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## Financial Results for the Nine Months Ended December 31, 2015

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Sumitomo Life Insurance Company announces financial results for the nine months ended December 31, 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 December 31, 2015
<b>ASSETS:</b>		
Cash and deposits	334,565	214,572
Call loans	365,000	726,000
Monetary claims bought	243,446	211,167
Securities	23,282,398	23,281,037
Loans	2,322,696	2,232,599
Tangible fixed assets	669,806	660,592
Intangible fixed assets	25,211	25,500
Due from agents	1	1
Reinsurance receivables	184	45
Other assets	237,958	240,275
Net defined benefit assets	9,800	12,628
Deferred tax assets	1,391	24,941
Customers' liabilities under acceptances and guarantees	-	1,000
Allowance for possible loan losses	(1,757)	(1,563)
<b>Total assets</b>	<b>27,490,704</b>	<b>27,628,798</b>
<b>LIABILITIES:</b>		
Policy reserves and other reserves	24,059,522	24,256,754
Reserve for outstanding claims	132,122	142,627
Policy reserves	23,661,038	23,838,329
Policyholders' dividend reserves	266,361	275,797
Reinsurance payables	113	89
Corporate bonds	149,480	149,480
Other liabilities	1,025,457	1,097,565
Net defined benefit liabilities	35,310	39,327
Accrued retirement benefits for directors	12	8
Reserve for price fluctuation	252,308	329,021
Deferred tax liabilities	48,860	1,521
Deferred tax liabilities for land revaluation	19,343	19,078
Acceptances and guarantees	-	1,000
<b>Total liabilities</b>	<b>25,590,408</b>	<b>25,893,846</b>
<b>NET ASSETS:</b>		
Foundation funds	270,000	200,000
Reserve for redemption of foundation funds	369,000	439,000
Reserve for revaluation	2	2
Surplus	402,827	326,970
Total funds, reserve and surplus	1,041,829	965,972
Net unrealized gains on available-for-sale securities	896,074	820,770
Deferred unrealized gains(losses) on derivatives under hedge accounting	-	(12,899)
Land revaluation differences	(61,310)	(61,674)
Foreign currency translation adjustments	9,891	2,071
Remeasurements of defined benefit plans	13,750	20,648
Total accumulated other comprehensive income	858,406	768,916
Non-controlling interests	60	62
<b>Total net assets</b>	<b>1,900,296</b>	<b>1,734,951</b>
<b>Total liabilities and net assets</b>	<b>27,490,704</b>	<b>27,628,798</b>

## b. Unaudited Consolidated Statements of Income

(Millions of Yen)

	Nine months ended December 31, 2014	Nine months ended December 31, 2015
Ordinary income	2,614,650	2,701,056
Insurance premiums and other	1,895,400	2,173,676
Investment income	638,380	446,308
Interest, dividends and other income	403,908	417,461
Gains on trading securities	-	48
Gains on sales of securities	13,506	11,568
Investment gains on separate accounts	219,394	14,416
Other ordinary income	80,869	81,070
Ordinary expenses	2,499,825	2,558,613
Benefits and other payments	1,700,881	1,916,211
Claims paid	388,618	405,584
Annuity payments	509,179	454,061
Benefits payments	259,758	236,581
Surrender benefits	481,187	755,172
Provision for policy reserves and other reserves	266,038	188,068
Provision for reserve for outstanding claims	-	10,504
Provision for policy reserves	265,726	177,291
Provision for interest on policyholders' dividend reserves	312	272
Investment expenses	170,812	63,175
Interest expenses	5,772	3,568
Losses on sales of securities	938	3,972
Losses on valuation of securities	518	278
Operating expenses	245,345	248,932
Other ordinary expenses	116,747	142,225
Ordinary profit	114,824	142,442
Extraordinary gains	4,138	1,208
Gains on disposals of fixed assets	4,138	1,208
Extraordinary losses	27,126	79,486
Losses on disposals of fixed assets	749	527
Impairment losses	6,761	1,545
Provision for reserve for price fluctuation	19,016	76,712
Payments to social responsibility reserve	600	700
Surplus before income taxes	91,836	64,164
Income taxes		
Current	34,954	46,123
Deferred	(19,307)	(38,470)
Total income taxes	15,646	7,652
Net surplus	76,189	56,511
Net surplus attributable to non-controlling interests	(123)	2
Net surplus attributable to the Parent Company	76,313	56,508

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

(Millions of Yen)

	Nine months ended December 31, 2014	Nine months ended December 31, 2015
Net surplus	76,189	56,511
Other comprehensive income(loss)	379,221	(89,125)
Net unrealized gains(losses) on available-for-sale securities	366,616	(74,902)
Deferred unrealized gains(losses) on derivatives under hedge accounting	-	(12,899)
Foreign currency translation adjustments	39	13
Remeasurements of defined benefit plans	9,246	6,897
Share of other comprehensive income(loss) of associates under the equity method	3,319	(8,234)
Comprehensive income(loss)	455,410	(32,613)
Comprehensive income(loss) attributable to the Parent Company	455,504	(32,616)
Comprehensive income(loss) attributable to non-controlling interests	(93)	2

## Notes to the Unaudited Consolidated Financial Statements

### Changes in Policies of Preparing the Unaudited Consolidated Financial Statements for the Nine Months Ended December 31, 2015

1. Consolidated subsidiaries

The number of consolidated subsidiaries was 11 as of December 31, 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 December 31, 2015.

2. Affiliates

The number of affiliates under the equity method was 8 as of December 31, 2015.

One subsidiary and one affiliate of Baoviet Holdings were excluded from affiliates under the equity method as those companies were excluded from affiliates from the period ended December 31, 2015.

## Notes to the Unaudited Consolidated Balance Sheet as of December 31, 2015

- 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.
- "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 December 31, 2015.  
Under the applied accounting method, the difference associated with the Company's ownership changes in subsidiaries remaining under the Company's control 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 April 1, 2015, the accounting method has been changed to reflect adjustments to the allocated acquisition costs on finalization of provisional accounting treatments in the consolidated financial statements for the period containing the date of the business combinations. In addition, the presentation of net surplus was changed and an account name was changed from minority interests to non-controlling interests.  
With respect to the 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 April 1, 2015. The relevant effect is immaterial.
- Securities loaned under security lending agreements amounted to ¥1,477,555 million as of December 31, 2015.
- Changes in policyholders' dividend reserves for the period ended December 31, 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	(50,194)
Interest accrued during the period	272
Balance at the end of the period	275,797

5. On February 1, 2016, as the Company completed all necessary processes for the acquisition of Symetra Financial Corporation ("Symetra"), a U.S. life insurance group, Symetra has become a wholly owned subsidiary of the Company.

1) Purpose of the acquisition

The Company intends to enhance its financial and earnings foundation as it will expand the size of overseas revenues, lead to diversify revenue base, and enable the Company to build a well-balanced overseas business portfolio across Asia and the United States.

2) Outline of Symetra

a. Name

Symetra Financial Corporation

b. Headquarters

Bellevue, Washington, USA

c. Business description

Insurance and insurance related business \*1

\*1 Symetra is a holding company and its subsidiaries operate the business.

d. Premiums (consolidated basis, for the fiscal year ended December 31, 2014)

US\$629 million

e. Total assets (consolidated basis, as of December 31, 2014)

US\$33,002 million

3) Date of acquisition

February 1, 2016

4) Acquisition cost and the Company's ownership percentage after completion of the acquisition

a. Acquisition cost

The acquisition cost was US\$3,700 million (¥463,858 million). \*2 Upon acquisition, it is forecasted that specific compensation and fees to be paid to outside parties will occur.

\*2 The currency risk for the acquisition cost was hedged and the yen amount in ( ) reflects the currency hedge rates.

b. The Company's ownership percentage after completion of the acquisition

100%

5) Source of consideration

Cash and deposits

6) Others

Symetra merged with a newly formed, wholly-owned special purpose company in Delaware, US, which the Company has established solely for the purpose of the merger. After the merger, Symetra is the surviving company.

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 as prescribed in Article 56 of the Insurance Business Act.



## **Notes to the Unaudited Consolidated Statement of Income for the Nine Months Ended December 31, 2015**

1. The total amount of depreciation of tangible fixed assets for the period ended December 31, 2015 was ¥19,250 million.

## 2. Solvency Margin Ratio on a Consolidated Basis

(Millions of Yen)

	As of March 31, 2015	As of December 31, 2015
Solvency margin gross amount (A)	3,422,644	3,418,927
Foundation funds and others	979,159	919,681
Reserve for price fluctuation	252,308	329,021
Contingency reserve	315,804	342,497
Unusual contingency reserve	-	-
General allowance for possible loan losses	1,154	1,039
Net unrealized gains on available-for-sale securities × 90% (Multiplied by 100% if losses)	1,130,761	1,036,056
Net unrealized gains on real estate × 85% (Multiplied by 100% if losses)	(44,936)	(33,913)
Total amount of unrecognized actuarial gains (losses) and unrecognized past service costs	19,328	29,011
Excess of continued Zillmerized reserve	633,128	638,835
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)	(70,851)
Others	76,039	78,069
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	751,986
Insurance risk $R_1$	79,337	77,531
General insurance risk $R_5$	-	-
Large disaster risk $R_6$	-	-
Third-sector insurance risk $R_8$	51,286	52,863
Insurance risk of small-amount, short-term insurer $R_9$	-	-
Risk of assumed yield $R_2$	215,482	211,811
Minimum guarantee risk $R_7^{**}$	32,738	31,621
Investment risk $R_3$	428,634	479,819
Operational risk $R_4$	16,149	17,072
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	970.2%	909.3%

※ 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 December 31, 2015	
	Amount	% of total	Amount	% of total
Cash, deposits and call loans	551,413	2.2	796,404	3.1
Monetary claims bought	243,446	1.0	211,167	0.8
Investments in securities	20,991,510	83.9	21,454,832	83.7
Domestic bonds	12,748,042	51.0	12,877,635	50.2
Domestic stocks	1,644,083	6.6	1,630,969	6.4
Foreign securities	6,563,751	26.2	6,906,620	26.9
Foreign bonds	5,983,458	23.9	6,358,656	24.8
Other foreign securities	580,292	2.3	547,964	2.1
Other securities	35,633	0.1	39,606	0.2
Loans	2,322,696	9.3	2,232,599	8.7
Policy loans	323,711	1.3	314,993	1.2
Industrial and consumer loans	1,998,985	8.0	1,917,606	7.5
Real estate	661,398	2.6	653,255	2.5
Investment property	464,290	1.9	459,752	1.8
Deferred tax assets	-	-	32,125	0.1
Other assets	244,064	1.0	258,800	1.0
Allowance for possible loan losses	(1,757)	(0.0)	(1,562)	(0.0)
Total	25,012,772	100.0	25,637,623	100.0
Foreign currency denominated assets	4,473,488	17.9	4,906,532	19.1

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 December 31, 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)	2,055,282	2,391,949	336,667	336,776	(108)
Policy-reserve-matching bonds	11,209,377	12,711,116	1,501,738	1,502,085	(346)	11,262,369	12,958,469	1,696,100	1,696,288	(188)
Investments in subsidiaries and affiliated companies	33,173	23,372	(9,801)	-	(9,801)	33,173	34,822	1,648	1,648	-
Available-for-sale securities	6,109,247	7,344,762	1,235,515	1,242,124	(6,609)	6,614,784	7,746,879	1,132,094	1,152,259	(20,164)
Domestic bonds	1,091,825	1,139,283	47,458	47,638	(180)	1,168,919	1,226,594	57,674	59,360	(1,685)
Domestic stocks	773,544	1,542,884	769,339	775,208	(5,868)	773,728	1,538,328	764,599	772,885	(8,285)
Foreign securities	3,928,950	4,325,405	396,455	396,996	(541)	4,409,104	4,699,648	290,543	300,354	(9,810)
Foreign bonds	3,927,074	4,323,648	396,574	396,960	(386)	4,401,620	4,692,045	290,424	300,102	(9,677)
Other foreign securities	1,876	1,757	(118)	36	(155)	7,483	7,603	119	251	(132)
Other securities	24,589	34,626	10,036	10,036	-	30,830	38,581	7,750	8,112	(361)
Monetary claims bought	190,337	202,579	12,241	12,244	(2)	162,200	173,747	11,546	11,546	(0)
Negotiable certificates of deposit	100,000	99,983	(16)	-	(16)	70,000	69,979	(20)	-	(20)
Others	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>19,410,990</b>	<b>22,462,552</b>	<b>3,051,562</b>	<b>3,068,453</b>	<b>(16,891)</b>	<b>19,965,609</b>	<b>23,132,120</b>	<b>3,166,510</b>	<b>3,186,972</b>	<b>(20,461)</b>
Domestic bonds	12,700,583	14,272,895	1,572,311	1,572,927	(615)	12,819,960	14,599,127	1,779,166	1,781,030	(1,863)
Domestic stocks	773,544	1,542,884	769,339	775,208	(5,868)	773,728	1,538,328	764,599	772,885	(8,285)
Foreign securities	5,621,934	6,309,582	687,648	698,037	(10,388)	6,108,889	6,712,357	603,468	613,397	(9,929)
Foreign bonds	5,586,884	6,284,453	697,569	698,000	(431)	6,068,231	6,669,931	601,700	611,497	(9,797)
Other foreign securities	35,050	25,129	(9,920)	36	(9,957)	40,657	42,425	1,767	1,900	(132)
Other securities	24,589	34,626	10,036	10,036	-	30,830	38,581	7,750	8,112	(361)
Monetary claims bought	190,337	202,579	12,241	12,244	(2)	162,200	173,747	11,546	11,546	(0)
Negotiable certificates of deposit	100,000	99,983	(16)	-	(16)	70,000	69,979	(20)	-	(20)
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 December 31, 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	472,333
Unlisted domestic stocks (excluding over-the-counter stocks)	24,573	16,015
Unlisted foreign stocks (excluding over-the-counter stocks)	490,321	455,258
Unlisted foreign bonds	-	-
Others	1,040	1,058
<b>Total</b>	<b>631,338</b>	<b>587,072</b>