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## Financial Results for the Three Months Ended June 30, 2018

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Sumitomo Life Insurance Company announces financial results for the three months ended June 30, 2018.

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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, 2018	As of June 30, 2018
<b>ASSETS:</b>		
Cash and deposits	1,448,620	1,584,794
Call loans	187,361	267,979
Monetary claims bought	283,252	296,515
Securities	29,089,625	29,347,463
Loans	3,445,029	3,354,188
Tangible fixed assets	581,239	579,081
Intangible fixed assets	283,089	274,484
Due from agents	109	134
Reinsurance receivables	2,737	1,320
Other assets	543,952	436,083
Net defined benefit assets	31,742	33,310
Deferred tax assets	140,721	122,565
Allowance for possible loan losses	(1,038)	(1,000)
<b>Total assets</b>	<b>36,036,443</b>	<b>36,296,922</b>
<b>LIABILITIES:</b>		
Policy reserves and other reserves	30,457,728	30,396,353
Reserve for outstanding claims	135,006	131,388
Policy reserves	30,087,173	29,995,808
Policyholders' dividend reserves	235,548	269,156
Reinsurance payables	8,017	9,112
Corporate bonds	545,868	527,160
Other liabilities	2,661,062	3,043,404
Net defined benefit liabilities	11,356	12,288
Reserve for price fluctuation	657,060	687,665
Deferred tax liabilities	25,271	9,363
Deferred tax liabilities for land revaluation	13,257	13,225
<b>Total liabilities</b>	<b>34,379,623</b>	<b>34,698,572</b>
<b>NET ASSETS:</b>		
Foundation funds	100,000	100,000
Reserve for redemption of foundation funds	539,000	539,000
Reserve for revaluation	2	2
Surplus	248,102	216,355
<b>Total funds, reserve and surplus</b>	<b>887,104</b>	<b>855,357</b>
Net unrealized gains(losses) on available-for-sale securities	841,320	849,611
Deferred gains(losses) on derivatives under hedge accounting	(2,556)	(6,414)
Land revaluation differences	(63,710)	(63,793)
Foreign currency translation adjustments	(44,853)	(74,117)
Remeasurements of defined benefit plans	39,415	37,605
<b>Total accumulated other comprehensive income</b>	<b>769,616</b>	<b>742,891</b>
Non-controlling interests	99	100
<b>Total net assets</b>	<b>1,656,820</b>	<b>1,598,349</b>
<b>Total liabilities and net assets</b>	<b>36,036,443</b>	<b>36,296,922</b>

## b. Unaudited Consolidated Statements of Income

(Millions of Yen)

	Three months ended June 30, 2017	Three months ended June 30, 2018
Ordinary income	889,181	884,140
Insurance premiums and other	629,333	623,499
Investment income	214,781	223,670
Interest, dividends and other income	172,601	181,659
Gains on trading securities	246	-
Gains on sales of securities	9,896	26,140
Investment gains on separate accounts	27,956	10,911
Other ordinary income	45,066	36,970
Ordinary expenses	863,270	843,661
Benefits and other payments	544,016	506,026
Claims paid	150,036	163,554
Annuity payments	180,171	130,757
Benefits payments	87,622	98,925
Surrender benefits	112,808	97,672
Provision for policy reserves and other reserves	142,565	136,449
Provision for policy reserves	142,556	136,441
Provision for interest on policyholders' dividend reserves	9	8
Investment expenses	44,976	66,061
Interest expenses	4,468	6,560
Losses on trading securities	-	2,103
Losses on sales of securities	12,907	32,268
Losses on valuation of securities	250	846
Operating expenses	98,627	96,335
Other ordinary expenses	33,083	38,787
Ordinary profit	25,911	40,479
Extraordinary gains	166	66
Gains on disposals of fixed assets	166	66
Extraordinary losses	11,180	30,721
Losses on disposals of fixed assets	223	34
Impairment losses	-	10
Provision for reserve for price fluctuation	10,904	30,605
Payments to social responsibility reserve	52	71
Surplus before income taxes	14,897	9,824
Income taxes		
Current	3,660	10,284
Deferred	(3,285)	(9,633)
Total income taxes	375	651
Net surplus	14,521	9,173
Net surplus attributable to non-controlling interests	0	1
Net surplus attributable to the Parent Company	14,521	9,172

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

(Millions of Yen)

	Three months ended June 30, 2017	Three months ended June 30, 2018
Net surplus	14,521	9,173
Other comprehensive income(loss)	69,553	(13,722)
Net unrealized gains(losses) on available-for-sale securities	89,894	21,176
Deferred gains(losses) on derivatives under hedge accounting	(1,335)	(3,857)
Foreign currency translation adjustments	(15,893)	(25,307)
Remeasurements of defined benefit plans	(1,339)	(1,810)
Share of other comprehensive income(loss) of associates under the equity method	(1,773)	(3,923)
Comprehensive income(loss)	84,075	(4,549)
Comprehensive income(loss) attributable to the Parent Company	84,075	(4,550)
Comprehensive income(loss) attributable to non-controlling interests	0	1

## **Notes to the Unaudited Consolidated Financial Statements**

### **Policies of Presenting the Unaudited Consolidated Financial Statements for the Three Months Ended June 30, 2018**

1. Consolidated subsidiaries

The number of consolidated subsidiaries was 24 as of June 30, 2018.

Two subsidiaries of Symetra Financial Corporation were included in the scope of the consolidation as a result of newly establishments from the period ended June 30, 2018.

2. Affiliates

The number of affiliates accounted for by the equity method was 8 as of June 30, 2018.

Two subsidiaries of Baoviet Holdings were excluded from affiliates accounted for by the equity method as those companies were excluded from affiliates from the period ended June 30, 2018.

## Notes to the Unaudited Consolidated Balance Sheet as of June 30, 2018

1. SUMITOMO LIFE INSURANCE COMPANY ("the Company")'s assets and liabilities denominated in foreign currencies, except for investments in unconsolidated subsidiaries and affiliates, are translated into Japanese yen at the exchange rate 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. As the proposed appropriations of surplus of the Company for the fiscal year ended March 31, 2018 were approved at the annual meeting of the representatives of policyholders held on July 3, 2018, the consolidated balance sheet as of June 30, 2018 is based on the approval.
3. Securities loaned under security lending agreements amounted to ¥2,847,051 million as of June 30, 2018.

4. Changes in policyholders' dividend reserves for the period ended June 30, 2018 were as follows:

	Millions of Yen
At the beginning of the period	235,548
Transfer from surplus in the previous fiscal year	52,804
Dividend payments to policyholders during the period	(19,204)
Interest accrued during the period	8
At the end of the period	<u>269,156</u>

5. The Company redeemed ¥50,000 million of foundation funds and transferred the same amount of reserve for fund redemption to reserve for redemption of foundation funds as prescribed in Article 56 of the Insurance Business Act as of August 3, 2018.

## **Notes to the Unaudited Consolidated Statement of Income for the Three Months Ended June 30, 2018**

1. The amount of depreciation of tangible fixed assets, including real estates for investments, was ¥9,728 million and the amount of amortization of goodwill was ¥861 million for the period ended June 30, 2018.

## 2. Solvency Margin Ratio on a Consolidated Basis

(Millions of Yen)

	As of March 31, 2018	As of June 30, 2018
Solvency margin gross amount (A)	3,962,535	4,025,601
Foundation funds and others	591,238	610,221
Reserve for price fluctuation	657,060	687,665
Contingency reserve	351,157	351,099
Unusual contingency reserve	—	—
General allowance for possible loan losses	831	721
(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)	1,037,714	1,050,505
Net unrealized gains on real estate × 85% (Multiplied by 100% if losses)	48,808	48,701
Total amount of unrecognized actuarial gains (losses) and unrecognized past service costs	54,709	52,198
Excess of continued Zillmerized reserve	722,113	724,583
Qualifying subordinated debt	499,924	499,924
Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculation	—	—
Deduction clause	(70,399)	(69,233)
Others	69,376	69,213
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)	898,743	925,337
Insurance risk $R_1$	96,858	95,410
General insurance risk $R_5$	—	—
Large disaster risk $R_6$	—	—
Third-sector insurance risk $R_8$	72,278	72,550
Insurance risk of small-amount, short-term insurer $R_9$	—	—
Risk of assumed yield $R_2$	200,497	199,423
Minimum guarantee risk $R_7^{**}$	4,941	4,686
Investment risk $R_3$	656,245	684,361
Operational risk $R_4$	20,616	21,128
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	881.7%	870.0%

※ 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, 2018		As of June 30, 2018	
	Amount	% of total	Amount	% of total
Cash, deposits and call loans	1,443,490	4.7	1,722,384	5.5
Monetary claims bought	283,252	0.9	296,515	0.9
Investments in securities	24,902,898	81.5	25,431,890	81.5
Domestic bonds	13,043,393	42.7	13,116,323	42.0
Domestic stocks	1,933,967	6.3	2,024,346	6.5
Foreign securities	9,864,763	32.3	10,165,743	32.6
Foreign bonds	8,800,982	28.8	9,064,309	29.0
Other foreign securities	1,063,780	3.5	1,101,433	3.5
Other securities	60,773	0.2	125,476	0.4
Loans	2,781,305	9.1	2,737,683	8.8
Policy loans	294,742	1.0	292,807	0.9
Industrial and consumer loans	2,486,563	8.1	2,444,875	7.8
Real estate	571,641	1.9	569,525	1.8
Investment property	388,745	1.3	387,507	1.2
Deferred tax assets	154,714	0.5	135,889	0.4
Other assets	425,958	1.4	330,002	1.1
Allowance for possible loan losses	(921)	(0.0)	(835)	(0.0)
Total	30,562,340	100.0	31,223,054	100.0
Foreign currency denominated assets	9,252,661	30.3	9,649,555	30.9

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, 2018					As of June 30, 2018				
	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	1,888,273	2,202,331	314,058	314,058	(0)	1,854,927	2,172,898	317,971	317,972	(0)
Policy-reserve-matching bonds	11,206,795	13,156,647	1,949,852	1,995,109	(45,256)	11,278,200	13,203,749	1,925,549	1,972,245	(46,695)
Investments in subsidiaries and affiliated companies	33,173	53,967	20,793	20,793	-	33,173	47,906	14,732	14,732	-
Available-for-sale securities	10,436,630	11,493,745	1,057,115	1,228,009	(170,894)	10,865,375	12,022,102	1,156,726	1,323,970	(167,243)
Domestic bonds	1,649,259	1,714,504	65,245	82,711	(17,466)	1,711,454	1,775,003	63,549	81,231	(17,682)
Domestic stocks	838,599	1,812,663	974,063	986,723	(12,659)	838,754	1,900,619	1,061,864	1,076,009	(14,144)
Foreign securities	7,260,364	7,257,270	(3,094)	137,507	(140,601)	7,522,545	7,533,641	11,096	144,700	(133,603)
Foreign bonds	7,039,984	7,034,408	(5,576)	134,670	(140,246)	7,263,690	7,272,502	8,811	141,191	(132,379)
Other foreign securities	220,380	222,862	2,482	2,837	(355)	258,854	261,139	2,284	3,508	(1,223)
Other securities	44,983	58,729	13,746	13,806	(60)	109,924	123,292	13,367	15,071	(1,704)
Monetary claims bought	202,323	209,492	7,169	7,261	(92)	202,396	209,257	6,861	6,957	(96)
Negotiable certificates of deposit	441,100	441,084	(15)	-	(15)	480,300	480,287	(12)	-	(12)
Others	-	-	-	-	-	-	-	-	-	-
Total	23,564,872	26,906,692	3,341,819	3,557,971	(216,152)	24,031,676	27,446,657	3,414,980	3,628,920	(213,940)
Domestic bonds	12,978,148	15,023,825	2,045,676	2,103,337	(57,660)	13,052,774	15,078,299	2,025,525	2,078,384	(52,859)
Domestic stocks	838,599	1,812,663	974,063	986,723	(12,659)	838,754	1,900,619	1,061,864	1,076,009	(14,144)
Foreign securities	9,059,717	9,360,895	301,178	446,843	(145,665)	9,347,526	9,654,900	307,374	452,496	(145,122)
Foreign bonds	8,806,163	9,084,066	277,902	423,212	(145,309)	9,055,497	9,345,854	290,356	434,255	(143,898)
Other foreign securities	253,554	276,829	23,275	23,631	(355)	292,028	309,045	17,017	18,241	(1,223)
Other securities	44,983	58,729	13,746	13,806	(60)	109,924	123,292	13,367	15,071	(1,704)
Monetary claims bought	202,323	209,492	7,169	7,261	(92)	202,396	209,257	6,861	6,957	(96)
Negotiable certificates of deposit	441,100	441,084	(15)	-	(15)	480,300	480,287	(12)	-	(12)
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, 2018	As of June 30, 2018
Held-to-maturity debt securities	-	-
Unlisted foreign bonds	-	-
Others	-	-
Policy-reserve-matching bonds	-	-
Investments in subsidiaries and affiliated companies	612,315	612,315
Available-for-sale securities	309,293	311,807
Unlisted domestic stocks (excluding over-the-counter stocks)	13,620	16,043
Unlisted foreign stocks (excluding over-the-counter stocks)	293,558	293,558
Unlisted foreign bonds	-	-
Others	2,114	2,204
Total	921,609	924,122