
Financial Results for the Nine Months Ended December 31, 2022

Sumitomo Life Insurance Company announces financial results for the nine months ended December 31, 2022.

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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, 2022	As of December 31, 2022
ASSETS:		
Cash and deposits	1,107,622	1,646,421
Call loans	260,597	431,445
Monetary claims bought	310,140	443,243
Money held in trust	4,914	14,742
Securities	35,833,252	33,464,273
Loans	3,023,520	3,086,614
Tangible fixed assets	567,165	598,404
Intangible fixed assets	201,871	259,124
Due from agents	239	101
Reinsurance receivables	1,728	16,484
Other assets	1,375,566	1,723,680
Net defined benefit assets	21,677	21,536
Deferred tax assets	290,037	765,812
Allowance for possible loan losses	(4,047)	(4,629)
Total assets	42,994,287	42,467,255
LIABILITIES:		
Policy reserves and other reserves	33,714,825	35,725,479
Reserve for outstanding claims	156,079	190,357
Policy reserves	33,342,519	35,305,161
Policyholders' dividend reserves	216,226	229,961
Reinsurance payables	20,523	12,255
Corporate bonds	508,257	431,358
Other liabilities	6,124,590	5,045,264
Net defined benefit liabilities	2,884	5,128
Reserve for price fluctuation	972,169	891,930
Deferred tax liabilities	13,172	16
Deferred tax liabilities for land revaluation	12,583	12,548
Total liabilities	41,369,007	42,123,981
NET ASSETS:		
Reserve for redemption of foundation funds	639,000	639,000
Reserve for revaluation	2	2
Surplus	73,458	123,111
Total funds, reserve and surplus	712,461	762,113
Net unrealized gains (losses) on available-for-sale securities	1,015,426	(414,706)
Deferred gains (losses) on derivatives under hedge accounting	(3,001)	(16,923)
Land revaluation differences	(59,581)	(59,438)
Foreign currency translation adjustments	(39,098)	74,208
Remeasurements of defined benefit plans	(1,067)	(2,124)
Total accumulated other comprehensive income	912,676	(418,984)
Non-controlling interests	141	145
Total net assets	1,625,279	343,274
Total liabilities and net assets	42,994,287	42,467,255

b. Unaudited Consolidated Statements of Income

(Millions of Yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Ordinary income	2,609,635	3,294,484
Insurance premiums and other	1,776,136	1,974,976
Investment income	756,748	1,236,550
Interest, dividends and other income	590,866	717,278
Gains on money held in trust	97	61
Gains on trading securities	3,889	-
Gains on sales of securities	46,717	296,231
Investment gains on separate accounts	39,424	-
Other ordinary income	76,750	82,957
Ordinary expenses	2,538,574	3,232,351
Benefits and other payments	1,402,867	1,620,005
Claims paid	421,080	439,950
Annuity payments	312,836	307,645
Benefits payments	282,459	401,423
Surrender benefits	342,269	425,174
Provision for policy reserves and other reserves	598,478	481,233
Provision for reserve for outstanding claims	-	19,689
Provision for policy reserves	598,456	461,523
Provision for interest on policyholders' dividend reserves	22	20
Investment expenses	85,400	642,372
Interest expenses	10,495	21,520
Losses on trading securities	-	81,925
Losses on sales of securities	10,622	248,555
Losses on valuation of securities	8,185	6,459
Investment losses on separate accounts	-	36,170
Operating expenses	332,577	359,709
Other ordinary expenses	119,250	129,031
Ordinary profit	71,060	62,133
Extraordinary gains	2,119	80,767
Gains on disposals of fixed assets	2,119	528
Reversal of reserve for price fluctuation	-	80,239
Extraordinary losses	46,333	2,947
Losses on disposals of fixed assets	2,333	621
Impairment losses	351	1,694
Provision for reserve for price fluctuation	43,024	-
Payments to social responsibility reserve	622	631
Surplus (loss) before income taxes	26,846	139,952
Income taxes		
Current	42,980	16,073
Deferred	(46,606)	15,768
Total income taxes	(3,626)	31,842
Net surplus	30,473	108,109
Net surplus attributable to non-controlling interests	7	4
Net surplus attributable to the Parent Company	30,465	108,105

c. Unaudited Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Net surplus	30,473	108,109
Other comprehensive income (loss)	5,118	(1,331,804)
Net unrealized gains (losses) on available-for-sale securities	(27,169)	(1,425,947)
Deferred gains (losses) on derivatives under hedge accounting	690	(13,921)
Foreign currency translation adjustments	26,528	96,087
Remeasurements of defined benefit plans	(2,500)	(1,057)
Share of other comprehensive income (loss) of associates under the equity method	7,570	13,033
Comprehensive income (loss)	35,592	(1,223,694)
Comprehensive income (loss) attributable to the Parent Company	35,584	(1,223,699)
Comprehensive income (loss) attributable to non-controlling interests	7	4

Notes to the Unaudited Consolidated Financial Statements

Policies of Presenting the Unaudited Consolidated Financial Statements for the Nine Months Ended December 31, 2022

1. Consolidated subsidiaries

The number of consolidated subsidiaries was 27 as of December 31, 2022.

Sumisei Asset Management Company was included in the scope of the consolidation as a result of its establishment from the period ended June 30, 2022.

One subsidiary of Symetra Financial Corporation was included in the scope of the consolidation as a result of its establishment from the period ended September 30, 2022.

One subsidiary of Symetra Financial Corporation was excluded from the scope of the consolidation due to the dissolution from the period ended September 30, 2022. One subsidiary of Symetra Financial Corporation was excluded from the scope of the consolidation due to the dissolution from the period ended December 31, 2022.

Notes to the Unaudited Consolidated Balance Sheet as of December 31, 2022

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. The Company has applied "Implementation Guidance on Accounting Standard for Fair Value Measurement" (Application Guidance of Corporate Accounting standards, No. 31 (17 June 2021, revised on)) from the beginning of the period ended June 30, 2022. In accordance with transitional treatment stipulated in Item 27-2 of "Implementation Guidance on Accounting Standard for Fair Value Measurement," the Company has applied new accounting policies prospectively since the beginning of the period ended June 30, 2022.
Due to this application, the measurement of fair value of investment trusts was based on "Implementation Guidance on Accounting Standard for Fair Value Measurement."
3. Securities loaned under security lending agreements amounted to ¥4,123,872 million as of December 31, 2022.
4. The Company's total amounts deducted from the original acquisition cost of the qualified properties were ¥16,601 million for the period ended December 31, 2022.
5. Changes in policyholders' dividend reserves for the period ended December 31, 2022 were as follows:

	Millions of Yen
At the beginning of the period	216,226
Transfer from surplus in the previous fiscal year	58,310
Dividend payments to policyholders during the period	44,595
Interest accrued during the period	20
At the end of the period	229,961

6. Other assets and other liabilities included assets and liabilities related to the modified coinsurance in U.S. subsidiary of ¥717,701 million and ¥636,826 million as of December 31, 2022, respectively.
7. The company and some consolidated subsidiaries in Japan, which adopted the Group Tax Sharing System, processed and disclosed corporate tax and local corporate tax, and Tax Effect Accounting, based on "the Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (Practical Issues Task Force No.42, August 12, 2021).

Notes to the Unaudited Consolidated Statement of Income for the Nine Months Ended December 31, 2022

1. The amount of depreciation of tangible fixed assets, including real estates for investments, was ¥37,483 million and the amount of amortization of goodwill was ¥6,114 million for the period ended December 31, 2022.

2. Solvency Margin Ratio on a Consolidated Basis

(Millions of Yen)

	As of March 31, 2022	As of December 31, 2022
Solvency margin gross amount (A)	4,795,724	3,038,986
Foundation funds and others	495,828	504,827
Reserve for price fluctuation	972,169	891,930
Contingency reserve	705,442	802,341
Unusual contingency reserve	—	—
General allowance for possible loan losses	3,604	4,374
(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)	1,248,951	(532,816)
Net unrealized gains on real estate × 85% (Multiplied by 100% if losses)	118,196	140,513
Total amount of unrecognized actuarial gains (losses) and unrecognized past service costs	(1,482)	(2,950)
Excess of continued Zillmerized reserve	761,616	768,179
Qualifying subordinated debt	600,510	566,510
Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculation	—	—
Deduction clause	(180,420)	(199,353)
Others	71,306	95,430
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)	1,207,009	1,082,758
Insurance risk R_1	93,867	103,045
General insurance risk R_5	—	—
Large disaster risk R_6	0	0
Third-sector insurance risk R_8	86,858	96,272
Insurance risk of small-amount, short-term insurer R_9	9	9
Risk of assumed yield R_2	175,401	175,969
Minimum guarantee risk R_7^{\ast}	6,102	8,571
Investment risk R_3	984,644	854,502
Operational risk R_4	26,937	24,767
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	794.6%	561.3%

※ 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, 2022		As of December 31, 2022	
	Amount	% of total	Amount	% of total
Cash, deposits and call loans	1,044,510	2.9	1,729,227	5.1
Monetary claims bought	310,140	0.9	443,243	1.3
Money held in trust	4,914	0.0	14,742	0.0
Investments in securities	30,720,996	86.1	27,793,617	82.1
Domestic bonds	14,520,419	40.7	14,333,004	42.3
Domestic stocks	2,459,308	6.9	2,385,868	7.0
Foreign securities	13,218,894	37.1	10,689,802	31.6
Foreign bonds	10,730,565	30.1	8,444,820	24.9
Other foreign securities	2,488,328	7.0	2,244,981	6.6
Other securities	522,373	1.5	384,941	1.1
Loans	2,192,253	6.1	2,017,115	6.0
Policy loans	244,196	0.7	236,352	0.7
Industrial and consumer loans	1,948,057	5.5	1,780,762	5.3
Real estate	556,472	1.6	588,326	1.7
Investment property	392,177	1.1	402,539	1.2
Deferred tax assets	288,586	0.8	658,827	1.9
Other assets	560,974	1.6	607,647	1.8
Allowance for possible loan losses	(925)	(0.0)	(876)	(0.0)
Total	35,677,924	100.0	33,851,871	100.0
Foreign currency denominated assets	12,660,503	35.5	10,150,447	30.0

Note: Real estate is recorded as the sum total of land, buildings and construction in progress.

b. Fair Value Information of Securities (Except for Trading Securities)

(Millions of Yen)

	As of March 31, 2022					As of December 31, 2022				
	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	1,569,177	1,812,094	242,917	242,925	(8)	1,534,537	1,707,800	173,262	173,725	(463)
Policy-reserve-matching bonds	12,514,443	13,596,489	1,082,045	1,277,927	(195,882)	12,876,853	12,869,419	(7,434)	812,057	(819,492)
Investments in subsidiaries and affiliated companies	52,238	53,679	1,441	1,441	-	53,077	43,384	(9,693)	-	(9,693)
Available-for-sale securities	15,177,316	16,387,386	1,210,069	1,599,191	(389,121)	13,368,951	13,264,910	(104,041)	1,224,837	(1,328,878)
Domestic bonds	2,752,734	2,709,967	(42,767)	44,159	(86,927)	2,702,248	2,414,613	(287,634)	30,669	(318,304)
Domestic stocks	1,155,190	2,297,231	1,142,041	1,181,568	(39,527)	1,189,663	2,202,106	1,012,442	1,046,826	(34,384)
Foreign securities	10,149,382	10,231,870	82,488	335,724	(253,236)	8,225,839	7,414,363	(811,476)	128,883	(940,360)
Foreign bonds	8,461,174	8,457,396	(3,777)	181,643	(185,421)	6,604,280	5,951,820	(652,460)	63,298	(715,758)
Other foreign securities	1,688,207	1,774,473	86,266	154,081	(67,815)	1,621,558	1,462,542	(159,016)	65,585	(224,601)
Other securities	411,007	435,347	24,340	32,845	(8,504)	310,356	297,170	(13,186)	16,261	(29,448)
Monetary claims bought	188,102	192,123	4,021	4,891	(870)	334,543	330,399	(4,144)	2,195	(6,339)
Negotiable certificates of deposit	520,900	520,844	(55)	-	(55)	606,300	606,258	(41)	-	(41)
Others	-	-	-	-	-	-	-	-	-	-
Total	29,313,176	31,849,649	2,536,473	3,121,486	(585,012)	27,833,420	27,885,514	52,093	2,210,621	(2,158,527)
Domestic bonds	14,563,186	15,651,386	1,088,199	1,323,856	(235,656)	14,620,639	14,501,383	(119,256)	850,559	(969,816)
Domestic stocks	1,155,190	2,297,231	1,142,041	1,181,568	(39,527)	1,190,503	2,202,572	1,012,069	1,046,826	(34,757)
Foreign securities	12,474,789	12,752,715	277,925	578,323	(300,398)	10,771,077	9,947,731	(823,346)	294,777	(1,118,124)
Foreign bonds	10,734,343	10,924,561	190,217	422,801	(232,583)	9,097,280	8,442,270	(655,010)	229,192	(884,202)
Other foreign securities	1,740,446	1,828,153	87,707	155,522	(67,815)	1,673,796	1,505,460	(168,336)	65,585	(233,921)
Other securities	411,007	435,347	24,340	32,845	(8,504)	310,356	297,170	(13,186)	16,261	(29,448)
Monetary claims bought	188,102	192,123	4,021	4,891	(870)	334,543	330,399	(4,144)	2,195	(6,339)
Negotiable certificates of deposit	520,900	520,844	(55)	-	(55)	606,300	606,258	(41)	-	(41)
Others	-	-	-	-	-	-	-	-	-	-

Note: 1. The table above includes securities that are deemed appropriate as securities under the Financial Instruments and Exchange Act in Japan.

2. Book values of stocks, etc. without quoted market price are excluded from the table above.

Book values of stocks, etc. without quoted market price are as follows:

(Millions of Yen)

	As of March 31, 2022	As of December 31, 2022
Investments in subsidiaries and affiliated companies	743,750	767,356
Available-for-sale securities	134,191	190,393
Domestic stocks	19,990	21,474
Foreign stocks	34,558	34,558
Others	79,642	134,360
Total	877,942	957,750

c. Fair Value Information of Money held in trust

(Millions of Yen)

	As of March 31, 2022					As of December 31, 2022				
	Balance sheet amount	Fair value	Net gains (losses)	Net gains (losses)		Balance sheet amount	Fair value	Net gains (losses)	Net gains (losses)	
				Gains	Losses				Gains	Losses
Money held in trust	4,914	4,914	-	-	-	14,742	14,742	-	-	-

Money held in trust for trading

(Millions of Yen)

	As of March 31, 2022		As of December 31, 2022	
	Balance sheet amount	Net Valuation gains (losses) included in statement of income	Balance sheet amount	Net Valuation gains (losses) included in statement of income
Money held in trust for trading	4,914	383	14,742	(63)

Money held in trust except for trading

No money held in trust except for trading as of March 31, 2022 and December 31, 2022.