

Financial Results for the Three Months Ended June 30, 2025

Fukoku Mutual Life Insurance Company (President: Takehiko Watabe) announces financial results for the three months ended June 30, 2025.

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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, 2025		As of June 30, 2025			
		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	3,094	212,248	3,099	100.1	212,265	100.0
	Individual annuities	542	20,869	541	99.9	20,841	99.9
Subtotal		3,636	233,117	3,640	100.1	233,106	100.0
Group insurance		—	174,482	—	—	174,965	100.3
Group annuities		—	23,228	—	—	23,323	100.4

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, 2024		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	86	3,039	2,944	95
	Individual annuities	13	534	537	(3)
Subtotal		100	3,573	3,481	91
Group insurance		—	54	54	—
Group annuities		—	0	0	—

Three months ended June 30, 2025		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	88	102.2	3,581	117.8	3,475	118.0	106	111.5
	Individual annuities	7	54.2	278	52.1	280	52.2	(2)	—
Subtotal		96	95.6	3,859	108.0	3,755	107.9	103	113.1
Group insurance		—	—	84	156.5	84	156.5	—	—
Group annuities		—	—	0	87.5	0	87.5	—	—

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, 2024	Three months ended June 30, 2025	
			Changes (%, YoY)
Amount of surrender and lapse (100 millions of yen)	2,991	2,669	89.2
Surrender and lapse ratio (%)	1.26	1.15	(0.11)

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, 2025	As of June 30, 2025	
			Changes (%, Pre-FYE)
Individual insurance	2,572	2,580	100.3
Individual annuities	1,029	1,025	99.6
Total	3,601	3,605	100.1
Medical coverage and living benefits	1,171	1,174	100.2

(ii) New Policies

(100 millions of yen, %)

	Three months ended June 30, 2024	Three months ended June 30, 2025	
			Changes (%, YoY)
Individual insurance	32	43	133.2
Individual annuities	14	7	54.0
Total	47	51	109.3
Medical coverage and living benefits	17	17	99.3

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, 2025		As of June 30, 2025	
	Amount	% of total	Amount	% of total
Cash, deposits, and call loans	282,135	3.9 %	339,237	4.7 %
Money held in trust	23,812	0.3	24,095	0.3
Securities	6,074,460	84.4	6,090,411	83.8
Domestic bonds	2,824,372	39.2	3,121,409	42.9
Domestic stocks	962,949	13.4	1,044,909	14.4
Foreign securities	2,064,263	28.7	1,672,705	23.0
Foreign bonds	1,406,359	19.5	960,455	13.2
Foreign stocks and other securities	657,903	9.1	712,250	9.8
Other securities	222,875	3.1	251,386	3.5
Loans	472,157	6.6	470,948	6.5
Policy loans	43,775	0.6	43,471	0.6
Ordinary loans	428,381	6.0	427,477	5.9
Real estate	257,599	3.6	258,291	3.6
Others	89,365	1.2	85,450	1.2
Allowance for possible loan losses	(508)	(0.0)	(514)	(0.0)
Total	7,199,022	100.0	7,267,918	100.0
Foreign currency denominated assets	2,055,828	28.6	1,647,173	22.7

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, 2025					As of June 30, 2025				
	Book value	Fair value	Gains/Losses			Book value	Fair value	Gains/Losses		
				Gains	Losses				Gains	Losses
Held-to-maturity debt securities	645,682	666,692	21,010	21,010	—	625,536	648,498	22,962	22,962	—
Domestic bonds	645,682	666,692	21,010	21,010	—	625,536	648,498	22,962	22,962	—
Foreign bonds	—	—	—	—	—	—	—	—	—	—
Policy-reserve-matching bonds	627,193	568,591	(58,601)	—	58,601	1,073,353	976,572	(96,780)	261	97,042
Domestic bonds	627,193	568,591	(58,601)	—	58,601	1,073,353	976,572	(96,780)	261	97,042
Foreign bonds	—	—	—	—	—	—	—	—	—	—
Investments in subsidiaries and affiliates	—	—	—	—	—	—	—	—	—	—
Available-for-sale securities	3,952,840	4,676,064	723,223	911,702	188,478	3,519,578	4,261,712	742,134	943,133	200,999
Domestic bonds	1,663,797	1,551,497	(112,300)	41,982	154,283	1,538,341	1,422,519	(115,821)	38,908	154,729
Domestic stocks	377,840	894,051	516,210	521,429	5,218	387,702	976,012	588,310	591,971	3,660
Foreign securities	1,759,222	2,035,649	276,427	302,858	26,431	1,423,459	1,642,359	218,900	259,281	40,381
Foreign bonds	1,315,509	1,406,359	90,849	111,631	20,781	954,952	960,455	5,502	40,813	35,310
Foreign stocks and other securities	443,712	629,290	185,577	191,226	5,649	468,506	681,904	213,397	218,468	5,070
Other securities	151,979	194,865	42,886	45,431	2,545	170,075	220,819	50,744	52,972	2,228
Money held in trust	—	—	—	—	—	—	—	—	—	—
Monetary claims bought	—	—	—	—	—	—	—	—	—	—
Negotiable certificate of deposits	—	—	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—	—	—
Total	5,225,715	5,911,347	685,632	932,713	247,080	5,218,467	5,886,783	668,315	966,358	298,042
Domestic bonds	2,936,672	2,786,781	(149,891)	62,993	212,884	3,237,230	3,047,590	(189,639)	62,132	251,772
Domestic stocks	377,840	894,051	516,210	521,429	5,218	387,702	976,012	588,310	591,971	3,660
Foreign securities	1,759,222	2,035,649	276,427	302,858	26,431	1,423,459	1,642,359	218,900	259,281	40,381
Foreign bonds	1,315,509	1,406,359	90,849	111,631	20,781	954,952	960,455	5,502	40,813	35,310
Foreign stocks and other securities	443,712	629,290	185,577	191,226	5,649	468,506	681,904	213,397	218,468	5,070
Other securities	151,979	194,865	42,886	45,431	2,545	170,075	220,819	50,744	52,972	2,228
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, 2025	As of June 30, 2025
Investments in subsidiaries and affiliates	64,787	64,787
Available-for-sale securities	54,333	58,601
Domestic stocks	5,668	5,667
Foreign stocks	—	—
Others	48,665	52,934
Total	119,120	123,389

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 (¥6,400 million as of March 31, 2025 and ¥6,420 million as of June 30, 2025) are included in their balance sheet carrying amounts.

(3) Fair Value Information on Money Held in Trust

(Millions of yen)

	As of March 31, 2025					As of June 30, 2025				
	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	23,812	23,812	—	—	—	24,095	24,095	—	—	—

• Money held in trust for trading purpose

(Millions of yen)

	As of March 31, 2025		As of June 30, 2025	
	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	22,812	(0)	23,095	185

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

(Millions of yen)

	As of March 31, 2025					As of June 30, 2025				
	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, 2025			As of June 30, 2025		
Carrying value on the balance sheet	Fair value	Gains (Losses)	Carrying value on the balance sheet	Fair value	Gains (Losses)
153,062	340,652	187,590	153,051	340,837	187,785

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, 2025	As of June 30, 2025
Assets:		
Cash and deposits	185,154	174,844
Call loans	97,000	166,000
Money held in trust	23,812	24,095
Securities:	6,202,664	6,218,323
[Government bonds]	[2,277,386]	[2,592,925]
[Local government bonds]	[83,522]	[76,901]
[Corporate bonds]	[494,223]	[482,258]
[Stocks]	[996,730]	[1,080,243]
[Foreign securities]	[2,127,924]	[1,734,606]
Loans:	472,157	470,948
Policy loans	43,775	43,471
Ordinary loans	428,381	427,477
Tangible fixed assets	262,651	263,141
Intangible fixed assets	24,720	24,184
Agency receivables	181	30
Reinsurance receivables	75	122
Other assets	57,913	55,271
Prepaid pension cost	3,980	4,326
Allowance for possible loan losses	(508)	(514)
Total assets	7,329,802	7,400,773
	As of March 31, 2025	As of June 30, 2025
Liabilities:		
Policy reserves:	5,958,401	6,028,515
Reserve for outstanding claims	24,893	23,187
Policy reserve	5,869,389	5,907,331
Reserve for dividends to policyholders	64,117	97,996
Reinsurance payables	38	43
Subordinated bonds	267,260	267,260
Other liabilities:	46,920	50,515
Corporate income tax payable	102	6,001
Asset retirement obligations	4,486	4,518
Rest of the other liabilities	42,331	39,995
Reserve for employees' retirement benefits	26,836	26,653
Reserve for price fluctuation	188,566	178,771
Deferred tax liabilities	24,268	30,438
Deferred tax liabilities for land revaluation	14,600	14,597
Total liabilities	6,526,893	6,596,794
Net assets:		
Foundation funds	8,000	8,000
Accumulated foundation funds redeemed	128,000	128,000
Reserve for revaluation	112	112
Surplus:	142,527	130,141
Legal reserve for future losses	3,660	3,800
Other surplus:	138,867	126,341
Reserve for redemption of foundation funds	—	1,600
Reserve for dividend allowances	20,000	20,000
Accumulated fund for price fluctuation	41,000	41,000
Reserve for employee returns	—	5,000
Reserve for advanced depreciation of real estate for tax purpose	202	199
Other reserves	767	767
Unappropriated surplus	76,897	57,775
Total foundation funds, surplus and others	278,640	266,254
Net unrealized gains (losses) on available-for-sale securities, net of tax	520,242	533,706
Revaluation reserve for land, net of tax	4,025	4,018
Total valuation and translation adjustments	524,268	537,724
Total net assets	802,908	803,979
Total liabilities and net assets	7,329,802	7,400,773

4. Non-consolidated Statements of Operations

(Millions of yen)

	Three months ended June 30, 2024	Three months ended June 30, 2025
Ordinary revenues:		
Premium and other income	140,676	151,959
[Premium income]	[140,670]	[151,836]
Investment income	62,672	105,390
[Interest, dividends and other income]	[42,481]	[43,057]
[Gains on money held in trust, net]	[391]	[304]
[Gains on trading securities, net]	[0]	[—]
[Gains on sales of securities]	[9,571]	[53,902]
[Gains on derivative instruments, net]	[—]	[330]
[Foreign exchange gains, net]	[1,852]	[—]
[Gains on separate accounts, net]	[5,261]	[6,100]
Other ordinary revenues	3,889	4,468
[Reversal of reserve for outstanding claims]	[1,526]	[1,705]
Total ordinary revenues	207,239	261,818
Ordinary expenses:		
Claims and other payments	128,744	118,728
[Claims]	[35,110]	[26,213]
[Annuities]	[38,280]	[38,827]
[Benefits]	[33,257]	[33,452]
[Surrenders]	[16,834]	[14,677]
[Other payments]	[5,218]	[5,514]
Provision of policy reserve and others:	9,838	37,958
Provision of policy reserves	9,834	37,941
Provision of interest portion of reserve for dividends to policyholders	3	16
Investment expenses	25,292	38,890
[Interest expenses]	[1,153]	[1,157]
[Losses on trading securities, net]	[—]	[3]
[Losses on sales of securities]	[16,853]	[31,283]
[Losses on valuation of securities]	[167]	[142]
[Losses on derivative instruments, net]	[2,512]	[—]
[Foreign exchange losses, net]	[—]	[944]
Operating expenses	23,521	26,306
Other ordinary expenses	6,617	6,835
Total ordinary expenses	194,014	228,718
Ordinary profits	13,224	33,100
Extraordinary gains:		
Gains on disposal of fixed assets	0	—
Reversal of reserve for price fluctuation	—	9,795
Total extraordinary gains	0	9,795
Extraordinary losses:		
Losses on disposal of fixed assets	6	2
Impairment losses	—	10
Provision of reserve for price fluctuation	867	—
Total extraordinary losses	873	13
Surplus before income taxes	12,351	42,882
Income taxes:		
Current	2,755	8,172
Deferred	(1,932)	700
Total income taxes	823	8,872
Net surplus for the period	11,527	34,009

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, 2025 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, 2025 was approved by the Board of Representative Member of Policyholders on July 2, 2025, it is included in the non-consolidated balance sheet as of June 30, 2025.

3. The amount of securities lent under lending agreements was ¥434,750 million as of June 30, 2025.

4. Changes in reserve for dividends to policyholders for the three months ended June 30, 2025 were as follows:

	(Millions of yen)
Balance at the beginning of the current period.....	¥64,117
Transfer from surplus in the previous fiscal year.....	46,273
Dividend payments to policyholders during the current period.....	(12,412)
Increase in interest.....	16
Balance at the end of the current period.....	<u>¥97,996</u>

5. At the Board of Directors meeting held on May 20, 2025, the Company resolved to issue subordinated bonds up to ¥105,000 million during the fiscal year ending March 31, 2026.

In addition, on July 28, 2025, the Company redeemed ¥62,065 million of subordinated bonds ahead of schedule.

5. Breakdown of Ordinary Profits (Fundamental Profit)

(Millions of yen)

	Three months ended June 30, 2024	Three months ended June 30, 2025
Fundamental profit A	20,970	12,370
Capital gains	14,801	56,166
Gains on money held in trust, net	365	271
Gains on trading securities, net	0	—
Gains on sales of securities	9,571	53,902
Gains on derivative instruments, net	—	330
Foreign exchange gains, net	1,852	—
Other capital gains	3,011	1,661
Capital losses	19,532	32,373
Losses on money held in trust, net	—	—
Losses on trading securities, net	—	3
Losses on sales of securities	16,853	31,283
Losses on valuation of securities	167	142
Losses on derivative instruments, net	2,512	—
Foreign exchange losses, net	—	944
Other capital losses	—	—
Net capital gains (losses) B	(4,731)	23,792
Fundamental profit plus net capital gains (losses) A+B	16,239	36,163
Non-recurring gains	3	—
Reinsurance income	—	—
Reversal of contingency reserve	—	—
Reversal of specific allowance for possible loan losses	3	—
Others	—	—
Non-recurring losses	3,018	3,063
Reinsurance premiums	—	—
Provision for contingency reserve	473	726
Provision of specific allowance for possible loan losses	—	0
Provision of allowance for specified overseas loans	—	—
Write-offs of loans	—	—
Others	2,544	2,336
Non-recurring gains (losses) C	(3,014)	(3,063)
Ordinary profits A+B+C	13,224	33,100

Note: Other items break down as follows.

(Millions of yen)

	Three months ended June 30, 2024	Three months ended June 30, 2025
Fundamental profit	(2,985)	(1,628)
Interest, dividends, and other income from gains/losses on money held in trust	25	32
Portion of gains/losses on redemption of securities attributable to foreign exchange fluctuations	(3,011)	(1,661)
Other capital gains	3,011	1,661
Portion of gains/losses on redemption of securities attributable to foreign exchange fluctuations	3,011	1,661
Other non-recurring losses	2,544	2,336
Provision of policy reserves in accordance with Article 69, Paragraph 5 of the Enforcement Regulations of the Insurance Business Act.	2,544	2,336

6. Solvency Margin Ratio

(Millions of yen)

	As of March 31, 2025	As of June 30, 2025
Total solvency margin (A)	2,147,628	2,196,969
Foundation funds and surplus	229,196	251,740
Reserve for price fluctuation	188,566	178,771
Contingency reserve	219,910	220,636
General allowance for possible loan losses	267	272
(Net unrealized gains (losses) on securities (before tax) and deferred hedge gains (losses) (before tax)) × 90%	656,661	673,699
Net unrealized gains on real estate × 85%	175,284	175,440
Excess amount of policy reserve based on full-time Zillmer method	407,968	416,725
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	49,297	59,206
Total amount of risk $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$ (B)	387,643	383,841
Insurance risk R_1	20,614	20,560
3rd sector insurance risk R_8	10,172	10,191
Assumed investment yield risk R_2	19,017	18,771
Minimum guarantee risk R_7	—	—
Investment risk R_3	359,194	355,704
Business risk R_4	8,179	8,104
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	1,108.0%	1,144.7%

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.

7. Status of Separate Account

(1) Separate Account Assets by Products

(Millions of yen)

	As of March 31, 2025	As of June 30, 2025
	Amount	Amount
Individual variable insurance	—	—
Individual variable annuities	—	—
Group annuities	136,390	139,526
Total	136,390	139,526

(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, 2025		As of June 30, 2025	
	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, 2024	Three months ended June 30, 2025
Ordinary revenues	2,773	3,412
Ordinary profits	145	353
Net surplus attributable to the parent company	118	347
Comprehensive income	499	485

	As of March 31, 2025	As of June 30, 2025
Total assets	92,313	93,443
Solvency margin ratio	1,147.4%	1,182.1%

(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, 2025	As of June 30, 2025
Assets:		
Cash and deposits	238,322	224,879
Call loans	97,000	166,000
Money held in trust	23,812	24,095
Securities	8,019,332	8,080,488
Loans	475,424	473,946
Tangible fixed assets	263,480	263,905
Intangible fixed assets	26,202	25,737
Agency receivables	0	0
Reinsurance receivables	120	127
Other assets	65,107	62,622
Net defined benefit assets	15,163	15,346
Deferred tax assets	7,907	7,698
Allowance for possible loan losses	(508)	(514)
Total assets	9,231,364	9,344,333

	As of March 31, 2025	As of June 30, 2025
Liabilities:		
Policy reserves:	7,809,032	7,917,116
Reserve for outstanding claims	30,104	27,968
Policy reserve	7,714,518	7,790,897
Reserve for dividends to policyholders	64,117	97,996
Reserve for dividends to policyholders (subsidiary)	291	254
Agency payables	507	990
Reinsurance payables	48	49
Subordinated bonds	267,260	267,260
Other liabilities	52,811	58,308
Net defined benefit liabilities	10,424	10,634
Reserve for price fluctuation	205,681	195,989
Deferred tax liabilities	36,766	43,067
Deferred tax liabilities for land revaluation	14,600	14,597
Total liabilities	8,397,132	8,508,013
Net assets:		
Foundation funds	8,000	8,000
Accumulated foundation funds redeemed	128,000	128,000
Reserve for revaluation	112	112
Consolidated surplus	148,280	136,626
Total foundation funds, surplus and others	284,393	272,738
Net unrealized gains (losses) on available-for-sale securities, net of tax	517,928	532,006
Revaluation reserve for land, net of tax	4,025	4,018
Foreign currency translation adjustment	629	467
Accumulated remeasurements of defined benefit plans	19,667	19,286
Total accumulated other comprehensive income	542,251	555,778
Non-controlling interests	7,587	7,802
Total net assets	834,231	836,319
Total liabilities and net assets	9,231,364	9,344,333

(4) Consolidated Statements of Operations and Comprehensive Income

[Consolidated Statements of Operations]

(Millions of yen)

	Three months ended June 30, 2024	Three months ended June 30, 2025
Ordinary revenues:		
Premium and other income	206,491	225,035
Investment income	67,503	111,203
[Interest, dividends and other income]	[47,314]	[48,872]
[Gains on money held in trust, net]	[391]	[304]
[Gains on trading securities, net]	[0]	[—]
[Gains on sales of securities]	[9,571]	[53,902]
[Gains on derivative instruments, net]	[—]	[330]
[Foreign exchange gains, net]	[1,851]	[—]
[Gains on separate accounts, net]	[5,261]	[6,100]
Other ordinary revenues	3,379	5,031
[Reversal of reserve for outstanding claims]	[947]	[2,136]
Total ordinary revenues	277,373	341,271
Ordinary expenses:		
Claims and other payments	164,074	152,543
[Claims]	[38,861]	[31,216]
[Annuities]	[60,113]	[55,520]
[Benefits]	[34,160]	[34,191]
[Surrenders]	[25,640]	[25,979]
[Other payments]	[5,243]	[5,580]
Provision of policy reserve and others:	39,518	76,396
Provision of policy reserves	39,515	76,379
Provision of interest portion of reserve for dividends to policyholders	3	16
Provision of interest portion of reserve for dividends to policyholders (subsidiary)	0	0
Investment expenses	24,900	38,531
[Interest expenses]	[1,158]	[1,164]
[Losses on trading securities, net]	[—]	[3]
[Losses on sales of securities]	[16,853]	[31,311]
[Losses on valuation of securities]	[167]	[142]
[Losses on derivative instruments, net]	[2,512]	[—]
[Foreign exchange losses, net]	[—]	[943]
Operating expenses	26,741	30,602
Other ordinary expenses	7,568	7,847
Total ordinary expenses	262,803	305,920
Ordinary profits	14,570	35,350
Extraordinary gains:		
Gains on disposal of fixed assets	0	—
Reversal of reserve for price fluctuation	—	9,692
Total extraordinary gains	0	9,692
Extraordinary losses:		
Losses on disposal of fixed assets	13	2
Impairment losses	—	10
Provision of reserve for price fluctuation	960	—
Total extraordinary losses	974	13
Provision of reserve for dividends to policyholders (subsidiary)	45	44
Surplus before income taxes	13,550	44,984
Income taxes:		
Current	3,403	9,123
Deferred	(1,813)	909
Total income taxes	1,589	10,033
Net surplus for the period	11,960	34,951
Net surplus (loss) attributable to non-controlling interests	110	210
Net surplus attributable to the parent company	11,850	34,740

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

[Consolidated Statements of Comprehensive Income]

(Millions of yen)

	Three months ended June 30, 2024	Three months ended June 30, 2025
Net surplus	11,960	34,951
Other comprehensive income:	38,005	13,606
Net unrealized gains (losses) on available-for-sale securities, net of tax	38,179	14,149
Foreign currency translation adjustments	214	(162)
Remeasurements of defined benefit plan, net of tax	(389)	(380)
Comprehensive income:	49,965	48,557
Comprehensive income attributable to the parent company	50,113	48,275
Comprehensive income attributable to non-controlling interests	(147)	281

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, 2025 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, 2025 was approved by the Board of Representative Member of Policyholders on July 2, 2025, it is included in the consolidated balance sheet as of June 30, 2025.

3. The amount of securities lent under lending agreements was ¥434,750 million as of June 30, 2025.

4. Changes in reserve for dividends to policyholders for the three months ended June 30, 2025 were as follows:

	(Millions of yen)
Balance at the beginning of the current period.....	¥64,117
Transfer from surplus in the previous fiscal year.....	46,273
Dividend payments to policyholders during the current period.....	(12,412)
Increase in interest.....	16
Balance at the end of the current period.....	<u>¥97,996</u>

5. Changes in reserve for dividends to policyholders (Fukokushinrai Life Insurance Co., Ltd.) for the three months ended June 30, 2025 were as follows:

	(Millions of yen)
Balance at the beginning of the current period.....	¥291
Dividend payments to policyholders during the current period.....	(81)
Increase in interest.....	0
Provision of reserve for dividends to policyholders.....	44
Balance at the end of the current period.....	<u>¥254</u>

6. At the Board of Directors meeting held on May 20, 2025, the Company resolved to issue subordinated bonds up to ¥105,000 million during the fiscal year ending March 31, 2026.

In addition, on July 28, 2025, the Company redeemed ¥62,065 million of subordinated bonds ahead of schedule.

III. Notes to the Consolidated Statements of Operations

1. For the three months ended June 30, 2025, the total amount of depreciation, including depreciation of real estate for rent, was ¥4,324 million.

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

(Millions of yen)

	As of March 31, 2025	As of June 30, 2025
Total solvency margin (A)	2,261,410	2,313,097
Foundation funds and surplus	242,655	266,179
Reserve for price fluctuation	205,681	195,989
Contingency reserve	223,180	224,057
Catastrophe loss reserve	—	—
General allowance for possible loan losses	267	272
(Net unrealized gains (losses) on securities (before tax) and deferred hedge gains (losses) (before tax)) × 90%	654,586	672,411
Net unrealized gains on real estate × 85%	175,284	175,440
Sum of unrecognized actuarial differences and unrecognized prior service cost	27,672	27,137
Excess amount of policy reserve based on full-time Zillmer method	410,517	419,355
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	54,305	64,993
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)	394,158	391,339
Insurance risk R_1	20,993	20,939
General insurance risk R_5	—	—
Catastrophe risk R_6	—	—
3rd sector insurance risk R_8	10,323	10,342
Small amount and short-term insurance risk R_9	—	—
Assumed investment yield risk R_2	19,388	19,195
Minimum guarantee risk R_7	—	—
Investment risk R_3	365,178	362,602
Business risk R_4	8,317	8,261
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	1,147.4%	1,182.1%

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.