
Financial Results for the Nine Months Ended December 31, 2016

Sumitomo Life Insurance Company announces financial results for the nine months ended December 31, 2016.

[Contents]

| | |
|---|------|
| 1. Unaudited Consolidated Financial Statements | P.2 |
| a. Unaudited Consolidated Balance Sheets | P.2 |
| b. Unaudited Consolidated Statements of Income | P.3 |
| c. Unaudited Consolidated Statements of Comprehensive Income | P.4 |
| 2. Solvency Margin Ratio on a Consolidated Basis | P.8 |
| 3. Non-Consolidated Financial Information (General Account) | P.9 |
| a. Overall Composition of Investments | P.9 |
| b. Fair Value Information of Securities (With Fair Value except for Trading Securities) | P.10 |

[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, 2016 | As of December 31, 2016 |
|--|----------------------|-------------------------|
| ASSETS: | | |
| Cash and deposits | 524,140 | 790,122 |
| Call loans | 105,000 | 322,010 |
| Monetary claims bought | 206,301 | 239,797 |
| Securities | 26,695,820 | 27,771,372 |
| Loans | 2,817,173 | 2,975,294 |
| Tangible fixed assets | 624,054 | 617,578 |
| Intangible fixed assets | 326,184 | 251,534 |
| Due from agents | 77 | 54 |
| Reinsurance receivables | 1,422 | 1,016 |
| Other assets | 426,339 | 368,461 |
| Net defined benefit assets | 113 | 103 |
| Deferred tax assets | 70,939 | 104,158 |
| Customers' liabilities under acceptances and guarantees | 1,000 | - |
| Allowance for possible loan losses | (1,518) | (1,237) |
| Total assets | 31,797,049 | 33,440,267 |
| LIABILITIES: | | |
| Policy reserves and other reserves | 28,363,448 | 29,155,212 |
| Reserve for outstanding claims | 169,100 | 156,076 |
| Policy reserves | 27,935,119 | 28,736,217 |
| Policyholders' dividend reserves | 259,228 | 262,918 |
| Reinsurance payables | 4,176 | 5,176 |
| Corporate bonds | 235,442 | 395,724 |
| Other liabilities | 1,123,499 | 1,721,488 |
| Net defined benefit liabilities | 30,200 | 31,868 |
| Accrued retirement benefits for directors | 15 | - |
| Reserve for price fluctuation | 352,221 | 458,934 |
| Deferred tax liabilities | 29,658 | 53,715 |
| Deferred tax liabilities for land revaluation | 16,997 | 16,801 |
| Acceptances and guarantees | 1,000 | - |
| Total liabilities | 30,156,659 | 31,838,921 |
| NET ASSETS: | | |
| Foundation funds | 200,000 | 170,000 |
| Reserve for redemption of foundation funds | 439,000 | 469,000 |
| Reserve for revaluation | 2 | 2 |
| Surplus | 339,926 | 311,119 |
| Total funds, reserve and surplus | 978,929 | 950,122 |
| Net unrealized gains on available-for-sale securities | 723,567 | 785,113 |
| Deferred gains(losses) on derivatives under hedge accounting | - | 2,061 |
| Land revaluation differences | (64,505) | (59,349) |
| Foreign currency translation adjustments | (11,877) | (93,414) |
| Remeasurements of defined benefit plans | 14,111 | 16,650 |
| Total accumulated other comprehensive income | 661,295 | 651,062 |
| Non-controlling interests | 165 | 161 |
| Total net assets | 1,640,390 | 1,601,346 |
| Total liabilities and net assets | 31,797,049 | 33,440,267 |

b. Unaudited Consolidated Statements of Income

(Millions of Yen)

| | Nine months ended December 31, 2015 | Nine months ended December 31, 2016 |
|--|--|--|
| Ordinary income | 2,701,056 | 3,521,631 |
| Insurance premiums and other | 2,173,676 | 2,820,513 |
| Investment income | 446,308 | 615,740 |
| Interest, dividends and other income | 417,461 | 497,413 |
| Gains on trading securities | 48 | 1,145 |
| Gains on sales of securities | 11,568 | 74,873 |
| Investment gains on separate accounts | 14,416 | 40,286 |
| Other ordinary income | 81,070 | 85,376 |
| Ordinary expenses | 2,558,613 | 3,355,467 |
| Benefits and other payments | 1,916,211 | 1,523,656 |
| Claims paid | 405,584 | 397,016 |
| Annuity payments | 454,061 | 521,447 |
| Benefits payments | 236,581 | 242,907 |
| Surrender benefits | 755,172 | 309,290 |
| Provision for policy reserves and other reserves | 188,068 | 1,306,128 |
| Provision for reserve for outstanding claims | 10,504 | - |
| Provision for policy reserves | 177,291 | 1,306,016 |
| Provision for interest on policyholders' dividend reserves | 272 | 111 |
| Investment expenses | 63,175 | 109,692 |
| Interest expenses | 3,568 | 6,738 |
| Losses on sales of securities | 3,972 | 11,637 |
| Losses on valuation of securities | 278 | 1,294 |
| Operating expenses | 248,932 | 297,293 |
| Other ordinary expenses | 142,225 | 118,696 |
| Ordinary profit | 142,442 | 166,163 |
| Extraordinary gains | 1,208 | 6,416 |
| Gains on disposals of fixed assets | 1,208 | 6,416 |
| Extraordinary losses | 79,486 | 107,991 |
| Losses on disposals of fixed assets | 527 | 472 |
| Impairment losses | 1,545 | 165 |
| Provision for reserve for price fluctuation | 76,712 | 106,713 |
| Payments to social responsibility reserve | 700 | 640 |
| Surplus before income taxes | 64,164 | 64,588 |
| Income taxes | | |
| Current | 46,123 | 44,636 |
| Deferred | (38,470) | (40,396) |
| Total income taxes | 7,652 | 4,239 |
| Net surplus | 56,511 | 60,348 |
| Net surplus attributable to non-controlling interests | 2 | 3 |
| Net surplus attributable to the Parent Company | 56,508 | 60,345 |

c. Unaudited Consolidated Statements of Comprehensive Income

(Millions of Yen)

| | Nine months ended December 31, 2015 | Nine months ended December 31, 2016 |
|--|--|--|
| Net surplus | 56,511 | 60,348 |
| Other comprehensive income(loss) | (89,125) | (15,397) |
| Net unrealized gains(losses) on available-for-sale securities | (74,902) | 61,283 |
| Deferred gains(losses) on derivatives under hedge accounting | (12,899) | 2,061 |
| Land revaluation differences | - | (1) |
| Foreign currency translation adjustments | 13 | (73,090) |
| Remeasurements of defined benefit plans | 6,897 | 2,539 |
| Share of other comprehensive income(loss) of associates under the equity method | (8,234) | (8,190) |
| Comprehensive income(loss) | (32,613) | 44,951 |
| Comprehensive income(loss) attributable to the Parent Company | (32,616) | 44,954 |
| Comprehensive income(loss) attributable to non-controlling interests | 2 | (3) |

Notes to the Unaudited Consolidated Financial Statements

Policies of Presenting the Unaudited Consolidated Financial Statements for the Nine Months Ended December 31, 2016

1. Consolidated subsidiaries

The number of consolidated subsidiaries was 23 as of December 31, 2016.

One subsidiary of Symetra Financial Corporation was excluded from the scope of the consolidation due to completion of liquidation in the period ended September 30, 2016.

Notes to the Unaudited Consolidated Balance Sheet as of December 31, 2016

1. 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 rates 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. Securities loaned under security lending agreements amounted to ¥1,593,445 million as of December 31, 2016.
3. Changes in policyholders' dividend reserves for the period ended December 31, 2016 were as follows:

| | Millions of Yen |
|--|-----------------|
| Balance at the beginning of the period | 259,228 |
| Transfer from surplus in the previous fiscal year | 51,548 |
| Dividend payments to policyholders during the period | (47,970) |
| Interest accrued during the period | 111 |
| Balance at the end of the period | 262,918 |

4. The Company redeemed ¥30,000 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, 2016

1. The total amount of depreciation of tangible fixed assets was ¥27,793 million and the total amount of amortization of goodwill was ¥1,974 million for the period ended December 31, 2016.

2. Solvency Margin Ratio on a Consolidated Basis

(Millions of Yen)

| | As of March 31, 2016 | As of December 31, 2016 |
|---|----------------------|-------------------------|
| Solvency margin gross amount (A) | 3,008,173 | 3,509,438 |
| Foundation funds and others | 624,723 | 687,757 |
| Reserve for price fluctuation | 352,221 | 458,934 |
| Contingency reserve | 323,583 | 316,544 |
| Unusual contingency reserve | - | - |
| General allowance for possible loan losses | 1,018 | 975 |
| (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) | 902,773 | 990,958 |
| Net unrealized gains on real estate × 85% (Multiplied by 100% if losses) | (12,174) | 926 |
| Total amount of unrecognized actuarial gains (losses) and unrecognized past service costs | 19,558 | 23,090 |
| Excess of continued Zillmerized reserve | 645,885 | 672,139 |
| Qualifying subordinated debt | 149,480 | 354,480 |
| Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculation | - | - |
| Deduction clause | (70,994) | (67,288) |
| Others | 72,100 | 70,920 |
| 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) | 753,288 | 824,551 |
| Insurance risk R_1 | 98,046 | 94,075 |
| General insurance risk R_5 | - | - |
| Large disaster risk R_6 | - | - |
| Third-sector insurance risk R_8 | 64,959 | 65,002 |
| Insurance risk of small-amount, short-term insurer R_9 | - | - |
| Risk of assumed yield R_2 | 210,145 | 206,283 |
| Minimum guarantee risk R_7^{**} | 34,880 | 23,800 |
| Investment risk R_3 | 472,368 | 559,628 |
| Operational risk R_4 | 17,608 | 18,975 |
| Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$ | 798.6% | 851.2% |

※ 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, 2016 | | As of December 31, 2016 | |
|-------------------------------------|----------------------|------------|-------------------------|------------|
| | Amount | % of total | Amount | % of total |
| Cash, deposits and call loans | 448,860 | 1.7 | 931,420 | 3.3 |
| Monetary claims bought | 206,301 | 0.8 | 239,797 | 0.8 |
| Investments in securities | 22,063,959 | 85.0 | 23,800,239 | 83.8 |
| Domestic bonds | 12,982,825 | 50.0 | 12,985,824 | 45.7 |
| Domestic stocks | 1,438,497 | 5.5 | 1,656,560 | 5.8 |
| Foreign securities | 7,600,287 | 29.3 | 9,055,533 | 31.9 |
| Foreign bonds | 6,677,711 | 25.7 | 8,140,334 | 28.7 |
| Other foreign securities | 922,576 | 3.6 | 915,199 | 3.2 |
| Other securities | 42,349 | 0.2 | 102,321 | 0.4 |
| Loans | 2,196,475 | 8.5 | 2,420,465 | 8.5 |
| Policy loans | 314,654 | 1.2 | 305,036 | 1.1 |
| Industrial and consumer loans | 1,881,821 | 7.3 | 2,115,429 | 7.4 |
| Real estate | 614,369 | 2.4 | 607,445 | 2.1 |
| Investment property | 429,136 | 1.7 | 427,670 | 1.5 |
| Deferred tax assets | 75,322 | 0.3 | 109,346 | 0.4 |
| Other assets | 351,018 | 1.4 | 296,831 | 1.0 |
| Allowance for possible loan losses | (1,502) | (0.0) | (1,165) | (0.0) |
| Total | 25,954,805 | 100.0 | 28,404,381 | 100.0 |
| Foreign currency denominated assets | 5,725,806 | 22.1 | 7,581,917 | 26.7 |

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, 2016 | | | | | As of December 31, 2016 | | | | |
|--|----------------------|-------------------|--------------------|--------------------|-----------------|-------------------------|-------------------|--------------------|--------------------|------------------|
| | 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 | 2,041,222 | 2,440,281 | 399,058 | 399,058 | - | 1,958,376 | 2,357,491 | 399,115 | 399,115 | - |
| Policy-reserve-matching bonds | 11,339,015 | 13,821,953 | 2,482,938 | 2,483,535 | (597) | 11,134,373 | 13,255,151 | 2,120,778 | 2,159,695 | (38,916) |
| Investments in subsidiaries and affiliated companies | 33,173 | 30,947 | (2,226) | - | (2,226) | 33,173 | 36,426 | 3,252 | 3,252 | - |
| Available-for-sale securities | 7,240,388 | 8,225,320 | 984,931 | 1,023,014 | (38,082) | 9,466,189 | 10,451,034 | 984,844 | 1,121,324 | (136,479) |
| Domestic bonds | 1,184,247 | 1,278,218 | 93,970 | 94,116 | (145) | 1,441,896 | 1,522,324 | 80,427 | 87,935 | (7,507) |
| Domestic stocks | 776,568 | 1,346,271 | 569,703 | 599,181 | (29,477) | 784,438 | 1,540,691 | 756,253 | 763,579 | (7,326) |
| Foreign securities | 4,722,636 | 5,020,859 | 298,222 | 304,894 | (6,672) | 6,398,514 | 6,522,317 | 123,803 | 244,537 | (120,734) |
| Foreign bonds | 4,703,936 | 5,002,079 | 298,143 | 304,459 | (6,315) | 6,382,439 | 6,505,648 | 123,209 | 243,884 | (120,675) |
| Other foreign securities | 18,700 | 18,779 | 78 | 435 | (356) | 16,075 | 16,669 | 593 | 652 | (58) |
| Other securities | 32,812 | 40,905 | 8,093 | 9,858 | (1,765) | 87,456 | 100,947 | 13,490 | 14,056 | (565) |
| Monetary claims bought | 155,622 | 170,586 | 14,963 | 14,963 | (0) | 196,281 | 207,159 | 10,877 | 11,215 | (338) |
| Negotiable certificates of deposit | 368,500 | 368,478 | (21) | - | (21) | 557,600 | 557,592 | (7) | - | (7) |
| Others | - | - | - | - | - | - | - | - | - | - |
| Total | 20,653,800 | 24,518,502 | 3,864,702 | 3,905,609 | (40,906) | 22,592,113 | 26,100,103 | 3,507,990 | 3,683,387 | (175,396) |
| Domestic bonds | 12,888,854 | 15,503,294 | 2,614,440 | 2,614,647 | (207) | 12,899,960 | 15,131,706 | 2,231,746 | 2,277,616 | (45,870) |
| Domestic stocks | 776,568 | 1,346,271 | 569,703 | 599,181 | (29,477) | 784,438 | 1,540,691 | 756,253 | 763,579 | (7,326) |
| Foreign securities | 6,431,442 | 7,088,965 | 657,522 | 666,957 | (9,434) | 8,066,375 | 8,562,005 | 495,630 | 616,918 | (121,287) |
| Foreign bonds | 6,379,567 | 7,039,238 | 659,670 | 666,522 | (6,851) | 8,017,125 | 8,508,910 | 491,784 | 613,013 | (121,228) |
| Other foreign securities | 51,874 | 49,727 | (2,147) | 435 | (2,582) | 49,249 | 53,095 | 3,845 | 3,904 | (58) |
| Other securities | 32,812 | 40,905 | 8,093 | 9,858 | (1,765) | 87,456 | 100,947 | 13,490 | 14,056 | (565) |
| Monetary claims bought | 155,622 | 170,586 | 14,963 | 14,963 | (0) | 196,281 | 207,159 | 10,877 | 11,215 | (338) |
| Negotiable certificates of deposit | 368,500 | 368,478 | (21) | - | (21) | 557,600 | 557,592 | (7) | - | (7) |
| 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, 2016 | As of December 31, 2016 |
|--|----------------------|-------------------------|
| Held-to-maturity debt securities | - | - |
| Unlisted foreign bonds | - | - |
| Others | - | - |
| Policy-reserve-matching bonds | - | - |
| Investments in subsidiaries and affiliated companies | 581,258 | 604,907 |
| Available-for-sale securities | 372,326 | 368,546 |
| Unlisted domestic stocks (excluding over-the-counter stocks) | 15,599 | 15,594 |
| Unlisted foreign stocks (excluding over-the-counter stocks) | 355,258 | 351,558 |
| Unlisted foreign bonds | - | - |
| Others | 1,468 | 1,393 |
| Total | 953,585 | 973,453 |