
Financial Results for the Nine Months Ended December 31, 2020

Sumitomo Life Insurance Company announces financial results for the nine months ended December 31, 2020.

[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, 2020	As of December 31, 2020
ASSETS:		
Cash and deposits	1,603,446	1,472,580
Call loans	354,415	378,120
Monetary claims bought	326,239	582,007
Securities	31,224,974	33,603,859
Loans	2,834,875	2,674,391
Tangible fixed assets	573,778	568,660
Intangible fixed assets	234,531	201,224
Due from agents	181	112
Reinsurance receivables	1,186	1,582
Other assets	1,264,231	1,136,814
Net defined benefit assets	7,258	4,223
Deferred tax assets	218,110	39,811
Allowance for possible loan losses	(1,178)	(4,207)
Total assets	38,642,050	40,659,180
LIABILITIES:		
Policy reserves and other reserves	31,698,335	32,159,048
Reserve for outstanding claims	138,733	135,264
Policy reserves	31,338,115	31,792,953
Policyholders' dividend reserves	221,485	230,830
Reinsurance payables	11,958	12,538
Corporate bonds	477,709	475,545
Other liabilities	4,058,781	4,936,796
Net defined benefit liabilities	13,655	10,993
Reserve for price fluctuation	787,707	844,527
Deferred tax liabilities	14,729	30,379
Deferred tax liabilities for land revaluation	12,923	12,897
Total liabilities	37,075,800	38,482,727
NET ASSETS:		
Reserve for redemption of foundation funds	639,000	639,000
Reserve for revaluation	2	2
Surplus	102,654	71,513
Total funds, reserve and surplus	741,656	710,515
Net unrealized gains (losses) on available-for-sale securities	949,379	1,603,869
Deferred gains (losses) on derivatives under hedge accounting	405	7,129
Land revaluation differences	(59,708)	(59,394)
Foreign currency translation adjustments	(61,476)	(76,926)
Remeasurements of defined benefit plans	(4,127)	(8,869)
Total accumulated other comprehensive income	824,471	1,465,807
Non-controlling interests	121	129
Total net assets	1,566,249	2,176,453
Total liabilities and net assets	38,642,050	40,659,180

b. Unaudited Consolidated Statements of Income

(Millions of Yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Ordinary income	2,600,981	2,601,713
Insurance premiums and other	1,837,020	1,789,246
Investment income	665,238	717,985
Interest, dividends and other income	560,508	546,813
Gains on trading securities	22,207	653
Gains on sales of securities	30,943	67,882
Investment gains on separate accounts	35,193	80,820
Other ordinary income	98,722	94,481
Ordinary expenses	2,554,174	2,535,391
Benefits and other payments	1,468,759	1,389,916
Claims paid	474,692	451,547
Annuity payments	367,386	320,929
Benefits payments	283,091	275,968
Surrender benefits	300,077	302,182
Provision for policy reserves and other reserves	462,472	533,220
Provision for policy reserves	462,447	533,198
Provision for interest on policyholders' dividend reserves	25	22
Investment expenses	210,171	187,002
Interest expenses	22,294	11,399
Losses on sales of securities	11,786	6,923
Losses on valuation of securities	5,316	9,653
Operating expenses	295,481	309,556
Other ordinary expenses	117,287	115,695
Ordinary profit	46,807	66,321
Extraordinary gains	48	233
Gains on disposals of fixed assets	48	233
Extraordinary losses	58,854	58,090
Losses on disposals of fixed assets	1,370	387
Impairment losses	712	291
Provision for reserve for price fluctuation	56,118	56,820
Payments to social responsibility reserve	653	591
Surplus(loss) before income taxes	(11,998)	8,464
Income taxes		
Current	34,340	44,278
Deferred	(44,645)	(52,447)
Total income taxes	(10,304)	(8,168)
Net surplus(loss)	(1,694)	16,633
Net surplus attributable to non-controlling interests	7	9
Net surplus(loss) attributable to the Parent Company	(1,701)	16,623

c. Unaudited Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Net surplus(loss)	(1,694)	16,633
Other comprehensive income(loss)	329,348	641,028
Net unrealized gains(losses) on available-for-sale securities	339,673	653,677
Deferred gains(losses) on derivatives under hedge accounting	5,946	6,723
Land revaluation differences	-	6
Foreign currency translation adjustments	(11,032)	(12,281)
Remeasurements of defined benefit plans	(5,954)	(4,742)
Share of other comprehensive income(loss) of associates under the equity method	715	(2,355)
Comprehensive income(loss)	327,654	657,661
Comprehensive income(loss) attributable to the Parent Company	327,647	657,652
Comprehensive income(loss) attributable to non-controlling interests	7	9

Notes to the Unaudited Consolidated Financial Statements

Policies of Presenting the Unaudited Consolidated Financial Statements for the Nine Months Ended December 31, 2020

1. Consolidated subsidiaries

The number of consolidated subsidiaries was 26 as of December 31, 2020.

One subsidiary of Symetra Financial Corporation was excluded from the scope of the consolidation due to the sale of equity from the period ended September 30, 2020.

One subsidiary of Symetra Financial Corporation was included in the scope of the consolidation as a result of its establishment from the period ended December 31, 2020.

2. Affiliates

The number of affiliates under the equity method was 10 as of December 31, 2020.

Aviva Singlife Holdings Pte. Ltd. and its subsidiary were included in the scope of equity method affiliates as a result of the establishment of holding company by Singapore Life Pte. Ltd, existing affiliate company under the equity method and share acquisition by newly established holding company from the period ended December 31, 2020.

3. Amortization treatment of goodwill

The goodwill recorded in U.S. subsidiaries was amortized using a straight-line basis over 20 years, however, from the beginning of the period ended December 31, 2020, amortization term has been changed to a straight-line basis over 10 years, due to adoption of accounting alternative under Financial Accounting Standards Board ("FASB") Accounting Standards Codification, Topic 350, "Intangible-Goodwill and Other" which became available to elect in U.S subsidiaries. The effect of this change was to decrease ordinary profit and surplus before income taxes by ¥2,143 million compared with the former method, respectively.

Notes to the Unaudited Consolidated Balance Sheet as of December 31, 2020

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. Securities loaned under security lending agreements amounted to ¥4,345,362 million as of December 31, 2020.

3. Changes in policyholders' dividend reserves for the period ended December 31, 2020 were as follows:

	Millions of Yen
At the beginning of the period	221,485
Transfer from surplus in the previous fiscal year	47,451
Dividend payments to policyholders during the period	38,129
Interest accrued during the period	22
At the end of the period	230,830

4. Other assets and other liabilities included assets and liabilities related to the modified coinsurance in U.S. subsidiary of ¥574,034 million and ¥626,331 million, respectively.

5. The consolidation tax filings were adopted from the fiscal year ended March 31, 2018. Following the enactment of "Act for Partial Revision of the Income Tax Act, etc." (Act No.8 of 2020), the transition from the consolidation tax filings to the group tax sharing system will be applied for the fiscal year beginning on April 1, 2022. With the adoption of "Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (Practical Issues Task Force No.39, March 31, 2020), the Company and certain subsidiaries recognized deferred tax assets/liabilities as of December 31, 2020 based on the provisions of pre-amended Tax Act.

Notes to the Unaudited Consolidated Statement of Income for the Nine Months Ended December 31, 2020

1. The amount of depreciation of tangible fixed assets, including real estates for investments, was ¥31,476 million and the amount of amortization of goodwill was ¥4,467 million for the period ended December 31, 2020.

2. Solvency Margin Ratio on a Consolidated Basis

(Millions of Yen)

	As of March 31, 2020	As of December 31, 2020
Solvency margin gross amount (A)	4,264,500	5,222,920
Foundation funds and others	505,118	517,035
Reserve for price fluctuation	787,707	844,527
Contingency reserve	419,176	473,560
Unusual contingency reserve	-	-
General allowance for possible loan losses	767	3,710
(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)	1,171,645	1,989,254
Net unrealized gains on real estate × 85% (Multiplied by 100% if losses)	96,066	101,745
Total amount of unrecognized actuarial gains (losses) and unrecognized past service costs	(5,735)	(12,316)
Excess of continued Zillmerized reserve	796,434	819,580
Qualifying subordinated debt	499,924	569,924
Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculation	-	-
Deduction clause	(76,870)	(155,404)
Others	70,265	71,301
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)	980,290	1,108,882
Insurance risk R_1	91,876	91,383
General insurance risk R_5	-	-
Large disaster risk R_6	0	0
Third-sector insurance risk R_8	81,094	82,329
Insurance risk of small-amount, short-term insurer R_9	7	7
Risk of assumed yield R_2	188,775	183,049
Minimum guarantee risk R_7^{\ast}	6,025	5,182
Investment risk R_3	747,438	881,765
Operational risk R_4	22,304	24,874
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	870.0%	942.0%

※ 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, 2020		As of December 31, 2020	
	Amount	% of total	Amount	% of total
Cash, deposits and call loans	1,751,825	5.4	1,596,658	4.7
Monetary claims bought	326,239	1.0	582,007	1.7
Investments in securities	26,790,871	83.1	28,966,136	84.9
Domestic bonds	13,809,070	42.8	14,171,186	41.5
Domestic stocks	1,718,821	5.3	2,298,295	6.7
Foreign securities	10,959,518	34.0	12,066,830	35.4
Foreign bonds	9,611,587	29.8	10,329,481	30.3
Other foreign securities	1,347,930	4.2	1,737,349	5.1
Other securities	303,462	0.9	429,824	1.3
Loans	2,099,584	6.5	1,967,730	5.8
Policy loans	281,112	0.9	262,864	0.8
Industrial and consumer loans	1,818,472	5.6	1,704,866	5.0
Real estate	558,552	1.7	555,019	1.6
Investment property	389,872	1.2	390,409	1.1
Deferred tax assets	214,138	0.7	34,625	0.1
Other assets	493,105	1.5	418,465	1.2
Allowance for possible loan losses	(816)	(0.0)	(847)	(0.0)
Total	32,233,500	100.0	34,119,796	100.0
Foreign currency denominated assets	10,453,682	32.4	11,429,801	33.5

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, 2020					As of December 31, 2020				
	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	1,725,807	2,049,016	323,208	323,213	(5)	1,595,363	1,858,484	263,121	263,129	(8)
Policy-reserve-matching bonds	12,029,249	14,032,115	2,002,866	2,014,096	(11,230)	12,172,466	13,968,448	1,795,982	1,832,495	(36,513)
Investments in subsidiaries and affiliated companies	52,238	27,869	(24,369)	-	(24,369)	52,238	48,349	(3,888)	-	(3,888)
Available-for-sale securities	11,788,547	12,951,026	1,162,478	1,335,068	(172,589)	13,409,424	15,392,268	1,982,843	2,079,056	(96,212)
Domestic bonds	2,128,756	2,205,625	76,869	90,306	(13,437)	2,435,708	2,510,895	75,187	106,361	(31,174)
Domestic stocks	996,146	1,595,204	599,057	679,946	(80,889)	1,098,532	2,173,076	1,074,544	1,121,055	(46,510)
Foreign securities	7,739,602	8,223,698	484,096	544,125	(60,028)	8,562,152	9,348,485	786,333	804,089	(17,755)
Foreign bonds	6,967,667	7,459,975	492,308	529,922	(37,613)	7,535,169	8,221,942	686,773	703,437	(16,664)
Other foreign securities	771,934	763,722	(8,211)	14,203	(22,415)	1,026,983	1,126,543	99,560	100,651	(1,091)
Other securities	303,523	297,562	(5,960)	12,202	(18,163)	327,938	367,505	39,566	40,080	(514)
Monetary claims bought	184,619	193,071	8,451	8,486	(34)	447,092	454,346	7,254	7,469	(215)
Negotiable certificates of deposit	435,900	435,863	(36)	-	(36)	538,000	537,958	(41)	-	(41)
Others	-	-	-	-	-	-	-	-	-	-
Total	25,595,843	29,060,026	3,464,183	3,672,378	(208,194)	27,229,492	31,267,551	4,038,058	4,174,681	(136,623)
Domestic bonds	13,732,200	15,797,682	2,065,481	2,084,466	(18,985)	14,095,999	15,890,551	1,794,552	1,858,608	(64,055)
Domestic stocks	996,146	1,595,204	599,057	679,946	(80,889)	1,098,532	2,173,076	1,074,544	1,121,055	(46,510)
Foreign securities	9,943,452	10,740,642	797,190	887,275	(90,085)	10,721,929	11,844,112	1,122,182	1,147,468	(25,285)
Foreign bonds	9,119,279	9,949,050	829,771	873,072	(43,300)	9,642,708	10,669,219	1,026,511	1,046,816	(20,305)
Other foreign securities	824,173	791,591	(32,581)	14,203	(46,784)	1,079,221	1,174,892	95,671	100,651	(4,980)
Other securities	303,523	297,562	(5,960)	12,202	(18,163)	327,938	367,505	39,566	40,080	(514)
Monetary claims bought	184,619	193,071	8,451	8,486	(34)	447,092	454,346	7,254	7,469	(215)
Negotiable certificates of deposit	435,900	435,863	(36)	-	(36)	538,000	537,958	(41)	-	(41)
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, 2020	As of December 31, 2020
Held-to-maturity debt securities	-	-
Unlisted foreign bonds	-	-
Others	-	-
Policy-reserve-matching bonds	-	-
Investments in subsidiaries and affiliated companies	593,981	674,871
Available-for-sale securities	62,246	64,616
Unlisted domestic stocks (excluding over-the-counter stocks)	21,841	23,443
Unlisted foreign stocks (excluding over-the-counter stocks)	34,558	34,558
Unlisted foreign bonds	-	-
Others	5,845	6,614
Total	656,227	739,488