loans	94,857	1.7	114,687	2.0
Monetary claims bought	1,351	0.0	1,333	0.0
Money held in trust	35,194	0.6	30,309	0.5
Securities	4,075,938	72.5	4,069,026	72.3
Domestic bonds	2,737,371	48.7	2,785,605	49.5
Domestic stocks	353,248	6.3	328,547	5.8
Foreign securities	927,377	16.5	882,296	15.7
Foreign bonds	729,001	13.0	697,963	12.4
Foreign stocks and other securities	198,375	3.5	184,333	3.3
Other securities	57,940	1.0	72,577	1.3
Loans	1,039,363	18.5	1,024,248	18.2
Policy loans	70,164	1.2	68,966	1.2
Ordinary loans	969,199	17.2	955,281	17.0
Real estate	273,246	4.9	271,607	4.8
Deferred tax assets	47,130	0.8	56,012	1.0
Others	54,482	1.0	63,391	1.1
Allowance for possible loan losses	(2,299)	(0.0)	(2,143)	(0.0)
Total	5,619,265	100.0	5,628,474	100.0
Foreign currency denominated assets	770,441	13.7	738,174	13.1

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

(Millions of yen)

	As of March 31, 2012					As of June 30, 2012				
	Book value	Fair value	Gains/losses		Book value	Fair value	Gains/losses			
			Gains	Losses			Gains	Losses		
Held-to-maturity debt securities	823,530	852,343	28,812	29,263	450	814,641	856,445	41,803	42,008	205
Domestic bonds	777,527	804,084	26,556	26,868	311	772,981	812,754	39,773	39,773	—
Foreign bonds	46,002	48,258	2,256	2,394	138	41,660	43,691	2,030	2,235	205
Monetary claims bought	—	—	—	—	—	—	—	—	—	—
Negotiable certificate of deposits	—	—	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—	—	—
Policy-reserve-matching bonds	684,915	722,269	37,354	38,994	1,640	707,271	752,489	45,217	46,466	1,248
Domestic bonds	669,991	707,412	37,420	38,971	1,550	688,552	733,748	45,196	46,401	1,205
Foreign bonds	14,923	14,857	(66)	23	90	18,719	18,740	21	65	43
Investments in subsidiaries and affiliates	1,393	854	(538)	—	538	1,393	809	(583)	—	583
Available-for-sale securities	2,202,478	2,300,260	97,782	135,997	38,215	2,220,580	2,289,734	69,154	133,359	64,205
Domestic bonds	1,218,715	1,273,929	55,213	58,002	2,788	1,233,668	1,305,992	72,324	74,404	2,080
Domestic stocks	268,766	309,191	40,424	54,341	13,916	270,358	284,493	14,134	40,184	26,049
Foreign securities	663,501	666,928	3,426	21,996	18,569	650,142	635,489	(14,652)	16,970	31,622
Foreign bonds	458,405	469,945	11,540	18,340	6,800	452,157	452,549	392	14,336	13,944
Foreign stocks and other securities	205,095	196,982	(8,113)	3,656	11,769	197,985	182,940	(15,044)	2,633	17,678
Other securities	51,494	50,211	(1,283)	1,658	2,941	66,410	63,758	(2,652)	1,801	4,453
Money held in trust	—	—	—	—	—	—	—	—	—	—
Monetary claims bought	—	—	—	—	—	—	—	—	—	—
Negotiable certificate of deposits	—	—	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—	—	—
<b>Total</b>	<b>3,712,316</b>	<b>3,875,727</b>	<b>163,410</b>	<b>204,255</b>	<b>40,845</b>	<b>3,743,886</b>	<b>3,899,478</b>	<b>155,592</b>	<b>221,834</b>	<b>66,242</b>
Domestic bonds	2,666,234	2,785,425	119,191	123,841	4,650	2,695,201	2,852,495	157,293	160,578	3,285
Domestic stocks	268,766	309,191	40,424	54,341	13,916	270,358	284,493	14,134	40,184	26,049
Foreign securities	725,821	730,898	5,077	24,415	19,337	711,915	698,731	(13,184)	19,270	32,454
Foreign bonds	519,332	533,061	13,729	20,758	7,028	512,537	514,981	2,444	16,637	14,193
Foreign stocks and other securities	206,489	197,836	(8,652)	3,656	12,308	199,378	183,749	(15,628)	2,633	18,261
Other securities	51,494	50,211	(1,283)	1,658	2,941	66,410	63,758	(2,652)	1,801	4,453
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, 2012	As of June 30, 2012
Held-to-maturity debt securities	—	—
Unlisted foreign bonds	—	—
Others	—	—
Policy-reserve-matching bonds	—	—
Investments in subsidiaries and affiliates	35,969	35,969
Available-for-sale securities	15,816	16,903
Unlisted domestic stocks (except over-the-counter stocks)	8,086	8,084
Unlisted foreign stocks (except over-the-counter stocks)	—	—
Unlisted foreign bonds	—	—
Others	7,729	8,819
<b>Total</b>	<b>51,785</b>	<b>52,873</b>

(3) Fair Value Information on Money Held in Trust

(Millions of yen)

	As of March 31, 2012					As of June 30, 2012				
	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	35,194	35,194	—	—	—	30,309	30,309	—	—	—

\* Money held in trust for trading purpose

(Millions of yen)

	As of March 31, 2012		As of June 30, 2012	
	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	34,194	0	29,309	133

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

(Millions of yen)

	As of March 31, 2012					As of June 30, 2012				
	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, 2012			As of June 30, 2012		
Carrying value on the balance sheets	Fair value	Gains (losses)	Carrying value on the balance sheets	Fair value	Gains (losses)
161,252	223,596	62,343	161,241	223,596	62,354

Notes: 1. As of June 30, 2012, fair value is based on the appraisal value by the real-estate appraiser, the appraisal value for property tax as of January 1, 2012 and the road rate as of January 1, 2011.

2. As of March 31, 2012, fair value is based on the appraisal value by the real-estate appraiser, the appraisal value for property tax as of January 1, 2012 and the road rate as of January 1, 2011.

### 3. Non-consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2012	As of June 30, 2012
<b>Assets:</b>		
Cash and deposits	29,345	18,072
Call loans	65,600	96,700
Monetary claims bought	1,351	1,333
Money held in trust	35,194	30,309
Securities	4,148,127	4,135,915
[Government bonds]	[1,991,905]	[2,021,231]
[Local government bonds]	[158,459]	[161,713]
[Corporate bonds]	[614,449]	[630,816]
[Stocks]	[377,385]	[349,440]
[Foreign securities]	[947,574]	[899,742]
Loans	1,039,363	1,024,248
Policy loans	70,164	68,966
Ordinary loans	969,199	955,281
Tangible fixed assets	276,619	276,419
Intangible fixed assets	8,573	9,563
Reinsurance receivables	117	241
Other assets	50,404	50,073
Deferred tax assets	47,130	56,012
Allowance for possible loan losses	(2,299)	(2,143)
<b>Total assets</b>	<b>5,699,527</b>	<b>5,696,745</b>

	As of March 31, 2012	As of June 30, 2012
<b>Liabilities:</b>		
Policy reserves	5,266,726	5,308,861
Reserve for outstanding claims	22,615	19,647
Policy reserve	5,190,141	5,219,654
Reserve for dividends to policyholders	53,969	69,560
Reinsurance payables	67	56
Subordinated bonds	32,896	29,581
Other liabilities	48,377	42,598
Corporate income tax payable	1,291	1,057
Asset retirement obligations	2,846	2,862
Other liabilities	44,238	38,678
Reserve for employees' retirement benefits	46,320	45,927
Reserve for price fluctuation of securities	35,488	36,011
Deferred tax liabilities for revaluation reserve for land	16,195	16,194
<b>Total liabilities</b>	<b>5,446,071</b>	<b>5,479,229</b>
<b>Net assets:</b>		
Foundation funds	35,000	35,000
Accumulated foundation funds redeemed	71,000	71,000
Reserve for revaluation	112	112
Surplus	76,104	60,004
Legal reserve for future losses	2,325	2,399
Other surplus	73,779	57,605
Reserve for redemption of foundation funds	—	9,000
Reserve for dividend allowances	3,895	3,895
Accumulated fund for price fluctuation	11,000	11,000
Reserve for advanced depreciation of real estate for tax purpose	289	4,114
Other reserves	767	767
Unappropriated surplus	57,827	28,828
Total foundation funds, surplus and others	182,216	166,116
Net unrealized gains (losses) on available-for-sale securities, net of tax	67,684	47,868
Deferred valuation gains (losses) under hedge accounting	170	151
Revaluation reserve for land, net of tax	3,383	3,379
Total valuation and translation adjustments	71,239	51,398
<b>Total net assets</b>	<b>253,455</b>	<b>217,515</b>
<b>Total liabilities and net assets</b>	<b>5,699,527</b>	<b>5,696,745</b>

#### 4. Non-consolidated Statements of Operations

(Millions of yen)

	Three months ended June 30, 2011	Three months ended June 30, 2012
<b>Ordinary revenues:</b>		
Premium and other income	169,291	227,584
[Premium income]	[169,178]	[227,342]
Investment income	30,264	39,263
[Interest, dividends and other income]	[27,559]	[27,168]
[Gains from money held in trust, net]	[111]	[146]
[Gains from trading securities, net]	[989]	—
[Gains on sales of securities]	[635]	[1,414]
[Gains from derivative instruments, net]	[508]	[10,457]
[Gains from separate accounts, net]	[74]	[—]
Other ordinary revenues	10,260	6,006
[Reversal of reserve for outstanding claims]	[7,441]	[2,967]
<b>Total ordinary revenues</b>	<b>209,816</b>	<b>272,853</b>
<b>Ordinary expenditures:</b>		
Claims and other payments	150,095	185,403
[Claims]	[58,719]	[96,520]
[Annuities]	[24,428]	[24,183]
[Benefits]	[36,702]	[36,446]
[Surrenders]	[24,039]	[23,536]
[Other payments]	[6,144]	[4,660]
Provision for policy reserve and others	12,939	29,532
Provision for policy reserve	12,914	29,513
Interest on accumulated dividends to policyholders	25	19
Investment expenses	10,777	20,814
[Interest expenses]	[408]	[267]
[Losses from trading securities, net]	[—]	[8,423]
[Losses on sales of securities]	[4,400]	[1,162]
[Losses on valuation of securities]	[2,903]	[4,012]
[Losses from separate accounts, net]	[—]	[3,284]
Operating expenses	21,282	21,553
Other ordinary expenditures	5,375	5,190
<b>Total ordinary expenditures</b>	<b>200,470</b>	<b>262,494</b>
<b>Ordinary profits</b>	<b>9,346</b>	<b>10,359</b>
<b>Extraordinary gains:</b>		
Gains on disposal of fixed assets	—	0
<b>Total extraordinary gains</b>	<b>—</b>	<b>0</b>
<b>Extraordinary losses:</b>		
Losses on disposal of fixed assets	21	6
Impairment losses	164	15
Provision for reserve for price fluctuation of securities	523	523
<b>Total extraordinary losses</b>	<b>708</b>	<b>544</b>
<b>Surplus before income taxes</b>	<b>8,637</b>	<b>9,815</b>
<b>Income taxes:</b>		
Current	101	1,369
Deferred	996	(61)
<b>Total income taxes</b>	<b>1,098</b>	<b>1,307</b>
<b>Net surplus for the period</b>	<b>7,539</b>	<b>8,507</b>

# 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 three months ended June 30, 2012, the Company has changed its depreciation method for its tangible fixed assets acquired on or after April 1, 2012 in accordance with the revision of the Corporation Tax Act.

As a result, non-consolidated ordinary revenue and surplus before income taxes for the three months ended June 30, 2012, increased by ¥ 1 million, both compared to those calculated using the previous depreciation method.

### 2. Accounting procedures specific to quarterly

As the proposal for appropriation of unappropriated surplus for the fiscal year ended March 31, 2012 was approved at the Meeting of Representatives held on July 3, 2012, it is included in the non-consolidated balance sheet as of June 30, 2012.

### 3. Reserve for Dividends to Policyholders

Changes in reserve for dividends to policyholders for the three months ended June 30, 2012 were as follows:

	(Millions of yen)
Balance at the beginning of current period.....	¥ 53,969
Transfer from surplus in previous fiscal year .....	23,989
Dividends paid in the current period .....	(8,418)
Increase in interest .....	19
Balance at the end of current period .....	<u>¥ 69,560</u>

## 5. Breakdown of Ordinary Profits (Fundamental Profit)

(Millions of yen)

	Three months ended June 30, 2011	Three months ended June 30, 2012
<b>Fundamental profit</b> A	<b>17,105</b>	<b>14,862</b>
Capital gains	1,238	12,004
Gains from money held in trust, net	94	132
Gains from trading securities, net	—	—
Gains on sales of securities	635	1,414
Gains from derivative instruments, net	508	10,457
Foreign exchange gains, net	—	—
Other capital gains	—	—
Capital losses	8,593	16,410
Losses from money held in trust, net	—	—
Losses from trading securities, net	1,042	10,027
Losses on sales of securities	4,400	1,162
Losses on valuation of securities	2,903	4,012
Losses from derivative instruments, net	—	—
Foreign exchange losses, net	246	1,208
Other capital losses	—	—
Net capital gains (losses) B	(7,354)	(4,405)
Fundamental profit plus net capital gains (losses) A+B	9,750	10,456
Non-recurring gains	—	10
Reinsurance income	—	—
Reversal of contingency reserve	—	—
Reversal for specific allowance for possible loan losses	—	10
Other non-recurring gains	—	—
Non-recurring losses	403	107
Reinsurance premiums	—	—
Provision for contingency reserve	146	107
Provision for specific allowance for possible loan losses	5	—
Allowance for specified overseas loans	—	—
Write-off of loans	—	—
Other non-recurring losses	251	—
Non-recurring gains (losses) C	(403)	(97)
Ordinary profits A+B+C	9,346	10,359

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): ¥17 million in respect of the three months ended June 30, 2011 and ¥13 million in respect of the three months ended June 30, 2012.

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): ¥2,031 million in respect of the three months ended June 30, 2011 and ¥1,603 million in respect of the three months ended June 30, 2012.

3. For the three months ended June 30, 2011, other non-recurring losses represent the losses relating to revision of the Company's retirement benefit plans.

## 6. Solvency Margin Ratio

(Millions of yen)

	As of March 31, 2012	As of June 30, 2012
Total solvency margin (A)	642,235	618,371
Foundation funds and surplus	156,393	158,789
Reserve for price fluctuation of securities	35,488	36,011
Contingency reserve	146,187	146,294
Allowance for possible loan losses	1,761	1,733
Net unrealized gains on available-for-sale securities x 90% (multiplied by 100% if losses)	88,004	62,238
Net unrealized gains on real estate x 85%	67,494	67,374
Excess amount of policy reserve based on full-time Zillmer method	113,157	115,566
Qualifying subordinated debt	32,896	29,581
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	(19,000)	(19,000)
Others	19,851	19,780
Total amount of risk $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$ (B)	173,308	170,917
Insurance risk $R_1$	27,630	27,456
3rd sector insurance risk $R_8$	9,568	9,576
Assumed investment yield risk $R_2$	42,266	42,150
Minimum guarantee risk $R_7$	5	5
Investment risk $R_3$	122,852	120,606
Business risk $R_4$	4,046	3,995
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	741.1%	723.5%

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.

## 7. Status of Separate Account

### (1) Separate Account Assets by Products

(Millions of yen)

	As of March 31, 2012		As of June 30, 2012	
	Amount		Amount	
Individual variable insurance	—		—	
Individual variable annuities	500		476	
Group annuities	81,552		69,106	
Total	82,053		69,583	

### (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, 2012		As of June 30, 2012	
	Number	Amount	Number	Amount
Individual annuities	174	551	174	551
Total	174	551	174	551

## 8. Status of the Company, Subsidiaries and Affiliates

### (1) Selected Financial Data

(Millions of yen)

	Three months ended June 30, 2011	Three months ended June 30, 2012
Ordinary revenues	283,619	320,438
Ordinary profits	10,384	10,972
Net surplus for the period	7,962	8,312
Comprehensive income	28,508	(10,600)

	As of March 31, 2012	As of June 30, 2012
Total assets	7,033,729	7,070,362
Solvency Margin Ratio	763.4%	747.4%

### (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, 2012	As of June 30, 2012
<b>Assets:</b>		
Cash and deposits	73,260	64,591
Call loans	65,600	96,700
Monetary claims bought	1,351	1,333
Money held in trust	35,194	30,309
Securities	5,422,669	5,447,723
Loans	1,042,359	1,027,195
Tangible fixed assets	276,828	276,716
Intangible fixed assets	14,529	15,213
Agency receivables	7	4
Reinsurance receivables	123	269
Other assets	56,062	56,022
Deferred tax assets	48,211	56,614
Allowance for possible loan losses	(2,468)	(2,332)
<b>Total assets</b>	<b>7,033,729</b>	<b>7,070,362</b>
<b>Liabilities:</b>		
Policy reserves	6,589,577	6,669,396
Reserve for outstanding claims	24,149	21,295
Policy reserve	6,510,809	6,578,047
Reserve for dividends to policyholders	53,969	69,560
Reserve for dividends to policyholders (subsidiary)	648	493
Agency payables	560	354
Reinsurance payables	88	69
Subordinated bonds	32,896	29,581
Other liabilities	50,593	45,944
Reserve for employees' retirement benefits	46,384	45,999
Reserve for price fluctuation of securities	38,183	38,774
Deferred tax liabilities	—	22
Deferred tax liabilities for revaluation reserve for land	16,195	16,194
<b>Total liabilities</b>	<b>6,774,480</b>	<b>6,846,336</b>
<b>Net assets:</b>		
Foundation funds	35,000	35,000
Accumulated foundation funds redeemed	71,000	71,000
Reserve for revaluation	112	112
Consolidated surplus	77,183	60,888
Total foundation funds, surplus and others	183,295	167,000
Net unrealized gains (losses) on available-for-sale securities, net of tax	68,806	49,639
Deferred valuation gains (losses) under hedge accounting	170	151
Revaluation reserve for land, net of tax	3,383	3,379
Foreign currency translation adjustment	(828)	(719)
Total accumulated other comprehensive income	71,532	52,450
Minority interests	4,421	4,575
<b>Total net assets</b>	<b>259,249</b>	<b>224,026</b>
<b>Total liabilities and net assets</b>	<b>7,033,729</b>	<b>7,070,362</b>

## (4) Consolidated Statements of Operations and Comprehensive Income

[Consolidated Statements of Operations]

(Millions of yen)

	Three months ended June 30, 2011	Three months ended June 30, 2012
<b>Ordinary revenues:</b>		
Premium and other income	238,494	270,489
Investment income	34,438	43,827
[Interest, dividends and other income]	[31,620]	[31,712]
[Gains from money held in trust, net]	[111]	[146]
[Gains from trading securities, net]	[989]	[—]
[Gains on sales of securities]	[776]	[1,461]
[Gains from derivative instruments, net]	[508]	[10,457]
[Gains from separate accounts, net]	[74]	[—]
Other ordinary revenues	10,686	6,120
[Reversal of reserve for outstanding claims]	[7,632]	[2,853]
<b>Total ordinary revenues</b>	<b>283,619</b>	<b>320,438</b>
<b>Ordinary expenditures:</b>		
Claims and other payments	155,194	192,066
[Claims]	[59,267]	[97,024]
[Annuities]	[24,462]	[24,231]
[Benefits]	[38,142]	[38,087]
[Surrenders]	[27,005]	[27,892]
[Other payments]	[6,215]	[4,740]
Provision for policy reserve and others	77,168	67,256
Provision for policy reserve	77,143	67,237
Interest on accumulated dividends to policyholders	25	19
Interest on accumulated dividends to policyholders (subsidiary)	0	0
Investment expenses	10,700	20,617
[Interest expenses]	[412]	[270]
[Losses from trading securities, net]	[—]	[8,423]
[Losses on sales of securities]	[4,400]	[1,162]
[Losses on valuation of securities]	[2,903]	[4,012]
[Losses from separate accounts, net]	[—]	[3,284]
Operating expenses	24,257	23,900
Other ordinary expenditures	5,914	5,626
<b>Total ordinary expenditures</b>	<b>273,235</b>	<b>309,465</b>
<b>Ordinary profits</b>	<b>10,384</b>	<b>10,972</b>
<b>Extraordinary gains:</b>		
Gains on disposal of fixed assets	—	0
Gain on change in equity	55	—
<b>Total extraordinary gains</b>	<b>55</b>	<b>0</b>
<b>Extraordinary losses:</b>		
Losses on disposal of fixed assets	21	49
Impairment losses	164	15
Provision for reserve for price fluctuation of securities	574	590
<b>Total extraordinary losses</b>	<b>760</b>	<b>654</b>
<b>Provision for reserve for dividends to policyholders (subsidiary)</b>	<b>102</b>	<b>118</b>
<b>Surplus before income taxes</b>	<b>9,575</b>	<b>10,199</b>
<b>Income taxes:</b>		
Current	142	1,701
Deferred	1,393	110
<b>Total income taxes</b>	<b>1,536</b>	<b>1,812</b>
<b>Net surplus before minority interests</b>	<b>8,039</b>	<b>8,387</b>
<b>Minority interests</b>	<b>76</b>	<b>75</b>
<b>Net surplus for the period</b>	<b>7,962</b>	<b>8,312</b>

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

(Millions of yen)

	Three months ended June 30, 2011	Three months ended June 30, 2012
Net surplus before minority interests	8,039	8,387
Other comprehensive income	20,469	(18,988)
Net unrealized gains (losses) on available-for-sale securities, net of tax	20,427	(19,076)
Deferred valuation gains (losses) under hedge accounting	(17)	(19)
Revaluation reserve for land, net of tax	—	(0)
Foreign currency translation adjustment	59	108
Comprehensive income	28,508	(10,600)
Comprehensive income attributable to parent company	28,360	(10,766)
Comprehensive income attributable to minority interests	148	166

# 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 three months ended June 30, 2012, the Company and its domestic consolidated subsidiaries have changed their depreciation method for their tangible fixed assets acquired on or after April 1, 2012 in accordance with the revision of the Corporation Tax Act.

As a result, consolidated ordinary revenue and surplus before income taxes for the three months ended June 30, 2012, increased by ¥ 2 million, both compared to those calculated using the previous depreciation method.

### 2. Accounting procedures specific to quarterly

As the Company's proposal for appropriation of unappropriated surplus for the fiscal year ended March 31, 2012 was approved at the Meeting of Representatives held on July 3, 2012, it is included in the consolidated balance sheet as of June 30, 2012.

### 3. Reserve for Dividends to Policyholders

Changes in reserve for dividends to policyholders for the three months ended June 30, 2012 were as follows:

	(Millions of yen)
Balance at the beginning of current period.....	¥ 53,969
Transfer from surplus in previous fiscal year.....	23,989
Dividends paid in the current period .....	(8,418)
Increase in interest .....	19
Balance at the end of current period .....	<u>¥ 69,560</u>

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

Changes in reserve for dividends to policyholders for the three months ended June 30, 2012 were as follows:

	(Millions of yen)
Balance at the beginning of current period.....	¥648
Dividends paid in the current period .....	(273)
Increase in interest .....	0
Provision for reserve for dividends to policyholders ...	118
Balance at the end of current period .....	<u>¥493</u>

### III. Notes to Statement of Operations

#### 1. Depreciation and Amortization of Goodwill

For the three months ended June 30, 2012, the total amount of depreciation and depreciation of real estate for rent and other assets was ¥2,995 million and the amount of amortization of goodwill was ¥190 million.

## (5) Consolidated Solvency Margin Ratio

(Millions of yen)

	As of March 31, 2012	As of June 30, 2012
Total solvency margin (A)	671,498	649,033
Common stock and others	157,889	160,423
Reserve for price fluctuation of securities	38,183	38,774
Contingency reserve	147,687	147,818
Catastrophe loss reserve	—	—
Allowance for possible loan losses	1,874	1,838
Net unrealized gains on available - for - sale securities x 90% (multiplied by 100% if losses)	90,058	65,249
Net unrealized gains on real estate x 85%	67,494	67,374
Excess amount of policy reserve based on full-time Zillmer method	115,308	117,655
Qualifying subordinated debt	32,896	29,581
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	—	—
Others	20,105	20,316
Total amount of risk $\{[(R_1^2 + R_5^2)^{1/2} + R_8 + R_9]^2 + (R_2 + R_3 + R_7)^2\}^{1/2} + R_4 + R_6$ (B)	175,909	173,665
Insurance risk $R_1$	28,229	28,054
General insurance risk $R_5$	—	—
Catastrophe risk $R_6$	—	—
3rd sector insurance risk $R_8$	9,689	9,696
Small amount and short-term insurance risk $R_9$	—	—
Assumed investment yield risk $R_2$	42,618	42,506
Minimum guarantee risk $R_7$	5	5
Investment risk $R_3$	124,939	122,836
Business risk $R_4$	4,109	4,061
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	763.4%	747.4%

Notes: 1. Above figures are calculated based on Articles 86 and 88 of the Enforcement Regulation of the Insurance Business Law and Ministry of Finance Ordinance No. 23, 2011.

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