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## Financial Results for the Three Months Ended June 30, 2019

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Sumitomo Life Insurance Company announces financial results for the three months ended June 30, 2019.

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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, 2019	As of June 30, 2019
<b>ASSETS:</b>		
Cash and deposits	1,604,760	1,636,836
Call loans	238,792	175,453
Monetary claims bought	317,252	312,965
Securities	30,006,016	30,434,087
Loans	3,550,593	3,495,107
Tangible fixed assets	571,169	570,109
Intangible fixed assets	271,938	260,069
Due from agents	179	192
Reinsurance receivables	2,203	1,711
Other assets	1,103,996	1,292,582
Net defined benefit assets	20,818	22,880
Deferred tax assets	124,912	110,538
Allowance for possible loan losses	(1,164)	(1,150)
<b>Total assets</b>	<b>37,811,470</b>	<b>38,311,384</b>
<b>LIABILITIES:</b>		
Policy reserves and other reserves	31,052,893	31,275,203
Reserve for outstanding claims	142,074	136,177
Policy reserves	30,684,495	30,882,327
Policyholders' dividend reserves	226,323	256,698
Reinsurance payables	12,846	13,980
Corporate bonds	528,305	528,277
Other liabilities	3,803,492	3,997,825
Net defined benefit liabilities	10,445	11,349
Reserve for price fluctuation	744,582	756,488
Deferred tax liabilities	166	4,423
Deferred tax liabilities for land revaluation	13,014	12,989
<b>Total liabilities</b>	<b>36,165,746</b>	<b>36,600,538</b>
<b>NET ASSETS:</b>		
Foundation funds	50,000	50,000
Reserve for redemption of foundation funds	589,000	589,000
Reserve for revaluation	2	2
Surplus	203,072	145,745
<b>Total funds, reserve and surplus</b>	<b>842,075</b>	<b>784,748</b>
Net unrealized gains(losses) on available-for-sale securities	899,876	1,024,141
Deferred gains(losses) on derivatives under hedge accounting	810	814
Land revaluation differences	(61,417)	(61,416)
Foreign currency translation adjustments	(56,487)	(56,324)
Remeasurements of defined benefit plans	20,756	18,771
<b>Total accumulated other comprehensive income</b>	<b>803,538</b>	<b>925,986</b>
Non-controlling interests	109	111
<b>Total net assets</b>	<b>1,645,723</b>	<b>1,710,846</b>
<b>Total liabilities and net assets</b>	<b>37,811,470</b>	<b>38,311,384</b>

**b. Unaudited Consolidated Statements of Income**

(Millions of Yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019
Ordinary income	884,140	880,069
Insurance premiums and other	623,499	625,912
Investment income	223,670	213,492
Interest, dividends and other income	181,659	175,928
Gains on trading securities	-	9,522
Gains on sales of securities	26,140	15,949
Investment gains on separate accounts	10,911	3,583
Other ordinary income	36,970	40,664
Ordinary expenses	843,661	875,731
Benefits and other payments	506,026	516,556
Claims paid	163,554	164,129
Annuity payments	130,757	133,102
Benefits payments	98,925	103,842
Surrender benefits	97,672	99,761
Provision for policy reserves and other reserves	136,449	139,817
Provision for policy reserves	136,441	139,809
Provision for interest on policyholders' dividend reserves	8	7
Investment expenses	66,061	79,958
Interest expenses	6,560	8,047
Losses on trading securities	2,103	-
Losses on sales of securities	32,268	4,023
Losses on valuation of securities	846	936
Operating expenses	96,335	100,077
Other ordinary expenses	38,787	39,321
Ordinary profit	40,479	4,337
Extraordinary gains	66	14
Gains on disposals of fixed assets	66	14
Extraordinary losses	30,721	12,137
Losses on disposals of fixed assets	34	43
Impairment losses	10	123
Provision for reserve for price fluctuation	30,605	11,905
Payments to social responsibility reserve	71	64
Surplus(loss) before income taxes	9,824	(7,784)
Income taxes		
Current	10,284	16,747
Deferred	(9,633)	(21,125)
Total income taxes	651	(4,378)
Net surplus(loss)	9,173	(3,406)
Net surplus attributable to non-controlling interests	1	2
Net surplus(loss) attributable to the Parent Company	9,172	(3,409)

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

(Millions of Yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019
Net surplus(loss)	9,173	(3,406)
Other comprehensive income(loss)	(13,722)	122,626
Net unrealized gains(losses) on available-for-sale securities	21,176	124,006
Deferred gains(losses) on derivatives under hedge accounting	(3,857)	63
Foreign currency translation adjustments	(25,307)	(35)
Remeasurements of defined benefit plans	(1,810)	(1,984)
Share of other comprehensive income(loss) of associates under the equity method	(3,923)	577
Comprehensive income(loss)	(4,549)	119,219
Comprehensive income(loss) attributable to the Parent Company	(4,550)	119,217
Comprehensive income(loss) attributable to non-controlling interests	1	2

## Notes to the Unaudited Consolidated Financial Statements

### Policies of Presenting the Unaudited Consolidated Financial Statements for the Three Months Ended June 30, 2019

1. Consolidated subsidiaries

The number of consolidated subsidiaries was 25 as of June 30, 2019.

One subsidiary of Symetra Financial Corporation was included in the scope of the consolidation as a result of its establishment from the period ended June 30, 2019.

One subsidiary of Symetra Financial Corporation was excluded from the scope of the consideration due to completion of liquidation from the period ended June 30, 2019.

2. Affiliates

The number of affiliates accounted for by the equity method was 8 as of June 30, 2019.

Singapore Life Pte. Ltd. was included in the scope of equity-method affiliates as a result of share acquisition from the period ended June 30, 2019.

Sumitomo Mitsui Asset Management Company, Limited was excluded from affiliates accounted for by the equity method as the company was excluded from affiliates from the period ended June 30, 2019.

## Notes to the Unaudited Consolidated Balance Sheet as of June 30, 2019

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, 2019 were approved at the annual meeting of the representatives of policyholders held on July 2, 2019, the consolidated balance sheet as of June 30, 2019 is based on the approval.
3. Securities loaned under security lending agreements amounted to ¥3,354,675 million as of June 30, 2019.

4. Changes in policyholders' dividend reserves for the period ended June 30, 2019 were as follows:

	Millions of Yen
At the beginning of the period	226,323
Transfer from surplus in the previous fiscal year	50,285
Dividend payments to policyholders during the period	(19,917)
Interest accrued during the period	<u>7</u>
At the end of the period	<u>256,698</u>

5. The Company will redeem ¥50,000 million of foundation funds and transfer 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 9, 2019.
6. Other assets and other liabilities included assets and liabilities related to the modified coinsurance in U.S. subsidiary of ¥649,874 million and ¥636,740 million, respectively.

## **Notes to the Unaudited Consolidated Statement of Income for the Three Months Ended June 30, 2019**

1. The amount of depreciation of tangible fixed assets, including real estates for investments, was ¥9,896 million and the amount of amortization of goodwill was ¥812 million for the period ended June 30, 2019.

## 2. Solvency Margin Ratio on a Consolidated Basis

(Millions of Yen)

	As of March 31, 2019	As of June 30, 2019
Solvency margin gross amount (A)	4,160,280	4,383,689
Foundation funds and others	561,899	554,931
Reserve for price fluctuation	744,582	756,488
Contingency reserve	366,246	383,493
Unusual contingency reserve	-	-
General allowance for possible loan losses	784	792
(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)	1,128,259	1,276,272
Net unrealized gains on real estate × 85% (Multiplied by 100% if losses)	77,334	77,351
Total amount of unrecognized actuarial gains (losses) and unrecognized past service costs	28,813	26,058
Excess of continued Zillmerized reserve	737,635	747,187
Qualifying subordinated debt	499,924	549,924
Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculation	-	-
Deduction clause	(54,899)	(58,640)
Others	69,699	69,829
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)	908,662	920,880
Insurance risk $R_1$	91,958	92,434
General insurance risk $R_5$	-	-
Large disaster risk $R_6$	-	-
Third-sector insurance risk $R_8$	76,223	77,451
Insurance risk of small-amount, short-term insurer $R_9$	-	-
Risk of assumed yield $R_2$	196,938	195,415
Minimum guarantee risk $R_7^{**}$	5,025	5,452
Investment risk $R_3$	669,825	682,759
Operational risk $R_4$	20,799	21,070
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	915.6%	952.0%

※ 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, 2019		As of June 30, 2019	
	Amount	% of total	Amount	% of total
Cash, deposits and call loans	1,728,859	5.4	1,682,672	5.2
Monetary claims bought	317,252	1.0	312,965	1.0
Investments in securities	25,981,809	81.4	26,226,752	81.5
Domestic bonds	13,348,453	41.8	13,421,044	41.7
Domestic stocks	1,868,704	5.9	1,779,798	5.5
Foreign securities	10,636,418	33.3	10,888,317	33.8
Foreign bonds	9,398,093	29.4	9,632,995	29.9
Other foreign securities	1,238,325	3.9	1,255,321	3.9
Other securities	128,231	0.4	137,592	0.4
Loans	2,874,970	9.0	2,808,546	8.7
Policy loans	289,747	0.9	286,985	0.9
Industrial and consumer loans	2,585,222	8.1	2,521,560	7.8
Real estate	553,738	1.7	553,297	1.7
Investment property	380,980	1.2	381,561	1.2
Deferred tax assets	123,979	0.4	116,065	0.4
Other assets	337,027	1.1	498,818	1.5
Allowance for possible loan losses	(870)	(0.0)	(855)	(0.0)
Total	31,916,765	100.0	32,198,262	100.0
Foreign currency denominated assets	10,117,094	31.7	10,205,039	31.7

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, 2019					As of June 30, 2019				
	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	1,799,665	2,132,194	332,529	332,529	(0)	1,781,185	2,118,371	337,185	337,186	(1)
Policy-reserve-matching bonds	11,674,328	13,813,577	2,139,248	2,147,061	(7,813)	11,745,893	14,071,854	2,325,960	2,327,368	(1,407)
Investments in subsidiaries and affiliated companies	33,173	55,574	22,400	22,400	-	33,173	45,713	12,539	12,539	-
Available-for-sale securities	10,912,420	12,196,621	1,284,201	1,359,380	(75,178)	11,171,255	12,541,972	1,370,716	1,445,349	(74,633)
Domestic bonds	1,746,572	1,849,618	103,045	104,399	(1,353)	1,782,572	1,912,418	129,846	129,938	(92)
Domestic stocks	839,591	1,747,909	908,317	946,912	(38,595)	842,276	1,656,141	813,865	866,926	(53,061)
Foreign securities	7,663,264	7,913,036	249,772	284,817	(35,044)	7,710,880	8,113,652	402,772	423,834	(21,061)
Foreign bonds	7,184,172	7,422,935	238,763	273,463	(34,699)	7,233,931	7,614,542	380,610	400,908	(20,297)
Other foreign securities	479,091	490,100	11,008	11,353	(345)	476,948	499,110	22,161	22,925	(763)
Other securities	109,895	125,018	15,123	15,276	(153)	118,820	134,352	15,532	15,918	(386)
Monetary claims bought	166,297	174,259	7,962	7,973	(11)	163,256	171,973	8,716	8,731	(14)
Negotiable certificates of deposit	386,800	386,779	(20)	-	(20)	553,450	553,433	(16)	-	(16)
Others	-	-	-	-	-	-	-	-	-	-
Total	24,419,588	28,197,967	3,778,379	3,861,372	(82,992)	24,731,508	28,777,910	4,046,401	4,122,444	(76,042)
Domestic bonds	13,245,407	15,504,192	2,258,784	2,264,800	(6,015)	13,291,197	15,739,935	2,448,737	2,449,780	(1,042)
Domestic stocks	839,591	1,747,909	908,317	946,912	(38,595)	842,276	1,656,141	813,865	866,926	(53,061)
Foreign securities	9,671,596	10,259,807	588,211	626,408	(38,196)	9,762,507	10,522,074	759,566	781,087	(21,520)
Foreign bonds	9,159,330	9,714,132	554,802	592,654	(37,851)	9,252,384	9,977,250	724,865	745,622	(20,756)
Other foreign securities	512,265	545,674	33,408	33,753	(345)	510,122	544,823	34,701	35,464	(763)
Other securities	109,895	125,018	15,123	15,276	(153)	118,820	134,352	15,532	15,918	(386)
Monetary claims bought	166,297	174,259	7,962	7,973	(11)	163,256	171,973	8,716	8,731	(14)
Negotiable certificates of deposit	386,800	386,779	(20)	-	(20)	553,450	553,433	(16)	-	(16)
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, 2019	As of June 30, 2019
Held-to-maturity debt securities	-	-
Unlisted foreign bonds	-	-
Others	-	-
Policy-reserve-matching bonds	-	-
Investments in subsidiaries and affiliated companies	586,899	593,898
Available-for-sale securities	243,910	249,783
Unlisted domestic stocks (excluding over-the-counter stocks)	16,136	21,965
Unlisted foreign stocks (excluding over-the-counter stocks)	224,558	224,558
Unlisted foreign bonds	-	-
Others	3,215	3,259
Total	830,809	843,681