

## Financial Results for the Three Months Ended June 30, 2024

Fukoku Mutual Life Insurance Company (President: Yoshiteru Yoneyama) announces financial results for the three months ended June 30, 2024.

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# 1. Business Highlights

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

### (i) Policies in Force

		As of March 31, 2024		As of June 30, 2024			
		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	3,130	216,885	3,124	99.8	215,986	99.6
	Individual annuities	539	20,698	544	101.0	20,895	101.0
Subtotal		3,669	237,583	3,668	100.0	236,882	99.7
Group insurance		—	173,972	—	—	174,475	100.3
Group annuities		—	23,306	—	—	23,422	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

Three months ended June 30, 2023		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	95	3,341	3,010	331
	Individual annuities	1	50	52	(1)
Subtotal		96	3,391	3,062	329
Group insurance		—	11	11	—
Group annuities		—	0	0	—

Three months ended June 30, 2024		Total				New business		Net increase by conversion	
		Number of policies		Amount		Amount		Amount	
		(Thousands)	Changes (%, YoY)	(100 millions of yen)	Changes (%, YoY)	(100 millions of yen)	Changes (%, YoY)	(100 millions of yen)	Changes (%, YoY)
	Individual insurance	86	91.3	3,039	91.0	2,944	97.8	95	28.9
	Individual annuities	13	805.2	534	1,054.5	537	1,026.8	(3)	—
Subtotal		100	103.9	3,573	105.4	3,481	113.7	91	27.9
Group insurance		—	—	54	472.3	54	472.3	—	—
Group annuities		—	—	0	94.8	0	94.8	—	—

Notes: 1. Number of new policies is the sum of new business and policies after conversion.

2. Amount of new policies for individual annuities, both new business and net increase by conversion, is equal to the funds to be held at the time annuity payments are to commence and special riders for term insurance attached to individual annuities.

3. Amount for group annuities is equal to the initial premium payment.

### (iii) Surrendered and Lapsed Policies (Individual Insurance and Individual Annuities)

	Three months ended June 30, 2023	Three months ended June 30, 2024	
			Changes (%, YoY)
Amount of surrender and lapse (100 millions of yen)	2,944	2,991	101.6
Surrender and lapse ratio (%)	1.21	1.26	0.05

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, 2024	As of June 30, 2024	
			Changes (%, Pre-FYE)
Individual insurance	2,609	2,602	99.7
Individual annuities	1,038	1,041	100.3
Total	3,648	3,644	99.9
Medical coverage and living benefits	1,167	1,169	100.1

### (ii) New Policies

(100 millions of yen, %)

	Three months ended June 30, 2023	Three months ended June 30, 2024	
			Changes (%, YoY)
Individual insurance	40	32	81.0
Individual annuities	1	14	1,001.9
Total	41	47	112.0
Medical coverage and living benefits	18	17	96.5

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, 2024		As of June 30, 2024	
	Amount	% of total	Amount	% of total
Cash, deposits, and call loans	435,624	5.8 %	361,113	4.8 %
Money held in trust	23,502	0.3	23,880	0.3
Securities	6,219,323	82.8	6,351,149	84.0
Domestic bonds	2,933,981	39.1	2,892,628	38.2
Domestic stocks	997,497	13.3	1,010,416	13.4
Foreign securities	2,070,200	27.6	2,204,293	29.1
Foreign bonds	1,445,869	19.3	1,536,578	20.3
Foreign stocks and other securities	624,331	8.3	667,714	8.8
Other securities	217,644	2.9	243,810	3.2
Loans	499,793	6.7	495,511	6.6
Policy loans	45,991	0.6	45,378	0.6
Ordinary loans	453,802	6.0	450,133	6.0
Real estate	251,508	3.3	252,051	3.3
Deferred tax assets	—	—	—	—
Others	81,036	1.1	81,647	1.1
Allowance for possible loan losses	(703)	(0.0)	(622)	(0.0)
Total	7,510,086	100.0	7,564,731	100.0
Foreign currency denominated assets	2,065,852	27.5	2,210,543	29.2

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

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

(Millions of yen)

	As of March 31, 2024					As of June 30, 2024				
	Book value	Fair value	Gains/Losses			Book value	Fair value	Gains/Losses		
				Gains	Losses				Gains	Losses
Held-to-maturity debt securities	708,320	759,424	51,104	51,104	—	702,158	742,542	40,384	40,384	—
Domestic bonds	708,320	759,424	51,104	51,104	—	702,158	742,542	40,384	40,384	—
Foreign bonds	—	—	—	—	—	—	—	—	—	—
Policy-reserve-matching bonds	290,573	283,026	(7,546)	331	7,877	373,627	343,426	(30,201)	—	30,201
Domestic bonds	290,573	283,026	(7,546)	331	7,877	373,627	343,426	(30,201)	—	30,201
Foreign bonds	—	—	—	—	—	—	—	—	—	—
Investments in subsidiaries and affiliates	—	—	—	—	—	—	—	—	—	—
Available-for-sale securities	4,195,706	5,103,160	907,454	1,055,739	148,285	4,192,899	5,155,059	962,160	1,151,019	188,859
Domestic bonds	1,987,603	1,935,087	(52,516)	82,679	135,195	1,921,335	1,816,842	(104,493)	74,020	178,513
Domestic stocks	346,904	928,443	581,539	582,045	506	361,065	941,362	580,297	581,569	1,271
Foreign securities	1,717,017	2,045,310	328,292	339,444	11,152	1,745,634	2,177,277	431,643	438,853	7,210
Foreign bonds	1,292,421	1,445,869	153,447	161,326	7,879	1,317,871	1,536,578	218,707	222,231	3,524
Foreign stocks and other securities	424,596	599,440	174,844	178,117	3,273	427,762	640,698	212,935	216,621	3,685
Other securities	144,179	194,318	50,138	51,570	1,431	164,864	219,576	54,712	56,576	1,864
Money held in trust	—	—	—	—	—	—	—	—	—	—
Monetary claims bought	—	—	—	—	—	—	—	—	—	—
Negotiable certificate of deposits	—	—	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—	—	—
Total	5,194,599	6,145,611	951,012	1,107,175	156,163	5,268,685	6,241,028	972,343	1,191,403	219,060
Domestic bonds	2,986,497	2,977,539	(8,957)	134,115	143,073	2,997,121	2,902,811	(94,309)	114,404	208,714
Domestic stocks	346,904	928,443	581,539	582,045	506	361,065	941,362	580,297	581,569	1,271
Foreign securities	1,717,017	2,045,310	328,292	339,444	11,152	1,745,634	2,177,277	431,643	438,853	7,210
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Foreign stocks and other securities	424,596	599,440	174,844	178,117	3,273	427,762	640,698	212,935	216,621	3,685
Other securities	144,179	194,318	50,138	51,570	1,431	164,864	219,576	54,712	56,576	1,864
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, 2024	As of June 30, 2024
Investments in subsidiaries and affiliates	64,787	64,787
Available-for-sale securities	45,922	47,193
Domestic stocks	5,824	5,824
Foreign stocks	—	—
Others	40,097	41,369
Total	110,709	111,980

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 (¥6,560 million as of March 31, 2024 and ¥8,323 million as of June 30, 2024) are included in their balance sheet carrying amounts.

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

(Millions of yen)

	As of March 31, 2024					As of June 30, 2024				
	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	23,502	23,502	—	—	—	23,880	23,880	—	—	—

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

(Millions of yen)

	As of March 31, 2024		As of June 30, 2024	
	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	22,502	0	22,880	316

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

(Millions of yen)

	As of March 31, 2024					As of June 30, 2024				
	Book value	Fair value	Gains/Losses			Book value	Fair value	Gains/Losses		
				Gains	Losses				Gains	Losses
Money held in trust for held-to-maturity	—	—	—	—	—	—	—	—	—	—
Money held in trust for policy-reserve- matching	—	—	—	—	—	—	—	—	—	—
Money held in trust for available-for-sale	—	—	—	—	—	—	—	—	—	—

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

(Millions of yen)

As of March 31, 2024			As of June 30, 2024		
Carrying value on the balance sheet	Fair value	Gains (Losses)	Carrying value on the balance sheet	Fair value	Gains (Losses)
149,485	325,747	176,261	149,485	325,898	176,412

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, 2024	As of June 30, 2024
<b>Assets:</b>		
Cash and deposits	307,632	122,127
Call loans	128,000	239,000
Money held in trust	23,502	23,880
Securities:	6,349,312	6,487,539
[Government bonds]	[2,333,062]	[2,287,943]
[Local government bonds]	[97,504]	[94,684]
[Corporate bonds]	[533,321]	[542,563]
[Stocks]	[1,033,612]	[1,047,291]
[Foreign securities]	[2,134,166]	[2,271,245]
Loans:	499,793	495,511
Policy loans	45,991	45,378
Ordinary loans	453,802	450,133
Tangible fixed assets	255,788	256,685
Intangible fixed assets	24,879	24,446
Agency receivables	94	170
Reinsurance receivables	85	6
Other assets	51,188	51,716
Prepaid pension cost	2,313	2,731
Allowance for possible loan losses	(703)	(622)
<b>Total assets</b>	<b>7,641,887</b>	<b>7,703,193</b>
	As of March 31, 2024	As of June 30, 2024
<b>Liabilities:</b>		
Policy reserves:	5,971,022	6,005,700
Reserve for outstanding claims	23,334	21,808
Policy reserve	5,885,784	5,895,619
Reserve for dividends to policyholders	61,903	88,273
Reinsurance payables	41	42
Subordinated bonds	267,260	267,260
Other liabilities:	171,364	168,201
Corporate income tax payable	7,429	891
Lease obligations	138	86
Asset retirement obligations	2,355	2,403
Rest of the other liabilities	161,441	164,819
Reserve for employees' retirement benefits	26,701	26,800
Reserve for price fluctuation	180,566	181,433
Deferred tax liabilities	79,748	93,628
Deferred tax liabilities for land revaluation	14,132	14,132
<b>Total liabilities</b>	<b>6,710,837</b>	<b>6,757,199</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:	138,628	112,915
Legal reserve for future losses	3,548	3,660
Other surplus:	135,080	109,255
Reserve for redemption of foundation funds	9,600	12,000
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	204	202
Other reserves	767	767
Unappropriated surplus	63,509	35,285
Total foundation funds, surplus and others	266,740	241,028
Net unrealized gains (losses) on available-for-sale securities, net of tax	659,808	700,464
Revaluation reserve for land, net of tax	4,500	4,500
Total valuation and translation adjustments	664,308	704,965
<b>Total net assets</b>	<b>931,049</b>	<b>945,993</b>
<b>Total liabilities and net assets</b>	<b>7,641,887</b>	<b>7,703,193</b>

## 4. Non-consolidated Statements of Operations

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
<b>Ordinary revenues:</b>		
Premium and other income	150,334	140,676
[Premium income]	[150,327]	[140,670]
Investment income	67,000	62,672
[Interest, dividends and other income]	[35,647]	[42,481]
[Gains on money held in trust, net]	[135]	[391]
[Gains on trading securities, net]	[576]	[0]
[Gains on sales of securities]	[16,312]	[9,571]
[Foreign exchange gains, net]	[2,142]	[1,852]
[Gains on separate accounts, net]	[11,155]	[5,261]
Other ordinary revenues	6,587	3,889
[Reversal of reserve for outstanding claims]	[2,765]	[1,526]
<b>Total ordinary revenues</b>	<b>223,923</b>	<b>207,239</b>
<b>Ordinary expenses:</b>		
Claims and other payments	137,111	128,744
[Claims]	[49,864]	[35,110]
[Annuities]	[37,926]	[38,280]
[Benefits]	[31,301]	[33,257]
[Surrenders]	[12,950]	[16,834]
[Other payments]	[5,023]	[5,218]
Provision of policy reserve and others:	19,797	9,838
Provision of policy reserves	19,794	9,834
Provision of interest portion of reserve for dividends to policyholders	3	3
Investment expenses	24,888	25,292
[Interest expenses]	[1,100]	[1,153]
[Losses on sales of securities]	[12,922]	[16,853]
[Losses on valuation of securities]	[37]	[167]
[Losses on derivative instruments, net]	[4,920]	[2,512]
Operating expenses	22,058	23,521
Other ordinary expenses	6,461	6,617
<b>Total ordinary expenses</b>	<b>210,317</b>	<b>194,014</b>
<b>Ordinary profits</b>	<b>13,605</b>	<b>13,224</b>
<b>Extraordinary gains:</b>		
Gains on disposal of fixed assets	—	0
Reversal of reserve for price fluctuation	563	—
<b>Total extraordinary gains</b>	<b>563</b>	<b>0</b>
<b>Extraordinary losses:</b>		
Losses on disposal of fixed assets	48	6
Impairment losses	571	—
Provision of reserve for price fluctuation	—	867
<b>Total extraordinary losses</b>	<b>620</b>	<b>873</b>
<b>Surplus before income taxes</b>	<b>13,548</b>	<b>12,351</b>
<b>Income taxes:</b>		
Current	2,880	2,755
Deferred	(1,010)	(1,932)
<b>Total income taxes</b>	<b>1,870</b>	<b>823</b>
<b>Net surplus for the period</b>	<b>11,678</b>	<b>11,527</b>



# Notes to the Non-consolidated Financial Statements

## I. Presentation of the Non-consolidated Financial Statements

### 1. Basis of presentation

The accompanying non-consolidated financial statements have been prepared from the accounts maintained by Fukoku Mutual Life Insurance Company (the “Company”) in accordance with the provisions set forth in the Insurance Business Act of Japan and its related rules and regulations and in conformity with accounting principles generally accepted in Japan, which are different in certain respects from accounting principles generally accepted in countries and jurisdictions other than Japan.

In addition, the notes to the non-consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

Amounts of less than one million yen have been rounded down. As a result, the totals do not add up.

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

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

To fulfil our efforts to comply with these requirements, we have prepared financial statements for the three months ended June 30, 2024 in accordance with the first- and third-quarter announcement format model created by The Life Insurance Association of Japan (the “Quarterly Reporting Model”) and generally accepted accounting standards for quarterly financial statements in Japan. As the Quarterly Reporting Model is prepared for the purpose of fulfilling the obligation above to make an effort to disclose information, disclosures in the Quarterly Reporting Model differ from those prescribed by the regulations concerning terminology, formats, and preparation methods of financial statements and other reports.

2. As the proposal for appropriation of unappropriated surplus for the fiscal year ended March 31, 2024 was approved by the Board of Representative Member of Policyholders on July 2, 2024, it is included in the non-consolidated balance sheet as of June 30, 2024.

3. The amount of securities lent under lending agreements was ¥453,252 million as of June 30, 2024.

4. Changes in reserve for dividends to policyholders for the three months ended June 30, 2024 were as follows:

	(Millions of yen)
Balance at the beginning of the current period.....	¥61,903
Transfer from surplus in the previous fiscal year.....	37,138
Dividend payments to policyholders during the current period.....	(10,772)
Increase in interest.....	3
Balance at the end of the current period.....	<u>¥88,273</u>

5. Following the amendment to the Articles of Incorporation approved by the Board of Representative Member of Policyholders on July 2, 2024, the Company will raise an additional ¥8,000 million in funds during this fiscal year in accordance with Article 60 of the Insurance Business Act.

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

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
<b>Fundamental profit</b> A	<b>13,725</b>	<b>20,970</b>
Capital gains	19,971	14,801
Gains on money held in trust, net	118	365
Gains on trading securities, net	518	0
Gains on sales of securities	16,312	9,571
Gains on derivative instruments, net	—	—
Foreign exchange gains, net	2,142	1,852
Other capital gains	878	3,011
Capital losses	16,993	19,532
Losses on money held in trust, net	—	—
Losses on trading securities, net	—	—
Losses on sales of securities	12,922	16,853
Losses on valuation of securities	37	167
Losses on derivative instruments, net	4,920	2,512
Foreign exchange losses, net	—	—
Other capital losses	(887)	—
Net capital gains (losses) B	2,977	(4,731)
Fundamental profit plus net capital gains (losses) A+B	16,703	16,239
Non-recurring gains	2	3
Reinsurance income	—	—
Reversal of contingency reserve	—	—
Reversal of specific allowance for possible loan losses	2	3
Others	—	—
Non-recurring losses	3,100	3,018
Reinsurance premiums	—	—
Provision for contingency reserve	224	473
Provision of specific allowance for possible loan losses	—	—
Provision of allowance for specified overseas loans	—	—
Write-offs of loans	—	—
Others	2,875	2,544
Non-recurring gains (losses) C	(3,097)	(3,014)
Ordinary profits A+B+C	13,605	13,224

Note: Other items break down as follows.

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Fundamental profit	(1,691)	(2,985)
Interest, dividends, and other income from gains/losses on money held in trust	17	25
Interest, dividends, and other income from gains/losses on trading securities	58	—
Foreign exchange-related hedging costs categorized under foreign exchange gains/losses	(887)	—
Portion of gains/losses on redemption of securities attributable to foreign exchange fluctuations	(878)	(3,011)
Other capital gains	878	3,011
Portion of gains/losses on redemption of securities attributable to foreign exchange fluctuations	878	3,011
Other capital losses	(887)	—
Foreign exchange-related hedging costs categorized under foreign exchange gains	(887)	—
Other non-recurring losses	2,875	2,544
Provision of policy reserves in accordance with Article 69, Paragraph 5 of the Enforcement Regulations of the Insurance Business Act.	2,875	2,544

## 6. Solvency Margin Ratio

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Total solvency margin (A)	2,265,213	2,323,376
Foundation funds and surplus	226,042	228,357
Reserve for price fluctuation	180,566	181,433
Contingency reserve	208,899	209,373
General allowance for possible loan losses	330	259
(Net unrealized gains (losses) on securities (before tax) and deferred hedge gains (losses) (before tax)) × 90%	822,613	873,435
Net unrealized gains on real estate × 85%	165,661	165,789
Excess amount of policy reserve based on full-time Zillmer method	396,562	398,636
Qualifying subordinated debt	267,260	267,260
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	44,061	45,616
Total amount of risk $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$ (B)	394,956	408,147
Insurance risk $R_1$	21,022	20,946
3rd sector insurance risk $R_8$	10,116	10,116
Assumed investment yield risk $R_2$	20,037	19,772
Minimum guarantee risk $R_7$	—	—
Investment risk $R_3$	365,332	378,577
Business risk $R_4$	8,330	8,588
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	1,147.0%	1,138.4%

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.

### Reference: Economic Solvency Ratio

	As of March 31, 2024	As of June 30, 2024
Economic Solvency Ratio	248.9%	252.2%

Note: Economic solvency ratio (ESR) is an indicator of an insurance company’s soundness and indicates whether or not a company has sufficient capital to cover its risks based on market-value assessment of its assets and liabilities. The Company calculates its ESR according to European methodology. Figures for some insurance liabilities and risks current as of June 30, 2024 have been calculated using simplified methods.

## 7. Status of Separate Account

### (1) Separate Account Assets by Products

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
	Amount	Amount
Individual variable insurance	—	—
Individual variable annuities	—	—
Group annuities	141,452	145,327
Total	141,452	145,327

### (2) Policies in Force

#### (i) Individual Variable Insurance

The Company has not sold the individual variable insurance.

#### (ii) Individual Variable Annuities

(Millions of yen except number of policies)

	As of March 31, 2024		As of June 30, 2024	
	Number of policies	Amount	Number of policies	Amount
Individual variable annuities	—	—	—	—
Total	—	—	—	—

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

### (1) Selected Financial Data

(100 millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Ordinary revenues	3,035	2,773
Ordinary profits	147	145
Net surplus attributable to the parent company	122	118
Comprehensive income	1,857	499

	As of March 31, 2024	As of June 30, 2024
Total assets	94,265	95,179
Solvency margin ratio	1,189.7%	1,178.2%

### (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, 2024	As of June 30, 2024
<b>Assets:</b>		
Cash and deposits	396,782	198,601
Call loans	128,000	239,000
Money held in trust	23,502	23,880
Securities	8,015,906	8,196,049
Loans	503,151	498,811
Tangible fixed assets	256,185	257,117
Intangible fixed assets	26,339	26,062
Agency receivables	0	0
Reinsurance receivables	121	7
Other assets	57,951	58,619
Net defined benefit assets	15,696	15,885
Deferred tax assets	3,634	4,573
Allowance for possible loan losses	(703)	(622)
<b>Total assets</b>	<b>9,426,567</b>	<b>9,517,986</b>

	As of March 31, 2024	As of June 30, 2024
<b>Liabilities:</b>		
Policy reserves:	7,704,135	7,769,029
Reserve for outstanding claims	28,805	27,857
Policy reserve	7,613,135	7,652,651
Reserve for dividends to policyholders	61,903	88,273
Reserve for dividends to policyholders (subsidiary)	290	246
Agency payables	449	559
Reinsurance payables	53	49
Subordinated bonds	267,260	267,260
Other liabilities	175,739	174,297
Net defined benefit liabilities	10,914	11,332
Reserve for price fluctuation	193,279	194,239
Deferred tax liabilities	91,924	105,748
Deferred tax liabilities for land revaluation	14,132	14,132
<b>Total liabilities</b>	<b>8,457,889</b>	<b>8,536,649</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	143,344	117,954
Total foundation funds, surplus and others	271,456	246,066
Net unrealized gains (losses) on available-for-sale securities, net of tax	663,271	701,709
Revaluation reserve for land, net of tax	4,500	4,500
Foreign currency translation adjustment	257	471
Accumulated remeasurements of defined benefit plans	21,087	20,698
Total accumulated other comprehensive income	689,116	727,380
Non-controlling interests	8,104	7,890
<b>Total net assets</b>	<b>968,677</b>	<b>981,336</b>
<b>Total liabilities and net assets</b>	<b>9,426,567</b>	<b>9,517,986</b>

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

[Consolidated Statements of Operations]

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
<b>Ordinary revenues:</b>		
Premium and other income	224,898	206,491
Investment income	71,648	67,503
[Interest, dividends and other income]	[40,295]	[47,314]
[Gains on money held in trust, net]	[135]	[391]
[Gains on trading securities, net]	[576]	[0]
[Gains on sales of securities]	[16,312]	[9,571]
[Foreign exchange gains, net]	[2,142]	[1,851]
[Gains on separate accounts, net]	[11,155]	[5,261]
Other ordinary revenues	7,017	3,379
[Reversal of reserve for outstanding claims]	[3,055]	[947]
<b>Total ordinary revenues</b>	<b>303,564</b>	<b>277,373</b>
<b>Ordinary expenses:</b>		
Claims and other payments	167,662	164,074
[Claims]	[52,880]	[38,861]
[Annuities]	[58,613]	[60,113]
[Benefits]	[32,244]	[34,160]
[Surrenders]	[18,826]	[25,640]
[Other payments]	[5,039]	[5,243]
Provision of policy reserve and others:	64,126	39,518
Provision of policy reserves	64,122	39,515
Provision of interest portion of reserve for dividends to policyholders	3	3
Provision of interest portion of reserve for dividends to policyholders (subsidiary)	0	0
Investment expenses	24,545	24,900
[Interest expenses]	[1,104]	[1,158]
[Losses on sales of securities]	[12,922]	[16,853]
[Losses on valuation of securities]	[37]	[167]
[Losses on derivative instruments, net]	[4,920]	[2,512]
Operating expenses	25,033	26,741
Other ordinary expenses	7,453	7,568
<b>Total ordinary expenses</b>	<b>288,820</b>	<b>262,803</b>
<b>Ordinary profits</b>	<b>14,743</b>	<b>14,570</b>
<b>Extraordinary gains:</b>		
Gains on disposal of fixed assets	—	0
Reversal of reserve for price fluctuation	479	—
<b>Total extraordinary gains</b>	<b>479</b>	<b>0</b>
<b>Extraordinary losses:</b>		
Losses on disposal of fixed assets	37	13
Impairment losses	571	—
Provision of reserve for price fluctuation	—	960
<b>Total extraordinary losses</b>	<b>609</b>	<b>974</b>
<b>Provision of reserve for dividends to policyholders (subsidiary)</b>	<b>45</b>	<b>45</b>
<b>Surplus before income taxes</b>	<b>14,568</b>	<b>13,550</b>
<b>Income taxes:</b>		
Current	3,340	3,403
Deferred	(1,108)	(1,813)
<b>Total income taxes</b>	<b>2,232</b>	<b>1,589</b>
<b>Net surplus for the period</b>	<b>12,336</b>	<b>11,960</b>
<b>Net surplus (loss) attributable to non-controlling interests</b>	<b>69</b>	<b>110</b>
<b>Net surplus attributable to the parent company</b>	<b>12,266</b>	<b>11,850</b>

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

[Consolidated Statements of Comprehensive Income]

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Net surplus	12,336	11,960
Other comprehensive income:	173,445	38,005
Net unrealized gains (losses) on available-for-sale securities, net of tax	173,270	38,179
Foreign currency translation adjustments	68	214
Remeasurements of defined benefit plan, net of tax	105	(389)
Comprehensive income:	185,781	49,965
Comprehensive income attributable to the parent company	185,573	50,113
Comprehensive income attributable to non-controlling interests	207	(147)



# Notes to the Consolidated Financial Statements

## I. Presentation of the Consolidated Financial Statements

### 1. Basis of Presentation

The accompanying consolidated financial statements have been prepared from the accounts maintained by Fukoku Mutual Life Insurance Company (the “Company”) and its consolidated subsidiaries in accordance with the provisions set forth in the Insurance Business Act of Japan and its related rules and regulations and in conformity with accounting principles generally accepted in Japan, which are different in certain respects from accounting principles generally accepted in countries and jurisdictions other than Japan.

In addition, the notes to the consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

Amounts of less than one million yen have been rounded down. As a result, the totals do not add up.

## II. Notes to the Consolidated Balance Sheets

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

To fulfil our efforts to comply with these requirements, we have prepared consolidated financial statements for the three months ended June 30, 2024 in accordance with the first- and third-quarter announcement format model created by The Life Insurance Association of Japan (the “Quarterly Reporting Model”) and generally accepted accounting standards for quarterly consolidated financial statements in Japan. As the Quarterly Reporting Model is prepared for the purpose of fulfilling the obligation above to make an effort to disclose information, disclosures in the Quarterly Reporting Model differ from those prescribed by the regulations concerning terminology, formats, and preparation methods of consolidated financial statements and other reports.

2. As the proposal for appropriation of unappropriated surplus for the fiscal year ended March 31, 2024 was approved by the Board of Representative Member of Policyholders on July 2, 2024, it is included in the consolidated balance sheet as of June 30, 2024.

3. The amount of securities lent under lending agreements was ¥453,252 million as of June 30, 2024.

4. Changes in reserve for dividends to policyholders for the three months ended June 30, 2024 were as follows:

	(Millions of yen)
Balance at the beginning of the current period.....	¥61,903
Transfer from surplus in the previous fiscal year.....	37,138
Dividend payments to policyholders during the current period.....	(10,772)
Increase in interest.....	3
Balance at the end of the current period.....	<u>¥88,273</u>

5. Changes in reserve for dividends to policyholders (Fukokushinrai Life Insurance Co., Ltd.) for the three months ended June 30, 2024 were as follows:

	(Millions of yen)
Balance at the beginning of the current period.....	¥290
Dividend payments to policyholders during the current period.....	(89)
Increase in interest.....	0
Provision of reserve for dividends to policyholders.....	45
Balance at the end of the current period.....	<u>¥246</u>

6. Following the amendment to the Articles of Incorporation approved by the Board of Representative Member of Policyholders on July 2, 2024, the Company will raise an additional ¥8,000 million in funds during this consolidated fiscal year in accordance with Article 60 of the Insurance Business Act.

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

1. For the three months ended June 30, 2024, the total amount of depreciation, including depreciation of real estate for rent, was ¥4,105 million.

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

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Total solvency margin (A)	2,381,877	2,437,583
Foundation funds and surplus	239,002	241,456
Reserve for price fluctuation	193,279	194,239
Contingency reserve	211,786	212,328
Catastrophe loss reserve	—	—
General allowance for possible loan losses	330	259
(Net unrealized gains (losses) on securities (before tax) and deferred hedge gains (losses) (before tax)) × 90%	827,687	875,788
Net unrealized gains on real estate × 85%	165,661	165,789
Sum of unrecognized actuarial differences and unrecognized prior service cost	29,288	28,747
Excess amount of policy reserve based on full-time Zillmer method	398,926	401,025
Qualifying subordinated debt	267,260	267,260
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	48,655	50,689
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)	400,408	413,757
Insurance risk $R_1$	21,411	21,328
General insurance risk $R_5$	—	—
Catastrophe risk $R_6$	—	—
3rd sector insurance risk $R_8$	10,268	10,265
Small amount and short-term insurance risk $R_9$	—	—
Assumed investment yield risk $R_2$	20,369	20,108
Minimum guarantee risk $R_7$	—	—
Investment risk $R_3$	370,309	383,706
Business risk $R_4$	8,447	8,708
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	1,189.7%	1,178.2%

Note: 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.

**Reference: Consolidated Economic Solvency Ratio**

	As of March 31, 2024	As of June 30, 2024
Economic Solvency Ratio	258.2%	260.0%

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 June 30, 2024 have been calculated using simplified methods.