

## Financial Results for the Three Months Ended June 30, 2022

Fukoku Mutual Life Insurance Company (President: Yoshiteru Yoneyama) announces financial results for the three months ended June 30, 2022.

### [Contents]

1. Business Highlights .....	P. 1
2. Investment Results of General Account Assets .....	P. 3
3. Non-consolidated Balance Sheets .....	P. 6
4. Non-consolidated Statements of Operations .....	P. 7
5. Breakdown of Ordinary Profits (Fundamental Profit) .....	P. 9
6. Solvency Margin Ratio .....	P. 10
7. Status of Separate Account .....	P. 11
8. Status of the Company, Subsidiaries and Affiliates .....	P. 12

# 1. Business Highlights

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

### (i) Policies in Force

		As of March 31, 2022		As of June 30, 2022			
		Number of policies (Thousands)	Amount (100 millions of yen)	Number of policies		Amount	
				(Thousands)	Changes (%, Pre-FYE)	(100 millions of yen)	Changes (%, Pre-FYE)
	Individual insurance	3,165	223,809	3,168	100.1	223,708	100.0
	Individual annuities	583	22,692	578	99.2	22,459	99.0
	Subtotal	3,749	246,501	3,747	99.9	246,168	99.9
	Group insurance	—	173,407	—	—	174,052	100.4
	Group annuities	—	22,898	—	—	22,962	100.3

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 and (c) special riders for term insurance attached to individual annuities.

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, 2021		Total		New business	Net increase by conversion
		Number of policies (Thousands)	Amount (100 millions of yen)	Amount (100 millions of yen)	Amount (100 millions of yen)
	Individual insurance	81	3,957	2,970	987
	Individual annuities	1	56	58	(1)
	Subtotal	83	4,014	3,029	985
	Group insurance	—	51	51	—
	Group annuities	—	9	9	—

Three months ended June 30, 2022		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	86	106.5	3,780	95.5	2,966	99.8	814	82.5
	Individual annuities	1	92.1	53	95.4	55	96.1	(2)	—
	Subtotal	88	106.2	3,833	95.5	3,022	99.8	811	82.4
	Group insurance	—	—	47	92.2	47	92.2	—	—
	Group annuities	—	—	164	1,666.1	164	1,666.1	—	—

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 and special riders for term insurance attached to individual annuities.

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, 2021	Three months ended June 30, 2022	
			Changes (%, YoY)
Amount of surrender and lapse (100 millions of yen)	3,063	2,837	92.7
Surrender and lapse ratio (%)	1.24	1.15	(0.09)

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 is increase-decrease points over year.

## (2) Annualized Premiums

### (i) Policies in Force

(100 millions of yen, %)

	As of March 31, 2022	As of June 30, 2022	
			Changes (% , Pre-FYE)
Individual insurance	2,638	2,637	99.9
Individual annuities	1,093	1,087	99.5
Total	3,731	3,724	99.8
Medical coverage and living benefits	1,154	1,158	100.3

### (ii) New Policies

(100 millions of yen, %)

	Three months ended June 30, 2021	Three months ended June 30, 2022	
			Changes (% , YoY)
Individual insurance	31	33	107.0
Individual annuities	1	1	93.6
Total	32	34	106.4
Medical coverage and living benefits	16	18	113.9

- 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.

## 2. Investment Results of General Account Assets

### (1) Asset Composition

(Millions of yen, %)

	As of March 31, 2022		As of June 30, 2022	
	Amount	% of total	Amount	% of total
Cash, deposits, and call loans	202,459	2.8 %	167,512	2.3 %
Monetary claims bought	80	0.0	77	0.0
Money held in trust	26,070	0.4	25,958	0.4
Securities	6,173,529	84.8	6,148,667	85.2
Domestic bonds	2,884,480	39.6	3,027,299	41.9
Domestic stocks	768,954	10.6	744,732	10.3
Foreign securities	2,335,951	32.1	2,193,190	30.4
Foreign bonds	1,823,435	25.1	1,694,329	23.5
Foreign stocks and other securities	512,516	7.0	498,861	6.9
Other securities	184,143	2.5	183,443	2.5
Loans	553,305	7.6	557,342	7.7
Policy loans	48,629	0.7	48,215	0.7
Ordinary loans	504,675	6.9	509,127	7.1
Real estate	241,164	3.3	240,262	3.3
Others	82,725	1.1	78,844	1.1
Allowance for possible loan losses	(2,515)	(0.0)	(1,212)	(0.0)
Total	7,276,821	100.0	7,217,454	100.0
Foreign currency denominated assets	2,629,067	36.1	2,512,146	34.8

Note: The amount of real estate is equal to the amounts of land, buildings, and construction in progress.

## (2) Fair Value Information on Securities (other than trading securities)

(Millions of yen)

	As of March 31, 2022					As of June 30, 2022				
	Book value	Fair value	Gains/Losses			Book value	Fair value	Gains/Losses		
				Gains	Losses				Gains	Losses
Held-to-maturity debt securities	760,097	847,316	87,218	87,218	—	763,902	844,803	80,901	80,901	—
Domestic bonds	737,795	824,774	86,979	86,979	—	739,069	819,926	80,857	80,857	—
Foreign bonds	22,302	22,541	238	238	—	24,832	24,876	43	43	—
Policy-reserve-matching bonds	—	—	—	—	—	—	—	—	—	—
Domestic bonds	—	—	—	—	—	—	—	—	—	—
Foreign bonds	—	—	—	—	—	—	—	—	—	—
Investments in subsidiaries and affiliates	—	—	—	—	—	—	—	—	—	—
Available-for-sale securities	4,625,982	5,288,571	662,589	733,325	70,736	4,683,776	5,268,056	584,280	728,319	144,038
Domestic bonds	2,038,626	2,146,685	108,059	138,789	30,730	2,225,461	2,288,230	62,769	131,485	68,716
Domestic stocks	347,574	699,525	351,951	354,992	3,041	341,754	675,304	333,550	336,168	2,618
Foreign securities	2,109,727	2,282,658	172,931	209,125	36,193	1,982,141	2,142,292	160,150	231,750	71,600
Foreign bonds	1,713,754	1,782,639	68,884	102,110	33,225	1,591,946	1,658,550	66,603	132,819	66,215
Foreign stocks and other securities	395,972	500,019	104,047	107,015	2,968	390,194	483,741	93,546	98,931	5,384
Other securities	130,053	159,700	29,647	30,417	770	134,418	162,229	27,810	28,913	1,103
Money held in trust	—	—	—	—	—	—	—	—	—	—
Monetary claims bought	—	—	—	—	—	—	—	—	—	—
Negotiable certificate of deposits	—	—	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—	—	—
Total	5,386,079	6,135,887	749,807	820,544	70,736	5,447,678	6,112,860	665,181	809,220	144,038
Domestic bonds	2,776,421	2,971,460	195,038	225,768	30,730	2,964,530	3,108,157	143,626	212,343	68,716
Domestic stocks	347,574	699,525	351,951	354,992	3,041	341,754	675,304	333,550	336,168	2,618
Foreign securities	2,132,029	2,305,200	173,170	209,364	36,193	2,006,974	2,167,168	160,194	231,794	71,600
Foreign bonds	1,736,056	1,805,180	69,123	102,349	33,225	1,616,779	1,683,426	66,647	132,863	66,215
Foreign stocks and other securities	395,972	500,019	104,047	107,015	2,968	390,194	483,741	93,546	98,931	5,384
Other securities	130,053	159,700	29,647	30,417	770	134,418	162,229	27,810	28,913	1,103
Money held in trust	—	—	—	—	—	—	—	—	—	—
Monetary claims bought	—	—	—	—	—	—	—	—	—	—
Negotiable certificate of deposits	—	—	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—	—	—

Notes: 1. The table above includes assets which are considered appropriate to deem as securities under the Financial Instruments and Exchange Law.

2. The securities and investment partnerships without fair value are not included in the table above.

### • Book value of securities and investment partnerships without fair value are as follows:

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
Investments in subsidiaries and affiliates	64,787	64,787
Available-for-sale securities	37,973	36,172
Domestic stocks	6,198	6,198
Foreign stocks	—	—
Others	31,774	29,974
Total	102,760	100,959

Note: In this table, domestic and overseas investment partnerships are included in “Others” within “Available-for-sale securities.” However, unrealized gains on available-for-sale securities corresponding to these holdings by domestic and overseas investment partnerships (¥3,606 million as of March 31, 2022 and ¥4,802 million as of June 30, 2022) are included in their balance sheet carrying amounts.

### (3) Fair Value Information on Money Held in Trust

(Millions of yen)

	As of March 31, 2022					As of June 30, 2022				
	Carrying value on the balance sheet	Fair value	Gains/Losses			Carrying value on the balance sheet	Fair value	Gains/Losses		
				Gains	Losses				Gains	Losses
Money held in trust	26,070	26,070	—	—	—	25,958	25,958	—	—	—

#### • Money held in trust for trading purpose

(Millions of yen)

	As of March 31, 2022		As of June 30, 2022	
	Carrying value on the balance sheet	Net valuation gains/losses included in the statements of operations	Carrying value on the balance sheet	Net valuation gains/losses included in the statements of operations
Money held in trust for trading purpose	25,070	0	24,958	(44)

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

(Millions of yen)

	As of March 31, 2022					As of June 30, 2022				
	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, 2022			As of June 30, 2022		
Carrying value on the balance sheet	Fair value	Gains (Losses)	Carrying value on the balance sheet	Fair value	Gains (Losses)
150,197	297,512	147,314	150,126	297,571	147,444

Note: Fair value is based on the appraisal value by the real-estate appraiser, the appraisal value for property tax and the road rate.

### 3. Non-consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
<b>Assets:</b>		
Cash and deposits	160,149	152,547
Call loans	48,000	21,000
Monetary claims bought	80	77
Money held in trust	26,070	25,958
Securities:	6,277,599	6,249,189
[Government bonds]	[2,102,521]	[2,232,943]
[Local government bonds]	[102,771]	[101,607]
[Corporate bonds]	[704,056]	[717,019]
[Stocks]	[795,801]	[770,386]
[Foreign securities]	[2,388,284]	[2,243,769]
Loans:	553,305	557,342
Policy loans	48,629	48,215
Ordinary loans	504,675	509,127
Tangible fixed assets	245,405	245,279
Intangible fixed assets	27,821	27,923
Agency receivables	15	15
Reinsurance receivables	135	33
Other assets	52,328	47,107
Prepaid pension cost	912	1,092
Allowance for possible loan losses	(2,515)	(1,212)
<b>Total assets</b>	<b>7,389,308</b>	<b>7,326,355</b>
	As of March 31, 2022	As of June 30, 2022
<b>Liabilities:</b>		
Policy reserves:	5,886,412	5,915,495
Reserve for outstanding claims	22,985	20,157
Policy reserve	5,800,015	5,810,288
Reserve for dividends to policyholders	63,411	85,049
Reinsurance payables	87	81
Subordinated bonds	241,935	241,935
Other liabilities:	276,328	281,986
Corporate income tax payable	2,767	984
Lease obligations	553	501
Asset retirement obligations	2,355	2,295
Rest of the other liabilities	270,652	278,204
Reserve for claims and other payments	3,400	1,700
Reserve for employees' retirement benefits	24,850	25,279
Reserve for price fluctuation	176,670	177,607
Deferred tax liabilities	25,061	2,602
Deferred tax liabilities for land revaluation	14,183	14,183
<b>Total liabilities</b>	<b>6,648,929</b>	<b>6,660,870</b>
<b>Net assets:</b>		
Foundation funds	12,000	12,000
Accumulated foundation funds redeemed	116,000	116,000
Reserve for revaluation	112	112
Surplus:	127,222	107,858
Legal reserve for future losses	3,370	3,463
Other surplus:	123,852	104,395
Reserve for redemption of foundation funds	4,800	7,200
Reserve for dividend allowances	20,000	20,000
Accumulated fund for price fluctuation	41,000	41,000
Reserve for advanced depreciation of real estate for tax purpose	206	205
Other reserves	767	767
Unappropriated surplus	57,078	35,223
Total foundation funds, surplus and others	255,334	235,970
Net unrealized gains (losses) on available-for-sale securities, net of tax	480,860	425,329
Revaluation reserve for land, net of tax	4,184	4,184
Total valuation and translation adjustments	485,044	429,514
<b>Total net assets</b>	<b>740,379</b>	<b>665,485</b>
<b>Total liabilities and net assets</b>	<b>7,389,308</b>	<b>7,326,355</b>

## 4. Non-consolidated Statements of Operations

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
<b>Ordinary revenues:</b>		
Premium and other income	134,799	180,248
[Premium income]	[134,788]	[180,215]
Investment income	48,932	57,972
[Interest, dividends and other income]	[37,824]	[39,014]
[Gains on money held in trust, net]	[339]	[—]
[Gains on trading securities, net]	[318]	[759]
[Gains on sales of securities]	[6,678]	[10,431]
[Gains on derivative instruments, net]	[35]	[—]
[Foreign exchange gains, net]	[—]	[3,975]
[Gains on separate accounts, net]	[2,372]	[—]
Other ordinary revenues	4,644	6,292
[Reversal of reserve for outstanding claims]	[1,556]	[2,827]
[Reversal of reserve for claims and other payments]	[—]	[1,700]
<b>Total ordinary revenues</b>	<b>188,376</b>	<b>244,513</b>
<b>Ordinary expenses:</b>		
Claims and other payments	110,557	166,285
[Claims]	[27,934]	[75,786]
[Annuities]	[38,216]	[38,157]
[Benefits]	[27,776]	[35,038]
[Surrenders]	[11,944]	[11,962]
[Other payments]	[4,631]	[5,290]
Provision of policy reserve and others:	19,301	10,275
Provision of policy reserves	19,298	10,272
Provision of interest portion of reserve for dividends to policyholders	3	3
Investment expenses	6,932	25,018
[Interest expenses]	[1,100]	[1,109]
[Losses on money held in trust, net]	[—]	[95]
[Losses on sales of securities]	[689]	[5,930]
[Losses on valuation of securities]	[34]	[1,539]
[Losses on derivative instruments, net]	[—]	[9,272]
[Foreign exchange losses, net]	[844]	[—]
[Losses on separate accounts, net]	[—]	[2,422]
Operating expenses	22,038	22,244
Other ordinary expenses	6,276	6,560
<b>Total ordinary expenses</b>	<b>165,106</b>	<b>230,385</b>
<b>Ordinary profits</b>	<b>23,270</b>	<b>14,127</b>
<b>Extraordinary gains:</b>		
Gains on disposal of fixed assets	9	0
<b>Total extraordinary gains</b>	<b>9</b>	<b>0</b>
<b>Extraordinary losses:</b>		
Losses on disposal of fixed assets	53	19
Provision of reserve for price fluctuation	951	937
<b>Total extraordinary losses</b>	<b>1,004</b>	<b>956</b>
<b>Surplus before income taxes</b>	<b>22,275</b>	<b>13,170</b>
<b>Income taxes:</b>		
Current	4,642	2,581
Deferred	(695)	(876)
<b>Total income taxes</b>	<b>3,947</b>	<b>1,705</b>
<b>Net surplus for the period</b>	<b>18,328</b>	<b>11,465</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 Act 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 rounded down. As a result, the totals do not add up.

## II. Notes to the Non-consolidated Balance Sheets

1. Article 59-6 of the Enforcement Regulations of the Insurance Business Act requires that insurance companies and subsidiaries make an effort to disclose especially important reference information related to conditions of business and property to policyholders and any other customers as stipulated under Article 111, Paragraph 6 of the Insurance Business Act.

To fulfil our efforts to comply with these requirements, we have prepared financial statements for the three months ended June 30, 2022 in accordance with the first- and third-quarter announcement format model created by The Life Insurance Association of Japan (the “Quarterly Reporting Model”) and generally accepted standards for preparation of quarterly financial statements in Japan. As the Quarterly Reporting Model is prepared for the purpose of fulfilling the obligation above to make an effort to disclose information, disclosures in the Quarterly Reporting Model differ from those prescribed by the regulations concerning terminology, formats, and preparation methods of quarterly financial statements and other reports.

2. As the proposal for appropriation of unappropriated surplus for the fiscal year ended March 31, 2022 was approved by the Board of Representative Member of Policyholders on July 5, 2022, it is included in the non-consolidated balance sheet as of June 30, 2022.
3. The amount of securities lent under lending agreements was ¥693,243 million as of June 30, 2022.
4. Changes in reserve for dividends to policyholders for the three months ended June 30, 2022 were as follows:

	(Millions of yen)
Balance at the beginning of the current period.....	¥ 63,411
Transfer from surplus in the previous fiscal year.....	30,726
Dividend payments to policyholders during the current period.....	(9,091)
Increase in interest.....	3
Balance at the end of the current period.....	<u>¥ 85,049</u>

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

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
<b>Fundamental profit</b> A	<b>16,786</b>	<b>12,237</b>
Capital gains	9,824	19,853
Gains on money held in trust, net	303	—
Gains on trading securities, net	73	607
Gains on sales of securities	6,678	10,431
Gains on derivative instruments, net	35	—
Foreign exchange gains, net	—	3,975
Other capital gains	2,734	4,838
Capital losses	1,568	16,872
Losses on money held in trust, net	—	130
Losses on trading securities, net	—	—
Losses on sales of securities	689	5,930
Losses on valuation of securities	34	1,539
Losses on derivative instruments, net	—	9,272
Foreign exchange losses, net	844	—
Other capital losses	—	—
Net capital gains (losses) B	8,255	2,981
Fundamental profit plus net capital gains (losses) A+B	25,042	15,218
Non-recurring gains	—	1,897
Reinsurance income	—	—
Reversal of contingency reserve	—	—
Reversal of specific allowance for possible loan losses	—	197
Others	—	1,700
Non-recurring losses	1,771	2,989
Reinsurance premiums	—	—
Provision for contingency reserve	207	211
Provision of specific allowance for possible loan losses	1	—
Provision of allowance for specified overseas loans	—	—
Write-offs of loans	—	—
Others	1,562	2,777
Non-recurring gains (losses) C	(1,771)	(1,091)
Ordinary profits A+B+C	23,270	14,127

Notes: 1. Fundamental profit and capital gains/losses for both the three months ended June 30, 2021 and the three months ended June 30, 2022 are calculated based on revised standards.

2. Other items break down as follows.

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Fundamental profit	(2,453)	(4,652)
Interest, dividends, and other income from money held in trust	35	34
Interest, dividends, and other income from trading securities	245	152
Foreign exchange-related hedging costs categorized under foreign exchange gains/losses	(758)	(1,362)
Portion of gains/losses on redemption of securities attributable to foreign exchange fluctuations	(1,975)	(3,476)
Other capital gains	2,734	4,838
Foreign exchange-related hedging costs categorized under foreign exchange gains/losses	758	1,362
Portion of interest, dividends, and other income attributable to foreign exchange fluctuations in gains/losses on redemption of securities	1,975	—
Portion of gains/losses on redemption of securities attributable to foreign exchange fluctuations	—	3,476
Non-recurring gains	—	1,700
Reversal of reserve for claims and other payments	—	1,700
Non-recurring losses	1,562	2,777
Provision of policy reserves in accordance with Article 69, Paragraph 5 of the Enforcement Regulations of the Insurance Business Act.	1,562	2,777

## 6. Solvency Margin Ratio

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
Total solvency margin (A)	1,917,896	1,856,661
Foundation funds and surplus	221,320	225,164
Reserve for price fluctuation	176,670	177,607
Contingency reserve	155,458	155,669
General allowance for possible loan losses	820	766
(Net unrealized gains (losses) on securities (before tax) and deferred hedge gains (losses) (before tax)) × 90%	599,576	530,174
Net unrealized gains on real estate × 85%	140,830	140,941
Excess amount of policy reserve based on full-time Zillmer method	386,741	388,469
Qualifying subordinated debt	241,935	241,935
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	(46,783)	(46,783)
Others	41,327	42,717
Total amount of risk $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$ (B)	310,783	322,236
Insurance risk $R_1$	21,810	21,756
3rd sector insurance risk $R_8$	9,963	10,019
Assumed investment yield risk $R_2$	22,182	21,939
Minimum guarantee risk $R_7$	—	—
Investment risk $R_3$	280,252	291,781
Business risk $R_4$	6,684	6,909
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	1,234.2%	1,152.3%

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

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

3. “Minimum guarantee risk” is calculated by standard method.

### Reference: Economic Solvency Ratio

	As of March 31, 2022	As of June 30, 2022
Economic Solvency Ratio	228.9%	227.8%

Note: Economic solvency ratio (ESR) is an indicator of an insurance company’s soundness and indicates whether or not a company has sufficient capital to cover its risks based on market-value assessment of its assets and liabilities. The Company calculates its ESR according to European methodology. Figures for some insurance liabilities and risks current as of June 30, 2022 have been calculated using simplified methods.

## 7. Status of Separate Account

### (1) Separate Account Assets by Products

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
	Amount	Amount
Individual variable insurance	—	—
Individual variable annuities	25	24
Group annuities	112,462	108,876
Total	112,487	108,901

### (2) Policies in Force

#### (i) Individual Variable Insurance

The Company has not sold the individual variable insurance.

#### (ii) Individual Variable Annuities

(Millions of yen except number of policies)

	As of March 31, 2022		As of June 30, 2022	
	Number of policies	Amount	Number of policies	Amount
Individual variable annuities	7	18	7	18
Total	7	18	7	18

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

### (1) Selected Financial Data

(100 millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Ordinary revenues	2,296	2,905
Ordinary profits	235	141
Net surplus attributable to the parent company	182	113
Comprehensive income	441	(456)

	As of March 31, 2022	As of June 30, 2022
Total assets	89,869	89,279
Solvency margin ratio	1,274.3%	1,190.0%

### (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, 2022	As of June 30, 2022
<b>Assets:</b>		
Cash and deposits	323,128	321,130
Call loans	48,000	21,000
Monetary claims bought	80	77
Money held in trust	26,070	25,958
Securities	7,697,988	7,668,322
Loans	556,577	560,615
Tangible fixed assets	245,765	245,623
Intangible fixed assets	30,609	29,914
Agency receivables	0	0
Reinsurance receivables	175	34
Other assets	58,397	53,039
Net defined benefit assets	822	1,038
Deferred tax assets	1,831	2,433
Allowance for possible loan losses	(2,516)	(1,212)
<b>Total assets</b>	<b>8,986,931</b>	<b>8,927,976</b>

	As of March 31, 2022	As of June 30, 2022
<b>Liabilities:</b>		
Policy reserves:	7,447,853	7,483,180
Reserve for outstanding claims	27,719	24,622
Policy reserve	7,356,399	7,373,213
Reserve for dividends to policyholders	63,411	85,049
Reserve for dividends to policyholders (subsidiary)	322	294
Agency payables	165	204
Reinsurance payables	104	89
Subordinated bonds	241,935	241,935
Other liabilities	281,058	286,319
Reserve for claims and other payments	3,432	1,726
Net defined benefit liabilities	27,677	27,964
Reserve for price fluctuation	187,692	188,704
Deferred tax liabilities	25,188	2,650
Deferred tax liabilities for land revaluation	14,183	14,183
<b>Total liabilities</b>	<b>8,229,290</b>	<b>8,246,959</b>
<b>Net assets:</b>		
Foundation funds	12,000	12,000
Accumulated foundation funds redeemed	116,000	116,000
Reserve for revaluation	112	112
Consolidated surplus	132,765	113,251
Total foundation funds, surplus and others	260,877	241,363
Net unrealized gains (losses) on available-for-sale securities, net of tax	486,644	429,552
Revaluation reserve for land, net of tax	4,184	4,184
Foreign currency translation adjustment	(312)	(174)
Accumulated remeasurements of defined benefit plans	(2,030)	(1,890)
Total accumulated other comprehensive income	488,486	431,672
Non-controlling interests	8,276	7,980
<b>Total net assets</b>	<b>757,640</b>	<b>681,016</b>
<b>Total liabilities and net assets</b>	<b>8,986,931</b>	<b>8,927,976</b>

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

[Consolidated Statements of Operations]

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
<b>Ordinary revenues:</b>		
Premium and other income	170,681	220,931
Investment income	54,072	62,670
[Interest, dividends and other income]	[41,953]	[42,953]
[Gains on money held in trust, net]	[339]	[—]
[Gains on trading securities, net]	[318]	[759]
[Gains on sales of securities]	[7,689]	[11,192]
[Gains on derivative instruments, net]	[35]	[—]
[Foreign exchange gains, net]	[—]	[3,974]
[Gains on separate accounts, net]	[2,372]	[—]
Other ordinary revenues	4,927	6,943
[Reversal of reserve for outstanding claims]	[1,479]	[3,096]
<b>Total ordinary revenues</b>	<b>229,680</b>	<b>290,545</b>
<b>Ordinary expenses:</b>		
Claims and other payments	151,068	202,263
[Claims]	[30,253]	[78,422]
[Annuities]	[69,303]	[65,056]
[Benefits]	[29,593]	[36,409]
[Surrenders]	[17,190]	[16,962]
[Other payments]	[4,653]	[5,345]
Provision of policy reserve and others:	16,529	16,817
Provision of policy reserves	16,526	16,813
Provision of interest portion of reserve for dividends to policyholders	3	3
Provision of interest portion of reserve for dividends to policyholders (subsidiary)	0	0
Investment expenses	6,577	24,696
[Interest expenses]	[1,104]	[1,111]
[Losses on money held in trust, net]	[—]	[95]
[Losses on sales of securities]	[689]	[5,930]
[Losses on valuation of securities]	[34]	[1,539]
[Losses on derivative instruments, net]	[—]	[9,272]
[Foreign exchange losses, net]	[845]	[—]
[Losses on separate accounts, net]	[—]	[2,422]
Operating expenses	24,174	24,494
Other ordinary expenses	7,809	8,096
<b>Total ordinary expenses</b>	<b>206,159</b>	<b>276,367</b>
<b>Ordinary profits</b>	<b>23,520</b>	<b>14,177</b>
<b>Extraordinary gains:</b>		
Gains on disposal of fixed assets	9	0
<b>Total extraordinary gains</b>	<b>9</b>	<b>0</b>
<b>Extraordinary losses:</b>		
Losses on disposal of fixed assets	54	20
Provision of reserve for price fluctuation	1,026	1,012
<b>Total extraordinary losses</b>	<b>1,080</b>	<b>1,033</b>
<b>Provision of reserve for dividends to policyholders (subsidiary)</b>	<b>47</b>	<b>49</b>
<b>Surplus before income taxes</b>	<b>22,401</b>	<b>13,094</b>
<b>Income taxes:</b>		
Current	4,850	2,716
Deferred	(738)	(934)
<b>Total income taxes</b>	<b>4,112</b>	<b>1,781</b>
<b>Net surplus for the period</b>	<b>18,289</b>	<b>11,313</b>
<b>Net surplus (loss) attributable to non-controlling interests</b>	<b>16</b>	<b>(1)</b>
<b>Net surplus attributable to the parent company</b>	<b>18,272</b>	<b>11,314</b>

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

[Consolidated Statements of Comprehensive Income]

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Net surplus	18,289	11,313
Other comprehensive income:	25,843	(56,995)
Net unrealized gains (losses) on available-for-sale securities, net of tax	25,413	(57,273)
Foreign currency translation adjustments	186	137
Remeasurements of defined benefit plan, net of tax	244	140
Comprehensive income:	44,132	(45,682)
Comprehensive income attributable to the parent company	44,085	(45,499)
Comprehensive income attributable to non-controlling interests	47	(183)



# 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 Fukoku Mutual Life Insurance Company (the “Company”) and its consolidated subsidiaries in accordance with the provisions set forth in the Insurance Business Act 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 rounded down. As a result, the totals do not add up.

## II. Notes to the Consolidated Balance Sheets

1. Article 59-6 of the Enforcement Regulations of the Insurance Business Act requires that insurance companies and subsidiaries make an effort to disclose especially important reference information related to conditions of business and property to policyholders and any other customers as stipulated under Article 111, Paragraph 6 of the Insurance Business Act.

To fulfil our efforts to comply with these requirements, we have prepared consolidated financial statements for the three months ended June 30, 2022 in accordance with the first- and third-quarter announcement format model created by The Life Insurance Association of Japan (the “Quarterly Reporting Model”) and generally accepted standards for preparation of quarterly consolidated financial statements in Japan. As the Quarterly Reporting Model is prepared for the purpose of fulfilling the obligation above to make an effort to disclose information, disclosures in the Quarterly Reporting Model differ from those prescribed by the regulations concerning terminology, formats, and preparation methods of quarterly consolidated financial statements and other reports.

2. As the proposal for appropriation of unappropriated surplus for the fiscal year ended March 31, 2022 was approved by the Board of Representative Member of Policyholders on July 5, 2022, it is included in the consolidated balance sheet as of June 30, 2022.
3. The amount of securities lent under lending agreements was ¥693,243 million as of June 30, 2022.
4. Changes in reserve for dividends to policyholders for the three months ended June 30, 2022 were as follows:

	(Millions of yen)
Balance at the beginning of the current period.....	¥63,411
Transfer from surplus in the previous fiscal year.....	30,726
Dividend payments to policyholders during the current period.....	(9,091)
Increase in interest.....	3
Balance at the end of the current period.....	<u>¥85,049</u>

5. Changes in reserve for dividends to policyholders (Fukokushinrai Life Insurance Co., Ltd.) for the three months ended June 30, 2022 were as follows:

	(Millions of yen)
Balance at the beginning of the current period.....	¥322
Dividend payments to policyholders during the current period.....	(78)
Increase in interest.....	0
Provision of reserve for dividends to policyholders.....	49
Balance at the end of the current period.....	<u>¥294</u>

### **III. Notes to the Consolidated Statements of Operations**

1. For the three months ended June 30, 2022, the total amount of depreciation, including depreciation of real estate for rent, was ¥5,003 million.

(5) Status of Insurance Claims Paying Ability of the Company and Insurance Subsidiaries

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
Total solvency margin (A)	2,003,378	1,940,145
Foundation funds and surplus	235,245	238,674
Reserve for price fluctuation	187,692	188,704
Contingency reserve	157,929	158,170
Catastrophe loss reserve	—	—
General allowance for possible loan losses	820	766
(Net unrealized gains (losses) on securities (before tax) and deferred hedge gains (losses) (before tax)) × 90%	607,419	536,083
Net unrealized gains on real estate × 85%	140,830	140,941
Sum of unrecognized actuarial differences and unrecognized prior service cost	(2,819)	(2,625)
Excess amount of policy reserve based on full-time Zillmer method	389,036	390,741
Qualifying subordinated debt	241,935	241,935
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	45,288	46,754
Total amount of risk $\sqrt{(\sqrt{R_1^2 + R_5^2 + R_8 + R_9})^2 + (R_2 + R_3 + R_7)^2 + R_4 + R_6}$ (B)	314,415	326,056
Insurance risk $R_1$	22,215	22,159
General insurance risk $R_5$	—	—
Catastrophe risk $R_6$	—	—
3rd sector insurance risk $R_8$	10,108	10,165
Small amount and short-term insurance risk $R_9$	—	—
Assumed investment yield risk $R_2$	22,508	22,264
Minimum guarantee risk $R_7$	—	—
Investment risk $R_3$	283,438	295,155
Business risk $R_4$	6,765	6,994
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	1,274.3%	1,190.0%

Notes: 1. Above figures are calculated based on the provisions of Articles 86-2 and 88 of the Enforcement Regulation of the Insurance Business Act and the Financial Services Agency Notification No. 23, 2011.

2. “Minimum guarantee risk” is calculated by standard method.