
Financial Results for the Nine Months Ended December 31, 2013

Sumitomo Life Insurance Company announces financial results for the nine months ended December 31, 2013.

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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 31,2013	As of December 31,2013
ASSETS:		
Cash and deposits	233,076	110,038
Call loans	434,100	210,600
Monetary claims bought	310,241	274,219
Securities	21,695,225	22,473,803
Loans	2,663,423	2,502,999
Tangible fixed assets	820,230	792,077
Intangible fixed assets	27,690	25,507
Due from agents	3	1
Reinsurance receivables	195	99
Other assets	247,044	272,554
Deferred tax assets	135,712	127,393
Customers' liabilities under acceptances and guarantees	3,000	2,500
Allowance for possible loan losses	(3,324)	(2,237)
Total assets	26,566,620	26,789,558
LIABILITIES:		
Policy reserves and other reserves	23,399,622	23,706,998
Reserve for outstanding claims	102,783	98,524
Policy reserves	23,005,316	23,312,671
Policyholders' dividend reserves	291,521	295,803
Reinsurance payables	115	96
Corporate bonds	-	99,480
Other liabilities	1,683,711	1,357,278
Accrued retirement benefits	23,718	30,973
Accrued retirement benefits for directors	14	10
Reserve for price fluctuation	206,574	224,792
Deferred tax liabilities	843	695
Deferred tax liabilities for land revaluation	27,927	27,385
Acceptances and guarantees	3,000	2,500
Total liabilities	25,345,526	25,450,211
NET ASSETS:		
Foundation funds	270,000	270,000
Reserve for redemption of foundation funds	369,000	369,000
Reserve for revaluation	2	2
Surplus	323,928	342,426
Total funds, reserve and surplus	962,931	981,428
Net unrealized gains on available-for-sale securities	348,334	430,425
Land revaluation differences	(93,037)	(76,426)
Foreign currency translation adjustments	(345)	15
Total accumulated other comprehensive income	254,950	354,014
Minority interests	3,212	3,904
Total net assets	1,221,094	1,339,347
Total liabilities and net assets	26,566,620	26,789,558

b. Unaudited Consolidated Statements of Income

(Millions of Yen)

	Nine months ended December 31, 2012	Nine months ended December 31, 2013
Ordinary income	2,881,881	2,667,618
Insurance premiums and other	2,287,371	1,865,624
Investment income	508,533	709,281
Interest, dividends and other income	370,984	402,183
Gains on trading securities	565	0
Gains on sales of securities	31,773	35,298
Investment gains on separate accounts	103,684	268,645
Other ordinary income	85,976	92,712
Ordinary expenses	2,749,739	2,515,133
Benefits and other payments	1,372,343	1,637,320
Claims paid	423,640	405,829
Annuity payments	252,814	302,566
Benefits payments	285,589	304,650
Surrender benefits	325,986	580,359
Provision for policy reserves and other reserves	816,517	307,679
Provision for policy reserves	816,177	307,354
Provision for interest on policyholders' dividend reserves	339	325
Investment expenses	170,737	198,900
Interest expenses	7,461	7,475
Losses on sales of securities	8,555	9,177
Losses on valuation of securities	26,004	18
Operating expenses	269,225	251,039
Other ordinary expenses	120,915	120,193
Ordinary profit	132,142	152,484
Extraordinary gains	462	719
Gains on disposals of fixed assets	462	719
Extraordinary losses	26,769	35,059
Losses on disposals of fixed assets	6,026	504
Impairment losses	20,172	15,775
Provision for reserve for price fluctuation	11	18,218
Payments to social responsibility reserve	558	559
Surplus before income taxes and minority interests	105,835	118,145
Income taxes		
Current	36,982	50,212
Deferred	(13,175)	(28,825)
Total income taxes	23,806	21,386
Surplus before minority interests	82,029	96,758
Minority interests	(797)	(278)
Net surplus	82,826	97,036

c. Unaudited Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Nine months ended December 31, 2012	Nine months ended December 31, 2013
Surplus before minority interests	82,029	96,758
Other comprehensive income	56,560	82,396
Net unrealized gains on available-for-sale securities	56,547	82,126
Deferred unrealized gains(losses) on derivatives under hedge accounting	(41)	-
Land revaluation differences	(0)	(23)
Foreign currency translation adjustments	(1)	106
Share of other comprehensive income of associates accounted for under the equity method	55	187
Comprehensive income	138,589	179,155
Comprehensive income attributable to the Parent Company	139,321	179,465
Comprehensive income(loss) attributable to minority interests	(732)	(310)

Notes to the Unaudited Consolidated Financial Statements

Notes to the Unaudited Consolidated Balance Sheet as of December 31, 2013

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. Securities loaned under security lending agreements amounted to ¥787,048 million as of December 31, 2013.
3. Changes in policyholders' dividend reserves for the period ended December 31, 2013 were as follows:

	Millions of Yen
Balance at the beginning of the period	¥ 291,521
Transfer from surplus in the previous fiscal year	58,330
Dividend payments to policyholders during the period	(54,374)
Interest accrued during the period	325
Balance at the end of the period	¥295,803

4. On January 23, 2014, Sumitomo Life Insurance Company ("the Company") made an early repayment of a subordinated debt in the amount of ¥100,000 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, 2013

1. The details of the impairment losses on fixed assets of the Company are as follows:

Accumulated impairment losses on fixed assets are directly deducted from the total asset amounts of their respective asset categories.

(1) Method for grouping the assets

The Company groups all the fixed assets held and utilized for the Company's insurance business as one asset group for the impairment test.

For real estate for investment and idle assets, each asset is treated as an independent unit for the impairment test.

(2) Description of impairment losses recognized

For the period ended December 31, 2013, the Company recognized impairment losses on real estate for investment that experienced the deterioration of profitability and on the idle assets that experienced the decline in fair value. For these assets, the Company reduced the carrying amount to a recoverable amount, and recognized impairment losses as extraordinary losses in the consolidated statement of income.

(3) Details of fixed assets causing impairment losses

Asset Group	Asset Categories	Millions of Yen
Real estate for investment	Land and buildings	¥ 14,913
Idle assets	Land and buildings	856
Total		¥ 15,770

(4) The recoverable amount

The recoverable amounts of real estate for investment are determined at net realizable value or value in use. The recoverable amounts for idle assets are net realizable value. Net realizable value is calculated based on an estimated selling value, appraisal value based on Real Estate Appraisal Standards, or publicly announced value. Value in use is determined as the estimated net future cash flows discounted at 5.0%.

2. The total amount of depreciation of tangible fixed assets for the period ended December 31, 2013 was ¥22,084 million. The total amount of depreciation of goodwill for the period ended December 31, 2013 was ¥1,003 million.

2. Solvency Margin Ratio on a Consolidated Basis

(millions of yen)

	As of March 31,2013	As of December 31,2013
Solvency margin gross amount (A)	2,586,196	2,875,617
Foundation funds	904,238	938,998
Reserve for price fluctuation	206,574	224,792
Contingency reserve	284,002	297,552
Unusual contingency reserve	-	-
General allowance for possible loan losses	2,735	1,639
Unrealized gains on available-for-sale securities × 90 % (Multiplied by 100% if losses)	452,958	559,663
Net unrealized gains on real estate × 85 % (Multiplied by 100% if losses)	(109,789)	(96,993)
Excess of continued Zillmerized reserve	612,187	616,751
Qualifying subordinated debt	206,500	305,980
Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculation	-	-
Deduction clause	(54,461)	(53,732)
Others	81,250	80,966
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)	612,901	629,415
Insurance risk R_1	84,920	82,869
General insurance risk R_5	-	-
Large disaster risk R_6	-	-
Third-sector insurance risk R_8	48,964	49,776
Insurance risk of small-amount, short-term insurer R_9	-	-
Risk of assumed yield R_2	226,271	222,132
Minimum guarantee risk R_7^*	63,755	52,309
Investment risk R_3	293,362	325,833
Operational risk R_4	14,345	14,658
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	843.9%	913.7%

* 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 31,2013		As of December 31,2013	
	Amount	% of total	Amount	% of total
Cash, deposits and call loans	509,781	2.2	163,267	0.7
Monetary claims bought	310,241	1.3	274,219	1.2
Investments in securities	18,755,961	80.1	19,609,582	82.6
Domestic bonds	11,930,424	50.9	12,427,748	52.3
Domestic stocks	1,038,610	4.4	1,273,839	5.4
Foreign securities	5,748,426	24.5	5,872,734	24.7
Foreign bonds	5,161,354	22.0	5,281,333	22.2
Other foreign securities	587,071	2.5	591,401	2.5
Other securities	38,500	0.2	35,260	0.1
Loans	2,663,423	11.4	2,502,999	10.5
Policy loans	344,392	1.5	335,278	1.4
Industrial and consumer loans	2,319,031	9.9	2,167,721	9.1
Real estate	809,814	3.5	782,776	3.3
Investment property	591,295	2.5	569,418	2.4
Deferred tax assets	134,607	0.6	126,165	0.5
Other assets	249,244	1.1	292,855	1.2
Allowance for possible loan losses	(3,324)	(0.0)	(2,237)	(0.0)
Total	23,429,750	100.0	23,749,630	100.0
Foreign currency denominated assets	3,699,814	15.8	3,994,399	16.8

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, 2013					As of December 31, 2013				
	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	1,874,597	2,072,776	198,178	198,509	(331)	1,864,499	2,052,924	188,425	188,885	(460)
Policy-reserve-matching bonds	10,862,267	11,936,600	1,074,333	1,076,539	(2,206)	11,064,914	11,949,490	884,576	890,305	(5,729)
Investments in subsidiaries and affiliated companies	33,173	27,317	(5,856)	-	(5,856)	33,173	23,043	(10,130)	-	(10,130)
Available-for-sale securities	5,264,813	5,760,738	495,925	550,150	(54,224)	5,619,380	6,228,364	608,983	651,195	(42,211)
Domestic bonds	709,114	734,483	25,369	25,641	(271)	894,980	911,854	16,874	18,031	(1,156)
Domestic stocks	769,413	971,952	202,538	249,981	(47,443)	777,597	1,177,546	399,948	421,742	(21,793)
Foreign securities	3,383,002	3,628,717	245,714	250,008	(4,293)	3,703,782	3,874,495	170,713	189,521	(18,808)
Foreign bonds	3,373,651	3,620,429	246,778	249,906	(3,127)	3,696,038	3,867,812	171,774	189,442	(17,667)
Other foreign securities	9,351	8,287	(1,063)	102	(1,166)	7,743	6,682	(1,060)	79	(1,140)
Other securities	30,116	37,898	7,781	9,990	(2,208)	24,635	34,612	9,977	10,335	(358)
Monetary claims bought	243,165	257,694	14,528	14,528	(0)	218,383	229,853	11,470	11,564	(94)
Negotiable certificates of deposit	130,000	129,992	(7)	-	(7)	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-
Total	18,034,852	19,797,432	1,762,580	1,825,199	(62,619)	18,581,967	20,253,821	1,671,854	1,730,386	(58,532)
Domestic bonds	11,905,054	13,022,422	1,117,367	1,119,634	(2,266)	12,410,873	13,326,095	915,221	922,481	(7,259)
Domestic stocks	769,413	971,952	202,538	249,981	(47,443)	777,597	1,177,546	399,948	421,742	(21,793)
Foreign securities	4,957,100	5,377,472	420,371	431,064	(10,692)	5,150,476	5,485,713	335,236	364,262	(29,026)
Foreign bonds	4,914,575	5,341,868	427,292	430,961	(3,669)	5,109,559	5,455,987	346,428	364,182	(17,754)
Other foreign securities	42,525	35,604	(6,920)	102	(7,022)	40,917	29,725	(11,191)	79	(11,271)
Other securities	30,116	37,898	7,781	9,990	(2,208)	24,635	34,612	9,977	10,335	(358)
Monetary claims bought	243,165	257,694	14,528	14,528	(0)	218,383	229,853	11,470	11,564	(94)
Negotiable certificates of deposit	130,000	129,992	(7)	-	(7)	-	-	-	-	-
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 values are not practically determinable 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 affiliated companies	42,290	72,290
Available-for-sale securities	566,016	565,634
Unlisted domestic stocks (excluding over-the-counter stocks)	25,031	24,666
Unlisted foreign stocks (excluding over-the-counter stocks)	540,321	540,321
Unlisted foreign bonds	-	-
Others	663	646
Total	608,306	637,924