
Financial Results for the Three Months Ended June 30, 2015

Sumitomo Life Insurance Company announces financial results for the three months ended June 30, 2015.

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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, 2015	As of June 30, 2015
ASSETS:		
Cash and deposits	334,565	173,829
Call loans	365,000	303,700
Monetary claims bought	243,446	340,504
Securities	23,282,398	23,700,114
Loans	2,322,696	2,325,243
Tangible fixed assets	669,806	665,523
Intangible fixed assets	25,211	25,427
Due from agents	1	0
Reinsurance receivables	184	130
Other assets	237,958	254,747
Net defined benefit assets	9,800	11,434
Deferred tax assets	1,391	1,358
Customers' liabilities under acceptances and guarantees	-	1,000
Allowance for possible loan losses	(1,757)	(1,676)
Total assets	27,490,704	27,801,335
LIABILITIES:		
Policy reserves and other reserves	24,059,522	24,136,188
Reserve for outstanding claims	132,122	134,140
Policy reserves	23,661,038	23,697,806
Policyholders' dividend reserves	266,361	304,240
Reinsurance payables	113	73
Corporate bonds	149,480	149,480
Other liabilities	1,025,457	1,266,956
Net defined benefit liabilities	35,310	36,641
Accrued retirement benefits for directors	12	13
Reserve for price fluctuation	252,308	265,824
Deferred tax liabilities	48,860	49,354
Deferred tax liabilities for land revaluation	19,343	19,277
Acceptances and guarantees	-	1,000
Total liabilities	25,590,408	25,924,809
NET ASSETS:		
Foundation funds	270,000	270,000
Reserve for redemption of foundation funds	369,000	369,000
Reserve for revaluation	2	2
Surplus	402,827	360,539
Total funds, reserve and surplus	1,041,829	999,542
Net unrealized gains on available-for-sale securities	896,074	914,569
Land revaluation differences	(61,310)	(61,473)
Foreign currency translation adjustments	9,891	7,777
Remeasurements of defined benefit plans	13,750	16,050
Total accumulated other comprehensive income	858,406	876,924
Non-controlling interests	60	59
Total net assets	1,900,296	1,876,526
Total liabilities and net assets	27,490,704	27,801,335

b. Unaudited Consolidated Statements of Income

(Millions of Yen)

	Three months ended June 30, 2014	Three months ended June 30, 2015
Ordinary income	819,731	946,727
Insurance premiums and other	619,640	746,660
Investment income	173,218	171,791
Interest, dividends and other income	124,119	135,058
Gains on trading securities	-	30
Gains on sales of securities	476	2,397
Investment gains on separate accounts	48,294	34,104
Other ordinary income	26,872	28,276
Ordinary expenses	787,156	909,951
Benefits and other payments	593,159	703,157
Claims paid	132,670	140,993
Annuity payments	194,970	132,288
Benefits payments	94,098	84,658
Surrender benefits	154,655	329,886
Provision for policy reserves and other reserves	25,788	38,888
Provision for reserve for outstanding claims	5,756	2,018
Provision for policy reserves	19,928	36,768
Provision for interest on policyholders' dividend reserves	104	101
Investment expenses	47,747	41,714
Interest expenses	1,872	1,196
Losses on sales of securities	70	734
Losses on valuation of securities	608	10
Operating expenses	82,016	81,678
Other ordinary expenses	38,443	44,513
Ordinary profit	32,574	36,776
Extraordinary gains	112	492
Gains on disposals of fixed assets	112	492
Extraordinary losses	3,596	14,098
Losses on disposals of fixed assets	372	262
Impairment losses	1,047	190
Provision for reserve for price fluctuation	2,117	13,516
Payments to social responsibility reserve	58	129
Surplus before income taxes and non-controlling interests	29,090	23,170
Income taxes		
Current	9,963	10,689
Deferred	(4,844)	(7,799)
Total income taxes	5,119	2,890
Net surplus	23,971	20,280
Net surplus attributable to non-controlling interests	(125)	0
Net surplus attributable to the Parent Company	24,097	20,279

c. Unaudited Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Three months ended June 30, 2014	Three months ended June 30, 2015
Net surplus	23,971	20,280
Other comprehensive income	89,344	18,680
Net unrealized gains on available-for-sale securities	86,865	18,000
Foreign currency translation adjustments	(24)	13
Remeasurements of defined benefit plans	3,082	2,299
Share of other comprehensive income(loss) of associates accounted for under the equity method	(578)	(1,632)
Comprehensive income	113,316	38,960
Comprehensive income attributable to the Parent Company	113,411	38,960
Comprehensive income(loss) attributable to non-controlling interests	(95)	0

Notes to the Unaudited Consolidated Financial Statements

Changes in Policies of Preparing the Unaudited Consolidated Financial Statements for the Three Months Ended June 30, 2015

1. Consolidated subsidiaries

The number of consolidated subsidiaries was 11 as of June 30, 2015.

Sumitomo Life Insurance Agency America, Inc. was excluded from the scope of the consolidation as SUMITOMO LIFE INSURANCE COMPANY ("the Company") disposed of its interest from the period ended June 30, 2015.

2. Affiliates

The number of affiliates accounted for by the equity method was 8 as of June 30, 2015.

One subsidiary and one affiliate of Bao Viet Holdings were excluded from affiliates accounted for by the equity method as those companies were excluded from affiliates from the period ended June 30, 2015.

Notes to the Unaudited Consolidated Balance Sheet as of June 30, 2015

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. "Revised Accounting Standard for Business Combinations" (ASBJ Statement No.21, September 13, 2013; hereinafter the "Business Combinations Accounting Standard"), "Revised Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No.22, September 13, 2013; hereinafter the "Consolidation Accounting Standard"), and "Revised Accounting Standard for Business Divestitures" (ASBJ Statement No.7, September 13, 2013; hereinafter the "Business Divestitures Accounting Standard") have been applied from the beginning of the period ended June 30, 2015.

Accordingly, the accounting method has been changed that the difference associated with changes in equity in subsidiaries remaining under the control of the Company is recorded as surplus, and acquisition-related costs are recorded as expenses for the period in which the costs are incurred. For business combinations implemented on or after the beginning of the period ended June 30, 2015, the accounting method has been changed to reflect the adjustments to the allocated amount of acquisition costs on the finalization of provisional accounting treatment in the consolidated financial statements for the quarter containing the date of the business combinations. In addition, the presentation method of net surplus was changed as well as the name change from "minority interests" to "non-controlling interests".

With respect to application of the Accounting Standards regarding business combinations, the transitional treatments as prescribed in Article 58-2(4) of the Business Combinations Accounting Standard, Article 44-5(4) of the Consolidation Accounting Standard and Article 57-4(4) of the Business Divestitures Accounting Standard have been applied prospectively on and after the beginning of the period ended June 30, 2015. There is no amount of financial impact.

3. As the proposed appropriations of surplus of the Company for the fiscal year ended March 31, 2015 were approved at the annual meeting of the representatives of policyholders held on July 2, 2015, we have included such item as of June 30, 2015 in the table above.
4. Securities loaned under security lending agreements amounted to ¥1,628,482 million as of June 30, 2015.

5. Changes in policyholders' dividend reserves for the period ended June 30, 2015 were as follows:

	Millions of Yen
Balance at the beginning of the period	266,361
Transfer from surplus in the previous fiscal year	59,358
Dividend payments to policyholders during the period	(21,580)
Interest accrued during the period	101
Balance at the end of the period	304,240

6. The Company redeemed ¥70,000 million of foundation funds and transferred the same amount of reserve for fund redemption to reserve for redemption of foundation funds prescribed in Article 56 of the Insurance Business Act as of July 31, 2015.

Notes to the Unaudited Consolidated Statement of Income for the Three Months Ended June 30, 2015

1. The total amount of depreciation of tangible fixed assets for the period ended June 30, 2015 was ¥6,391 million.

2. Solvency Margin Ratio on a Consolidated Basis

(millions of yen)

	As of March 31, 2015	As of June 30, 2015
Solvency margin gross amount (A)	3,422,644	3,473,461
Foundation funds and others	979,159	984,151
Reserve for price fluctuation	252,308	265,824
Contingency reserve	315,804	319,060
Unusual contingency reserve	-	-
General allowance for possible loan losses	1,154	1,087
Net unrealized gains on available-for-sale securities × 90% (Multiplied by 100% if losses)	1,130,761	1,153,515
Net unrealized gains on real estate × 85% (Multiplied by 100% if losses)	(44,936)	(45,061)
Total amount of unrecognized actuarial gains (losses) and unrecognized past service costs	19,328	22,555
Excess of continued Zillmerized reserve	633,128	634,323
Qualifying subordinated debt	149,480	149,480
Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculation	-	-
Deduction clause	(89,583)	(88,324)
Others	76,039	76,849
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)	705,494	715,776
Insurance risk R_1	79,337	78,938
General insurance risk R_5	-	-
Large disaster risk R_6	-	-
Third-sector insurance risk R_8	51,286	51,664
Insurance risk of small-amount, short-term insurer R_9	-	-
Risk of assumed yield R_2	215,482	214,129
Minimum guarantee risk R_7^{**}	32,738	26,111
Investment risk R_3	428,634	446,879
Operational risk R_4	16,149	16,354
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	970.2%	970.5%

※ 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, 2015		As of June 30, 2015	
	Amount	% of total	Amount	% of total
Cash, deposits and call loans	551,413	2.2	325,367	1.3
Monetary claims bought	243,446	1.0	340,504	1.3
Investments in securities	20,991,510	83.9	21,537,732	84.6
Domestic bonds	12,748,042	51.0	12,817,563	50.4
Domestic stocks	1,644,083	6.6	1,746,065	6.9
Foreign securities	6,563,751	26.2	6,937,472	27.3
Foreign bonds	5,983,458	23.9	6,380,847	25.1
Other foreign securities	580,292	2.3	556,624	2.2
Other securities	35,633	0.1	36,630	0.1
Loans	2,322,696	9.3	2,325,243	9.1
Policy loans	323,711	1.3	319,696	1.3
Industrial and consumer loans	1,998,985	8.0	2,005,546	7.9
Real estate	661,398	2.6	657,634	2.6
Investment property	464,290	1.9	461,561	1.8
Other assets	244,064	1.0	267,581	1.1
Allowance for possible loan losses	(1,757)	(0.0)	(1,676)	(0.0)
Total	25,012,772	100.0	25,452,385	100.0
Foreign currency denominated assets	4,473,488	17.9	4,944,244	19.4

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, 2015					As of June 30, 2015				
	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	2,059,190	2,383,300	324,109	324,244	(134)	2,061,287	2,370,021	308,733	308,947	(213)
Policy-reserve-matching bonds	11,209,377	12,711,116	1,501,738	1,502,085	(346)	11,257,685	12,648,511	1,390,825	1,392,778	(1,953)
Investments in subsidiaries and affiliated companies	33,173	23,372	(9,801)	-	(9,801)	33,173	28,197	(4,976)	-	(4,976)
Available-for-sale securities	6,109,247	7,344,762	1,235,515	1,242,124	(6,609)	6,678,470	7,938,295	1,259,824	1,285,151	(25,326)
Domestic bonds	1,091,825	1,139,283	47,458	47,638	(180)	1,104,169	1,145,598	41,428	43,457	(2,029)
Domestic stocks	773,544	1,542,884	769,339	775,208	(5,868)	771,719	1,644,972	873,253	877,500	(4,247)
Foreign securities	3,928,950	4,325,405	396,455	396,996	(541)	4,416,693	4,741,341	324,648	343,672	(19,024)
Foreign bonds	3,927,074	4,323,648	396,574	396,960	(386)	4,409,196	4,733,839	324,643	343,601	(18,958)
Other foreign securities	1,876	1,757	(118)	36	(155)	7,496	7,501	5	70	(65)
Other securities	24,589	34,626	10,036	10,036	-	27,452	35,615	8,163	8,163	-
Monetary claims bought	190,337	202,579	12,241	12,244	(2)	288,436	300,789	12,353	12,358	(4)
Negotiable certificates of deposit	100,000	99,983	(16)	-	(16)	70,000	69,978	(21)	-	(21)
Others	-	-	-	-	-	-	-	-	-	-
Total	19,410,990	22,462,552	3,051,562	3,068,453	(16,891)	20,030,617	22,985,024	2,954,406	2,986,877	(32,470)
Domestic bonds	12,700,583	14,272,895	1,572,311	1,572,927	(615)	12,776,135	14,228,886	1,452,751	1,456,881	(4,130)
Domestic stocks	773,544	1,542,884	769,339	775,208	(5,868)	771,719	1,644,972	873,253	877,500	(4,247)
Foreign securities	5,621,934	6,309,582	687,648	698,037	(10,388)	6,096,875	6,704,782	607,907	631,974	(24,067)
Foreign bonds	5,586,884	6,284,453	697,569	698,000	(431)	6,056,204	6,669,084	612,879	631,903	(19,024)
Other foreign securities	35,050	25,129	(9,920)	36	(9,957)	40,670	35,698	(4,971)	70	(5,042)
Other securities	24,589	34,626	10,036	10,036	-	27,452	35,615	8,163	8,163	-
Monetary claims bought	190,337	202,579	12,241	12,244	(2)	288,436	300,789	12,353	12,358	(4)
Negotiable certificates of deposit	100,000	99,983	(16)	-	(16)	70,000	69,978	(21)	-	(21)
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, 2015	As of June 30, 2015
Held-to-maturity debt securities	-	-
Unlisted foreign bonds	-	-
Others	-	-
Policy-reserve-matching bonds	-	-
Investments in subsidiaries and affiliated companies	115,403	114,739
Available-for-sale securities	515,935	485,837
Unlisted domestic stocks (excluding over-the-counter stocks)	24,573	24,467
Unlisted foreign stocks (excluding over-the-counter stocks)	490,321	460,321
Unlisted foreign bonds	-	-
Others	1,040	1,049
Total	631,338	600,576