

## Financial Results for the Six Months Ended September 30, 2022

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

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Attached: Supplementary Materials for the Six Months Ended September 30, 2022

# 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 September 30, 2022			
		Number of policies (Thousands)	Amount (100 millions of yen)	Number of policies (Thousands)	Changes (%, Pre-FYE)	Amount (100 millions of yen)	Changes (%, Pre-FYE)
	Individual insurance	3,165	223,809	3,174	100.3	223,349	99.8
	Individual annuities	583	22,692	573	98.2	22,231	98.0
	Subtotal	3,749	246,501	3,747	100.0	245,581	99.6
	Group insurance	—	173,407	—	—	174,656	100.7
	Group annuities	—	22,898	—	—	23,022	100.5

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

Six months ended September 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	166	8,042	6,065	1,977
	Individual annuities	3	108	112	(3)
	Subtotal	169	8,151	6,177	1,973
	Group insurance	—	74	74	—
	Group annuities	—	9	9	—

Six months ended September 30, 2022		Total				New business		Net increase by conversion	
		Number of policies (Thousands)	Changes (%, YoY)	Amount (100 millions of yen)	Changes (%, YoY)	Amount (100 millions of yen)	Changes (%, YoY)	Amount (100 millions of yen)	Changes (%, YoY)
	Individual insurance	168	101.2	7,118	88.5	5,671	93.5	1,447	73.2
	Individual annuities	3	85.2	95	87.2	98	87.9	(3)	—
	Subtotal	171	100.9	7,213	88.5	5,770	93.4	1,443	73.1
	Group insurance	—	—	83	112.3	83	112.3	—	—
	Group annuities	—	—	164	1,666.0	164	1,666.0	—	—

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)

	Six months ended September 30, 2021	Six months ended September 30, 2022	
			Changes (%, YoY)
Amount of surrender and lapse (100 millions of yen)	5,790	5,356	92.5
Surrender and lapse ratio (%)	2.34	2.17	(0.17)

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 September 30, 2022	
			Changes (% , Pre-FYE)
Individual insurance	2,638	2,634	99.8
Individual annuities	1,093	1,079	98.7
Total	3,731	3,713	99.5
Medical coverage and living benefits	1,154	1,163	100.8

### (ii) New Policies

(100 millions of yen, %)

	Six months ended September 30, 2021	Six months ended September 30, 2022	
			Changes (% , YoY)
Individual insurance	63	66	104.6
Individual annuities	3	2	86.2
Total	66	68	103.8
Medical coverage and living benefits	33	37	109.5

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 September 30, 2022	
	Amount	% of total	Amount	% of total
Cash, deposits, and call loans	202,459	2.8 %	207,956	2.9 %
Monetary claims bought	80	0.0	—	—
Money held in trust	26,070	0.4	25,936	0.4
Securities	6,173,529	84.8	6,081,127	84.5
Domestic bonds	2,884,480	39.6	3,085,613	42.9
Domestic stocks	768,954	10.6	750,841	10.4
Foreign securities	2,335,951	32.1	2,064,803	28.7
Foreign bonds	1,823,435	25.1	1,574,920	21.9
Foreign stocks and other securities	512,516	7.0	489,882	6.8
Other securities	184,143	2.5	179,869	2.5
Loans	553,305	7.6	540,601	7.5
Policy loans	48,629	0.7	48,106	0.7
Ordinary loans	504,675	6.9	492,494	6.8
Real estate	241,164	3.3	239,665	3.3
Deferred tax assets	—	—	20,750	0.3
Others	82,725	1.1	84,031	1.2
Allowance for possible loan losses	(2,515)	(0.0)	(1,132)	(0.0)
Total	7,276,821	100.0	7,198,936	100.0
Foreign currency denominated assets	2,629,067	36.1	2,245,783	31.2

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

### (2) Changes (Increase/Decrease) in Assets

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash, deposits, and call loans	21,322	5,496
Monetary claims bought	(15)	(80)
Money held in trust	327	(133)
Securities	112,371	(92,402)
Domestic bonds	(4,648)	201,132
Domestic stocks	12,716	(18,113)
Foreign securities	89,072	(271,148)
Foreign bonds	41,132	(248,514)
Foreign stocks and other securities	47,939	(22,633)
Other securities	15,231	(4,273)
Loans	(5,204)	(12,704)
Policy loans	(979)	(523)
Ordinary loans	(4,224)	(12,180)
Real estate	1,212	(1,499)
Deferred tax assets	—	20,750
Others	(795)	1,305
Allowance for possible loan losses	1,331	1,383
Total	130,551	(77,884)
Foreign currency denominated assets	80,736	(383,284)

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

### (3) Investment Income

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Interest, dividends and other income	82,183	81,279
Interest on deposits	1	0
Interest and dividends on securities	68,542	67,465
Interest on loans	4,088	4,025
Income from real estate for rent	9,447	9,621
Other interest and dividends	104	166
Gains on money held in trust, net	357	—
Gains on trading securities, net	—	756
Gains on sales of securities	7,390	18,025
Gains on sales of domestic bonds	5,642	3,083
Gains on sales of domestic stocks	598	5,539
Gains on sales of foreign securities	1,149	9,403
Gains on redemption of securities	65	5,480
Foreign exchange gains, net	—	4,622
Reversal of allowance for possible loan losses	1,328	323
Other investment income	118	114
Total	91,444	110,603

### (4) Investment Expenses

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Interest expenses	2,203	2,229
Losses on money held in trust, net	—	116
Losses on trading securities, net	78	—
Losses on sales of securities	1,413	12,735
Losses on sales of domestic bonds	415	6,030
Losses on sales of domestic stocks	183	—
Losses on sales of foreign securities	814	6,704
Losses on valuation of securities	386	3,373
Losses on valuation of domestic stocks	268	189
Losses on valuation of foreign securities	117	3,184
Losses on derivative instruments, net	293	16,090
Foreign exchange losses, net	1,125	—
Depreciation of real estate for rent and other assets	2,373	2,391
Other investment expenses	5,457	6,182
Total	13,333	43,119

### (5) Net Investment Income

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net investment income	78,111	67,484

## (6) Net Valuation Gains/Losses on Trading Securities

(Millions of yen)

	As of March 31, 2022		As of September 30, 2022	
	Carrying value on the balance sheet	Net valuation gains/losses included in the statement of operations	Carrying value on the balance sheet	Net valuation gains/losses included in the statement of operations
Trading securities	43,563	2,581	35,774	(165)

Note: The table above includes money held in trust for trading purpose.

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

(Millions of yen)

	As of March 31, 2022					As of September 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	—	764,273	840,927	76,653	76,820	166
Domestic bonds	737,795	824,774	86,979	86,979	—	739,728	816,451	76,723	76,820	96
Foreign bonds	22,302	22,541	238	238	—	24,545	24,475	(69)	—	69
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	4,689,665	5,197,458	507,792	703,583	195,790
Domestic bonds	2,038,626	2,146,685	108,059	138,789	30,730	2,320,237	2,345,885	25,647	121,271	95,623
Domestic stocks	347,574	699,525	351,951	354,992	3,041	349,213	681,415	332,202	336,009	3,807
Foreign securities	2,109,727	2,282,658	172,931	209,125	36,193	1,887,461	2,011,509	124,048	218,934	94,885
Foreign bonds	1,713,754	1,782,639	68,884	102,110	33,225	1,498,691	1,539,537	40,846	128,825	87,979
Foreign stocks and other securities	395,972	500,019	104,047	107,015	2,968	388,770	471,972	83,202	90,108	6,906
Other securities	130,053	159,700	29,647	30,417	770	132,753	158,648	25,894	27,368	1,473
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	5,453,939	6,038,385	584,446	780,403	195,957
Domestic bonds	2,776,421	2,971,460	195,038	225,768	30,730	3,059,965	3,162,336	102,371	198,091	95,720
Domestic stocks	347,574	699,525	351,951	354,992	3,041	349,213	681,415	332,202	336,009	3,807
Foreign securities	2,132,029	2,305,200	173,170	209,364	36,193	1,912,006	2,035,985	123,978	218,934	94,955
Foreign bonds	1,736,056	1,805,180	69,123	102,349	33,225	1,523,236	1,564,012	40,776	128,825	88,049
Foreign stocks and other securities	395,972	500,019	104,047	107,015	2,968	388,770	471,972	83,202	90,108	6,906
Other securities	130,053	159,700	29,647	30,417	770	132,753	158,648	25,894	27,368	1,473
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 September 30, 2022
Investments in subsidiaries and affiliates	64,787	64,787
Available-for-sale securities	37,973	38,895
Domestic stocks	6,198	6,196
Others	31,774	32,699
Total	102,760	103,682

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 ¥4,874 million as of September 30, 2022) are included in their balance sheet carrying amounts.

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

(Millions of yen)

	As of March 31, 2022					As of September 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	—	—	—	25,936	25,936	—	—	—

## • Money held in trust for trading purpose

(Millions of yen)

	As of March 31, 2022		As of September 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	24,936	(117)

## • 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 September 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 Information on Derivative Instruments (General Account)

### (i) Gains and Losses on Derivatives

(Millions of yen)

As of March 31, 2022	Interest-related	Currency-related	Stock-related	Bond-related	Others	Total
Hedge accounting applied	—	(63,528)	—	—	—	(63,528)
Hedge accounting not applied	20	(4,632)	(202)	—	—	(4,814)
Total	20	(68,160)	(202)	—	—	(68,342)
As of September 30, 2022	Interest-related	Currency-related	Stock-related	Bond-related	Others	Total
Hedge accounting applied	—	(12,957)	—	—	—	(12,957)
Hedge accounting not applied	558	(3,044)	9	—	—	(2,476)
Total	558	(16,001)	9	—	—	(15,433)

Note: Gains and losses from applying fair value hedge accounting (currency-related losses of ¥63,528 million as of March 31, 2022, and currency-related losses of ¥12,957 million as of September 30, 2022) included in gains and losses with hedge accounting applied, and gains and losses with hedge accounting not applied are reported in the statements of operations.

### (ii) Interest-related Transactions

(Millions of yen)

	As of March 31, 2022				As of September 30, 2022			
	Notional amount/ contract value		Fair value	Gains (Losses)	Notional amount/ contract value		Fair value	Gains (Losses)
		Over 1 year				Over 1 year		
Over-the-counter transactions								
Yen interest rate swaption contracts								
Sold								
Receipt fixed, payment floating	—	—			—	—		
[      ]			—	—	[      ]		—	—
Payment fixed, receipt floating	—	—			—	—		
[      ]			—	—	[      ]		—	—
Bought								
Receipt fixed, payment floating	—	—			—	—		
[      ]			—	—	[      ]		—	—
Payment fixed, receipt floating	150,000	30,000			150,000	30,000		
[    133 ]			154	20	[    133 ]		692	558
Total				20				558

Note: Figures in [    ] are option premiums which are included in the balance sheet.



## (iii) Currency-related Transactions

(Millions of yen)

	As of March 31, 2022				As of September 30, 2022			
	Notional amount/ contract value	Fair value	Gains (Losses)		Notional amount/ contract value	Fair value	Gains (Losses)	
		Over 1 year				Over 1 year		
Over-the-counter transactions								
Currency forward contracts								
Sold								
U.S. dollar	1,005,205	—	1,072,835	(67,629)	561,854	—	576,598	(14,743)
Euro	630,531	—	668,660	(38,129)	289,979	—	301,440	(11,460)
Australian dollar	110,689	—	116,852	(6,163)	127,330	—	132,610	(5,279)
Swedish krona	151,512	—	167,031	(15,518)	111,709	—	109,990	1,719
Canadian dollar	33,588	—	35,719	(2,130)	15,735	—	15,531	204
British pound	76,539	—	82,160	(5,621)	10,603	—	10,569	34
	2,343	—	2,410	(66)	6,495	—	6,456	39
Bought	—	—	—	—	—	—	—	—
Currency options								
Sold								
Call	24,257	—	356	(339)	34,420	—	1,225	(956)
U.S. dollar	[ 17 ]	—	356	(339)	[ 268 ]	—	1,186	(1,001)
Canadian dollar	24,257	—	356	(339)	[ 185 ]	—	38	44
	[ 17 ]	—	—	—	[ 83 ]	—	—	—
Put	—	—	—	—	—	—	—	—
	[ — ]	—	—	—	[ — ]	—	—	—
Bought								
Call	—	—	—	—	—	—	—	—
	[ — ]	—	—	—	[ — ]	—	—	—
Put	138,259	—	6	(191)	34,580	—	231	(300)
U.S. dollar	[ 198 ]	—	6	(191)	[ 532 ]	—	231	(300)
	138,259	—	6	(191)	34,580	—	231	(300)
	[ 198 ]	—	6	(191)	[ 532 ]	—	231	(300)
Total				(68,160)				(16,001)

Notes: 1. Forward exchange rates are used for exchange rates as of September 30, 2022.

2. Figures in [ ] are option premiums which are included in the balance sheet.

3. Regarding assets and liabilities which are denominated in foreign currencies but have fixed settlement in yen under currency forward contracts and are reported in yen amounts in the balance sheet, those currency forward contracts are excluded from the table above.

## (iv) Stock-related Transactions

(Millions of yen)

	As of March 31, 2022				As of September 30, 2022			
	Notional amount/ contract value	Fair value	Gains (Losses)		Notional amount/ contract value	Fair value	Gains (Losses)	
		Over 1 year				Over 1 year		
Exchange-traded transactions								
Stock index option								
Sold								
Call	—	—	—	—	—	—	—	—
	[ — ]	—	—	—	[ — ]	—	—	—
Put	—	—	—	—	—	—	—	—
	[ — ]	—	—	—	[ — ]	—	—	—
Bought								
Call	—	—	—	—	—	—	—	—
	[ — ]	—	—	—	[ — ]	—	—	—
Put	35,100	—	9	(202)	31,300	—	94	9
	[ 210 ]	—	9	(202)	[ 84 ]	—	94	9
Total				(202)				9

Note: Figures in [ ] are option premiums which are included in the balance sheet.

## (v) Bond-related Transactions

No ending balance as of March 31, 2022 and September 30, 2022.

**Reference: Fair Value of Real Estate (Land and Leaseholds)**

(Millions of yen)

As of March 31, 2022			As of September 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	299,995	149,869

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 September 30, 2022
<b>Assets:</b>		
Cash and deposits	160,149	141,561
Call loans	48,000	73,000
Monetary claims bought	80	—
Money held in trust	26,070	25,936
Securities:	6,277,599	6,181,707
[Government bonds]	[2,102,521]	[2,418,441]
[Local government bonds]	[102,771]	[100,908]
[Corporate bonds]	[704,056]	[590,812]
[Stocks]	[795,801]	[776,706]
[Foreign securities]	[2,388,284]	[2,114,949]
Loans:	553,305	540,601
Policy loans	48,629	48,106
Ordinary loans	504,675	492,494
Tangible fixed assets	245,405	244,431
Intangible fixed assets	27,821	28,003
Agency receivables	15	42
Reinsurance receivables	135	46
Other assets	52,328	51,269
Prepaid pension costs	912	1,270
Deferred tax assets	—	20,750
Allowance for possible loan losses	(2,515)	(1,132)
<b>Total assets</b>	<b>7,389,308</b>	<b>7,307,489</b>
	As of March 31, 2022	As of September 30, 2022
<b>Liabilities:</b>		
Policy reserves:	5,886,412	5,935,986
Reserve for outstanding claims	22,985	34,926
Policy reserve	5,800,015	5,821,017
Reserve for dividends to policyholders	63,411	80,042
Reinsurance payables	87	60
Subordinated bonds	241,935	241,935
Other liabilities:	276,328	304,556
Corporate income tax payable	2,767	104
Lease obligations	553	449
Asset retirement obligations	2,355	2,306
Rest of the other liabilities	270,652	301,695
Reserve for claims and other payments	3,400	—
Reserve for employees' retirement benefits	24,850	25,311
Reserve for price fluctuation	176,670	178,480
Deferred tax liabilities	25,061	—
Deferred tax liabilities for land revaluation	14,183	14,143
<b>Total liabilities</b>	<b>6,648,929</b>	<b>6,700,473</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	103,966
Legal reserve for future losses	3,370	3,463
Other surplus:	123,852	100,503
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	31,330
Total foundation funds, surplus and others	255,334	232,078
Net unrealized gains (losses) on available-for-sale securities, net of tax	480,860	370,713
Revaluation reserve for land, net of tax	4,184	4,225
Total valuation and translation adjustments	485,044	374,938
<b>Total net assets</b>	<b>740,379</b>	<b>607,016</b>
<b>Total liabilities and net assets</b>	<b>7,389,308</b>	<b>7,307,489</b>

## 4. Non-consolidated Statements of Operations

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
<b>Ordinary revenues:</b>		
Premium and other income	252,175	296,046
[Premium income]	[252,154]	[295,966]
Investment income	95,314	110,603
[Interest, dividends and other income]	[82,183]	[81,279]
[Gains on money held in trust, net]	[357]	[—]
[Gains on trading securities, net]	[—]	[756]
[Gains on sales of securities]	[7,390]	[18,025]
[Foreign exchange gains, net]	[—]	[4,622]
[Gains on separate accounts, net]	[3,869]	[—]
Other ordinary revenues	4,909	7,666
[Reversal of reserve for claims and other payments]	[—]	[3,400]
<b>Total ordinary revenues</b>	<b>352,398</b>	<b>414,316</b>
<b>Ordinary expenses:</b>		
Claims and other payments	203,953	271,144
[Claims]	[44,778]	[93,943]
[Annuities]	[73,919]	[73,733]
[Benefits]	[49,835]	[67,134]
[Surrenders]	[23,995]	[24,159]
[Other payments]	[11,308]	[12,063]
Provision of policy reserve and others:	34,414	32,949
Provision of reserve for outstanding claims	259	11,941
Provision of policy reserves	34,147	21,001
Provision of interest portion of reserve for dividends to policyholders	6	6
Investment expenses	13,333	45,919
[Interest expenses]	[2,203]	[2,229]
[Losses on money held in trust, net]	[—]	[116]
[Losses on trading securities, net]	[78]	[—]
[Losses on sales of securities]	[1,413]	[12,735]
[Losses on valuation of securities]	[386]	[3,373]
[Losses on derivative instruments, net]	[293]	[16,090]
[Foreign exchange losses, net]	[1,125]	[—]
[Losses on separate accounts, net]	[—]	[2,799]
Operating expenses	44,855	44,855
Other ordinary expenses	11,793	12,228
<b>Total ordinary expenses</b>	<b>308,348</b>	<b>407,098</b>
<b>Ordinary profits</b>	<b>44,050</b>	<b>7,218</b>
<b>Extraordinary gains:</b>		
Gains on disposal of fixed assets	10	1
<b>Total extraordinary gains</b>	<b>10</b>	<b>1</b>
<b>Extraordinary losses:</b>		
Losses on disposal of fixed assets	249	73
Impairment losses	8	0
Provision of reserve for price fluctuation	1,897	1,810
<b>Total extraordinary losses</b>	<b>2,155</b>	<b>1,883</b>
<b>Surplus before income taxes</b>	<b>41,905</b>	<b>5,336</b>
<b>Income taxes:</b>		
Current	8,133	194
Deferred	(865)	(2,430)
<b>Total income taxes</b>	<b>7,267</b>	<b>(2,236)</b>
<b>Net surplus for the period</b>	<b>34,637</b>	<b>7,572</b>

## 5. Non-consolidated Statements of Changes in Net Assets

[For the six months ended September 30, 2021]

(Millions of yen)

	Foundation funds, surplus and others											
	Foundation funds	Accumulated foundation funds redeemed	Reserve for revaluation	Surplus								Total foundation funds, surplus and others
				Other surplus							Total surplus	
				Legal reserve for future losses	Reserve for redemption of foundation funds	Reserve for dividend allowances	Accumulated fund for price fluctuation	Reserve for advanced depreciation of real estate for tax purpose	Other reserves	Unappropriated surplus		
Balance at the beginning of the current period	12,000	116,000	112	3,271	2,400	20,000	41,000	207	767	59,102	126,748	254,860
Changes in the current period												
Additions to reserve for dividends to policyholders										(32,744)	(32,744)	(32,744)
Additions to legal reserve for future losses				99						(99)	—	—
Payment of interest on foundation funds										(102)	(102)	(102)
Net surplus for the current period										34,637	34,637	34,637
Additions to reserve for redemption of foundation funds					2,400					(2,400)	—	—
Reversal of reserve for advanced depreciation of real estate for tax purpose								(1)		1	—	—
Reversal of revaluation reserve for land, net of tax										0	0	0
Net changes, excluding foundation funds, surplus and others												
Total changes in the current period	—	—	—	99	2,400	—	—	(1)	—	(706)	1,791	1,791
Balance at the end of the current period	12,000	116,000	112	3,370	4,800	20,000	41,000	206	767	58,396	128,539	256,651

	Valuation and translation adjustments			Total net assets
	Net unrealized gains (losses) on available-for-sale securities, net of tax	Revaluation reserve for land, net of tax	Total valuation and translation adjustments	
Balance at the beginning of the current period	458,287	4,185	462,473	717,333
Changes in the current period				
Additions to reserve for dividends to policyholders				(32,744)
Additions to legal reserve for future losses				—
Payment of interest on foundation funds				(102)
Net surplus for the current period				34,637
Additions to reserve for redemption of foundation funds				—
Reversal of reserve for advanced depreciation of real estate for tax purpose				—
Reversal of revaluation reserve for land, net of tax				0
Net changes, excluding foundation funds, surplus and others	20,695	(0)	20,695	20,695
Total changes in the current period	20,695	(0)	20,695	22,486
Balance at the end of the current period	478,983	4,185	483,168	739,820

[For the six months ended September 30, 2022]

(Millions of yen)

(millions of yen)

	Foundation funds, surplus and others											
	Foundation funds	Accumulated foundation funds redeemed	Reserve for revaluation	Surplus							Total surplus	Total foundation funds, surplus and others
				Legal reserve for future losses	Other surplus							
					Reserve for redemption of foundation funds	Reserve for dividend allowances	Accumulated fund for price fluctuation	Reserve for advanced depreciation of real estate for tax purpose	Other reserves	Unappropriated surplus		
Balance at the beginning of the current period	12,000	116,000	112	3,370	4,800	20,000	41,000	206	767	57,078	127,222	255,334
Changes in the current period												
Additions to reserve for dividends to policyholders										(30,726)	(30,726)	(30,726)
Additions to legal reserve for future losses				93						(93)	—	—
Payment of interest on foundation funds										(102)	(102)	(102)
Net surplus for the current period										7,572	7,572	7,572
Additions to reserve for redemption of foundation funds					2,400					(2,400)	—	—
Reversal of reserve for advanced depreciation of real estate for tax purpose								(1)		1	—	—
Net changes, excluding foundation funds, surplus and others												
Total changes in the current period	—	—	—	93	2,400	—	—	(1)	—	(25,747)	(23,256)	(23,256)
Balance at the end of the current period	12,000	116,000	112	3,463	7,200	20,000	41,000	205	767	31,330	103,966	232,078

	Valuation and translation adjustments			Total net assets
	Net unrealized gains (losses) on available-for-sale securities, net of tax	Revaluation reserve for land, net of tax	Total valuation and translation adjustments	
Balance at the beginning of the current period	480,860	4,184	485,044	740,379
Changes in the current period				
Additions to reserve for dividends to policyholders				(30,726)
Additions to legal reserve for future losses				—
Payment of interest on foundation funds				(102)
Net surplus for the current period				7,572
Additions to reserve for redemption of foundation funds				—
Reversal of reserve for advanced depreciation of real estate for tax purpose				—
Net changes, excluding foundation funds, surplus and others	(110,147)	40	(110,106)	(110,106)
Total changes in the current period	(110,147)	40	(110,106)	(133,362)
Balance at the end of the current period	370,713	4,225	374,938	607,016

# 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. (1) The valuation of securities, including cash and deposits and monetary claims bought which are equivalent to securities, and securities managed as trust assets in money held in trust, is as follows:
  - i) Trading securities are stated at fair market value. Costs of their sales are determined by the moving average method.
  - ii) Held-to-maturity debt securities are stated at amortized cost under the straight-line method, cost being determined by the moving average method.
  - iii) Investments in subsidiaries and affiliates are stated at cost, cost being determined by the moving average method.
  - iv) Available-for-sale securities are stated at fair market value based on the market prices at the end of the current period. Costs of their sales are determined by the moving average method. Public and corporate bonds (including foreign bonds) with differences between their acquisition costs and fair values that are considered as adjustments of interest are stated at amortized cost (straight-line method) determined by the moving average method. However, stocks and other securities without quoted market prices are stated at cost, as determined using the moving average method. Net unrealized gains or losses on these available-for-sale securities, net of taxes, are recorded as a separate component of net assets.
- (2) Derivative instruments are stated at fair market value.
- (3) The Company revalued the land used in the operations based on the Act for Revaluation of Land (Act No.34 promulgated on March 31, 1998). The difference between fair value and book value resulting from the revaluation, net of related taxes, is recorded as revaluation reserve for land as a separate component of net assets and the related tax is recorded as deferred tax liabilities for land revaluation.
  - Date of revaluation: March 31, 2002
  - Method of revaluation as prescribed for in Article 3 Paragraph 3 of the said Act:  
Calculation is based on the appraisal value for property tax set forth in Article 2 item 3 of the Enforcement Ordinance of the Act for Revaluation of Land (Government Ordinance No.119 promulgated on March 31, 1998) and the road rate set forth in Article 2 item 4 of the said Ordinance with certain reasonable adjustments.

(4) Depreciation of tangible fixed assets is calculated by the following methods.

- Tangible fixed assets (excluding lease assets): Declining-balance method  
However, buildings (excluding building attachments and structures acquired on or before March 31, 2016) acquired on or after April 1, 1998 are depreciated using Straight-line method.
- Lease assets related to finance lease transactions that do not transfer ownership: Straight-line method over the lease term with no residual value.

Other tangible fixed assets acquired for ¥100,000 or more but less than ¥200,000 are depreciated equally over three years.

(5) Assets and liabilities denominated in foreign currencies, except for investments in subsidiaries and affiliates, are translated into Japanese yen at the effective exchange rate prevailing at the balance sheet date. Investments in subsidiaries and affiliates are translated into Japanese yen at the exchange rate on the date of acquisition.

(6) Allowance for possible loan losses is provided in accordance with the Company's standards of self-assessment and write-offs and reserves on credit quality:

- i) For the credits of borrowers who are legally bankrupt such as being in the proceedings of bankruptcy or civil rehabilitation (hereinafter called "legally bankrupt borrowers") and who are substantially bankrupt (hereinafter called "substantially bankrupt borrowers"), the Company provides the remaining amounts of credits after the direct write-off described below and the deductions of the amount expected to be collected through the disposal of collateral or the execution of guarantees.
- ii) For the credits of borrowers who are not currently bankrupt but have a high possibility of bankruptcy (hereinafter called "not currently bankrupt borrowers"), the Company provides the amounts deemed as necessary considering the borrowers' ability to pay, within the amounts after deductions of the amounts expected to be collected through the disposal of collateral or the execution of guarantees.
- iii) For the credits of borrowers other than the above, the Company provides the amounts calculated by multiplying the borrowers' balance by the actual ratio of bad debt losses on defaults during a certain past period.

All credits are assessed by the relevant departments in accordance with the Company's standards of self-assessment on credit quality. The results of the assessment are reviewed by the audit department, which is independent of business-related divisions. Subsequently, the allowance for possible loan losses is provided based on the results of these assessments.

For the credits of legally bankrupt borrowers and substantially bankrupt borrowers, the amounts remaining after deductions of collateral value or the amounts collectible through the execution of guarantees are written-off directly from the borrowers' balances as the estimated uncollectible amounts. The amount written-off as of September 30, 2022 was ¥0 million.

(7) Reserve for employees' retirement benefits and prepaid pension costs are presented based on projected benefit obligations and pension plan assets at the balance sheet date.

The Company uses the following methods for amortizing retirement benefit obligations and retirement benefit expenses:

- |  |                       |
|--|-----------------------|
| • Method for allocation of projected retirement benefits ..... | Benefit formula basis |
| • Amortization period of actuarial gains and losses.....       | 10 years              |
| • Amortization period of prior service cost.....               | 10 years              |



- (8) Reserve for price fluctuation is calculated in accordance with Article 115 of the Insurance Business Act.
- (9) Hedge accounting is based on “Accounting Standards for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). The Company applies a fair value hedge accounting as a hedge against the risk of foreign exchange fluctuation in relation to bonds and others denominated in foreign currencies, and a designated hedge accounting (“Furiate shori”) for foreign currency swaps as a hedge against the risk of foreign exchange fluctuation in relation to bonds denominated in foreign currencies issued by the Company.
- For assessing the effectiveness of hedge used, ratio analysis of comparing the fluctuations in the fair value or cash flows of hedged items and hedging instruments is mainly applied.
- (10) Accounting of unrecognized actuarial differences and unrecognized prior service costs related to employees’ retirement benefits is different to the methods used for these items in the consolidated financial statements.
- (11) The Company accounts for consumption taxes by the tax-exclusion method. The consumption taxes on certain assets, which are not deductible from consumption taxes withheld and that are stipulated to be deferred under the Tax Act, are deferred as prepaid expenses and amortized equally over five years. Consumption taxes other than deferred consumption taxes are recognized as an expense when incurred.
- (12) Initial premium incomes are recorded by the relevant amounts received when the premium incomes have been received and the responsibilities on the insurance contract have been commenced, in principal.
- Subsequent premium incomes are also recorded as the amount of payments that have been received.
- Of premium incomes that have been received, the portion corresponding to the period that has yet to pass as of September 30, 2022 is accumulated as policy reserve in accordance with Article 116 of the Insurance Business Act and Article 69 Paragraph 1 Item 2 of the Enforcement Regulation of the Insurance Business Act.
- Premium incomes associated with the acceptance of group annuities are recorded as amounts equivalent to the policy reserve received when accepting the transfers of these group annuities.
- (13) Claims and other payments (excluding reinsurance premiums) are recorded by the relevant amounts paid when the cause for payment under the policy conditions is occurred and the calculated amounts are paid based on the policy conditions.
- In accordance with Article 117 of the Insurance Business Act and Article 72 of the Enforcement Regulation of the Insurance Business Act, reserve for outstanding claims are accumulated as for claims for which the Company has a payment due but has not paid, or for which the occurrence of cause for payment has not been reported but the Company recognizes that insured payment has already occurred as of September 30, 2022.
- Claims and other payments associated with the outgoing transfer of group annuities are recorded as amounts equivalent to the policy reserve transferred when recognizing the transfers of these group annuities.
- (14) Policy reserve of the Company is accumulated in accordance with the methods stated in the statement of calculation procedures for Insurance Premiums and Policy Reserves (Article 4 Paragraph 2 Item 4 of the Insurance Business Act) pursuant to Article 116 Paragraph 1 of the Insurance Business Act to prepare for the future performance of obligations under the insurance contracts for which the insurer’s responsibilities have started as of September 30, 2022.
- Premium reserves, one of the components of policy reserve, are calculated by the following method.
- i) In regard to the policies subject to the standard policy reserve, the method as prescribed by the Commissioner of Financial Services Agency (Ministry of Finance Ordinance No.48, 1996) is applied.
  - ii) In regard to the policies not subject to the standard policy reserve, the net level premium method is applied.

In regard to the policy reserve accumulated pursuant to Article 69 Paragraphs 1, 2, and 4 of the Enforcement Regulation of the Insurance Business Act, when the actual assumptions for long-term future cash flows (such as assumed incidence rate and assumed interest rate) deviate from those assumptions set in the “statement of calculation procedures for Insurance Premiums and Policy Reserves” and policy reserve is considered to be possibly insufficient to cover the future performance of obligations, additional policy reserve is required to accumulate in accordance with Article 69 Paragraph 5 of the Enforcement Regulation of the Insurance Business Act. The following reserves have been established in compliance with this regulation.

- Among individual annuity insurance policies with an assumed interest rate of 5.00% or higher, for policies that have begun paying annuities (excluding wife’s annuity insurance additional rider), the Company has reduced the assumed interest rate to 1.00% and funded additional policy reserves. As of September 30, 2022, the balance of these policy reserves was ¥71,897 million.
- Among whole life insurance policies with assumed interest rates of 5.00% or higher, the Company has reduced assumed interest rates for policies with premiums that have been paid in full (excluding policies that have been converted into paid-up or extended policies, single premium policies, and policies for which premiums have been waived) to 1.00% and funded additional policy reserves. As of September 30, 2022, the balance of these policy reserves was ¥107,035 million.
- The Company has also funded additional policy reserves for certain whole life insurance policies that include distribution of surplus every five years, new cancer riders, highly advanced medical riders and advanced medical riders. As of September 30, 2022, the balance of these policy reserves was ¥77 million.

Contingency reserves, one of the components of policy reserve, are accumulated pursuant to Article 116 of the Insurance Business Act and Article 69 Paragraph 1 Item 3 of the Enforcement Regulation of the Insurance Business Act to cover risks that may accrue in the future in order to ensure performing future obligations under the insurance contracts.

(15) Depreciation of intangible fixed assets is calculated by the following methods.

- Software: Straight-line method over the estimated useful lives.
- Lease assets related to finance lease transactions that do not transfer ownership: Straight-line method over the lease term with no residual value.

2. The Company began applying the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, June 17, 2021; hereinafter called “Implementation Guidance on Accounting Standard for Fair Value Measurement”) from the beginning of the interim accounting period. In accordance with the transitional treatments prescribed in Paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement, new accounting policies set forth by the Implementation Guidance on Accounting Standard for Fair Value Measurement will be applied prospectively. As a result, certain investment trusts that had previously been carried on the interim balance sheet at acquisition cost are stated at fair value on the interim balance sheet from the six months ended September 30, 2022. The Company has observed no material impact from this application of the Implementation Guidance on Accounting Standard for Fair Value Measurement.

3. The carrying amounts, fair values and their related differences of major financial assets and liabilities in the general account as of September 30, 2022 were as follows:

	(Millions of yen)		
	Carrying amount	Fair value	Difference
Money held in trust:			
Trading securities.....	24,936	24,936	—
Total money held in trust.....	24,936	24,936	—
Securities:			
Trading securities.....	10,838	10,838	—
Held-to-maturity debt securities.....	764,273	840,927	76,653
Available-for-sale securities.....	5,197,458	5,197,458	—
Total securities.....	5,972,570	6,049,223	76,653
Loans:			
Policy loans.....	48,106	48,106	(0)
Ordinary loans.....	492,494	503,721	11,226
Total loans.....	540,601	551,827	11,226
Assets total.....	6,538,107	6,625,988	87,880
Subordinated bonds*1.....	241,935	240,988	(946)
Liabilities total.....	241,935	240,988	(946)
Derivative instruments*2:			
Hedge accounting not applied.....	(2,476)	(2,476)	—
Hedge accounting applied.....	(12,957)	(12,957)	—
Total derivative instruments.....	¥(15,433)	¥(15,433)	¥—

\*1 The fair value of derivative instruments that are currency swaps under designated hedge accounting is included in the fair value of subordinated bonds because it is accounted for as an integral part of the subordinated bonds that are the hedge items.

\*2 Assets and liabilities generated by derivative instruments are offset and presented net. Net liabilities in total are presented in parentheses.

Notes: 1. Stocks without market prices, such as unlisted stocks, are not included in Securities of the above table.

The amount of these stocks on the balance sheet as of September 30, 2022 was ¥73,983 million.

2. In accordance with Paragraph 24-16 of the Implementation Guidance on Accounting Standard for Fair Value Measurement, investments in partnerships are not included in Securities of the above table. As of September 30, 2022, the amount of investments in partnerships included on the balance sheet was ¥34,573 million.

3. Investment trusts with real estate as investment trust properties which have applied Paragraph 24-9 of the Implementation Guidance on Accounting Standard for Fair Value Measurement are included in Securities.

4. Matters concerning the breakdown of financial instruments by fair value level are as follows.

The fair values of financial instruments are classified into the following three levels according to the observability and materiality of inputs used to measure fair value.

Fair Value Level 1: Fair values measured using (unadjusted) quoted prices in active markets for identical assets or liabilities

Fair Value Level 2: Fair values measured using directly or indirectly observable inputs other than Level 1 inputs

Fair Value Level 3: Fair values measured using material unobservable inputs

When multiple inputs with material impact are used to measure fair value, the resulting fair value is classified into the lowest fair value level into which any of these inputs can be categorized.

## (1) Financial assets and liabilities with fair values recorded on the balance sheet as of September 30, 2022

(Millions of yen)

Classification	Fair value			Total
	Level 1	Level 2	Level 3	
Money held in trust:				
Trading securities.....	—	24,936	—	24,936
Total money held in trust.....	—	24,936	—	24,936
Securities:				
Trading securities:				
Foreign securities.....	—	10,838	—	10,838
Total trading securities.....	—	10,838	—	10,838
Available-for-sale securities:				
Government bonds.....	1,690,528	—	—	1,690,528
Local government bonds.....	—	94,808	—	94,808
Corporate bonds.....	—	560,547	—	560,547
Stocks.....	681,415	—	—	681,415
Foreign securities.....	713,670	1,270,965	26,873	2,011,509
Other securities.....	41,397	113,200	—	154,598
Total available-for-sale securities.....	3,127,012	2,039,522	26,873	5,193,408
Total securities.....	3,127,012	2,050,360	26,873	5,204,246
Assets total.....	3,127,012	2,075,297	26,873	5,229,183
Derivative instruments*:				
Currency-related.....	—	(16,001)	—	(16,001)
Interest-related.....	—	558	—	558
Stock-related.....	9	—	—	9
Total derivative instruments.....	¥9	¥(15,443)	¥—	¥(15,433)

\* Assets and liabilities generated by derivative instruments are offset and presented net. Net liabilities in total are presented in parentheses.

Note: Investment trusts with real estate as investment trust properties that have applied Paragraph 24-9 of the Implementation Guidance on Accounting Standard for Fair Value Measurement are not included in the figures above. The amount of the investment trusts on the balance sheet as of September 30, 2022 was ¥4,049 million. Reconciliation of balances from the beginning of the current fiscal year to balances as of September 30, 2022 for the investment trusts were as follows:

(Millions of yen)	
Balance at the beginning of the current period.....	¥3,654
Changes in net unrealized gains or losses.....	395
Balance at the end of the current period.....	¥4,049

## (2) Financial assets and liabilities with fair values not recorded on the balance sheet as of September 30, 2022

Classification	Fair value			
	Level 1	Level 2	Level 3	Total
<b>Securities:</b>				
Held-to-maturity debt securities:				
Government bonds.....	786,641	—	—	786,641
Local government bonds.....	—	7,489	—	7,489
Corporate bonds.....	—	22,320	—	22,320
Foreign securities.....	24,475	—	—	24,475
Total held-to-maturity debt securities...	811,116	29,810	—	840,927
Total securities.....	811,116	29,810	—	840,927
<b>Loans:</b>				
Policy loans.....	—	—	48,106	48,106
Ordinary loans.....	—	—	503,721	503,721
Total loans.....	—	—	551,827	551,827
Assets total.....	811,116	29,810	551,827	1,392,755
Subordinated bonds	—	240,988	—	240,988
Liabilities total.....	¥—	¥240,988	¥—	¥240,988

## (3) Explanation of valuation techniques and inputs used to measure fair value

- i) Securities (including deposits and monetary claims bought which are treated as securities based on “Accounting Standards for Financial Instruments” [ASBJ Statement No.10, July 4, 2019])

The fair values of securities for which unadjusted quoted market prices in active markets are available (primarily listed stocks and government bonds [including some foreign securities]) are classified as Fair Value Level 1. Meanwhile, the fair values of securities for which quoted market prices are available, but are not available in active markets, are classified as Fair Value Level 2 (This category primarily includes local government bonds and corporate bonds [including some foreign securities]). When quoted market prices are not available for securities, prices obtained from third parties (mainly from information vendors and financial institutions with which the Company conducts business) and determined to have been measured in accordance with prescribed accounting standards are used to measure the fair values of these securities. If the inputs used to measure the fair value of a given security are material but unobservable, the resulting fair value is classified as Fair Value Level 3.

- ii) Money held in trust

In principle, the fair values of securities managed as trust assets and classified as money held in trust are measured using the Company's prescribed method for determining the value of securities. These fair values are categorized as Fair Value Level 2.

- iii) Loans

The fair values of policy loans are deemed to approximate book values, considering estimated repayment period and interest rate conditions since their repayment deadlines have not been set up due to the characteristics that the loans are limited to the amount of cash surrender values. Therefore, the book values are used as the fair values of policy loans.

The fair values of floating interest rate loans among the ordinary loans approximate the book values because the market interest rates are reflected in future cash flows in a short period. Therefore, the fair values of floating interest rate loans are based on their book values. The fair values of fixed interest rate loans are primarily measured by discounting the future cash flows to the present values.

The fair values of loans from legally bankrupt borrowers, substantially bankrupt borrowers and not currently bankrupt borrowers are computed by deducting the amount of the allowance for possible loan losses from the book values before direct write-offs.

If the impact of unobservable inputs used to measure the fair values of loans is determined to be material, the resulting fair values are classified as Fair Value Level 3. Otherwise, they are categorized as Fair Value Level 2.

iv) Subordinated bonds

The fair values of corporate bonds issued by the Company are classified as Fair Value Level 2 and are measured using the same method applied to securities.

v) Derivative instruments

The fair values of derivative instruments for which unadjusted quoted market prices in active markets are available (primarily exchange-traded futures and options) are classified as Fair Value Level 1. However, most derivative instruments are traded over the counter and have no quoted market prices. Accordingly, prices obtained from third parties (mainly from information vendors and financial institutions with which the Company conducts business) and determined to have been measured in accordance with prescribed accounting standards are used to measure the fair values of these derivative instruments. Fair values of derivative instruments that were measured using only observable inputs or with unobservable inputs considered to be immaterial are classified as Fair Value Level 2. Meanwhile, fair values of derivative instruments that have been measured using material unobservable inputs are categorized as Fair Value Level 3.

(4) Information concerning fair values of financial assets and liabilities that have been recorded on the balance sheet as of September 30, 2022 and classified as Fair Value Level 3

i) Quantitative information regarding material unobservable inputs

When measuring fair value, the Company does not adjust quoted prices obtained from third parties and does not make estimates related to inputs that it cannot observe. Accordingly, quantitative information regarding material unobservable inputs have been omitted.

ii) Reconciliation of balances from the beginning of the current fiscal year to balances as of September 30, 2022, and valuation gains or losses recognized in the statements of operations for the six months ended September 30, 2022.

	(Millions of yen)	
	Securities, Available-for-sale securities, Foreign securities	Total
Balance at the beginning of the current period.....	¥28,139	¥28,139
Gains or losses during the current period.....	(5)	(5)
Values recognized as gains or losses*.....	(5)	(5)
Changes in net unrealized gains or losses.....	(1,260)	(1,260)
Balance at the end of the current period.....	¥26,873	¥26,873

\* These amounts are included in investment income and investment expenses in the non-consolidated statements of operations for the six months ended September 30, 2022.

iii) Explanation of the valuation process for fair value

The Company's asset management division is responsible for the formulation of policies and procedures related to the measurement of fair value and the actual measurement of fair value. These fair values are subsequently checked by the risk management department to ensure their appropriateness and compliance with relevant policies and procedures.

The Company verifies the appropriateness of the fair values it measures using a variety of suitable methods, which include comparing quoted market prices obtained from different third parties; confirming

techniques and inputs utilized for calculation; and further comparing measured fair values with the fair values of similar financial instruments.

iv) Explanation of the impact on fair value in case of change in material unobservable inputs

When measuring fair value, the Company does not adjust quoted prices obtained from third parties and does not make estimates related to inputs that it cannot observe. Accordingly, it has omitted information concerning impact on fair value stemming from changes in material unobservable inputs.

5. Notes related to the fair value of investment and rental properties are omitted as no significant change has occurred since the previous fiscal year-end.

6. The amount of securities lent under lending agreements was ¥730,293 million as of September 30, 2022.

7. The total amount of claims against bankrupt and quasi-bankrupt obligors, claims with collection risk, delinquent loans past three months or more, and restructured loans was ¥2,320 million as September 30, 2022. The details are as follows.

i) The balance of claims against bankrupt and quasi-bankrupt obligors was ¥130 million as of September 30, 2022.

Of which, the estimated uncollectible amount written-off was ¥0 million as of September 30, 2022.

Claims against bankrupt and quasi-bankrupt obligors are loans to borrowers who are subject to bankruptcy, corporate reorganization or rehabilitation or other similar proceedings and other borrowers in serious financial difficulties.

ii) The balance of claims with collection risk was ¥578 million as of September 30, 2022.

Claims with collection risk are loans to obligors (other than claims against bankrupt and quasi-bankrupt obligors) with deteriorated financial condition and results of operations from which it is unlikely that the principal and interest on the loans will be recovered.

iii) There was no balance of delinquent loans past three months or more as of September 30, 2022.

Delinquent loans past three months or more are loans for which interest payments or repayments of principal are delinquent for three months or more from the due date under the terms of the related loan agreements, excluding those loans classified as claims against bankrupt and quasi-bankrupt obligors, claims with collection risk.

iv) The balance of restructured loans was ¥1,612 million as of September 30, 2022.

Restructured loans are loans for which certain concessions favorable to borrowers, such as interest reduction or exemption, rescheduling of due date for repayments of principal or interest payment, waiver of claim or other terms, have been negotiated for the purpose of assisting and supporting the borrowers in the restructuring of their business. This category excludes loans classified as claims against bankrupt and quasi-bankrupt obligors, claims with collection risk, and delinquent loans past three months or more.

8. Accumulated depreciation of tangible fixed assets were ¥180,997 million as of September 30, 2022.

9. Total assets in separate accounts provided for in Article 118 of the Insurance Business Act were ¥108,552 million as of September 30, 2022. The amounts of separate account liabilities were the same as separate account assets.

10. Changes in reserve for dividends to policyholders for the six months ended September 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.....	(14,102)
Increase in interest.....	6
Balance at the end of the current period.....	<u>¥80,042</u>

11. The amount of stocks of subsidiaries was ¥64,787 million as of September 30, 2022.

12. Assets pledged as collateral as of September 30, 2022 were ¥261,018 million of securities.

Secured debts as of September 30, 2022, were ¥252,376 million.

These amounts include ¥225,999 million of investments in securities deposited and ¥246,336 million of cash received as collateral under securities lending transactions secured by cash as of September 30, 2022.

13. Reserve for outstanding claims for the reinsurance contracts provided in accordance with Article 71 Paragraph 1 of the Enforcement Regulation of the Insurance Business Act (hereinafter called “reserve for outstanding claims for ceded reinsurance”) was ¥1 million as of September 30, 2022.

Policy reserve for the reinsurance contracts provided in accordance with Article 71 Paragraph 1 of the Enforcement Regulation of the Insurance Business Act (hereinafter called “policy reserve for ceded reinsurance”) was ¥21 million as of September 30, 2022.

14. There were unused commitment line agreements under which the Company is the lender of ¥8,910 million as of September 30, 2022.

15. Repayments of subordinated bonds are subordinated to other obligations.



### III. Notes to the Non-consolidated Statements of Operations

1. The details of gains on sales of securities for the six months ended September 30, 2022 were as follows:

	(Millions of yen)
Domestic bonds.....	¥3,083
Domestic stocks and others.....	5,539
Foreign securities.....	9,403

2. The details of losses on sales of securities for the six months ended September 30, 2022 were as follows:

	(Millions of yen)
Domestic bonds.....	¥6,030
Foreign securities.....	6,704

3. The details of losses on valuation of securities for the six months ended September 30, 2022 were as follows:

	(Millions of yen)
Domestic stocks and others.....	¥189
Foreign securities.....	3,184

4. For the six months ended September 30, 2022, in calculating the provision of reserve for outstanding claims, a provision of reserve for outstanding claims for ceded reinsurance of ¥0 million was deducted. In calculating the provision of policy reserves, a reversal of policy reserve for ceded reinsurance of ¥1 million was added.

5. Breakdown of interest, dividends and other income for the six months ended September 30, 2022 were as follows:

	(Millions of yen)
Interest on deposits.....	¥0
Interest and dividends on securities.....	67,465
Interest on loans.....	4,025
Income from real estate for rent.....	9,621
Other interest and dividends.....	166
Total.....	<u>¥81,279</u>

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

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
<b>Fundamental profit</b> A	<b>36,117</b>	<b>11,349</b>
Capital gains	15,597	32,611
Gains on money held in trust, net	249	—
Gains on trading securities, net	—	498
Gains on sales of securities	7,390	18,025
Gains on derivative instruments, net	—	—
Foreign exchange gains, net	—	4,622
Other capital gains	7,957	9,464
Capital losses	3,743	32,668
Losses on money held in trust, net	—	189
Losses on trading securities, net	523	—
Losses on sales of securities	1,413	12,735
Losses on valuation of securities	386	3,373
Losses on derivative instruments, net	293	16,090
Foreign exchange losses, net	1,125	—
Other capital losses	—	279
Net capital gains (losses) B	11,854	(57)
Fundamental profit plus net capital gains (losses) A+B	47,972	11,292
Non-recurring gains	3	3,601
Reinsurance income	—	—
Reversal of contingency reserve	—	—
Reversal of specific allowance for possible loan losses	3	201
Others	—	3,400
Non-recurring losses	3,925	7,675
Reinsurance premiums	—	—
Provision for contingency reserve	463	1,517
Provision of specific allowance for possible loan losses	—	—
Provision of allowance for specified overseas loans	—	—
Write-offs of loans	—	—
Others	3,462	6,158
Non-recurring gains (losses) C	(3,922)	(4,074)
Ordinary profits A+B+C	44,050	7,218

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

2. Other items break down as follows.

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
<b>Fundamental profit</b>	<b>(7,404)</b>	<b>(8,852)</b>
Interest, dividends, and other income from gains/losses on money held in trust	107	73
Interest, dividends, and other income from gains/losses on trading securities	445	258
Foreign exchange-related hedging costs categorized under foreign exchange gains/losses	(1,265)	(3,983)
Interest, dividends, and other investment expenses from gains/losses on cancellation of investment trusts	(2,777)	279
Portion of gains/losses on redemption of securities attributable to foreign exchange fluctuations	(3,914)	(5,480)
Other capital gains	7,957	9,464
Foreign exchange-related hedging costs categorized under foreign exchange gains/losses	1,265	3,983
Interest, dividends, and other investment expenses from gains/losses on cancellation of investment trusts	2,777	—
Portion of interest, dividends, and other income attributable to foreign exchange fluctuations in gains/losses on redemption of securities	3,914	—
Portion of gains/losses on redemption of securities attributable to foreign exchange fluctuations	—	5,480
Other capital losses	—	279
Interest, dividends, and other investment expenses from gains/losses on cancellation of investment trusts	—	279
Non-recurring gains	—	3,400
Reversal of reserve for claims and other payments	—	3,400
Non-recurring losses	3,462	6,158
Provision of policy reserves in accordance with Article 69, Paragraph 5 of the Enforcement Regulations of the Insurance Business Act.	3,462	6,158

## 7. Disclosed Claims Based on Insurance Business Act

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Claims against bankrupt and quasi-bankrupt obligors	143	130
Claims with collection risk	1,999	578
Delinquent loans past three months or more	—	—
Restructured loans	1,616	1,612
Subtotal [Percentage of total]	3,759 [0.32%]	2,320 [0.18%]
Claims against normal obligors	1,175,569	1,274,487
Total	1,179,328	1,276,808

Notes: 1. Claims against bankrupt and quasi-bankrupt obligors are loans to borrowers who are subject to bankruptcy, corporate reorganization or rehabilitation or other similar proceedings and other borrowers in serious financial difficulties.

2. Claims with collection risk are loans to obligors (other than claims against bankrupt and quasi-bankrupt obligors) with deteriorated financial condition and results of operations from which it is unlikely that the principal and interest on the loans will be recovered.

3. Delinquent loans past three months or more are loans for which interest payments or repayments of principal are delinquent for three months or more from the due date under the terms of the related loan agreements, excluding those loans classified as claims against bankrupt and quasi-bankrupt obligors, claims with collection risk.

4. Restructured loans are loans for which certain concessions favorable to borrowers, such as interest reduction or exemption, rescheduling of due date for repayments of principal or interest payment, waiver of claim or other terms, have been negotiated for the purpose of assisting and supporting the borrowers in the restructuring of their business. This category excludes loans classified as claims against bankrupt and quasi-bankrupt obligors, claims with collection risk, and delinquent loans past three months or more.

5. Claims against normal obligors are all other loans.

## 8. Solvency Margin Ratio

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Total solvency margin (A)	1,917,896	1,777,631
Foundation funds and surplus	221,320	213,606
Reserve for price fluctuation	176,670	178,480
Contingency reserve	155,458	156,975
General allowance for possible loan losses	820	698
(Net unrealized gains (losses) on securities (before tax) and deferred hedge gains (losses) (before tax)) × 90%	599,576	461,400
Net unrealized gains on real estate × 85%	140,830	143,001
Excess amount of policy reserve based on full-time Zillmer method	386,741	390,040
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	38,276
Total amount of risk $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$ (B)	310,783	321,498
Insurance risk $R_1$	21,810	21,710
3rd sector insurance risk $R_8$	9,963	10,139
Assumed investment yield risk $R_2$	22,182	21,705
Minimum guarantee risk $R_7$	—	—
Investment risk $R_3$	280,252	291,279
Business risk $R_4$	6,684	6,896
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	1,234.2%	1,105.8%

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 September 30, 2022
Economic Solvency Ratio	228.9%	223.0%

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 September 30, 2022 have been calculated using simplified methods.

## 9. Status of Separate Account

### (1) Separate Account Assets by Products

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
	Amount	Amount
Individual variable insurance	—	—
Individual variable annuities	25	24
Group annuities	112,462	108,528
Total	112,487	108,552

### (2) Individual Variable Insurance (Separate Account)

The Company has not sold the individual variable insurance.

### (3) Individual Variable Annuities (Separate Account)

#### (i) Policies in Force

(Millions of yen except number of policies)

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

#### (ii) Breakdown of Separate Account Assets for Individual Variable Annuities

(Millions of yen)

	As of March 31, 2022		As of September 30, 2022	
	Amount	Percentage	Amount	Percentage
Cash, deposits, call loans	4	18.3%	4	18.3%
Securities	20	81.7	19	81.7
Domestic bonds	—	—	—	—
Domestic stocks	—	—	—	—
Foreign securities	—	—	—	—
Foreign bonds	—	—	—	—
Foreign stocks and other securities	—	—	—	—
Other securities	20	81.7	19	81.7
Loans	—	—	—	—
Others	—	—	—	—
Allowance for possible loan losses	—	—	—	—
Total	25	100.0	24	100.0

## (iii) Investment Income and Expenses of Separate Account for Individual Variable Annuities

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
	Amount	Amount
Interest, dividends and other income	0	0
Gains on sales of securities	—	—
Gains on valuation of securities	10	8
Gains on redemption of securities	—	—
Gains on derivative instruments	—	—
Foreign exchange gains, net	—	—
Other investment income	—	—
Losses on sales of securities	—	—
Losses on valuation of securities	9	8
Losses on redemption of securities	—	—
Losses on derivative instruments	—	—
Foreign exchange losses, net	—	—
Other investment expenses	—	—
Net investment income	1	(0)

## (iv) Fair Value Information on Securities in Separate Account for Individual Variable Annuities

## • Net Valuation Gains/Losses on Trading Securities

(Millions of yen)

	As of March 31, 2022		As of September 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
Trading securities	20	(0)	19	(0)

Note: The Company had no balances of money held in trust and derivative instruments.

**Reference: Fair Value Information on Securities (Total of General Account and Separate Account)**
**Net Valuation Gains/Losses on Trading Securities**

(Millions of yen)

	As of March 31, 2022		As of September 30, 2022	
	Carrying value on the balance sheet	Net valuation gains/losses included in the statement of operations	Carrying value on the balance sheet	Net valuation gains/losses included in the statement of operations
Trading securities	147,633	4,388	136,355	(5,149)

Note: The table above includes money held in trust for trading purpose.

**Fair Value Information on Securities (other than trading securities)**

(Millions of yen)

	As of March 31, 2022					As of September 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	—	764,273	840,927	76,653	76,820	166
Domestic bonds	737,795	824,774	86,979	86,979	—	739,728	816,451	76,723	76,820	96
Foreign bonds	22,302	22,541	238	238	—	24,545	24,475	(69)	—	69
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	4,689,665	5,197,458	507,792	703,583	195,790
Domestic bonds	2,038,626	2,146,685	108,059	138,789	30,730	2,320,237	2,345,885	25,647	121,271	95,623
Domestic stocks	347,574	699,525	351,951	354,992	3,041	349,213	681,415	332,202	336,009	3,807
Foreign securities	2,109,727	2,282,658	172,931	209,125	36,193	1,887,461	2,011,509	124,048	218,934	94,885
Foreign bonds	1,713,754	1,782,639	68,884	102,110	33,225	1,498,691	1,539,537	40,846	128,825	87,979
Foreign stocks and other securities	395,972	500,019	104,047	107,015	2,968	388,770	471,972	83,202	90,108	6,906
Other securities	130,053	159,700	29,647	30,417	770	132,753	158,648	25,894	27,368	1,473
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	5,453,939	6,038,385	584,446	780,403	195,957
Domestic bonds	2,776,421	2,971,460	195,038	225,768	30,730	3,059,965	3,162,336	102,371	198,091	95,720
Domestic stocks	347,574	699,525	351,951	354,992	3,041	349,213	681,415	332,202	336,009	3,807
Foreign securities	2,132,029	2,305,200	173,170	209,364	36,193	1,912,006	2,035,985	123,978	218,934	94,955
Foreign bonds	1,736,056	1,805,180	69,123	102,349	33,225	1,523,236	1,564,012	40,776	128,825	88,049
Foreign stocks and other securities	395,972	500,019	104,047	107,015	2,968	388,770	471,972	83,202	90,108	6,906
Other securities	130,053	159,700	29,647	30,417	770	132,753	158,648	25,894	27,368	1,473
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.

**[Held-to-maturity Debt Securities]**

(Millions of yen)

	As of March 31, 2022			As of September 30, 2022		
	Carrying value on the balance sheet	Fair value	Differences	Carrying value on the balance sheet	Fair value	Differences
Securities whose fair value exceeds the carrying value on the balance sheet	760,097	847,316	87,218	725,273	802,093	76,820
Domestic bonds	737,795	824,774	86,979	725,273	802,093	76,820
Foreign bonds	22,302	22,541	238	—	—	—
Securities whose fair value does not exceed the carrying value on the balance sheet	—	—	—	38,999	38,833	(166)
Domestic bonds	—	—	—	14,454	14,358	(96)
Foreign bonds	—	—	—	24,545	24,475	(69)

[Policy-reserve-matching Bonds]

(Millions of yen)

	As of March 31, 2022			As of September 30, 2022		
	Carrying value on the balance sheet	Fair value	Differences	Carrying value on the balance sheet	Fair value	Differences
Bonds whose fair value exceeds the carrying value on the balance sheet	—	—	—	—	—	—
Domestic bonds	—	—	—	—	—	—
Foreign bonds	—	—	—	—	—	—
Bonds whose fair value does not exceed the carrying value on the balance sheet	—	—	—	—	—	—
Domestic bonds	—	—	—	—	—	—
Foreign bonds	—	—	—	—	—	—

[Available-for-sale Securities]

(Millions of yen)

	As of March 31, 2022			As of September 30, 2022		
	Book value	Carrying value on the balance sheet	Differences	Book value	Carrying value on the balance sheet	Differences
Securities whose carrying value on the balance sheet exceeds the book value	3,271,278	4,004,603	733,325	2,597,954	3,301,537	703,583
Domestic bonds	1,411,343	1,550,132	138,789	1,102,924	1,224,195	121,271
Domestic stocks	310,630	665,623	354,992	303,874	639,883	336,009
Foreign securities	1,443,319	1,652,444	209,125	1,096,008	1,314,942	218,934
Foreign bonds	1,091,898	1,194,009	102,110	798,315	927,141	128,825
Foreign stocks	351,420	458,435	107,015	297,692	387,801	90,108
Other securities	105,985	136,402	30,417	95,147	122,516	27,368
Money held in trust	—	—	—	—	—	—
Monetary claims bought	—	—	—	—	—	—
Negotiable certificate of deposits	—	—	—	—	—	—
Others	—	—	—	—	—	—
Securities whose carrying value on the balance sheet does not exceed the book value	1,354,704	1,283,967	(70,736)	2,091,711	1,895,920	(195,790)
Domestic bonds	627,283	596,553	(30,730)	1,217,313	1,121,689	(95,623)
Domestic stocks	36,943	33,902	(3,041)	45,339	41,531	(3,807)
Foreign securities	666,408	630,214	(36,193)	791,452	696,567	(94,885)
Foreign bonds	621,855	588,629	(33,225)	700,375	612,395	(87,979)
Foreign stocks	44,552	41,584	(2,968)	91,077	84,171	(6,906)
Other securities	24,068	23,297	(770)	37,605	36,131	(1,473)
Money held in trust	—	—	—	—	—	—
Monetary claims bought	—	—	—	—	—	—
Negotiable certificate of deposits	—	—	—	—	—	—
Others	—	—	—	—	—	—

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

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Investments in subsidiaries and affiliates	64,787	64,787
Available-for-sale securities	37,973	38,895
Domestic stocks	6,198	6,196
Foreign stocks	—	—
Others	31,774	32,699
Total	102,760	103,682

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 ¥4,874 million as of September 30, 2022) are included in their balance sheet carrying amounts.



**Reference: Fair Value Information on Derivative Instruments (Total of General Account and Separate Account)**

## (i) Gains and Losses on Derivatives

(Millions of yen)

As of March 31, 2022	Interest- related	Currency- related	Stock- related	Bond- related	Others	Total
Hedge accounting applied	—	(63,528)	—	—	—	(63,528)
Hedge accounting not applied	20	(4,632)	(202)	—	—	(4,814)
Total	20	(68,160)	(202)	—	—	(68,342)
As of September 30, 2022	Interest- related	Currency- related	Stock- related	Bond- related	Others	Total
Hedge accounting applied	—	(12,957)	—	—	—	(12,957)
Hedge accounting not applied	558	(3,044)	9	—	—	(2,476)
Total	558	(16,001)	9	—	—	(15,433)

Note: Gains and losses from applying fair value hedge accounting (currency-related losses of ¥63,528 million as of March 31, 2022, and currency-related losses of ¥12,957 million as of September 30, 2022) included in gains and losses with hedge accounting applied, and gains and losses with hedge accounting not applied are reported in the statements of operations.

## (ii) Hedge Accounting not Applied

[Interest-related Transactions]

(Millions of yen)

	As of March 31, 2022				As of September 30, 2022			
	Notional amount/ contract value	Fair value	Gains (Losses)		Notional amount/ contract value	Fair value	Gains (Losses)	
		Over 1 year				Over 1 year		
Over-the-counter transactions								
Yen interest rate swaption contracts								
Sold								
Receipt fixed, payment floating	—	—			—	—		
[      ]			—	—	[      ]		—	—
Payment fixed, receipt floating	—	—			—	—		
[      ]			—	—	[      ]		—	—
Bought								
Receipt fixed, payment floating	—	—			—	—		
[      ]			—	—	[      ]		—	—
Payment fixed, receipt floating	150,000	30,000			150,000	30,000		
[    133 ]			154	20	[    133 ]		692	558
Total				20				558

Note: Figures in [    ] are option premiums which are included in the balance sheet.

## [Currency-related Transactions]

(Millions of yen)

	As of March 31, 2022				As of September 30, 2022			
	Notional amount/ contract value	Over 1 year	Fair value	Gains (Losses)	Notional amount/ contract value	Over 1 year	Fair value	Gains (Losses)
Over-the-counter transactions								
Currency forward contracts								
Sold	60,739	—	64,841	(4,101)	104,009	—	105,796	(1,786)
U.S. dollar	40,866	—	43,505	(2,639)	82,268	—	84,163	(1,894)
Canadian dollar	12,759	—	13,700	(941)	10,603	—	10,569	34
Australian dollar	5,530	—	5,993	(463)	7,075	—	7,030	44
British pound	—	—	—	—	4,062	—	4,033	28
Euro	1,583	—	1,642	(58)	—	—	—	—
Bought	—	—	—	—	206	—	206	0
U.S. dollar	—	—	—	—	206	—	206	0
Currency options								
Sold								
Call	24,257	—			34,420	—		
[ 17 ]			356	(339)	[ 268 ]		1,225	(956)
U.S. dollar	24,257	—			23,410	—		
[ 17 ]			356	(339)	[ 185 ]		1,186	(1,001)
Canadian dollar	—	—			11,010	—		
[ — ]			—	—	[ 83 ]		38	44
Put	—	—			—	—		
[ — ]			—	—	[ — ]		—	—
Bought								
Call	—	—			—	—		
[ — ]			—	—	[ — ]		—	—
Put	138,259	—			34,580	—		
[ 198 ]			6	(191)	[ 532 ]		231	(300)
U.S. dollar	138,259	—			34,580	—		
[ 198 ]			6	(191)	[ 532 ]		231	(300)
Total				(4,632)				(3,044)

Notes: 1. Forward exchange rates are used for exchange rates as of September 30, 2022.

2. Figures in [ ] are option premiums which are included in the balance sheet.

## [Stock-related Transactions]

(Millions of yen)

	As of March 31, 2022				As of September 30, 2022			
	Notional amount/ contract value	Over 1 year	Fair value	Gains (Losses)	Notional amount/ contract value	Over 1 year	Fair value	Gains (Losses)
Exchange-traded transactions								
Stock index options								
Sold								
Call	—	—			—	—		
[ — ]			—	—	[ — ]		—	—
Put	—	—			—	—		
[ — ]			—	—	[ — ]		—	—
Bought								
Call	—	—			—	—		
[ — ]			—	—	[ — ]		—	—
Put	35,100	—			31,300	—		
[ 210 ]			9	(202)	[ 84 ]		94	9
Total				(202)				9

Note: Figures in [ ] are option premiums which are included in the balance sheet.

## [Bond-related Transactions]

No ending balance as of March 31, 2022 and September 30, 2022.

(iii) Hedge Accounting Applied

[Interest-related Transactions]

No ending balance as of March 31, 2022 and September 30, 2022.

[Currency-related Transactions]

(Millions of yen)

(millions of yen)									
Method of hedge accounting	Hedging instruments	As of March 31, 2022				As of September 30, 2022			
		Hedged items	Notional amount/ contract value		Fair value	Hedged items	Notional amount/ contract value		Fair value
				Over 1 year				Over 1 year	
Fair value hedge method	Currency forward contracts	Foreign				Foreign			
	Sold	currency-	944,465	—	1,007,994	currency-	458,058	—	471,016
	U.S. dollar	denominated	589,665	—	625,155	denominated	207,924	—	217,490
	Euro	bonds	109,105	—	115,210	bonds	127,330	—	132,610
	Australian dollar		145,982	—	161,038		104,634	—	102,960
	Swedish krona		33,588	—	35,719		15,735	—	15,531
	British pound		2,343	—	2,410		2,433	—	2,423
	Canadian dollar		63,779	—	68,460		—	—	—
	Bought		—	—	—		—	—	—
Total									

Notes: 1. Forward exchange rates are used for exchange rates as of September 30, 2022.

2. Regarding assets and liabilities which are denominated in foreign currencies but have fixed settlement in yen under currency forward contracts and are reported in yen amounts in the balance sheet, those currency forward contracts are excluded from the table above.

[Stock-related Transactions]

No ending balance as of March 31, 2022 and September 30, 2022.

[Bond-related Transactions]

No ending balance as of March 31, 2022 and September 30, 2022.

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

### (1) Selected Financial Data

(100 million of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Ordinary revenues	4,390	5,261
Ordinary profits	452	74
Net surplus attributable to the parent company	350	74
Comprehensive income	568	(1,049)

	As of March 31, 2022	As of September 30, 2022
Total assets	89,869	89,160
Solvency margin ratio	1,274.3%	1,142.6 %

### (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 September 30, 2022
<b>Assets:</b>		
Cash and deposits	323,128	278,655
Call loans	48,000	73,000
Monetary claims bought	80	—
Money held in trust	26,070	25,936
Securities	7,697,988	7,639,643
Loans	556,577	543,915
Tangible fixed assets	245,765	244,778
Intangible fixed assets	30,609	29,095
Agency receivables	0	0
Reinsurance receivables	175	59
Other assets	58,397	57,223
Net defined benefit assets	822	1,255
Deferred tax assets	1,831	23,578
Allowance for possible loan losses	(2,516)	(1,132)
<b>Total assets</b>	<b>8,986,931</b>	<b>8,916,008</b>

	As of March 31, 2022	As of September 30, 2022
<b>Liabilities:</b>		
Policy reserves:	7,447,853	7,509,255
Reserve for outstanding claims	27,719	39,661
Policy reserve	7,356,399	7,389,226
Reserve for dividends to policyholders	63,411	80,042
Reserve for dividends to policyholders (subsidiary)	322	325
Agency payables	165	328
Reinsurance payables	104	81
Subordinated bonds	241,935	241,935
Other liabilities	281,058	310,920
Reserve for claims and other payments	3,432	65
Net defined benefit liabilities	27,677	27,854
Reserve for price fluctuation	187,692	189,657
Deferred tax liabilities	25,188	0
Deferred tax liabilities for land revaluation	14,183	14,143
<b>Total liabilities</b>	<b>8,229,290</b>	<b>8,294,242</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	109,386
Total foundation funds, surplus and others	260,877	237,498
Net unrealized gains (losses) on available-for-sale securities, net of tax	486,644	373,902
Revaluation reserve for land, net of tax	4,184	4,225
Foreign currency translation adjustments	(312)	24
Accumulated remeasurements of defined benefit plans	(2,030)	(1,750)
Total accumulated other comprehensive income	488,486	376,401
Non-controlling interests	8,276	7,866
<b>Total net assets</b>	<b>757,640</b>	<b>621,766</b>
<b>Total liabilities and net assets</b>	<b>8,986,931</b>	<b>8,916,008</b>

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

[Consolidated Statements of Operations]

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
<b>Ordinary revenues:</b>		
Premium and other income	327,003	397,512
Investment income	106,262	120,155
[Interest, dividends and other income]	[90,975]	[89,823]
[Gains on money held in trust, net]	[357]	[—]
[Gains on trading securities, net]	[—]	[756]
[Gains on sales of securities]	[9,546]	[19,034]
[Foreign exchange gains, net]	[—]	[4,621]
[Gains on separate accounts, net]	[3,869]	[—]
Other ordinary revenues	5,806	8,468
<b>Total ordinary revenues</b>	<b>439,072</b>	<b>526,136</b>
<b>Ordinary expenses:</b>		
Claims and other payments	310,203	363,375
[Claims]	[49,704]	[99,397]
[Annuities]	[158,987]	[146,216]
[Benefits]	[53,314]	[69,755]
[Surrenders]	[36,646]	[35,701]
[Other payments]	[11,381]	[12,139]
Provision of policy reserve and others:	6,758	44,776
Provision of reserve for outstanding claims	584	11,942
Provision of policy reserves	6,166	32,827
Provision of interest portion of reserve for dividends to policyholders	6	6
Provision of interest portion of reserve for dividends to policyholders (subsidiary)	0	0
Investment expenses	12,623	45,272
[Interest expenses]	[2,210]	[2,234]
[Losses on money held in trust, net]	[—]	[116]
[Losses on trading securities, net]	[78]	[—]
[Losses on sales of securities]	[1,413]	[12,735]
[Losses on valuation of securities]	[386]	[3,373]
[Losses on derivative instruments, net]	[293]	[16,090]
[Foreign exchange losses, net]	[1,125]	[—]
[Losses on separate accounts, net]	[—]	[2,799]
Operating expenses	49,307	49,805
Other ordinary expenses	14,898	15,415
<b>Total ordinary expenses</b>	<b>393,791</b>	<b>518,645</b>
<b>Ordinary profits</b>	<b>45,280</b>	<b>7,491</b>
<b>Extraordinary gains:</b>		
Gains on disposal of fixed assets	11	1
<b>Total extraordinary gains</b>	<b>11</b>	<b>1</b>
<b>Extraordinary losses:</b>		
Losses on disposal of fixed assets	250	76
Impairment losses	8	0
Provision of reserve for price fluctuation	2,045	1,965
<b>Total extraordinary losses</b>	<b>2,304</b>	<b>2,042</b>
<b>Provision of reserve for dividends to policyholders (subsidiary)</b>	<b>92</b>	<b>101</b>
<b>Surplus before income taxes</b>	<b>42,894</b>	<b>5,348</b>
<b>Income taxes:</b>		
Current	8,704	428
Deferred	(988)	(2,533)
<b>Total income taxes</b>	<b>7,715</b>	<b>(2,105)</b>
<b>Net surplus for the period</b>	<b>35,179</b>	<b>7,454</b>
<b>Net surplus attributable to non-controlling interests</b>	<b>84</b>	<b>4</b>
<b>Net surplus attributable to the parent company</b>	<b>35,094</b>	<b>7,449</b>

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

[Consolidated Statements of Comprehensive Income]

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net surplus	35,179	7,454
Other comprehensive income:	21,662	(112,386)
Net unrealized gains (losses) on available-for-sale securities, net of tax	20,966	(113,044)
Revaluation reserve for land, net of tax	—	40
Foreign currency translation adjustments	192	336
Remeasurements of defined benefit plan, net of tax	502	280
Comprehensive income:	56,841	(104,932)
Comprehensive income attributable to the parent company	56,728	(104,635)
Comprehensive income attributable to non-controlling interests	113	(297)

## (5) Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
<b>Cash flows from operating activities:</b>		
Surplus before income taxes	42,894	5,348
Depreciation of real estate for rent and other assets	2,373	2,391
Depreciation	7,125	7,715
Impairment losses	8	0
Increase (decrease) in reserve for outstanding claims	584	11,942
Increase (decrease) in policy reserve	6,166	32,827
Provision of interest portion of reserve for dividends to policyholders	6	6
Provision of interest portion of reserve for dividends to policyholders (subsidiary)	0	0
Provision of reserve for dividends to policyholders (subsidiary)	92	101
Increase (decrease) in allowance for possible loan losses	(1,331)	(1,383)
Increase (decrease) in reserve for claims and other payments	—	(3,367)
Increase (decrease) in net defined benefit liabilities	408	133
Increase (decrease) in reserve for price fluctuation	2,045	1,965
Interest, dividends and other income	(90,975)	(89,823)
Losses (gains) on securities, net	(11,666)	9,843
Interest expenses	2,210	2,234
Foreign exchange losses (gains), net	1,125	(4,621)
Losses (gains) on tangible fixed assets, net	237	69
Others	11,895	8,403
Subtotal	(26,797)	(16,213)
Interest, dividends and other income received	93,959	92,354
Interest expenses paid	(2,194)	(2,217)
Dividends to policyholders paid	(16,249)	(14,102)
Dividends to policyholders paid (subsidiary)	(93)	(99)
Corporate income tax (paid) refunded	(5,813)	(3,344)
Net cash provided by (used in) operating activities [a]	42,811	56,376
<b>Cash flows from investing activities:</b>		
Net decrease (increase) in deposits	2,673	(11,043)
Proceeds from sales and redemption of monetary claims bought	15	77
Increase in money held in trust	(2,310)	—
Decrease in money held in trust	2,310	—
Payments for purchase of securities	(409,148)	(634,627)
Proceeds from sales and redemption of securities	372,403	634,315
Payments for additions to loans	(36,482)	(34,161)
Proceeds from collections of loans	38,367	45,036
Proceeds from and payments for settlements of derivatives, net	(27,683)	(156,964)
Increase (decrease) in cash received as collateral under securities lending transactions	77,727	85,407
Others	(4,774)	(5,438)
Subtotal [b]	13,098	(77,398)
[a + b]	55,909	(21,021)
Payments for purchase of tangible fixed assets	(5,675)	(2,496)
Proceeds from sales of tangible fixed assets	108	7
Payments for purchase of intangible fixed assets	(5,423)	(5,022)
Net cash provided by (used in) investing activities	2,108	(84,909)
<b>Cash flows from financing activities:</b>		
Payment of interest on foundation funds	(102)	(102)
Dividends paid to non-controlling interests	(159)	(112)
Payments for lease obligations	(1,834)	(1,904)
Net cash provided by (used in) financing activities	(2,096)	(2,118)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(154)</b>	<b>56</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>42,668</b>	<b>(30,595)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>455,823</b>	<b>366,999</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>498,492</b>	<b>336,403</b>



## (6) Consolidated Statements of Changes in Net Assets

[For the six months ended September 30, 2021]

(Millions of yen)

	Foundation funds, surplus and others				
	Foundation funds	Accumulated foundation funds redeemed	Reserve for revaluation	Consolidated surplus	Total foundation funds, surplus and others
Balance at the beginning of the current period	12,000	116,000	112	131,699	259,811
Changes in the current period					
Additions to reserve for dividends to policyholders				(32,744)	(32,744)
Payment of interest on foundation funds				(102)	(102)
Net surplus attributable to the parent company for the current period				35,094	35,094
Reversal of revaluation reserve for land, net of tax				0	0
Net changes, excluding foundation funds, surplus and others					
Total changes in the current period	—	—	—	2,247	2,247
Balance at the end of the current period	12,000	116,000	112	133,946	262,058

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Net unrealized gains (losses) on available-for-sale securities, net of tax	Revaluation reserve for land, net of tax	Foreign currency translation adjustments	Accumulated remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of the current period	465,855	4,185	(571)	(3,703)	465,765	8,568	734,145
Changes in the current period							
Additions to reserve for dividends to policyholders							(32,744)
Payment of interest on foundation funds							(102)
Net surplus attributable to the parent company for the current period							35,094
Reversal of revaluation reserve for land, net of tax							0
Net changes, excluding foundation funds, surplus and others	20,938	(0)	192	502	21,633	(46)	21,587
Total changes in the current period	20,938	(0)	192	502	21,633	(46)	23,834
Balance at the end of the current period	486,793	4,185	(378)	(3,200)	487,399	8,521	757,980

[For the six months ended September 30, 2022]

(Millions of yen)

	Foundation funds, surplus and others				
	Foundation funds	Accumulated foundation funds redeemed	Reserve for revaluation	Consolidated surplus	Total foundation funds, surplus and others
Balance at the beginning of the current period	12,000	116,000	112	132,765	260,877
Changes in the current period					
Additions to reserve for dividends to policyholders				(30,726)	(30,726)
Payment of interest on foundation funds				(102)	(102)
Net surplus attributable to the parent company for the current period				7,449	7,449
Net changes, excluding foundation funds, surplus and others					
Total changes in the current period	—	—	—	(23,379)	(23,379)
Balance at the end of the current period	12,000	116,000	112	109,386	237,498

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Net unrealized gains (losses) on available-for-sale securities, net of tax	Revaluation reserve for land, net of tax	Foreign currency translation adjustments	Accumulated remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of the current period	486,644	4,184	(312)	(2,030)	488,486	8,276	757,640
Changes in the current period							
Additions to reserve for dividends to policyholders							(30,726)
Payment of interest on foundation funds							(102)
Net surplus attributable to the parent company for the current period							7,449
Net changes, excluding foundation funds, surplus and others	(112,742)	40	336	280	(112,084)	(409)	(112,494)
Total changes in the current period	(112,742)	40	336	280	(112,084)	(409)	(135,873)
Balance at the end of the current period	373,902	4,225	24	(1,750)	376,401	7,866	621,766

# 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.

### 2. Principles of Consolidation

#### (1) Scope of Consolidation

Consolidated subsidiaries as of September 30, 2022 are listed below:

Fukoku Capital Management, Inc.

Fukokushinrai Life Insurance Co., Ltd.

Fukoku Information Systems Co., Ltd.

Fukoku Life International (U.K.) Ltd.

Fukoku Life International (America) Inc.

Fukoku Life Investments Singapore Pte. Ltd.

Major unconsolidated subsidiary is Fukoku Business Service Company Limited.

Four subsidiaries are excluded from the scope of consolidation, as each one of them is small in its total assets, amount of sales, net surplus for the period and surplus and are sufficiently insignificant to reasonable judgement on their impact on the financial position and results of operation of the Company’s group.

#### (2) Application of Equity Method

Unconsolidated subsidiaries (such as Fukoku Business Service Company Limited, etc.) are insignificant in their impact on net surplus attributable to the parent company and consolidated surplus, and also immaterial as a whole, therefore, application of equity method is not applied.

There are no affiliates for the six months ended September 30, 2022.

#### (3) Interim Closing Dates of Consolidated Subsidiaries

Among the subsidiaries to be consolidated, interim closing dates of overseas subsidiaries are June 30. For the preparation of consolidated financial statements, financial statements as of that date are used and concerning any important transaction taking place in between June 30 and the consolidated closing date, necessary adjustments for consolidation are made.

## II. Notes to the Consolidated Balance Sheets

1. (1) The valuation of securities, including cash and deposits and monetary claims bought which are equivalent to securities, and securities managed as trust assets in money held in trust, is as follows:
  - i) Trading securities are stated at fair market value. Costs of their sales are determined by the moving average method.
  - ii) Held-to-maturity debt securities are stated at amortized cost under the straight-line method, cost being determined by the moving average method.
  - iii) Investments in unconsolidated subsidiaries and affiliates which are not accounted for under the equity method are stated at cost, cost being determined by the moving average method.
  - iv) Available-for-sale securities are stated at fair market value based on the market prices at the end of the current period. Costs of their sales are determined by the moving average method. Public and corporate bonds (including foreign bonds) with differences between their acquisition costs and fair values that are considered as adjustments of interest are stated at amortized cost (straight-line method) determined by the moving average method. However, stocks and other securities without quoted market prices are stated at cost, as determined using the moving average method. Net unrealized gains or losses on these available-for-sale securities, net of taxes, are recorded as a separate component of net assets.
- (2) Derivative instruments are stated at fair market value.
- (3) The Company revalued the land used in the operations based on the Act for Revaluation of Land (Act No.34 promulgated on March 31, 1998). The difference between fair value and book value resulting from the revaluation, net of related taxes, is recorded as revaluation reserve for land as a separate component of net assets and the related tax is recorded as deferred tax liabilities for land revaluation.
  - Date of revaluation: March 31, 2002
  - Method of revaluation as prescribed for in Article 3 Paragraph 3 of the said Act:  
Calculation is based on the appraisal value for property tax set forth in Article 2 item 3 of the Enforcement Ordinance of the Act for Revaluation of Land (Government Ordinance No.119 promulgated on March 31, 1998) and the road rate set forth in Article 2 item 4 of the said Ordinance with certain reasonable adjustments.
- (4) Depreciation of the Company's tangible fixed assets is calculated by the following methods.
  - Tangible fixed assets (excluding lease assets): Declining-balance method  
However, buildings (excluding building attachments and structures acquired on or before March 31, 2016) acquired on or after April 1, 1998 are depreciated using Straight-line method.
  - Lease assets related to finance lease transactions that do not transfer ownership: Straight-line method over the lease term with no residual value.Other tangible fixed assets acquired for ¥100,000 or more but less than ¥200,000 are depreciated equally over three years.
- (5) Assets and liabilities denominated in foreign currencies, except for investments in unconsolidated subsidiaries and affiliates, are translated into Japanese yen at the effective exchange rate prevailing at the balance sheet date. Investments in unconsolidated subsidiaries and affiliates are translated into Japanese yen at the exchange rate on the date of acquisition.

- (6) Allowance for possible loan losses for the Company is provided in accordance with the standards of self-assessment and write-offs and reserves on credit quality:
- i) For the credits of borrowers who are legally bankrupt such as being in the proceedings of bankruptcy or civil rehabilitation (hereinafter called “legally bankrupt borrowers”) and who are substantially bankrupt (hereinafter called “substantially bankrupt borrowers”), the Company provides the remaining amounts of credits after the direct write-off described below and the deductions of the amount expected to be collected through the disposal of collateral or the execution of guarantees.
  - ii) For the credits of borrowers who are not currently bankrupt but have a high possibility of bankruptcy (hereinafter called “not currently bankrupt borrowers”), the Company provides the amounts deemed as necessary considering the borrowers’ ability to pay, within the amounts after deductions of the amounts expected to be collected through the disposal of collateral or the execution of guarantees.
  - iii) For the credits of borrowers other than the above, the Company provides the amounts calculated by multiplying the borrowers’ balance by the actual ratio of bad debt losses on defaults during a certain past period.

All credits are assessed by the relevant departments in accordance with the Company’s standards of self-assessment on credit quality. The results of the assessment are reviewed by the audit department, which is independent of business-related divisions. Subsequently, the allowance for possible loan losses is provided based on the results of these assessments.

For the credits of legally bankrupt borrowers and substantially bankrupt borrowers, the amounts remaining after deductions of collateral value or the amounts collectible through the execution of guarantees are written-off directly from the borrowers’ balances as the estimated uncollectible amounts. The amount written-off as of September 30, 2022 was ¥0 million.

- (7) To ensure that benefits associated with COVID-19 infections contracted during the six months ended September 30, 2022 can be paid during the six months ending March 31, 2023, the Company sets aside as a reserve for claims and other payments that exceeds the reserve for outstanding claims included under the Company’s estimated payments for the latter six months (calculated based on previous payment amounts of consolidated subsidiaries).

- (8) Net defined benefit liabilities and assets, which are provided for employees’ retirement benefits, are calculated by deducting the amount of pension assets from the amount of retirement benefit obligations incurred as of the balance sheet date based on the projected retirement benefits as of the current fiscal year end.

The Company uses the following methods of accounting in relation to retirement benefits:

- Method for allocation of projected retirement benefits ..... Benefit formula basis
- Amortization period of actuarial gains and losses..... 10 years
- Amortization period of prior service cost..... 10 years

- (9) Reserve for price fluctuation is calculated in accordance with Article 115 of the Insurance Business Act.

- (10) Hedge accounting is based on “Accounting Standards for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). The Company applies a fair value hedge accounting as a hedge against the risk of foreign exchange fluctuation in relation to bonds and others denominated in foreign currencies, and a designated hedge accounting (“Furiate shori”) for foreign currency swaps as a hedge against the risk of foreign exchange fluctuation in relation to bonds denominated in foreign currencies issued by the Company.

For assessing the effectiveness of hedge used, ratio analysis of comparing the fluctuations in the fair value or cash flows of hedged items and hedging instruments is mainly applied.

(11) The Company accounts for consumption taxes by the tax-exclusion method. The consumption taxes on certain assets, which are not deductible from consumption taxes withheld and that are stipulated to be deferred under the Tax Act, are deferred as prepaid expenses and amortized equally over five years. Consumption taxes other than deferred consumption taxes are recognized as an expense when incurred.

(12) Initial premium incomes are recorded by the relevant amounts received when the premium incomes have been received and the responsibilities on the insurance contract have been commenced, in principal.

Subsequent premium incomes are also recorded as the amount of payments that have been received.

Of premium incomes that have been received, the portion corresponding to the period that has yet to pass as of September 30, 2022 is accumulated as policy reserve in accordance with Article 116 of the Insurance Business Act and Article 69 Paragraph 1 Item 2 of the Enforcement Regulation of the Insurance Business Act.

Premium incomes associated with the acceptance of group annuities are recorded as amounts equivalent to the policy reserve received when accepting the transfers of these group annuities.

(13) Claims and other payments (excluding reinsurance premiums) are recorded by the relevant amounts paid when the cause for payment under the policy conditions is occurred and the calculated amounts are paid based on the policy conditions.

In accordance with Article 117 of the Insurance Business Act and Article 72 of the Enforcement Regulation of the Insurance Business Act, reserve for outstanding claims are accumulated as for claims for which the Company has a payment due but has not paid, or for which the occurrence of cause for payment has not been reported but the Company recognizes that insured payment has already occurred as of September 30, 2022.

Claims and other payments associated with the outgoing transfer of group annuities are recorded as amounts equivalent to the policy reserve transferred when recognizing the transfers of these group annuities.

(14) Policy reserve of the Company is accumulated in accordance with the methods stated in the statement of calculation procedures for Insurance Premiums and Policy Reserves (Article 4 Paragraph 2 Item 4 of the Insurance Business Act) pursuant to Article 116 Paragraph 1 of the Insurance Business Act to prepare for the future performance of obligations under the insurance contracts for which the insurer's responsibilities have started as of September 30, 2022.

Premium reserves, one of the components of policy reserve, are calculated by the following method.

- i) In regard to the policies subject to the standard policy reserve, the method as prescribed by the Commissioner of Financial Services Agency (Ministry of Finance Ordinance No.48, 1996) is applied.
- ii) In regard to the policies not subject to the standard policy reserve, the net level premium method is applied.

In regard to the policy reserve accumulated pursuant to Article 69 Paragraphs 1, 2, and 4 of the Enforcement Regulation of the Insurance Business Act, when the actual assumptions for long-term future cash flows (such as assumed incidence rate and assumed interest rate) deviate from those assumptions set in the "statement of calculation procedures for Insurance Premiums and Policy Reserves" and policy reserve is considered to be possibly insufficient to cover the future performance of obligations, additional policy reserve is required to accumulate in accordance with Article 69 Paragraph 5 of the Enforcement Regulation of the Insurance Business Act. The following reserves have been established in compliance with this regulation.

- Among individual annuity insurance policies with an assumed interest rate of 5.00% or higher, for policies that have begun paying annuities (excluding wife's annuity insurance additional rider), the Company has reduced the assumed interest rate to 1.00% and funded additional policy reserves. As of September 30, 2022, the balance of these policy reserves was ¥71,897 million.
- Among whole life insurance policies with assumed interest rates of 5.00% or higher, the Company has reduced assumed interest rates for policies with premiums that have been paid in full (excluding policies that

have been converted into paid-up or extended policies, single premium policies, and policies for which premiums have been waived) to 1.00% and funded additional policy reserves. As of September 30, 2022, the balance of these policy reserves was ¥107,035 million.

- The Company has also funded additional policy reserves for certain whole life insurance policies that include distribution of surplus every five years, new cancer riders, highly advanced medical riders and advanced medical riders. As of September 30, 2022, the balance of these policy reserves was ¥77 million.

Contingency reserves, one of the components of policy reserve, are accumulated pursuant to Article 116 of the Insurance Business Act and Article 69 Paragraph 1 Item 3 of the Enforcement Regulation of the Insurance Business Act to cover risks that may accrue in the future in order to ensure performing future obligations under the insurance contracts.

(15) Depreciation of intangible fixed assets is calculated by the following methods.

- Software: Straight-line method over the estimated useful lives.
- Lease assets related to finance lease transactions that do not transfer ownership: Straight-line method over the lease term with no residual value.

(16) Of the bonds of consolidated subsidiaries corresponding to the sub-groups of individual insurance and annuities which are set by insurance types and investment policies, the bonds that are held to match the duration of liabilities are classified as policy-reserve-matching bonds in accordance with “Temporary Treatment of Accounting and Auditing Concerning Policy-reserve-matching Bonds in Insurance Industry” (Industry Audit Committee Report No. 21 issued by the Japanese Institute of Certified Public Accountants on November 16, 2000).

2. The Company began applying the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, June 17, 2021; hereinafter called “Implementation Guidance on Accounting Standard for Fair Value Measurement”) from the beginning of the interim accounting period. In accordance with the transitional treatments prescribed in Paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement, new accounting policies set forth by the Implementation Guidance on Accounting Standard for Fair Value Measurement will be applied prospectively. As a result, certain investment trusts that had previously been carried on the interim consolidated balance sheet at acquisition cost are stated at fair value on the interim consolidated balance sheet from the six months ended September 30, 2022. The Company has observed no material impact from this application of the Implementation Guidance on Accounting Standard for Fair Value Measurement.

3. The carrying amounts, fair values and their related differences of major financial assets and liabilities in the general account as of September 30, 2022 were as follows:

	(Millions of yen)		
	Carrying amount	Fair value	Difference
Money held in trust:			
Trading securities.....	24,936	24,936	—
Total money held in trust.....	24,936	24,936	—
Securities:			
Trading securities.....	10,838	10,838	—
Held-to-maturity debt securities.....	1,279,145	1,405,965	126,819
Policy-reserve-matching bonds.....	762,404	771,662	9,257
Available-for-sale securities.....	5,442,498	5,442,498	—
Total securities.....	7,494,887	7,630,964	136,076
Loans:			
Policy loans.....	51,421	51,421	(0)
Ordinary loans.....	492,494	503,721	11,226
Total loans.....	543,915	555,142	11,226
Assets total.....	8,063,740	8,211,043	147,303
Subordinated bonds*1.....	241,935	240,988	(946)
Liabilities total.....	241,935	240,988	(946)
Derivative instruments*2:			
Hedge accounting not applied.....	(2,476)	(2,476)	—
Hedge accounting applied.....	(12,957)	(12,957)	—
Total derivative instruments.....	¥(15,433)	¥(15,433)	¥—

\*1 The fair value of derivative instruments that are currency swaps under designated hedge accounting is included in the fair value of subordinated bonds because it is accounted for as an integral part of the subordinated bonds that are the hedge items.

\*2 Assets and liabilities generated by derivative instruments are offset and presented net. Net liabilities in total are presented in parentheses.

Notes: 1. Stocks without market prices, such as unlisted stocks, are not included in Securities of the above table.

The amount of these stocks on the balance sheet as of September 30, 2022 was ¥9,601 million.

2. In accordance with Paragraph 24-16 of the Implementation Guidance on Accounting Standard for Fair Value Measurement, investments in partnerships are not included in Securities of the above table. As of September 30, 2022, the amount of investments in partnerships included on the balance sheet was ¥34,573 million.

3. Investment trusts with real estate as investment trust properties which have applied Paragraph 24-9 of the Implementation Guidance on Accounting Standard for Fair Value Measurement are included in Securities.

4. Matters concerning the breakdown of financial instruments by fair value level are as follows.

The fair values of financial instruments are classified into the following three levels according to the observability and materiality of inputs used to measure fair value.

Fair Value Level 1: Fair values measured using (unadjusted) quoted prices in active markets for identical assets or liabilities

Fair Value Level 2: Fair values measured using directly or indirectly observable inputs other than Level 1 inputs

Fair Value Level 3: Fair values measured using material unobservable inputs

When multiple inputs with material impact are used to measure fair value, the resulting fair value is classified into the lowest fair value level into which any of these inputs can be categorized.



## (1) Financial assets and liabilities with fair values recorded on the balance sheet as of September 30, 2022

(Millions of yen)

Classification	Fair value			Total
	Level 1	Level 2	Level 3	
Money held in trust:				
Trading securities.....	—	24,936	—	24,936
Total money held in trust.....	—	24,936	—	24,936
Securities:				
Trading securities:				
Foreign securities.....	—	10,838	—	10,838
Total trading securities.....	—	10,838	—	10,838
Available-for-sale securities:				
Government bonds.....	1,747,774	—	—	1,747,774
Local government bonds.....	—	139,263	—	139,263
Corporate bonds.....	—	697,281	—	697,281
Stocks.....	681,557	—	—	681,557
Foreign securities.....	713,670	1,270,965	26,873	2,011,509
Other securities.....	44,897	116,165	—	161,063
Total available-for-sale securities.....	3,187,899	2,223,676	26,873	5,438,448
Total securities.....	3,187,899	2,234,514	26,873	5,449,287
Assets total.....	3,187,899	2,259,450	26,873	5,474,223
Derivative instruments*:				
Currency-related.....	—	(16,001)	—	(16,001)
Interest-related.....	—	558	—	558
Stock-related.....	9	—	—	9
Total derivative instruments.....	¥9	¥(15,443)	¥—	¥(15,433)

\* Assets and liabilities generated by derivative instruments are offset and presented net. Net liabilities in total are presented in parentheses.

Note: Investment trusts with real estate as investment trust properties that have applied Paragraph 24-9 of the Implementation Guidance on Accounting Standard for Fair Value Measurement are not included in the figures above. The amount of the investment trusts on the balance sheet as of September 30, 2022 was ¥4,049 million. Reconciliation of balances from the beginning of the current fiscal year to balances as of September 30, 2022 for the investment trusts were as follows:

	(Millions of yen)
Balance at the beginning of the current period.....	¥3,654
Gains or losses and other comprehensive income during the current period.....	395
Values recognized as other comprehensive income*.....	395
Balance at the end of the current period.....	¥4,049

\* These amounts are included in net unrealized gains (losses) on available-for-sale securities, net of tax under other comprehensive income in the consolidated statements of comprehensive income for the six months ended September 30, 2022.

## (2) Financial assets and liabilities with fair values not recorded on the balance sheet as of September 30, 2022

(Millions of yen)

Classification	Fair value			
	Level 1	Level 2	Level 3	Total
Securities:				
Held-to-maturity debt securities:				
Government bonds.....	1,181,910	—	—	1,181,910
Local government bonds.....	—	95,009	—	95,009
Corporate bonds.....	—	104,570	—	104,570
Foreign securities.....	24,475	—	—	24,475
Total held-to-maturity debt securities...	1,206,385	199,579	—	1,405,965
Policy-reserve-matching bonds:				
Government bonds.....	332,907	—	—	332,907
Local government bonds.....	—	125,578	—	125,578
Corporate bonds.....	—	313,175	—	313,175
Total policy-reserve-matching bonds...	332,907	438,754	—	771,662
Total securities.....	1,539,293	638,334	—	2,177,627
Loans:				
Policy loans.....	—	—	51,421	51,421
Ordinary loans.....	—	—	503,721	503,721
Total loans.....	—	—	555,142	555,142
Assets total.....	1,539,293	638,334	555,142	2,732,769
Subordinated bonds.....	—	240,988	—	240,988
Liabilities total.....	¥—	¥240,988	¥—	¥240,988

## (3) Explanation of valuation techniques and inputs used to measure fair value

- i) Securities (including deposits and monetary claims bought which are treated as securities based on “Accounting Standards for Financial Instruments” [ASBJ Statement No.10, July 4, 2019])

The fair values of securities for which unadjusted quoted market prices in active markets are available (primarily listed stocks and government bonds [including some foreign securities]) are classified as Fair Value Level 1. Meanwhile, the fair values of securities for which quoted market prices are available, but are not available in active markets, are classified as Fair Value Level 2 (This category primarily includes local government bonds and corporate bonds [including some foreign securities]). When quoted market prices are not available for securities, prices obtained from third parties (mainly from information vendors and financial institutions with which the Company conducts business) and determined to have been measured in accordance with prescribed accounting standards are used to measure the fair values of these securities. If the inputs used to measure the fair value of a given security are material but unobservable, the resulting fair value is classified as Fair Value Level 3.

- ii) Money held in trust

In principle, the fair values of securities managed as trust assets and classified as money held in trust are measured using the Company's prescribed method for determining the value of securities. These fair values are categorized as Fair Value Level 2.

- iii) Loans

The fair values of policy loans are deemed to approximate book values, considering estimated repayment period and interest rate conditions since their repayment deadlines have not been set up due to the characteristics that the loans are limited to the amount of cash surrender values. Therefore, the book values are used as the fair values of policy loans.

The fair values of floating interest rate loans among the ordinary loans approximate the book values because the market interest rates are reflected in future cash flows in a short period. Therefore, the fair values of floating interest rate loans are based on their book values. The fair values of fixed interest rate loans are primarily measured by discounting the future cash flows to the present values.

The fair values of loans from legally bankrupt borrowers, substantially bankrupt borrowers and not currently bankrupt borrowers are computed by deducting the amount of the allowance for possible loan losses from the book values before direct write-offs.

If the impact of unobservable inputs used to measure the fair values of loans is determined to be material, the resulting fair values are classified as Fair Value Level 3. Otherwise, they are categorized as Fair Value Level 2.

iv) Subordinated bonds

The fair values of corporate bonds issued by the Company are classified as Fair Value Level 2 and are measured using the same method applied to securities.

v) Derivative instruments

The fair values of derivative instruments for which unadjusted quoted market prices in active markets are available (primarily exchange-traded futures and options) are classified as Fair Value Level 1. However, most derivative instruments are traded over the counter and have no quoted market prices. Accordingly, prices obtained from third parties (mainly from information vendors and financial institutions with which the Company conducts business) and determined to have been measured in accordance with prescribed accounting standards are used to measure the fair values of these derivative instruments. Fair values of derivative instruments that were measured using only observable inputs or with unobservable inputs considered to be immaterial are classified as Fair Value Level 2. Meanwhile, fair values of derivative instruments that have been measured using material unobservable inputs are categorized as Fair Value Level 3.

(4) Information concerning fair values of financial assets and liabilities that have been recorded on the balance sheet as of September 30, 2022 and classified as Fair Value Level 3

i) Quantitative information regarding material unobservable inputs

When measuring fair value, the Company does not adjust quoted prices obtained from third parties and does not make estimates related to inputs that it cannot observe. Accordingly, quantitative information regarding material unobservable inputs have been omitted.

ii) Reconciliation of balances from the beginning of the current fiscal year to balances as of September 30, 2022, and valuation gains or losses recognized in the statements of operations for the six months ended September 30, 2022.

	(Millions of yen)	
	Securities, Available-for-sale securities, Foreign securities	Total
Balance at the beginning of the current period.....	¥28,139	¥28,139
Gains or losses and other comprehensive income during the current period.....	(1,265)	(1,265)
Values recognized as gains or losses*1.....	(5)	(5)
Values recognized as other comprehensive income*2.....	(1,260)	(1,260)
Balance at the end of the current period.....	¥26,873	¥26,873

\*1 These amounts are included in investment income and investment expenses in the consolidated statements of operations for the six months ended September 30, 2022.

\*2 These amounts are included in net unrealized gains (losses) on available-for-sale securities, net of tax under other comprehensive income in the consolidated statements of comprehensive income for the six months ended September 30, 2022.

iii) Explanation of the valuation process for fair value

The Company's asset management division is responsible for the formulation of policies and procedures related to the measurement of fair value and the actual measurement of fair value. These fair values are subsequently checked by the risk management department to ensure their appropriateness and compliance with relevant policies and procedures.

The Company verifies the appropriateness of the fair values it measures using a variety of suitable methods, which include comparing quoted market prices obtained from different third parties; confirming techniques and inputs utilized for calculation; and further comparing measured fair values with the fair values of similar financial instruments.

iv) Explanation of the impact on fair value in case of change in material unobservable inputs

When measuring fair value, the Company does not adjust quoted prices obtained from third parties and does not make estimates related to inputs that it cannot observe. Accordingly, it has omitted information concerning impact on fair value stemming from changes in material unobservable inputs.

5. Notes related to the fair value of investment and rental properties are omitted as no significant change has occurred since the previous fiscal year-end.

6. The amount of securities lent under lending agreements was ¥730,293 million as of September 30, 2022.

7. The total amount of claims against bankrupt and quasi-bankrupt obligors, claims with collection risk, delinquent loans past three months or more, and restructured loans was ¥2,333 million as September 30, 2022. The details are as follows.

i) The balance of claims against bankrupt and quasi-bankrupt obligors was ¥143 million as of September 30, 2022.

Of which, the estimated uncollectible amount written-off was ¥0 million as of September 30, 2022.

Claims against bankrupt and quasi-bankrupt obligors are loans to borrowers who are subject to bankruptcy, corporate reorganization or rehabilitation or other similar proceedings and other borrowers in serious financial difficulties.

ii) The balance of claims with collection risk was ¥578 million as of September 30, 2022.

Claims with collection risk are loans to obligors (other than claims against bankrupt and quasi-bankrupt obligors) with deteriorated financial condition and results of operations from which it is unlikely that the principal and interest on the loans will be recovered.

iii) There was no balance of delinquent loans past three months or more as of September 30, 2022.

Delinquent loans past three months or more are loans for which interest payments or repayments of principal are delinquent for three months or more from the due date under the terms of the related loan agreements, excluding those loans classified as claims against bankrupt and quasi-bankrupt obligors, claims with collection risk.

iv) The balance of restructured loans was ¥1,612 million as of September 30, 2022.

Restructured loans are loans for which certain concessions favorable to borrowers, such as interest reduction or exemption, rescheduling of due date for repayments of principal or interest payment, waiver of claim or other terms, have been negotiated for the purpose of assisting and supporting the borrowers in the

restructuring of their business. This category excludes loans classified as claims against bankrupt and quasi-bankrupt obligors, claims with collection risk, and delinquent loans past three months or more.

8. Accumulated depreciation of tangible fixed assets were ¥181,889 million as of September 30, 2022.

9. Total assets in separate accounts provided for in Article 118 of the Insurance Business Act were ¥108,552 million as of September 30, 2022. The amounts of separate account liabilities were the same as separate account assets.

10. Changes in reserve for dividends to policyholders for the six months ended September 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.....	(14,102)
Increase in interest.....	6
Balance at the end of the current period.....	<u>¥80,042</u>

11. Changes in reserve for dividends to policyholders (Fukokushinrai Life Insurance Co., Ltd.) for the six months ended September 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.....	(99)
Increase in interest.....	0
Provision of reserve for dividends to policyholders.....	101
Balance at the end of the current period.....	<u>¥325</u>

12. The amount of stocks of unconsolidated subsidiaries was ¥404 million as of September 30, 2022.

13. Assets pledged as collateral as of September 30, 2022 were ¥261,018 million of securities.

Secured debts as of September 30, 2022, were ¥252,376 million.

These amounts include ¥225,999 million of investments in securities deposited and ¥246,336 million of cash received as collateral under securities lending transactions secured by cash as of September 30, 2022.

14. Reserve for outstanding claims for the reinsurance contracts provided in accordance with Article 71 Paragraph 1 of the Enforcement Regulation of the Insurance Business Act (hereinafter called “reserve for outstanding claims for ceded reinsurance”) was ¥1 million as of September 30, 2022.

Policy reserve for the reinsurance contracts provided in accordance with Article 71 Paragraph 1 of the Enforcement Regulation of the Insurance Business Act (hereinafter called “policy reserve for ceded reinsurance”) was ¥37 million as of September 30, 2022.

15. There were unused commitment line agreements under which the Company is the lender of ¥8,910 million as of September 30, 2022.
16. Repayments of subordinated bonds are subordinated to other obligations.

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

1. For the six months ended September 30, 2022, in calculating the provision of reserve for outstanding claims, a reversal of reserve for outstanding claims for ceded reinsurance of ¥0 million was added. In calculating the provision of policy reserves, a reversal of policy reserve for ceded reinsurance of ¥5 million was added.

### IV. Notes to the Consolidated Statements of Cash Flows

1. Cash and cash equivalents as of September 30, 2022 consist of “Cash,” “Deposits in transfer account,” “Current deposits,” “Ordinary deposits,” “Notice deposits,” “Time deposits maturing within 3 months of the date of acquisition,” “Foreign currency deposits maturing within 3 months of the date of acquisition,” “Negotiable certificate of deposits maturing within 3 months of the date of acquisition,” “Call loans” and “Monetary claims bought maturing within 3 months of the date of acquisition.”
2. Reconciliations of cash and cash equivalents in the consolidated statements of cash flows to the consolidated balance sheet accounts as of September 30, 2022 were as follows:

	(Millions of yen)
Cash and deposits.....	¥278,655
Call loans.....	73,000
Time deposits maturing over 3 months of the date of acquisition.....	(13,100)
Foreign currency deposits maturing over 3 months of the date of acquisition.....	(2,151)
Cash and cash equivalents.....	<u>¥336,403</u>

(7) Status of Insurance Claims Paying Ability of the Company and Insurance Subsidiaries  
(Consolidated Solvency Margin Ratio)

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Total solvency margin (A)	2,003,378	1,859,986
Foundation funds and surplus	235,245	227,025
Reserve for price fluctuation	187,692	189,657
Contingency reserve	157,929	159,509
Catastrophe loss reserve	—	—
General allowance for possible loan losses	820	698
(Net unrealized gains (losses) on securities (before tax) and deferred hedge gains (losses) (before tax)) × 90%	607,419	466,009
Net unrealized gains on real estate × 85%	140,830	143,001
Sum of unrecognized actuarial differences and unrecognized prior service cost	(2,819)	(2,430)
Excess amount of policy reserve based on full-time Zillmer method	389,036	392,314
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	42,265
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	325,544
Insurance risk $R_1$	22,215	22,111
General insurance risk $R_5$	—	—
Catastrophe risk $R_6$	—	—
3rd sector insurance risk $R_8$	10,108	10,286
Small amount and short-term insurance risk $R_9$	—	—
Assumed investment yield risk $R_2$	22,508	22,028
Minimum guarantee risk $R_7$	—	—
Investment risk $R_3$	283,438	294,878
Business risk $R_4$	6,765	6,986
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	1,274.3%	1,142.6%

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.