
Financial Results for the Three Months Ended June 30, 2017

Sumitomo Life Insurance Company announces financial results for the three months ended June 30, 2017.

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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, 2017	As of June 30, 2017
ASSETS:		
Cash and deposits	979,462	1,098,605
Call loans	203,345	328,720
Monetary claims bought	230,518	248,193
Securities	27,878,540	28,055,089
Loans	3,642,493	4,065,399
Tangible fixed assets	589,710	586,073
Intangible fixed assets	301,993	286,896
Due from agents	83	73
Reinsurance receivables	889	1,229
Other assets	394,731	376,052
Net defined benefit assets	17,736	19,305
Deferred tax assets	114,575	86,289
Allowance for possible loan losses	(1,211)	(1,074)
Total assets	34,352,870	35,150,853
LIABILITIES:		
Policy reserves and other reserves	29,783,141	29,853,580
Reserve for outstanding claims	158,838	142,310
Policy reserves	29,378,351	29,433,798
Policyholders' dividend reserves	245,951	277,471
Reinsurance payables	5,880	6,378
Corporate bonds	401,948	400,196
Other liabilities	1,983,295	2,666,851
Net defined benefit liabilities	22,565	23,431
Reserve for price fluctuation	502,439	513,344
Deferred tax liabilities	24,555	27,620
Deferred tax liabilities for land revaluation	16,061	16,045
Total liabilities	32,739,886	33,507,450
NET ASSETS:		
Foundation funds	170,000	170,000
Reserve for redemption of foundation funds	469,000	469,000
Reserve for revaluation	2	2
Surplus	306,955	267,862
Total funds, reserve and surplus	945,957	906,865
Net unrealized gains(losses) on available-for-sale securities	723,897	814,149
Deferred gains(losses) on derivatives under hedge accounting	1,703	367
Land revaluation differences	(59,460)	(59,500)
Foreign currency translation adjustments	(29,882)	(47,905)
Remeasurements of defined benefit plans	30,700	29,361
Total accumulated other comprehensive income	666,958	736,471
Non-controlling interests	66	66
Total net assets	1,612,983	1,643,403
Total liabilities and net assets	34,352,870	35,150,853

b. Unaudited Consolidated Statements of Income

(Millions of Yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Ordinary income	1,017,049	889,181
Insurance premiums and other	789,166	629,333
Investment income	202,048	214,781
Interest, dividends and other income	148,096	172,601
Gains on trading securities	134	246
Gains on sales of securities	23,590	9,896
Investment gains on separate accounts	-	27,956
Other ordinary income	25,834	45,066
Ordinary expenses	954,015	863,270
Benefits and other payments	542,022	544,016
Claims paid	133,021	150,036
Annuity payments	191,402	180,171
Benefits payments	83,864	87,622
Surrender benefits	108,119	112,808
Provision for policy reserves and other reserves	227,931	142,565
Provision for policy reserves	227,866	142,556
Provision for interest on policyholders' dividend reserves	65	9
Investment expenses	51,708	44,976
Interest expenses	1,700	4,468
Losses on sales of securities	395	12,907
Losses on valuation of securities	1,044	250
Investment losses on separate accounts	39,005	-
Operating expenses	97,824	98,627
Other ordinary expenses	34,528	33,083
Ordinary profit	63,033	25,911
Extraordinary gains	171	166
Gains on disposals of fixed assets	171	166
Extraordinary losses	47,316	11,180
Losses on disposals of fixed assets	37	223
Impairment losses	9	-
Provision for reserve for price fluctuation	47,203	10,904
Payments to social responsibility reserve	66	52
Surplus before income taxes	15,888	14,897
Income taxes		
Current	20,573	3,660
Deferred	(19,803)	(3,285)
Total income taxes	770	375
Net surplus	15,118	14,521
Net surplus attributable to non-controlling interests	0	0
Net surplus attributable to the Parent Company	15,117	14,521

c. Unaudited Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Net surplus	15,118	14,521
Other comprehensive income(loss)	(53,339)	69,553
Net unrealized gains(losses) on available-for-sale securities	(20,132)	89,894
Deferred gains(losses) on derivatives under hedge accounting	(787)	(1,335)
Land revaluation differences	(0)	-
Foreign currency translation adjustments	(30,306)	(15,893)
Remeasurements of defined benefit plans	846	(1,339)
Share of other comprehensive income(loss) of associates under the equity method	(2,959)	(1,773)
Comprehensive income(loss)	(38,220)	84,075
Comprehensive income(loss) attributable to the Parent Company	(38,204)	84,075
Comprehensive income(loss) attributable to non-controlling interests	(15)	0

Notes to the Unaudited Consolidated Financial Statements

Notes to the Unaudited Consolidated Balance Sheet as of June 30, 2017

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 dates. 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, 2017 were approved at the annual meeting of the representatives of policyholders held on July 4, 2017, the consolidated balance sheet as of June 30, 2017 is based on the approval.
3. Securities loaned under security lending agreements amounted to ¥2,012,621 million as of June 30, 2017.
4. Changes in policyholders' dividend reserves for the period ended June 30, 2017 were as follows:

	Millions of Yen
At the beginning of the period	245,951
Transfer from surplus in the previous fiscal year	51,735
Dividend payments to policyholders during the period	(20,224)
Interest accrued during the period	9
At the end of the period	277,471

5. The Company and certain subsidiaries adopted the consolidation tax filings from the period ended June 30, 2017.

Notes to the Unaudited Consolidated Statement of Income for the Three Months Ended June 30, 2017

1. The amount of depreciation of tangible fixed assets, including real estates for investments, was ¥10,160 million and the amount of amortization of goodwill was ¥821 million for the period ended June 30, 2017.

2. Solvency Margin Ratio on a Consolidated Basis

(Millions of Yen)

	As of March 31, 2017	As of June 30, 2017
Solvency margin gross amount (A)	3,466,335	3,612,158
Foundation funds and others	622,329	640,690
Reserve for price fluctuation	502,439	513,344
Contingency reserve	335,070	328,862
Unusual contingency reserve	-	-
General allowance for possible loan losses	989	864
(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	1,019,460
Net unrealized gains on real estate × 85% (Multiplied by 100% if losses)	13,361	13,362
Total amount of unrecognized actuarial gains (losses) and unrecognized past service costs	42,597	40,741
Excess of continued Zillmerized reserve	684,241	696,570
Qualifying subordinated debt	354,480	354,480
Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculation	-	-
Deduction clause	(67,589)	(66,993)
Others	70,799	70,774
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	868,421
Insurance risk R_1	97,042	96,639
General insurance risk R_5	-	-
Large disaster risk R_6	-	-
Third-sector insurance risk R_8	68,087	68,805
Insurance risk of small-amount, short-term insurer R_9	-	-
Risk of assumed yield R_2	204,402	203,429
Minimum guarantee risk R_7^{**}	19,228	13,771
Investment risk R_3	592,705	614,980
Operational risk R_4	19,629	19,952
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	813.2%	831.8%

※ 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, 2017		As of June 30, 2017	
	Amount	% of total	Amount	% of total
Cash, deposits and call loans	1,007,015	3.5	1,253,076	4.2
Monetary claims bought	230,518	0.8	248,193	0.8
Investments in securities	23,614,509	82.0	23,895,894	80.3
Domestic bonds	12,961,892	45.0	12,973,220	43.6
Domestic stocks	1,700,608	5.9	1,760,612	5.9
Foreign securities	8,809,343	30.6	9,054,431	30.4
Foreign bonds	7,839,217	27.2	8,080,322	27.2
Other foreign securities	970,125	3.4	974,109	3.3
Other securities	142,666	0.5	107,629	0.4
Loans	2,972,689	10.3	3,414,029	11.5
Policy loans	303,290	1.1	299,402	1.0
Industrial and consumer loans	2,669,398	9.3	3,114,626	10.5
Real estate	578,811	2.0	575,712	1.9
Investment property	401,966	1.4	400,688	1.3
Deferred tax assets	124,609	0.4	96,032	0.3
Other assets	277,239	1.0	275,259	0.9
Allowance for possible loan losses	(1,132)	(0.0)	(999)	(0.0)
Total	28,804,261	100.0	29,757,199	100.0
Foreign currency denominated assets	7,367,770	25.6	7,706,681	25.9

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 31,2017					As of June 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	-	1,924,273	2,300,172	375,899	375,899	(0)
Policy-reserve-matching bonds	11,088,673	13,056,296	1,967,623	2,023,431	(55,808)	11,066,529	13,010,209	1,943,680	2,003,278	(59,597)
Investments in subsidiaries and affiliated companies	33,173	35,754	2,580	2,580	-	33,173	34,705	1,531	1,531	-
Available-for-sale securities	9,405,982	10,375,805	969,822	1,103,170	(133,348)	9,684,044	10,764,066	1,080,022	1,171,242	(91,220)
Domestic bonds	1,484,122	1,562,503	78,381	83,050	(4,668)	1,495,851	1,578,812	82,961	84,565	(1,603)
Domestic stocks	784,201	1,584,632	800,430	808,738	(8,307)	787,064	1,644,640	857,575	867,605	(10,029)
Foreign securities	6,209,300	6,281,051	71,751	190,963	(119,211)	6,445,141	6,560,159	115,018	193,902	(78,884)
Foreign bonds	6,136,882	6,207,918	71,036	190,150	(119,114)	6,371,581	6,483,927	112,346	191,171	(78,824)
Other foreign securities	72,417	73,132	714	812	(97)	73,560	76,231	2,671	2,731	(59)
Other securities	127,421	140,826	13,404	14,070	(665)	87,436	105,790	18,353	18,491	(137)
Monetary claims bought	190,936	196,810	5,874	6,349	(475)	202,550	208,672	6,121	6,678	(556)
Negotiable certificates of deposit	610,000	609,980	(19)	-	(19)	666,000	665,991	(8)	-	(8)
Others	-	-	-	-	-	-	-	-	-	-
Total	22,469,844	25,771,305	3,301,461	3,490,618	(189,156)	22,708,020	26,109,153	3,401,132	3,551,951	(150,818)
Domestic bonds	12,883,510	14,958,180	2,074,669	2,134,598	(59,928)	12,890,259	14,943,827	2,053,567	2,114,475	(60,908)
Domestic stocks	784,201	1,584,632	800,430	808,738	(8,307)	787,064	1,644,640	857,575	867,605	(10,029)
Foreign securities	7,873,773	8,280,876	407,102	526,862	(119,760)	8,074,709	8,540,231	465,522	544,700	(79,177)
Foreign bonds	7,768,181	8,171,988	403,806	523,468	(119,662)	7,967,975	8,429,294	461,319	540,437	(79,118)
Other foreign securities	105,591	108,887	3,295	3,393	(97)	106,734	110,937	4,202	4,262	(59)
Other securities	127,421	140,826	13,404	14,070	(665)	87,436	105,790	18,353	18,491	(137)
Monetary claims bought	190,936	196,810	5,874	6,349	(475)	202,550	208,672	6,121	6,678	(556)
Negotiable certificates of deposit	610,000	609,980	(19)	-	(19)	666,000	665,991	(8)	-	(8)
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 June 30,2017
Held-to-maturity debt securities	-	-
Unlisted foreign bonds	-	-
Others	-	-
Policy-reserve-matching bonds	-	-
Investments in subsidiaries and affiliated companies	604,907	604,907
Available-for-sale securities	369,119	369,115
Unlisted domestic stocks (excluding over-the-counter stocks)	15,701	15,697
Unlisted foreign stocks (excluding over-the-counter stocks)	351,558	351,558
Unlisted foreign bonds	-	-
Others	1,859	1,859
Total	974,026	974,022