

## Financial Results for the Three Months Ended June 30, 2013

Fukoku Mutual Life Insurance Company (President: Yoshiteru Yoneyama) announces financial results for the three months ended June 30, 2013.

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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, 2013		As of June 30, 2013			
	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	3,008	248,851	3,017	100.3	247,438	99.4
Individual annuities	783	30,341	777	99.3	30,155	99.4
Subtotal	3,791	279,192	3,795	100.1	277,594	99.4
Group insurance	—	163,902	—	—	163,942	100.0
Group annuities	—	19,946	—	—	20,066	100.6

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, 2012	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	97	3,360	3,899	(538)
Individual annuities	8	280	287	(6)
Subtotal	105	3,641	4,186	(545)
Group insurance	—	95	95	—
Group annuities	—	91	91	—

Three months ended June 30, 2013	Total				New business		Net increase by conversion	
	Number of policies (Thousands)	Changes (%, YoY)	Amount		Amount		Amount	
			(100 millions of yen)	Changes (%, YoY)	(100 millions of yen)	Changes (%, YoY)	(100 millions of yen)	Changes (%, YoY)
Individual insurance	90	93.1	4,287	127.6	4,275	109.7	11	—
Individual annuities	3	43.5	116	41.4	121	42.1	(4)	—
Subtotal	94	89.3	4,403	120.9	4,397	105.0	6	—
Group insurance	—	—	65	68.9	65	68.9	—	—
Group annuities	—	—	0	0.1	0	0.1	—	—

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, 2012	Three months ended June 30, 2013	
			Changes (%, YoY)
Amount of surrender and lapse (100 millions of yen)	4,116	3,971	96.5
Surrender and lapse ratio (%)	1.42	1.42	0.00

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, 2013	As of June 30, 2013	
			Changes (%, Pre-FYE)
Individual insurance	2,770	2,762	99.7
Individual annuities	1,335	1,333	99.9
Total	4,106	4,096	99.8
Medical coverage and living benefits	1,053	1,056	100.3

### (ii) New Policies

(100 millions of yen except percentage)

	Three months ended June 30, 2012	Three months ended June 30, 2013	
			Changes (%, Pre-FYE)
Individual insurance	49	48	98.6
Individual annuities	11	5	45.1
Total	61	53	88.2
Medical coverage and living benefits	21	20	94.9

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, 2012	Three months ended June 30, 2013	
			Changes (%, Pre-FYE)
Premium and other income	2,275	1,833	80.6
Investment income	392	637	162.4
Claims and other payments	1,854	1,564	84.4
Investment expenses	208	107	51.5
Ordinary profits	103	386	373.2

## (4) Total Assets

(100 millions of yen except percentage)

	As of March 31, 2013	As of June 30, 2013	
			Changes (%, Pre-FYE)
Total assets	60,072	60,264	100.3

## 2. Investment Results of General Account Assets

### (1) Asset Composition

(Millions of yen)

	As of March 31, 2013		As of June 30, 2013	
	Amount	Percentage	Amount	Percentage
Cash, deposits, call loans	103,767	1.7	109,057	1.8
Monetary claims bought	1,111	0.0	1,056	0.0
Money held in trust	31,322	0.5	30,749	0.5
Securities	4,557,314	76.9	4,588,787	77.2
Domestic bonds	2,971,689	50.1	2,902,144	48.8
Domestic stocks	431,715	7.3	451,651	7.6
Foreign securities	1,087,223	18.3	1,157,923	19.5
Foreign bonds	855,410	14.4	927,148	15.6
Foreign stocks and other securities	231,812	3.9	230,774	3.9
Other securities	66,686	1.1	77,068	1.3
Loans	907,508	15.3	882,311	14.8
Policy loans	66,807	1.1	66,050	1.1
Ordinary loans	840,701	14.2	816,261	13.7
Real estate	267,554	4.5	264,239	4.4
Others	63,307	1.1	72,901	1.2
Allowance for possible loan losses	(2,201)	△ 0.0	(2,067)	△ 0.0
Total	5,929,684	100.0	5,947,035	100.0
Foreign currency denominated assets	959,813	16.2	1,050,180	17.7

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

(Millions of yen)

	As of March 31, 2013					As of June 30, 2013				
	Book value	Fair value	Gains/losses			Book value	Fair value	Gains/losses		
				Gains	Losses				Gains	Losses
Held-to-maturity debt securities	822,875	902,871	79,996	80,084	88	820,784	869,425	48,641	48,698	57
Domestic bonds	772,539	849,531	76,992	76,992	—	767,391	813,375	45,983	45,983	—
Foreign bonds	50,335	53,339	3,003	3,091	88	53,392	56,049	2,657	2,714	57
Monetary claims bought	—	—	—	—	—	—	—	—	—	—
Negotiable certificate of deposits	—	—	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—	—	—
Policy-reserve-matching bonds	1,037,091	1,121,931	84,840	85,184	344	1,234,645	1,284,304	49,659	51,021	1,362
Domestic bonds	1,015,980	1,100,527	84,547	84,891	344	1,213,836	1,263,265	49,428	50,784	1,355
Foreign bonds	21,110	21,403	292	292	—	20,808	21,039	230	237	6
Investments in subsidiaries and affiliates	1,393	948	(444)	—	444	1,393	995	(397)	—	397
Available-for-sale securities	2,074,912	2,386,795	311,883	323,232	11,349	1,924,688	2,210,279	285,590	296,761	11,170
Domestic bonds	1,050,811	1,155,266	104,455	104,882	426	835,028	892,359	57,330	57,776	446
Domestic stocks	269,432	388,416	118,984	126,549	7,565	267,787	408,385	140,597	144,285	3,687
Foreign securities	703,721	784,093	80,371	83,532	3,160	761,501	841,398	79,896	86,554	6,658
Foreign bonds	490,828	553,673	62,844	64,074	1,229	553,300	612,016	58,716	63,733	5,016
Foreign stocks and other securities	212,892	230,419	17,526	19,457	1,930	208,201	229,381	21,179	22,821	1,641
Other securities	50,947	59,018	8,071	8,268	197	60,369	68,136	7,766	8,144	377
Money held in trust	—	—	—	—	—	—	—	—	—	—
Monetary claims bought	—	—	—	—	—	—	—	—	—	—
Negotiable certificate of deposits	—	—	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—	—	—
Total	3,936,271	4,412,547	476,275	488,502	12,226	3,981,510	4,365,004	383,494	396,481	12,987
Domestic bonds	2,839,330	3,105,326	265,995	266,766	770	2,816,257	2,969,000	152,742	154,545	1,802
Domestic stocks	269,432	388,416	118,984	126,549	7,565	267,787	408,385	140,597	144,285	3,687
Foreign securities	776,561	859,785	83,223	86,916	3,692	837,095	919,482	82,387	89,506	7,119
Foreign bonds	562,275	628,416	66,141	67,459	1,317	627,500	689,105	61,605	66,684	5,079
Foreign stocks and other securities	214,285	231,368	17,082	19,457	2,375	209,594	230,376	20,782	22,821	2,039
Other securities	50,947	59,018	8,071	8,268	197	60,369	68,136	7,766	8,144	377
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, 2013	As of June 30, 2013
Held-to-maturity debt securities	—	—
Unlisted foreign bonds	—	—
Others	—	—
Policy-reserve-matching bonds	—	—
Investments in subsidiaries and affiliates	35,560	35,560
Available-for-sale securities	15,405	16,637
Unlisted domestic stocks (except over-the-counter stocks)	7,738	7,705
Unlisted foreign stocks (except over-the-counter stocks)	—	—
Unlisted foreign bonds	—	—
Others	7,667	8,931
Total	50,966	52,198

(3) Fair Value Information on Money Held in Trust

(Millions of yen)

	As of March 31, 2013					As of June 30, 2013				
	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	31,322	31,322	—	—	—	30,749	30,749	—	—	—

\* Money held in trust for trading purpose

(Millions of yen)

	As of March 31, 2013		As of June 30, 2013	
	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	30,322	0	29,749	(457)

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

(Millions of yen)

	As of March 31, 2013					As of June 30, 2013				
	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, 2013			As of June 30, 2013		
Carrying value on the balance sheets	Fair value	Gains (losses)	Carrying value on the balance sheets	Fair value	Gains (losses)
160,530	228,982	68,451	158,664	228,481	69,817

Notes: 1. As of June 30, 2013, fair value is based on the appraisal value by the real-estate appraiser, the appraisal value for property tax as of January 1, 2013 and the road rate as of January 1, 2012.

2. As of March 31, 2013, fair value is based on the appraisal value by the real-estate appraiser, the appraisal value for property tax as of January 1, 2013 and the road rate as of January 1, 2012.

### 3. Non-consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2013	As of June 30, 2013
<b>Assets:</b>		
Cash and deposits	33,566	18,599
Call loans	70,300	90,600
Monetary claims bought	1,111	1,056
Money held in trust	31,322	30,749
Securities	4,633,067	4,666,622
[Government bonds]	[2,181,123]	[2,114,215]
[Local government bonds]	[168,921]	[171,016]
[Corporate bonds]	[652,931]	[648,926]
[Stocks]	[454,902]	[474,514]
[Foreign securities]	[1,108,137]	[1,180,580]
Loans	907,508	882,311
Policy loans	66,807	66,050
Ordinary loans	840,701	816,261
Tangible fixed assets	271,841	268,471
Intangible fixed assets	11,652	11,130
Reinsurance receivables	42	26
Other assets	49,020	58,925
Allowance for possible loan losses	(2,201)	(2,067)
<b>Total assets</b>	<b>6,007,231</b>	<b>6,026,426</b>

	As of March 31, 2013	As of June 30, 2013
<b>Liabilities:</b>		
Policy reserves	5,343,750	5,380,099
Reserve for outstanding claims	22,673	19,943
Policy reserve	5,268,768	5,289,482
Reserve for dividends to policyholders	52,307	70,672
Reinsurance payables	86	75
Subordinated bonds	66,187	68,530
Other liabilities	49,813	58,815
Corporate income tax payable	8,352	10,291
Asset retirement obligations	2,966	2,961
Other liabilities	38,494	45,562
Reserve for employees' retirement benefits	44,965	44,655
Reserve for price fluctuation of securities	41,628	42,187
Deferred tax liabilities	16,938	8,632
Deferred tax liabilities for revaluation reserve for land	16,119	15,962
<b>Total liabilities</b>	<b>5,579,488</b>	<b>5,618,959</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	102,260	100,424
Legal reserve for future losses	2,399	2,485
Other surplus	99,861	97,939
Reserve for redemption of foundation funds	9,000	18,000
Reserve for dividend allowances	3,895	3,895
Accumulated fund for price fluctuation	11,000	21,000
Reserve for advanced depreciation of real estate for tax purpose	4,114	3,969
Other reserves	767	767
Unappropriated surplus	71,084	50,306
Total foundation funds, surplus and others	208,372	206,536
Net unrealized gains (losses) on available-for-sale securities, net of tax	215,885	197,685
Deferred valuation gains (losses) under hedge accounting	62	44
Revaluation reserve for land, net of tax	3,421	3,199
Total valuation and translation adjustments	219,370	200,930
<b>Total net assets</b>	<b>427,742</b>	<b>407,466</b>
<b>Total liabilities and net assets</b>	<b>6,007,231</b>	<b>6,026,426</b>

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

(Millions of yen)

	Three months ended June 30, 2012	Three months ended June 30, 2013
<b>Ordinary revenues:</b>		
Premium and other income	227,584	183,350
[Premium income]	[227,342]	[183,324]
Investment income	39,263	63,749
[Interest, dividends and other income]	[27,168]	[29,094]
[Gains from money held in trust, net]	[146]	[—]
[Gains from trading securities, net]	[—]	[1,426]
[Gains on sales of securities]	[1,414]	[28,783]
[Gains from derivative instruments, net]	[10,457]	[—]
[Gains from separate accounts, net]	[—]	[3,291]
Other ordinary revenues	6,006	5,651
[Reversal of reserve for outstanding claims]	[2,967]	[2,730]
<b>Total ordinary revenues</b>	<b>272,853</b>	<b>252,752</b>
<b>Ordinary expenditures:</b>		
Claims and other payments	185,403	156,495
[Claims]	[96,520]	[66,884]
[Annuities]	[24,183]	[30,095]
[Benefits]	[36,446]	[35,481]
[Surrenders]	[23,536]	[18,733]
[Other payments]	[4,660]	[5,223]
Provision for policy reserve and others	29,532	20,733
Provision for policy reserve	29,513	20,714
Interest on accumulated dividends to policyholders	19	18
Investment expenses	20,814	10,715
[Interest expenses]	[267]	[698]
[Losses from money held in trust, net]	[—]	[559]
[Losses from trading securities, net]	[8,423]	[—]
[Losses on sales of securities]	[1,162]	[2,270]
[Losses on valuation of securities]	[4,012]	[—]
[Losses from derivative instruments, net]	[—]	[4,908]
[Losses from separate accounts, net]	[3,284]	[—]
Operating expenses	21,553	21,344
Other ordinary expenditures	5,190	4,803
<b>Total ordinary expenditures</b>	<b>262,494</b>	<b>214,092</b>
<b>Ordinary profits</b>	<b>10,359</b>	<b>38,659</b>
<b>Extraordinary gains:</b>		
Gains on disposal of fixed assets	0	39
<b>Total extraordinary gains</b>	<b>0</b>	<b>39</b>
<b>Extraordinary losses:</b>		
Losses on disposal of fixed assets	6	80
Impairment losses	15	1,535
Provision for reserve for price fluctuation of securities	523	559
<b>Total extraordinary losses</b>	<b>544</b>	<b>2,175</b>
<b>Surplus before income taxes</b>	<b>9,815</b>	<b>36,524</b>
<b>Income taxes:</b>		
Current	1,369	10,558
Deferred	(61)	(360)
<b>Total income taxes</b>	<b>1,307</b>	<b>10,197</b>
<b>Net surplus for the period</b>	<b>8,507</b>	<b>26,326</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. Accounting procedures specific to quarterly

As the proposal for appropriation of unappropriated surplus for the fiscal year ended March 31, 2013 was approved at the Meeting of Representatives held on July 2, 2013, it is included in the non-consolidated balance sheet as of June 30, 2013.

### 2. Securities lent under lending agreements

The amount of securities lent under lending agreements was ¥43,328 million as of June 30, 2013.

### 3. Reserve for Dividends to Policyholders

Changes in reserve for dividends to policyholders for the three months ended June 30, 2013 were as follows:

	(Millions of yen)
Balance at the beginning of current period.....	¥ 52,307
Transfer from surplus in previous fiscal year .....	27,762
Dividends paid in the current period .....	(9,417)
Increase in interest .....	18
Balance at the end of current period .....	<u>¥ 70,672</u>

## III. Notes to Statements of Operations

### 1. Impairment Losses of Fixed Assets

In the current period, impairment losses of fixed assets were as follows:

#### (1) Method of grouping

Real estate and other assets used for insurance business operations are classified as one asset group as a whole. Other assets such as real estate for rent and unused real estate are classified as one group individually.

#### (2) Background of recognizing the impairment losses

Profitability of certain real estate for rent dropped down significantly due to a decrease in the level of rental income and a declining trend of market prices of land. The Company reduced its book values of such real estate for rent and unused real estate to their recoverable amounts. The amounts reduced were recognized as impairment losses and included in the extraordinary losses.

(3) Asset groups recognized impairment losses and losses by fixed assets

Asset	Impairment losses		
	Land	Buildings and others	Total
			(Millions of yen)
(i) Real estate for rent...	¥ 1,493	¥ 11	¥ 1,504
(ii) Unused real estate ...	-	31	31
Total (i)+(ii).....	<u>¥ 1,493</u>	<u>¥ 42</u>	<u>¥ 1,535</u>

(4) Calculation method of recoverable amount

Recoverable amount is based on net sales value. Net sales value is determined based on appraisal value, posted price or road rate.

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

(Millions of yen)

		Three months ended June 30, 2012	Three months ended June 30, 2013
<b>Fundamental profit</b>	<b>A</b>	<b>14,862</b>	<b>17,373</b>
Capital gains		12,004	29,748
Gains from money held in trust, net		132	—
Gains from trading securities, net		—	—
Gains on sales of securities		1,414	28,783
Gains from derivative instruments, net		10,457	—
Foreign exchange gains, net		—	964
Other capital gains		—	—
Capital losses		16,410	8,513
Losses from money held in trust, net		—	576
Losses from trading securities, net		10,027	757
Losses on sales of securities		1,162	2,270
Losses on valuation of securities		4,012	—
Losses from derivative instruments, net		—	4,908
Foreign exchange losses, net		1,208	—
Other capital losses		—	—
Net capital gains (losses)	<b>B</b>	<b>(4,405)</b>	<b>21,234</b>
Fundamental profit plus net capital gains (losses)	<b>A+B</b>	<b>10,456</b>	<b>38,607</b>
Non-recurring gains		10	51
Reinsurance income		—	—
Reversal of contingency reserve		—	45
Reversal for specific allowance for possible loan losses		10	6
Other non-recurring gains		—	—
Non-recurring losses		107	—
Reinsurance premiums		—	—
Provision for contingency reserve		107	—
Provision for specific allowance for possible loan losses		—	—
Allowance for specified overseas loans		—	—
Write-off of loans		—	—
Other non-recurring losses		—	—
Non-recurring gains (losses)	<b>C</b>	<b>(97)</b>	<b>51</b>
Ordinary profits	<b>A+B+C</b>	<b>10,359</b>	<b>38,659</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): ¥13 million in respect of the three months ended June 30, 2012 and ¥17 million in respect of the three months ended June 30, 2013.

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): ¥1,603 million in respect of the three months ended June 30, 2012 and ¥2,183 million in respect of the three months ended June 30, 2013.

## 6. Solvency Margin Ratio

(Millions of yen)

	As of March 31, 2013	As of June 30, 2013
Total solvency margin (A)	919,451	928,408
Foundation funds and surplus	178,622	198,134
Reserve for price fluctuation of securities	41,628	42,187
Contingency reserve	83,446	83,401
Allowance for possible loan losses	1,796	1,670
Net unrealized gains on available-for-sale securities x 90% (multiplied by 100% if losses)	280,694	257,031
Net unrealized gains on real estate x 85%	72,441	73,224
Excess amount of policy reserve based on full-time Zillmer method	187,478	189,262
Qualifying subordinated debt	66,187	68,530
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	26,155	33,965
Total amount of risk $\sqrt{(R_1+R_8)^2+(R_2+R_3+R_7)^2}+R_4$ (B)	189,414	193,884
Insurance risk $R_1$	27,301	27,076
3rd sector insurance risk $R_8$	9,634	9,649
Assumed investment yield risk $R_2$	35,956	35,969
Investment risk $R_3$	145,367	149,868
Minimum guarantee risk $R_7$	2	1
Business risk $R_4$	4,365	4,451
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	970.8%	957.6%

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, 2013	As of June 30, 2013
	Amount	Amount
Individual variable insurance	—	—
Individual variable annuities	461	442
Group annuities	78,353	80,162
Total	78,815	80,605

### (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, 2013		As of June 30, 2013	
	Number	Amount	Number	Amount
Individual annuities	140	468	133	431
Total	140	468	133	431

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

### (1) Selected Financial Data

(Millions of yen)

	Three months ended June 30, 2012	Three months ended June 30, 2013
Ordinary revenues	320,438	275,700
Ordinary profits	10,972	40,081
Net surplus for the period	8,312	26,977
Comprehensive income	(10,600)	6,584

	As of March 31, 2013	As of June 30, 2013
Total assets	7,538,862	7,564,967
Solvency Margin Ratio	994.6%	980.2%

### (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



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

[Consolidated Statements of Operations]

(Millions of yen)

	Three months ended June 30, 2012	Three months ended June 30, 2013
<b>Ordinary revenues:</b>		
Premium and other income	270,489	199,882
Investment income	43,827	69,836
[Interest, dividends and other income]	[31,712]	[34,728]
[Gains from money held in trust, net]	[146]	[—]
[Gains from trading securities, net]	[—]	[1,426]
[Gains on sales of securities]	[1,461]	[29,235]
[Gains from derivative instruments, net]	[10,457]	[—]
[Gains from separate accounts, net]	[—]	[3,291]
Other ordinary revenues	6,120	5,981
[Reversal of reserve for outstanding claims]	[2,853]	[2,855]
<b>Total ordinary revenues</b>	<b>320,438</b>	<b>275,700</b>
<b>Ordinary expenditures:</b>		
Claims and other payments	192,066	165,932
[Claims]	[97,024]	[67,486]
[Annuities]	[24,231]	[30,186]
[Benefits]	[38,087]	[37,552]
[Surrenders]	[27,892]	[25,319]
[Other payments]	[4,740]	[5,278]
Provision for policy reserve and others	67,256	30,606
Provision for policy reserve	67,237	30,587
Interest on accumulated dividends to policyholders	19	18
Interest on accumulated dividends to policyholders (subsidiary)	0	0
Investment expenses	20,617	10,474
[Interest expenses]	[270]	[704]
[Losses from money held in trust, net]	[—]	[559]
[Losses from trading securities, net]	[8,423]	[—]
[Losses on sales of securities]	[1,162]	[2,270]
[Losses on valuation of securities]	[4,012]	[—]
[Losses from derivative instruments, net]	[—]	[4,908]
[Losses from separate accounts, net]	[3,284]	[—]
Operating expenses	23,900	23,352
Other ordinary expenditures	5,626	5,254
<b>Total ordinary expenditures</b>	<b>309,465</b>	<b>235,618</b>
<b>Ordinary profits</b>	<b>10,972</b>	<b>40,081</b>
<b>Extraordinary gains:</b>		
Gains on disposal of fixed assets	0	39
<b>Total extraordinary gains</b>	<b>0</b>	<b>39</b>
<b>Extraordinary losses:</b>		
Losses on disposal of fixed assets	49	80
Impairment losses	15	1,535
Provision for reserve for price fluctuation of securities	590	634
<b>Total extraordinary losses</b>	<b>654</b>	<b>2,250</b>
<b>Provision for reserve for dividends to policyholders (subsidiary)</b>	<b>118</b>	<b>123</b>
<b>Surplus before income taxes</b>	<b>10,199</b>	<b>37,746</b>
<b>Income taxes:</b>		
Current	1,701	11,040
Deferred	110	(375)
<b>Total income taxes</b>	<b>1,812</b>	<b>10,665</b>
<b>Net surplus before minority interests</b>	<b>8,387</b>	<b>27,081</b>
<b>Minority interests</b>	<b>75</b>	<b>104</b>
<b>Net surplus for the period</b>	<b>8,312</b>	<b>26,977</b>



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

(Millions of yen)

	Three months ended June 30, 2012	Three months ended June 30, 2013
Net surplus before minority interests	8,387	27,081
Other comprehensive income	(18,988)	(20,497)
Net unrealized gains (losses) on available-for-sale securities, net of tax	(19,076)	(20,558)
Deferred valuation gains (losses) under hedge accounting	(19)	(18)
Revaluation reserve for land, net of tax	(0)	—
Foreign currency translation adjustment	108	79
Comprehensive income	(10,600)	6,584
Comprehensive income attributable to parent company	(10,766)	6,769
Comprehensive income attributable to minority interests	166	(185)

# 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. Accounting procedures specific to quarterly

As the Company's proposal for appropriation of unappropriated surplus for the fiscal year ended March 31, 2013 was approved at the Meeting of Representatives held on July 2, 2013, it is included in the consolidated balance sheet as of June 30, 2013.

### 2. Securities lent under lending agreements

The amount of securities lent under lending agreements was ¥43,328 million as of June 30, 2013.

### 3. Reserve for Dividends to Policyholders

Changes in reserve for dividends to policyholders for the three months ended June 30, 2013 were as follows:

	(Millions of yen)
Balance at the beginning of current period.....	¥ 52,307
Transfer from surplus in previous fiscal year .....	27,762
Dividends paid in the current period .....	(9,417)
Increase in interest .....	18
Balance at the end of current period .....	<u>¥ 70,672</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, 2013 were as follows:

	(Millions of yen)
Balance at the beginning of current period.....	¥697
Dividends paid in the current period .....	(323)
Increase in interest .....	0
Provision for reserve for dividends to policyholders ...	123
Balance at the end of current period .....	<u>¥497</u>

### III. Notes to Statement of Operations

#### 1. Impairment Losses of Fixed Assets

In the current period, impairment losses of fixed assets by the Company were as follows:

##### (1) Method of grouping

Real estate and other assets used for insurance business operations are classified as one asset group as a whole. Other assets such as real estate for rent and unused real estate are classified as one group individually.

##### (2) Background of recognizing the impairment losses

Profitability of certain real estate for rent dropped down significantly due to a decrease in the level of rental income and a declining trend of market prices of land. The Company reduced its book values of such real estate for rent and unused real estate to their recoverable amounts. The amounts reduced were recognized as impairment losses and included in the extraordinary losses.

##### (3) Asset groups recognized impairment losses and losses by fixed assets

Asset	Impairment losses		
	Land	Buildings and others	Total
			(Millions of yen)
(i) Real estate for rent...	¥ 1,493	¥ 11	¥ 1,504
(ii) Unused real estate ...	-	31	31
Total (i)+(ii) .....	<u>¥ 1,493</u>	<u>¥ 42</u>	<u>¥ 1,535</u>

##### (4) Calculation method of recoverable amount

Recoverable amount is based on net sales value. Net sales value is determined based on appraisal value, posted price or road rate.

#### 2. Depreciation and Amortization of Goodwill

For the three months ended June 30, 2013, the total amount of depreciation and depreciation of real estate for rent and other assets was ¥3,109 million and the amount of amortization of goodwill was ¥190 million.

## (5) Consolidated Solvency Margin Ratio

(Millions of yen)

	As of March 31, 2013	As of June 30, 2013
Total solvency margin (A)	956,020	963,118
Common stock and others	180,855	201,009
Reserve for price fluctuation of securities	46,625	47,259
Contingency reserve	85,102	85,103
Catastrophe loss reserve	—	—
Allowance for possible loan losses	1,796	1,670
Net unrealized gains on available - for - sale securities x 90% (multiplied by 100% if losses)	286,774	260,055
Net unrealized gains on real estate x 85%	72,441	73,224
Excess amount of policy reserve based on full-time Zillmer method	189,458	191,266
Qualifying subordinated debt	66,187	68,530
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	26,777	34,996
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)	192,238	196,506
Insurance risk $R_1$	27,902	27,684
General insurance risk $R_5$	—	—
Catastrophe risk $R_6$	—	—
3rd sector insurance risk $R_8$	9,754	9,769
Small amount and short-term insurance risk $R_9$	—	0
Assumed investment yield risk $R_2$	36,326	36,340
Minimum guarantee risk $R_7$	2	1
Investment risk $R_3$	147,663	151,961
Business risk $R_4$	4,432	4,515
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	994.6%	980.2%

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.