
Financial Results for the Three Months Ended June 30, 2016

Sumitomo Life Insurance Company announces financial results for the three months ended June 30, 2016.

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[Note]

The Financial Results are summarized English translations of the original disclosure in Japanese.

1. Unaudited Consolidated Financial Statements

a. Unaudited Consolidated Balance Sheets

(Millions of Yen)

	As of March 31, 2016	As of June 30, 2016
ASSETS:		
Cash and deposits	524,140	639,738
Call loans	105,000	179,396
Monetary claims bought	206,301	203,366
Securities	26,695,820	26,621,539
Loans	2,817,173	2,719,551
Tangible fixed assets	624,054	624,315
Intangible fixed assets	326,184	294,264
Due from agents	77	89
Reinsurance receivables	1,422	932
Other assets	426,339	748,826
Net defined benefit assets	113	105
Deferred tax assets	70,939	107,618
Customers' liabilities under acceptances and guarantees	1,000	1,000
Allowance for possible loan losses	(1,518)	(1,419)
Total assets	31,797,049	32,139,324
LIABILITIES:		
Policy reserves and other reserves	28,363,448	28,403,278
Reserve for outstanding claims	169,100	167,032
Policy reserves	27,935,119	27,946,449
Policyholders' dividend reserves	259,228	289,796
Reinsurance payables	4,176	4,721
Corporate bonds	235,442	329,334
Other liabilities	1,123,499	1,364,991
Net defined benefit liabilities	30,200	30,027
Accrued retirement benefits for directors	15	-
Reserve for price fluctuation	352,221	399,424
Deferred tax liabilities	29,658	41,395
Deferred tax liabilities for land revaluation	16,997	16,993
Acceptances and guarantees	1,000	1,000
Total liabilities	30,156,659	30,591,167
NET ASSETS:		
Foundation funds	200,000	200,000
Reserve for redemption of foundation funds	439,000	439,000
Reserve for revaluation	2	2
Surplus	339,926	301,059
Total funds, reserve and surplus	978,929	940,061
Net unrealized gains on available-for-sale securities	723,567	703,355
Deferred gains(losses) on derivatives under hedge accounting	-	(787)
Land revaluation differences	(64,505)	(64,515)
Foreign currency translation adjustments	(11,877)	(45,064)
Remeasurements of defined benefit plans	14,111	14,957
Total accumulated other comprehensive income	661,295	607,946
Non-controlling interests	165	148
Total net assets	1,640,390	1,548,157
Total liabilities and net assets	31,797,049	32,139,324

b. Unaudited Consolidated Statements of Income

(Millions of Yen)

	Three months ended June 30, 2015	Three months ended June 30, 2016
Ordinary income	946,727	1,017,049
Insurance premiums and other	746,660	789,166
Investment income	171,791	202,048
Interest, dividends and other income	135,058	148,096
Gains on trading securities	30	134
Gains on sales of securities	2,397	23,590
Investment gains on separate accounts	34,104	-
Other ordinary income	28,276	25,834
Ordinary expenses	909,951	954,015
Benefits and other payments	703,157	542,022
Claims paid	140,993	133,021
Annuity payments	132,288	191,402
Benefits payments	84,658	83,864
Surrender benefits	329,886	108,119
Provision for policy reserves and other reserves	38,888	227,931
Provision for reserve for outstanding claims	2,018	-
Provision for policy reserves	36,768	227,866
Provision for interest on policyholders' dividend reserves	101	65
Investment expenses	41,714	51,708
Interest expenses	1,196	1,700
Losses on sales of securities	734	395
Losses on valuation of securities	10	1,044
Investment losses on separate accounts	-	39,005
Operating expenses	81,678	97,824
Other ordinary expenses	44,513	34,528
Ordinary profit	36,776	63,033
Extraordinary gains	492	171
Gains on disposals of fixed assets	492	171
Extraordinary losses	14,098	47,316
Losses on disposals of fixed assets	262	37
Impairment losses	190	9
Provision for reserve for price fluctuation	13,516	47,203
Payments to social responsibility reserve	129	66
Surplus before income taxes	23,170	15,888
Income taxes		
Current	10,689	20,573
Deferred	(7,799)	(19,803)
Total income taxes	2,890	770
Net surplus	20,280	15,118
Net surplus attributable to non-controlling interests	0	0
Net surplus attributable to the Parent Company	20,279	15,117

c. Unaudited Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Three months ended June 30, 2015	Three months ended June 30, 2016
Net surplus	20,280	15,118
Other comprehensive income(loss)	18,680	(53,339)
Net unrealized gains(losses) on available-for-sale securities	18,000	(20,132)
Deferred gains(losses) on derivatives under hedge accounting	-	(787)
Land revaluation differences	-	(0)
Foreign currency translation adjustments	13	(30,306)
Remeasurements of defined benefit plans	2,299	846
Share of other comprehensive income(loss) of associates under the equity method	(1,632)	(2,959)
Comprehensive income(loss)	38,960	(38,220)
Comprehensive income(loss) attributable to the Parent Company	38,960	(38,204)
Comprehensive income(loss) attributable to non-controlling interests	0	(15)

Notes to the Unaudited Consolidated Financial Statements

Notes to the Unaudited Consolidated Balance Sheet as of June 30, 2016

1. Assets and liabilities denominated in foreign currencies, except for investments in unconsolidated subsidiaries and affiliates, are translated into Japanese Yen at the exchange rates on the balance sheet date. Investments in unconsolidated subsidiaries and affiliates are translated into Japanese Yen at the exchange rates on the dates of acquisition.
2. As the proposed appropriations of surplus of the Company for the fiscal year ended March 31, 2016 were approved at the annual meeting of the representatives of policyholders held on July 5, 2016, the balance sheet as of June 30, 2016 is based on the approval.
3. Securities loaned under security lending agreements amounted to ¥1,380,002 million as of June 30, 2016.
4. Changes in policyholders' dividend reserves for the period ended June 30, 2016 were as follows:

	Millions of Yen
Balance at the beginning of the period	259,228
Transfer from surplus in the previous fiscal year	51,548
Dividend payments to policyholders during the period	(21,045)
Interest accrued during the period	65
Balance at the end of the period	289,796

5. The Company redeemed ¥30,000 million of foundation funds and transferred the same amount of reserve for fund redemption to reserve for redemption of foundation funds as prescribed in Article 56 of the Insurance Business Act as of August 4, 2016.

Notes to the Unaudited Consolidated Statement of Income for the Three Months Ended June 30, 2016

1. The total amount of depreciation of tangible fixed assets was ¥8,418 million and the total amount of amortization of goodwill was ¥549 million for the period ended June 30, 2016.

2. Solvency Margin Ratio on a Consolidated Basis

(Millions of Yen)

	As of March 31, 2016	As of June 30, 2016
Solvency margin gross amount (A)	3,008,173	3,186,035
Foundation funds and others	624,723	658,215
Reserve for price fluctuation	352,221	399,424
Contingency reserve	323,583	333,970
Unusual contingency reserve	-	-
General allowance for possible loan losses	1,018	926
(Net unrealized gains (losses) on available-for-sale securities (before income tax effect adjustments) and deferred gains (losses) on derivatives under hedge accounting (before income tax effect adjustments)) × 90% (Multiplied by 100% if losses)	902,773	880,702
Net unrealized gains on real estate × 85% (Multiplied by 100% if losses)	(12,174)	(12,237)
Total amount of unrecognized actuarial gains (losses) and unrecognized past service costs	19,558	20,735
Excess of continued Zillmerized reserve	645,885	652,764
Qualifying subordinated debt	149,480	249,480
Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculation	-	-
Deduction clause	(70,994)	(69,688)
Others	72,100	71,741
Total amount of risk $\sqrt{(R_1^2 + R_5^2 + R_8 + R_9)^2 + (R_2 + R_3 + R_7)^2} + R_4 + R_6$ (B)	753,288	760,722
Insurance risk R_1	98,046	96,375
General insurance risk R_5	-	-
Large disaster risk R_6	-	-
Third-sector insurance risk R_8	64,959	64,815
Insurance risk of small-amount, short-term insurer R_9	-	-
Risk of assumed yield R_2	210,145	208,769
Minimum guarantee risk R_7^{**}	34,880	33,693
Investment risk R_3	472,368	482,833
Operational risk R_4	17,608	17,729
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	798.6%	837.6%

※ The standard method is used for the calculation of the amount equivalent to minimum guarantee risk.

Note: The amounts and figures in the table above are calculated based on Article 130 of the Insurance Business Act, Article 86-2 and Article 88 of the Ordinance for Enforcement of the Insurance Business Act and Financial Services Agency Public Notice No.23 of 2011.

3. Non-Consolidated Financial Information (General Account)

a. Overall Composition of Investments

(Millions of Yen, %)

	As of March 31, 2016		As of June 30, 2016	
	Amount	% of total	Amount	% of total
Cash, deposits and call loans	448,860	1.7	590,012	2.2
Monetary claims bought	206,301	0.8	203,366	0.8
Investments in securities	22,063,959	85.0	22,327,535	83.8
Domestic bonds	12,982,825	50.0	13,036,081	48.9
Domestic stocks	1,438,497	5.5	1,416,742	5.3
Foreign securities	7,600,287	29.3	7,820,450	29.3
Foreign bonds	6,677,711	25.7	6,903,683	25.9
Other foreign securities	922,576	3.6	916,767	3.4
Other securities	42,349	0.2	54,260	0.2
Loans	2,196,475	8.5	2,135,683	8.0
Policy loans	314,654	1.2	310,525	1.2
Industrial and consumer loans	1,881,821	7.3	1,825,157	6.8
Real estate	614,369	2.4	612,519	2.3
Investment property	429,136	1.7	427,736	1.6
Deferred tax assets	75,322	0.3	112,303	0.4
Other assets	351,018	1.4	669,670	2.5
Allowance for possible loan losses	(1,502)	(0.0)	(1,405)	(0.0)
Total	25,954,805	100.0	26,649,684	100.0
Foreign currency denominated assets	5,725,806	22.1	6,073,720	22.8

Note: Real estate is recorded as the sum total of land, buildings and construction in progress.

b. Fair Value Information of Securities (With Fair Value except for Trading Securities)

(Millions of Yen)

	As of March 31, 2016					As of June 30, 2016				
	Book value	Fair value	Net gains (losses)	Net gains (losses)		Book value	Fair value	Net gains (losses)	Net gains (losses)	
				Gains	Losses				Gains	Losses
Held-to-maturity debt securities	2,041,222	2,440,281	399,058	399,058	-	2,003,139	2,431,311	428,171	428,171	-
Policy-reserve-matching bonds	11,339,015	13,821,953	2,482,938	2,483,535	(597)	11,346,216	14,312,683	2,966,466	2,966,685	(218)
Investments in subsidiaries and affiliated companies	33,173	30,947	(2,226)	-	(2,226)	33,173	33,281	107	107	-
Available-for-sale securities	7,240,388	8,225,320	984,931	1,023,014	(38,082)	7,653,512	8,571,200	917,687	982,302	(64,615)
Domestic bonds	1,184,247	1,278,218	93,970	94,116	(145)	1,209,724	1,330,053	120,329	120,329	-
Domestic stocks	776,568	1,346,271	569,703	599,181	(29,477)	779,844	1,299,521	519,676	563,050	(43,373)
Foreign securities	4,722,636	5,020,859	298,222	304,894	(6,672)	5,021,309	5,278,197	256,887	274,588	(17,700)
Foreign bonds	4,703,936	5,002,079	298,143	304,459	(6,315)	5,003,648	5,260,354	256,705	273,828	(17,122)
Other foreign securities	18,700	18,779	78	435	(356)	17,661	17,843	182	760	(577)
Other securities	32,812	40,905	8,093	9,858	(1,765)	47,644	52,816	5,172	8,698	(3,526)
Monetary claims bought	155,622	170,586	14,963	14,963	(0)	152,089	167,725	15,635	15,635	(0)
Negotiable certificates of deposit	368,500	368,478	(21)	-	(21)	442,900	442,885	(14)	-	(14)
Others	-	-	-	-	-	-	-	-	-	-
Total	20,653,800	24,518,502	3,864,702	3,905,609	(40,906)	21,036,043	25,348,476	4,312,433	4,377,267	(64,833)
Domestic bonds	12,888,854	15,503,294	2,614,440	2,614,647	(207)	12,915,752	16,045,429	3,129,677	3,129,685	(7)
Domestic stocks	776,568	1,346,271	569,703	599,181	(29,477)	779,844	1,299,521	519,676	563,050	(43,373)
Foreign securities	6,431,442	7,088,965	657,522	666,957	(9,434)	6,697,812	7,340,098	642,285	660,196	(17,911)
Foreign bonds	6,379,567	7,039,238	659,670	666,522	(6,851)	6,646,977	7,288,973	641,995	659,329	(17,333)
Other foreign securities	51,874	49,727	(2,147)	435	(2,582)	50,835	51,124	289	867	(577)
Other securities	32,812	40,905	8,093	9,858	(1,765)	47,644	52,816	5,172	8,698	(3,526)
Monetary claims bought	155,622	170,586	14,963	14,963	(0)	152,089	167,725	15,635	15,635	(0)
Negotiable certificates of deposit	368,500	368,478	(21)	-	(21)	442,900	442,885	(14)	-	(14)
Others	-	-	-	-	-	-	-	-	-	-

Note: The table above includes securities that are deemed appropriate as securities under the Financial Instruments and Exchange Act in Japan.

Book values of securities whose fair value is not practically determinable are as follows:

(Millions of Yen)

	As of March 31, 2016	As of June 30, 2016
Held-to-maturity debt securities	-	-
Unlisted foreign bonds	-	-
Others	-	-
Policy-reserve-matching bonds	-	-
Investments in subsidiaries and affiliated companies	581,258	606,258
Available-for-sale securities	372,326	372,323
Unlisted domestic stocks (excluding over-the-counter stocks)	15,599	15,595
Unlisted foreign stocks (excluding over-the-counter stocks)	355,258	355,258
Unlisted foreign bonds	-	-
Others	1,468	1,468
Total	953,585	978,581