

## Financial Results for the Nine Months Ended December 31, 2024

Fukoku Mutual Life Insurance Company (President: Yoshiteru Yoneyama) announces financial results for the nine months ended December 31, 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 December 31, 2024			
	Number of policies (Thousands)	Amount (100 millions of yen)	Number of policies		Amount	
			(Thousands)	Changes (%, Pre-FYE)	(100 millions of yen)	Changes (%, Pre-FYE)
Individual insurance	3,130	216,885	3,109	99.3	213,888	98.6
Individual annuities	539	20,698	544	101.0	20,947	101.2
Subtotal	3,669	237,583	3,654	99.6	234,836	98.8
Group insurance	—	173,972	—	—	174,815	100.5
Group annuities	—	23,306	—	—	23,455	100.6

Notes: 1. Policy amounts for individual annuities are equal to (a) the funds to be held at the time annuity payments are to commence for an annuity for which annuity payments have not yet commenced and (b) the amount of policy reserve for an annuity for which payments have commenced 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

Nine months ended December 31, 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	268	9,238	8,491	747
Individual annuities	4	134	140	(5)
Subtotal	272	9,372	8,631	741
Group insurance	—	754	754	—
Group annuities	—	0	0	—

Nine months ended December 31, 2024	Total				New business		Net increase by conversion	
	Number of policies (Thousands)	Changes (%, YoY)	Amount		Amount		Amount	
			(100 millions of yen)	Changes (%, YoY)	(100 millions of yen)	Changes (%, YoY)	(100 millions of yen)	Changes (%, YoY)
Individual insurance	249	93.0	8,772	95.0	8,467	99.7	305	40.9
Individual annuities	31	663.6	1,194	889.2	1,203	858.4	(9)	—
Subtotal	280	103.0	9,967	106.3	9,671	112.0	296	40.0
Group insurance	—	—	73	9.8	73	9.8	—	—
Group annuities	—	—	0	135.6	0	135.6	—	—

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)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024	
			Changes (%, YoY)
Amount of surrender and lapse (100 millions of yen)	8,641	8,423	97.5
Surrender and lapse ratio (%)	3.55	3.55	(0.00)

Notes: 1. The amount of lapse is not offset by the amount of reinstatement which was once lapsed.

2. The column of "Changes" of surrender and lapse ratio is increase-decrease points over year.

## (2) Annualized Premiums

### (i) Policies in Force

(100 millions of yen, %)

	As of March 31, 2024	As of December 31, 2024	
			Changes (% Pre-FYE)
Individual insurance	2,609	2,585	99.1
Individual annuities	1,038	1,034	99.6
Total	3,648	3,620	99.2
Medical coverage and living benefits	1,167	1,173	100.5

### (ii) New Policies

(100 millions of yen, %)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024	
			Changes (% YoY)
Individual insurance	106	91	85.1
Individual annuities	3	32	851.7
Total	110	123	111.5
Medical coverage and living benefits	51	50	97.9

Notes: 1. Annualized premiums are calculated by using coefficients based on the premium payment method. (For single premium contracts, the amount is calculated by dividing the premium by the coverage period.)

2. Figures for medical coverage and living benefits represent portion of annualized premium corresponding to the medical benefits (hospitalization benefits and surgery benefits, etc.), living benefits (nursing care benefits, etc.) and premium waiver benefits, in which disability cause is excluded but causes such as specific illness are included.

3. New policies include net increase by conversion.

## 2. Investment Results of General Account Assets

### (1) Asset Composition

(Millions of yen, %)

	As of March 31, 2024		As of December 31, 2024	
	Amount	% of total	Amount	% of total
Cash, deposits, and call loans	435,624	5.8 %	331,504	4.5 %
Money held in trust	23,502	0.3	24,029	0.3
Securities	6,219,323	82.8	6,191,839	83.9
Domestic bonds	2,933,981	39.1	2,802,679	38.0
Domestic stocks	997,497	13.3	1,009,462	13.7
Foreign securities	2,070,200	27.6	2,151,862	29.2
Foreign bonds	1,445,869	19.3	1,469,577	19.9
Foreign stocks and other securities	624,331	8.3	682,285	9.2
Other securities	217,644	2.9	227,835	3.1
Loans	499,793	6.7	483,432	6.6
Policy loans	45,991	0.6	43,751	0.6
Ordinary loans	453,802	6.0	439,680	6.0
Real estate	251,508	3.3	255,814	3.5
Others	81,036	1.1	91,332	1.2
Allowance for possible loan losses	(703)	(0.0)	(675)	(0.0)
Total	7,510,086	100.0	7,377,278	100.0
Foreign currency denominated assets	2,065,852	27.5	2,138,096	29.0

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 December 31, 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	—	665,830	698,844	33,014	33,014	—
Domestic bonds	708,320	759,424	51,104	51,104	—	665,830	698,844	33,014	33,014	—
Foreign bonds	—	—	—	—	—	—	—	—	—	—
Policy-reserve-matching bonds	290,573	283,026	(7,546)	331	7,877	459,526	425,752	(33,774)	67	33,841
Domestic bonds	290,573	283,026	(7,546)	331	7,877	459,526	425,752	(33,774)	67	33,841
Foreign bonds	—	—	—	—	—	—	—	—	—	—
Investments in subsidiaries and affiliates	—	—	—	—	—	—	—	—	—	—
Available-for-sale securities	4,195,706	5,103,160	907,454	1,055,739	148,285	4,062,871	4,941,270	878,398	1,053,087	174,689
Domestic bonds	1,987,603	1,935,087	(52,516)	82,679	135,195	1,767,533	1,677,322	(90,210)	63,365	153,576
Domestic stocks	346,904	928,443	581,539	582,045	506	377,790	940,514	562,723	566,625	3,901
Foreign securities	1,717,017	2,045,310	328,292	339,444	11,152	1,765,559	2,121,296	355,737	370,348	14,611
Foreign bonds	1,292,421	1,445,869	153,447	161,326	7,879	1,333,811	1,469,577	135,766	146,367	10,601
Foreign stocks and other securities	424,596	599,440	174,844	178,117	3,273	431,748	651,719	219,970	223,980	4,009
Other securities	144,179	194,318	50,138	51,570	1,431	151,988	202,135	50,147	52,748	2,600
Money held in trust	—	—	—	—	—	—	—	—	—	—
Monetary claims bought	—	—	—	—	—	—	—	—	—	—
Negotiable certificate of deposits	—	—	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—	—	—
<b>Total</b>	<b>5,194,599</b>	<b>6,145,611</b>	<b>951,012</b>	<b>1,107,175</b>	<b>156,163</b>	<b>5,188,228</b>	<b>6,065,867</b>	<b>877,638</b>	<b>1,086,169</b>	<b>208,531</b>
Domestic bonds	2,986,497	2,977,539	(8,957)	134,115	143,073	2,892,889	2,801,919	(90,970)	96,448	187,418
Domestic stocks	346,904	928,443	581,539	582,045	506	377,790	940,514	562,723	566,625	3,901
Foreign securities	1,717,017	2,045,310	328,292	339,444	11,152	1,765,559	2,121,296	355,737	370,348	14,611
Foreign bonds	1,292,421	1,445,869	153,447	161,326	7,879	1,333,811	1,469,577	135,766	146,367	10,601
Foreign stocks and other securities	424,596	599,440	174,844	178,117	3,273	431,748	651,719	219,970	223,980	4,009
Other securities	144,179	194,318	50,138	51,570	1,431	151,988	202,135	50,147	52,748	2,600
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 December 31, 2024
Investments in subsidiaries and affiliates	64,787	64,787
Available-for-sale securities	45,922	51,519
Domestic stocks	5,824	5,717
Foreign stocks	—	—
Others	40,097	45,802
<b>Total</b>	<b>110,709</b>	<b>116,307</b>

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 ¥8,905 million as of December 31, 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 December 31, 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	—	—	—	24,029	24,029	—	—	—

• Money held in trust for trading purpose

(Millions of yen)

	As of March 31, 2024		As of December 31, 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	23,029	79

• 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 December 31, 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 December 31, 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	153,071	330,916	177,844

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 December 31, 2024
<b>Assets:</b>		
Cash and deposits	307,632	142,516
Call loans	128,000	189,000
Money held in trust	23,502	24,029
Securities:	6,349,312	6,327,942
[Government bonds]	[2,333,062]	[2,225,557]
[Local government bonds]	[97,504]	[90,049]
[Corporate bonds]	[533,321]	[519,225]
[Stocks]	[1,033,612]	[1,046,108]
[Foreign securities]	[2,134,166]	[2,219,166]
Loans:	499,793	483,432
Policy loans	45,991	43,751
Ordinary loans	453,802	439,680
Tangible fixed assets	255,788	260,708
Intangible fixed assets	24,879	25,098
Agency receivables	94	190
Reinsurance receivables	85	8
Other assets	51,188	61,867
Prepaid pension cost	2,313	3,563
Allowance for possible loan losses	(703)	(675)
<b>Total assets</b>	<b>7,641,887</b>	<b>7,517,681</b>
	As of March 31, 2024	As of December 31, 2024
<b>Liabilities:</b>		
Policy reserves:	5,971,022	5,985,316
Reserve for outstanding claims	23,334	21,317
Policy reserve	5,885,784	5,887,796
Reserve for dividends to policyholders	61,903	76,202
Reinsurance payables	41	42
Subordinated bonds	267,260	267,260
Other liabilities:	171,364	48,805
Corporate income tax payable	7,429	3,718
Lease obligations	138	—
Asset retirement obligations	2,355	2,425
Rest of the other liabilities	161,441	42,660
Reserve for employees' retirement benefits	26,701	26,993
Reserve for price fluctuation	180,566	183,167
Deferred tax liabilities	79,748	69,274
Deferred tax liabilities for land revaluation	14,132	14,132
<b>Total liabilities</b>	<b>6,710,837</b>	<b>6,594,992</b>
<b>Net assets:</b>		
Foundation funds	12,000	8,000
Accumulated foundation funds redeemed	116,000	128,000
Reserve for revaluation	112	112
Surplus:	138,628	141,569
Legal reserve for future losses	3,548	3,660
Other surplus:	135,080	137,909
Reserve for redemption of foundation funds	9,600	—
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	75,939
Total foundation funds, surplus and others	266,740	277,681
Net unrealized gains (losses) on available-for-sale securities, net of tax	659,808	640,506
Revaluation reserve for land, net of tax	4,500	4,500
Total valuation and translation adjustments	664,308	645,007
<b>Total net assets</b>	<b>931,049</b>	<b>922,689</b>
<b>Total liabilities and net assets</b>	<b>7,641,887</b>	<b>7,517,681</b>

## 4. Non-consolidated Statements of Operations

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
<b>Ordinary revenues:</b>		
Premium and other income	372,225	369,292
[Premium income]	[372,192]	[369,269]
Investment income	182,644	199,356
[Interest, dividends and other income]	[116,469]	[133,015]
[Gains on money held in trust, net]	[671]	[565]
[Gains on trading securities, net]	[675]	[—]
[Gains on sales of securities]	[46,952]	[54,972]
[Foreign exchange gains, net]	[1,351]	[850]
[Gains on separate accounts, net]	[14,148]	[6,732]
Other ordinary revenues	9,159	10,464
[Reversal of reserve for outstanding claims]	[1,202]	[2,017]
<b>Total ordinary revenues</b>	<b>564,029</b>	<b>579,114</b>
<b>Ordinary expenses:</b>		
Claims and other payments	345,969	353,096
[Claims]	[85,173]	[73,372]
[Annuities]	[111,589]	[114,317]
[Benefits]	[89,467]	[99,015]
[Surrenders]	[42,420]	[48,584]
[Other payments]	[17,168]	[17,661]
Provision of policy reserve and others:	16,800	2,038
Provision of policy reserves	16,790	2,012
Provision of interest portion of reserve for dividends to policyholders	10	26
Investment expenses	66,116	67,175
[Interest expenses]	[3,089]	[3,471]
[Losses on trading securities, net]	[—]	[1]
[Losses on sales of securities]	[44,395]	[47,133]
[Losses on valuation of securities]	[695]	[268]
[Losses on derivative instruments, net]	[5,067]	[2,750]
Operating expenses	67,570	73,684
Other ordinary expenses	18,077	18,981
<b>Total ordinary expenses</b>	<b>514,534</b>	<b>514,976</b>
<b>Ordinary profits</b>	<b>49,495</b>	<b>64,137</b>
<b>Extraordinary gains:</b>		
Gains on disposal of fixed assets	13	0
National subsidies	—	160
<b>Total extraordinary gains</b>	<b>13</b>	<b>160</b>
<b>Extraordinary losses:</b>		
Losses on disposal of fixed assets	96	64
Impairment losses	593	2
Provision of reserve for price fluctuation	2,414	2,601
100th anniversary bonuses and other losses	4,411	—
<b>Total extraordinary losses</b>	<b>7,514</b>	<b>2,667</b>
<b>Surplus before income taxes</b>	<b>41,994</b>	<b>61,630</b>
<b>Income taxes:</b>		
Current	7,908	12,513
Deferred	(1,747)	(3,064)
<b>Total income taxes</b>	<b>6,160</b>	<b>9,448</b>
<b>Net surplus for the period</b>	<b>35,833</b>	<b>52,181</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 nine months ended December 31, 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. The amount of securities lent under lending agreements was ¥ 500,261 million as of December 31, 2024.

3. Changes in reserve for dividends to policyholders for the nine months ended December 31, 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.....	(22,865)
Increase in interest.....	26
Balance at the end of the current period.....	<u>¥76,202</u>

4. In accordance with Article 60 of the Insurance Business Act, the Company raised an additional ¥8,000 million in funds.

5. Accompanying with the redemption of ¥12,000 million in foundation funds, the Company transferred the same amount from reserve for redemption of foundation funds to accumulated foundation funds redeemed in accordance with Article 56 of the Insurance Business Act.

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

(Millions of yen)

		Nine months ended December 31, 2023	Nine months ended December 31, 2024
<b>Fundamental profit</b>	<b>A</b>	<b>56,941</b>	<b>65,206</b>
Capital gains		51,419	59,344
Gains on money held in trust, net		585	428
Gains on trading securities, net		534	—
Gains on sales of securities		46,952	54,972
Gains on derivative instruments, net		—	—
Foreign exchange gains, net		1,351	850
Other capital gains		1,996	3,093
Capital losses		49,158	50,154
Losses on money held in trust, net		—	—
Losses on trading securities, net		—	1
Losses on sales of securities		44,395	47,133
Losses on valuation of securities		695	268
Losses on derivative instruments, net		5,067	2,750
Foreign exchange losses, net		—	—
Other capital losses		(999)	—
Net capital gains (losses)	<b>B</b>	2,260	9,190
Fundamental profit plus net capital gains (losses)	<b>A+B</b>	59,202	74,396
Non-recurring gains		7	—
Reinsurance income		—	—
Reversal of contingency reserve		—	—
Reversal of specific allowance for possible loan losses		7	—
Others		—	—
Non-recurring losses		9,714	10,259
Reinsurance premiums		—	—
Provision for contingency reserve		780	1,999
Provision of specific allowance for possible loan losses		—	2
Provision of allowance for specified overseas loans		—	—
Write-offs of loans		—	—
Others		8,934	8,257
Non-recurring gains (losses)	<b>C</b>	(9,707)	(10,259)
Ordinary profits	<b>A+B+C</b>	49,495	64,137

Note: Other items break down as follows.

(Millions of yen)

		Nine months ended December 31, 2023	Nine months ended December 31, 2024
Fundamental profit		(2,768)	(2,956)
Interest, dividends, and other income from gains/losses on money held in trust		86	136
Interest, dividends, and other income from gains/losses on trading securities		141	—
Foreign exchange-related hedging costs categorized under foreign exchange gains/losses		(999)	—
Interest, dividends, and other investment expenses from gains/losses on cancellation of investment trusts		(47)	(82)
Portion of gains/losses on redemption of securities attributable to foreign exchange fluctuations		(1,949)	(3,011)
Other capital gains		1,996	3,093
Interest, dividends, and other investment expenses from gains/losses on cancellation of investment trusts		47	82
Portion of gains/losses on redemption of securities attributable to foreign exchange fluctuations		1,949	3,011
Other capital losses		(999)	—
Foreign exchange-related hedging costs categorized under foreign exchange gains		(999)	—
Other non-recurring losses		8,934	8,257
Provision of policy reserves in accordance with Article 69, Paragraph 5 of the Enforcement Regulations of the Insurance Business Act.		8,934	8,257

## 6. Solvency Margin Ratio

(Millions of yen)

		As of March 31, 2024	As of December 31, 2024
Total solvency margin	(A)	2,265,213	2,287,375
Foundation funds and surplus		226,042	246,700
Reserve for price fluctuation		180,566	183,167
Contingency reserve		208,899	210,899
General allowance for possible loan losses		330	310
(Net unrealized gains (losses) on securities (before tax) and deferred hedge gains (losses) (before tax)) × 90%		822,613	798,573
Net unrealized gains on real estate × 85%		165,661	167,006
Excess amount of policy reserve based on full-time Zillmer method		396,562	405,059
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	55,181
Total amount of risk $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$	(B)	394,956	406,105
Insurance risk $R_1$		21,022	20,761
3rd sector insurance risk $R_8$		10,116	10,196
Assumed investment yield risk $R_2$		20,037	19,307
Minimum guarantee risk $R_7$		—	—
Investment risk $R_3$		365,332	377,044
Business risk $R_4$		8,330	8,546
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$		1,147.0%	1,126.4%

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 December 31, 2024
Economic Solvency Ratio	248.9%	241.5%

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 December 31, 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 December 31, 2024
	Amount	Amount
Individual variable insurance	—	—
Individual variable annuities	—	—
Group annuities	141,452	146,352
Total	141,452	146,352

### (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 December 31, 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 million of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Ordinary revenues	7,883	8,212
Ordinary profits	537	698
Net surplus attributable to the parent company	381	544
Comprehensive income	1,704	311

	As of March 31, 2024	As of December 31, 2024
Total assets	94,265	94,028
Solvency margin ratio	1,189.7%	1,165.9 %

### (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 December 31, 2024
<b>Assets:</b>		
Cash and deposits	396,782	196,641
Call loans	128,000	189,000
Money held in trust	23,502	24,029
Securities	8,015,906	8,129,327
Loans	503,151	486,679
Tangible fixed assets	256,185	261,433
Intangible fixed assets	26,339	26,585
Agency receivables	0	0
Reinsurance receivables	121	8
Other assets	57,951	68,711
Net defined benefit assets	15,696	16,263
Deferred tax assets	3,634	4,882
Allowance for possible loan losses	(703)	(675)
<b>Total assets</b>	<b>9,426,567</b>	<b>9,402,888</b>

	As of March 31, 2024	As of December 31, 2024
<b>Liabilities:</b>		
Policy reserves:	7,704,135	7,813,291
Reserve for outstanding claims	28,805	25,793
Policy reserve	7,613,135	7,711,008
Reserve for dividends to policyholders	61,903	76,202
Reserve for dividends to policyholders (subsidiary)	290	286
Agency payables	449	724
Reinsurance payables	53	52
Subordinated bonds	267,260	267,260
Other liabilities	175,739	58,704
Net defined benefit liabilities	10,914	12,184
Reserve for price fluctuation	193,279	196,177
Deferred tax liabilities	91,924	81,791
Deferred tax liabilities for land revaluation	14,132	14,132
<b>Total liabilities</b>	<b>8,457,889</b>	<b>8,444,318</b>
<b>Net assets:</b>		
Foundation funds	12,000	8,000
Accumulated foundation funds redeemed	116,000	128,000
Reserve for revaluation	112	112
Consolidated surplus	143,344	148,506
Total foundation funds, surplus and others	271,456	284,618
Net unrealized gains (losses) on available-for-sale securities, net of tax	663,271	641,053
Revaluation reserve for land, net of tax	4,500	4,500
Foreign currency translation adjustment	257	389
Accumulated remeasurements of defined benefit plans	21,087	19,919
Total accumulated other comprehensive income	689,116	665,863
Non-controlling interests	8,104	8,086
<b>Total net assets</b>	<b>968,677</b>	<b>958,569</b>
<b>Total liabilities and net assets</b>	<b>9,426,567</b>	<b>9,402,888</b>

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

[Consolidated Statements of Operations]

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
<b>Ordinary revenues:</b>		
Premium and other income	580,892	592,846
Investment income	198,056	216,903
[Interest, dividends and other income]	[131,861]	[150,357]
[Gains on money held in trust, net]	[671]	[565]
[Gains on trading securities, net]	[675]	[—]
[Gains on sales of securities]	[46,971]	[55,186]
[Foreign exchange gains, net]	[1,353]	[846]
[Gains on separate accounts, net]	[14,148]	[6,732]
Other ordinary revenues	9,365	11,466
[Reversal of reserve for outstanding claims]	[670]	[3,011]
<b>Total ordinary revenues</b>	<b>788,315</b>	<b>821,216</b>
<b>Ordinary expenses:</b>		
Claims and other payments	463,199	479,019
[Claims]	[94,285]	[85,267]
[Annuities]	[196,257]	[197,362]
[Benefits]	[92,431]	[101,598]
[Surrenders]	[62,737]	[76,792]
[Other payments]	[17,267]	[17,791]
Provision of policy reserve and others:	107,820	97,898
Provision of policy reserves	107,810	97,872
Provision of interest portion of reserve for dividends to policyholders	10	26
Provision of interest portion of reserve for dividends to policyholders (subsidiary)	0	0
Investment expenses	65,795	67,875
[Interest expenses]	[3,102]	[3,486]
[Losses on trading securities, net]	[—]	[1]
[Losses on sales of securities]	[45,137]	[48,879]
[Losses on valuation of securities]	[695]	[268]
[Losses on derivative instruments, net]	[5,067]	[2,750]
Operating expenses	76,716	84,552
Other ordinary expenses	21,004	22,046
<b>Total ordinary expenses</b>	<b>734,537</b>	<b>751,392</b>
<b>Ordinary profits</b>	<b>53,777</b>	<b>69,823</b>
<b>Extraordinary gains:</b>		
Gains on disposal of fixed assets	13	0
National subsidies	—	160
<b>Total extraordinary gains</b>	<b>13</b>	<b>160</b>
<b>Extraordinary losses:</b>		
Losses on disposal of fixed assets	87	72
Impairment losses	593	2
Provision of reserve for price fluctuation	2,682	2,898
100th anniversary bonuses and other losses	4,399	—
<b>Total extraordinary losses</b>	<b>7,762</b>	<b>2,973</b>
<b>Provision of reserve for dividends to policyholders (subsidiary)</b>	<b>145</b>	<b>142</b>
<b>Surplus before income taxes</b>	<b>45,884</b>	<b>66,868</b>
<b>Income taxes:</b>		
Current	9,143	14,347
Deferred	(1,714)	(2,269)
<b>Total income taxes</b>	<b>7,429</b>	<b>12,077</b>
<b>Net surplus for the period</b>	<b>38,455</b>	<b>54,790</b>
<b>Net surplus attributable to non-controlling interests</b>	<b>267</b>	<b>388</b>
<b>Net surplus attributable to the parent company</b>	<b>38,187</b>	<b>54,402</b>

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

[Consolidated Statements of Comprehensive Income]

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Net surplus	38,455	54,790
Other comprehensive income:	131,952	(23,592)
Net unrealized gains (losses) on available-for-sale securities, net of tax	126,361	(22,557)
Foreign currency translation adjustments	409	132
Remeasurements of defined benefit plan, net of tax	5,181	(1,167)
Comprehensive income:	170,407	31,198
Comprehensive income attributable to the parent company	170,226	31,149
Comprehensive income attributable to non-controlling interests	181	48



# 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 financial statements for the nine months ended December 31, 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 consolidated financial statements and other reports.

2. The amount of securities lent under lending agreements was ¥ 500,261 million as of December 31, 2024.

3. Changes in reserve for dividends to policyholders for the nine months ended December 31, 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.....	(22,865)
Increase in interest.....	26
Balance at the end of the current period.....	<u>¥76,202</u>

4. Changes in reserve for dividends to policyholders (Fukokushinrai Life Insurance Co., Ltd.) for the nine months ended December 31, 2024 were as follows:

	(Millions of yen)
Balance at the beginning of the current period.....	¥290
Dividend payments to policyholders during the current period.....	(146)
Increase in interest.....	0
Provision of reserve for dividends to policyholders.....	142
Balance at the end of the current period.....	<u>¥286</u>

5. In accordance with Article 60 of the Insurance Business Act, the Company raised an additional ¥8,000 million in funds.

6. Accompanying with the redemption of ¥12,000 million in foundation funds, the Company transferred the same amount from reserve for redemption of foundation funds to accumulated foundation funds redeemed in accordance with Article 56 of the Insurance Business Act.

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

1. For the nine months ended December 31, 2024, the total amount of depreciation, including depreciation of real estate for rent, was ¥12,523 million.

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

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Total solvency margin (A)	2,381,877	2,403,219
Foundation funds and surplus	239,002	261,881
Reserve for price fluctuation	193,279	196,177
Contingency reserve	211,786	214,057
Catastrophe loss reserve	—	—
General allowance for possible loan losses	330	310
(Net unrealized gains (losses) on securities (before tax) and deferred hedge gains (losses) (before tax)) × 90%	827,687	800,085
Net unrealized gains on real estate × 85%	165,661	167,006
Sum of unrecognized actuarial differences and unrecognized prior service cost	29,288	27,666
Excess amount of policy reserve based on full-time Zillmer method	398,926	407,566
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	61,207
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	412,225
Insurance risk $R_1$	21,411	21,142
General insurance risk $R_5$	—	—
Catastrophe risk $R_6$	—	—
3rd sector insurance risk $R_8$	10,268	10,347
Small amount and short-term insurance risk $R_9$	—	—
Assumed investment yield risk $R_2$	20,369	19,658
Minimum guarantee risk $R_7$	—	—
Investment risk $R_3$	370,309	382,659
Business risk $R_4$	8,447	8,676
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	1,189.7%	1,165.9%

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 December 31, 2024
Economic Solvency Ratio	258.2%	249.3%

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 December 31, 2024 have been calculated using simplified methods.