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# 1H FY2020 Business Results

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Empowering your future



# Sumitomo Life at a Glance

## Company Overview

■ Established:	May 1907
<u>Key Figures<sup>1</sup> – 1H FY2020 (as of Sep. 2020)</u>	
■ Premium income:	JPY 1.16tn (USD 11.0bn) (JPY 2.44tn in FY2019)
■ Core business profit <sup>2</sup> :	JPY 196.5bn (USD 1.8bn) (JPY 392.5bn in FY2019)
■ Total assets:	JPY 40.09tn (USD 378.9bn)
■ Annualized premiums from policies in force <sup>3</sup> :	JPY 2.80tn (USD 26.4bn)
■ Solvency margin ratio:	939.4%
■ Embedded value <sup>4</sup> (EEV):	JPY 4.29tn (USD 40.6bn)
■ Number of sales representatives:	33,907
■ Insurer financial strength rating <sup>5</sup> :	A+ [S&P], A1 [Moody's], AA- [R&I], AA- [JCR], A+ [Fitch]

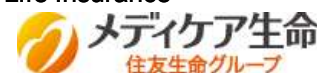
Source: Company disclosure

- Consolidated figures. USD amounts in parentheses in this presentation (except as otherwise stated) are translated from JPY using USD1 = JPY105.80, as of September 30, 2020.
- Core business profit of the group (see page 6 for details)
- Figures for individual life and individual annuity for domestic business (see page 5 for details)
- Combined figures of Sumitomo Life's EEV, Medicare Life's EEV and Symetra's EEV (see page 7 for details)
- As of October 31, 2020. The rating from Fitch is unsolicited
- As of September 30, 2020 on ownership

## Group Overview<sup>6</sup>

Domestic

Life Insurance



Medicare Life Insurance

- Sells simple and affordable products through banks and outlets
- 100% subsidiary

Small-amount and Short-term Insurance



AIARU Small Amount & Short Term Insurance

- Owns 98.27% of the shares

Insurance Outlets



Izumi Life Designers / INSURANCE DESIGN / Agent / Mycommunication

- Also sell other insurers' products
- Ownership: 100% / 95% / 44.83% / 43%

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Overseas

U.S.



Symetra Financial Corp

- Life insurance group operating businesses across the U.S.
- 100% subsidiary since February 2016

China



PICC Life

- Life insurance JV with PICC
- Owns 10% of the shares

Vietnam



Baoviet Holdings

- The largest financial / insurance group in Vietnam
- Owns 22.08% of the shares

Indonesia



PT BNI Life

- JV with BNI, a national bank
- Owns 39.99% of the shares

Singapore



Singlife

- Emerging company, harnessing cutting-edge technology
- Owns 25.11% of the shares

# Key Highlights

## ◇ 1H FY2020 Results

- ✓ Annualized premiums from policies in force remained at a stable level. . . . P.5  
Annualized premiums from new policies decreased as a result of refraining from sales visits due to the spread of COVID-19, etc..
- ✓ Core business profit remained at a stable level . . . P.6
- ✓ EEV increased from the end of the previous fiscal year due to positive results of the insurance business, as well as increases in domestic interest rates and domestic stock prices . . . P.7
- ✓ Established a strong capital base consisting mainly of internal reserves and surplus . . . P.8

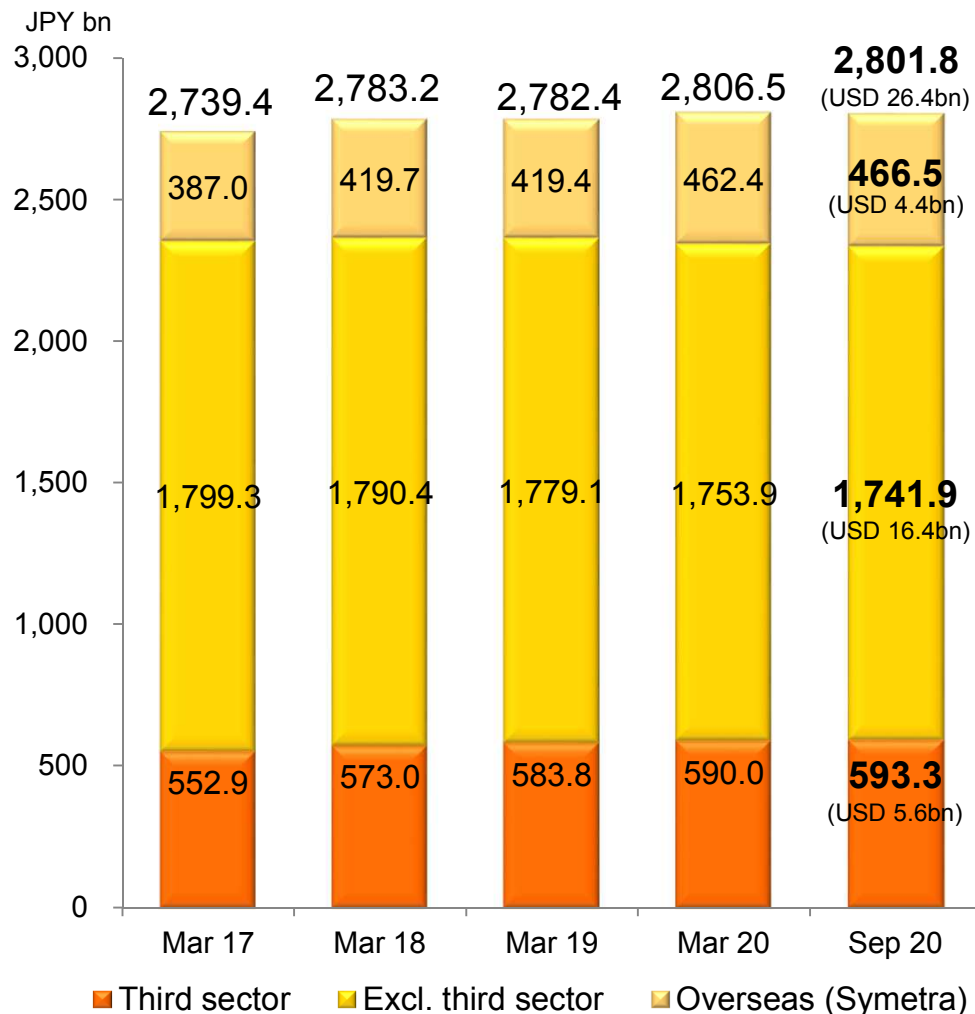


# I . 1H FY2020 Business Results

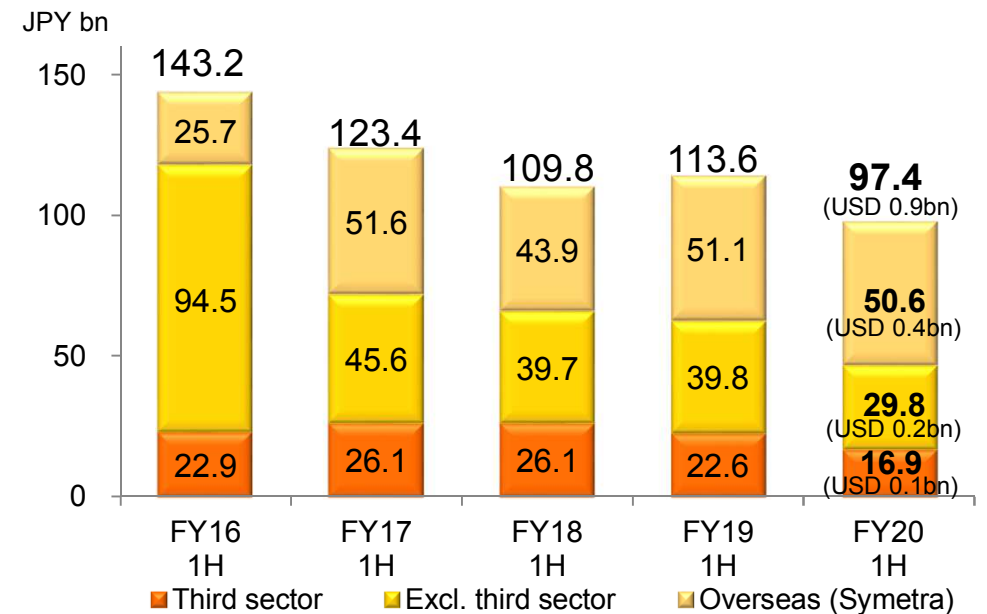
# Operating Performance

Annualized premiums (AP) from policies in force remained at a stable level.  
 AP from new policies decreased as a result of refraining from sales visits due to the COVID-19 outbreak, etc.

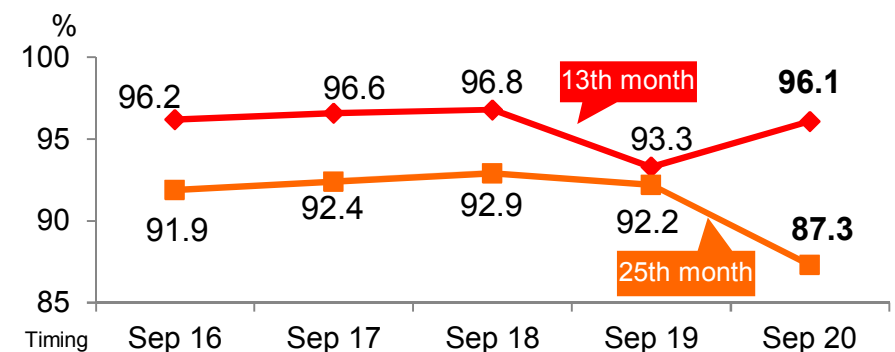
## Annualized Premiums from Policies in Force<sup>1</sup> (Group)



## Annualized Premiums from New Policies<sup>1</sup> (Group)



## Persistency Rate<sup>2</sup> (Non-consolidated)



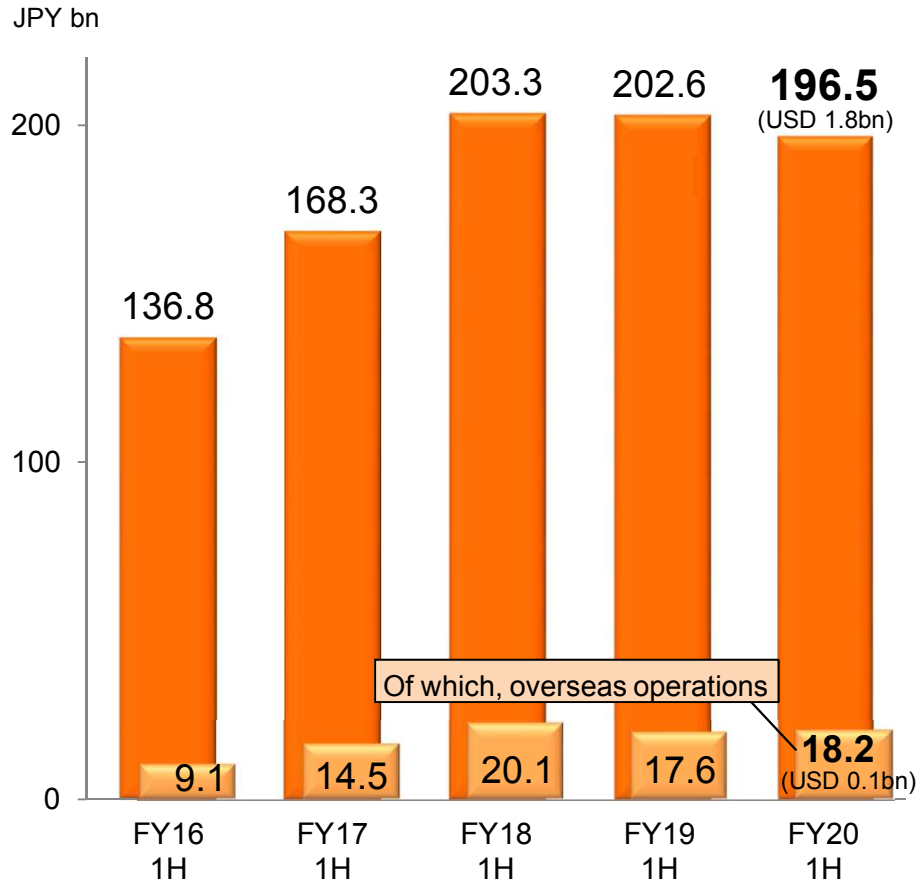
1. Figures for domestic business (Third sector + Excl. third sector) are individual life insurance and individual annuities

2. Figures are based on annualized premiums for products sold by sales representatives

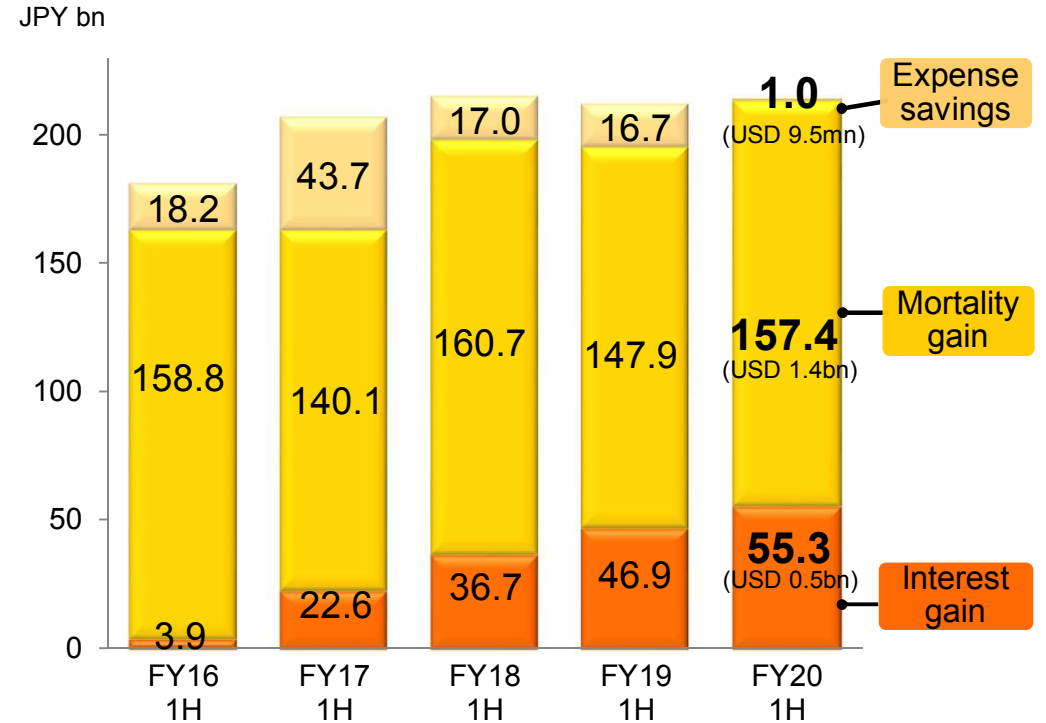
# Profit Trend

Core business profit remained at a stable level.

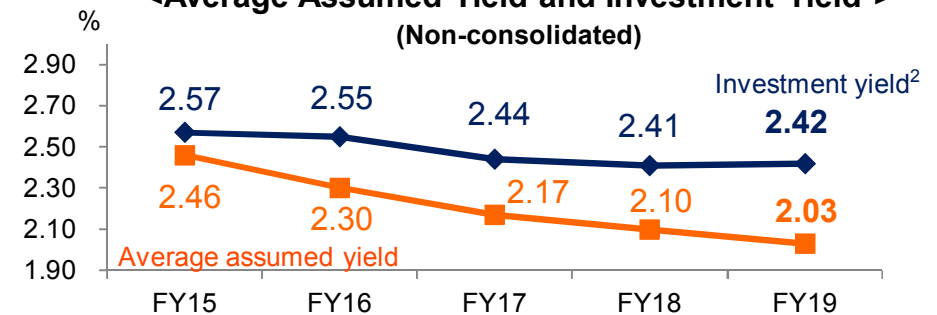
## Core Business Profit<sup>1</sup> (Group)



## Three Surplus Factors (Non-consolidated)



## <Average Assumed Yield and Investment Yield<sup>2</sup>> (Non-consolidated)



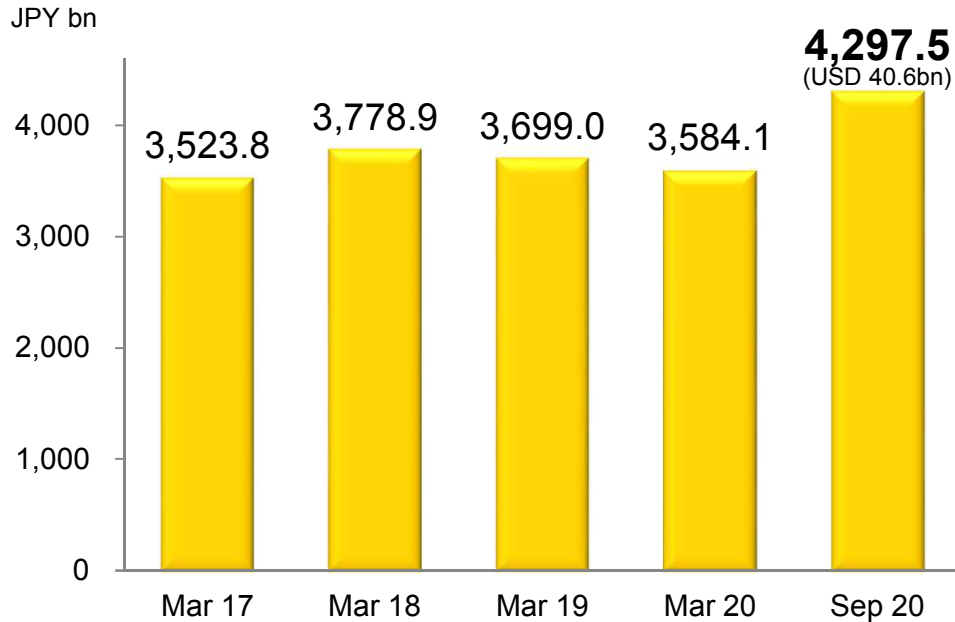
1. Group core business profit is calculated by combining core business profit of Sumitomo Life and Medicare Life, and profit before tax of Symetra, Baoviet Holdings, BNI Life, Singlife and PICC Life attributable to Sumitomo Life's equity stake in each company, with adjustments made to some internal transactions

2. Related to core business profit

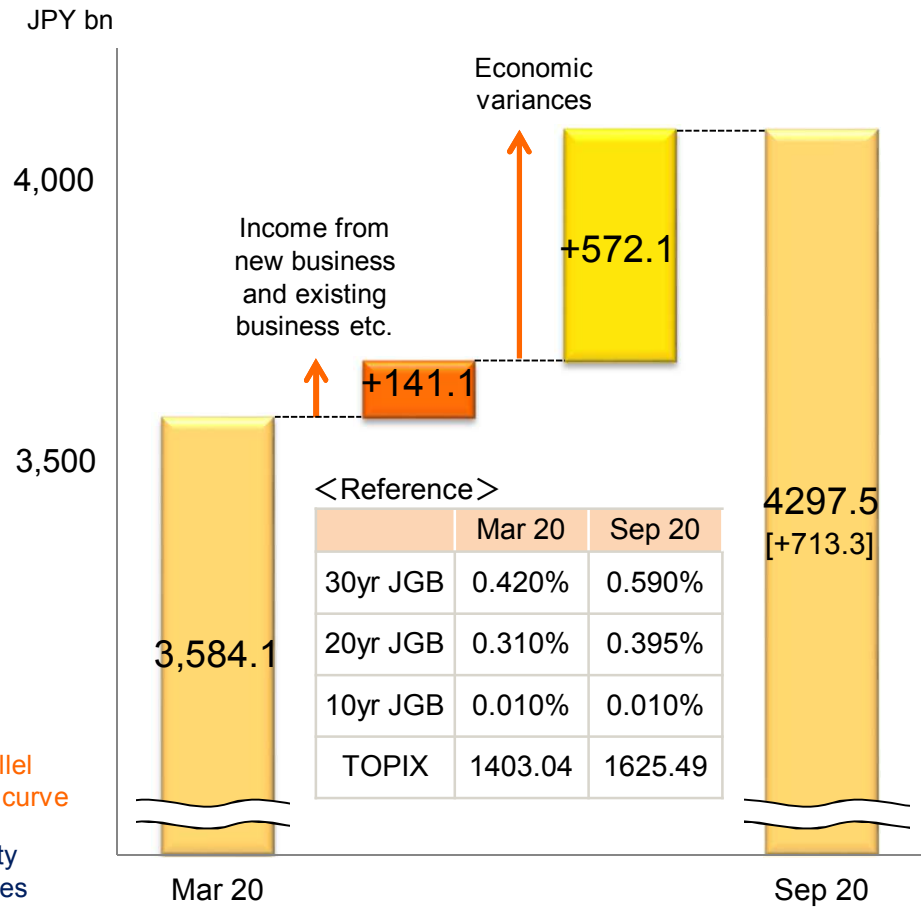
# EEV Trend

EEV increased from the end of the previous fiscal year due to positive results of the insurance business, as well as increases in domestic interest rates and domestic stock prices.

## EEV (Group)



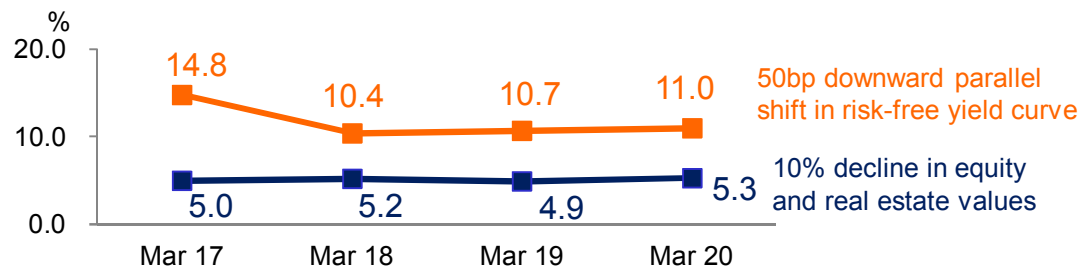
## EEV Growth Factors



### <Reference>

	Mar 20	Sep 20
30yr JGB	0.420%	0.590%
20yr JGB	0.310%	0.395%
10yr JGB	0.010%	0.010%
TOPIX	1403.04	1625.49

### <(Reference) Sensitivity Rate of EEV (Group) <sup>1</sup>>

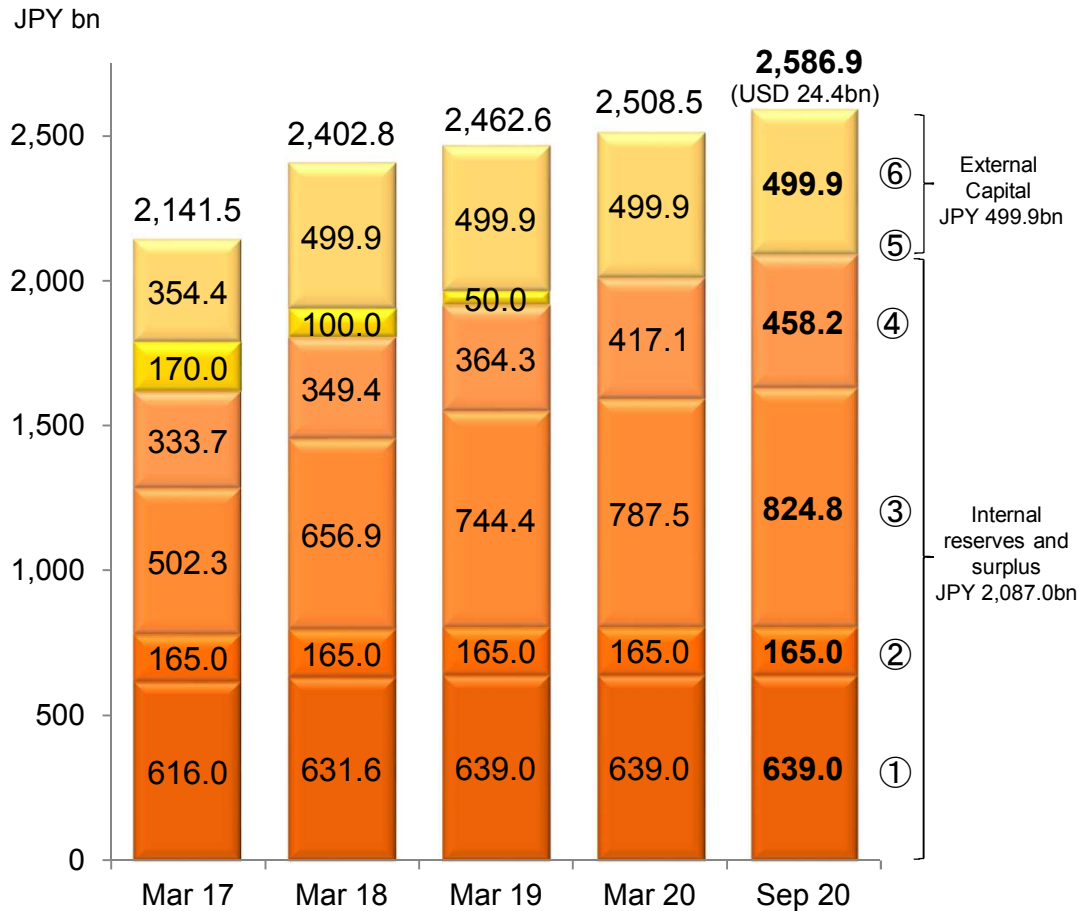


1. Sensitivity for each item. Other conditions are assumed to be the same  
 2. See "EEV (summary) as of September 30, 2020" on the website for details

# Capital Base

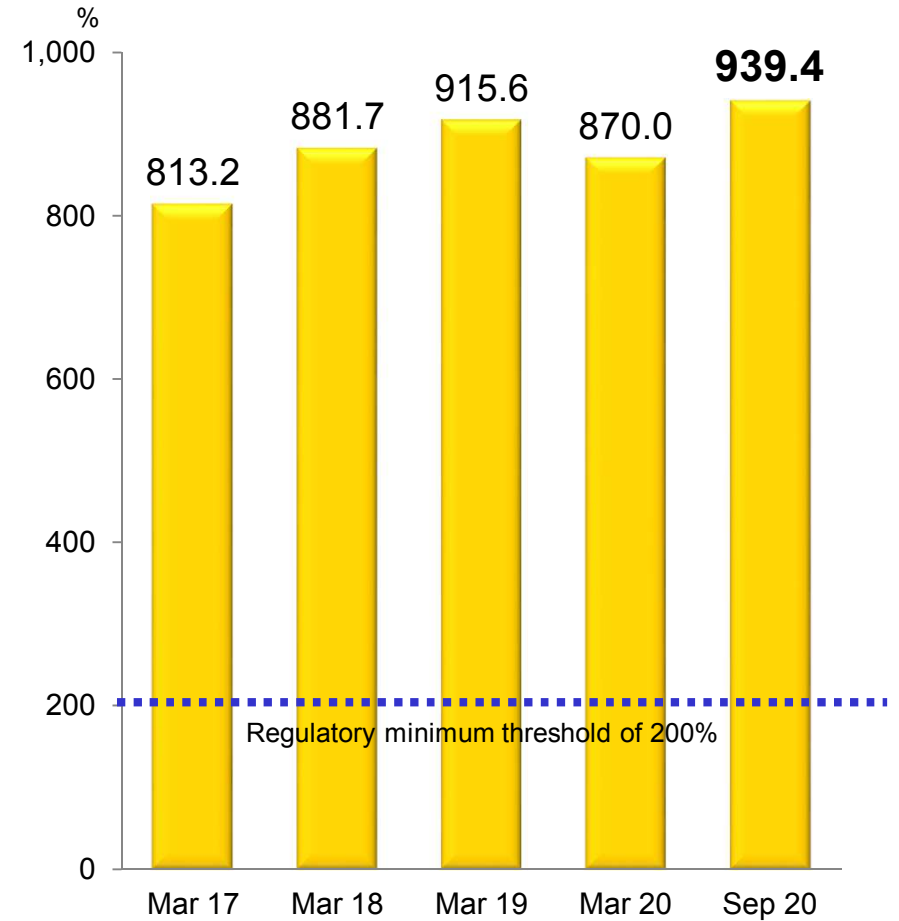
Established a strong capital base consisting mainly of internal reserves and surplus.  
Solvency margin ratio remains at a stable level.

## Trend of Capital (Non-consolidated)



- ① Reserve for fund redemption + Reserve for redemption of foundation funds<sup>1</sup>
- ② Fund for price fluctuation allowance
- ③ Reserve for price fluctuation
- ④ Contingency reserve
- ⑤ Foundation funds
- ⑥ Subordinated loans / bonds

## Solvency Margin Ratio (Consolidated)



<sup>1</sup> Reserve for fund redemption for September 2020 is company estimate, and figures before March 2020 are after appropriation of surplus





## II . Sumitomo Life Group's Initiatives



## ① Medium-Term Business Plan

② Multi-Channel and Multi-Product Strategy

③ Asset Management

④ Overseas Business Development

⑤ Capital Policy

# Revision of the Medium-Term Business Plan (2020-2022)

## Purpose of the Revision

- A situation continued where we were unable to utilize our strength in working with our customers face-to-face to provide insurance, due to the spread of COVID-19.
- Transformation to new ways of living and working is required, in anticipation of an era of the new normal. We perceive dramatic change taking place at a rapid pace, in ways such as the need for communication in the absence of face-to-face contact, and a further increase in health consciousness.
- We revised the Medium-Term Business Plan with our commitment to remain a company that people find valuable under the new normal, in terms of “security” and “health,” which is the core of the life insurance business, and to engage vigorously in implementation of resource shift from existing operations in order to secure the investment capacity to focus on responding to this changing environment.

## Overview of the Revision

### ■ Measures for staying closer to our customers

Provide services optimized for each customer’s circumstances, situation and preferences, by fusing our existing “unique human value” with “digital technology”

### ■ Measures to respond to the rise in health consciousness

Upgrade SUMITOMO LIFE Vitality to provide greater support for health-enhancing activities

### ■ Measures to ensure the safety of employees and engage in work style reform

After ensuring the safety of employees, enhance working environments to enable high-productivity work styles, unconstrained by location or time of day

### ■ Radical review of existing operations to support new initiatives

Implement a resource shift through substantial reductions in existing operations, in order to transform the business model

### ■ Revision of target values

# Basic Policies of “Sumitomo Life Medium-Term Business Plan 2022” (2020-2022)

## Basic Policies of Medium-Term Business Plan

To be an “indispensable” insurance company for society under the new normal

### Be trusted by society

“Customer” is the subject word



Behavior and work style personalized for our customers

### Contribute to society

Contribute to achieving the SDGs

SUSTAINABLE DEVELOPMENT GOALS



Contributing to healthy and long-living society



### Adapt to social change

Transformation for continual evolution



Investing in future change



Asset management

Products & services

Life designers

Agencies such as financial institutions & insurance outlets

Management base

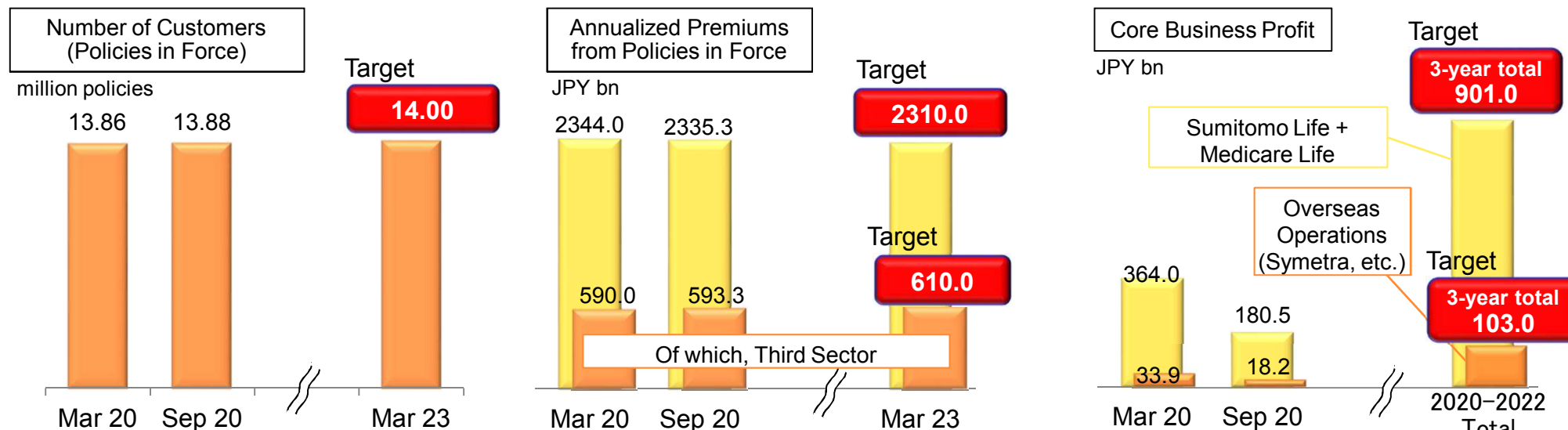
Overseas operations

Advancing all businesses together with our customers

# Progress of Medium-Term Business Plan (2020-2022)

Items	Targets before revision	Targets for March 2023	Results as of September 2020
Number of Customers (Policies in Force) <sup>1</sup> (Sumitomo Life + Medicare Life + Business Alliance Partners)	14.22 million policies	14.00 million policies	13.88 million policies
Annualized Premiums from Policies in Force	JPY 2,360.0bn	JPY 2,310.0bn	JPY 2,335.3bn
Of which, Third Sector	JPY 620.0bn	JPY 610.0bn	JPY 593.3bn
Domestic Business Core Business Profit (Sumitomo Life + Medicare Life)	3-year total JPY 922.0bn	3-year total JPY 901.0bn	JPY 180.5bn
Overseas Operation Core Business Profit (Symetra, etc.)	3-year total JPY 141.0bn	3-year total JPY 103.0bn	JPY 18.2bn

1. Number of individual life insurance and individual annuities, including products provided by our business alliance partners (Mitsui Sumitomo Insurance, NN Life, Sony Life).





① Medium-Term Business Plan

**② Multi-Channel and Multi-Product Strategy**

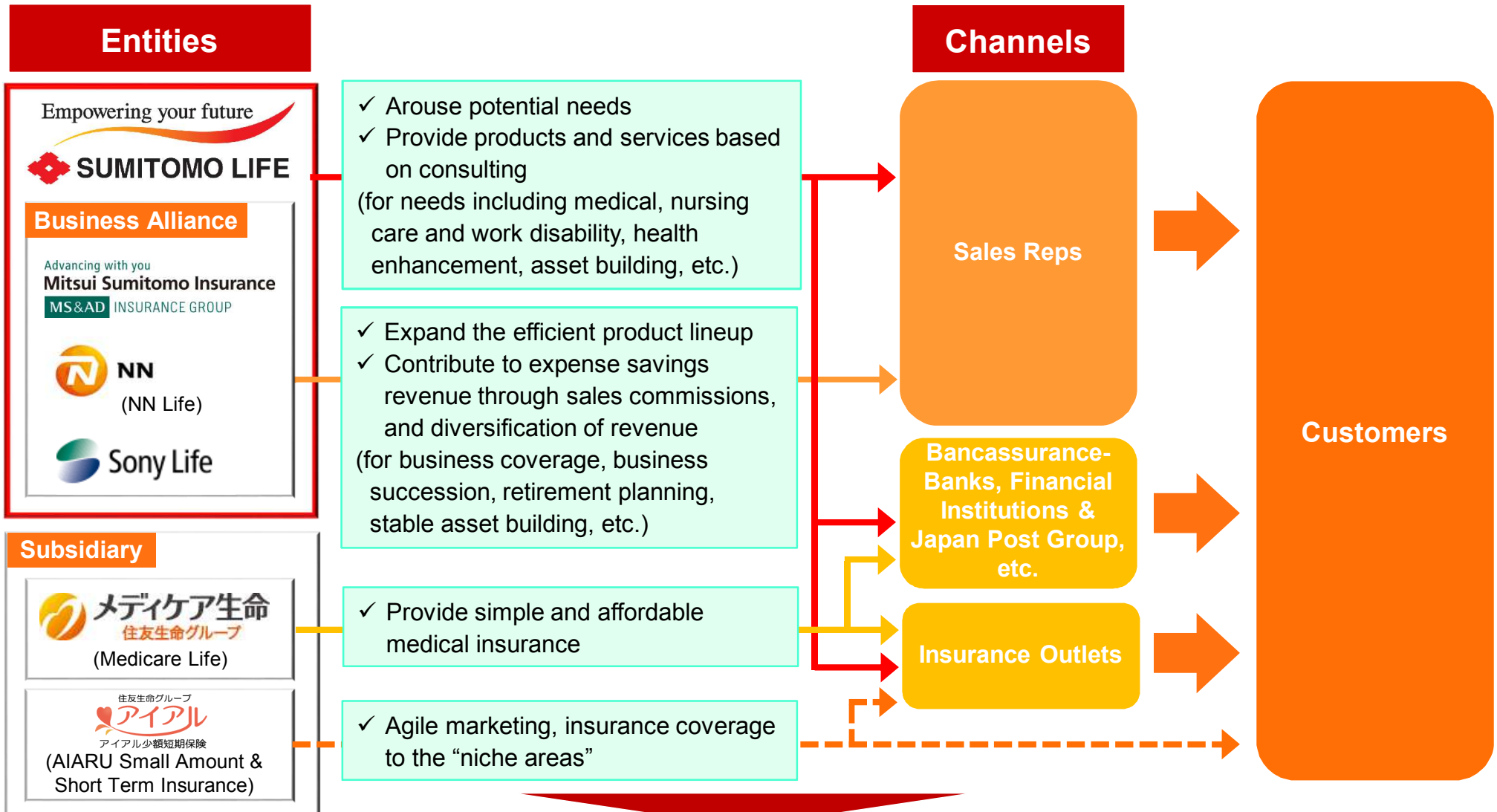
③ Asset Management

④ Overseas Business Development

⑤ Capital Policy

# Multi-Channel Strategy

We aim to expand the entire customer base of the Sumitomo Life group by providing products customized to the unique characteristics of each channel.



Expansion of the customer base of the Sumitomo Life group by leveraging the unique characteristics of each channel

# Multi-Product Strategy

We develop and provide products to match customer needs, utilizing subsidiaries and business alliances.

	Life Insurance				P&C Insurance				
Customer Needs	Individual Life				Corporate Insurance	In case of a sudden accident			
	Mortality	Nursing Care / Work Disability	Medical Insurance	Savings					
Products	<p><b>Comprehensive Protection Insurance</b> 生活保険で、じぶんを救え。 <b>1UP↑</b> 未来デザイン ワンアップ</p> <p><b>Medical Insurance</b> スミセイの医療保険 <b>ドクタ-GO</b></p> <p>健康増進 介護不能介護 死亡 医療</p> <p><b>【Launched in March 2020】Dementia Protection</b> スミセイの<b>認知症PLUS</b></p> <p>Wellness program that could be attached to the above main products <b>SUMITOMO LIFE Vitality</b> <b>Discovery</b></p> <p><b>Income Assurance Insurance</b> 低率区分型収入保障保険(簡便的返戻金型) <b>メディフィット 収入保障</b></p> <p><b>Medical Insurance (Simple and affordable)</b> 新 簡便的返戻金(簡便的返戻金型) <b>メディフィットA</b></p> <p><b>Medication Insurance</b> 薬用治療保険(簡便的返戻金型) <b>メディケア生命</b> 住友生命グループ <b>メディフィット EX</b></p>				<p><b>Single-Premium Insurance</b> [Yen] (Whole Life) <b>ふるは〜と</b> <b>ジョ-ド plus</b></p> <p>[Foreign Currency] (Whole Life) <b>ふるは〜と</b> <b>ジョ-ド global II</b></p> <p><b>たのしみ グローバルII</b> 指数運動プラン</p>		<p><b>Term Life</b> スミセイの定期保険 <b>エンブレム</b> 新長期プラン</p> <p><b>エンブレムN</b> 介護・障害定期(災害保障タイプ)</p> <p>エヌエヌ生命の重大疾病保障保険 <b>エンブレムN</b> 重大疾病</p> <p><b>Medical Protection</b> スミセイの医療保険 <b>ドクタ-GO</b> ロングリリーフ</p> <p><b>Work Disability Protection</b> <b>1UP↑</b> スワエアライン ワンアップ</p>		<p><b>Automobile Insurance</b> 安心のゴールキーパーでありたい。 <b>GK</b> クルマの保険</p> <p><b>Property Insurance</b> 安心のゴールキーパーでありたい。 <b>GK</b> すまいの保険</p> <p><b>Casualty Insurance</b> 安心のゴールキーパーでありたい。 <b>GK</b> ケガの保険</p> <p><b>Others</b> ゴルファー保険</p> <p>Advancing with you <b>Mitsui Sumitomo Insurance</b> MS&amp;AD INSURANCE GROUP</p>
		<p><b>Level-Premium Insurance</b> [Yen] (Whole Life) <b>パラ色人生</b></p> <p>[Foreign Currency] (Whole Life) <b>米ドル建 終身保険 W</b></p> <p>(Endowment) <b>米ドル建 自由保険 W</b> Sony Life</p> <p>(Annuity) スミセイの個人年金保険 <b>たのしみ ワンダフル</b></p> <p>(Annuity) <b>たのしみ 未来 global</b></p>				<p><b>Medical Protection</b> スミセイの医療保険 <b>ドクタ-GO</b> ロングリリーフ</p>		<p><b>Medical Protection</b> スミセイの医療保険 <b>ドクタ-GO</b> ロングリリーフ</p>	



# SUMITOMO LIFE Vitality

SUMITOMO LIFE Vitality Shared-Value Insurance was launched in Japan in July 2018. Its unique concept to reduce risks with integrated products have been highly evaluated in the market.

## Distribution of SUMITOMO LIFE Vitality Shared-Value Insurance

- Vitality is a globally renowned incentive-based wellness program with more than 20 million members across the markets (as of April 30, 2020). Sumitomo Life first launched Vitality in Japan.
- Sumitomo Life partnered with 15 companies who advocate Vitality's principles and objectives, and have been striving to assist members' sustained engagement



## External Recognitions

### The 7th Smart Life Project Award (Let's extend healthy life expectancy!) – Minister-of-Health Award for Excellence

- Award given to Sumitomo Life's CSV project centered around health enhancement: *Looking to extend healthy life expectancy through Vitality*



### 2018 The Nikkei Superior Products & Services Award – Award for Excellence

- Award given to SUMITOMO LIFE Vitality
- For Sumitomo Life, this was the 5th time\* to receive this award, after 1Up in 2016



\* Highest count in the industry (as of Dec. 2018, source: Sumitomo Life analysis).

### Certified as ME-BYO Brand by Kanagawa prefectural government

- Certification granted to products and services showing excellence in disease prevention
- This is the first financial product ever to receive this certificate under this brand



# Evolution of SUMITOMO LIFE Vitality

Expansion of bundled target program for Vitality Health Program with the launch of “Dementia-PLUS”.

## Expansion of Bundled Target Products

【At the start of service (July 2018)】



【From June 2019】  
Expansion of eligible products,  
Service launch of multiple purchase of coverages



【From March 2020】  
Launch of new rider as an eligible product



## Expansion of Reward Partners

【From September 2019】  
New partnership with two partner companies

【August 2020】  
New partnership with two partner companies

【At the start of service (July 2018)】

11  
companies



15  
companies

## Evolution of Health-enhancing Menu

【From April 2020】  
Addition of “Dental Check-up” and “Golf”, which are  
said to be effective in preventing dementia

Dental Check-up



Golf



# Results of Survey for SUMITOMO LIFE Vitality Members

We offer programs that make it even easier to engage in health enhancement, based on the opinions of members.

## Exercise after the COVID-19 Outbreak

- How did you exercise after the COVID-19 outbreak? (Select the most appropriate response)

Choice	No. of responses	% of total
• Exercised outdoors with family or friends	3,119	9.9%
• Exercised alone outdoors	10,419	32.9%
• Exercised indoors with family or friends while watching videos	1,358	4.3%
• Exercised alone indoors while watching videos	5,282	16.7%
• Exercised indoors with family or friends without watching videos	499	1.6%
• Exercised alone indoors without watching videos	3,478	11.0%
• Other than the above	7,499	23.7%

- Provide fitness exercise videos that are easy to follow at home
- Offer free **“RENAISSANCE online lessons”** for a limited time from July 1 and **“TIPNESS exercise videos”** from August 1 as rewards
- Special sponsorship of an online activity event **“Vitality Run & Walk Challenge”**



## Requests for Rewards

- Please tell us the types of rewards that you would like to see added or enhanced in the future. (Maximum 3 choices)

Choice	No. of responses	% of total
• Travel / hotel stays*	14,292	45.2%
• Cinema tickets	12,763	40.3%
• Comprehensive medical examinations and routine health checks	11,021	34.8%
• Health foods*	8,953	28.3%
• Medicines	6,985	22.1%
• Books	6,040	19.1%
• Video streaming services	3,306	10.4%
• Other*	1,665	5.3%

\* Already offered as rewards

Among the types of rewards directly linked to health-enhancing activities, health foods that many requested to be added or enhanced were introduced as additional rewards. We plan to offer comprehensive medical examinations and routine health checks as new rewards (scheduled to launch the service by early 2021)

# New Product “Dementia PLUS”

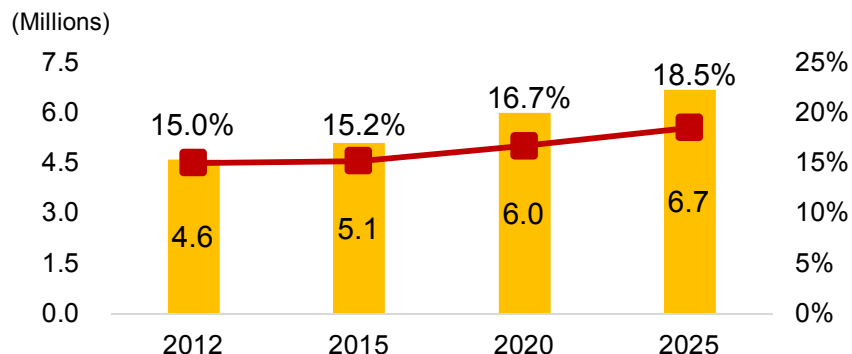
In March 2020, we launched “Dementia PLUS”, a rider that offers coverage early on and provides financial support for dementia, a major social issue in a long-living society.

## Background to the Development

The number of dementia patients rises every year, the number one cause for requiring nursing care

<Future Estimate of Dementia Patients in Japan (Age 65 and Above)>

Left axis: Number of dementia patients / Right axis: Percentage of dementia patients among elderly population



Source: Compiled by Sumitomo Life based on a study on the future estimate of the elderly population with dementia in Japan (2015)

To prevent the onset of dementia, it is important to detect it early at the stage of mild cognitive impairment (MCI)\*, and to continue appropriate treatment, including lifestyle improvement and medication management.

<Progression of Dementia>



\* Mild cognitive impairment (MCI): A transitional stage between normal aging and dementia. Although cognitive decline is noticeable, the impact on daily life is minimal, and thus dementia cannot be diagnosed.

## Description of Coverage

Dementia and mild cognitive impairment (MCI) covered for a lifetime

<Scheme>

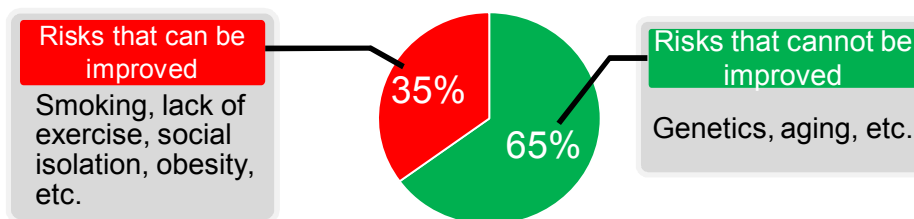


<Payment Reason (Payment Amount)>

Claims and benefits	Payment reason (payment amount)
<b>Dementia insurance claim</b>	When confirmatively diagnosed with organic dementia, as defined by Sumitomo Life, for the first time in life (basic insurance amount)
<b>Mild cognitive impairment benefit</b>	When confirmatively diagnosed with mild cognitive impairment or organic dementia, as defined by Sumitomo Life, for the first time in life (basic insurance amount x 10%)

## Prevention through Health-enhancing Activities

Reexamining daily lifestyle habits through SUMITOMO LIFE Vitality can reduce dementia risk



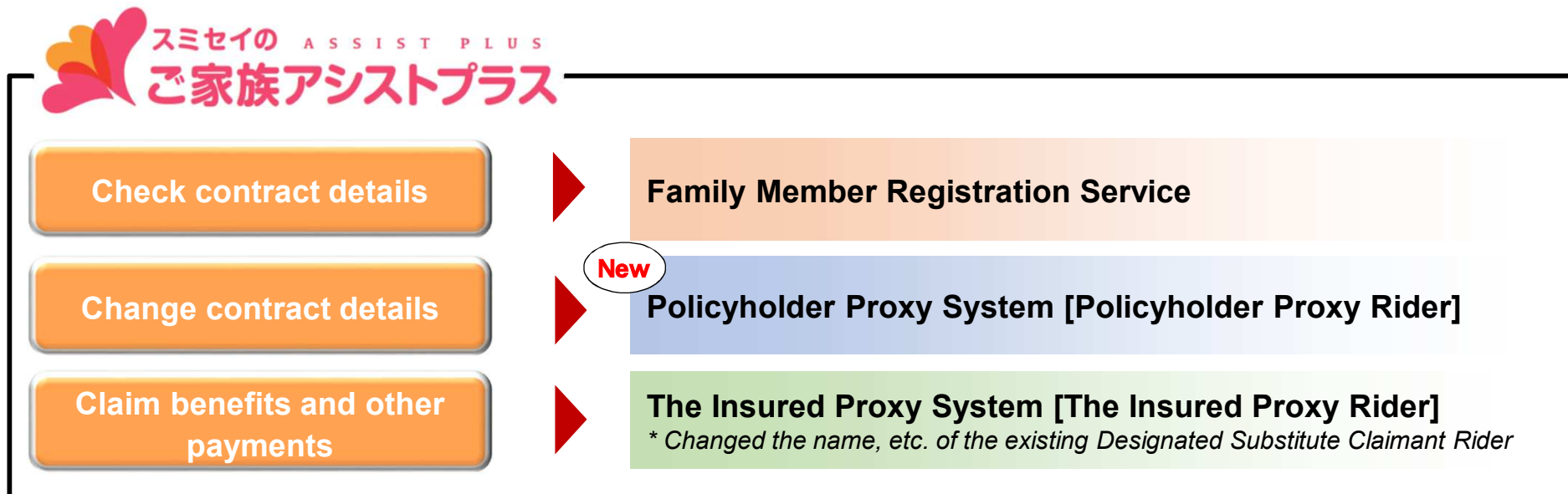
Source: Compiled by Sumitomo Life based on Livingston G, et al., Lancet. 2017 Dec 16; 390(10113);2673-2734

# New Service “Sumisei Family Assist Plus”

Introduced a new service “Sumisei Family Assist Plus” to coincide with the launch of Dementia PLUS.

## Sumisei Family Assist Plus\*

Introduced a service/system that allows family members of the insured to check the contract details and initiate procedures on behalf of the insured if they are registered in advance, so that customers can continue their contracts with peace of mind even if anything happens to them.



**Respond to dementia, a major social issue in a long-living society, by providing prevention through the Vitality program, coverage through “Dementia PLUS”, and service through “Sumisei Family Assist Plus”**

\* Sumisei Family Assist Plus: Collective term for the Family Member Registration Service, the Policyholder Proxy System, and The Insured Proxy System.

# “Well Aging Support- ASUNOEGAO”

Sumitomo Life and AXA Life jointly developed a long-term care service that realizes total coordination of long-term care. The service was introduced in advance to customers in certain areas of both companies from October 1, 2019.

## Business Alliance with AXA Life

October 2018

Basic agreement on a business alliance for joint development and usage of long-term care services

November 2018

Launched a joint office “Well Aging Co-creation Lab” in Otemachi, Tokyo

October 2019

Introduced the “Well Aging Support- ASUNOEGAO” service in certain areas

April 2020

Expanded menus of “Well Aging Support- ASUNOEGAO”

We will expand the service areas according to the status of use

## Key Services of ASUNOEGAO

### ASUNOEGAO call center

- ◇ Consultation on various topics related to long-term care
- ◇ Introduction to and information on long-term care facilities
- ◇ Consultation on public long-term care insurance system

Introduction according to content of phone consultation

Face-to-face consultation about long-term care facilities

Long-term care prevention / QOL enhancement support service

Long-term care / Living-support service

Asset management support service



# Medicare Life / Insurance Outlets

880 thousand policies in force as of the end of September 2020.

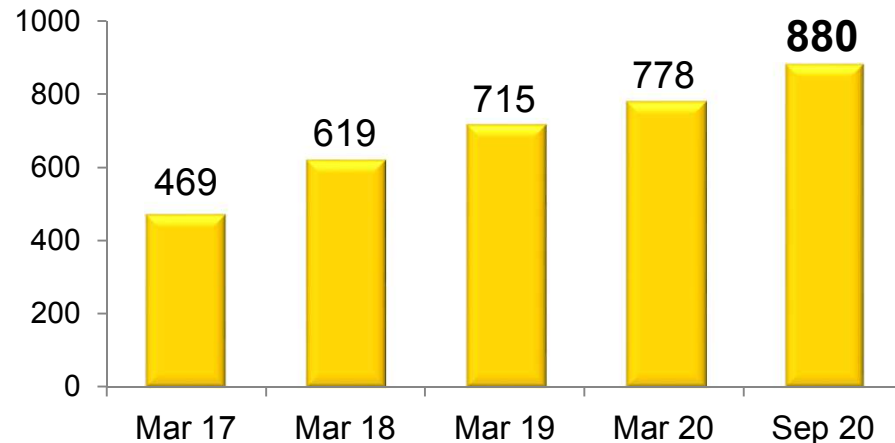
Insurance outlets are operated in order to respond to customers that cannot be targeted by Sumitomo Life itself.

## Medicare Life

<Number of Policies in Force>



thousand policies



<Key Indicators (As of September 30, 2020)>

<b>EEV</b>	JPY 167.7 bn
<b>Solvency Margin Ratio</b>	1664.7%
<b>Credit Rating</b>	AA- (R&I)

## Insurance Outlets of Sumitomo Life Group

### ■ Izumi Life Designers Co., Ltd.

**(Established in Oct. 2009)**

- ✓ Operates insurance outlets called "Hoken Hyakka"
- ✓ Offers meticulous consulting



### ■ INSURANCE DESIGN

**(Subsidiary since Jul. 2017)**

- ✓ Operates insurance outlets called "Hoken Design"
- ✓ Develops outlets closely focused on the Kansai area



### ■ Mycommunication Co., Ltd.



**(Invested in Jan. 2018)**


- ✓ Operates insurance outlets under the brand of "Hoken Hotline"
- ✓ Unique knowledge of sales representative training and customer management system

### ■ Agent Co., Ltd.

**(Invested in Jan. 2018)**

- ✓ Mainly sells P&C insurance
- ✓ Knowledge of P&C insurance sales



- 
- ① Medium-Term Business Plan
  - ② Multi-Channel and Multi-Product Strategy

**③ Asset Management**

- ④ Overseas Business Development
- ⑤ Capital Policy



# Initiatives in 1H FY2020

Managed general account with portfolios classified into two categories: ALM Investment and Balanced Investment. Aimed to increase our investment earnings in accordance with investment objectives and to strengthen our asset management platform in order to enhance medium to long-term investment profitability.

## Initiatives in 1H FY2020

<Two Types of Portfolios (General Account / Non-consolidated)>

### ALM Investment Portfolio

- Portfolio focused on yen-denominated assets (approx. JPY 25tn)
- Objective is to contribute to secure payment of claims, etc.

### Balanced Investment Portfolio

- Portfolio focused on highly liquid securities (approx. JPY 6tn)
- Objective is to contribute to sustainable growth of Embedded Value

#### Increase Investment Earnings

- Promoted investment in foreign credit assets when credit spreads widened, while strengthening diversification of the portfolio, and selection. Entrusted investments to Symetra Investment Management
- Gradually increased investments in infrastructure equity funds and private equity funds, where high returns could be expected in the long-term, while selecting names from a long-term perspective

#### Strengthen Risk Control

- Reduced domestic interest rate risk by investing in long-term domestic bonds when interest rose, with the outlook of a prolonged low interest rate environment

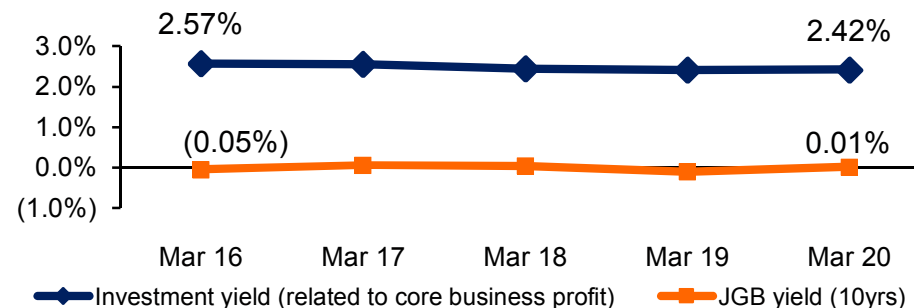
#### Promote ESG Investment

- Invested in high-growth and high-dividend stocks that were judged to be undervalued from a mid- to long term perspective in the adjustment phase of the stock market
- Increased investment of unhedged foreign bonds (USD/AUD) while taking the levels of interest rates and foreign exchange rates into account
- Thoroughly diversified the portfolio, and made prudent selection
- Hedged risks in case of decline in stock market and yen appreciation

### Initiatives to Strengthen Asset Management Platform

- Radically reviewed existing operations, used IT technology to enhance operational efficiency, and promoted working from home, taking the pandemic and post-pandemic situation into account
- Strengthened relationship and leveraged know-how of Symetra Investment Management
- Leveraged know-how of external asset managers by entrusting investments and sending trainees
- Researched and invested in new asset classes

### Market Interest Rate and Our Investment Yield

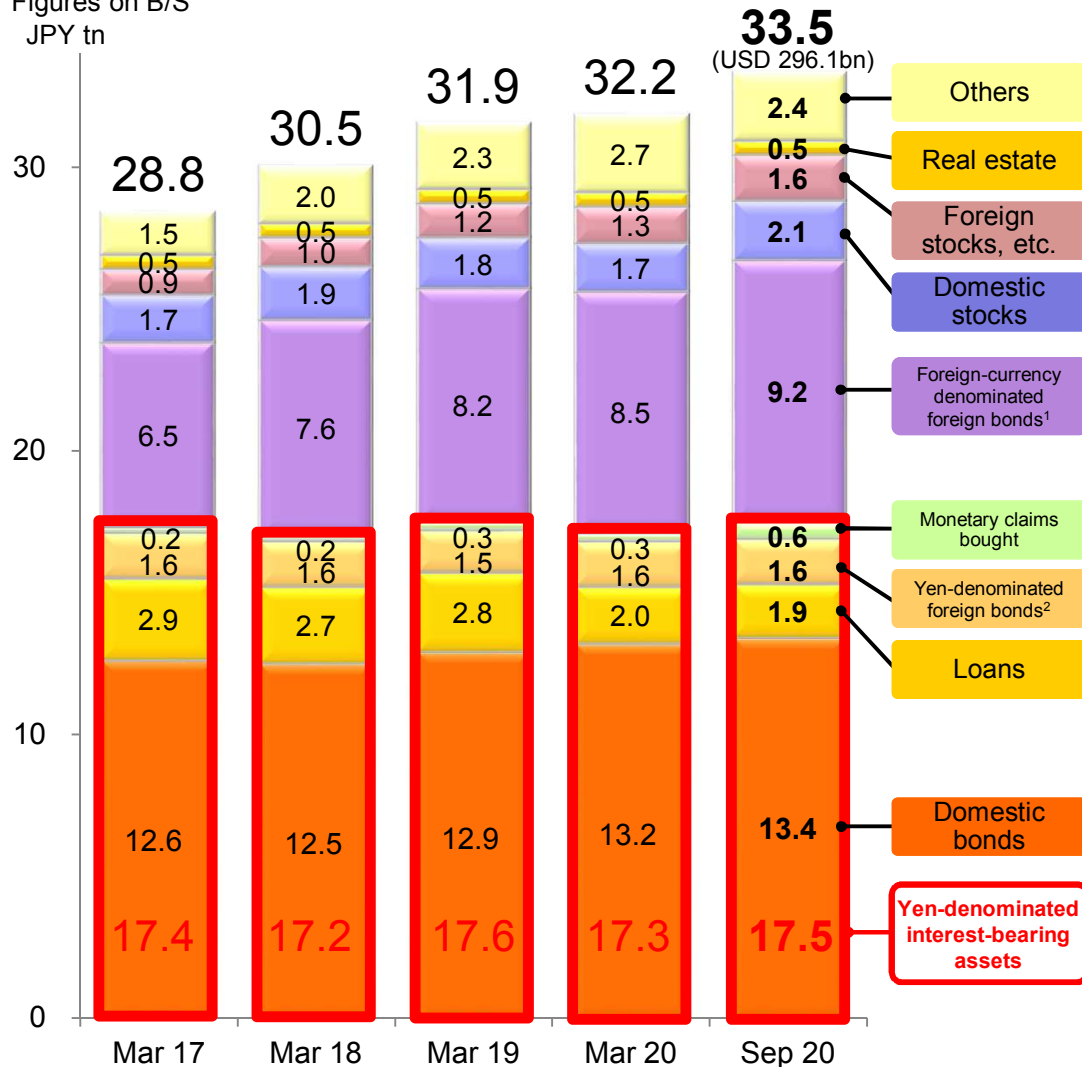


# General Account Asset Portfolio

Prudent investment policy, focusing mainly on yen-denominated interest-bearing assets

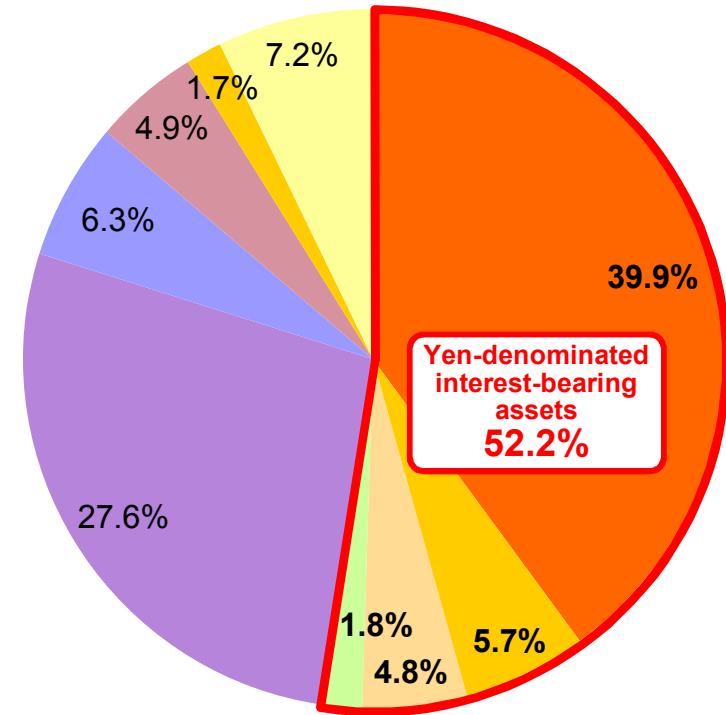
## Trend of General Account (GA) Assets (Non-consolidated)

Figures on B/S  
JPY tn



## Breakdown of GA Assets (Non-consolidated)

< As of September 2020 >



- Domestic bonds
- Loans
- Yen-denominated foreign bonds
- Monetary claims bought
- Foreign-currency denominated foreign bonds
- Domestic stocks
- Foreign stocks, etc.
- Real estate
- Others

1 Foreign currency-denominated foreign bonds (including those issued by residents) include currency-hedged foreign bonds  
2 Yen-denominated foreign bonds include foreign currency-denominated foreign bonds with a fixed amount in Japanese yen

# Unrealized Gains / Losses on Securities

Total unrealized gains in general account is JPY 3,923.5bn, approximately the same level as before the COVID-19 outbreak.

## Unrealized Gains/Losses in General Account (Non-consolidated)

JPY bn

	Unrealized Gains / Losses As of Dec 2019	Unrealized Gains / Losses As of Mar 2020	As of September 2020			
			Book Value	Market Value	Unrealized Gains / Losses	Change from March 2020
Securities*	4,001.4	3,464.1	26,881.2	30,804.7	3,923.5	+459.3
Held-to-maturity debt securities	299.2	323.2	1,635.3	1,917.3	282.0	(41.1)
Policy-reserve-matching bonds	2,135.3	2,002.8	12,051.3	13,896.6	1,845.2	(157.6)
Available-for-sale securities	1,566.2	1,162.4	13,142.3	14,954.2	1,811.9	+649.5
Domestic bonds	114.6	76.8	2,325.8	2,408.3	82.4	+5.6
Domestic stocks	973.8	599.0	1,080.7	2,006.7	925.9	+326.9
Foreign securities	449.9	484.0	8,486.0	9,253.6	767.5	+283.4
Others	22.0	(5.9)	305.9	334.0	28.1	+34.1

\* Securities with market value excluding trading securities

### <Market Conditions>

	Dec 19	Mar 20	Sep 20	Change
TOPIX (Closing Price)	1,721.36	1,403.04	1,625.49	222.45
(Average during Month)	1,724.59	1,385.57	1,632.81	247.24
Newly Issued 10y JGB	(0.025%)	0.010%	0.010%	0.000%
Newly Issued 20y JGB	0.275%	0.310%	0.395%	0.085%
USD / JPY	109.56	108.83	105.80	(3.03)
EUR / JPY	122.54	119.55	124.17	4.62

①

②

②-①

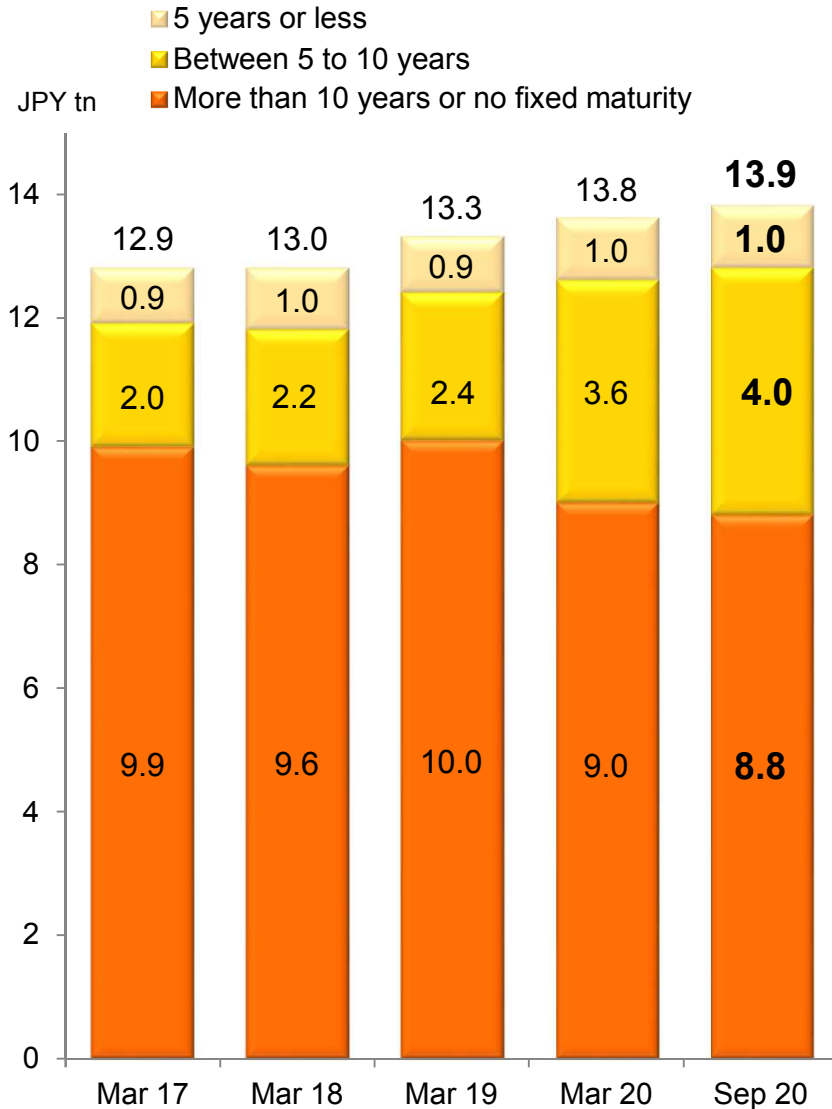
### <Break-Even Level of Unrealized Gains/Losses>

	As of Sep 2020
Domestic Stocks (Nikkei225)	JPY12,500 Level
Domestic Stocks (TOPIX)	870 Point Level
Domestic Bonds (10y Yield)	0.9%
Foreign Securities (USD / JPY)	JPY107 Level

# Profile of Domestic Bonds

Disciplined interest rate risk management based on ALM strategy

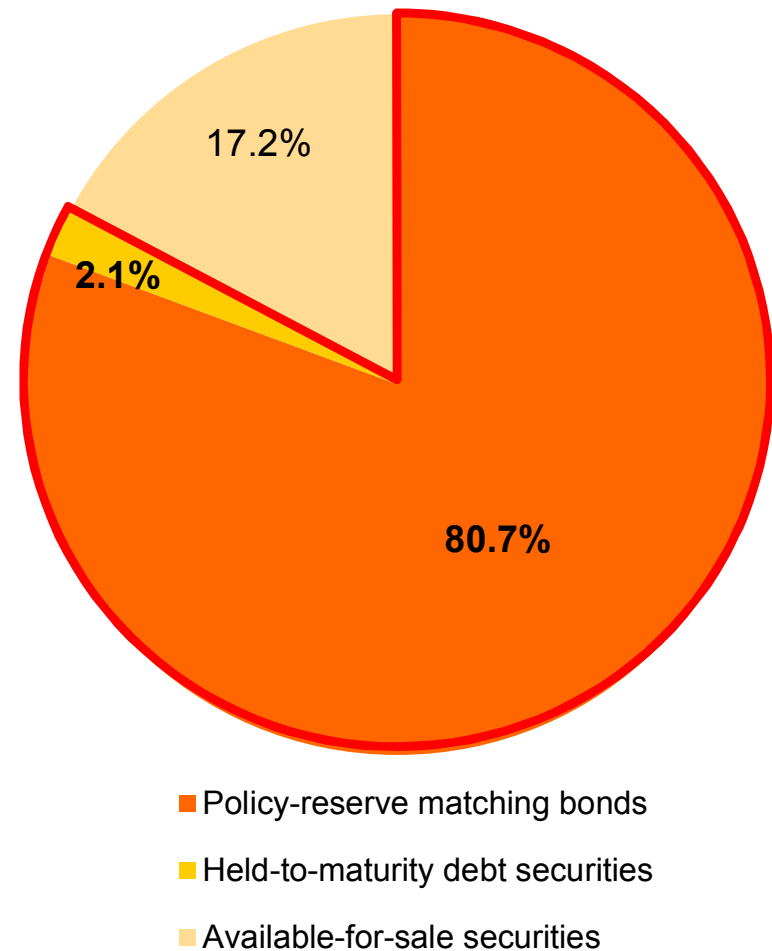
## Domestic Bonds by Maturity (GA·non-consolidated)



## Domestic Bonds by Category (GA·non-consolidated)

<As of September 2020>

Domestic Bonds Outstanding Balance:  
JPY 13.99tn (USD 132.3bn)



# Asset Management Strategy for 2H FY2020

With an outlook of a volatile market, we will determine the right investment timing and allocate assets flexibly.

## Asset Management Strategy for 2H FY2020

### ALM Investment Portfolio

### Balanced Investment Portfolio

#### Increase Investment Earnings

- Further promote investments in foreign credit assets with high ratings and relatively high yields
- Increase investments in infrastructure equity funds, private equity funds, and real estates, where high returns could be expected in the long-term

#### Strengthen Risk Control

- Reduce domestic interest rate risk through investment in super long-term domestic bonds, etc., while taking the level of interest rate into account

#### Promote ESG Investment

- Increase investment in high-growth and high-dividend stocks that are undervalued from a mid- to long-term perspective
- Increase investment in unhedged foreign bonds (USD/AUD), taking levels of interest rates and foreign exchange rates into account, while aiming to diversify the portfolio
- Further strengthen diversification of the portfolio and selection, taking the pandemic and post-pandemic situation into account
- Build hedge position in case of decline in market

#### Strengthen Asset Management Platform

- Reduce and optimize existing operations and promote working from home, taking the pandemic and post-pandemic situation into account. Introduce Straight Through Processing (STP).
- Strengthen relationship and leverage know-how of Symetra Asset Management (including expansion of entrusted assets)
- Leverage know-how of external asset managers by entrusting investments and sending trainees
- Research and invest in new asset classes

# ESG Investment ①

Formulated our ESG investment policy and signed the UN Principles for Responsible Investment (PRI) in 2019. We plan to further step up efforts by integrating initiatives, including stewardship activities, under the umbrella of “responsible investment.”

## ESG Investment Policy (Summary)

### Our Philosophy

We promote ESG investment under the belief that investment incorporating an ESG perspective will enhance the investment returns for a medium to long-term institutional investor, and also contribute to the realization of a sustainable society

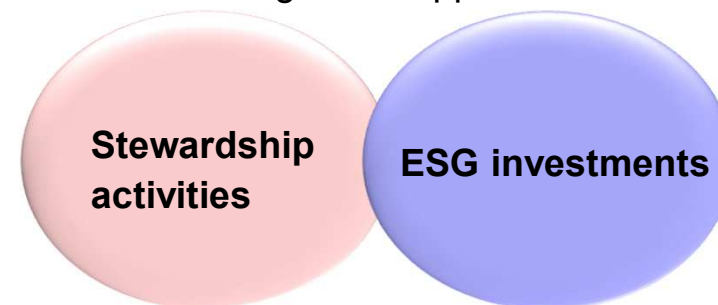
### <Key Initiatives>

Methodology	Description
<b>Integration</b>	<ul style="list-style-type: none"> <li>• Incorporate an ESG perspective in the investment process</li> <li>• Specify and assess important issues in each sector when investing in stocks</li> <li>• Started the initiatives described above when investing in credit assets (bonds and loans) from FY2020</li> </ul>
<b>Engagement</b>	<ul style="list-style-type: none"> <li>• Engage in dialogue and stewardship activities with invested portfolio companies</li> <li>• Started dialogues with domestic companies of which we possess bonds from FY2020, in addition to domestic listed companies</li> </ul>
<b>Thematic Investing</b>	<ul style="list-style-type: none"> <li>• Investments and loans aimed at resolving ESG issues</li> <li>• Set a target of JPY 300bn for new investments and loans described above during the new medium-term business plan (2020-2022)</li> </ul>
<b>Negative Screening</b>	<ul style="list-style-type: none"> <li>• Exclude companies that manufacture cluster munitions from the scope of investments, and do not engage in investment in coal-power generation projects</li> </ul>

## Future Initiatives

ESG investments and stewardship activities, which have been managed separately, will be enhanced and integrated as “responsible investment” from the next fiscal year.

### <Current management approach>



### <After FY2021>



# ESG Investment ②

Carried out thematic investments toward the achievement of target of JPY 300bn for new investments and loans during the new medium-term business plan (2020-2022).

Acquired the highest grade, “A+” in the module ‘Listed Equity – Active Ownership’ for the 2020 PRI Assessment.






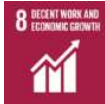





## Status of Thematic Investing

**Thematic Investing**

Total as of September 30, 2020: **JPY 56.6bn**

(of which, investment in ESG bonds aimed at supporting response to COVID-19: 3 cases, total of JPY 24.6bn)

<Investments>


Sustainability Development Bond	Positive Impact Finance	Social Bond
<p>Investment in Sustainable Development Bonds issued by the World Bank with the aim to support sustainable development including the Health Sector and the response to COVID-19.</p>   <p>©World Bank</p>	<p>Loan intended to provide continuous support to corporate activities by analyzing and evaluating the impacts (both positive and negative) of corporate activities on the environment, society and economy.</p>      	<p>Investment in social bond of which the usage of the fund includes projects in developing countries impacted by the COVID-19 outbreak.</p>    <p>©IDB</p> <p>©IFC</p>

## Result of the 2020 PRI Assessment<sup>1</sup>

Module	Details	Sumitomo Life	Median Score
Strategy and Governance	Responsible investment policy and Governance	<b>A</b>	A
Listed Equity – Incorporation	Incorporation of ESG factors into the process of listed equity investment	<b>A</b>	A
Listed Equity – Active Ownership	Engagement and voting	<b>A+</b>	B
Fixed Income <sup>2</sup>	Incorporation of ESG factors into the process of fixed income investment	<b>B</b>	B
Property	Incorporation of ESG factors into the process of property investment	<b>B</b>	B

<sup>1</sup> Please visit the PRI website for the transparency report of Sumitomo Life

<sup>2</sup> Fixed income score is the average score of three modules (SSA, Corporate Financial and Corporate Non-Financial)

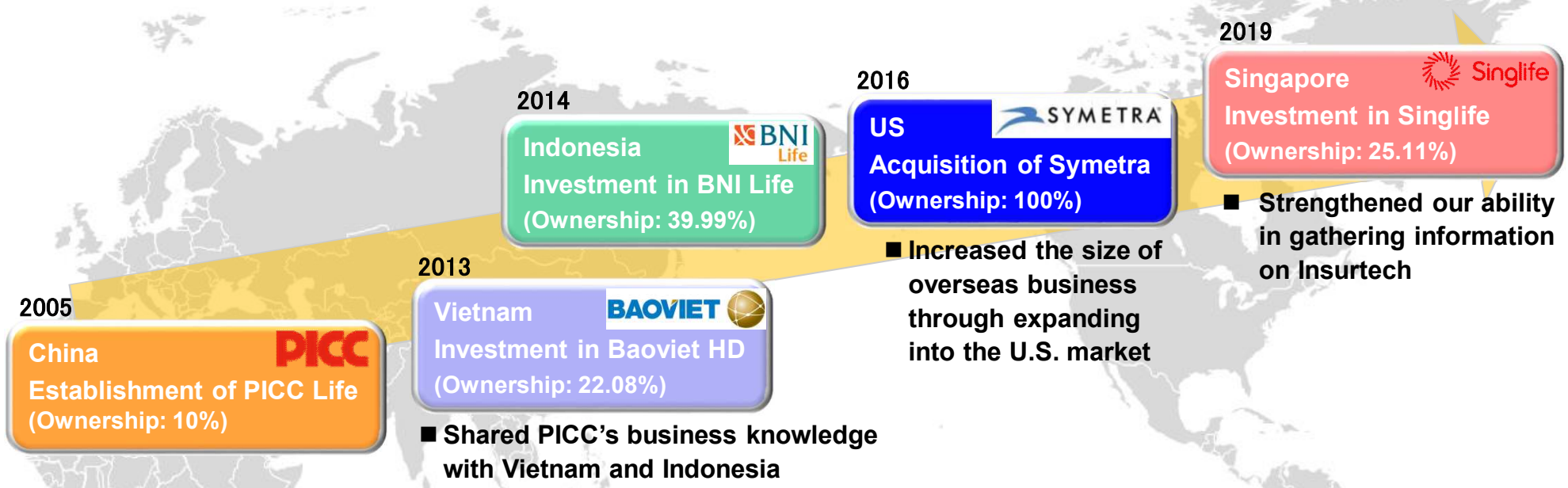
- 
- ① Medium-Term Business Plan
  - ② Multi-Channel and Multi-Product Strategy
  - ③ Asset Management
  - ④ Overseas Business Development**
  - ⑤ Capital Policy



# Overseas Business Expansion

Stable revenue base in Japan, steady growth in the U.S. and high growth in Asia  
Established a business portfolio with stability and growth potential

## Track Record of Overseas M&A



<p><b>Japan</b> ~ Stable Revenue Base ~</p>	<p><b>Asia (China, Vietnam, Indonesia, Singapore)</b> ~ High Growth Market ~</p>	<p><b>United States</b> ~ Steady Growth / The Largest Market ~</p>
<ul style="list-style-type: none"> <li>■ The second largest market in the world</li> <li>■ Less growth potential due to the trend of declining population, but stable underwriting income resulting from mortality gain is expected</li> <li>■ Our home market which supports our stable revenue base</li> </ul>	<ul style="list-style-type: none"> <li>■ China has the largest population in the world and its insurance market is still growing</li> <li>■ Rapid growth is expected in the future in Vietnam/Indonesia</li> <li>■ Development of Insurtech is flourishing in Singapore</li> <li>■ Benefit from growth opportunities through technical assistance including channel development, risk management, system development and asset management</li> </ul>	<ul style="list-style-type: none"> <li>■ The largest market in the world</li> <li>■ Benefit from steady growth in the U.S. insurance market through Symetra, our 100% subsidiary</li> </ul>

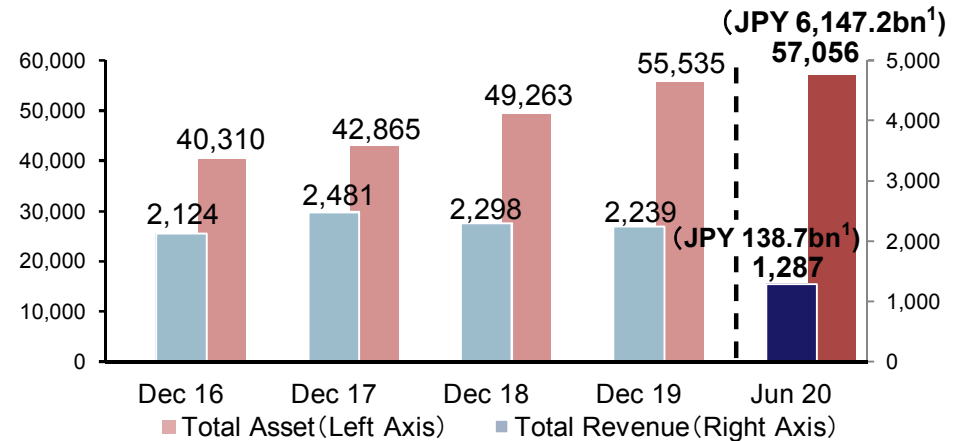
# Initiatives in the U.S. Market ①

Symetra has solid business base across the U.S.  
 Capture steady earnings resulting in improved earnings base and risk diversification.

## Business Development in the U.S. - Symetra (100% subsidiary)

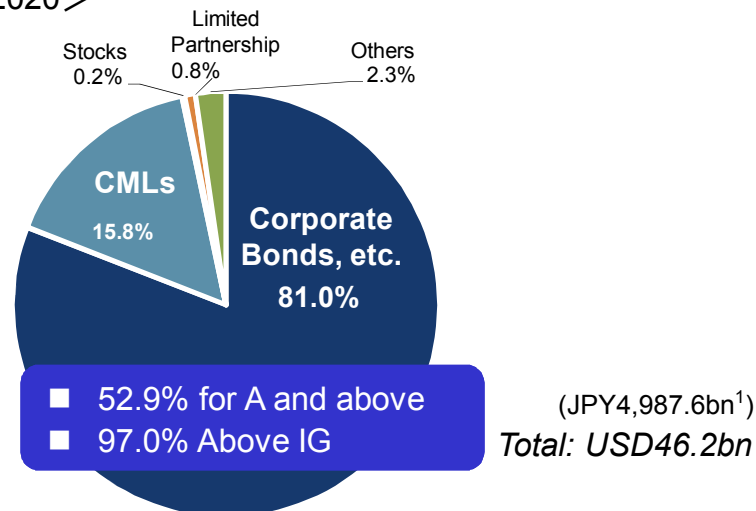
- 100% acquisition of Symetra Financial Corporation (February 2016)
- Number of employees (Consolidated): Approx. 1,900
- RBC Ratio (Risk Based Capital)\*: 420% (As of December 31, 2019)  
\*Calculated without considering 50% of the risk profile (denominator)
- Ratings: A (S&P), A1 (Moody's), A (AM Best)

Total Revenues and Total Assets (USD mn)



## Conservative Investment Policy – Asset Management Portfolio

<As of June 2020>



## Synergy Effects



- Leveraged Symetra's expertise to commence sales in Japan of a fixed indexed annuity product, one of Symetra's core products
- Sharing information about the markets and certain issuers, placing orders for U.S. corporate bonds through Symetra
- Started entrusting investment of investment grade corporate bonds to Symetra's subsidiary from 2H 2019
- Sumitomo Life and Symetra are dispatching personnel to a base in Silicon Valley to gather information on FinTech activities

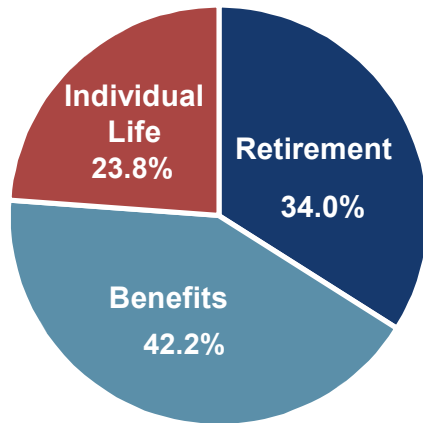
1. USD 1 = JPY107.74 (as of June 30, 2020)

# Initiatives in the U.S. Market ②

Symetra has a balanced business portfolio, and each business line has shown stable growth.

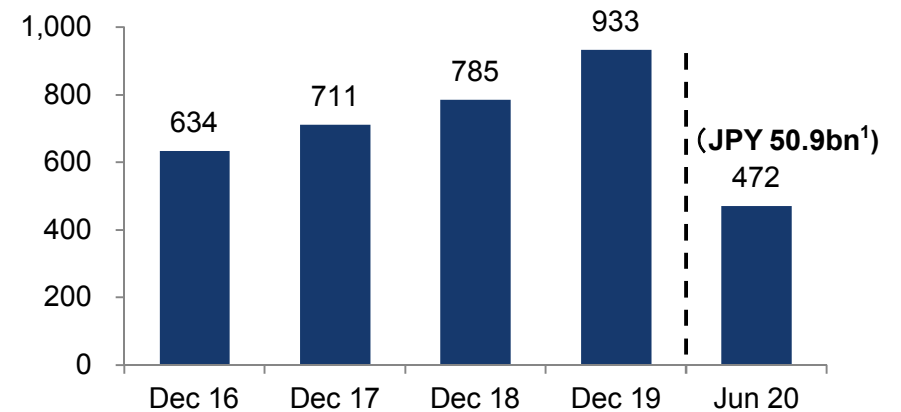
## Balanced Business Portfolio – Ordinary Income by Segment

<As of June 2020>



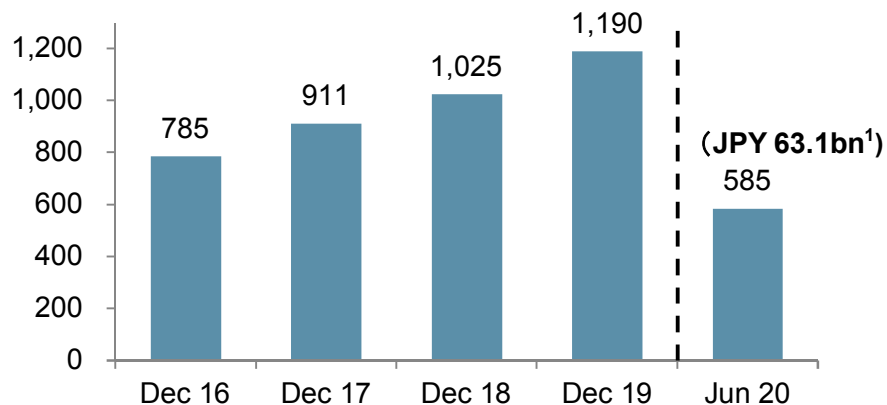
## Ordinary Income from Retirement

USD (mn)



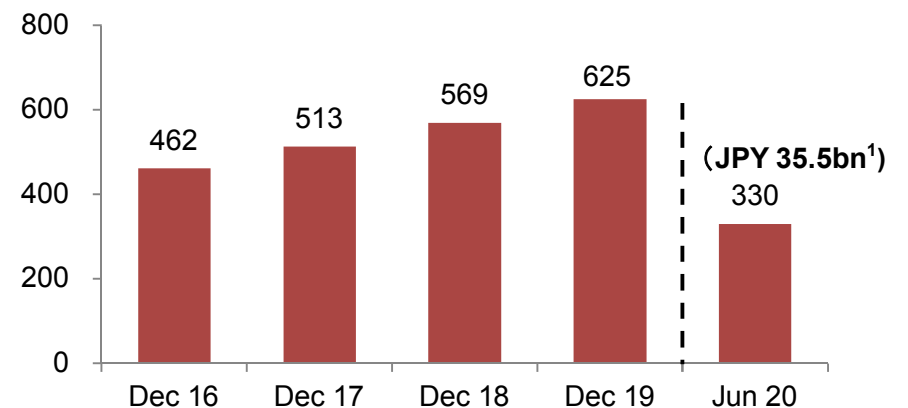
## Ordinary Income from Benefits

USD (mn)



## Ordinary Income from Individual Life

USD (mn)



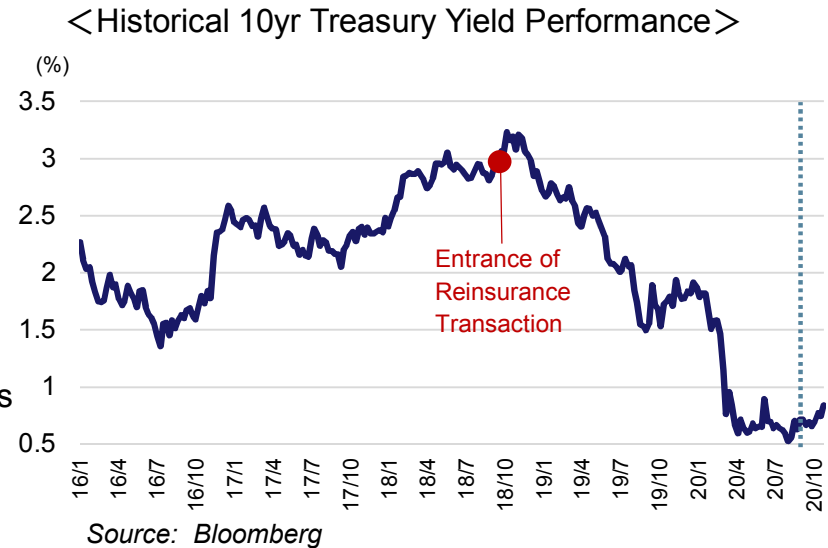
1. USD 1 = JPY107.74 (as of June 30, 2020)

# Initiatives in the U.S. Market ③

Strengthened risk-based capital and long-term financial foundation through reinsurance of block of in-force income annuity contracts, including structured settlements

## Overview of the Reinsurance Transaction

- Reduced exposure to long-term interest rate risk associated with the long-tail nature of the business through the reinsurance transaction
- Had entered into the reinsurance transaction before the interest rates began to fall in December 2018
- The modified coinsurance structure of the transaction requires that Symetra continues to hold the associated invested assets and liabilities on its balance sheet
- Investment returns etc. belongs to the Reinsurer on a statutory accounting basis
- Asset management is executed under the instruction of the Reinsurer



## Positive Impacts from the Reinsurance Transaction

Economic Value	• Contribute to an increase of EV (JPY4.4 billion)
Statutory Income (Loss)	• Avoid future losses by reducing the risk of additional cash flow testing reserve expected with the assumption based on the interest rates at the time of entrance of reinsurance agreement (end of September 2018)
Financial Strength	• RBC ratio improvement • Reduced exposure to be held for covering the cash flows for the super-long liability of the business

# Initiatives in the U.S. Market ④

## Effects of the Reinsurance Transaction to Symetra's GAAP-Based Income (Loss)

Based on the GAAP accounting rules, amounts equivalent to unrealized gains of bonds in the reinsured business are booked as losses for Symetra via FV changes of embedded derivatives in insurance liabilities.

**Accounting Impact #1: Negative impact to GAAP net income (loss) of Symetra when interest-rates decline (positive impact at the time of interest-rates hike)**

Quarterly gains (losses) of the reinsured business are passed to the Reinsurer on a statutory accounting basis and is neutral to statutory earnings of Symetra. However, GAAP BV of bonds held by Symetra is higher than statutory BV due to revaluation when Sumitomo Life acquired Symetra (PGAAP).

**Accounting Impact #2: Negative impact to GAAP net income (loss) of Symetra on sale or maturity of bonds**

## Symetra's Summary P&L

(USD mn)

	Year ended December 31, 2019	Increase (Decrease) as of December 31, 2018	Six months ended June 30, 2020	Increase (Decrease) as of June 30, 2019
Adjusted pre-tax income <sup>1</sup>	172.3	15.7%	52.9	(25.2%)
Benefits	33.9	(38.0%)	(12.0)	-
Retirement	143.9	26.3%	68.9	(2.1%)
Individual Life	24.6	53.8%	6.7	(40.2%)
Other	(30.1)	-	(10.7)	-
Add (deduct) the following:	(549.6)	-	(170.8)	-
Excluded realized gains (losses)	(63.3)	-	(68.8)	-
Amortization of intangible assets	(87.3)	-	(71.9)	-
Closed Block results	(399.0)	-	(30.1)	-
Income (loss) from operations before income tax	(377.3)	-	(117.9)	-
Total provision (benefit) for income taxes	111.8	-	46.3	-
Net income (loss)	(265.5)	-	(71.6)	-

<sup>1</sup> Income from operations before income taxes, excluding results from closed blocks, intangible asset amortization and certain net realized gains (losses).

## Effects of the Reinsurance Transaction

- For the fiscal year ended December 31, 2019, **Symetra recognized negative impact on its GAAP net income (loss) due to decline of interest rates (Accounting Impact #1)**
- For the six months ended June 30, 2020, although the impact from decline of interest rates decreased, **Symetra recognized losses from valuation difference of GAAP and statutory BV of bonds as a result of rebalance of bond portfolio executed under the instruction of the Reinsurer (Accounting Impact #2)**

## Outlook

- When disposition or redemption of bonds is executed in the future:
- Accounting Impact #1:** Bonds newly purchased will be categorized as trading securities
  - Accounting Impact #2:** BV difference for bonds between GAAP and statutory due to PGAAP will decrease
- **Impact to GAAP net income (loss) is expected to gradually lower**

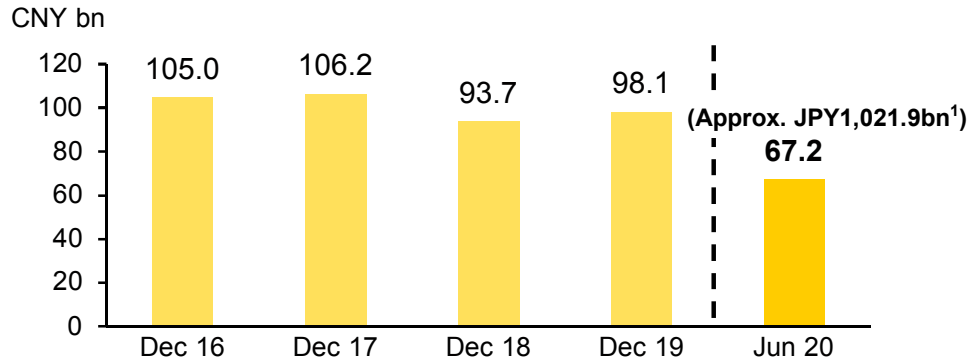
# Initiatives in the Asian Market ①

Partner with local leading companies in the Chinese, Vietnamese and Indonesian markets. The companies we have invested in has shown stable growth, and has contributed to our profit.

## China

- Establishment of PICC Life Insurance Company (November 2005)

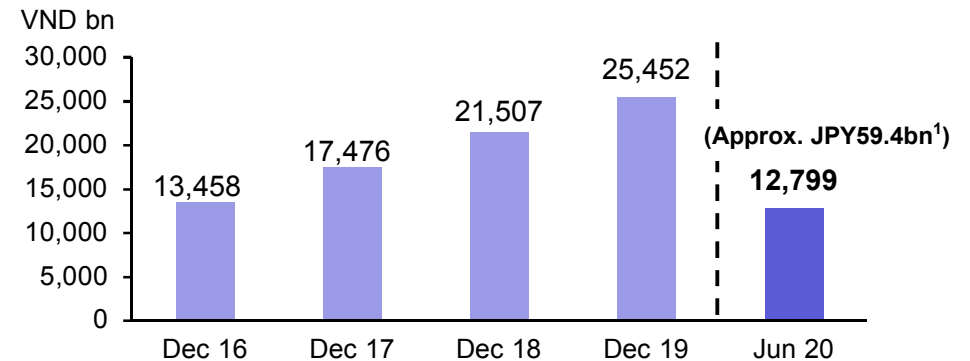
PICC Life's Total Premium Income



## Vietnam

- Investment in Baoviet Holdings (March 2013)

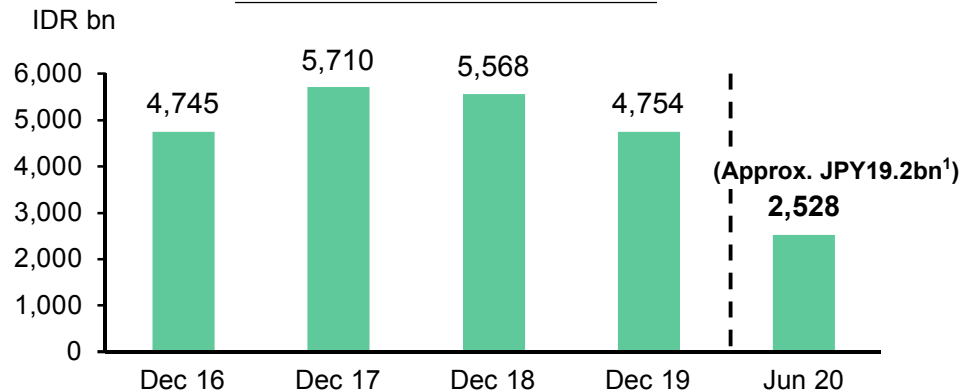
Baoviet's Premium Income from Life Insurance



## Indonesia

- Investment in BNI Life, a subsidiary of Bank Negara Indonesia (BNI) (May 2014)

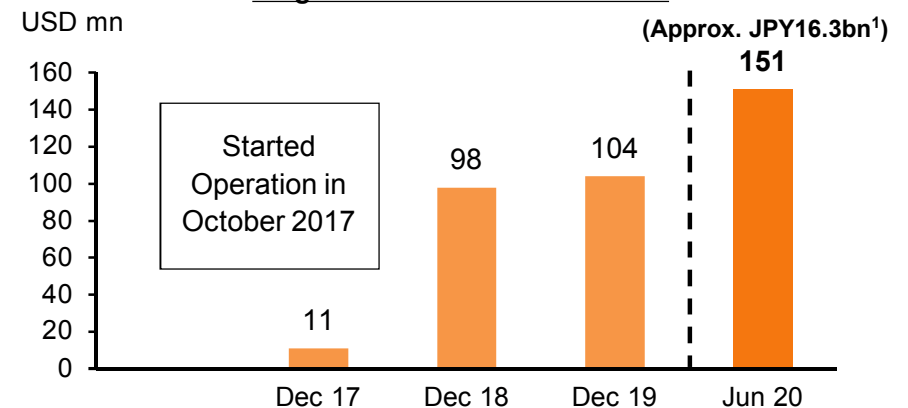
BNI Life's Total Premium Income



## Singapore

- Investment in Singlife (June 2019)

Singlife's Total Premium Income



Source: Company disclosure

1. CNY1 = JPY15.20, VND1 = JPY0.004642, IDR1 = JPY0.0076, USD1 = JPY107.74 (as of June 30, 2020).

# Initiatives in the Asian Market ②

In June 2019, Singlife (Singapore Life), an emerging life-insurance company in Singapore, became our affiliate company (25.11% stake).

In September 2020, we agreed with Singlife for additional investment of SGD 320 million (approx. JPY 25 billion).


## Strength of Singlife

- Emerging life-insurance company harnessing cutting-edge technology  
Singlife harnesses cutting-edge technology to lower its cost of operation and to improve service quality for customers as its strategy
- Aims to provide a comprehensive financial platform  
Singlife currently offers “Singlife Account” which is a capital guaranteed insurance savings plan, as well as term life, universal life, and endowment insurance products with competitive prices through each channel such as direct channel, brokers for high net worth customers and independent financial advisors. Singlife aims to provide a comprehensive financial platform.
- Selected as one of the 2019 Fintech 100 Companies  
Singlife is selected as one of the most successful 100 Fintech companies by KPMG (“the 2019 Fintech 100” by KPMG)

## Aim of the Additional Investment

- Singlife has entered into a transaction with a view to combine with Aviva Plc’s Singapore business (Aviva Ltd, hereinafter “Aviva Singapore,” fifth in the Singaporean market in terms of market share), which insures over 1.5 million customers in Singapore.
- Sumitomo Life has agreed with Singlife for additional investment, to support Singlife to expand its business as a long-term strategic investor. Sumitomo Life will maintain approximately 20% stake in Singlife after this additional investment.

## Company Overview

- Singlife (Invested in June 2019) (equity stake: 25.11%)  Singlife

Established	Established in 2014 and began operations in 2017
Major shareholders	IPGL Limited, Sumitomo Life, Aflac Inc., Aberdeen Standard Investments
Representative	Walter de Oude
Head office	Robinson Road, Singapore
Number of employees	Approximately 76
Total assets	USD363 million (approx. JPY39.1 billion)
Gross premiums	USD104 million (approx. JPY11.2 billion)

- Aviva Singapore

Name	Aviva Ltd
Major shareholders	Aviva Group Holdings Ltd. (100% ownership: Aviva Plc)
Representative	Nishit Majmudar
Gross premiums	Approx. JPY180.0 billion (2019 results) (approx. USD1.6 billion)
Total assets	Approx. JPY770.0 billion (as of December 31, 2019) (approx. USD7.1 billion)
Number of policies in force	Approx. 1 million policies (as of December 31, 2019)
Number of employees	Approx. 800

Note: As of December 31, 2019 (gross premiums and net profit: January 1 to December 31, 2019). Based on the exchange rate of USD 1.00 =JPY 107.74 as of June 30, 2020.

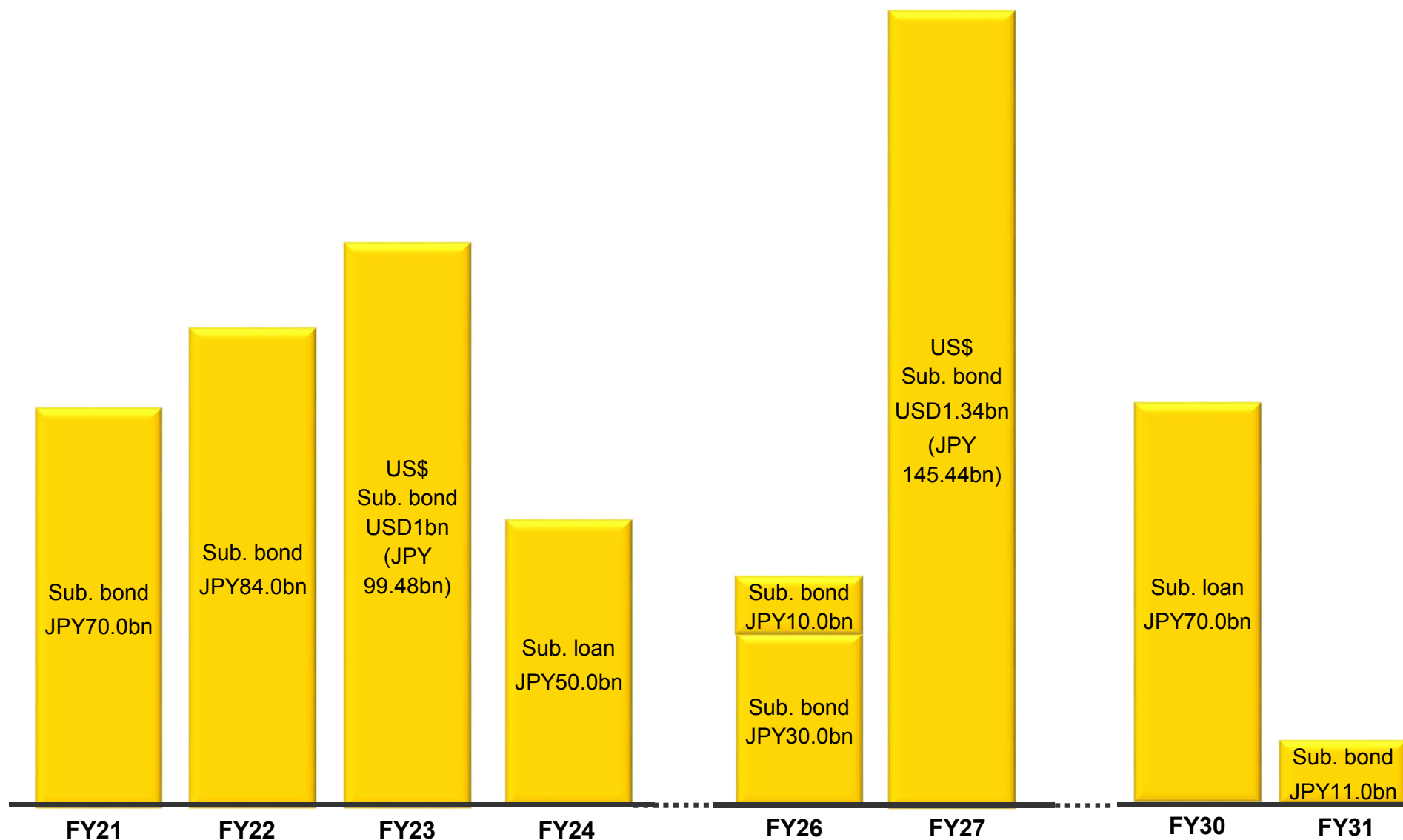
- 
- ① Medium-Term Business Plan
  - ② Multi-Channel and Multi-Product Strategy
  - ③ Asset Management
  - ④ Overseas Business Development

**⑤ Capital Policy**



# External Capital

## Maturity Schedule of External Capital



Note: As of October 31, 2020. The first call maturity coming year for subordinated loans / bonds

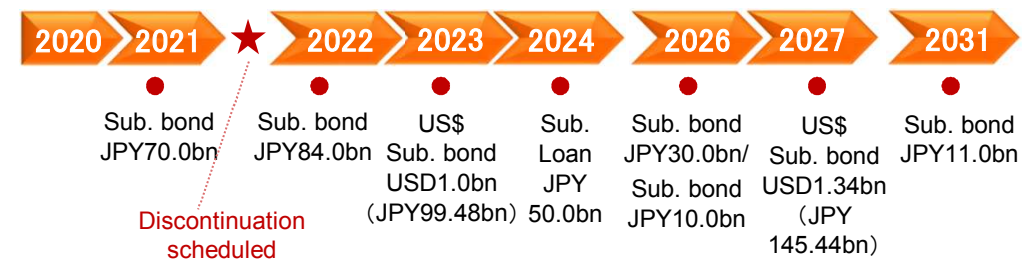
# Transition from LIBOR

## Outstanding Bonds and Loans that are Referencing LIBOR

### <Outstanding Bonds and Loans referencing LIBOR>

Item	No. of issues	Balance (JPY bn)
Issues referencing JPY LIBOR	6	255.0
Subordinated bond	5	205.0
Subordinated loan	1	50.0
Issues referencing USD LIBOR	2	Approx. 245.0
Total	8	Approx. 500.0

### <Maturity Schedule>



Note: The first call maturity coming year for subordinated loans / bonds

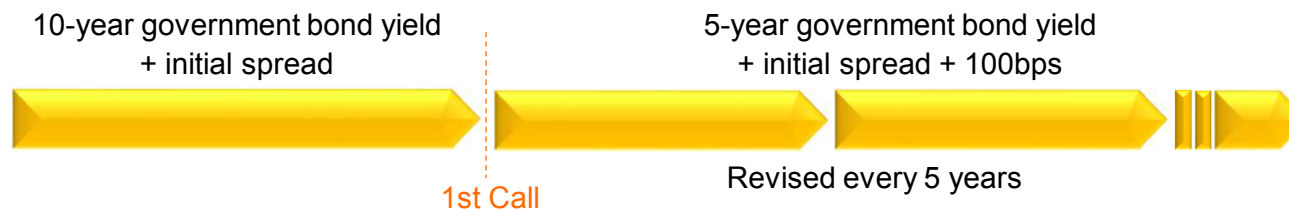
## LIBOR Transition Plans

### <Outstanding Bonds>

<b>Domestic bonds</b>	<ul style="list-style-type: none"> <li>Basically, we will amend contracts by resolutions at bondholder meetings, but we will also gather information on alternative methods that do not require the holding of a bondholder meeting.</li> <li>In cases that bondholder meetings are required to be held, we plan to hold the meetings in 2021, after the procedures will be standardized based on precedent cases.</li> </ul>
<b>144A/RegS bonds</b>	<ul style="list-style-type: none"> <li>Under New York State law, which is the governing law, there are moves to legislate the mandatory application of rates recommended by the ARRC even without an agreement between the parties. Our understanding is that there is basically no need to take actions.</li> </ul>

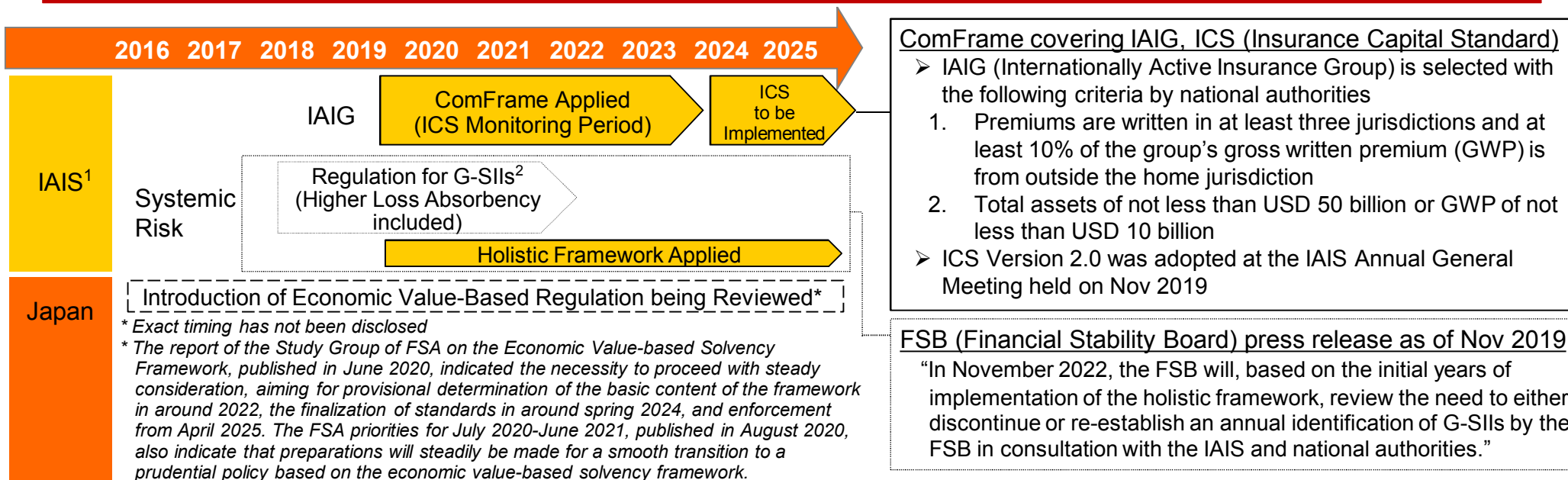
### <Issuances in the future>

- ✓ We used a JGB interest rate benchmark for the interest rate structure of the domestic bond which we issued in October 2020.
- ✓ We plan to employ a rate structure that uses a government bond yield as a benchmark in the future.



# Introduction of Economic Value-Based Capital Regulation

## Introduction of Economic Value-Based Solvency Regulation



<sup>1</sup> International Association of Insurance Supervisors

<sup>2</sup> Global Systemically Important Insurers

## Sumitomo Life's Risk Management System

### Current

#### Risk management based on the requirement by the regulatory authorities

- Solvency margin ratio, etc.



#### Risk management based on internal control (economic value) (from FY2009)

- ESR monitoring: Confirmation of the adequacy of capital, etc.
- Stress testing: Check the impact under multiple risk scenarios

### Future (economic value-based solvency regulation in Japan, 2025 at the earliest)

#### Risk management based on the requirement by the regulatory authorities

- Details have not been confirmed at this time

#### Risk management based on internal control (economic value)

- Make adjustments to internal risk management as necessary, taking into account the requirement by the regulatory authorities

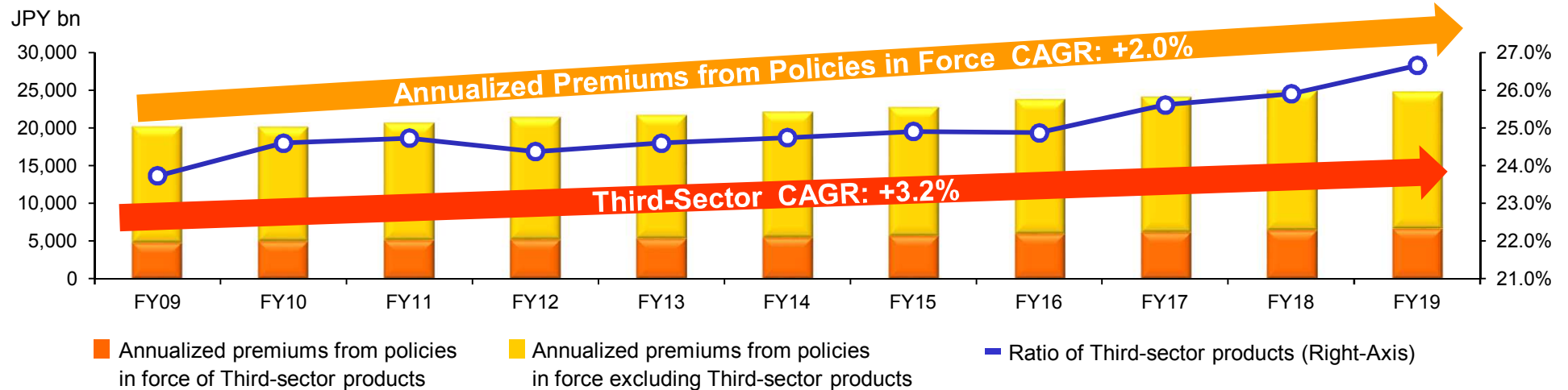


## III. Appendix

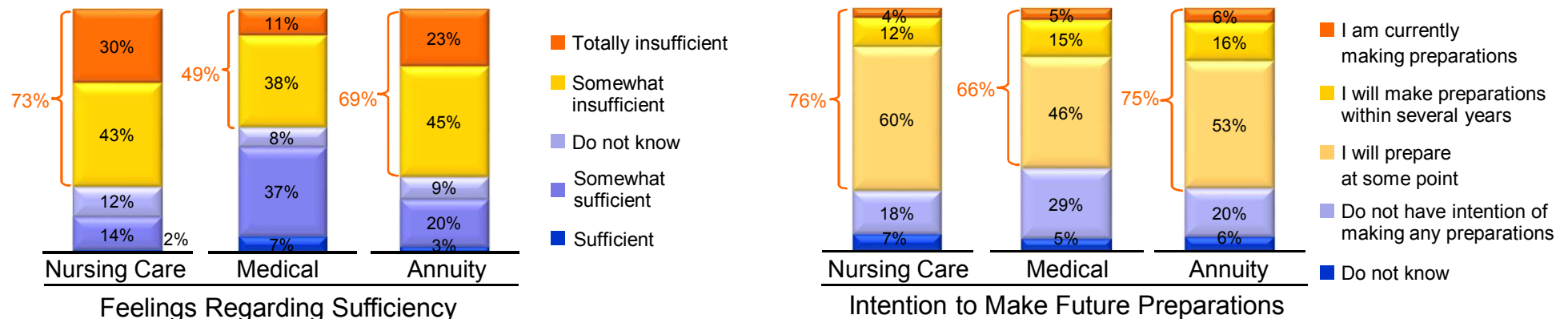
# Domestic Life Insurance Market

The life insurance market in Japan has grown by 2.0% CAGR over the last 10 years, driven primarily by the third-sector insurance.

## Trend of Annualized Premiums from Policies in Force<sup>1</sup>



## Survey on Life Protection (FY2019)



Source: The Life Insurance Association of Japan, Japan Institute of Life Insurance "Survey on Life Protection"

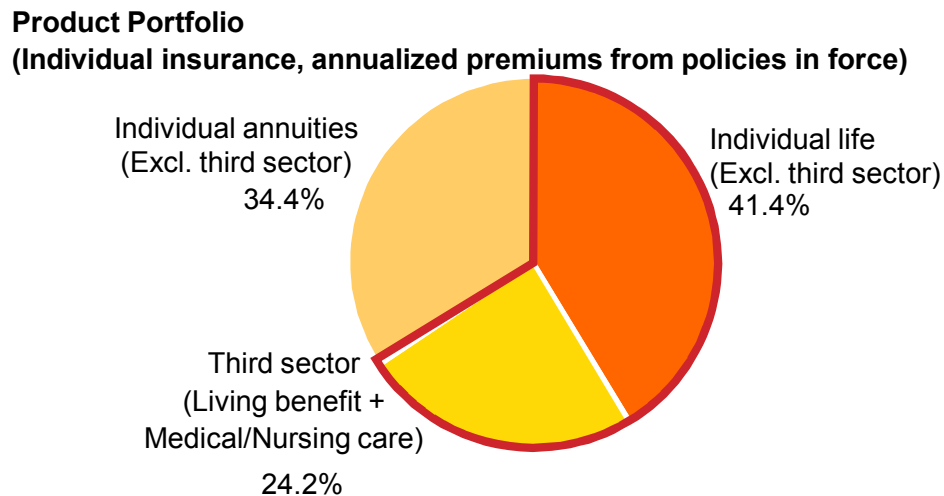
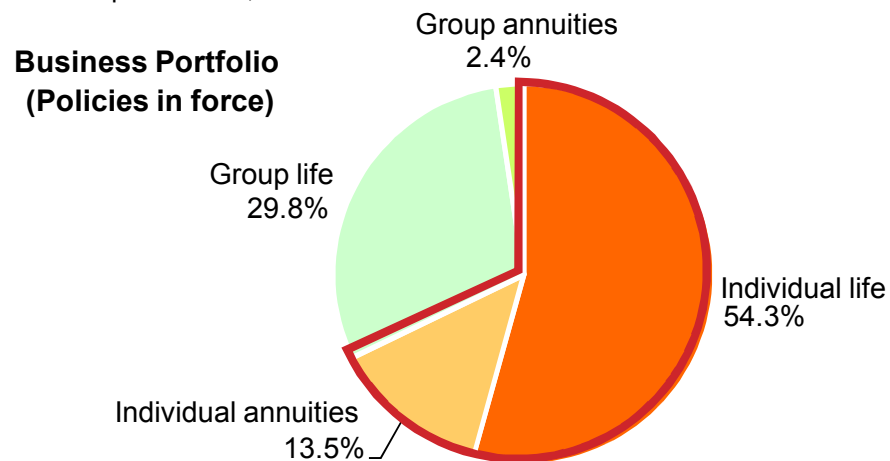
1 Excluding Japan Post Insurance

# Attractive Domestic Business Model

We offer broad insurance products with a focus on protection products in highly profitable individual life insurance. Even under the low-interest rate environment, we have maintained profitability mainly thanks to our stable insurance underwriting profit.

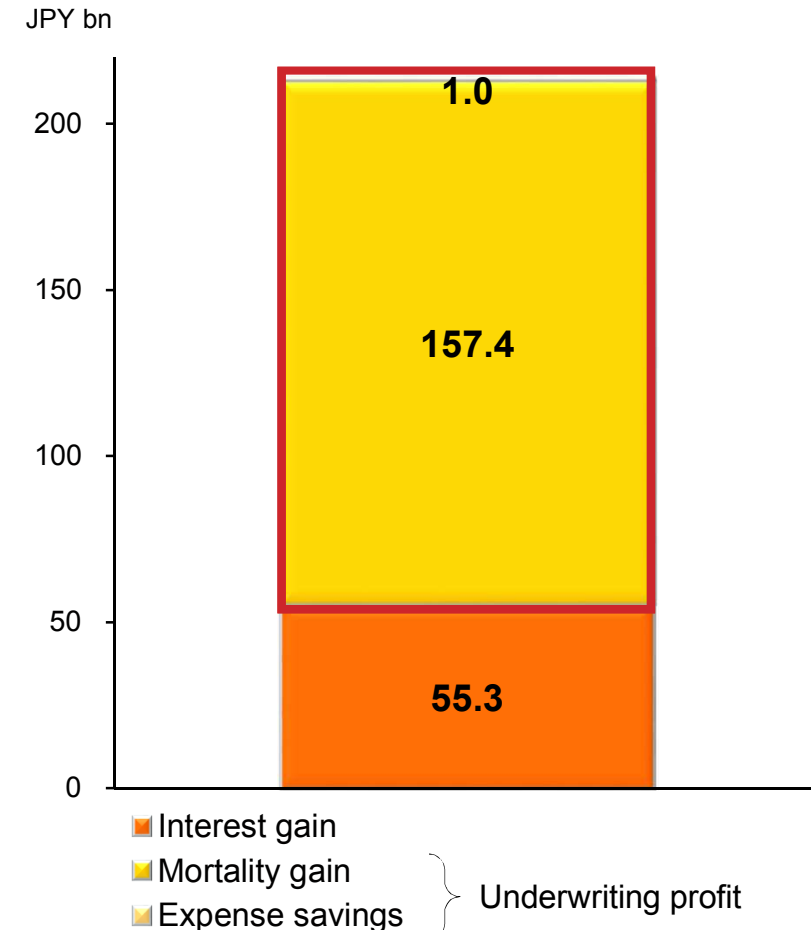
## Business / Product Portfolio (Non-consolidated)

<As of September 30, 2020>



## Three Surplus Factors (Non-consolidated)

<As of September 30, 2020>

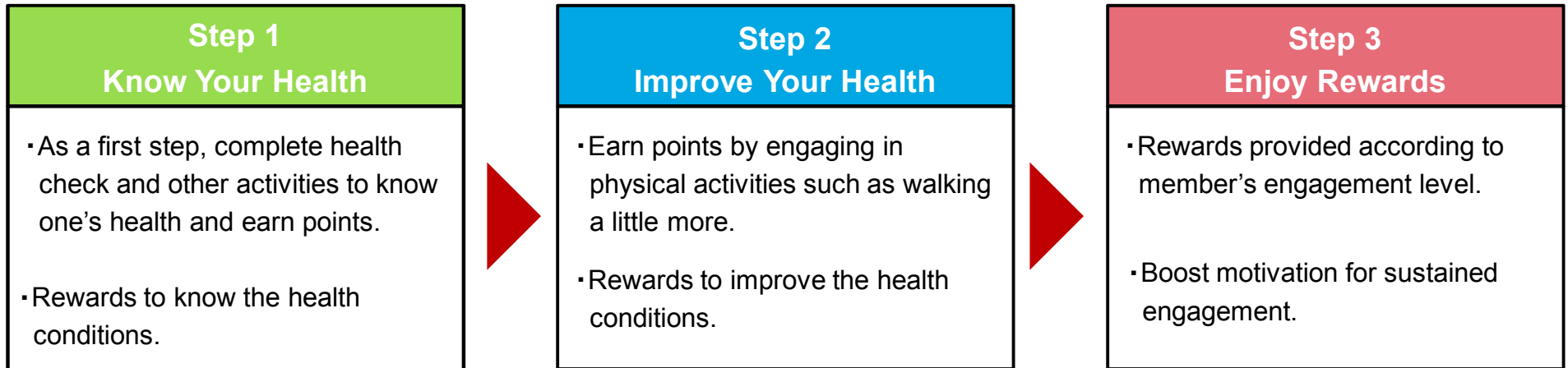


# How Vitality Program Works

A proprietary program developed by Discovery had been localized by Sumitomo Life to adopt to the local lifestyles, guidelines etc. in Japan.

A framework consists of three steps to assist program members to enjoy the program and become healthier.

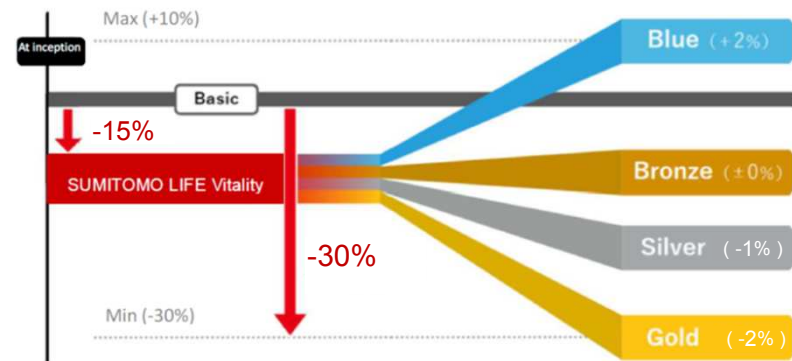
## How Vitality Program Works



## Vitality Status and Points



## Illustrative Premium Flex Design



# Global Network of Vitality

Discovery has a global network of Vitality with 20 million members across 24 countries and regions worldwide (as of April 30, 2020).

Sumitomo Life is the exclusive partner insurer for the Japanese market.

## Global Network of Vitality



\* Each country and region has its own point distribution standards, status levels and other aspects of the Vitality program

### <Overview of Discovery Limited>

Established	1992
Representative	Adrian Gore, Group Chief Executive
Head office	Sandton, Johannesburg, South Africa
Stock listing	Johannesburg Stock Exchange (JSE)
Total assets (as of June 30, 2020)	ZAR 210,328 million (JPY 1,314.5 billion)*

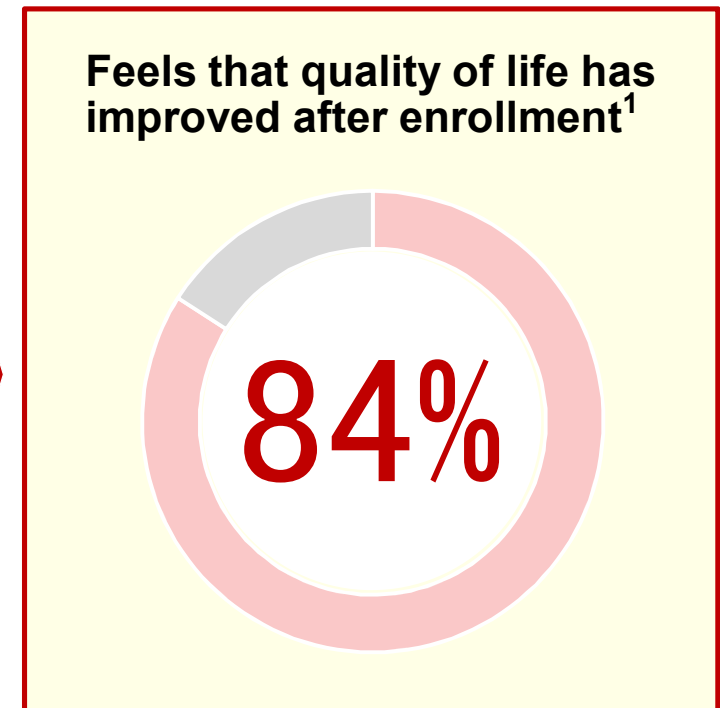
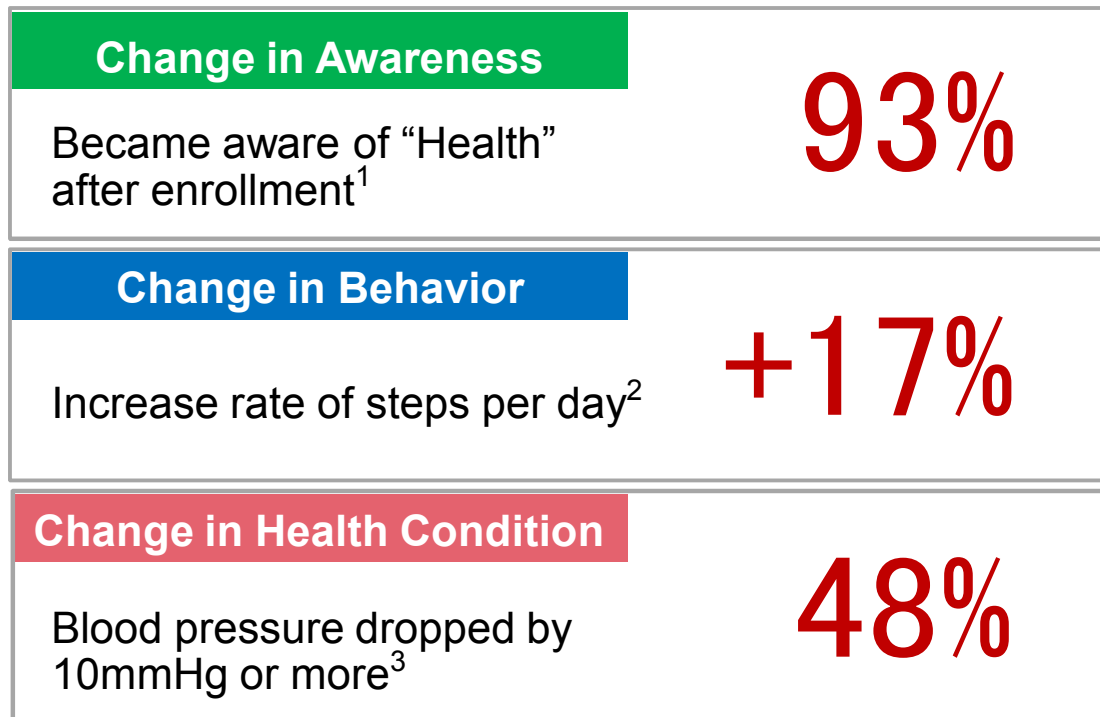
\* ZAR 1 = 6.25 JPY (exchange rate as of September 30, 2020); Discovery Limited's financial year end is June 30



# Contribution of SUMITOMO LIFE Vitality

SUMITOMO LIFE Vitality contributes to change in awareness, behavior, and health condition of policyholders

## Change in Awareness, Behavior and Health Condition of Policyholders



1 Questionnaire by Sumitomo Life. The number of responses:15,702 (excluding Sumitomo Life employees).

2 Condition at the end of May 2019, of policies written from September to November 2018. Comparison of steps in the first month after enrollment (8,260steps) and those from the second month onward (9,655steps).

3 For persons whose systolic blood pressure was over 140mmHg at enrollment, of policies written from September to November 2018. Comparison of results of health checks submitted at the time of enrollment and those submitted after enrollment.

# Acquisition of AIARU Small Amount & Short Term Insurance

Acquired AIARU Small Amount & Short Term Insurance Co., LTD as a subsidiary in August 2019, and built a flexible product development structure consisting of Sumitomo Life, Medicare Life and AIARU

## Small-amount and Short-term Insurance Business

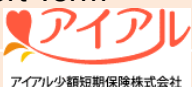
Deals only with the underwriting of protection-type insurance products, in small insurance amounts in short insurance terms of one year (two years for non-life insurance) within a certain business scale

<Key differences between regulations on insurance companies and on small-amount and short-term insurance companies>

	Insurance companies	Small-amount and short-term insurance companies
<b>Conditions for market access</b>	License granted by Commissioner of the Financial Services Agency	Registration with a local finance bureau
<b>Business scale</b>	No limit	Annual insurance premiums receivable of no more than JPY 5 billion <sup>1</sup>
<b>Product examination</b>	Approval (notification for some products)	Notification
<b>Limit on insurance amount (original rule)</b>	No limit	Limit on insurance amount per insured person, depending on the insurance category (maximum of JPY 10 million)
<b>Limit on insurance term</b>	No limit	One year (two years for non-life insurance)

<sup>1</sup> Calculated by adding reinsurance recoverables and reinsurance fees to insurance premiums receivable in one business year, and then subtracting reinsurance premiums and premium refunds for policy surrender.

## Overview of AIARU

Company name	AIARU Small Amount & Short Term Insurance Co., LTD. <sup>2</sup>	
Establishment	April 1984	アイアル少額短期保険株式会社
Representative	Katsuyuki Ando, President and Representative Director	
Head office	Nihonbashi Odenmachi, Chuo-ku, Tokyo	
Capital	JPY 149.0 million <sup>3</sup>	

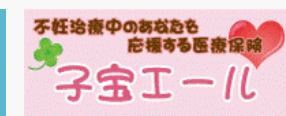
<sup>2</sup> In February 2011, Gakuso Co., Ltd. and Rise Small Amount & Short Term Insurance Co., LTD. merged to become AIARU Small Amount & Short Term Insurance Co., LTD.

<sup>3</sup> As of September 30, 2020

## AIARU's Strengths

AIARU has developed many unique products, based on the concept of developing original insurance products that meet market needs.

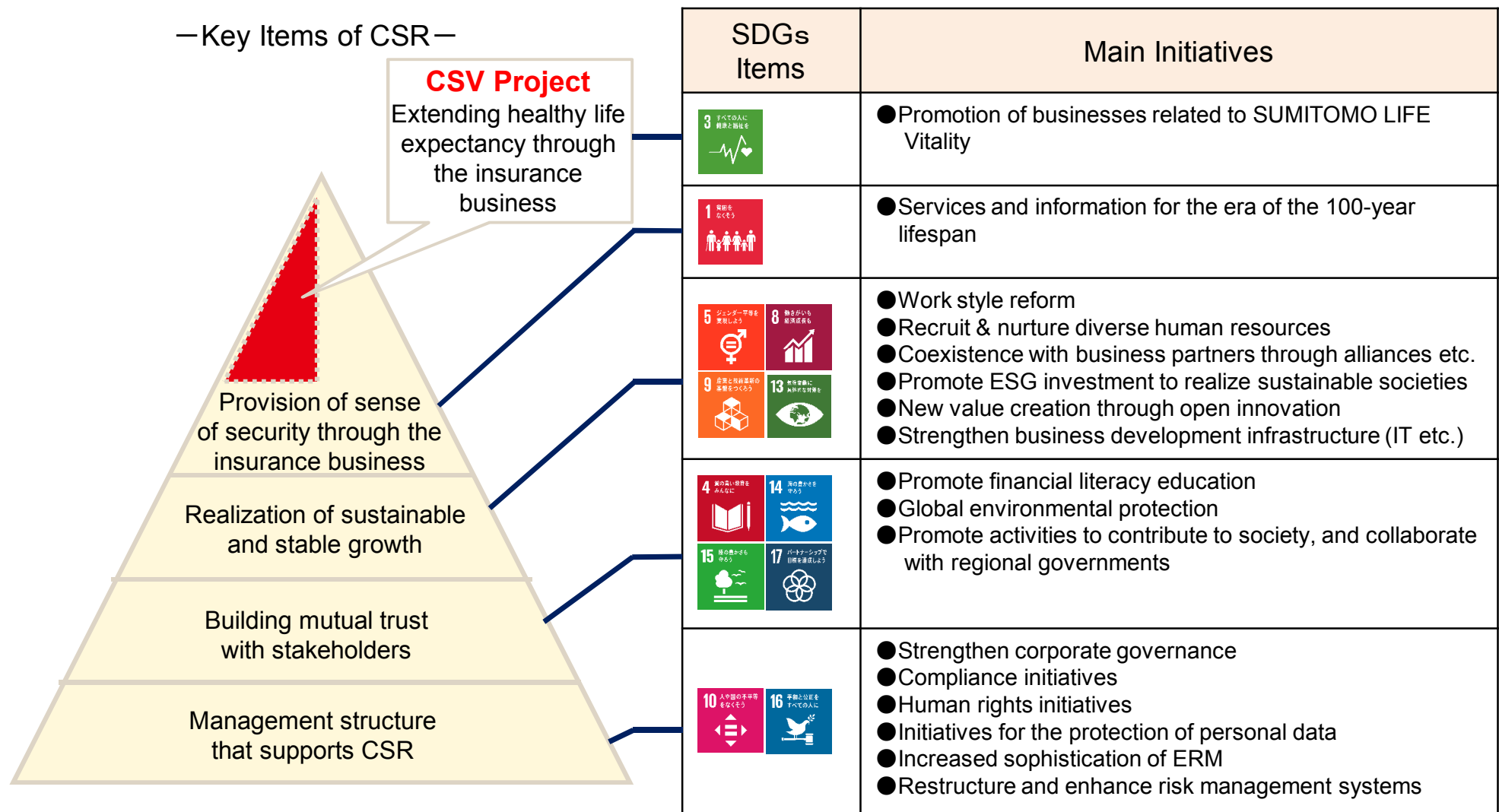
<Key products>



# Our Contribution to the SDGs①

We promote CSR management, aiming to contribute to the realization of a society of affluence, vitality and longevity through the sound operation and development of the insurance business.

## Key Items of CSR<sup>1</sup> and the SDGs We Aim to Contribute To



1. Five items that are important in the promotion of CSR management, which also leads to the achievement of SDGs.

# Our Contribution to the SDGs②

The Sustainability Promotion Council was set up with the objective of promoting sustainability initiatives. It implements initiatives to achieve the SDGs, with a focus on contributing to a healthy and long-living society through SUMITOMO LIFE Vitality.

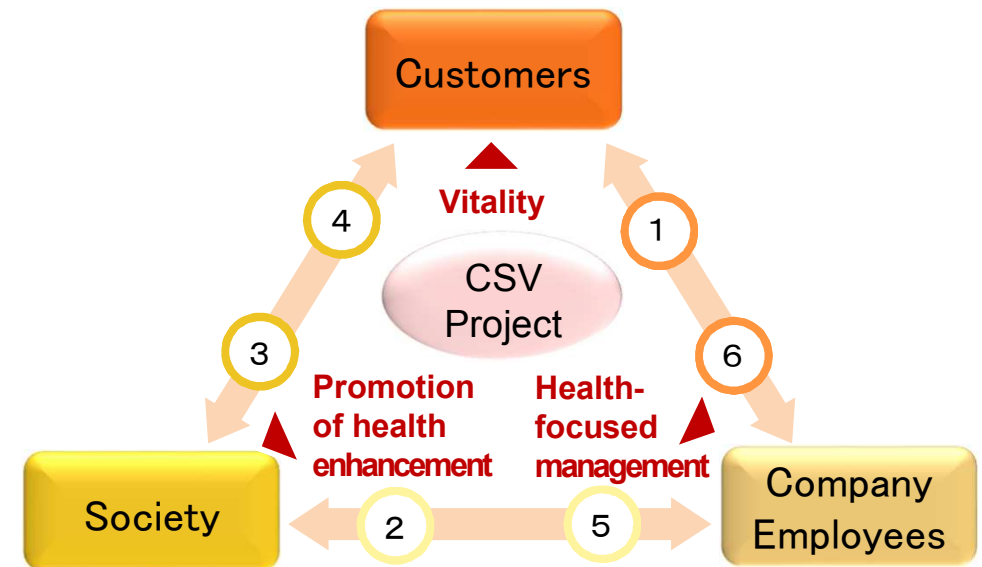
## Sustainability Promotion Council

Promote the sharing of social and environmental issues, such as SDGs, as well as initiatives to solve them



## CSV<sup>1</sup> Project

Contribute to the realization of a healthy and long-living society through the provision of SUMITOMO LIFE Vitality Shared-Value Insurance, promotion of health enhancement and health-focused management



- (1) Contribute to health enhancement of customers through SUMITOMO LIFE Vitality
- (2) Convey the importance and value of health enhancement to the world
- (3) Contribute to a "healthy and long-living society" by enhancing health of customers
- (4) Those who understand the importance and value of health enhancement become new customers
- (5) Cultivate pride and job satisfaction by contributing and being indispensable to the society
- (6) Positive evaluation as an entity that supports health

1. CSV is abbreviation of Creating Shared Value and a business concept which means achieving both resolving social challenges and increasing corporate value (including profit and competitiveness).

# Material Issues for Achieving the SDGs – FY2020 Approach ①

Key Items of CSR	Our Visions	Main Initiatives	Initiative Indicators
Extending healthy life expectancy through the insurance business	Contribute to extending healthy life expectancy in Japan through the insurance business, with a view to realizing a society where people can continue to live with peace of mind in good health	Promotion of businesses related to SUMITOMO LIFE Vitality	<ul style="list-style-type: none"> <li>Implementation of the CSV project centered around health enhancement</li> </ul>
Provision of sense of security through the insurance business	Provide all people with suitable life insurance products and services, as well as security that they will lead to, by pursuing customer-oriented management	Services and information for the era of the 100-year lifespan	<ul style="list-style-type: none"> <li>Provision of products and services that contribute to solving social issues</li> <li>Promotion of initiatives that contribute to fulfilling our role in a highly graying society</li> <li>Provision of products and services optimized for each customer's circumstances and situation by fusing unique human value and digital technology</li> <li>Stepping up efforts based on the "Policy on customer-oriented business operations"</li> </ul>
Realization of sustainable and stable growth	Under a management policy to be passed down through the ages, continue to grow steadily while responding to changes and reforms in society	Work style reform	<ul style="list-style-type: none"> <li>Promotion of work-life balance                             <ul style="list-style-type: none"> <li>The rate of childcare leave taken by male employees: 100%</li> <li>Percentage of employees who actually feel the effects of work style reform: 90% or more (FY2022)</li> <li>Percentage of employees who are able to work from the customer/market perspective: 80% or more (FY2022)</li> <li>Percentage of employees who have taken at least 17 days of paid annual leave: 80% (FY2022)</li> </ul> </li> </ul>
		Recruitment & nurturing of flexible and diverse human resources	<ul style="list-style-type: none"> <li>Promotion of women's participation                             <ul style="list-style-type: none"> <li>Percentage of female employees in managerial positions: 33% or more</li> </ul> </li> <li>Promotion of employment of persons with disabilities (initiative to meet the legally required employment rate)</li> </ul>
		Coexistence with business partners through alliances, etc.	<ul style="list-style-type: none"> <li>Maintaining sound relationships with all business partners</li> <li>Provision of products and services through business tie-ups and strengthening of partnerships with financial institutions, etc.</li> </ul>
		Promotion of ESG investment and financing to realize sustainable societies	<ul style="list-style-type: none"> <li>Investment and financing decisions using ESG information in addition to quantitative information</li> <li>Promotion of engagement activities, taking ESG issues of investee companies into account</li> <li>Investments in bonds, etc. aimed at resolving ESG issues (ESG bonds)                             <ul style="list-style-type: none"> <li>Target of investments in ESG bonds, etc.: ¥300 billion (3-year total)</li> </ul> </li> </ul>
		New value creation through open innovation	<ul style="list-style-type: none"> <li>Creation of new value for customers and society through open innovation and digital innovation</li> </ul>
		Strengthening business development infrastructure (IT, etc.)	<ul style="list-style-type: none"> <li>Infrastructure investment that contributes to continuous maintenance and improvement of service quality and cost control</li> </ul>

# Material Issues for Achieving the SDGs – FY2020 Approach ②

Key Items of CSR	Our Visions	Main Initiatives	Initiative Indicators
Building mutual trust with stakeholders	Meet the expectations of stakeholders and aim to be a company that is trusted and supported by them	Promotion of financial literacy education	• External delivery of endowed lectures and promotion of understanding of life insurance and life planning for all generations
		Global environmental protection	• Promotion of energy and resource conservation in business activities, initiatives for climate change issues, and environmental protection activities CO2 emissions: 40% reduction from the FY2013 level (FY2030)
		Promotion of activities to contribute to society, and collaboration with regional governments	• Promotion of contribution to local communities and society Participation rate in Sumisei “Humany” activities (staff volunteers): 100% • Promotion of collaboration with local governments (status of collaboration with local governments)
Management structure that supports CSR	Contribute to the creation of a sustainable society by conducting honest business operations and building a sound financial base	Strengthening of corporate governance	• Realization of a company that values customer feedback by creating a highly transparent mutual company organization
		Compliance initiatives and initiatives for the protection of personal data	• Development of compliance framework and cultivation of compliance mindset • Elimination of relationships with antisocial forces • Strict management of personal information through systems, training, and networks, and further enhancement of security
		Human rights initiatives	• Raising human rights awareness among employees and building a workplace culture that respects human rights
		Increased sophistication of ERM (including risk management systems)	• Use of risk-return indicators and steady execution of operations based on capital allocation. Improvement taking effectiveness into account • Appropriate control over the balance between risk and capital
Steady implementation of the Medium-Term Business Plan			• KGI for the Medium-Term Business Plan Number of customers (policies in force): 14.00 million (FY2022) <sup>1</sup> Annualized premium of policies in force: ¥2,310 billion (FY2022) <sup>2</sup> Of which, living benefits, medical coverage, etc.: ¥610 billion (FY2022) <sup>2</sup> Core business profit for domestic business: ¥901 billion (3-year total) <sup>2</sup> Core business profit for overseas business: ¥103 billion (3-year total) <sup>3</sup>

1. Sumitomo Life + Medicare Life + business alliance partners. Number of individual life insurance and individual annuities, including products provided by our business alliance partners (Mitsui Sumitomo Insurance, NN Life, Sony Life).

2. Sumitomo Life + Medicare Life.

3. Symetra, etc.

# Solvency Margin Ratio (Consolidated)

## Solvency Margin Ratio (Consolidated)

JPY bn

Items	As of Mar 2020	As of Sep 2020
Solvency Margin Gross Amount (A)	<b>4,264.5</b>	<b>5,012.1</b>
Foundation funds and others	505.1	507.9
Reserve for price fluctuation	787.7	825.0
Contingency reserve	419.1	460.5
General allowance for possible loan losses	0.7	3.6
(Net unrealized gains (losses) on available-for-sale securities (before income tax effect adjustments) and deferred unrealized gains (losses) on derivatives under hedge accounting (before income tax effect adjustments)) x 90% (Multiplied by 100% if losses)	1,171.6	1,815.2
Net unrealized gains on real estate x 85% (Multiplied by 100% if losses)	96.0	101.6
Total amount of unrecognized actuarial gains (losses) and unrecognized past service costs	(5.7)	(10.1)
Excess of continued Zillmerized reserve	796.4	815.3
Qualifying subordinated debt	499.9	499.9
Deduction clause	(76.8)	(77.8)
Others	70.2	70.7
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)	<b>980.2</b>	<b>1,067.0</b>
Insurance risk $R_1$	91.8	91.8
Large disaster risk $R_6$	0.0	0.0
Third-sector insurance risk $R_8$	81.0	81.9
Insurance risk of small-amount, short-term insurer $R_9$	0.0	0.0
Risk of assumed yield $R_2$	188.7	184.9
Minimum guarantee risk $R_7$	6.0	5.7
Investment risk $R_3$	747.4	837.6
Operational risk $R_4$	22.3	24.0
Solvency Margin Ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	<b>870.0%</b>	<b>939.4%</b>

Note: General insurance risk ( $R_5$ )

# Historical Issuances of Sumitomo Life

## Historical Issuances

Issue Date	Type	Years to Maturity	Maturity Date	Amount (JPY bn)	First Call Date	Coupon	Security Ratings
<b>Subordinated Bonds</b>							
20-Sep-2013	144A/RegS	60yr	20-Sep-2073	USD 1bn	20-Sep-2023	6.50% until Sep 2023, thereafter 3m\$LIBOR+444bps (100bps step up)	Moody's: A3 S&P: A-
29-Jun-2016	Domestic/ Private	60yr	29-Jun-2076	70	29-Jun-2021	0.84% until Jun 2021, 6m¥LIBOR+90bps until Jun 2026, thereafter 6m¥LIBOR+190bps	R&I: A
29-Jun-2016	Domestic/ Private	60yr	29-Jun-2076	30	29-Jun-2026	1.04% until Jun 2026, thereafter 6m¥LIBOR+195bps (100bps step up)	R&I: A
21-Dec-2016	Domestic/ Private	60yr	21-Dec-2076	84	21-Dec-2022	1.13% until Dec 2022, thereafter 6m¥LIBOR+95bps until Dec 2026, thereafter 6m¥LIBOR+195bps	R&I: A
21-Dec-2016	Domestic/ Private	60yr	21-Dec-2076	10	21-Dec-2026	1.30% until Dec 2026, thereafter 6m¥LIBOR+199bps (100bps step up)	R&I: A
21-Dec-2016	Domestic/ Private	60yr	21-Dec-2076	11	21-Dec-2031	1.55% until Dec 2031, thereafter 6m¥LIBOR+200bps (100bps step up)	R&I: A
14-Sep-2017	144A/RegS	60yr	14-Sep-2077	USD 1.34bn	14-Sep-2027	4.00% until Sep 2027, thereafter 3m\$LIBOR+299.3bps (100bps step up)	Moody's: A3 Fitch: A-
<b>Subordinated Loan</b>							
26-Jun-2019	Domestic/ Securitization	60yr	21-Jun-2079	50	26-Jun-2024	0.66% until Jun 2024, thereafter 6m¥LIBOR+71bps until Jun 2029, thereafter 6m¥LIBOR +171bps	R&I: A
20-Oct-2020	Domestic/ Securitization	60yr	15-Oct-2080	70	20-Oct-2030	1.105% until Oct 2030, thereafter 5yrJGB+208bps (100bps step up)	R&I: A

Note: As of October 31, 2020. Issuances that are already redeemed are excluded



# Key Performance Indicators

## Key Performance Indicators (Group)

JPY bn

	Group		Sumitomo Life		Medicare Life		Symetra	
	Sep 2020	Increase(decrease) as % of Mar 31, 2020	Sep 2020	Increase(decrease) as % of Mar 31, 2020	Sep 2020	Increase(decrease) as % of Mar 31, 2020	Jun 2020	Increase(decrease) as % of Dec 31, 2019
Annualized premiums from policies in force	2,801.8	(0.2%)	2,288.2	(0.6%)	47.1	13.5%	466.5	0.9%

	Group		Sumitomo Life		Medicare Life		Symetra	
	1H FY2020	Increase(decrease) as % of Sep 30, 2019	1H FY2020	Increase(decrease) as % of Sep 30, 2019	1H FY2020	Increase(decrease) as % of Sep 30, 2019	1H FY2020	Increase(decrease) as % of Jun 30, 2019
Annualized premiums from new policies	97.4	(14.2%)	40.0	(32.6%)	6.8	124.5%	50.6	(1.1%)

	Group		Sumitomo Life		Medicare Life		Symetra	
	Sep 2020	Increase(decrease) compared to Mar 31, 2020	Sep 2020	Increase(decrease) compared to Mar 31, 2020	Sep 2020	Increase(decrease) compared to Mar 31, 2020	Jun 2020	Increase(decrease) compared to Dec 31, 2019
Solvency margin ratio	939.4%	69.4pt	933.6%	60.0pt	1,664.7%	(685.7pt)	-	-

EEV	4,297.5	713.3	4,502.0	759.5	167.7	21.0	174.3	(72.1)
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	Group		Sumitomo Life		Medicare Life		Symetra	
	1H FY2020	Increase(decrease) compared to Sep 30, 2019	1H FY2020	Increase(decrease) compared to Sep 30, 2019	1H FY2020	Increase(decrease) compared to Sep 30, 2019	1H FY2020	Increase(decrease) compared to Jun 30, 2019
Value of new business	26.7	(37.9)	21.5	(40.6)	8.6	5.9	(3.4)	(3.2)

Note: Group EEV is calculated as Sumitomo Life's EEV + Medicare Life's EEV + Symetra's EEV - book value of Medicare Life's equity and Symetra's equity owned by Sumitomo Life  
The fiscal year-end of Symetra is December 31 (Exchange rate as of June 30, 2020 is JPY107.74 to US\$1.00)

# Financial Statements (Key Items)

## Financial Statements (Consolidated)

### Consolidated Income Statement

	1H FY2020						1H FY2020	
	Consolidated		Sumitomo Life		Medicare Life		Symetra	
	(JPY bn)	Increase(decrease) as % of Sep 30, 2019	(JPY bn)	Increase(decrease) as % of Sep 30, 2019	(JPY bn)	Increase(decrease) as % of Sep 30, 2019	(USD mn)	Increase(decrease) as % of Jun 30, 2019
Ordinary income	1,723.9	(2.2%)	1,523.6	(2.6%)	23.6	13.9%	1,287	30.5%
Ordinary expenses	1,682.6	(4.3%)	1,460.6	(4.0%)	31.4	26.8%	1,405	9.2%
Ordinary profit	41.3	901.0%	62.9	46.5%	(7.8)	-	(117)	-
Net surplus for 1H	9.1	-	24.0	(3.9%)	(5.8)	-	(71)	-

### Consolidated Balance Sheet

	Sep 2020						Jun 2020	
	Consolidated		Sumitomo Life		Medicare Life		Symetra	
	(JPY bn)	Increase(decrease) as % of Mar 31, 2020	(JPY bn)	Increase(decrease) as % of Mar 31, 2020	(JPY bn)	Increase(decrease) as % of Mar 31, 2020	(USD mn)	Increase(decrease) as % of Dec 31, 2019
Total assets	40,098.1	3.8%	34,336.7	4.2%	233.5	4.0%	57,056	2.7%
Total liabilities	38,060.9	2.7%	32,252.6	3.0%	215.8	7.6%	52,345	2.2%
Total net assets	2,037.2	30.1%	2,084.1	27.2%	17.6	(26.1%)	4,710	8.7%

Note: US-GAAP for Symetra

Net surplus for 1H in consolidated is net surplus attributable to the parent company

The fiscal year-end of Symetra is December 31

"-" for increase (decrease) when the target figure is negative

## [Inquiries Regarding This Material]

Sumitomo Life Insurance Company

Corporate Planning Department, Capital Planning Section

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