

## Financial Results for the Nine Months Ended December 31, 2012

Fukoku Mutual Life Insurance Company (President: Yoshiteru Yoneyama) announces financial results for the nine months ended December 31, 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 December 31, 2012			
	Number of policies (Thousands)	Amount (100 millions of yen)	Number of policies (Thousands)	Amount			
				Changes (%, Pre-FYE)	(100 millions of yen)	Changes (%, Pre-FYE)	
Individual insurance	2,983	259,536	2,995	100.4	251,213	96.8	
Individual annuities	770	29,989	774	100.6	30,007	100.1	
Subtotal	3,753	289,526	3,770	100.4	281,221	97.1	
Group insurance	—	160,562	—	—	161,747	100.7	
Group annuities	—	19,720	—	—	19,795	100.4	

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, 2011	Total		New business	Net increase by conversion
	Number of policies (Thousands)	Amount (100 millions of yen)	Amount	Amount
			(Thousands)	(100 millions of yen)
Individual insurance	298	10,231	11,715	(1,483)
Individual annuities	31	1,059	1,078	(19)
Subtotal	330	11,290	12,793	(1,502)
Group insurance	—	128	128	—
Group annuities	—	0	0	—

Nine months ended December 31, 2012	Total				New business		Net increase by conversion	
	Number of policies (Thousands)	Changes (%, YoY)	Amount (100 millions of yen)	Changes (%, YoY)	Amount		Amount	
					(100 millions of yen)	Changes (%, YoY)	(100 millions of yen)	Changes (%, YoY)
Individual insurance	293	98.3	9,978	97.5	11,513	98.3	(1,534)	—
Individual annuities	25	81.3	878	82.9	900	83.5	(21)	—
Subtotal	319	96.7	10,857	96.2	12,414	97.0	(1,556)	—
Group insurance	—	—	152	118.8	152	118.8	—	—
Group annuities	—	—	91	13,030.4	91	13,030.4	—	—

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, 2011	Nine months ended December 31, 2012	
			Changes (%, YoY)
Amount of surrender and lapse (100 millions of yen)	12,359	12,079	97.7
Surrender and lapse ratio (%)	4.11	4.17	0.06

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 December 31, 2012	
			Changes (%, Pre-FYE)
Individual insurance	2,809	2,768	98.5
Individual annuities	1,302	1,319	101.3
Total	4,111	4,087	99.4
Medical coverage and living benefits	1,035	1,049	101.3

### (ii) New Policies

(100 millions of yen except percentage)

	Nine months ended December 31, 2011	Nine months ended December 31, 2012	
			Changes (%, Pre-FYE)
Individual insurance	157	148	94.6
Individual annuities	46	36	78.8
Total	203	185	91.0
Medical coverage and living benefits	64	64	99.6

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, 2011	Nine months ended December 31, 2012	
			Changes (%, Pre-FYE)
Premium and other income	4,439	4,880	109.9
Investment income	1,082	1,153	106.5
Claims and other payments	3,687	4,080	110.7
Investment expenses	565	346	61.3
Ordinary profits	302	491	162.4

## (4) Total Assets

(100 millions of yen except percentage)

	As of March 31, 2012	As of December 31, 2012	
			Changes (%, Pre-FYE)
Total assets	56,995	58,506	102.7

## 2. Investment Results of General Account Assets

(1) Asset Composition

(Millions of yen)

	As of March 31, 2012		As of December 31, 2012	
	Amount	Percentage	Amount	Percentage
Cash, deposits, call loans	94,857	1.7	89,798	1.6
Monetary claims bought	1,351	0.0	1,298	0.0
Money held in trust	35,194	0.6	31,262	0.5
Securities	4,075,938	72.5	4,388,153	75.9
Domestic bonds	2,737,371	48.7	2,943,818	50.9
Domestic stocks	353,248	6.3	361,313	6.3
Foreign securities	927,377	16.5	1,022,241	17.7
Foreign bonds	729,001	13.0	807,423	14.0
Foreign stocks and other securities	198,375	3.5	214,817	3.7
Other securities	57,940	1.0	60,779	1.1
Loans	1,039,363	18.5	907,598	15.7
Policy loans	70,164	1.2	66,895	1.2
Ordinary loans	969,199	17.2	840,702	14.5
Real estate	273,246	4.9	268,949	4.7
Deferred tax assets	47,130	0.8	27,738	0.5
Others	54,482	1.0	66,366	1.1
Allowance for possible loan losses	(2,299)	(0.0)	(2,176)	(0.0)
Total	5,619,265	100.0	5,778,989	100.0
Foreign currency denominated assets	770,441	13.7	887,306	15.4

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

(Millions of yen)

	As of March 31, 2012					As of December 31, 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	820,579	861,242	40,663	40,663	—
Domestic bonds	777,527	804,084	26,556	26,868	311	772,684	810,203	37,519	37,519	—
Foreign bonds	46,002	48,258	2,256	2,394	138	47,895	51,039	3,143	3,143	—
Monetary claims bought	—	—	—	—	—	—	—	—	—	—
Negotiable certificate of deposits	—	—	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—	—	—
Policy-reserve-matching bonds	684,915	722,269	37,354	38,994	1,640	871,334	914,116	42,782	45,123	2,341
Domestic bonds	669,991	707,412	37,420	38,971	1,550	850,521	893,120	42,598	44,934	2,335
Foreign bonds	14,923	14,857	(66)	23	90	20,812	20,996	183	188	5
Investments in subsidiaries and affiliates	1,393	854	(538)	—	538	1,393	904	(488)	—	488
Available-for-sale securities	2,202,478	2,300,260	97,782	135,997	38,215	2,250,863	2,412,264	161,400	190,752	29,351
Domestic bonds	1,218,715	1,273,929	55,213	58,002	2,788	1,228,113	1,297,084	68,970	71,528	2,558
Domestic stocks	268,766	309,191	40,424	54,341	13,916	270,379	318,014	47,634	63,541	15,907
Foreign securities	663,501	666,928	3,426	21,996	18,569	701,032	745,130	44,098	52,751	8,652
Foreign bonds	458,405	469,945	11,540	18,340	6,800	491,473	531,705	40,232	43,814	3,582
Foreign stocks and other securities	205,095	196,982	(8,113)	3,656	11,769	209,558	213,424	3,866	8,936	5,070
Other securities	51,494	50,211	(1,283)	1,658	2,941	51,337	52,034	696	2,930	2,233
Money held in trust	—	—	—	—	—	—	—	—	—	—
Monetary claims bought	—	—	—	—	—	—	—	—	—	—
Negotiable certificate of deposits	—	—	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—	—	—
Total	3,712,316	3,875,727	163,410	204,255	40,845	3,944,170	4,188,528	244,357	276,539	32,181
Domestic bonds	2,666,234	2,785,425	119,191	123,841	4,650	2,851,319	3,000,408	149,088	153,982	4,894
Domestic stocks	268,766	309,191	40,424	54,341	13,916	270,379	318,014	47,634	63,541	15,907
Foreign securities	725,821	730,898	5,077	24,415	19,337	771,133	818,070	46,937	56,084	9,146
Foreign bonds	519,332	533,061	13,729	20,758	7,028	560,181	603,741	43,559	47,147	3,588
Foreign stocks and other securities	206,489	197,836	(8,652)	3,656	12,308	210,951	214,329	3,377	8,936	5,558
Other securities	51,494	50,211	(1,283)	1,658	2,941	51,337	52,034	696	2,930	2,233
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 December 31, 2012
Held-to-maturity debt securities	—	—
Unlisted foreign bonds	—	—
Others	—	—
Policy-reserve-matching bonds	—	—
Investments in subsidiaries and affiliates	35,969	35,560
Available-for-sale securities	15,816	16,483
Unlisted domestic stocks (except over-the-counter stocks)	8,086	7,738
Unlisted foreign stocks (except over-the-counter stocks)	—	—
Unlisted foreign bonds	—	—
Others	7,729	8,745
Total	51,785	52,044

(3) Fair Value Information on Money Held in Trust

(Millions of yen)

	As of March 31, 2012					As of December 31, 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	—	—	—	31,262	31,262	—	—	—

\* Money held in trust for trading purpose

(Millions of yen)

	As of March 31, 2012		As of December 31, 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	30,262	274

\* 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 December 31, 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 December 31, 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	160,997	223,814	62,816

Notes: 1. As of December 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, 2012.

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 December 31, 2012
<b>Assets:</b>		
Cash and deposits	29,345	28,298
Call loans	65,600	61,600
Monetary claims bought	1,351	1,298
Money held in trust	35,194	31,262
Securities	4,148,127	4,458,994
[Government bonds]	[1,991,905]	[2,160,797]
[Local government bonds]	[158,459]	[167,495]
[Corporate bonds]	[614,449]	[644,689]
[Stocks]	[377,385]	[383,992]
[Foreign securities]	[947,574]	[1,040,877]
Loans	1,039,363	907,598
Policy loans	70,164	66,895
Ordinary loans	969,199	840,702
Tangible fixed assets	276,619	273,375
Intangible fixed assets	8,573	9,383
Reinsurance receivables	117	52
Other assets	50,404	53,195
Deferred tax assets	47,130	27,738
Allowance for possible loan losses	(2,299)	(2,176)
<b>Total assets</b>	<b>5,699,527</b>	<b>5,850,622</b>

	As of March 31, 2012	As of December 31, 2012
<b>Liabilities:</b>		
Policy reserves	5,266,726	5,312,379
Reserve for outstanding claims	22,615	19,906
Policy reserve	5,190,141	5,231,733
Reserve for dividends to policyholders	53,969	60,740
Reinsurance payables	67	96
Subordinated bonds	32,896	64,378
Other liabilities	48,377	64,549
Corporate income tax payable	1,291	5,242
Asset retirement obligations	2,846	2,891
Other liabilities	44,238	56,415
Reserve for employees' retirement benefits	46,320	45,447
Reserve for price fluctuation of securities	35,488	37,093
Deferred tax liabilities for revaluation reserve for land	16,195	16,163
<b>Total liabilities</b>	<b>5,446,071</b>	<b>5,540,108</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	89,062
Legal reserve for future losses	2,325	2,399
Other surplus	73,779	86,662
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	57,885
Total foundation funds, surplus and others	182,216	195,174
Net unrealized gains (losses) on available-for-sale securities, net of tax	67,684	111,721
Deferred valuation gains (losses) under hedge accounting	170	88
Revaluation reserve for land, net of tax	3,383	3,529
Total valuation and translation adjustments	71,239	115,339
<b>Total net assets</b>	<b>253,455</b>	<b>310,513</b>
<b>Total liabilities and net assets</b>	<b>5,699,527</b>	<b>5,850,622</b>

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

(Millions of yen)

	Nine months ended December 31, 2011	Nine months ended December 31, 2012
<b>Ordinary revenues:</b>		
Premium and other income	443,960	488,050
[Premium income]	[443,757]	[487,741]
Investment income	108,232	115,304
[Interest, dividends and other income]	[82,312]	[84,771]
[Gains from money held in trust, net]	[—]	[1,125]
[Gains from trading securities, net]	[—]	[20,501]
[Gains on sales of securities]	[15,488]	[5,630]
[Gains from derivative instruments, net]	[9,956]	[—]
[Gains from separate accounts, net]	[—]	[2,062]
Other ordinary revenues	18,676	10,044
[Reversal of reserve for outstanding claims]	[10,666]	[2,708]
<b>Total ordinary revenues</b>	<b>570,869</b>	<b>613,399</b>
<b>Ordinary expenditures:</b>		
Claims and other payments	368,737	408,031
[Claims]	[113,009]	[144,153]
[Annuities]	[71,882]	[73,386]
[Benefits]	[93,191]	[96,674]
[Surrenders]	[70,462]	[69,509]
[Other payments]	[19,981]	[24,064]
Provision for policy reserve and others	35,047	41,645
Provision for policy reserve	34,983	41,591
Interest on accumulated dividends to policyholders	63	53
Investment expenses	56,515	34,634
[Interest expenses]	[990]	[1,139]
[Losses from money held in trust, net]	[950]	[—]
[Losses from trading securities, net]	[3,575]	[—]
[Losses on sales of securities]	[11,925]	[7,208]
[Losses on valuation of securities]	[21,868]	[1,082]
[Losses from derivative instruments, net]	[—]	[17,089]
[Losses from separate accounts, net]	[5,654]	[—]
Operating expenses	65,257	65,278
Other ordinary expenditures	15,016	14,612
<b>Total ordinary expenditures</b>	<b>540,573</b>	<b>564,201</b>
<b>Ordinary profits</b>	<b>30,296</b>	<b>49,197</b>
<b>Extraordinary gains:</b>		
Gains on disposal of fixed assets	4,645	21
Other extraordinary gains	—	193
<b>Total extraordinary gains</b>	<b>4,645</b>	<b>214</b>
<b>Extraordinary losses:</b>		
Losses on disposal of fixed assets	115	99
Impairment losses	320	283
Provision for reserve for price fluctuation of securities	1,551	1,605
Losses on reduction entry of real estate for tax purpose	9	—
<b>Total extraordinary losses</b>	<b>1,996</b>	<b>1,987</b>
<b>Surplus before income taxes</b>	<b>32,944</b>	<b>47,424</b>
<b>Income taxes:</b>		
Current	7,768	9,890
Deferred	11,526	(193)
<b>Total income taxes</b>	<b>19,295</b>	<b>9,697</b>
<b>Net surplus for the period</b>	<b>13,649</b>	<b>37,727</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 Fokoku 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, 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 nine months ended December 31, 2012, increased by ¥ 12 million, both compared to those calculated using the previous depreciation method.

### 2. Securities lent under lending agreements

The amount of securities lent under lending agreements was ¥ 42,274 million as of December 31, 2012.

### 3. Reserve for Dividends to Policyholders

Changes in reserve for dividends to policyholders for the nine months ended December 31, 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 .....	(17,272)
Increase in interest .....	53
Balance at the end of current period .....	<u>¥ 60,740</u>

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

(Millions of yen)

		Nine months ended December 31, 2011	Nine months ended December 31, 2012
<b>Fundamental profit</b>	<b>A</b>	<b>51,802</b>	<b>53,023</b>
Capital gains		25,445	21,829
Gains from money held in trust, net		—	938
Gains from trading securities, net		—	15,130
Gains on sales of securities		15,488	5,630
Gains from derivative instruments, net		9,956	—
Foreign exchange gains, net		—	130
Other capital gains		—	—
Capital losses		46,532	25,380
Losses from money held in trust, net		1,065	—
Losses from trading securities, net		9,140	—
Losses on sales of securities		11,925	7,208
Losses on valuation of securities		21,868	1,082
Losses from derivative instruments, net		—	17,089
Foreign exchange losses, net		2,532	—
Other capital losses		—	—
Net capital gains (losses)	<b>B</b>	<b>(21,087)</b>	<b>(3,550)</b>
Fundamental profit plus net capital gains (losses)	<b>A+B</b>	<b>30,715</b>	<b>49,472</b>
Non-recurring gains		—	4
Reinsurance income		—	—
Reversal of contingency reserve		—	—
Reversal for specific allowance for possible loan losses		—	4
Other non-recurring gains		—	—
Non-recurring losses		418	279
Reinsurance premiums		—	—
Provision for contingency reserve		70	279
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)	<b>C</b>	<b>(418)</b>	<b>(274)</b>
Ordinary profits	<b>A+B+C</b>	<b>30,296</b>	<b>49,197</b>

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): ¥114 million in respect of the nine months ended December 31, 2011 and ¥187 million in respect of the nine months ended December 31, 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): ¥5,565 million in respect of the nine months ended December 31, 2011 and ¥5,371 million in respect of the nine months ended December 31, 2012.

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.

## 6. Solvency Margin Ratio

(Millions of yen)

	As of March 31, 2012	As of December 31, 2012
Total solvency margin (A)	642,235	763,826
Foundation funds and surplus	156,393	175,295
Reserve for price fluctuation of securities	35,488	37,093
Contingency reserve	146,187	146,466
Allowance for possible loan losses	1,761	1,762
Net unrealized gains on available-for-sale securities x 90% (multiplied by 100% if losses)	88,004	145,260
Net unrealized gains on real estate x 85%	67,494	66,775
Excess amount of policy reserve based on full-time Zillmer method	113,157	120,303
Qualifying subordinated debt	32,896	64,378
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	25,491
Total amount of risk $\sqrt{(R_1+R_8)^2+(R_2+R_3+R_7)^2}+R_4$ (B)	173,308	178,666
Insurance risk $R_1$	27,630	27,090
3rd sector insurance risk $R_8$	9,568	9,612
Assumed investment yield risk $R_2$	42,266	41,813
Minimum guarantee risk $R_7$	5	3
Investment risk $R_3$	122,852	128,800
Business risk $R_4$	4,046	4,146
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	741.1%	855.0%

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 December 31, 2012
	Amount	Amount
Individual variable insurance	—	—
Individual variable annuities	500	460
Group annuities	81,552	72,474
Total	82,053	72,935

### (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 December 31, 2012	
	Number	Amount	Number	Amount
Individual annuities	174	551	159	507
Total	174	551	159	507

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

### (1) Selected Financial Data

(Millions of yen)

	Nine months ended December 31, 2011	Nine months ended December 31, 2012
Ordinary revenues	894,538	790,744
Ordinary profits	32,167	52,059
Net surplus for the period	13,467	38,248
Comprehensive income	25,319	82,980

	As of March 31, 2012	As of December 31, 2012
Total assets	7,033,729	7,333,906
Solvency Margin Ratio	763.4%	875.1%

### (2) Scope of consolidation and application of equity method

Number of consolidated subsidiaries: 5

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

Number of affiliates accounted for under the equity method: 0

Changes in the number of consolidated subsidiaries during the current period:

decrease 1 (Fukoku Shinyo Hosho Company Limited.)

## (3) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2012	As of December 31, 2012
<b>Assets:</b>		
Cash and deposits	73,260	69,353
Call loans	65,600	61,600
Monetary claims bought	1,351	1,298
Money held in trust	35,194	31,262
Securities	5,422,669	5,883,404
Loans	1,042,359	910,763
Tangible fixed assets	276,828	273,695
Intangible fixed assets	14,529	16,881
Agency receivables	7	2
Reinsurance receivables	123	81
Other assets	56,062	59,306
Deferred tax assets	48,211	28,431
Allowance for possible loan losses	(2,468)	(2,176)
<b>Total assets</b>	<b>7,033,729</b>	<b>7,333,906</b>

	As of March 31, 2012	As of December 31, 2012
<b>Liabilities:</b>		
Policy reserves	6,589,577	6,778,966
Reserve for outstanding claims	24,149	21,384
Policy reserve	6,510,809	6,696,243
Reserve for dividends to policyholders	53,969	60,740
Reserve for dividends to policyholders (subsidiary)	648	598
Agency payables	560	395
Reinsurance payables	88	130
Subordinated bonds	32,896	64,378
Other liabilities	50,593	70,607
Reserve for employees' retirement benefits	46,384	45,528
Reserve for price fluctuation of securities	38,183	40,007
Deferred tax liabilities for revaluation reserve for land	16,195	16,163
<b>Total liabilities</b>	<b>6,774,480</b>	<b>7,016,178</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	90,782
Total foundation funds, surplus and others	183,295	196,894
Net unrealized gains (losses) on available-for-sale securities, net of tax	68,806	113,273
Deferred valuation gains (losses) under hedge accounting	170	88
Revaluation reserve for land, net of tax	3,383	3,529
Foreign currency translation adjustment	(828)	(786)
Total accumulated other comprehensive income	71,532	116,105
Minority interests	4,421	4,728
<b>Total net assets</b>	<b>259,249</b>	<b>317,727</b>
<b>Total liabilities and net assets</b>	<b>7,033,729</b>	<b>7,333,906</b>

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

(Millions of yen)

	Nine months ended December 31, 2011	Nine months ended December 31, 2012
<b>Ordinary revenues:</b>		
Premium and other income	751,984	649,111
Investment income	123,327	131,013
[Interest, dividends and other income]	[95,389]	[100,114]
[Gains from money held in trust, net]	[—]	[1,125]
[Gains from trading securities, net]	[—]	[20,501]
[Gains on sales of securities]	[17,535]	[6,002]
[Gains from derivative instruments, net]	[9,956]	[—]
[Gains from separate accounts, net]	[—]	[2,062]
Other ordinary revenues	19,226	10,620
[Reversal of reserve for outstanding claims]	[10,624]	[2,764]
<b>Total ordinary revenues</b>	<b>894,538</b>	<b>790,744</b>
<b>Ordinary expenditures:</b>		
Claims and other payments	385,331	429,727
[Claims]	[114,656]	[145,853]
[Annuities]	[72,041]	[73,580]
[Benefits]	[97,583]	[101,774]
[Surrenders]	[80,503]	[83,795]
[Other payments]	[20,204]	[24,354]
Provision for policy reserve and others	324,067	185,487
Provision for policy reserve	324,003	185,433
Interest on accumulated dividends to policyholders	63	53
Interest on accumulated dividends to policyholders (subsidiary)	0	0
Investment expenses	58,784	34,248
[Interest expenses]	[1,001]	[1,156]
[Losses from money held in trust, net]	[950]	[—]
[Losses from trading securities, net]	[3,575]	[—]
[Losses on sales of securities]	[13,328]	[7,401]
[Losses on valuation of securities]	[23,105]	[1,082]
[Losses from derivative instruments, net]	[—]	[17,089]
[Losses from separate accounts, net]	[5,654]	[—]
Operating expenses	77,128	72,939
Other ordinary expenditures	17,058	16,281
<b>Total ordinary expenditures</b>	<b>862,371</b>	<b>738,684</b>
<b>Ordinary profits</b>	<b>32,167</b>	<b>52,059</b>
<b>Extraordinary gains:</b>		
Gains on disposal of fixed assets	4,645	21
Gain on change in equity	55	—
<b>Total extraordinary gains</b>	<b>4,700</b>	<b>21</b>
<b>Extraordinary losses:</b>		
Losses on disposal of fixed assets	116	146
Impairment losses	320	283
Provision for reserve for price fluctuation of securities	1,738	1,824
Losses on reduction entry of real estate for tax purpose	9	—
Other extraordinary losses	—	2
<b>Total extraordinary losses</b>	<b>2,184</b>	<b>2,255</b>
<b>Provision for reserve for dividends to policyholders (subsidiary)</b>	<b>349</b>	<b>327</b>
<b>Surplus before income taxes</b>	<b>34,333</b>	<b>49,497</b>
<b>Income taxes:</b>		
Current	8,626	10,986
Deferred	12,019	4
<b>Total income taxes</b>	<b>20,646</b>	<b>10,991</b>
<b>Net surplus before minority interests</b>	<b>13,686</b>	<b>38,506</b>
<b>Minority interests</b>	<b>218</b>	<b>258</b>
<b>Net surplus for the period</b>	<b>13,467</b>	<b>38,248</b>

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

(Millions of yen)

	Nine months ended December 31, 2011	Nine months ended December 31, 2012
Net surplus before minority interests	13,686	38,506
Other comprehensive income	11,633	44,474
Net unrealized gains (losses) on available-for-sale securities, net of tax	8,979	44,527
Deferred valuation gains (losses) under hedge accounting	(125)	(82)
Revaluation reserve for land, net of tax	2,854	(12)
Foreign currency translation adjustment	(74)	41
Comprehensive income	25,319	82,980
Comprehensive income attributable to parent company	24,966	82,662
Comprehensive income attributable to minority interests	353	318



# 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 Fukuoku 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, 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 nine months ended December 31, 2012, increased by ¥ 16 million, both compared to those calculated using the previous depreciation method.

### 2. Securities lent under lending agreements

The amount of securities lent under lending agreements was ¥ 42,274 million as of December 31, 2012.

### 3. Reserve for Dividends to Policyholders

Changes in reserve for dividends to policyholders for the nine months ended December 31, 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.....	(17,272)
Increase in interest.....	53
Balance at the end of current period.....	<u>¥ 60,740</u>

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

Changes in reserve for dividends to policyholders for the nine months ended December 31, 2012 were as follows:

	(Millions of yen)
Balance at the beginning of current period.....	¥648
Dividends paid in the current period .....	(377)
Increase in interest .....	0
Provision for reserve for dividends to policyholders ...	327
Balance at the end of current period .....	<u>¥598</u>

### III. Notes to Statement of Operations

#### 1. Depreciation and Amortization of Goodwill

For the nine months ended December 31, 2012, the total amount of depreciation and depreciation of real estate for rent and other assets was ¥9,186 million and the amount of amortization of goodwill was ¥572 million.

## (5) Consolidated Solvency Margin Ratio

(Millions of yen)

		As of March 31, 2012	As of December 31, 2012
Total solvency margin	(A)	671,498	796,067
Common stock and others		157,889	178,207
Reserve for price fluctuation of securities		38,183	40,007
Contingency reserve		147,687	148,070
Catastrophe loss reserve		—	—
Allowance for possible loan losses		1,874	1,762
Net unrealized gains on available - for - sale securities x 90% (multiplied by 100% if losses)		90,058	147,952
Net unrealized gains on real estate x 85%		67,494	66,775
Excess amount of policy reserve based on full-time Zillmer method		115,308	122,313
Qualifying subordinated debt		32,896	64,378
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	26,599
Total amount of risk	$\sqrt{(\sqrt{R_1^2 + R_2^2 + R_3^2 + R_8 + R_9})^2 + (R_2 + R_3 + R_7)^2} + R_4 + R_6$ (B)	175,909	181,926
Insurance risk	$R_1$	28,229	27,690
General insurance risk	$R_5$	—	—
Catastrophe risk	$R_6$	—	—
3rd sector insurance risk	$R_8$	9,689	9,730
Small amount and short-term insurance risk	$R_9$	—	—
Assumed investment yield risk	$R_2$	42,618	42,180
Minimum guarantee risk	$R_7$	5	3
Investment risk	$R_3$	124,939	131,534
Business risk	$R_4$	4,109	4,222
Solvency margin ratio	$\frac{(A)}{(1/2) \times (B)} \times 100$	763.4%	875.1%

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.