

February 13, 2014

Financial Results for the Nine Months Ended December 31, 2013

Fukoku Mutual Life Insurance Company (President: Yoshiteru Yoneyama) announces financial results for the nine months ended December 31, 2013.

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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, 2013			As of December 31, 2013			
	Number of policies (Thousands)	Amount (100 millions of yen)	Number of policies (Thousands)	Amount		Changes (%, Pre-FYE)	
				(100 millions of yen)	Changes (%, Pre-FYE)		
Individual insurance	3,008	248,851	3,036	100.9	244,180	98.1	
Individual annuities	783	30,341	763	97.6	29,695	97.9	
Subtotal	3,791	279,192	3,800	100.2	273,876	98.1	
Group insurance	—	163,902	—	—	165,191	100.8	
Group annuities	—	19,946	—	—	20,329	101.9	

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, 2012	Total		New business	Net increase by conversion
	Number of policies (Thousands)	Amount (100 millions of yen)	Amount	Amount
			(Thousands)	(100 millions of yen)
Individual insurance	293	9,978	11,513	(1,534)
Individual annuities	25	878	900	(21)
Subtotal	319	10,857	12,414	(1,556)
Group insurance	—	152	152	—
Group annuities	—	91	91	—

Nine months ended December 31, 2013	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	276	94.1	12,552	125.8	12,472	108.3	80	—
Individual annuities	12	48.0	398	45.3	413	45.9	(14)	—
Subtotal	288	90.4	12,950	119.3	12,885	103.8	65	—
Group insurance	—	—	86	56.9	86	56.9	—	—
Group annuities	—	—	0	0.1	0	0.1	—	—

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, 2012	Nine months ended December 31, 2013	
			Changes (%, YoY)
Amount of surrender and lapse (100 millions of yen)	12,079	11,579	95.9
Surrender and lapse ratio (%)	4.17	4.15	(0.02)

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, 2013	As of December 31, 2013	
			Changes (%, Pre-FYE)
Individual insurance	2,770	2,751	99.3
Individual annuities	1,335	1,328	99.5
Total	4,106	4,079	99.4
Medical coverage and living benefits	1,053	1,063	100.9

(ii) New Policies

(100 millions of yen except percentage)

	Nine months ended December 31, 2012	Nine months ended December 31, 2013	
			Changes (%, Pre-FYE)
Individual insurance	148	146	98.4
Individual annuities	36	17	48.6
Total	185	164	88.6
Medical coverage and living benefits	64	59	92.9

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.

(3) Selected Items of Statements of Operations

(100 millions of yen except percentage)

	Nine months ended December 31, 2012	Nine months ended December 31, 2013	
			Changes (%, Pre-FYE)
Premium and other income	4,880	4,537	93.0
Investment income	1,153	1,627	141.2
Claims and other payments	4,080	3,806	93.3
Investment expenses	346	437	126.4
Ordinary profits	491	788	160.3

(4) Total Assets

(100 millions of yen except percentage)

	As of March 31, 2013	As of December 31, 2013	
			Changes (%, Pre-FYE)
Total assets	60,072	62,446	104.0

2. Investment Results of General Account Assets

(1) Asset Composition

(Millions of yen)

	As of March 31, 2013		As of December 31, 2013	
	Amount	Percentage	Amount	Percentage
Cash, deposits, call loans	103,767	1.7	150,980	2.5
Monetary claims bought	1,111	0.0	1,026	0.0
Money held in trust	31,322	0.5	32,381	0.5
Securities	4,557,314	76.9	4,851,047	78.7
Domestic bonds	2,971,689	50.1	2,886,847	46.9
Domestic stocks	431,715	7.3	516,618	8.4
Foreign securities	1,087,223	18.3	1,370,438	22.2
Foreign bonds	855,410	14.4	1,114,004	18.1
Foreign stocks and other securities	231,812	3.9	256,433	4.2
Other securities	66,686	1.1	77,143	1.3
Loans	907,508	15.3	834,059	13.5
Policy loans	66,807	1.1	65,110	1.1
Ordinary loans	840,701	14.2	768,948	12.5
Real estate	267,554	4.5	227,978	3.7
Others	63,307	1.1	64,865	1.1
Allowance for possible loan losses	(2,201)	(0.0)	(2,001)	(0.0)
Total	5,929,684	100.0	6,160,337	100.0
Foreign currency denominated assets	959,813	16.2	1,296,594	21.0

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

(Millions of yen)

	As of March 31, 2013					As of December 31, 2013				
	Book value	Fair value	Gains/losses			Book value	Fair value	Gains/losses		
				Gains	Losses				Gains	Losses
Held-to-maturity debt securities	822,875	902,871	79,996	80,084	88	849,643	918,567	68,923	68,971	47
Domestic bonds	772,539	849,531	76,992	76,992	—	773,205	839,588	66,382	66,382	—
Foreign bonds	50,335	53,339	3,003	3,091	88	76,437	78,978	2,540	2,588	47
Monetary claims bought	—	—	—	—	—	—	—	—	—	—
Negotiable certificate of deposits	—	—	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—	—	—
Policy-reserve-matching bonds	1,037,091	1,121,931	84,840	85,184	344	1,224,815	1,296,859	72,043	72,546	502
Domestic bonds	1,015,980	1,100,527	84,547	84,891	344	1,205,511	1,277,281	71,770	72,269	499
Foreign bonds	21,110	21,403	292	292	—	19,303	19,577	273	276	3
Investments in subsidiaries and affiliates	1,393	948	(444)	—	444	1,393	1,116	(276)	—	276
Available-for-sale securities	2,074,912	2,386,795	311,883	323,232	11,349	2,036,094	2,440,214	404,120	411,755	7,635
Domestic bonds	1,050,811	1,155,266	104,455	104,882	426	811,830	877,661	65,831	66,692	861
Domestic stocks	269,432	388,416	118,984	126,549	7,565	275,932	473,404	197,472	199,211	1,738
Foreign securities	703,721	784,093	80,371	83,532	3,160	893,507	1,020,724	127,217	132,214	4,997
Foreign bonds	490,828	553,673	62,844	64,074	1,229	680,977	765,684	84,707	89,035	4,328
Foreign stocks and other securities	212,892	230,419	17,526	19,457	1,930	212,530	255,040	42,509	43,178	668
Other securities	50,947	59,018	8,071	8,268	197	54,824	68,424	13,599	13,637	38
Money held in trust	—	—	—	—	—	—	—	—	—	—
Monetary claims bought	—	—	—	—	—	—	—	—	—	—
Negotiable certificate of deposits	—	—	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—	—	—
Total	3,936,271	4,412,547	476,275	488,502	12,226	4,111,946	4,656,757	544,811	553,273	8,462
Domestic bonds	2,839,330	3,105,326	265,995	266,766	770	2,790,547	2,994,531	203,984	205,345	1,360
Domestic stocks	269,432	388,416	118,984	126,549	7,565	275,932	473,404	197,472	199,211	1,738
Foreign securities	776,561	859,785	83,223	86,916	3,692	990,642	1,120,397	129,755	135,079	5,324
Foreign bonds	562,275	628,416	66,141	67,459	1,317	776,718	864,240	87,521	91,901	4,379
Foreign stocks and other securities	214,285	231,368	17,082	19,457	2,375	213,923	256,156	42,233	43,178	945
Other securities	50,947	59,018	8,071	8,268	197	54,824	68,424	13,599	13,637	38
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, 2013	As of December 31, 2013
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	15,405	16,372
Unlisted domestic stocks (except over-the-counter stocks)	7,738	7,653
Unlisted foreign stocks (except over-the-counter stocks)	—	—
Unlisted foreign bonds	—	—
Others	7,667	8,719
Total	50,966	51,933

(3) Fair Value Information on Money Held in Trust

(Millions of yen)

	As of March 31, 2013					As of December 31, 2013				
	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	31,322	31,322	—	—	—	32,381	32,381	—	—	—

* Money held in trust for trading purpose

(Millions of yen)

	As of March 31, 2013		As of December 31, 2013	
	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	30,322	0	31,381	865

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

(Millions of yen)

	As of March 31, 2013					As of December 31, 2013				
	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, 2013			As of December 31, 2013		
Carrying value on the balance sheets	Fair value	Gains (losses)	Carrying value on the balance sheets	Fair value	Gains (losses)
160,530	228,982	68,451	132,790	211,228	78,437

- Notes: 1. As of December 31, 2013, fair value is based on the appraisal value by the real-estate appraiser, the appraisal value for property tax as of January 1, 2013 and the road rate as of January 1, 2013.
2. As of March 31, 2013, fair value is based on the appraisal value by the real-estate appraiser, the appraisal value for property tax as of January 1, 2013 and the road rate as of January 1, 2012.

3. Non-consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2013	As of December 31, 2013
Assets:		
Cash and deposits	33,566	26,093
Call loans	70,300	125,000
Monetary claims bought	1,111	1,026
Money held in trust	31,322	32,381
Securities	4,633,067	4,934,849
[Government bonds]	[2,181,123]	[2,096,805]
[Local government bonds]	[168,921]	[164,502]
[Corporate bonds]	[652,931]	[659,571]
[Stocks]	[454,902]	[541,097]
[Foreign securities]	[1,108,137]	[1,395,521]
Loans	907,508	834,059
Policy loans	66,807	65,110
Ordinary loans	840,701	768,948
Tangible fixed assets	271,841	232,032
Intangible fixed assets	11,652	10,900
Reinsurance receivables	42	15
Other assets	49,020	50,261
Allowance for possible loan losses	(2,201)	(2,001)
Total assets	6,007,231	6,244,618

	As of March 31, 2013	As of December 31, 2013
Liabilities:		
Policy reserves	5,343,750	5,393,579
Reserve for outstanding claims	22,673	19,554
Policy reserve	5,268,768	5,313,847
Reserve for dividends to policyholders	52,307	60,176
Reinsurance payables	86	109
Subordinated bonds	66,187	123,363
Other liabilities	49,813	63,362
Corporate income tax payable	8,352	10,985
Asset retirement obligations	2,966	2,995
Other liabilities	38,494	49,382
Reserve for employees' retirement benefits	44,965	43,756
Reserve for price fluctuation of securities	41,628	43,423
Deferred tax liabilities	16,938	44,375
Deferred tax liabilities for revaluation reserve for land	16,119	15,947
Total liabilities	5,579,488	5,727,917
Net assets:		
Foundation funds	35,000	35,000
Accumulated foundation funds redeemed	71,000	71,000
Reserve for revaluation	112	112
Surplus	102,260	127,668
Legal reserve for future losses	2,399	2,485
Other surplus	99,861	125,183
Reserve for redemption of foundation funds	9,000	18,000
Reserve for dividend allowances	3,895	3,895
Accumulated fund for price fluctuation	11,000	21,000
Reserve for advanced depreciation of real estate for tax purpose	4,114	3,969
Other reserves	767	767
Unappropriated surplus	71,084	77,550
Total foundation funds, surplus and others	208,372	233,780
Net unrealized gains (losses) on available-for-sale securities, net of tax	215,885	279,731
Deferred valuation gains (losses) under hedge accounting	62	15
Revaluation reserve for land, net of tax	3,421	3,173
Total valuation and translation adjustments	219,370	282,919
Total net assets	427,742	516,700
Total liabilities and net assets	6,007,231	6,244,618

4. Non-consolidated Statements of Operations

(Millions of yen)

	Nine months ended December 31, 2012	Nine months ended December 31, 2013
Ordinary revenues:		
Premium and other income	488,050	453,775
[Premium income]	[487,741]	[453,713]
Investment income	115,304	162,778
[Interest, dividends and other income]	[84,771]	[91,396]
[Gains from money held in trust, net]	[1,125]	[1,096]
[Gains from trading securities, net]	[20,501]	[22,199]
[Gains on sales of securities]	[5,630]	[32,422]
[Gains from separate accounts, net]	[2,062]	[11,854]
Other ordinary revenues	10,044	11,212
[Reversal of reserve for outstanding claims]	[2,708]	[3,119]
Total ordinary revenues	613,399	627,766
Ordinary expenditures:		
Claims and other payments	408,031	380,686
[Claims]	[144,153]	[112,220]
[Annuities]	[73,386]	[99,261]
[Benefits]	[96,674]	[90,894]
[Surrenders]	[69,509]	[58,900]
[Other payments]	[24,064]	[19,122]
Provision for policy reserve and others	41,645	45,135
Provision for policy reserve	41,591	45,079
Interest on accumulated dividends to policyholders	53	56
Investment expenses	34,634	43,770
[Interest expenses]	[1,139]	[2,562]
[Losses on sales of securities]	[7,208]	[5,747]
[Losses on valuation of securities]	[1,082]	[285]
[Losses from derivative instruments, net]	[17,089]	[27,486]
Operating expenses	65,278	64,261
Other ordinary expenditures	14,612	15,060
Total ordinary expenditures	564,201	548,915
Ordinary profits	49,197	78,850
Extraordinary gains:		
Gains on disposal of fixed assets	21	2,004
Other extraordinary gains	193	—
Total extraordinary gains	214	2,004
Extraordinary losses:		
Losses on disposal of fixed assets	99	7,231
Impairment losses	283	1,608
Provision for reserve for price fluctuation of securities	1,605	1,795
Total extraordinary losses	1,987	10,634
Surplus before income taxes	47,424	70,220
Income taxes:		
Current	9,890	17,778
Deferred	(193)	(1,101)
Total income taxes	9,697	16,676
Net surplus for the period	37,727	53,543

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 Sheet

1. Securities lent under lending agreements

The amount of securities lent under lending agreements was ¥58,570 million as of December 31, 2013.

2. Reserve for Dividends to Policyholders

Changes in reserve for dividends to policyholders for the nine months ended December 31, 2013 were as follows:

	(Millions of yen)
Balance at the beginning of current period.....	¥ 52,307
Transfer from surplus in previous fiscal year	27,762
Dividends paid in the current period	(19,950)
Increase in interest	56
Balance at the end of current period	<u>¥ 60,176</u>

III. Notes to Statements of Operations

1. Impairment Losses of Fixed Assets

For the nine months ended December 31, 2013, impairment losses of fixed assets were as follows:

(1) Method of grouping

Real estate and other assets used for insurance business operations are classified as one asset group as a whole. Other assets such as real estate for rent and unused real estate are classified as one group individually.

(2) Background of recognizing the impairment losses

Profitability of certain real estate for rent dropped down significantly due to a decrease in the level of rental income and a declining trend of market prices of land. The Company reduced its book values of such real estate for rent and unused real estate to their recoverable amounts. The amounts reduced were recognized as impairment losses and included in the extraordinary losses.

(3) Asset groups recognized impairment losses and losses by fixed assets

Asset	(Millions of yen)		
	Land	Buildings and others	Total
(i) Real estate for rent...	¥ 1,511	¥ 11	¥ 1,523
(ii) Unused real estate ...	35	50	85
Total (i)+(ii)	<u>¥ 1,547</u>	<u>¥ 61</u>	<u>¥ 1,608</u>

(4) Calculation method of recoverable amount

Recoverable amount is based on net sales value. Net sales value is determined based on appraisal value, posted price or road rate.

5. Breakdown of Ordinary Profits (Fundamental Profit)

(Millions of yen)

		Nine months ended December 31, 2012	Nine months ended December 31, 2013
Fundamental profit	A	53,023	60,086
Capital gains		21,829	52,551
Gains from money held in trust, net		938	934
Gains from trading securities, net		15,130	15,627
Gains on sales of securities		5,630	32,422
Gains from derivative instruments, net		—	—
Foreign exchange gains, net		130	3,566
Other capital gains		—	—
Capital losses		25,380	33,519
Losses from money held in trust, net		—	—
Losses from trading securities, net		—	—
Losses on sales of securities		7,208	5,747
Losses on valuation of securities		1,082	285
Losses from derivative instruments, net		17,089	27,486
Foreign exchange losses, net		—	—
Other capital losses		—	—
Net capital gains (losses)	B	(3,550)	19,031
Fundamental profit plus net capital gains (losses)	A+B	49,472	79,117
Non-recurring gains		4	—
Reinsurance income		—	—
Reversal of contingency reserve		—	—
Reversal for specific allowance for possible loan losses		4	—
Other non-recurring gains		—	—
Non-recurring losses		279	266
Reinsurance premiums		—	—
Provision for contingency reserve		279	17
Provision for specific allowance for possible loan losses		—	249
Allowance for specified overseas loans		—	—
Write-off of loans		—	—
Other non-recurring losses		—	—
Non-recurring gains (losses)	C	(274)	(266)
Ordinary profits	A+B+C	49,197	78,850

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): ¥187 million in respect of the nine months ended December 31, 2012 and ¥162 million in respect of the nine months ended December 31, 2013.

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): ¥5,371 million in respect of the nine months ended December 31, 2012 and ¥6,571 million in respect of the nine months ended December 31, 2013.

6. Solvency Margin Ratio

(Millions of yen)

	As of March 31, 2013	As of December 31, 2013
Total solvency margin (A)	919,451	1,119,251
Foundation funds and surplus	178,622	210,593
Reserve for price fluctuation of securities	41,628	43,423
Contingency reserve	83,446	83,463
Allowance for possible loan losses	1,796	1,597
Net unrealized gains on available-for-sale securities x 90% (multiplied by 100% if losses)	280,694	363,708
Net unrealized gains on real estate x 85%	72,441	80,465
Excess amount of policy reserve based on full-time Zillmer method	187,478	193,293
Qualifying subordinated debt	66,187	123,363
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	26,155	38,342
Total amount of risk $\sqrt{(R_1+R_8)^2+(R_2+R_3+R_7)^2}+R_4$ (B)	189,414	212,471
Insurance risk R_1	27,301	26,611
3rd sector insurance risk R_8	9,634	9,660
Assumed investment yield risk R_2	35,956	35,897
Investment risk R_3	145,367	168,566
Minimum guarantee risk R_7	2	0
Business risk R_4	4,365	4,814
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	970.8%	1,053.5%

Notes: 1. Above figures are calculated based on Articles 86 and 87 of the Enforcement Regulation of the Insurance Business Law and Ministry of Finance Ordinance 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, 2013	As of December 31, 2013
	Amount	Amount
Individual variable insurance	—	—
Individual variable annuities	461	315
Group annuities	78,353	85,570
Total	78,815	85,886

(2) Policies in Force

(i) Individual Variable Insurance

The company has not sold the individual variable insurance.

(ii) Individual Variable Annuities

(Millions of yen)

	As of March 31, 2013		As of December 31, 2013	
	Number	Amount	Number	Amount
Individual annuities	140	468	91	295
Total	140	468	91	295

8. Status of the Company, Subsidiaries and Affiliates

(1) Selected Financial Data

(Millions of yen)

	Nine months ended December 31, 2012	Nine months ended December 31, 2013
Ordinary revenues	790,744	716,530
Ordinary profits	52,059	82,605
Net surplus for the period	38,248	55,112
Comprehensive income	82,980	118,187

	As of March 31, 2013	As of December 31, 2013
Total assets	7,538,862	7,820,839
Solvency Margin Ratio	994.6%	1078.4%

(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, 2013	As of December 31, 2013
Assets:		
Cash and deposits	72,868	81,248
Call loans	70,300	125,000
Monetary claims bought	1,111	1,026
Money held in trust	31,322	32,381
Securities	6,108,723	6,438,551
Loans	910,657	837,473
Tangible fixed assets	272,228	232,373
Intangible fixed assets	18,727	16,858
Agency receivables	6	1
Reinsurance receivables	56	65
Other assets	54,698	56,934
Deferred tax assets	362	926
Allowance for possible loan losses	(2,201)	(2,001)
Total assets	7,538,862	7,820,839

	As of March 31, 2013	As of December 31, 2013
Liabilities:		
Policy reserves	6,856,928	6,949,917
Reserve for outstanding claims	24,663	21,128
Policy reserve	6,779,259	6,868,013
Reserve for dividends to policyholders	52,307	60,176
Reserve for dividends to policyholders (subsidiary)	697	598
Agency payables	375	275
Reinsurance payables	113	129
Subordinated bonds	66,187	123,363
Other liabilities	53,918	68,065
Reserve for employees' retirement benefits	45,153	43,820
Reserve for price fluctuation of securities	46,625	48,650
Deferred tax liabilities	16,938	44,375
Deferred tax liabilities for revaluation reserve for land	16,119	15,947
Total liabilities	7,102,360	7,294,545
Net assets:		
Foundation funds	35,000	35,000
Accumulated foundation funds redeemed	71,000	71,000
Reserve for revaluation	112	112
Consolidated surplus	102,904	129,881
Total foundation funds, surplus and others	209,016	235,993
Net unrealized gains (losses) on available-for-sale securities, net of tax	219,719	282,507
Deferred valuation gains (losses) under hedge accounting	62	15
Revaluation reserve for land, net of tax	3,421	3,173
Foreign currency translation adjustment	(635)	(424)
Total accumulated other comprehensive income	222,569	285,270
Minority interests	4,916	5,029
Total net assets	436,502	526,293
Total liabilities and net assets	7,538,862	7,820,839

(4) Consolidated Statements of Operations and Comprehensive Income

[Consolidated Statements of Operations]

(Millions of yen)

	Nine months ended December 31, 2012	Nine months ended December 31, 2013
Ordinary revenues:		
Premium and other income	649,111	523,460
Investment income	131,013	180,912
[Interest, dividends and other income]	[100,114]	[108,372]
[Gains from money held in trust, net]	[1,125]	[1,096]
[Gains from trading securities, net]	[20,501]	[22,199]
[Gains on sales of securities]	[6,002]	[33,579]
[Gains from separate accounts, net]	[2,062]	[11,854]
Other ordinary revenues	10,620	12,157
[Reversal of reserve for outstanding claims]	[2,764]	[3,535]
Total ordinary revenues	790,744	716,530
Ordinary expenditures:		
Claims and other payments	429,727	414,830
[Claims]	[145,853]	[114,411]
[Annuities]	[73,580]	[99,608]
[Benefits]	[101,774]	[97,241]
[Surrenders]	[83,795]	[83,901]
[Other payments]	[24,354]	[19,260]
Provision for policy reserve and others	185,487	88,811
Provision for policy reserve	185,433	88,754
Interest on accumulated dividends to policyholders	53	56
Interest on accumulated dividends to policyholders (subsidiary)	0	0
Investment expenses	34,248	43,027
[Interest expenses]	[1,156]	[2,579]
[Losses on sales of securities]	[7,401]	[5,747]
[Losses on valuation of securities]	[1,082]	[285]
[Losses from derivative instruments, net]	[17,089]	[27,486]
Operating expenses	72,939	70,776
Other ordinary expenditures	16,281	16,479
Total ordinary expenditures	738,684	633,925
Ordinary profits	52,059	82,605
Extraordinary gains:		
Gains on disposal of fixed assets	21	2,004
Total extraordinary gains	21	2,004
Extraordinary losses:		
Losses on disposal of fixed assets	146	7,231
Impairment losses	283	1,608
Provision for reserve for price fluctuation of securities	1,824	2,025
Other extraordinary losses	2	—
Total extraordinary losses	2,255	10,865
Provision for reserve for dividends to policyholders (subsidiary)	327	370
Surplus before income taxes	49,497	73,373
Income taxes:		
Current	10,986	19,079
Deferred	4	(1,091)
Total income taxes	10,991	17,988
Net surplus before minority interests	38,506	55,385
Minority interests	258	272
Net surplus for the period	38,248	55,112

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

(Millions of yen)

	Nine months ended December 31, 2012	Nine months ended December 31, 2013
Net surplus before minority interests	38,506	55,385
Other comprehensive income	44,474	62,802
Net unrealized gains (losses) on available-for-sale securities, net of tax	44,527	62,639
Deferred valuation gains (losses) under hedge accounting	(82)	(47)
Revaluation reserve for land, net of tax	(12)	—
Foreign currency translation adjustment	41	210
Comprehensive income	82,980	118,187
Comprehensive income attributable to parent company	82,662	118,063
Comprehensive income attributable to minority interests	318	124

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 Fuku 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 Sheet

1. Securities lent under lending agreements

The amount of securities lent under lending agreements was ¥58,570 million as of December 31, 2013.

2. Reserve for Dividends to Policyholders

Changes in reserve for dividends to policyholders for the nine months ended December 31, 2013 were as follows:

	(Millions of yen)
Balance at the beginning of current period.....	¥ 52,307
Transfer from surplus in previous fiscal year	27,762
Dividends paid in the current period	(19,950)
Increase in interest	56
Balance at the end of current period	<u>¥ 60,176</u>

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

Changes in reserve for dividends to policyholders for the nine months ended December 31, 2013 were as follows:

	(Millions of yen)
Balance at the beginning of current period.....	¥697
Dividends paid in the current period	(469)
Increase in interest	0
Provision for reserve for dividends to policyholders ...	370
Balance at the end of current period	<u>¥598</u>

III. Notes to Statement of Operations

1. Impairment Losses of Fixed Assets

For the nine months ended December 31, 2013, impairment losses of fixed assets by the Company were as follows:

(1) Method of grouping

Real estate and other assets used for insurance business operations are classified as one asset group as a whole. Other assets such as real estate for rent and unused real estate are classified as one group individually.

(2) Background of recognizing the impairment losses

Profitability of certain real estate for rent dropped down significantly due to a decrease in the level of rental income and a declining trend of market prices of land. The Company reduced its book values of such real estate for rent and unused real estate to their recoverable amounts. The amounts reduced were recognized as impairment losses and included in the extraordinary losses.

(3) Asset groups recognized impairment losses and losses by fixed assets

Asset	(Millions of yen)		
	Land	Buildings and others	Total
(i) Real estate for rent...	¥ 1,511	¥ 11	¥ 1,523
(ii) Unused real estate ...	35	50	85
Total (i)+(ii)	¥ 1,547	¥ 61	¥ 1,608

(4) Calculation method of recoverable amount

Recoverable amount is based on net sales value. Net sales value is determined based on appraisal value, posted price or road rate.

2. Depreciation and Amortization of Goodwill

For the nine months ended December 31, 2013, the total amount of depreciation and depreciation of real estate for rent and other assets was ¥9,072 million and the amount of amortization of goodwill was ¥572 million.

(5) Consolidated Solvency Margin Ratio

(Millions of yen)

		As of March 31, 2013	As of December 31, 2013
Total solvency margin	(A)	956,020	1,157,949
Common stock and others		180,855	215,130
Reserve for price fluctuation of securities		46,625	48,650
Contingency reserve		85,102	85,230
Catastrophe loss reserve		—	—
Allowance for possible loan losses		1,796	1,597
Net unrealized gains on available - for - sale securities x 90% (multiplied by 100% if losses)		286,774	368,205
Net unrealized gains on real estate x 85%		72,441	80,465
Excess amount of policy reserve based on full-time Zillmer method		189,458	195,428
Qualifying subordinated debt		66,187	123,363
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		26,777	39,876
Total amount of risk	$\sqrt{(R_1^2 + R_2^2 + R_3^2 + R_4^2) + (R_5 + R_6 + R_7)^2 + R_8 + R_9}$ (B)	192,238	214,746
Insurance risk	R_1	27,902	27,218
General insurance risk	R_5	—	—
Catastrophe risk	R_6	—	—
3rd sector insurance risk	R_8	9,754	9,777
Small amount and short-term insurance risk	R_9	—	—
Assumed investment yield risk	R_2	36,326	36,271
Minimum guarantee risk	R_7	2	0
Investment risk	R_3	147,663	170,315
Business risk	R_4	4,432	4,871
Solvency margin ratio	$\frac{(A)}{(1/2) \times (B)} \times 100$	994.6%	1078.4%

Notes: 1. Above figures are calculated based on Articles 86 and 88 of the Enforcement Regulation of the Insurance Business Law and Ministry of Finance Ordinance No. 23, 2011.

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