

## Financial Results for the Nine Months Ended December 31, 2015

Fukoku Mutual Life Insurance Company (President: Yoshiteru Yoneyama) announces financial results for the nine months ended December 31, 2015.

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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, 2015		As of December 31, 2015			
		Number of policies	Amount	Number of policies		Amount	
		(Thousands)	(100 millions of yen)	(Thousands)	Changes (%, Pre-FYE)	(100 millions of yen)	Changes (%, Pre-FYE)
	Individual insurance	3,066	236,846	3,099	101.1	235,086	99.3
	Individual annuities	739	28,718	720	97.4	28,003	97.5
	Subtotal	3,805	265,564	3,820	100.4	263,089	99.1
	Group insurance	—	166,780	—	—	168,316	100.9
	Group annuities	—	21,232	—	—	21,161	99.7

- 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.  
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, 2014		Total		New business	Net increase by conversion
		Number of policies (Thousands)	Amount (100 millions of yen)	Amount (Thousands)	Amount (100 millions of yen)
	Individual insurance	268	12,061	11,132	929
	Individual annuities	14	502	516	(13)
	Subtotal	283	12,564	11,649	915
	Group insurance	—	40	40	—
	Group annuities	—	0	0	—

Nine months ended December 31, 2015		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	273	102.1	12,675	105.1	11,518	103.5	1,157	124.5
	Individual annuities	21	142.6	748	148.9	765	148.1	(16)	—
	Subtotal	295	104.2	13,424	106.8	12,283	105.4	1,140	124.6
	Group insurance	—	—	209	521.2	209	521.2	—	—
	Group annuities	—	—	30	13,507.6	30	13,507.6	—	—

- 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.  
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, 2014	Nine months ended December 31, 2015	
			Changes (%, YoY)
Amount of surrender and lapse (100 millions of yen)	10,873	10,089	92.8
Surrender and lapse ratio (%)	4.00	3.80	(0.20)

- 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 are increase-decrease points over year.

## (2) Annualized Premiums

### (i) Policies in Force

(100 millions of yen except percentage)

	As of March 31, 2015	As of December 31, 2015	
			Changes (%, Pre-FYE)
Individual insurance	2,736	2,743	100.3
Individual annuities	1,327	1,323	99.7
Total	4,064	4,067	100.1
Medical coverage and living benefits	1,066	1,075	100.8

### (ii) New Policies

(100 millions of yen except percentage)

	Nine months ended December 31, 2014	Nine months ended December 31, 2015	
			Changes (%, Pre-FYE)
Individual insurance	141	149	106.0
Individual annuities	21	25	122.2
Total	162	175	108.1
Medical coverage and living benefits	53	54	101.1

- 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.

## (3) Selected Items of Statements of Operations

(100 millions of yen except percentage)

	Nine months ended December 31, 2014	Nine months ended December 31, 2015	
			Changes (%, Pre-FYE)
Premium and other income	4,281	4,634	108.3
Investment income	1,638	1,216	74.3
Claims and other payments	3,699	4,618	124.8
Investment expenses	415	289	69.5
Ordinary profits	825	621	75.2

## (4) Total Assets

(100 millions of yen except percentage)

	As of March 31, 2015	As of December 31, 2015	
			Changes (%, Pre-FYE)
Total assets	66,119	65,288	98.7

## 2. Investment Results of General Account Assets

### (1) Asset Composition

(Millions of yen)

	As of March 31, 2015		As of December 31, 2015	
	Amount	Percentage	Amount	Percentage
Cash, deposits, call loans	282,969	4.3	174,264	2.7
Receivables under resale agreements	—	—	—	—
Receivables under securities borrowing transactions	—	—	—	—
Monetary claims bought	870	0.0	826	0.0
Trading account securities	—	—	—	—
Money held in trust	34,319	0.5	34,393	0.5
Securities	5,163,610	79.1	5,232,404	81.1
Domestic bonds	2,856,151	43.7	2,699,967	41.9
Domestic stocks	641,066	9.8	640,683	9.9
Foreign securities	1,583,778	24.3	1,802,886	28.0
Foreign bonds	1,287,302	19.7	1,535,409	23.8
Foreign stocks and other securities	296,475	4.5	267,476	4.1
Other securities	82,614	1.3	88,866	1.4
Loans	763,900	11.7	717,853	11.1
Policy loans	63,311	1.0	61,553	1.0
Ordinary loans	700,588	10.7	656,299	10.2
Real estate	223,794	3.4	212,318	3.3
Deferred tax assets	—	—	—	—
Others	62,750	1.0	78,842	1.2
Allowance for possible loan losses	(1,948)	(0.0)	(1,914)	(0.0)
Total	6,530,267	100.0	6,448,989	100.0
Foreign currency denominated assets	1,572,701	24.1	1,914,651	29.7

## (2) Fair Value Information on Securities (with fair value, other than trading securities)

(Millions of yen)

	As of March 31, 2015					As of December 31, 2015				
	Book value	Fair value	Gains/losses			Book value	Fair value	Gains/losses		
				Gains	Losses				Gains	Losses
Held-to-maturity debt securities	811,903	926,148	114,245	114,245	—	771,301	897,930	126,628	126,628	—
Domestic bonds	742,337	853,785	111,448	111,448	—	741,921	866,913	124,992	124,992	—
Foreign bonds	69,565	72,362	2,797	2,797	—	29,379	31,016	1,636	1,636	—
Monetary claims bought	—	—	—	—	—	—	—	—	—	—
Negotiable certificate of deposits	—	—	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—	—	—
Policy-reserve-matching bonds	1,215,695	1,346,650	130,954	131,004	50	1,106,044	1,247,578	141,534	141,534	—
Domestic bonds	1,174,597	1,305,280	130,683	130,733	50	1,065,945	1,207,238	141,292	141,292	—
Foreign bonds	41,098	41,369	270	270	—	40,098	40,340	241	241	—
Investments in subsidiaries and affiliates	1,433	1,236	(196)	3	200	1,433	1,240	(193)	2	195
Available-for-sale securities	2,150,593	2,760,905	610,311	611,672	1,360	2,452,379	2,995,519	543,139	553,526	10,387
Domestic bonds	807,550	892,795	85,245	85,269	24	764,778	837,710	72,932	74,499	1,566
Domestic stocks	279,549	597,167	317,617	317,842	225	298,774	598,813	300,038	301,775	1,736
Foreign securities	1,010,329	1,197,021	186,692	187,788	1,096	1,325,316	1,478,315	152,999	159,057	6,058
Foreign bonds	784,142	901,979	117,837	118,593	756	1,116,869	1,212,272	95,402	98,851	3,448
Foreign stocks and other securities	226,187	295,042	68,854	69,194	340	208,447	266,043	57,596	60,205	2,609
Other securities	53,164	73,920	20,756	20,771	15	63,510	80,679	17,169	18,194	1,024
Money held in trust	—	—	—	—	—	—	—	—	—	—
Monetary claims bought	—	—	—	—	—	—	—	—	—	—
Negotiable certificate of deposits	—	—	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—	—	—
<b>Total</b>	<b>4,179,626</b>	<b>5,034,941</b>	<b>855,314</b>	<b>856,926</b>	<b>1,611</b>	<b>4,331,158</b>	<b>5,142,268</b>	<b>811,109</b>	<b>821,692</b>	<b>10,582</b>
Domestic bonds	2,724,485	3,051,862	327,377	327,451	74	2,572,645	2,911,862	339,217	340,784	1,566
Domestic stocks	279,549	597,167	317,617	317,842	225	298,774	598,813	300,038	301,775	1,736
Foreign securities	1,122,427	1,311,990	189,563	190,859	1,296	1,396,228	1,550,912	154,683	160,937	6,253
Foreign bonds	894,806	1,015,712	120,906	121,662	756	1,186,347	1,283,628	97,280	100,729	3,448
Foreign stocks and other securities	227,621	296,278	68,657	69,197	540	209,880	267,283	57,402	60,207	2,805
Other securities	53,164	73,920	20,756	20,771	15	63,510	80,679	17,169	18,194	1,024
Money held in trust	—	—	—	—	—	—	—	—	—	—
Monetary claims bought	—	—	—	—	—	—	—	—	—	—
Negotiable certificate of deposits	—	—	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—	—	—

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

\* Book value of securities without fair value are as follows:

(Millions of yen)

	As of March 31, 2015	As of December 31, 2015
Held-to-maturity debt securities	—	—
Unlisted foreign bonds	—	—
Others	—	—
Policy-reserve-matching bonds	—	—
Investments in subsidiaries and affiliates	35,560	35,560
Available-for-sale securities	17,031	14,496
Unlisted domestic stocks (except over-the-counter stocks)	8,338	6,309
Unlisted foreign stocks (except over-the-counter stocks)	—	—
Unlisted foreign bonds	—	—
Others	8,693	8,187
<b>Total</b>	<b>52,592</b>	<b>50,057</b>

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

(Millions of yen)

	As of March 31, 2015					As of December 31, 2015				
	Carrying value on balance sheets	Fair value	Gains/losses			Carrying value on balance sheets	Fair value	Gains/losses		
			Gains	Losses				Gains	Losses	
Money held in trust	34,319	34,319	—	—	—	34,393	34,393	—	—	—

#### \* Money held in trust for trading purpose

(Millions of yen)

	As of March 31, 2015		As of December 31, 2015	
	Carrying value on balance sheets	Net valuation gains/losses included in the statements of operations	Carrying value on balance sheets	Net valuation gains/losses included in the statements of operations
Money held in trust for trading purpose	33,319	(0)	33,393	(34)

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

(Millions of yen)

	As of March 31, 2015					As of December 31, 2015				
	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, 2015			As of December 31, 2015		
Carrying value on the balance sheets	Fair value	Gains (losses)	Carrying value on the balance sheets	Fair value	Gains (losses)
132,263	235,337	103,073	125,545	227,256	101,710

Notes: 1. As of December 31, 2015, fair value is based on the appraisal value by the real-estate appraiser, the appraisal value for property tax as of January 1, 2015 and the road rate as of January 1, 2015.

2. As of March 31, 2015, fair value is based on the appraisal value by the real-estate appraiser, the appraisal value for property tax as of January 1, 2015 and the road rate as of January 1, 2014.

### 3. Non-consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2015	As of December 31, 2015
<b>Assets:</b>		
Cash and deposits	96,515	30,899
Call loans	186,500	143,400
Monetary claims bought	870	826
Money held in trust	34,319	34,393
Securities	5,240,955	5,311,492
[ Government bonds ]	[2,061,294]	[1,929,713]
[ Local government bonds ]	[154,616]	[143,485]
[ Corporate bonds ]	[670,380]	[654,415]
[ Stocks ]	[664,735]	[667,548]
[ Foreign securities ]	[1,607,208]	[1,827,395]
Loans	763,900	717,853
Policy loans	63,311	61,553
Ordinary loans	700,588	656,299
Tangible fixed assets	227,591	217,746
Intangible fixed assets	11,017	10,291
Reinsurance accounts receivable	105	90
Other assets	52,123	63,800
Allowance for possible loan losses	(1,948)	(1,914)
<b>Total assets</b>	<b>6,611,952</b>	<b>6,528,879</b>
	As of March 31, 2015	As of December 31, 2015
<b>Liabilities:</b>		
Policy reserves	5,545,647	5,517,982
Reserve for outstanding claims	21,305	18,214
Policy reserve	5,475,030	5,437,971
Reserve for dividends to policyholders	49,311	61,796
Reinsurance payables	110	130
Subordinated bonds	118,959	141,935
Other liabilities	55,984	40,721
Corporate income tax payable	15,851	425
Asset retirement obligations	3,001	3,051
Rest of the other liabilities	37,131	37,244
Reserve for employees' retirement benefits	46,393	26,691
Reserve for price fluctuation of securities	46,534	48,694
Deferred tax liabilities	85,741	68,198
Deferred tax liabilities for revaluation reserve for land	14,787	14,730
<b>Total liabilities</b>	<b>5,914,159</b>	<b>5,859,083</b>
<b>Net assets:</b>		
Foundation funds	30,000	30,000
Accumulated foundation funds redeemed	86,000	86,000
Reserve for revaluation	112	112
Surplus	143,548	163,487
Legal reserve for future losses	2,582	2,742
Other surplus	140,966	160,745
Reserve for redemption of foundation funds	12,000	18,000
Reserve for dividend allowances	3,895	20,000
Accumulated fund for price fluctuation	31,000	41,000
Reserve for advanced depreciation of real estate for tax purpose	262	266
Other reserves	767	767
Unappropriated surplus	93,041	80,711
Total foundation funds, surplus and others	259,660	279,599
Net unrealized gains (losses) on available-for-sale securities, net of tax	434,236	386,443
Deferred valuation gains (losses) under hedge accounting, net of tax	0	0
Revaluation reserve for land, net of tax	3,894	3,752
Total valuation and translation adjustments	438,131	390,196
<b>Total net assets</b>	<b>697,792</b>	<b>669,795</b>
<b>Total liabilities and net assets</b>	<b>6,611,952</b>	<b>6,528,879</b>

## 4. Non-consolidated Statements of Operations

(Millions of yen)

	Nine months ended December 31, 2014	Nine months ended December 31, 2015
<b>Ordinary revenues:</b>		
Premium and other income	428,121	463,443
[Premium income]	[427,881]	[463,239]
Investment income	163,824	121,697
[Interest, dividends and other income]	[97,652]	[97,439]
[Gains from money held in trust, net]	[2,429]	[140]
[Gains from trading securities, net]	[42,875]	[—]
[Gains on sales of securities]	[7,683]	[22,906]
[Gains from separate accounts, net]	[9,487]	[994]
Other ordinary revenues	10,442	46,687
[Reversal of reserve for outstanding claims]	[3,833]	[3,091]
[Reversal of policy reserve]	[—]	[37,059]
<b>Total ordinary revenues</b>	<b>602,387</b>	<b>631,828</b>
<b>Ordinary expenses:</b>		
Claims and other payments	369,988	461,805
[Claims]	[88,472]	[105,062]
[Annuities]	[115,867]	[156,679]
[Benefits]	[87,718]	[85,301]
[Surrenders]	[58,014]	[89,967]
[Other payments]	[19,586]	[24,433]
Provision for policy reserve and others	27,695	36
Provision for policy reserve	27,651	—
Provision for interest on reserve for dividends to policyholders	44	36
Investment expenses	41,584	28,901
[Interest expenses]	[3,265]	[3,350]
[Losses from trading securities, net]	[—]	[2,962]
[Losses on sales of securities]	[451]	[3,625]
[Losses on valuation of securities]	[99]	[149]
[Losses from derivative instruments, net]	[30,565]	[6,985]
Operating expenses	64,485	64,037
Other ordinary expenses	16,045	14,933
<b>Total ordinary expenses</b>	<b>519,799</b>	<b>569,714</b>
<b>Ordinary profits</b>	<b>82,588</b>	<b>62,113</b>
<b>Extraordinary gains:</b>		
Gains on disposal of fixed assets	6	1,473
Gain on contribution of securities to retirement benefit trust	—	7,913
<b>Total extraordinary gains</b>	<b>6</b>	<b>9,386</b>
<b>Extraordinary losses:</b>		
Losses on disposal of fixed assets	71	173
Impairment losses	318	231
Provision for reserve for price fluctuation of securities	1,884	2,160
<b>Total extraordinary losses</b>	<b>2,274</b>	<b>2,565</b>
<b>Surplus before income taxes</b>	<b>80,321</b>	<b>68,934</b>
<b>Income taxes:</b>		
Current	17,194	10,344
Deferred	302	1,779
<b>Total income taxes</b>	<b>17,497</b>	<b>12,123</b>
<b>Net surplus for the period</b>	<b>62,823</b>	<b>56,811</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 Law 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 eliminated. As a result, total in yen shown herein do not necessarily agree with the sum of the individual amounts.

## II. Notes to Balance Sheets

### 1. Securities Lent under Lending Agreements

The amount of securities lent under lending agreements was ¥37,802 million as of December 31, 2015.

### 2. Reserve for Dividends to Policyholders

Changes in reserve for dividends to policyholders for the nine months ended December 31, 2015 were as follows:

	(Millions of yen)
Balance at the beginning of the current period.....	¥ 49,311
Transfer from surplus in previous fiscal year.....	36,698
Dividends paid in the current period.....	(24,249)
Increase in interest.....	36
Balance at the end of the current period.....	<u>¥ 61,796</u>

### 3. Trust Account for Retirement Benefits

In the current period ended December 31, 2015, the Company contributed a portion of its securities holdings to establish a trust account for retirement benefits amounting to ¥18,666 million and recognized a gain on contribution of securities to retirement benefit trust amounting to ¥7,913 million as an extraordinary gain.

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

(Millions of yen)

		Nine months ended December 31, 2014	Nine months ended December 31, 2015
<b>Fundamental profit</b>	<b>A</b>	<b>64,350</b>	<b>63,877</b>
Capital gains		49,373	22,906
Gains from money held in trust, net		2,283	—
Gains from trading securities, net		35,972	—
Gains on sales of securities		7,683	22,906
Gains from derivative instruments, net		—	—
Foreign exchange gains, net		3,435	—
Other capital gains		—	—
Capital losses		31,116	25,137
Losses from money held in trust, net		—	43
Losses from trading securities, net		—	10,160
Losses on sales of securities		451	3,625
Losses on valuation of securities		99	149
Losses from derivative instruments, net		30,565	6,985
Foreign exchange losses, net		—	4,172
Other capital losses		—	—
Net capital gains (losses)	<b>B</b>	18,257	(2,231)
Fundamental profit plus net capital gains (losses)	<b>A+B</b>	82,607	61,646
Non-recurring gains		15	522
Reinsurance income		—	—
Reversal of contingency reserve		—	522
Reversal for specific allowance for possible loan losses		15	—
Others		—	—
Non-recurring losses		34	56
Reinsurance premiums		—	—
Provision for contingency reserve		34	—
Provision for specific allowance for possible loan losses		—	56
Allowance for specified overseas loans		—	—
Write-off of loans		—	—
Others		—	—
Non-recurring gains (losses)	<b>C</b>	(19)	466
Ordinary profits	<b>A+B+C</b>	82,588	62,113

Notes: 1. The following amounts in respect of gains / losses from money held in trust have been excluded from capital gains / losses and included in fundamental profit due to their income nature (being interest and dividend income): ¥146 million in respect of the nine months ended December 31, 2014 and ¥184 million in respect of the nine month ended December 31, 2015.

2. The following amounts in respect of gains / losses from trading securities have been excluded from capital gains / losses and included in fundamental profit due to their income nature (being interest and dividend income): ¥6,903 million in respect of the nine months ended December 31, 2014 and ¥7,198 million in respect of the nine months ended December 31, 2015.

## 6. Solvency Margin Ratio

(Millions of yen)

	As of March 31, 2015	As of December 31, 2015
Total solvency margin (A)	1,397,205	1,405,999
Foundation funds and surplus	220,996	249,627
Reserve for price fluctuation of securities	46,534	48,694
Contingency reserve	142,523	142,000
Allowance for possible loan losses	1,403	1,332
Net unrealized gains on available-for-sale securities x 90%	549,280	488,825
Net unrealized gains on real estate x 85%	99,173	98,723
Excess amount of policy reserve based on full-time Zillmer method	197,683	201,905
Qualifying subordinated debt	118,959	141,935
The amount of "excess amount of policy reserve based on full-time Zillmer method" and "qualifying subordinated debt" excluded from the calculation of solvency margin	—	—
Deductible items	(19,000)	(19,000)
Others	39,652	51,954
Total amount of risk $\sqrt{(R_1 + R_5)^2 + (R_2 + R_3 + R_7)^2} + R_4$ (B)	238,962	232,857
Insurance risk $R_1$	25,494	24,659
3rd sector insurance risk $R_5$	9,575	9,594
Assumed investment yield risk $R_2$	35,851	35,760
Minimum guarantee risk $R_7$	0	0
Investment risk $R_3$	195,142	189,319
Business risk $R_4$	5,321	5,186
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	1,169.3%	1,207.6%

Notes: 1. The figures above are calculated based on Articles 86 and 87 of the Enforcement Regulation of the Insurance Business Law and Ministry of Finance No. 50, 1996.

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

3. "Minimum guarantee risk" is calculated by standard method.

## 7. Status of Separate Account

### (1) Separate Account Assets by Products

(Millions of yen)

	As of March 31, 2015	As of December 31, 2015
	Amount	Amount
Individual variable insurance	—	—
Individual variable annuities	149	98
Group annuities	82,855	81,591
Total	83,004	81,689

### (2) Policies in Force

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

The Company has not sold the Individual Variable Insurance

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

(Millions of yen)

	As of March 31, 2015		As of December 31, 2015	
	Number	Amount	Number	Amount
Individual variable annuities	43	136	30	90
Total	43	136	30	90

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

### (1) Selected Financial Data

(Millions of yen)

	Nine months ended December 31, 2014	Nine months ended December 31, 2015
Ordinary revenues	732,541	735,418
Ordinary profits	86,751	64,858
Net surplus attributable to the parent company	64,706	57,846
Comprehensive income	220,736	11,817

Note: From the nine months ended December 31, 2015, "Net surplus" is presented as "Net surplus attributable to the parent company."

	As of March 31, 2015	As of December 31, 2015
Total assets	8,326,588	8,325,735
Solvency margin ratio	1,195.7%	1,236.6%

### (2) Scope of Consolidation and Application of Equity Method

Number of consolidated subsidiaries: 5

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, 2015	As of December 31, 2015
<b>Assets:</b>		
Cash and deposits	154,319	91,346
Call loans	186,500	143,400
Monetary claims bought	870	826
Money held in trust	34,319	34,393
Securities	6,881,578	7,032,111
Loans	767,293	721,229
Tangible fixed assets	227,919	218,070
Intangible fixed assets	15,323	13,634
Agency receivables	4	1
Reinsurance receivables	107	95
Other assets	59,659	72,378
Deferred tax assets	640	161
Allowance for possible loan losses	(1,948)	(1,914)
<b>Total assets</b>	<b>8,326,588</b>	<b>8,325,735</b>
	As of March 31, 2015	As of December 31, 2015
<b>Liabilities:</b>		
Policy reserves	7,234,120	7,286,757
Reserve for outstanding claims	23,501	20,224
Policy reserve	7,160,599	7,204,127
Reserve for dividends to policyholders	49,311	61,796
Reserve for dividends to policyholders (subsidiary)	707	608
Agency payables	377	342
Reinsurance payables	125	158
Subordinated bonds	118,959	141,935
Other liabilities	59,240	43,305
Net defined benefit liabilities	50,691	30,370
Reserve for price fluctuation of securities	55,177	57,599
Deferred tax liabilities	84,524	67,164
Deferred tax liabilities for revaluation reserve for land	14,787	14,730
<b>Total liabilities</b>	<b>7,618,005</b>	<b>7,642,364</b>
<b>Net assets:</b>		
Foundation funds	30,000	30,000
Accumulated foundation funds redeemed	86,000	86,000
Reserve for revaluation	112	112
Consolidated surplus	145,942	166,915
Total foundation funds, surplus and others	262,054	283,028
Net unrealized gains (losses) on available-for-sale securities, net of tax	440,109	393,321
Deferred valuation gains (losses) under hedge accounting, net of tax	0	0
Revaluation reserve for land, net of tax	3,894	3,752
Foreign currency translation adjustments	(52)	(97)
Accumulated remeasurements of defined benefit plans	(3,000)	(2,549)
Total accumulated other comprehensive income	440,951	394,427
Non-controlling interests	5,576	5,916
<b>Total net assets</b>	<b>708,582</b>	<b>683,371</b>
<b>Total liabilities and net assets</b>	<b>8,326,588</b>	<b>8,325,735</b>

Notes: From the nine months ended December 31, 2015, "Minority interests" are presented as "Non-controlling interests."

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

[Consolidated Statements of Operations]

(Millions of yen)

	Nine months ended December 31, 2014	Nine months ended December 31, 2015
<b>Ordinary revenues:</b>		
Premium and other income	537,907	584,416
Investment income	183,296	140,403
[Interest, dividends and other income]	[115,046]	[115,265]
[Gains from money held in trust, net]	[2,429]	[140]
[Gains from trading securities, net]	[42,875]	[—]
[Gains on sales of securities]	[9,771]	[23,795]
[Gains from separate accounts, net]	[9,487]	[994]
Other ordinary revenues	11,336	10,597
[Reversal of reserve for outstanding claims]	[4,190]	[3,277]
<b>Total ordinary revenues</b>	<b>732,541</b>	<b>735,418</b>
<b>Ordinary expenses:</b>		
Claims and other payments	413,203	509,790
[Claims]	[91,714]	[108,546]
[Annuities]	[116,440]	[157,546]
[Benefits]	[94,839]	[93,195]
[Surrenders]	[90,088]	[125,530]
[Other payments]	[19,671]	[24,493]
Provision for policy reserve and others	101,569	43,564
Provision for policy reserve	101,524	43,527
Provision for interest on reserve for dividends to policyholders	44	36
Provision for interest on reserve for dividends to policyholders (subsidiary)	0	0
Investment expenses	40,479	27,982
[Interest expenses]	[3,276]	[3,357]
[Losses from trading securities, net]	[—]	[2,962]
[Losses on sales of securities]	[451]	[3,625]
[Losses on valuation of securities]	[99]	[149]
[Losses from derivative instruments, net]	[30,565]	[6,985]
Operating expenses	72,303	72,360
Other ordinary expenses	17,963	16,861
<b>Total ordinary expenses</b>	<b>645,789</b>	<b>670,559</b>
<b>Ordinary profits</b>	<b>86,751</b>	<b>64,858</b>
<b>Extraordinary gains:</b>		
Gains on disposal of fixed assets	6	1,473
Gain on contribution of securities to retirement benefit trust	—	7,913
<b>Total extraordinary gains</b>	<b>6</b>	<b>9,386</b>
<b>Extraordinary losses:</b>		
Losses on disposal of fixed assets	72	177
Impairment losses	318	231
Provision for reserve for price fluctuation of securities	2,129	2,422
<b>Total extraordinary losses</b>	<b>2,520</b>	<b>2,831</b>
<b>Provision for reserve for dividends to policyholders (subsidiary)</b>	<b>392</b>	<b>338</b>
<b>Surplus before income taxes</b>	<b>83,844</b>	<b>71,075</b>
<b>Income taxes:</b>		
Current	18,628	11,229
Deferred	196	1,787
<b>Total income taxes</b>	<b>18,825</b>	<b>13,016</b>
<b>Net surplus</b>	<b>65,019</b>	<b>58,059</b>
<b>Net surplus attributable to non-controlling interests</b>	<b>312</b>	<b>213</b>
<b>Net surplus attributable to the parent company</b>	<b>64,706</b>	<b>57,846</b>

Notes: From the nine months ended December 31, 2015, "Net surplus before minority interests," "Minority interests" and "Net surplus" are presented as "Net surplus," "Net surplus attributable to non-controlling interests" and "Net surplus attributable to the parent company," respectively.

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

[Consolidated Statement of Comprehensive Income]

(Millions of yen)

	Nine months ended December 31, 2014	Nine months ended December 31, 2015
Net surplus	65,019	58,059
Other comprehensive income	155,717	(46,241)
Net unrealized gains (losses) on available-for-sale securities, net of tax	155,295	(46,647)
Deferred valuation gains (losses) under hedge accounting, net of tax	(1)	(0)
Revaluation reserve for land, net of tax	—	0
Foreign currency translation adjustments	58	(44)
Remeasurements of defined benefit plan, net of tax	364	451
Comprehensive income	220,736	11,817
Comprehensive income attributable to the parent company	219,959	11,464
Comprehensive income attributable to non-controlling interests	777	353

Notes: From the nine months ended December 31, 2015, "Net surplus before minority interests," and "Comprehensive income attributable to minority interests" are presented as "Net surplus," and "Comprehensive income attributable to non-controlling interests," respectively.



# 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 Law 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 eliminated. As a result, total in yen shown herein do not necessarily agree with the sum of the individual amounts.

## II. Notes to Balance Sheets

### 1. Accounting Changes and Corrections of Past Errors

From April 1, 2015, the Company applied the "Revised Accounting Standard for Business Combinations" (ASBJ Statement No. 21, September 13, 2013), "Revised Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, September 13, 2013), "Revised Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, September 13, 2013), and related guidance. As a result, the changes in the Company's ownership interest in a subsidiary are accounted for as consolidated surplus, as long as the Company retains control over the subsidiary, and the acquisition-related costs are accounted for as expenses in the period when the costs are incurred. With regard to business combinations executed on or after April 1, 2015, the Company has changed the accounting method to reflect adjustments to the allocation of acquisition cost under provisional accounting treatment on the consolidated financial statements of the period in which the relevant business combinations become effective. In addition, the Company has changed the presentation of interim net surplus and the presentation of minority interests has been changed to non-controlling interests.

The Company has applied these revised accounting standards prospectively in accordance with transitional provisions in paragraph 58-2 (4) of the Accounting Standard for Business Combinations, paragraph 44-5 (4) of the Accounting Standard for Consolidated Financial Statements and paragraph 57-4 (4) of the Accounting Standard for Business Divestitures.

These accounting changes have no impact on ordinary profits or surplus before income taxes for the nine months ended December 31, 2015. These accounting changes have no impact on consolidated surplus as of December 31, 2015.

### 2. Securities Lent under Lending Agreements

The amount of securities lent under lending agreements was ¥37,802 million as of December 31, 2015.

### 3. Reserve for Dividends to Policyholders

Changes in reserve for dividends to policyholders for the nine months ended December 31, 2015 were as follows:

	(Millions of yen)
Balance at the beginning of the current period.....	¥ 49,311
Transfer from surplus in previous fiscal year.....	36,698
Dividends paid in the current period.....	(24,249)
Increase in interest.....	36
Balance at the end of the current period.....	<u>¥ 61,796</u>

#### 4. Reserve for Dividends to Policyholders (Fukokushinrai Life Insurance Company)

Changes in reserve for dividends to policyholders for the nine months ended December 31, 2015 were as follows:

	(Millions of yen)
Balance at the beginning of the current period.....	¥ 707
Dividends paid in the current period.....	(437)
Increase in interest.....	0
Provision for reserve for dividends to policyholders.....	338
Balance at the end of the current period.....	<u>¥ 608</u>

#### 5. Trust Account for Retirement Benefits

In the current period ended December 31, 2015, the Company contributed a portion of its securities holdings to establish a trust account for retirement benefits amounting to ¥18,666 million and recognized a gain on contribution of securities to retirement benefit trust amounting to ¥7,913 million as an extraordinary gain.

### III. Notes to Statements of Operations

#### 1. Depreciation and Amortization of Goodwill

For the nine months ended December 31, 2015, the total amount of depreciation of real estate for rent and other tangible and intangible fixed assets was ¥8,834 million and the amount of amortization of goodwill was ¥572 million.

## (5) Consolidated Solvency Margin Ratio

(Millions of yen)

	As of March 31, 2015	As of December 31, 2015
<b>Total solvency margin (A)</b>	<b>1,441,649</b>	<b>1,455,212</b>
Foundation funds and surplus	227,256	257,473
Reserve for price fluctuation of securities	55,177	57,599
Contingency reserve	144,417	143,991
Catastrophe loss reserve	—	—
Allowance for possible loan losses	1,403	1,332
Net unrealized gains on available - for - sale securities x 90%	558,124	499,128
Net unrealized gains on real estate x 85%	99,173	98,723
Sum of unrecognized actuarial differences and unrecognized prior service cost	(4,217)	(3,582)
Excess amount of policy reserve based on full-time Zillmer method	199,957	204,266
Qualifying subordinated debt	118,959	141,935
The amount of "excess amount of policy reserve based on full-time Zillmer method" and "qualifying subordinated debt" excluded from the calculation of solvency margin	—	—
Deductible items	—	—
Others	41,397	54,343
<b>Total amount of risk <math>\sqrt{(\sqrt{(R_1^2 + R_5^2 + R_8 + R_9)^2 + (R_2 + R_3 + R_7)^2} + R_4 + R_6)}</math> (B)</b>	<b>241,122</b>	<b>235,346</b>
Insurance risk $R_1$	26,074	25,246
General insurance risk $R_2$	—	—
Catastrophe risk $R_3$	—	—
3rd sector insurance risk $R_4$	9,689	9,707
Small amount and short-term insurance risk $R_5$	—	—
Assumed investment yield risk $R_6$	36,236	36,149
Minimum guarantee risk $R_7$	0	0
Investment risk $R_8$	196,781	191,278
Business risk $R_9$	5,375	5,247
<b>Solvency margin ratio</b> $\frac{(A)}{(1/2) \times (B)} \times 100$	<b>1,195.7%</b>	<b>1,236.6%</b>

Notes: 1. The figures above as of March 31, 2015, are calculated based on Articles 86-2 and 88 of the Enforcement Regulation of the Insurance Business Law and Notification of the Financial Services Agency No.23,2011. Figures as of December 31, 2015, are calculated pursuant to these standards.

2. "Minimum guarantee risk" is calculated by standard method.