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## Financial Results for the Six Months Ended September 30, 2017

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Sumitomo Life Insurance Company announces financial results for the six months ended September 30, 2017.

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[Notes]

The Financial Results are summarized English translations of the original disclosure in Japanese. Notes to the Unaudited Consolidated Financial Statements are not included in these translations.

**The Financial Results with Notes to the Unaudited Consolidated Financial Statements are scheduled to be announced later in a month.**

## 1. Unaudited Consolidated Financial Statements

### a. Unaudited Consolidated Balance Sheets

(Millions of Yen)

	As of March 31, 2017	As of September 30, 2017
<b>ASSETS:</b>		
Cash and deposits	979,462	1,265,343
Call loans	203,345	176,894
Monetary claims bought	230,518	261,833
Securities	27,878,540	28,883,919
Loans	3,642,493	3,658,962
Tangible fixed assets	589,710	579,697
Intangible fixed assets	301,993	283,207
Due from agents	83	60
Reinsurance receivables	889	1,101
Other assets	394,731	390,296
Net defined benefit assets	17,736	18,895
Deferred tax assets	114,575	88,726
Allowance for possible loan losses	(1,211)	(1,051)
<b>Total assets</b>	<b>34,352,870</b>	<b>35,607,886</b>
<b>LIABILITIES:</b>		
Policy reserves and other reserves	29,783,141	30,104,004
Reserve for outstanding claims	158,838	142,750
Policy reserves	29,378,351	29,695,099
Policyholders' dividend reserves	245,951	266,153
Reinsurance payables	5,880	6,883
Corporate bonds	401,948	545,527
Other liabilities	1,983,295	2,662,609
Net defined benefit liabilities	22,565	24,298
Reserve for price fluctuation	502,439	565,749
Deferred tax liabilities	24,555	35,094
Deferred tax liabilities for land revaluation	16,061	15,587
<b>Total liabilities</b>	<b>32,739,886</b>	<b>33,959,754</b>
<b>NET ASSETS:</b>		
Foundation funds	170,000	100,000
Reserve for redemption of foundation funds	469,000	539,000
Reserve for revaluation	2	2
Surplus	306,955	215,237
Total funds, reserve and surplus	945,957	854,240
Net unrealized gains(losses) on available-for-sale securities	723,897	875,415
Deferred gains(losses) on derivatives under hedge accounting	1,703	(443)
Land revaluation differences	(59,460)	(60,605)
Foreign currency translation adjustments	(29,882)	(48,591)
Remeasurements of defined benefit plans	30,700	28,022
Total accumulated other comprehensive income	666,958	793,798
Non-controlling interests	66	93
<b>Total net assets</b>	<b>1,612,983</b>	<b>1,648,132</b>
<b>Total liabilities and net assets</b>	<b>34,352,870</b>	<b>35,607,886</b>

## b. Unaudited Consolidated Statements of Income

(Millions of Yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Ordinary income	2,183,600	1,881,471
Insurance premiums and other	1,723,652	1,350,187
Investment income	402,848	460,862
Interest, dividends and other income	326,831	367,465
Gains on trading securities	642	349
Gains on sales of securities	72,744	36,713
Investment gains on separate accounts	-	50,573
Other ordinary income	57,099	70,421
Ordinary expenses	2,045,809	1,779,175
Benefits and other payments	1,032,900	1,047,513
Claims paid	260,458	295,037
Annuity payments	358,792	349,302
Benefits payments	162,600	165,378
Surrender benefits	211,584	210,100
Provision for policy reserves and other reserves	691,143	378,854
Provision for policy reserves	691,042	378,835
Provision for interest on policyholders' dividend reserves	101	19
Investment expenses	52,100	83,899
Interest expenses	3,860	9,681
Losses on sales of securities	5,596	16,401
Losses on valuation of securities	1,299	729
Investment losses on separate accounts	24,901	-
Operating expenses	196,448	197,179
Other ordinary expenses	73,215	71,727
Ordinary profit	137,791	102,296
Extraordinary gains	5,912	167
Gains on disposals of fixed assets	5,912	167
Extraordinary losses	108,070	70,070
Losses on disposals of fixed assets	108	1,138
Impairment losses	140	5,021
Provision for reserve for price fluctuation	107,208	63,310
Payments to social responsibility reserve	612	600
Surplus before income taxes	35,634	32,394
Income taxes		
Current	48,361	25,816
Deferred	(46,473)	(24,217)
Total income taxes	1,888	1,599
Net surplus	33,746	30,794
Net surplus attributable to non-controlling interests	2	3
Net surplus attributable to the Parent Company	33,744	30,791

**c. Unaudited Consolidated Statements of Comprehensive Income**

(Millions of Yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Net surplus	33,746	30,794
Other comprehensive income(loss)	(61,015)	127,985
Net unrealized gains(losses) on available-for-sale securities	8,940	150,725
Deferred gains(losses) on derivatives under hedge accounting	2,632	(2,146)
Land revaluation differences	(0)	(0)
Foreign currency translation adjustments	(66,473)	(16,560)
Remeasurements of defined benefit plans	1,693	(2,678)
Share of other comprehensive income(loss) of associates under the equity method	(7,808)	(1,355)
Comprehensive income(loss)	(27,269)	158,780
Comprehensive income(loss) attributable to the Parent Company	(27,258)	158,776
Comprehensive income(loss) attributable to non-controlling interests	(11)	3



## e. Unaudited Consolidated Statements of Changes in Net Assets

Six months ended September 30, 2016

(Millions of Yen)

	Funds, reserve and surplus				
	Foundation funds	Reserve for redemption of foundation funds	Reserve for revaluation	Surplus	Total funds, reserve and surplus
Beginning balance	200,000	439,000	2	339,926	978,929
Changes in the period					
Additions to policyholders' dividend reserves				(51,548)	(51,548)
Additions to reserve for redemption of foundation funds		30,000		(30,000)	-
Payment of interest on foundation funds				(2,445)	(2,445)
Net surplus attributable to the Parent Company				33,744	33,744
Redemption of foundation funds	(30,000)				(30,000)
Reversal of land revaluation differences				205	205
Net changes, excluding funds, reserve and surplus					
Net changes in the period	(30,000)	30,000	-	(50,044)	(50,044)
Ending balance	170,000	469,000	2	289,882	928,884

	Accumulated other comprehensive income(loss)						Non-controlling interests	Total net assets
	Net unrealized gains(losses) on available-for-sale securities	Deferred gains(losses) on derivatives under hedge accounting	Land revaluation differences	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income(loss)		
Beginning balance	723,567	-	(64,505)	(11,877)	14,111	661,295	165	1,640,390
Changes in the period								
Additions to policyholders' dividend reserves								(51,548)
Additions to reserve for redemption of foundation funds								-
Payment of interest on foundation funds								(2,445)
Net surplus attributable to the Parent Company								33,744
Redemption of foundation funds								(30,000)
Reversal of land revaluation differences								205
Net changes, excluding funds, reserve and surplus	8,805	2,632	(205)	(74,132)	1,693	(61,207)	(11)	(61,219)
Net changes in the period	8,805	2,632	(205)	(74,132)	1,693	(61,207)	(11)	(111,264)
Ending balance	732,372	2,632	(64,711)	(86,010)	15,804	600,087	153	1,529,125

Six months ended September 30, 2017

(Millions of Yen)

	Funds, reserve and surplus				
	Foundation funds	Reserve for redemption of foundation funds	Reserve for revaluation	Surplus	Total funds, reserve and surplus
Beginning balance	170,000	469,000	2	306,955	945,957
Changes in the period					
Additions to policyholders' dividend reserves				(51,735)	(51,735)
Additions to reserve for redemption of foundation funds		70,000		(70,000)	-
Payment of interest on foundation funds				(1,918)	(1,918)
Net surplus attributable to the Parent Company				30,791	30,791
Redemption of foundation funds	(70,000)				(70,000)
Reversal of land revaluation differences				1,145	1,145
Net changes, excluding funds, reserve and surplus					
Net changes in the period	(70,000)	70,000	-	(91,717)	(91,717)
Ending balance	100,000	539,000	2	215,237	854,240

	Accumulated other comprehensive income(loss)						Non-controlling interests	Total net assets
	Net unrealized gains(losses) on available-for-sale securities	Deferred gains(losses) on derivatives under hedge accounting	Land revaluation differences	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income(loss)		
Beginning balance	723,897	1,703	(59,460)	(29,882)	30,700	666,958	66	1,612,983
Changes in the period								
Additions to policyholders' dividend reserves								(51,735)
Additions to reserve for redemption of foundation funds								-
Payment of interest on foundation funds								(1,918)
Net surplus attributable to the Parent Company								30,791
Redemption of foundation funds								(70,000)
Reversal of land revaluation differences								1,145
Net changes, excluding funds, reserve and surplus	151,518	(2,146)	(1,145)	(18,708)	(2,678)	126,839	26	126,866
Net changes in the period	151,518	(2,146)	(1,145)	(18,708)	(2,678)	126,839	26	35,148
Ending balance	875,415	(443)	(60,605)	(48,591)	28,022	793,798	93	1,648,132

## 2. Solvency Margin Ratio on a Consolidated Basis

(Millions of Yen)

	As of March 31, 2017	As of September 30, 2017
Solvency margin gross amount (A)	3,466,335	3,848,852
Foundation funds and others	622,329	580,634
Reserve for price fluctuation	502,439	565,749
Contingency reserve	335,070	327,963
Unusual contingency reserve	-	-
General allowance for possible loan losses	989	842
(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)	907,617	1,096,910
Net unrealized gains on real estate × 85% (Multiplied by 100% if losses)	13,361	26,243
Total amount of unrecognized actuarial gains (losses) and unrecognized past service costs	42,597	38,884
Excess of continued Zillmerized reserve	684,241	707,457
Qualifying subordinated debt	354,480	499,924
Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculation	-	-
Deduction clause	(67,589)	(66,981)
Others	70,799	71,223
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)	852,499	882,692
Insurance risk $R_1$	97,042	96,674
General insurance risk $R_5$	-	-
Large disaster risk $R_6$	-	-
Third-sector insurance risk $R_8$	68,087	70,256
Insurance risk of small-amount, short-term insurer $R_9$	-	-
Risk of assumed yield $R_2$	204,402	203,267
Minimum guarantee risk $R_7^{**}$	19,228	7,420
Investment risk $R_3$	592,705	635,434
Operational risk $R_4$	19,629	20,261
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	813.2%	872.0%

※ 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

#### a. Overall Composition of Investments (General Account)

(Millions of Yen, %)

	As of March 31, 2017		As of September 30, 2017	
	Amount	% of total	Amount	% of total
Cash, deposits and call loans	1,007,015	3.5	1,288,392	4.3
Monetary claims bought	230,518	0.8	261,833	0.9
Investments in securities	23,614,509	82.0	24,722,542	81.8
Domestic bonds	12,961,892	45.0	13,059,621	43.2
Domestic stocks	1,700,608	5.9	1,823,558	6.0
Foreign securities	8,809,343	30.6	9,735,095	32.2
Foreign bonds	7,839,217	27.2	8,708,824	28.8
Other foreign securities	970,125	3.4	1,026,270	3.4
Other securities	142,666	0.5	104,267	0.3
Loans	2,972,689	10.3	2,992,023	9.9
Policy loans	303,290	1.1	297,198	1.0
Industrial and consumer loans	2,669,398	9.3	2,694,824	8.9
Real estate	578,811	2.0	569,745	1.9
Investment property	401,966	1.4	395,000	1.3
Deferred tax assets	124,609	0.4	97,915	0.3
Other assets	277,239	1.0	287,381	1.0
Allowance for possible loan losses	(1,132)	(0.0)	(975)	(0.0)
Total	28,804,261	100.0	30,218,858	100.0
Foreign currency denominated assets	7,367,770	25.6	8,698,576	28.8

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

**b. Fair Value Information of Securities (General Account)**

**(1) Net Valuation Gains and Losses on Trading Securities**

No net valuation gains and losses as of March 31, 2017 or September 30, 2017.

**(2) Fair Value Information of Securities (With Fair Value except for Trading Securities)**

(Millions of Yen)

	As of March 31, 2017					As of September 30, 2017				
	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	1,942,014	2,303,448	361,434	361,434	-	1,915,491	2,272,352	356,861	356,861	(0)
Policy-reserve-matching bonds	11,088,673	13,056,296	1,967,623	2,023,431	(55,808)	11,142,398	13,065,389	1,922,991	1,985,764	(62,772)
Investments in subsidiaries and affiliated companies	33,173	35,754	2,580	2,580	-	33,173	33,369	195	195	-
Available-for-sale securities	9,405,982	10,375,805	969,822	1,103,170	(133,348)	10,364,398	11,501,285	1,136,887	1,219,161	(82,273)
Domestic bonds	1,484,122	1,562,503	78,381	83,050	(4,668)	1,605,336	1,690,914	85,577	87,108	(1,531)
Domestic stocks	784,201	1,584,632	800,430	808,738	(8,307)	803,341	1,703,810	900,468	910,473	(10,004)
Foreign securities	6,209,300	6,281,051	71,751	190,963	(119,211)	7,020,484	7,147,019	126,535	197,063	(70,527)
Foreign bonds	6,136,882	6,207,918	71,036	190,150	(119,114)	6,896,575	7,019,643	123,067	193,529	(70,461)
Other foreign securities	72,417	73,132	714	812	(97)	123,908	127,376	3,467	3,533	(66)
Other securities	127,421	140,826	13,404	14,070	(665)	84,805	102,402	17,597	17,597	(0)
Monetary claims bought	190,936	196,810	5,874	6,349	(475)	206,930	213,662	6,731	6,918	(187)
Negotiable certificates of deposit	610,000	609,980	(19)	-	(19)	643,500	643,476	(23)	-	(23)
Others	-	-	-	-	-	-	-	-	-	-
Total	22,469,844	25,771,305	3,301,461	3,490,618	(189,156)	23,455,462	26,872,397	3,416,935	3,561,982	(145,047)
Domestic bonds	12,883,510	14,958,180	2,074,669	2,134,598	(59,928)	12,974,043	15,010,207	2,036,163	2,099,433	(63,270)
Domestic stocks	784,201	1,584,632	800,430	808,738	(8,307)	803,341	1,703,810	900,468	910,473	(10,004)
Foreign securities	7,873,773	8,280,876	407,102	526,862	(119,760)	8,742,840	9,198,838	455,998	527,560	(71,562)
Foreign bonds	7,768,181	8,171,988	403,806	523,468	(119,662)	8,585,757	9,038,091	452,334	523,830	(71,495)
Other foreign securities	105,591	108,887	3,295	3,393	(97)	157,082	160,746	3,663	3,729	(66)
Other securities	127,421	140,826	13,404	14,070	(665)	84,805	102,402	17,597	17,597	(0)
Monetary claims bought	190,936	196,810	5,874	6,349	(475)	206,930	213,662	6,731	6,918	(187)
Negotiable certificates of deposit	610,000	609,980	(19)	-	(19)	643,500	643,476	(23)	-	(23)
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, 2017	As of September 30, 2017
Held-to-maturity debt securities	-	-
Unlisted foreign bonds	-	-
Others	-	-
Policy-reserve-matching bonds	-	-
Investments in subsidiaries and affiliated companies	604,907	608,726
Available-for-sale securities	369,119	369,097
Unlisted domestic stocks (excluding over-the-counter stocks)	15,701	15,653
Unlisted foreign stocks (excluding over-the-counter stocks)	351,558	351,558
Unlisted foreign bonds	-	-
Others	1,859	1,884
Total	974,026	977,823

**c. Fair Value Information of Derivative Transactions (General Account)**

**(1) Net Gains and Losses on Derivatives**

(Millions of Yen)

	As of March 31, 2017						As of September 30, 2017					
	Interest-related	Currency-related	Stock-related	Bond-related	Others	Total	Interest-related	Currency-related	Stock-related	Bond-related	Others	Total
Hedge accounting applied	268	(254,479)	-	-	-	(254,210)	135	(268,419)	-	-	-	(268,284)
Hedge accounting not applied	(630)	(21,547)	1,741	-	-	(20,437)	(195)	(69,614)	(603)	-	-	(70,413)
Total	(361)	(276,026)	1,741	-	-	(274,647)	(60)	(338,034)	(603)	-	-	(338,698)

Notes: Net gains (losses) from derivatives with hedge accounting (fair value hedge method) applied, and net gains (losses) from derivatives with hedge accounting not applied are recorded on the statement of income.

Net gains (losses) from derivatives with hedge accounting (fair value hedge method) applied amounted to loss of ¥255,228 million and loss of ¥269,159 million as of March 31, 2017 and September 30, 2017, respectively.

**(2) Interest-related**

(Millions of Yen)

Type	As of March 31, 2017				As of September 30, 2017			
	Notional amount/ contract value	Over 1 year	Fair value	Net gains (losses)	Notional amount/ contract value	Over 1 year	Fair value	Net gains (losses)
Over-the-counter transactions								
Interest rate swaps								
Receipts fixed, payments floating	48,828	32,520	268	268	45,674	32,378	135	135
Interest rate swaptions								
Bought								
Receipts floating, payments fixed	170,000	-	4	(630)	70,000	-	0	(195)
	[635]				[196]			
Total				(361)				(60)

Notes: 1. Option fees are shown in [ ].

2. Net gains (losses) represent the fair values for interest rate swaps and the difference between the option fees and the fair values for interest rate swaptions.

**(Reference)****Interest rate swaps by contractual maturity dates**

[As of September 30, 2017]

(Millions of Yen, %)

	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years	Total
Notional amount (receipts fixed, payments floating)	13,295	17,188	4,132	11,052	5	-	45,674
Average fixed rate (receipt)	1.69	0.62	1.43	1.20	0.86	-	1.14
Average floating rate (payment)	0.25	0.20	1.42	1.17	0.56	-	0.56

**(3) Currency-related**

(Millions of Yen)

Type	As of March 31, 2017				As of September 30, 2017			
	Notional amount/ contract value	Over 1 year	Fair value	Net gains (losses)	Notional amount/ contract value	Over 1 year	Fair value	Net gains (losses)
Over-the-counter transactions								
Foreign currency forward contracts								
Sold	5,685,242	321,272	(271,315)	(271,315)	7,358,016	934,364	(360,719)	(360,719)
(U.S. dollar)	3,274,262	233,885	(142,981)	(142,981)	3,819,218	258,020	(91,138)	(91,138)
(Euro)	1,172,994	-	(5,818)	(5,818)	2,100,707	614,178	(118,616)	(118,616)
(Australian dollar)	1,055,090	87,387	(115,829)	(115,829)	1,173,264	62,165	(138,842)	(138,842)
Bought	527,011	-	(5,240)	(5,240)	1,236,868	-	21,946	21,946
(Euro)	-	-	-	-	812,695	-	17,812	17,812
(U.S. dollar)	526,915	-	(5,241)	(5,241)	424,172	-	4,134	4,134
Currency options								
Bought								
Put	54,750	-			-	-		
(U.S. dollar)	[397]	-	177	(219)	[-]	-	-	-
(U.S. dollar)	54,750	-	177	(219)	[-]	-	-	-
(U.S. dollar)	[397]	-	177	(219)	[-]	-	-	-
Currency swaps	26,780	26,780	(574)	(574)	26,780	26,780	(1,431)	(1,431)
(U.S. dollar)	24,326	24,326	(614)	(614)	24,326	24,326	(1,178)	(1,178)
(Euro)	2,454	2,454	40	40	2,454	2,454	(253)	(253)
Total				(277,350)				(340,205)

Notes: 1. Option fees are shown in [ ].

2. Regarding assets and liabilities which are denominated in foreign currencies but have fixed settlement in yen under foreign currency forward contracts and currency swaps and are reported in yen amounts in the balance sheets, those foreign currency forward contracts and currency swaps are excluded from the table above.

3. Net gains (losses) represent the fair values for foreign currency forward contracts and currency swaps, and the difference between the option fees and the fair values for currency options.

#### (4) Stock-related

(Millions of Yen)

Type	As of March 31, 2017				As of September 30, 2017			
	Notional amount/ contract value	Over 1 year	Fair value	Net gains (losses)	Notional amount/ contract value	Over 1 year	Fair value	Net gains (losses)
Exchange-traded transactions								
Stock index futures								
Sold	98,753	-	1,741	1,741	9,365	-	(383)	(383)
Stock index options								
Bought	-	-	-	-	17,280	-		
Put	[ - ]				[244]		23	(220)
Total				1,741				(603)

Notes: 1. Option fees are shown in [ ].

2. Net gains (losses) represent the fair values for future tradings and forward tradings and the difference between the option fees and the fair values for option transactions.

#### d. Risk-Monitored Loans

(Millions of Yen, %)

	As of March 31, 2017	As of September 30, 2017
Loans to bankrupt borrowers	-	-
Loans in arrears	877	878
Loans in arrears for three months or longer	0	-
Restructured loans	-	-
Total	877	878
(Percentage of total loans)	(0.03)	(0.03)
(Percentage of total assets)	(0.00)	(0.00)

Notes: 1. For loans to bankrupt borrowers and substantially bankrupt borrowers, the amount of loans exceeding the value of estimated recovery through disposal of collateral or execution of guarantees is deemed uncollectible and directly deducted. The amount of loans in arrears directly deducted as of March 31, 2017 and September 30, 2017 amounted to ¥24 million and ¥23 million, respectively.

2. Loans to bankrupt borrowers represent the loans on which interest is not accrued due to unlikelihood of repayment of principal or interest resulting from delinquency of principal or interest for a certain period or other reasons ("non-accrual loans") and also meet the conditions stipulated in Article 96 Paragraph 1 Items 3 and 4 of Order for Enforcement of the Corporation Tax Act (Cabinet Order No.97 of 1965).

3. Loans in arrears represent non-accrual loans excluding the loans to bankrupt borrowers (defined in the above) and loans of which interest payments are postponed in order to support these borrowers recovering from financial difficulties. Loans in arrears also include the non-accrual loans to borrowers classified as "borrowers substantially bankrupt" or "borrowers likely to become bankrupt" in the self-assessment of asset quality.

4. Loans in arrears for three months or longer represent the loans on which payments of principal or interest are past due over three months from the day following the contractual due date. Loans in arrears for three months or longer do not include loans classified as loans to bankrupt borrowers or loans in arrears.

5. Restructured loans represent the loans which have been restructured to provide relief to the borrowers by reducing or waiving interest payments, by rescheduling repayments of principal or payments of interest, or by waiving claims for borrowers in order to support their recovery from financial difficulties. Restructured loans do not include loans classified as loans in arrears for three months or longer, loans in arrears or loans to bankrupt borrowers.