
Financial Results for the Nine Months Ended December 31, 2014

Sumitomo Life Insurance Company announces financial results for the nine months ended December 31, 2014.

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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, 2014	As of December 31, 2014
ASSETS:		
Cash and deposits	119,211	123,597
Call loans	471,100	363,100
Monetary claims bought	289,088	323,800
Securities	22,120,098	23,678,912
Loans	2,465,539	2,369,030
Tangible fixed assets	711,065	686,721
Intangible fixed assets	24,122	25,057
Due from agents	3	1
Reinsurance receivables	255	100
Other assets	261,420	259,836
Net defined benefit assets	234	97
Deferred tax assets	130,644	1,500
Customers' liabilities under acceptances and guarantees	-	2,500
Allowance for possible loan losses	(2,189)	(1,778)
Total assets	26,590,594	27,832,477
LIABILITIES:		
Policy reserves and other reserves	23,704,788	23,975,511
Reserve for outstanding claims	108,068	106,539
Policy reserves	23,318,460	23,584,186
Policyholders' dividend reserves	278,259	284,785
Reinsurance payables	120	97
Corporate bonds	99,480	149,480
Other liabilities	1,149,679	1,641,756
Net defined benefit liabilities	36,090	56,343
Accrued retirement benefits for directors	13	10
Reserve for price fluctuation	231,492	250,508
Deferred tax liabilities	861	14,103
Deferred tax liabilities for land revaluation	22,164	21,321
Acceptances and guarantees	-	2,500
Total liabilities	25,244,690	26,111,632
NET ASSETS:		
Foundation funds	270,000	270,000
Reserve for redemption of foundation funds	369,000	369,000
Reserve for revaluation	2	2
Surplus	366,640	367,552
Total funds, reserve and surplus	1,005,643	1,006,555
Net unrealized gains on available-for-sale securities	422,951	791,448
Land revaluation differences	(74,963)	(76,366)
Foreign currency translation adjustments	2,497	3,944
Remeasurements of defined benefit plans	(14,042)	(4,796)
Total accumulated other comprehensive income	336,442	714,230
Minority interests	3,816	59
Total net assets	1,345,903	1,720,844
Total liabilities and net assets	26,590,594	27,832,477

b. Unaudited Consolidated Statements of Income

(Millions of Yen)

	Nine months ended December 31, 2013	Nine months ended December 31, 2014
Ordinary income	2,667,618	2,614,650
Insurance premiums and other	1,865,624	1,895,400
Investment income	709,281	638,380
Interest, dividends and other income	402,183	403,908
Gains on trading securities	0	-
Gains on sales of securities	35,298	13,506
Investment gains on separate accounts	268,645	219,394
Other ordinary income	92,712	80,869
Ordinary expenses	2,515,133	2,499,825
Benefits and other payments	1,637,320	1,700,881
Claims paid	405,829	388,618
Annuity payments	302,566	509,179
Benefits payments	304,650	259,758
Surrender benefits	580,359	481,187
Provision for policy reserves and other reserves	307,679	266,038
Provision for policy reserves	307,354	265,726
Provision for interest on policyholders' dividend reserves	325	312
Investment expenses	198,900	170,812
Interest expenses	7,475	5,772
Losses on sales of securities	9,177	938
Losses on valuation of securities	18	518
Operating expenses	251,039	245,345
Other ordinary expenses	120,193	116,747
Ordinary profit	152,484	114,824
Extraordinary gains	719	4,138
Gains on disposals of fixed assets	719	4,138
Extraordinary losses	35,059	27,126
Losses on disposals of fixed assets	504	749
Impairment losses	15,775	6,761
Provision for reserve for price fluctuation	18,218	19,016
Payments to social responsibility reserve	559	600
Surplus before income taxes and minority interests	118,145	91,836
Income taxes		
Current	50,212	34,954
Deferred	(28,825)	(19,307)
Total income taxes	21,386	15,646
Surplus before minority interests	96,758	76,189
Minority interests	(278)	(123)
Net surplus	97,036	76,313

c. Unaudited Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Nine months ended December 31, 2013	Nine months ended December 31, 2014
Surplus before minority interests	96,758	76,189
Other comprehensive income	82,396	379,221
Net unrealized gains on available-for-sale securities	82,126	366,616
Land revaluation differences	(23)	-
Foreign currency translation adjustments	106	39
Remeasurements of defined benefit plans	-	9,246
Share of other comprehensive income of associates accounted for under the equity method	187	3,319
Comprehensive income	179,155	455,410
Comprehensive income attributable to the Parent Company	179,465	455,504
Comprehensive income(loss) attributable to minority interests	(310)	(93)

Notes to the Unaudited Consolidated Financial Statements

Changes in Policies of Preparing the Unaudited Consolidated Financial Statements for the Nine Months Ended December 31, 2014

1. Affiliates

The number of affiliates accounted for by the equity method was 10 as of December 31, 2014.

PT BNI Life Insurance has been included as an affiliate since the end of the period ended December 31, 2014, corresponding to acquiring its shares.

Notes to the Unaudited Consolidated Balance Sheet as of December 31, 2014

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 prevailing 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. "Accounting Standard for Retirement Benefits" (ASBJ Statement No.26) and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No.25) have been applied at the beginning of the period ended December 31, 2014. Accordingly, from the period ended December 31, 2014, SUMITOMO LIFE INSURANCE COMPANY ("the Company") has changed the periodic allocation method of estimated retirement benefits from the straight-line basis to the benefits formula basis. With respect to the application of the revised accounting standards, in accordance with the transitional treatment set out in article 37 of the standard, the amount of the impact of changes to the method of calculation of retirement benefit obligations and service costs has been included in surplus as of the beginning of the period.
As a result, surplus at the beginning of the period decreased ¥13,213 million. In addition, ordinary profit and surplus before income taxes and minority interests decreased ¥1,481 million for the period ended December 31, 2014.
3. Securities loaned under security lending agreements amounted to ¥1,644,061 million as of December 31, 2014.
4. Changes in policyholders' dividend reserves for the period ended December 31, 2014 were as follows:

	Millions of Yen
Balance at the beginning of the period	¥278,259
Transfer from surplus in the previous fiscal year	60,141
Dividend payments to policyholders during the period	(53,928)
Interest accrued during the period	312
Balance at the end of the period	¥284,785

5. On January 30, 2015, the Company made an early repayment of a subordinated debt in the amount of ¥102,500 million before its maturity, the repayment of which was subordinated to other obligations.

Notes to the Unaudited Consolidated Statement of Income for the Nine Months Ended December 31, 2014

1. The total amount of depreciation of tangible fixed assets for the period ended December 31, 2014 was ¥19,455 million. The total amount of depreciation of goodwill for the period ended December 31, 2014 was ¥1,336 million.

2. Solvency Margin Ratio on a Consolidated Basis

(millions of yen)

	As of March 31, 2014	As of December 31, 2014
Solvency margin gross amount (A)	2,772,886	3,319,150
Foundation funds and others	945,868	958,979
Reserve for price fluctuation	231,492	250,508
Contingency reserve	301,807	312,360
Unusual contingency reserve	-	-
General allowance for possible loan losses	1,609	1,117
Net unrealized gains on available-for-sale securities × 90% (Multiplied by 100% if losses)	549,947	1,026,283
Net unrealized gains on real estate × 85% (Multiplied by 100% if losses)	(85,859)	(84,836)
Total amount of unrecognized actuarial losses and unrecognized past service costs	(20,264)	(6,918)
Excess of continued Zillmerized reserve	619,955	624,863
Qualifying subordinated debt	201,980	251,980
Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculation	-	-
Deduction clause	(53,787)	(90,306)
Others	80,137	75,118
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)	616,378	662,469
Insurance risk R_1	81,996	80,051
General insurance risk R_5	-	-
Large disaster risk R_6	-	-
Third-sector insurance risk R_8	50,018	50,922
Insurance risk of small-amount, short-term insurer R_9	-	-
Risk of assumed yield R_2	220,364	217,074
Minimum guarantee risk R_7^*	52,793	40,164
Investment risk R_3	314,179	376,544
Operational risk R_4	14,387	15,295
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	899.7%	1002.0%

※ 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, 2014		As of December 31, 2014	
	Amount	% of total	Amount	% of total
Cash, deposits and call loans	430,981	1.8	350,340	1.4
Monetary claims bought	289,088	1.2	323,800	1.3
Investments in securities	19,507,535	82.1	21,281,639	84.2
Domestic bonds	12,526,843	52.7	12,778,710	50.5
Domestic stocks	1,218,629	5.1	1,487,927	5.9
Foreign securities	5,729,106	24.1	6,987,602	27.6
Foreign bonds	5,191,255	21.8	6,405,698	25.3
Other foreign securities	537,850	2.3	581,904	2.3
Other securities	32,955	0.1	27,399	0.1
Loans	2,465,539	10.4	2,369,030	9.4
Policy loans	335,002	1.4	325,787	1.3
Industrial and consumer loans	2,130,536	9.0	2,043,243	8.1
Real estate	701,212	2.9	677,899	2.7
Investment property	497,088	2.1	477,952	1.9
Deferred tax assets	123,415	0.5	-	-
Other assets	255,612	1.1	281,771	1.1
Allowance for possible loan losses	(2,189)	(0.0)	(1,778)	(0.0)
Total	23,771,196	100.0	25,282,704	100.0
Foreign currency denominated assets	3,856,203	16.2	4,834,444	19.1

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, 2014					As of December 31, 2014				
	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	1,849,463	2,043,711	194,248	194,450	(202)	2,140,246	2,483,764	343,518	343,551	(33)
Policy-reserve-matching bonds	11,017,008	12,016,439	999,431	1,002,270	(2,839)	11,220,721	12,860,639	1,639,918	1,640,018	(100)
Investments in subsidiaries and affiliated companies	33,173	26,949	(6,224)	-	(6,224)	33,173	21,894	(11,279)	-	(11,279)
Available-for-sale securities	5,696,439	6,295,483	599,044	636,213	(37,169)	6,434,016	7,553,000	1,118,983	1,132,908	(13,924)
Domestic bonds	1,049,875	1,072,292	22,416	22,590	(173)	1,065,467	1,121,551	56,084	56,090	(5)
Domestic stocks	773,053	1,122,423	349,370	379,075	(29,705)	775,845	1,386,819	610,974	622,765	(11,790)
Foreign securities	3,576,239	3,784,083	207,844	214,507	(6,663)	4,276,242	4,705,331	429,088	431,200	(2,112)
Foreign bonds	3,570,313	3,779,335	209,022	214,432	(5,409)	4,272,223	4,701,889	429,665	431,088	(1,422)
Other foreign securities	5,926	4,747	(1,178)	75	(1,253)	4,018	3,441	(576)	112	(689)
Other securities	24,635	32,087	7,451	8,062	(610)	17,589	26,887	9,297	9,297	-
Monetary claims bought	234,635	246,599	11,963	11,978	(14)	268,871	282,421	13,549	13,555	(5)
Negotiable certificates of deposit	38,000	37,997	(2)	-	(2)	30,000	29,989	(10)	-	(10)
Others	-	-	-	-	-	-	-	-	-	-
Total	18,596,085	20,382,584	1,786,499	1,832,935	(46,436)	19,828,158	22,919,299	3,091,141	3,116,478	(25,337)
Domestic bonds	12,504,427	13,542,685	1,038,257	1,041,418	(3,161)	12,722,625	14,445,357	1,722,731	1,722,864	(132)
Domestic stocks	773,053	1,122,423	349,370	379,075	(29,705)	775,845	1,386,819	610,974	622,765	(11,790)
Foreign securities	5,021,333	5,400,791	379,458	392,399	(12,941)	6,013,225	6,747,825	734,599	747,996	(13,397)
Foreign bonds	4,982,232	5,369,094	386,861	392,324	(5,463)	5,976,033	6,722,488	746,455	747,884	(1,429)
Other foreign securities	39,100	31,697	(7,402)	75	(7,477)	37,192	25,336	(11,855)	112	(11,968)
Other securities	24,635	32,087	7,451	8,062	(610)	17,589	26,887	9,297	9,297	-
Monetary claims bought	234,635	246,599	11,963	11,978	(14)	268,871	282,421	13,549	13,555	(5)
Negotiable certificates of deposit	38,000	37,997	(2)	-	(2)	30,000	29,989	(10)	-	(10)
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, 2014	As of December 31, 2014
Held-to-maturity debt securities	-	-
Unlisted foreign bonds	-	-
Others	-	-
Policy-reserve-matching bonds	-	-
Investments in subsidiaries and affiliated companies	72,290	115,403
Available-for-sale securities	515,586	515,352
Unlisted domestic stocks (excluding over-the-counter stocks)	24,580	24,481
Unlisted foreign stocks (excluding over-the-counter stocks)	490,321	490,321
Unlisted foreign bonds	-	-
Others	685	549
Total	587,876	630,755