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# 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> – FY2020 (as of Mar. 2021)</u>	
■ Premium income:	JPY 2.41tn (USD 21.8bn)
■ Core business profit <sup>2</sup> :	JPY 357.0bn (USD 3.2bn)
■ Total assets:	JPY 41.09tn (USD 371.1bn)
■ Annualized premiums from policies in force <sup>3</sup> :	JPY 2.80tn (USD 25.3bn)
■ Solvency margin ratio:	862.5%
■ Embedded value <sup>4</sup> (EEV):	JPY 4.48tn (USD 40.5bn)
■ Number of sales representatives:	35,163
■ Insurer financial strength rating <sup>5</sup> :	A+ [S&P], A1 [Moody's], AA- [R&I], AA- [JCR], A+ [Fitch]

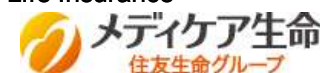
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## Group Overview<sup>6</sup>

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 99.85% of the shares

Insurance Outlets



Izumi Life Designers / INSURANCE DESIGN / Agent / Mycommunication

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

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

Aviva Singlife Holdings

- Holding company with Aviva Singapore, one of the largest domestic insurance companies, and Singlife, an emerging insurance company that aims to harnesses cutting-edge technology
- Owns 20.75% of the shares

Source: Company disclosure

1. Consolidated figures. USD amounts in parentheses in this presentation (except as otherwise stated) are translated from JPY using USD1 = JPY110.71, as of March 31, 2021.
2. Core business profit of the group (see page 7 for details)
3. Figures for individual life and individual annuity for domestic business (see page 6 for details)
4. Combined figures of Sumitomo Life's EEV, Medicare Life's EEV and Symetra's EEV (see page 8 for details)
5. As of April 30, 2021. The rating from Fitch is unsolicited
6. As of March 31, 2021 on ownership

# Key Highlights

## ◇ FY2020 Results

- ✓ Annualized premiums from policies in force remained at a stable level. . . . P.6  
Annualized premiums from new policies decreased as a result of refraining from sales visits due to the spread of COVID-19 in 1H, etc.
- ✓ Group core business profit decreased year on year due to investment for long-term growth, costs for dealing with the spread of COVID-19, etc. . . . P.7
- ✓ 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.8
- ✓ Established a strong capital base consisting mainly of internal reserves and surplus . . . P.9



# I . FY2020 Business Results

# Impact of the Pandemic

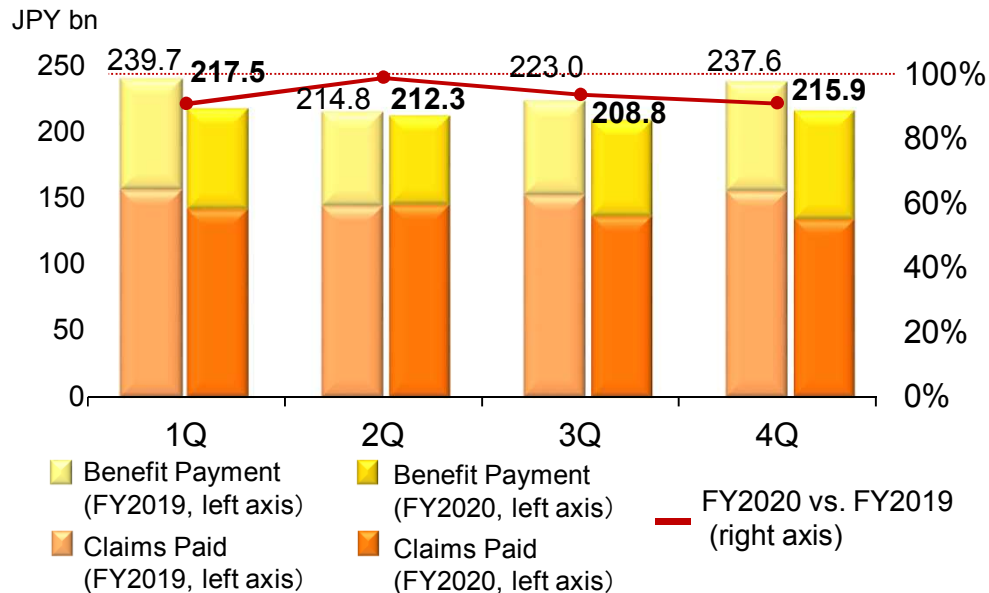
**Paid over JPY 4 billion COVID-19 related insurance claims and benefits.  
Annualized premiums from new policies were affected by refraining from sales visits in 1H,  
but performed better than the previous year in 2H.**

## Situation in Japan (Sumitomo Life (non-consolidated))

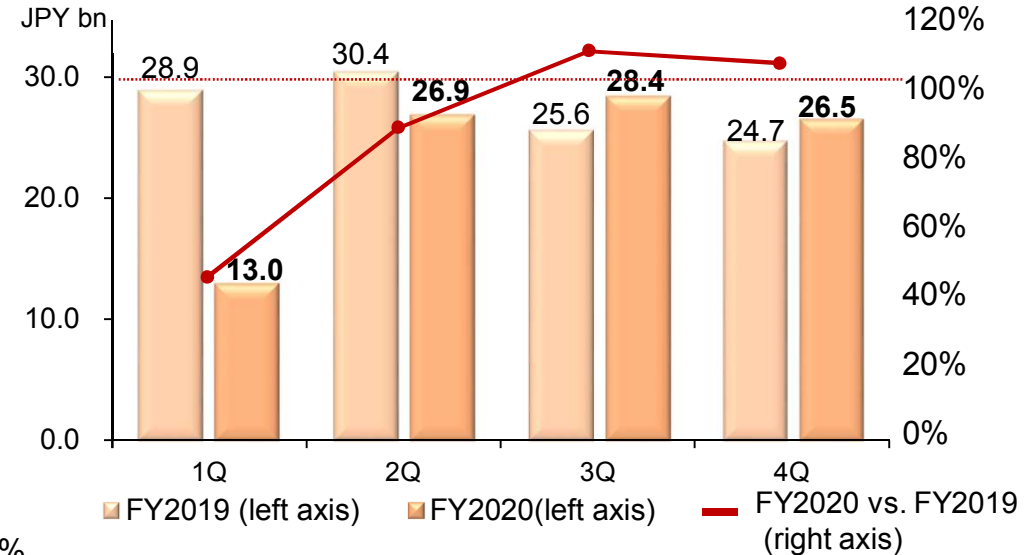
<COVID-19 related Payments (as of March 2021)>

Death Benefits		Hospitalization Benefits	
Number	Amount	Number	Amount
445	JPY 3.0bn	9,032	JPY 1.1bn
Extension of grace period of premium payment		Interest rate reduction or exemption on policyholder loans	
Total Number	Total Number	Amount of Loans	
11,487	64,865	JPY 21.4bn	

<Claims Paid and Benefit Payments <Quarterly Basis>



<Annualized Premiums from New Policies (Quarterly Basis)>



## Situation in the US (Symetra)

USD (mn)	Year ended Dec 2019	Year ended Dec 2020
Benefits	33.9	12.9
Retirement	137.8	128.8
Individual Life	24.6	8.7
Other	(24.0)	(20.0)
<b>Adjusted pre-tax income<sup>1</sup></b>	<b>172.3</b>	<b>130.4</b>

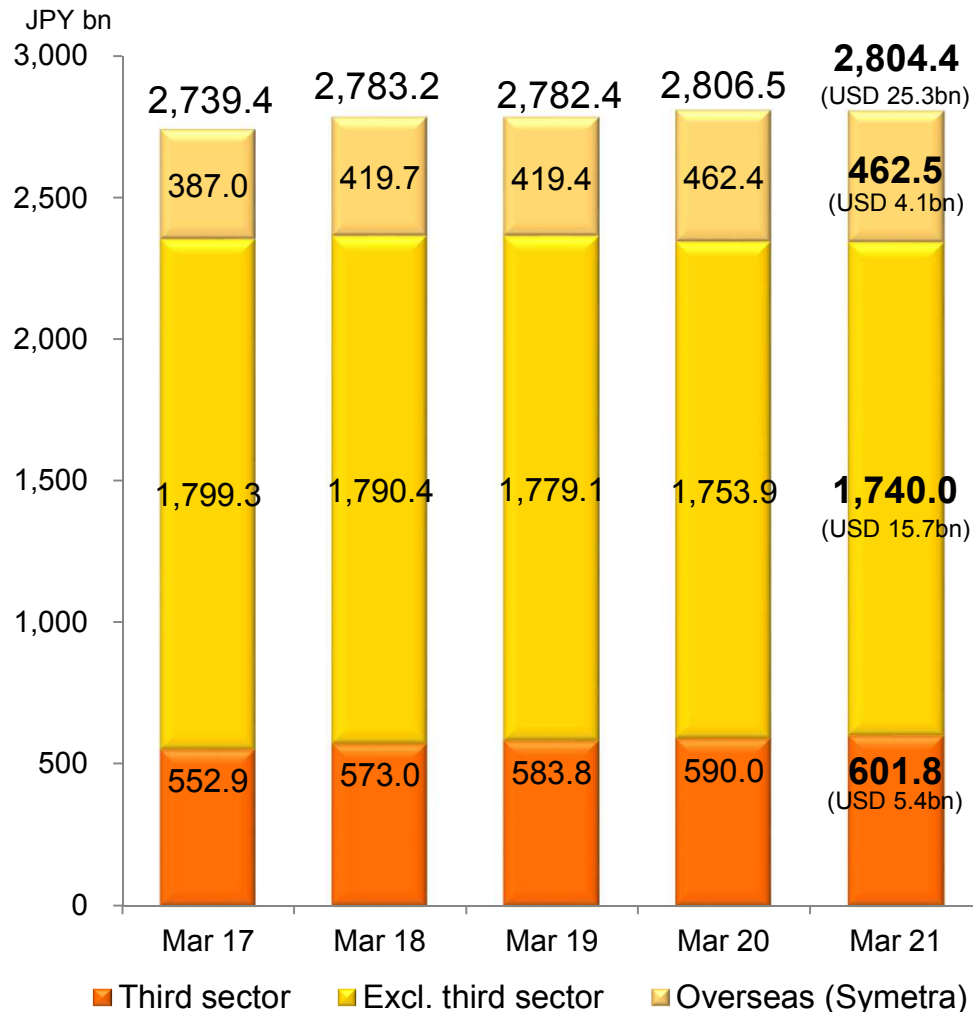
<sup>1</sup> Income from operations before income taxes, excluding results from closed blocks, intangible asset amortization and certain net realized gains (losses).

# Operating Performance

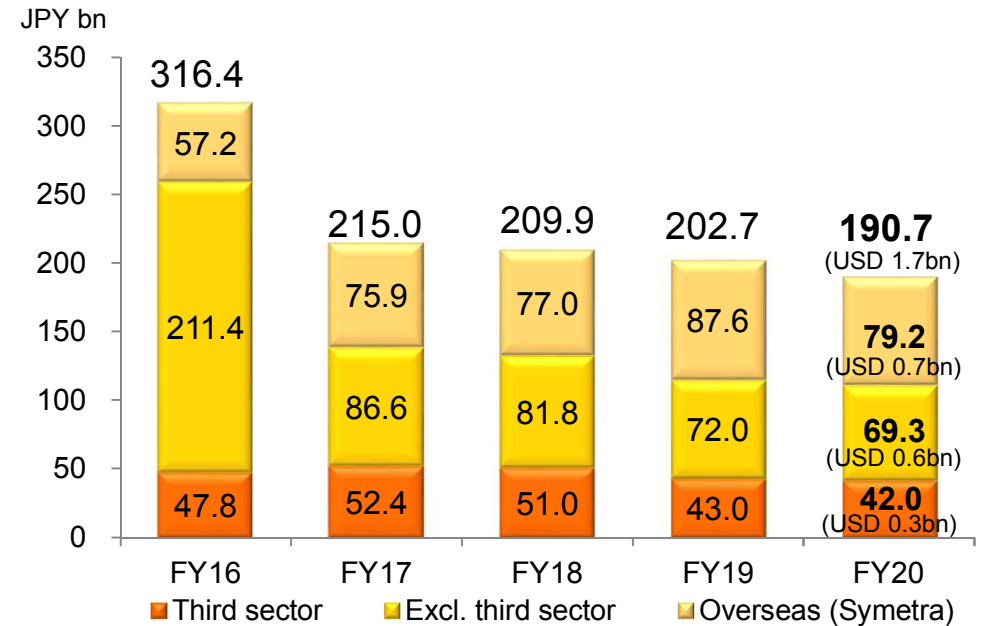
Annualized premiums (AP) from policies in force remained at a stable level.

AP from new policies decreased as a result of refraining from sales visits due to the COVID-19 outbreak in 1H, etc..

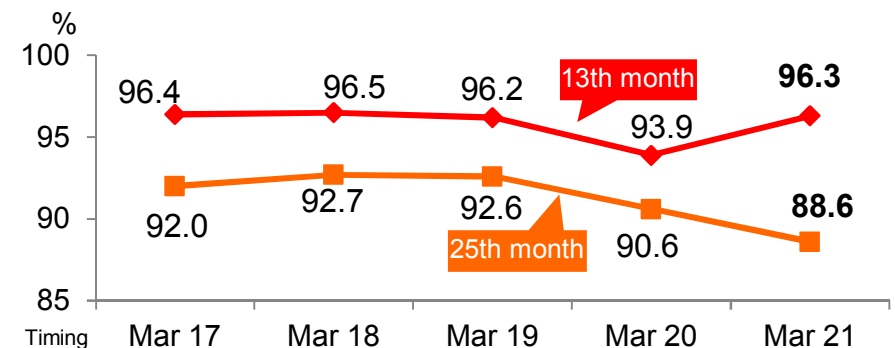
## Annualized Premiums from Policies in Force<sup>1</sup> (Group)



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



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



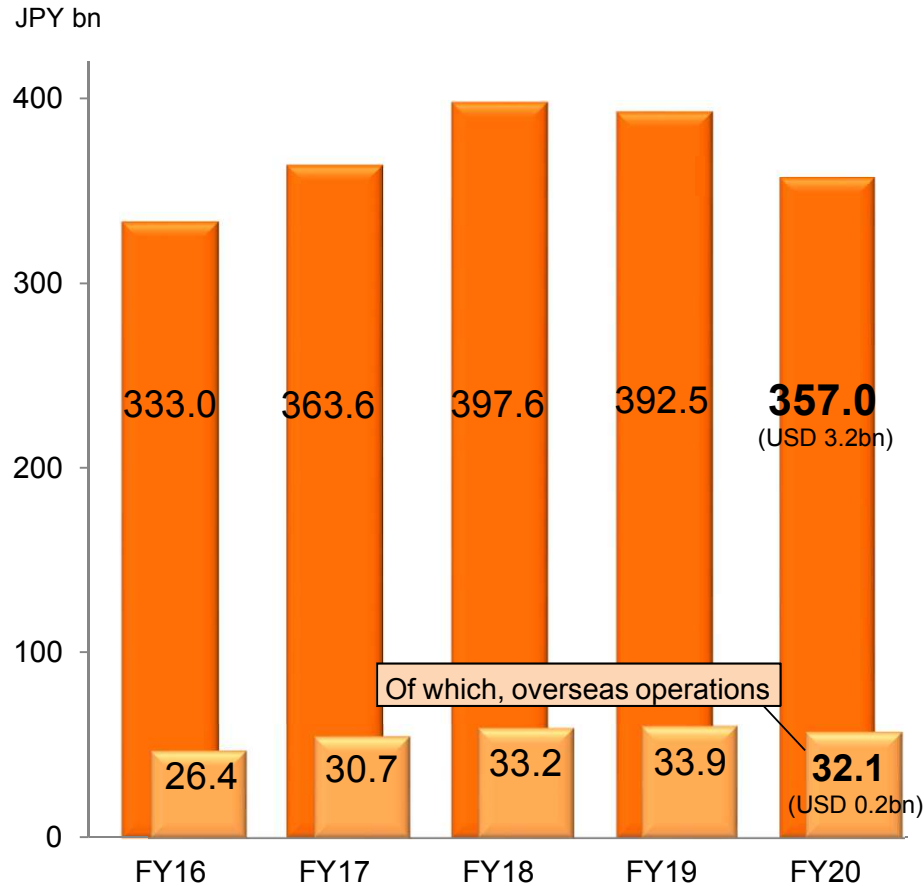
1. Figures for domestic business (Third sector + Excl. third sector) are individual life insurance and individual annuities

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

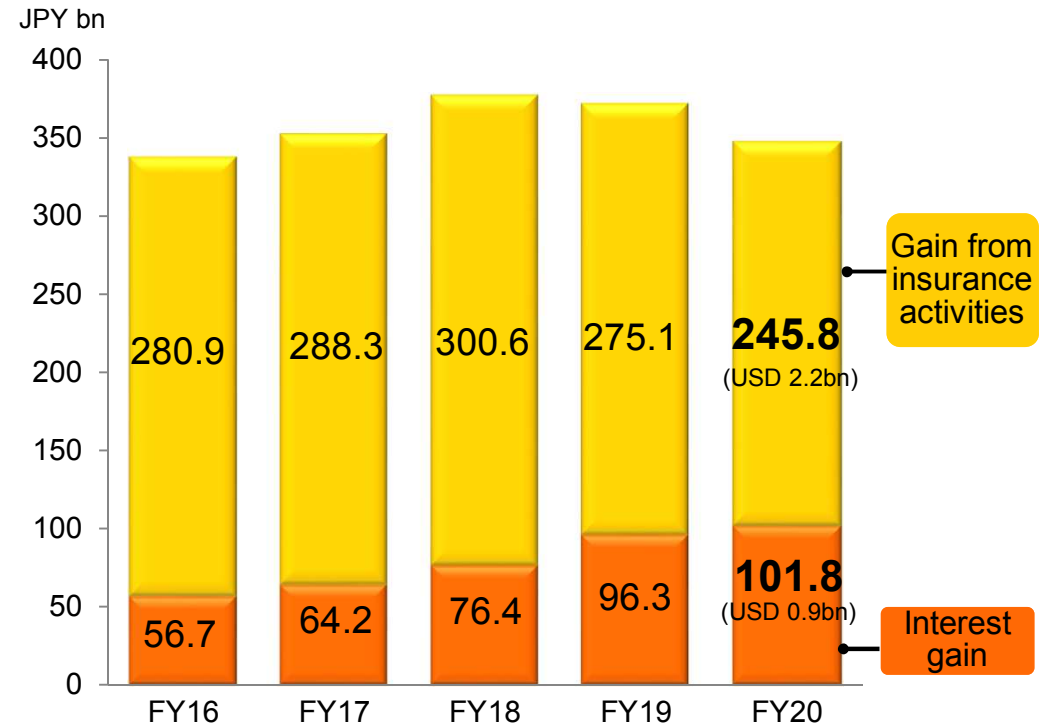
# Profit Trend

Group core business profit decreased year on year due to investment for long-term growth, costs for dealing with the spread of COVID-19, and higher initial policy costs associated with the growth in new policies of Medicare Life.

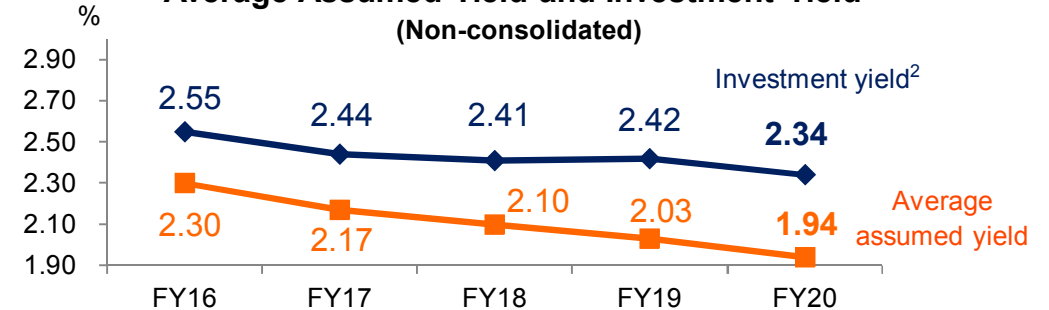
## Core Business Profit<sup>1</sup> (Group)



## Gain from Insurance Activities and Interest Gain (Non-consolidated)



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



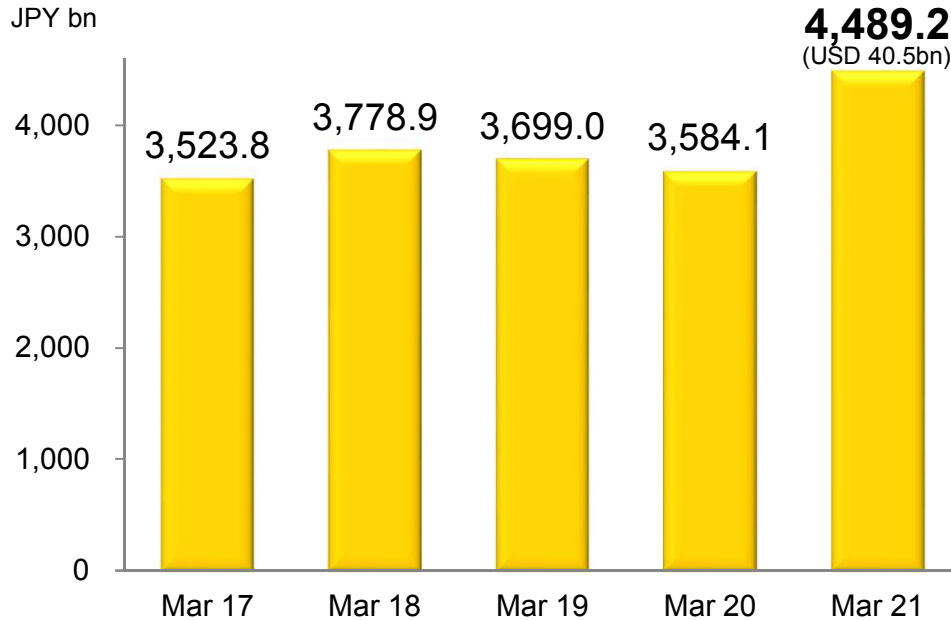
1. Group core business profit is calculated by combining core business profit of Sumitomo Life and Medicare Life, and profit before tax of Symetra, Baoviet Holdings, BNI Life, Aviva Singlife Holdings and PICC Life attributable to Sumitomo Life's equity stake in each company, with adjustments made to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

2. Related to core business profit

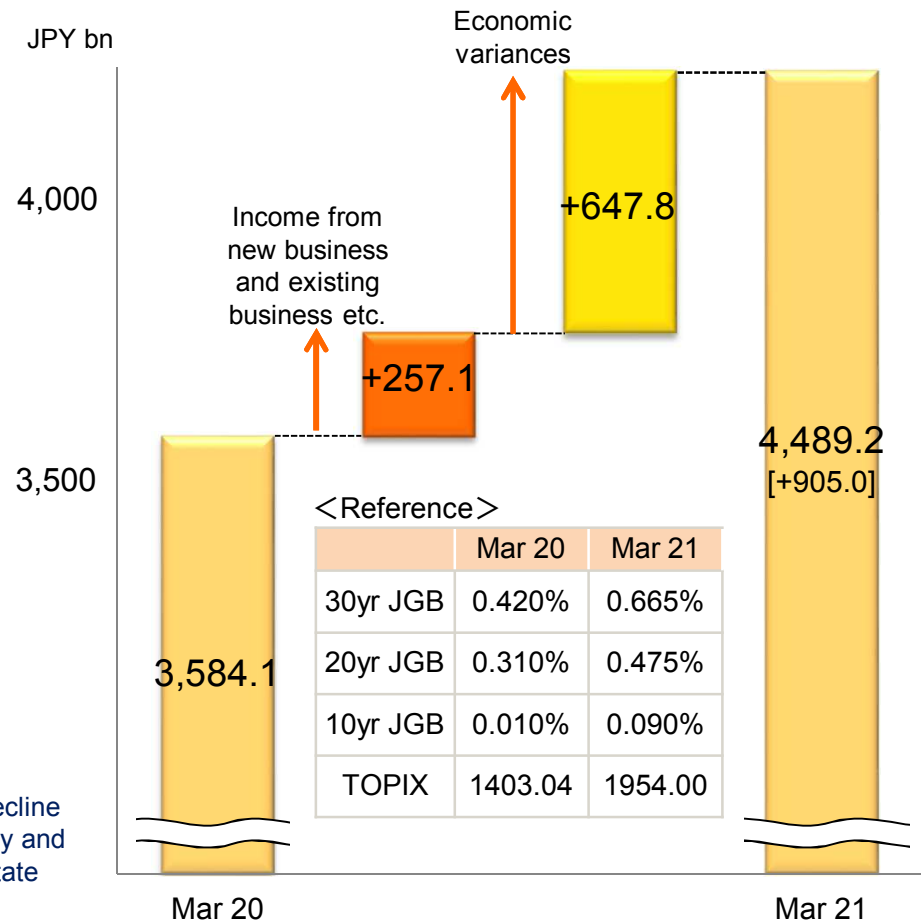
# EEV Trend

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.

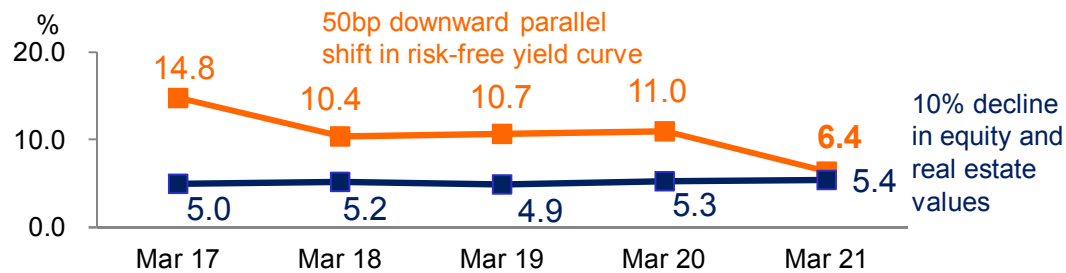
## EEV (Group)



## EEV Growth Factors



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



1. Sensitivity for each item. Other conditions are assumed to be the same

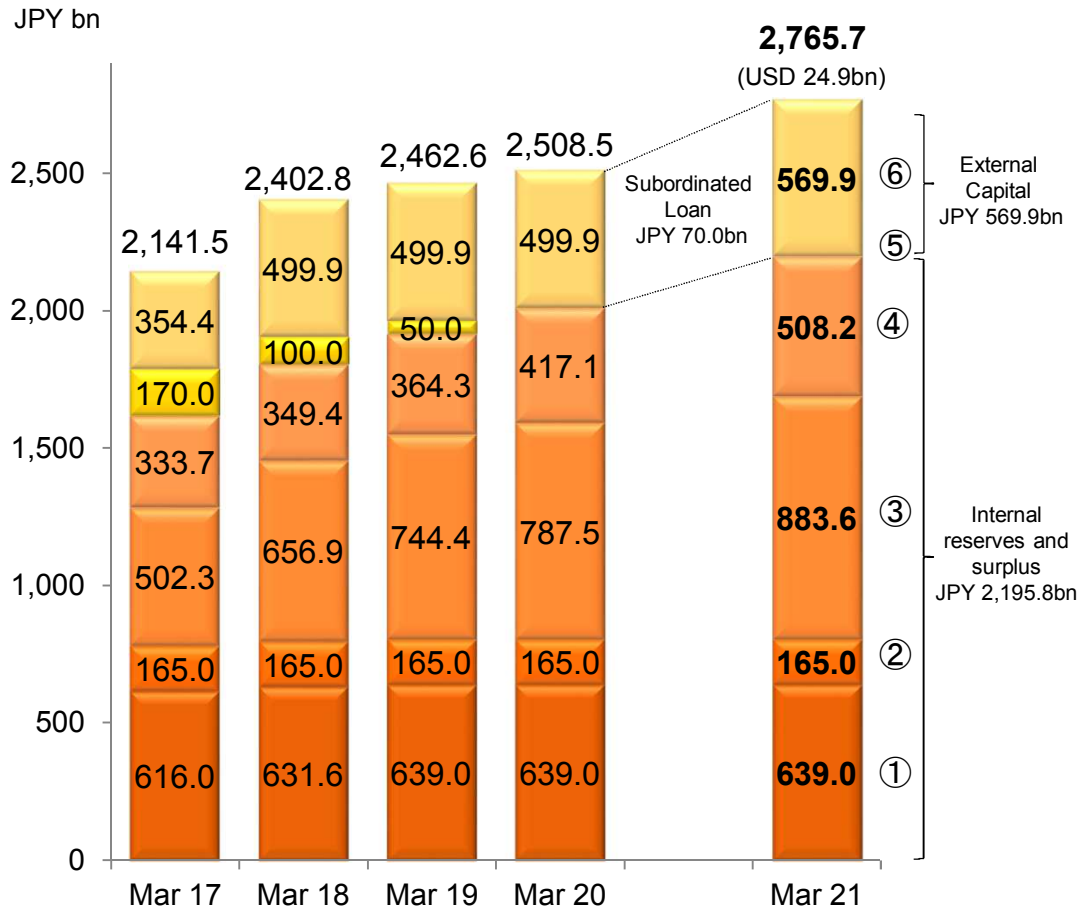
2. See "Disclosure of European Embedded Value (summary) as of March 31, 2021" on the website for details



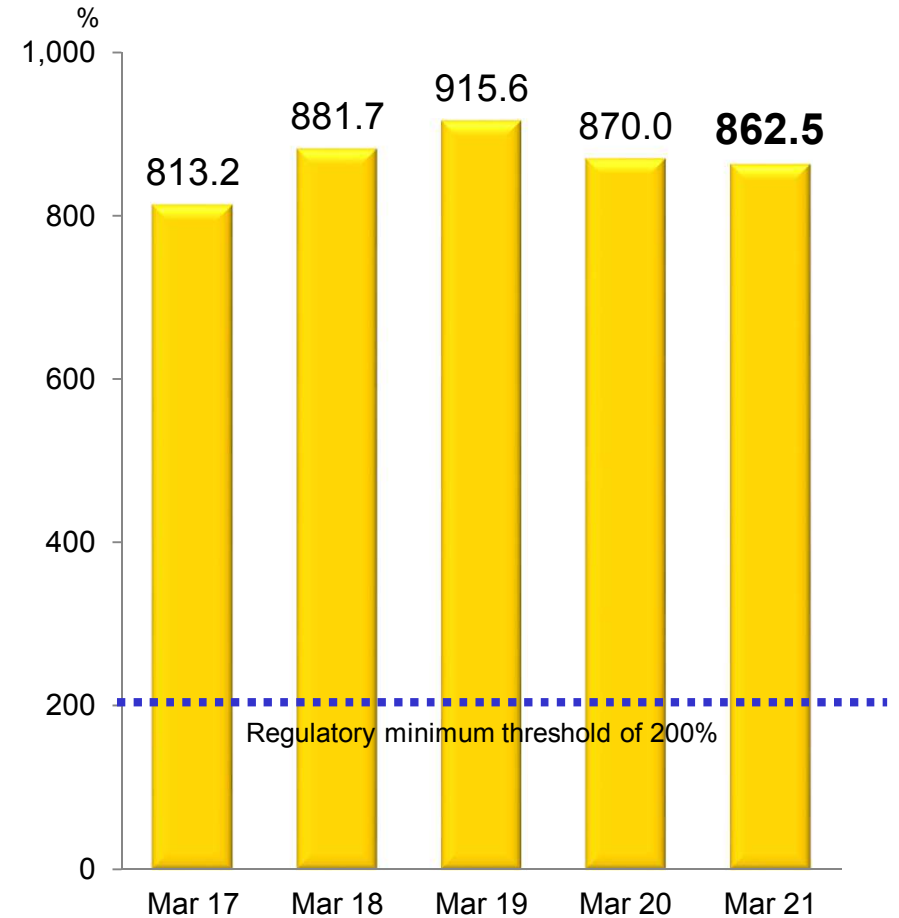
# Capital Base

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)



## Solvency Margin Ratio (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

<sup>1</sup> Figures are after appropriation of surplus

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

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



Items	Targets before revision	Targets for March 2023	Results as of March 2021
Number of Customers (Policies in Force) <sup>1</sup> (Sumitomo Life + Medicare Life + Business Alliance Partners)	14.22 million policies	14.00 million policies	14.05 million policies
Annualized Premiums from Policies in Force (Sumitomo Life + Medicare Life)	JPY 2,360.0bn	JPY 2,310.0bn	JPY 2,341.8bn
Of which, Third Sector	JPY 620.0bn	JPY 610.0bn	JPY 601.8bn
Domestic Business Core Business Profit (Sumitomo Life + Medicare Life)	3-year total JPY 922.0bn	3-year total JPY 901.0bn	JPY 327.7bn
Overseas Operation Core Business Profit (Symetra, etc.)	3-year total JPY 141.0bn	3-year total JPY 103.0bn	JPY 32.1bn

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



## II . Sumitomo Life Group's Initiatives



## ① Sustainability

② Multi-Channel and Multi-Product Strategy

③ Asset Management

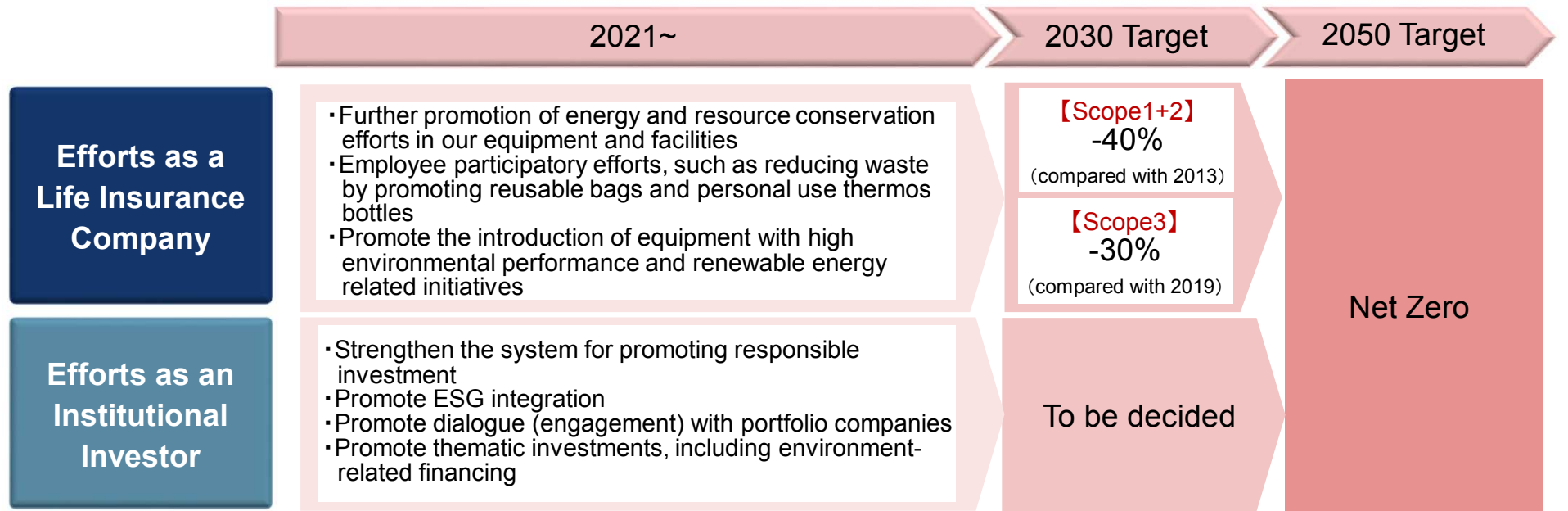
④ Overseas Business Development

⑤ Capital Policy

# Our Response to Climate Change

In April 2021, we set green house gas emissions reduction targets in order to contribute to the realization of a decarbonized and sustainable society

## Green House Gas Emissions Reduction Targets



(Note) Scope 1, 2, and 3 are concepts in the GHG emissions accounting and reporting standards for businesses stipulated by the GHG Protocol and refer to the following.  
 Scope 1: Direct emissions from fuel use at Sumitomo Life, Scope 2: Indirect emissions from use of electricity and heat purchased by Sumitomo Life, Scope 3: Indirect emissions from business activities other than those in Scope 1 and 2 (Category 15 (Investments) will be managed separately as emissions from the asset portfolio)

## Participation in External Initiatives

**Task Force for Climate-Related Financial Disclosures**



(Expressed support in March 2019)

**Principles for Responsible Investment**

Signatory of:



(Signed in April 2019)

**Climate Action100+**



(Signed in December 2020)

**CDP**



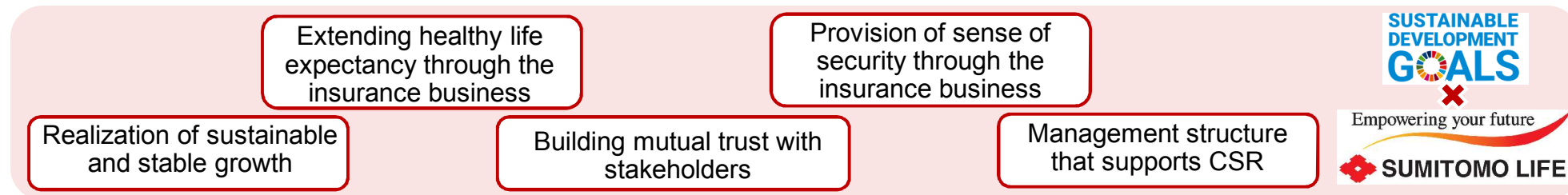
(Signed in December 2020)

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# Towards a Sustainable Society

## Our Vision

**We aim to contribute to the realization of a society of affluence, vitality, health and longevity through the sound operation and development of the insurance business.**



## To be an “Indispensable” Insurance Company for Society

### Towards a Society of Affluence, Vitality, Health and Longevity

Social issue of “extending healthy life expectancy”

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

(Promote health enhancement across society and health-focused management through the provision of SUMITOMO LIFE Vitality)

Aim to realize a society of affluence, vitality, health and longevity by creating a shared value of health enhancement among customers, society, and the Company and our employees

### Approach to a Sustainable Society

Corporate philosophy of “contributing to the advancement of social and public welfare”

#### Enhancing corporate value through addressing social issues in the main business (=CSV) will lead to the achievement of the SDGs

Contribute to the achievement of the SDGs through providing attractive insurance products such as SUMITOMO LIFE Vitality and solving social issues through responsible investment and social contribution programs

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). Please see page 54 for details.

# Initiatives through the Life Insurance Business

Contribute to the physical, mental, social and economic “well-being” of our customers in the era of the 100-year lifespan, through the provision of SUMITOMO LIFE Vitality Shared-Value Insurance

## Provision of Attractive Products and Services

### ■ Promotion of businesses related to SUMITOMO LIFE Vitality

- Support customers' efforts to enhance their health
- Offer services aimed at realizing well-being by utilizing accumulated big data and collaborating with various businesses



### ■ Provide innovative products that contribute to solving social issues

<Examples of products on offer>

- Provide cover against dementia, a social issue in a long-living society
- Provide cancer insurance for recurrence after treatment and long-term anticancer drug treatment, as the number of people who live long after cancer treatment has been increasing significantly



**Offer customers new “security” of preparing for risks over the long term while reducing risks at the same time**

## External Recognition

### SOCIAL PRODUCTS AWARD 2021 by the Association for the Promotion of Social Products – Judges' Special Award

Award given to SUMITOMO LIFE Vitality



SOCIAL PRODUCTS AWARD 2021

### 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



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

SUMITOMO LIFE Vitality was granted the certification



# Initiatives as an Institutional Investor ①

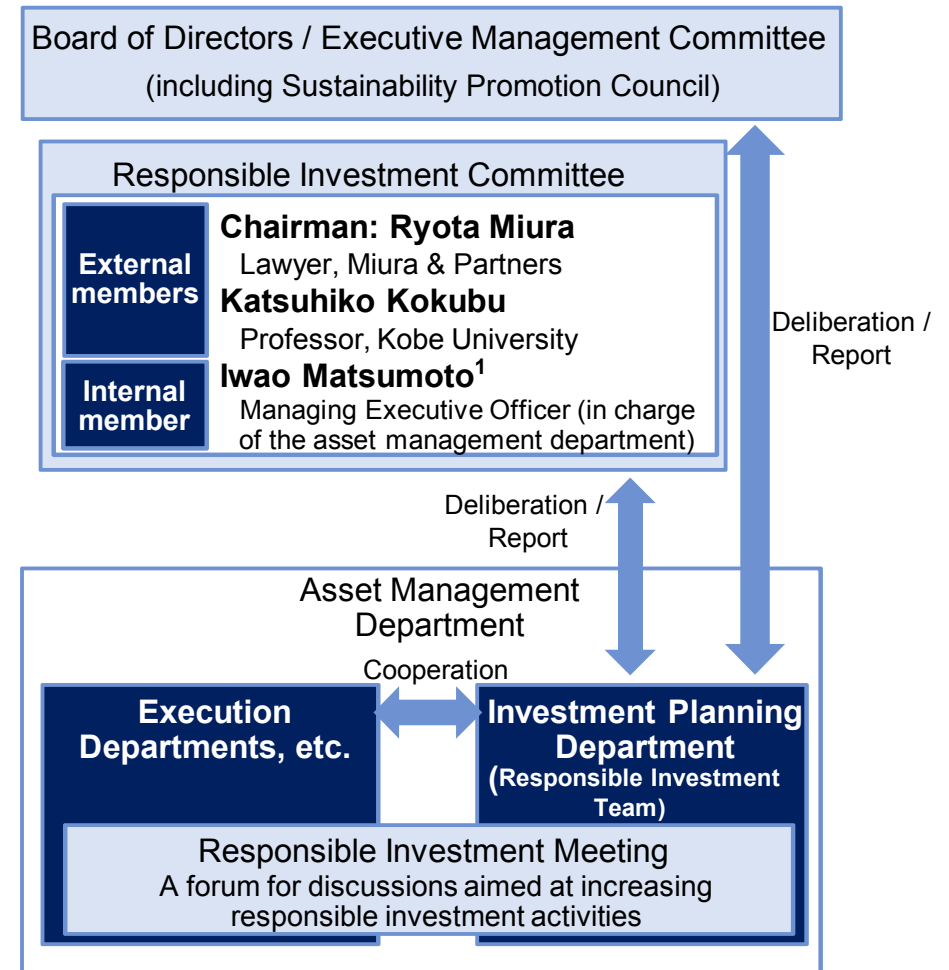
Full-scale ESG investment from FY2019.

ESG investment together with stewardship activities were integrated under the umbrella of “responsible investment” to further step up efforts from FY2021.

## Increasing the Level of Efforts

	FY2019	FY2020	FY2021 onward
Structure		Reinforcement of the responsible investment structure (reorganization of the Responsible Investment Committee, etc.)	<b>Establishment of the Responsible Investment Team</b>
ESG Integration	Mainly domestic listed stocks	Addition of bonds and loans	<b>Expansion to all assets</b>
Stewardship Activities	Target domestic listed stocks	Addition of domestic bonds	<b>Consider collaborative engagement under international initiatives, etc.</b>
Negative Screening	Cluster bomb manufacturers Coal power generation projects		<b>Inhumane weapon manufacturers</b> Coal power generation projects
Thematic Investment		<ul style="list-style-type: none"> <li>Three-year (FY2020 to FY2022) cumulative goal: JPY 300 billion</li> <li><b>FY2020 result: approx. JPY 150 billion</b></li> </ul>	<b>Upward revision of three-year cumulative goal to JPY 500 billion</b>
Others	Formulation of ESG investment policy	Start measuring GHG emissions in asset portfolios	<b>Commitment to net zero GHG emissions in asset portfolios by 2050</b> <b>Further enhancement of disclosure</b>

## Responsible Investment Structure (Overview)



1. Mr. Iwao Matsumoto is not involved in deliberations on conflicts of interest, as he may be involved in decision making on the exercise of voting rights.







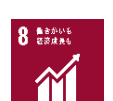


# Initiatives as an Institutional Investor ②

Formulated basic principles on responsible investment based on the Principles for Responsible Investment and the Japan's Stewardship Code.

## Basic Principles on Responsible Investment

1	The Company shall systematically consider non-financial information including ESG factors and make investment decisions based on the characteristics of each asset.
2-1	In stewardship activities, the Company shall accurately assess the conditions (including sustainability) of portfolio companies, seek to share mutual understanding with them through dialogue and exercising voting rights, encourage them to improve problems, and promote their medium- to long-term corporate value improvement and sustainable growth.
2-2	The Company shall request companies that it engages in dialogue with to appropriately disclose information on ESG issues.
2-3	The Company shall establish guidelines that clarify the criteria for exercising voting rights and other related matters, and exercise voting rights accordingly.
2-4	The Company shall perform stewardship activities in accordance with the Sumitomo Life Group Code of Conduct, the Conflict of Interest Management Policy, and the Conflict of Interest Management Regulations, while complying with laws, regulations and provisions related to the management of conflicts of interest.
3	In addition to individual dialogue, the Company shall collaborate with other institutional investors to resolve globally important ESG issues such as climate change response through participation in Japanese and overseas initiatives. The Company shall also endeavor to promote responsible investment by actively participating in various meetings held by such initiatives, etc.
4	The Company shall publicly disclose information on its efforts for responsible investment (including the disclosure items stipulated by the Stewardship Code) via its website and by other means, and regularly update the information.
5	To appropriately implement the PDCA cycle, the Company shall set up the "Responsible Investment Committee" and establish other structures as necessary, while aiming to develop human resources with necessary skills and knowledge.

## Social Issues to be Focused on Through Responsible Investment

<b>Climate change response</b>	An urgent issue for the whole world and an important issue that could cause damage to the asset value. We will encourage the transition to a carbon-free society through responsible investment.		
<b>Health and welfare / Aging population</b>	As a life insurance company, we will address the issues of health and welfare and aging population, including COVID-19 response.		
<b>Economic growth (including diversity)</b>	As a major institutional investor in Japan, we will promote the medium- to long-term corporate value improvement of portfolio companies through dialogue and contribute to the growth of the Japanese economy as a whole, including regional economies. We will also address diversity, including the active participation of women, as an important issue.		
<b>Development of social infrastructure</b>	As an institutional investor who manages assets over the medium- to long-term, we will provide medium- to long-term funding for the development of social infrastructure.		



① Sustainability

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

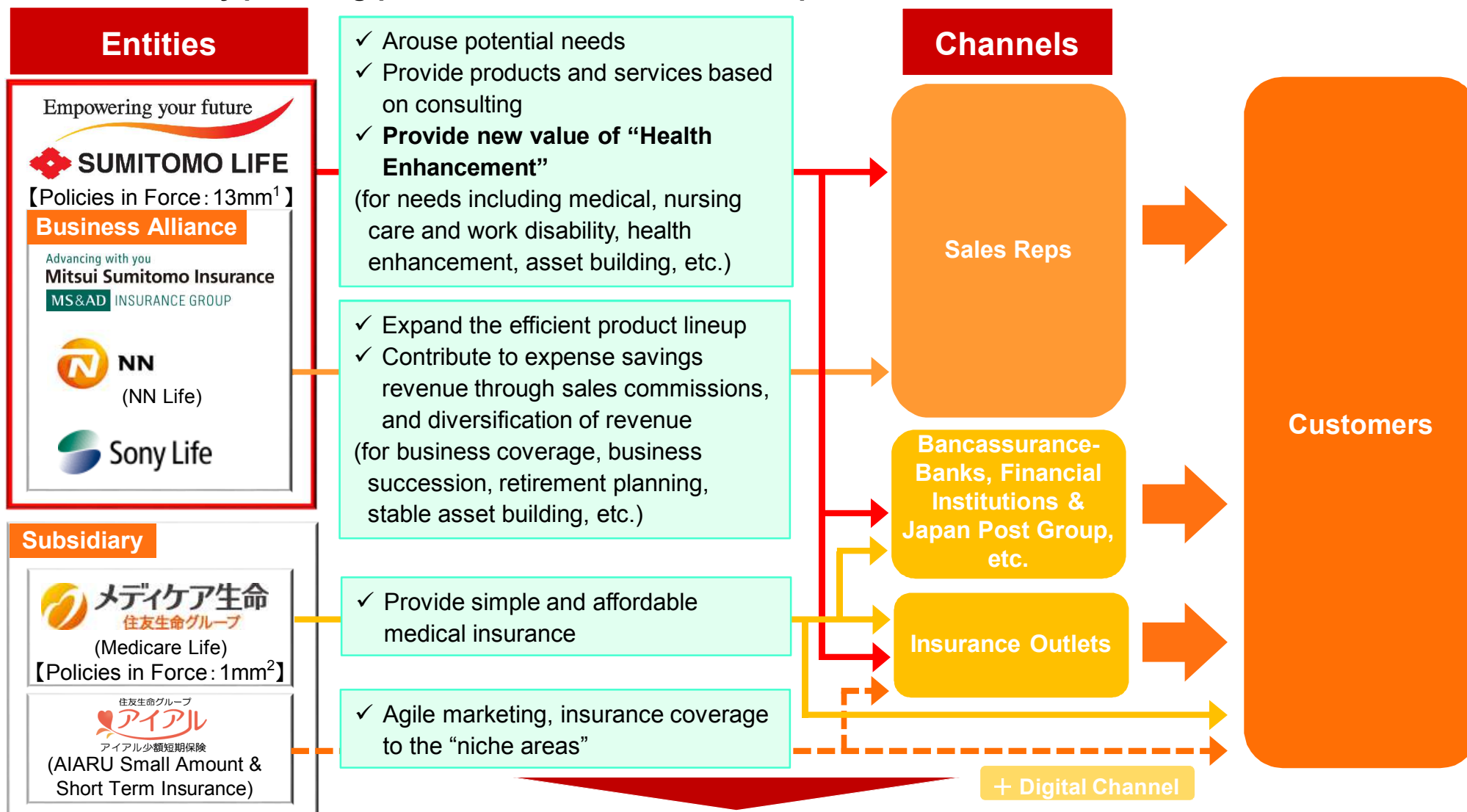
③ Asset Management

④ Overseas Business Development

⑤ Capital Policy

# Multi-Channel and Multi-Product 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

1 As of March 31, 2021. Number of individual life insurance and individual annuities, including products provided by our business alliance partners (Mitsui Sumitomo Insurance, NN Life, Sony Life)  
2 As of March 31, 2021

# Initiatives in Each Channel

Respond to changing social environments and diversifying customer needs in each channel.

## Sales Representative Channel

### ■ Establishment of a New Sales Style

• Introduced business chat tools and online consultation tools in an effort to establish a new sales style to offer advanced non face-to-face consulting as needs for contactless services increase. Launched online insurance application in terms of contract procedures.

### ■ Initiatives for Service Enhancement

• Opened the “EX Support Center” that offers information and consultations through e-mail and by other means tailored to each customer, to provide after-sales services from the head office utilizing digital technology. Started service provision in some areas ahead of others.

### ■ Launch of New Product

• Launched a new product in March 2021 for the era of “living with cancer” with the advance in medical technology and rise in survival rates.



## Agency Channel

### ■ Sumitomo Life's initiatives

• Revised foreign currency-denominated single-premium individual annuity in October 2020 and launched selected currency-denominated level-premium whole life insurance in March 2021, with a view to continue providing attractive products through agencies such as financial institutions even in the low environment.



### ■ Initiatives of Medicare Life

• Performed product revision to enhance the benefits of mainstay medical whole life insurance.  
 • The number of policies in force surpassed 1 million in March 2021. A JPY 20 billion capital injection was carried out to secure the capital that will be needed in the future with rise in number of new policies written.  
 • Launched new cancer insurance in June 2021.



## Insurance Outlet Channel

• Izumi Life Designers Co., Ltd. and INSURANCE DESIGN, subsidiaries that operate insurance outlets, started online consultations in response to the spread of COVID-19.



## Digital Channel

• AIARU Small Amount & Short Term Insurance launched a funeral insurance in May 2021 in partnership with Advance Create Co., Ltd., which owns Japan's largest insurance shopping site “Hoken Ichiba,” and the San Holdings Group, which has strengths in the “end-of-life preparation” business.  
 • Application procedure of some of Medicare Life's products could be completed online.



# Our Main Products

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>健康増進 介護不能介護 死亡 医療</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 医療</p>		<p><b>Single-Premium Insurance</b> [Yen] (Whole Life) [Foreign Currency] (Whole Life)</p> <p>ふるは〜と <b>ジョード plus</b> <b>ジョード global II</b></p> <p>たのしみ <b>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>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>Dementia Protection</b> スミセイの <b>認知症 PLUS</b></p> <p>認知症</p>		<p><b>Cancer Protection</b> スミセイの <b>がんPLUS ALIVE</b> アライフ</p>		<p><b>Level-Premium Insurance</b> [Yen] (Whole Life) [Foreign Currency] (Whole Life)</p> <p>プラス <b>つみたて 終身保険</b> <b>つみたて 終身保険</b></p> <p>スミセイの低解約返戻金型終身保険 <b>パラ色人生</b></p> <p>スミセイの低解約返戻金型介護終身保険 <b>パリュウケア</b></p> <p>スミセイの個人年金保険 <b>たのしみ ワンダフル</b></p>		<p><b>Term Life</b> <b>エンブレムN</b> 介護・障害定期(災害保障タイプ)</p> <p><b>エンブレムN</b> 重大疾病</p> <p><b>エンブレムN</b> エマーゼンシープラス</p> <p><b>NN</b></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>Wellness program that could be attached to the above main products</b> <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(無解約返戻金型) <b>メディフィット 収入保障</b></p> <p><b>Medical Insurance (Simple and affordable)</b> 新 <b>メディフィットA</b></p> <p><b>Medication Insurance</b> 薬用治療保険(無解約返戻金型) <b>メディフィット EX</b></p>		<p><b>Level-Premium Insurance</b> (Endowment) (Annuity)</p> <p>ソニー生命の外貨建保険 <b>米ドル建 終身保険 W</b></p> <p>ソニー生命の外貨建保険 <b>米ドル建 自由保険 W</b></p> <p>Sony Life</p> <p><b>たのしみ 未来 global</b> <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> ロングリリース</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>Income Assurance Insurance</b> <b>メディケア生命</b> 住友生命グループ</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>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>				

# SUMITOMO LIFE Vitality

Launched SUMITOMO LIFE Vitality Shared-Value Insurance in July 2018.

Support program members to become healthier through mechanism that promotes sustained health enhancement.

## Overview of SUMITOMO LIFE Vitality

- Package product, which adds Vitality, a globally recognized health enhancement program with 21 million members across 26 countries and regions as of December 31, 2020, to an protection type product.
- Sumitomo Life is the exclusive partner insurer for the Japanese market for the distribution of Vitality.
- Cumulative 600,000 contracts as of March 31, 2021.

### Protection Type Products

- Prepare for nursing, medical and mortality risks

### Vitality Wellness Program

- Contribute to reduction of risks associated with illness via mechanism that promotes sustained health enhancement

## Mechanism that Promotes Sustained Health Enhancement

### ■ Provision of Rewards

Support policy holders to engage in health engagement activities consistently through partnership with **17 companies** who resonate with the philosophy and purpose of Vitality

### ■ Active Challenge

Provide drink tickets from Starbucks and Lawson to members who **achieved weekly physical activity goals (such as number of steps taken)**



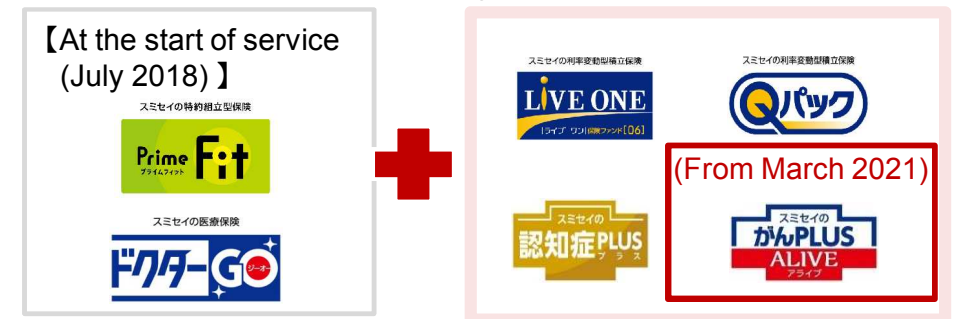
### ■ Insurance Premium Flux

Premium fluctuate each year, according to health enhancement activities engaged by policyholders

## Evolution of SUMITOMO LIFE Vitality

### ■ Expansion of Bundled Target Products

- Expanded eligible products, and launched service of multiple purchase of coverages after the start of service



### ■ Expansion of reward partner companies



### ■ Provision of "Vitality at Home"

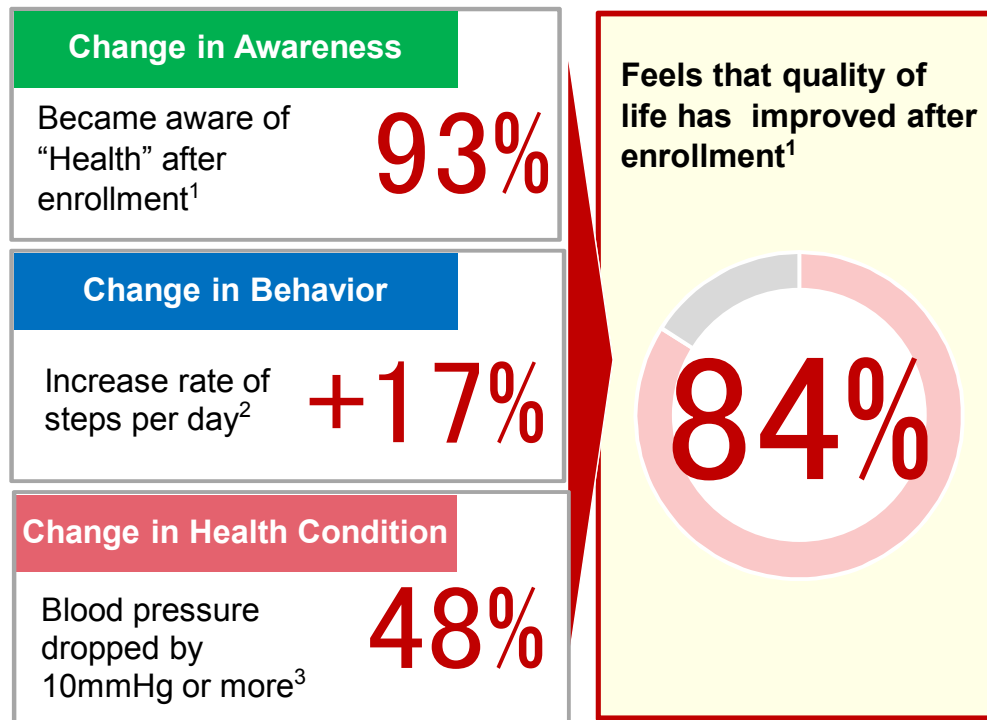
- Provided fitness exercise videos and offered free rewards for a limited time in order to support members' exercise after the COVID-19 outbreak

We have continuously worked on the evolution of SUMITOMO LIFE Vitality after its launch, in order to support policyholders to engage in health enhancing activities

# Contribution and Philosophy of SUMITOMO LIFE Vitality

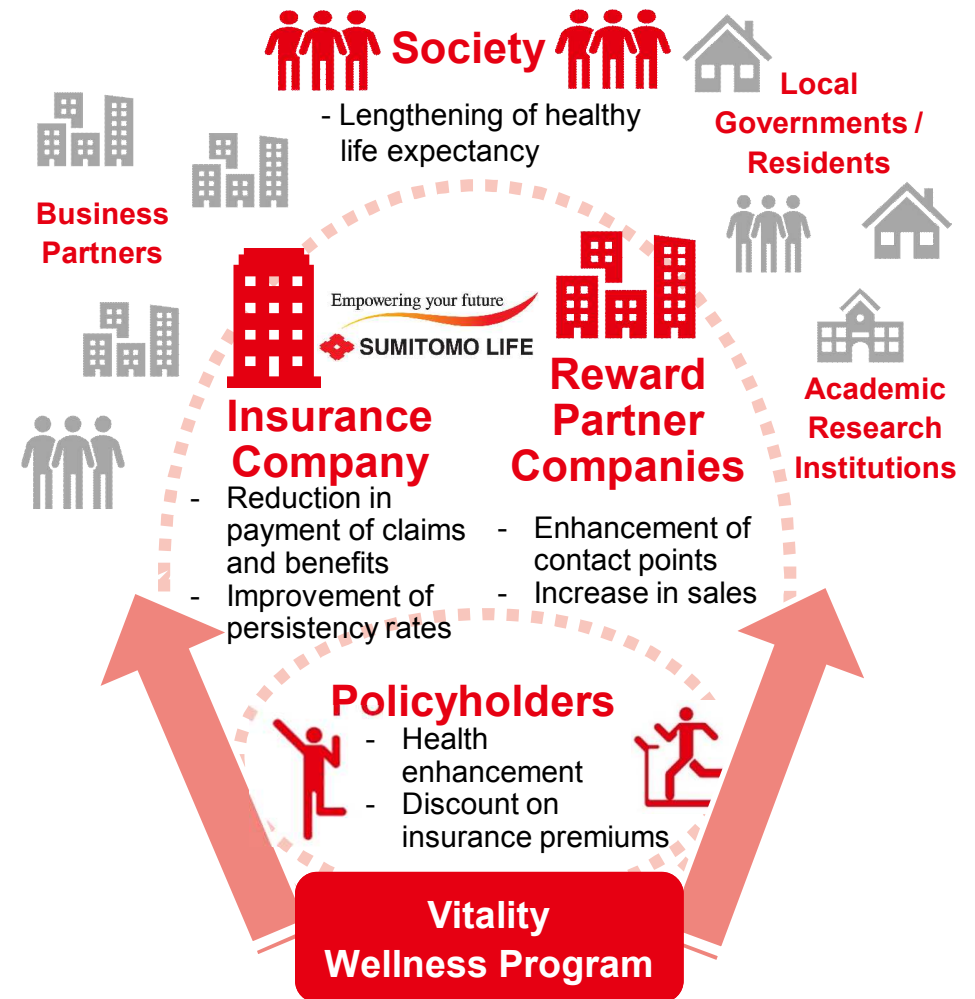
SUMITOMO LIFE Vitality contributes to change in awareness, behavior, and health condition of policyholders  
 We aim to share the value that is created by making people healthier with all of our stakeholders

## Contribution of SUMITOMO LIFE Vitality



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 (8,260 steps) and those from the second month onward (9,655 steps).  
 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.

## Overview of Value Sharing









① Sustainability

② Multi-Channel and Multi-Product Strategy

**③ Asset Management**

④ Overseas Business Development

⑤ Capital Policy

# Initiatives in 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 FY2020

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

### ALM Investment Portfolio

- Portfolio focused on yen-denominated assets (approx. JPY 26tn)
- 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.
- 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. Increased investments in real estates by investing in high-quality real estates

#### 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

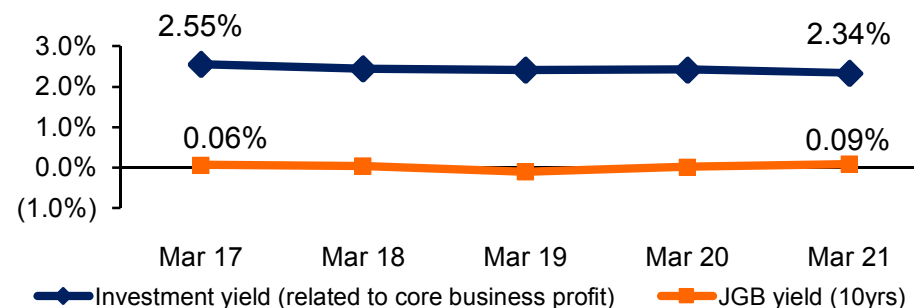
#### Promoted Responsible Investment

- Invested in domestic and foreign 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
- Hedged risks in case of decline in stock market and yen appreciation

### Initiatives to Strengthen Asset Management Platform

- Reviewed and optimized existing operations and promoted working from home, taking the pandemic and post-pandemic situation into account. Introduced Straight Through Processing<sup>1</sup>
- Strengthened relationship and leveraged know-how of Symetra Investment Management (including expansion of entrusted assets)
- Leveraged know-how of external asset managers by entrusting investments and sending trainees
- Researched and invested in alternative investments

### Market Interest Rate and Our Investment Yield



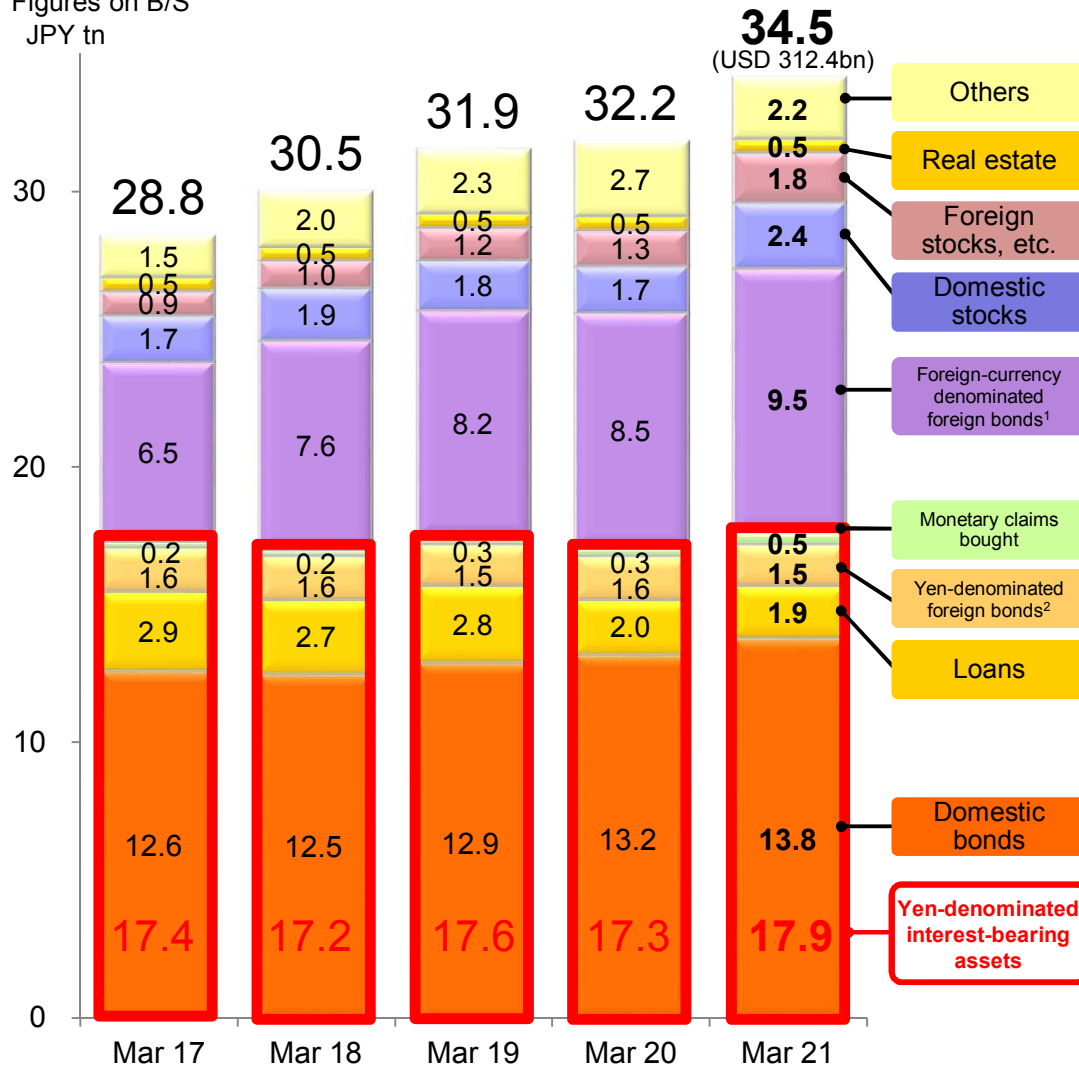
<sup>1</sup> Seamless processing of the series of transaction procedures from orders to settlement without involving manual operations

# General Account Asset Portfolio

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

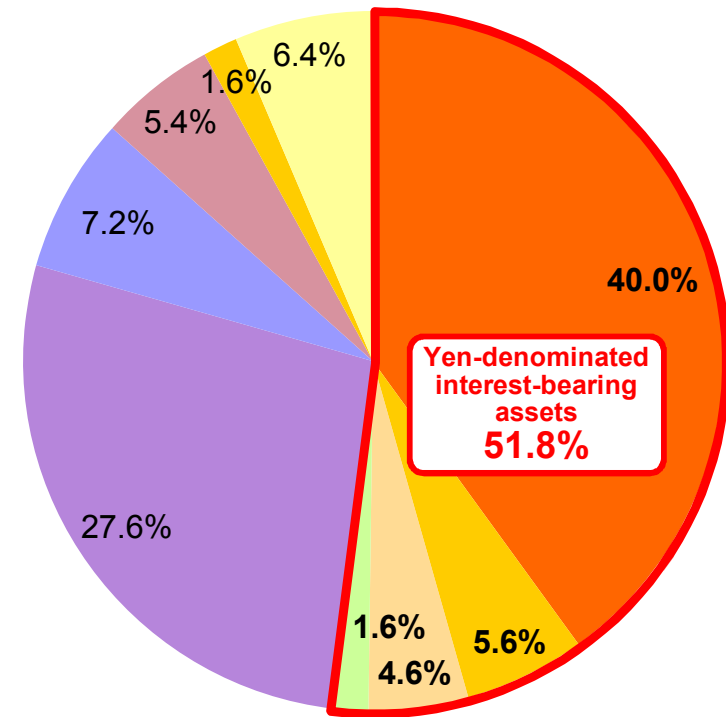
## Trend of General Account (GA) Assets (Non-consolidated)

Figures on B/S  
JPY tn



## Breakdown of GA Assets (Non-consolidated)

< As of March 2021 >



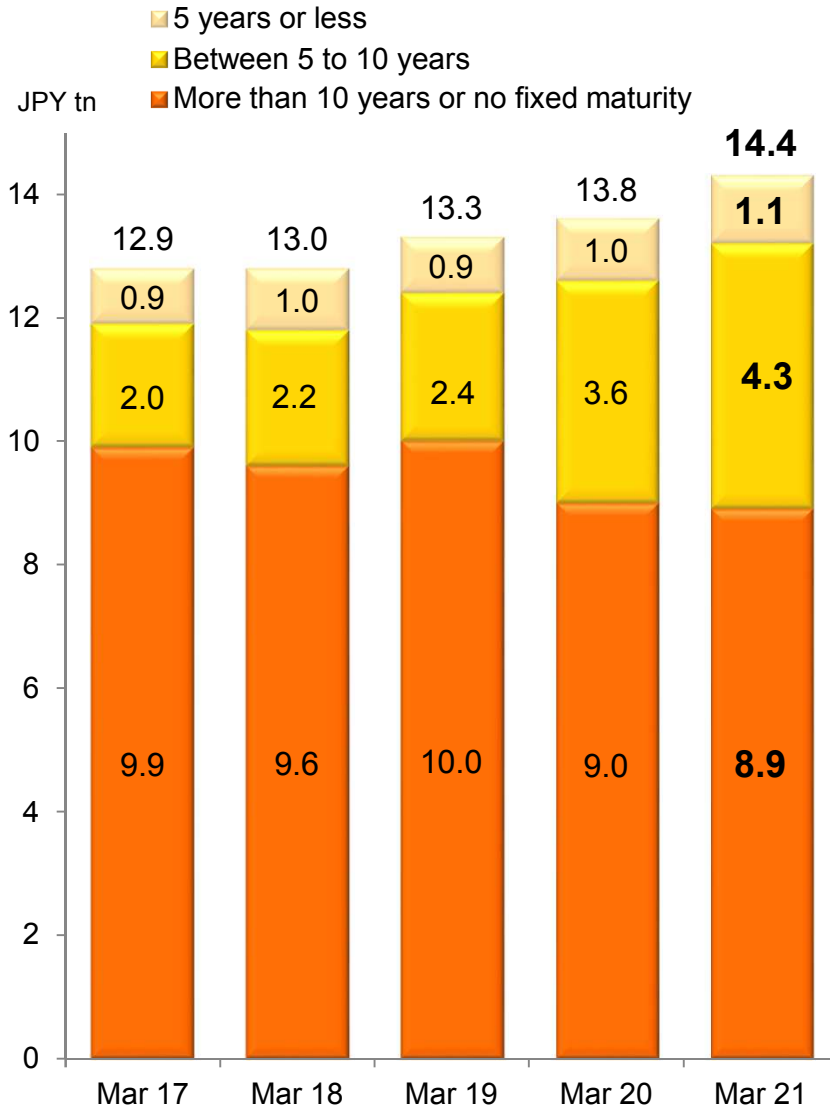
- Domestic bonds
- Loans
- Yen-denominated foreign bonds
- Monetary claims bought
- Foreign-currency denominated foreign bonds
- Domestic stocks
- Foreign stocks, etc.
- Real estate
- Others

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

# Profile of Domestic Bonds

Disciplined interest rate risk management based on ALM strategy

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

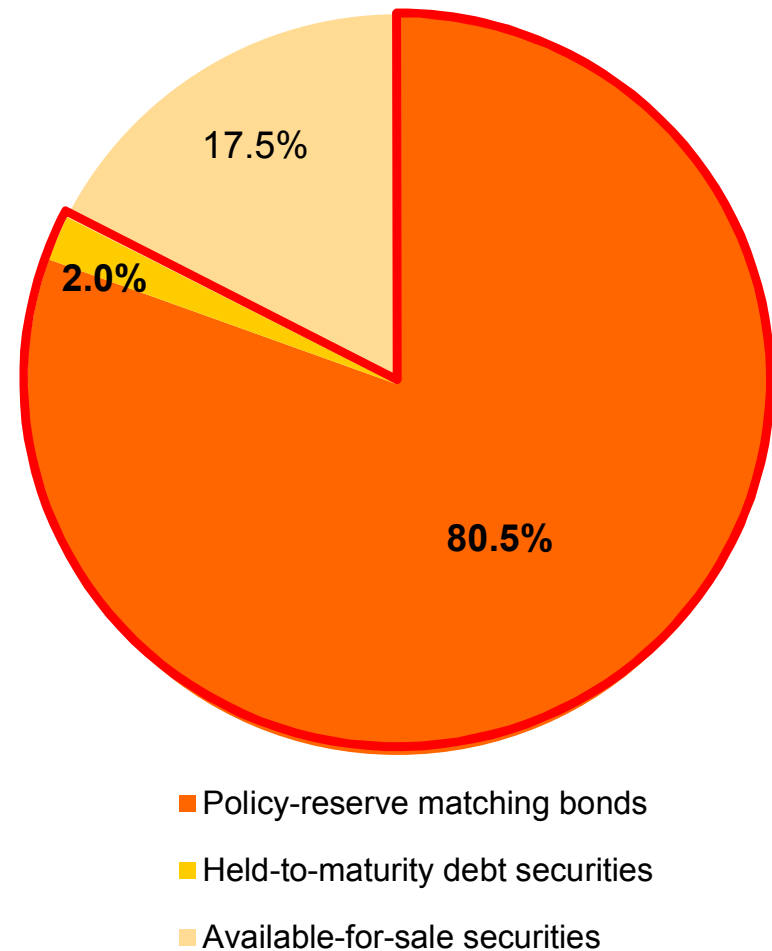


## Domestic Bonds by Category (GA·non-consolidated)

<As of March 2021>

### Domestic Bonds Outstanding Balance:

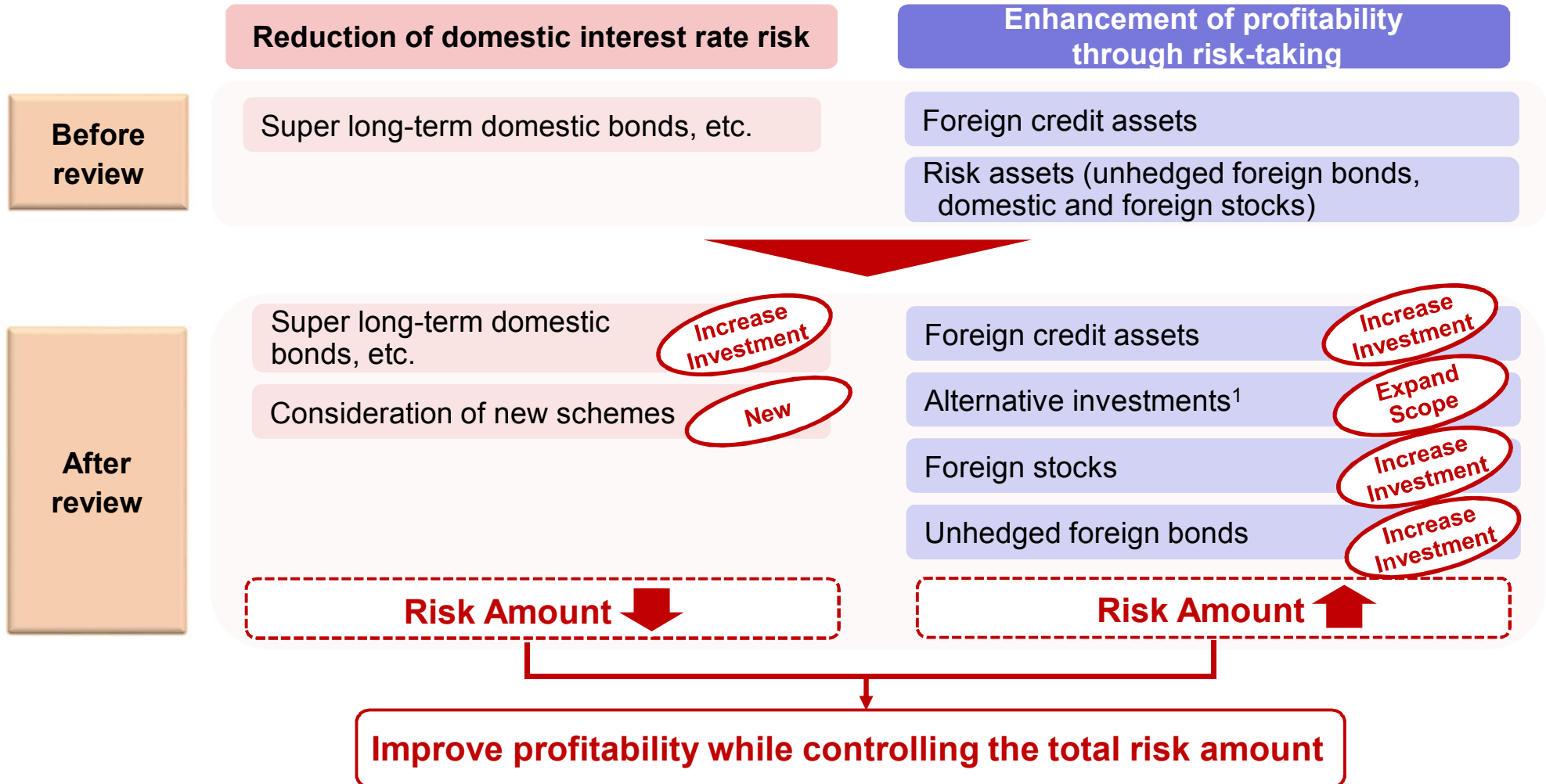
JPY 14.43tn (USD 130.3bn)



# Review of the Asset Management Policy

We plan to control the total risk amount by reducing domestic interest rate risk through investment in super long-term domestic bonds in anticipation of a prolonged low interest rate environment, and enhance profitability by further expanding investment in foreign credit assets and risk assets.

## Review of the Basic Portfolio



<sup>1</sup> Assets and investment methods other than those that are called traditional assets such as bonds and listed stocks (e.g. private equity, private debt)

# Asset Management Strategy for FY2021

We will increase investment in credit assets and domestic/foreign stocks without increasing the total amount of asset management risk by steadily reducing domestic interest risk, in order to enhance profitability in the low interest rate environment

## Asset Management Strategy for FY2021

### ALM Investment Portfolio

### Balanced Investment Portfolio

#### Increase Investment Earnings

- Invest in foreign credit assets while taking hedging costs into account
- Increase alternative investments

#### Strengthen Risk Control


- Reduce domestic interest rate risk through investment in super long-term domestic bonds while paying attention to the trend of interest rate, and considering utilization of new schemes
- Thoroughly diversify the portfolio, and make prudent selection taking the post-pandemic situation into account

#### Strengthen Asset Management Platform

- Accelerate human resource development through leveraging know-how of external asset managers by entrusting investments and sending trainees
- Develop medium to long term asset management IT strategy, reinforce platform
- Consider expansion of entrusted assets to Symetra Investment Management
- Research and expand alternative investments

#### Promote Responsible Investment

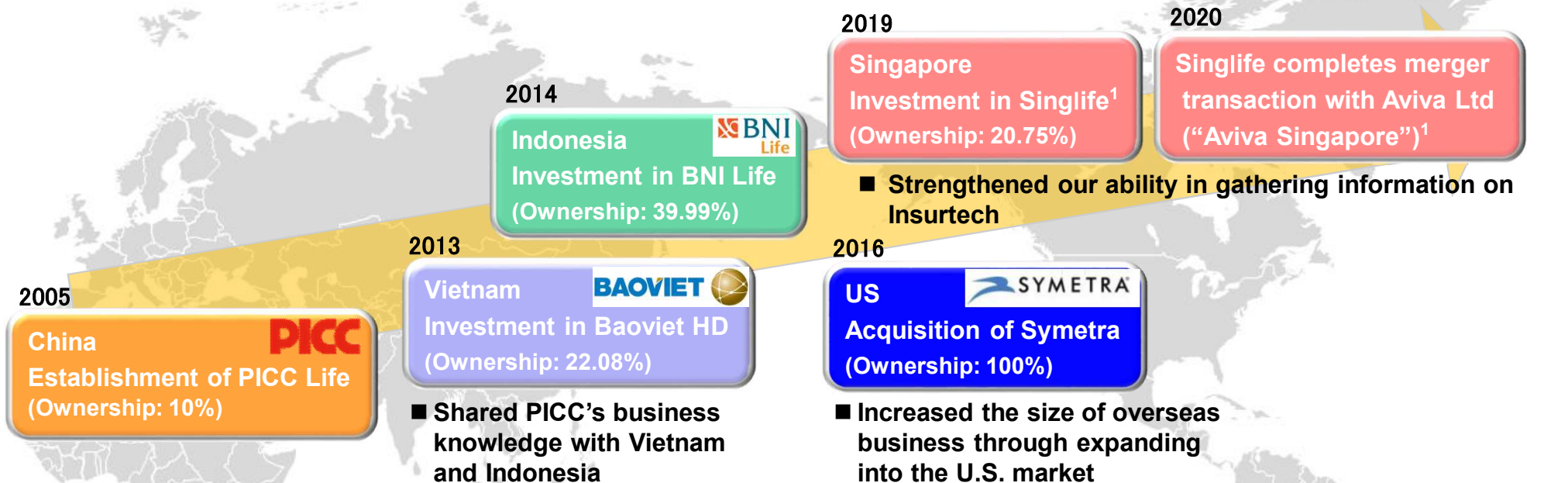
- Increase investment in domestic and foreign stocks that are undervalued from a mid- to long-term perspective
- Increase investment in unhedged foreign bonds, while taking levels of interest rates and foreign exchange rates into account
- Thoroughly diversify the portfolio, and make prudent selection taking the post-pandemic situation into account
- Build hedge position of stocks and foreign exchange rates in case of decline in market

- 
- ① Sustainability
  - 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>

1. Invested in Singlife in 2019. In November 2020, Singlife merged with Aviva Singapore, one of the largest domestic insurance companies. We made an additional investment to support the transaction. Following the transaction, our equity interests in Singlife were exchanged for those of Aviva Singlife Holdings Pte., Ltd, a holding company which was newly established.



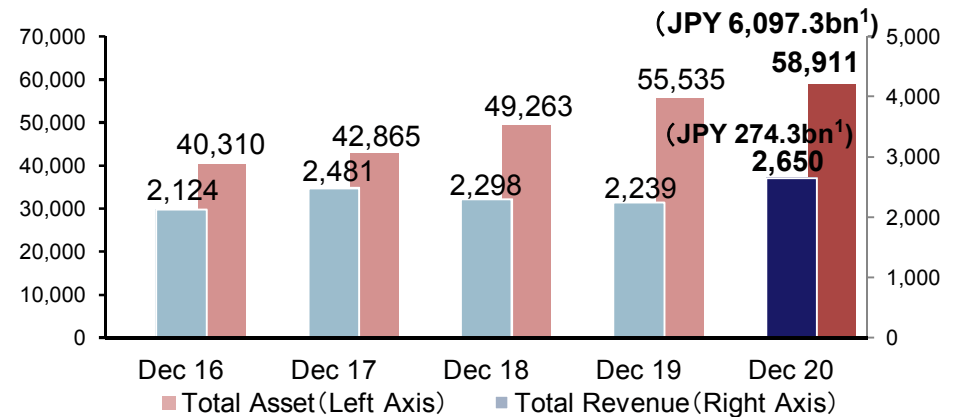
# Initiatives in the U.S. Market ①

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)

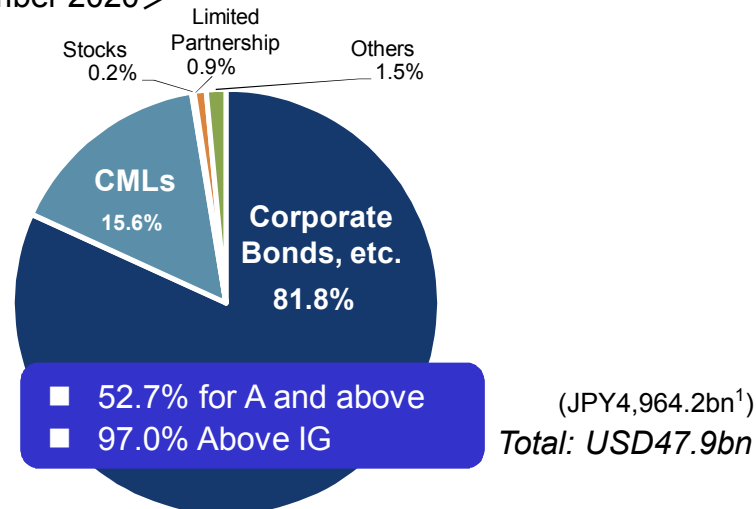
- 100% acquisition of Symetra Financial Corporation (February 2016)
- Number of employees (Consolidated): Approx. 1,900
- RBC Ratio (Risk Based Capital)\*: 422% (As of December 31, 2020)  
\*Calculated without considering 50% of the risk profile (denominator)
- Ratings: A (S&P), A1 (Moody's), A (AM Best)

Total Revenues and Total Assets (USD mn)



## Conservative Investment Policy – Asset Management Portfolio

<As of December 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

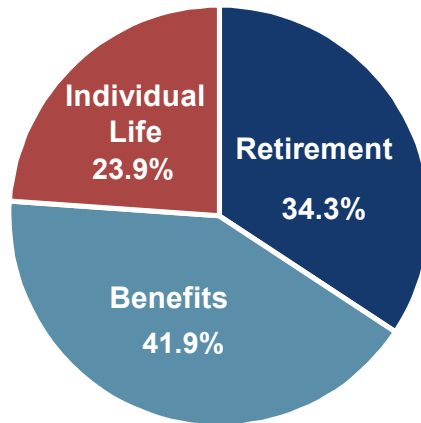
1. USD 1 = JPY103.50 (as of December 31, 2020)

# 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

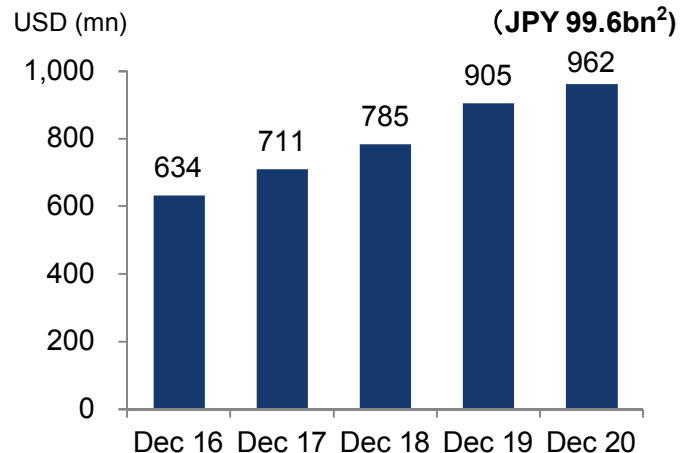
<As of December 2020>



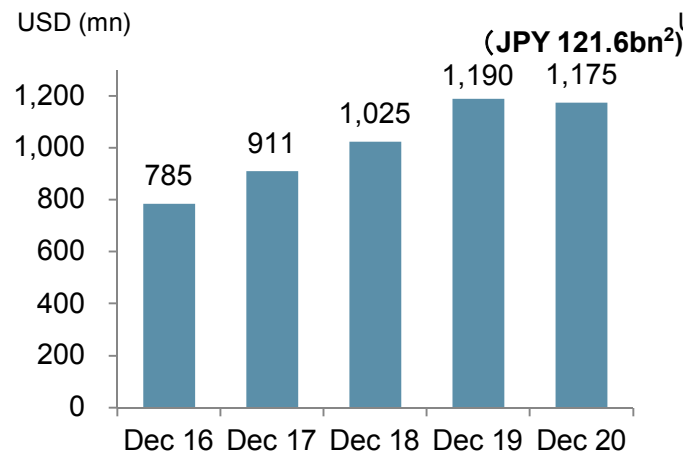
## Summary P&L

	USD (mn)		
	Year ended Dec 31, 2019	Year ended Dec 31, 2020	Increase (Decrease) as of Dec 31, 2019
Adjusted pre-tax income <sup>1</sup>	172.3	130.4	(24.3%)
Benefits	33.9	12.9	(61.9%)
Retirement	137.8	128.8	(6.5%)
Individual Life	24.6	8.7	(64.6%)
Other	(24.0)	(20.0)	-
Add (deduct) the following:	(549.6)	(290.3)	-
Excluded realized gains (losses)	(63.3)	(37.4)	-
Amortization of intangible assets	(87.3)	(143.2)	-
Closed Block results	(399.0)	(109.7)	-
Income (loss) from operations before income tax	(377.3)	(159.9)	-
Total provision (benefit) for income taxes	111.8	68.4	-
Net income (loss)	(265.5)	(91.5)	-

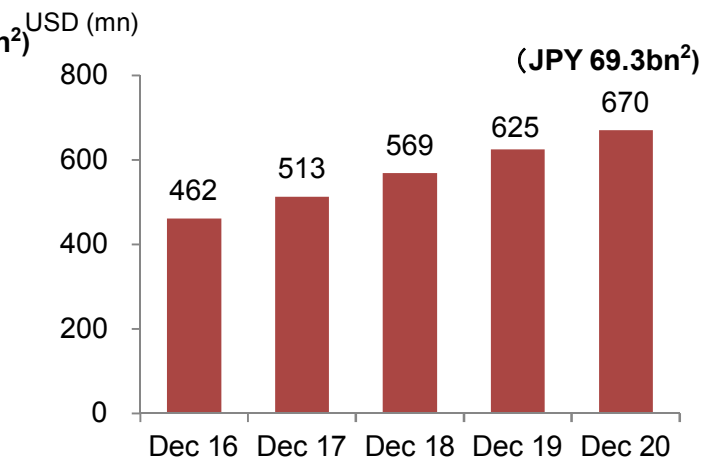
## Ordinary Income from Retirement



## Ordinary Income from Benefits



## Ordinary Income from Individual Life



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

<sup>2</sup> USD 1 = JPY103.50 (as of December 31, 2020)

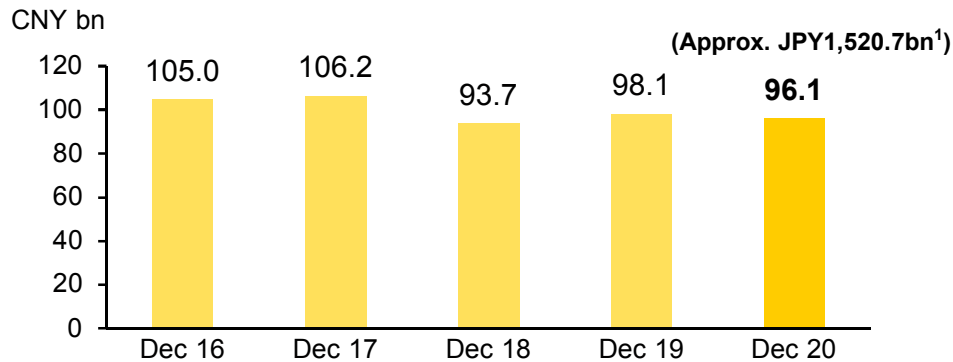
# Initiatives in the Asian Market ①

Partner with local leading companies in the Chinese, Vietnamese, Indonesian and Singaporean 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)

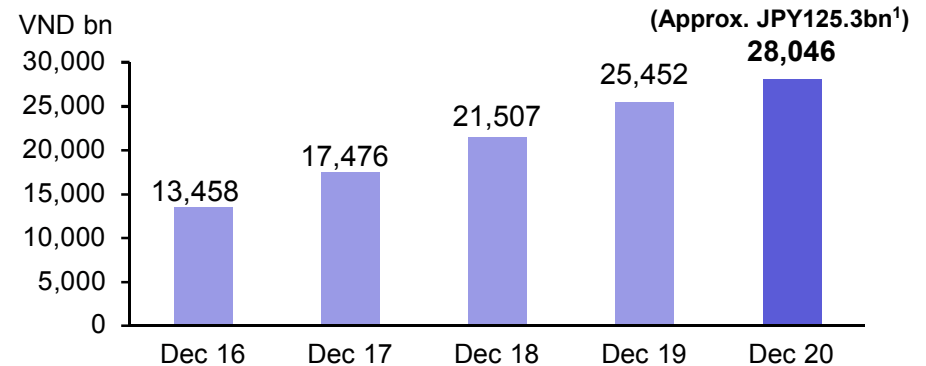
PICC Life's Total Premium Income



## Vietnam

- Investment in Baoviet Holdings (March 2013)

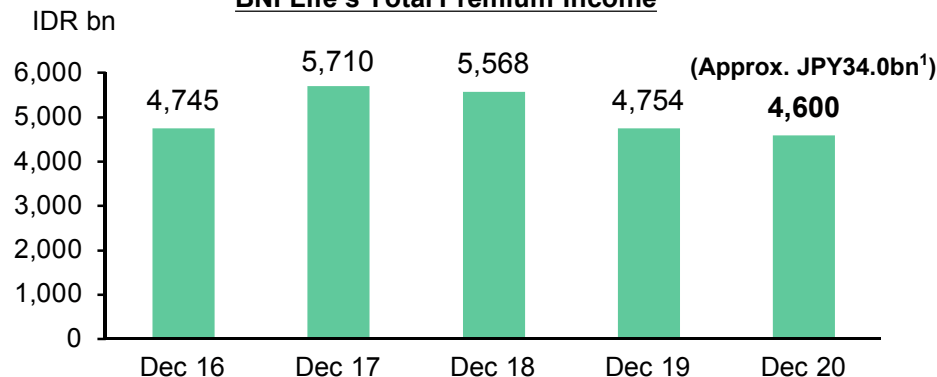
Baoviet's Premium Income from Life Insurance



## Indonesia

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

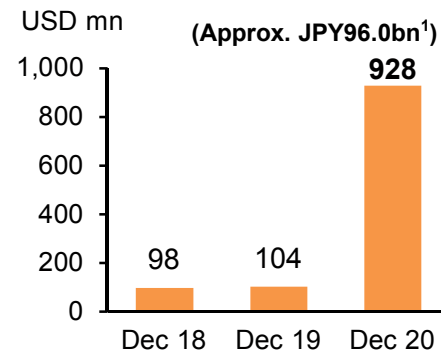
BNI Life's Total Premium Income



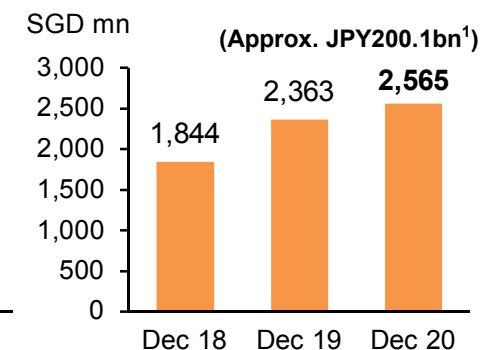
## Singapore

- Investment in Aviva Singlife Holdings<sup>2</sup> (June 2019)

Singlife's Total Premium Income



Aviva Singapore's Total Premium Income



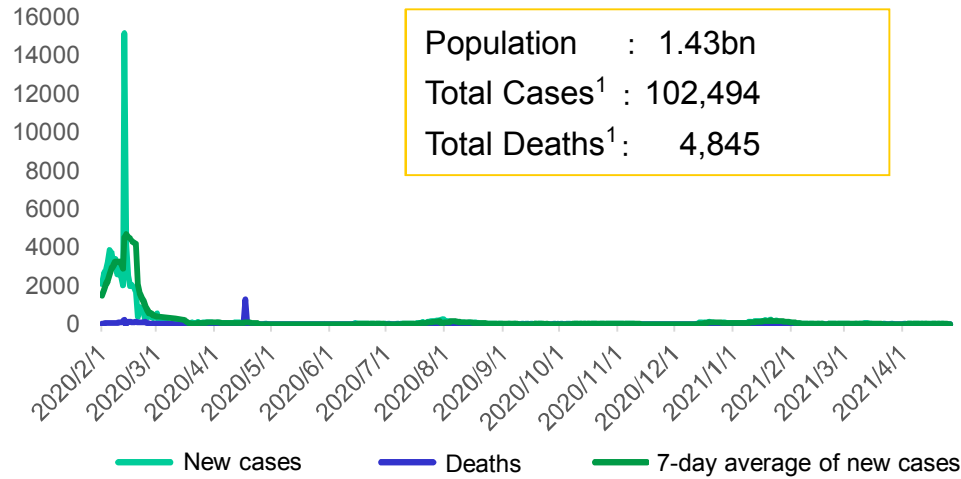
Source: Company disclosure

1. CNY1 = JPY15.81, VND1 = JPY0.004468, IDR1 = JPY0.0074, USD1 = JPY103.50, SGD1 = JPY78.01 (as of December 31, 2020).

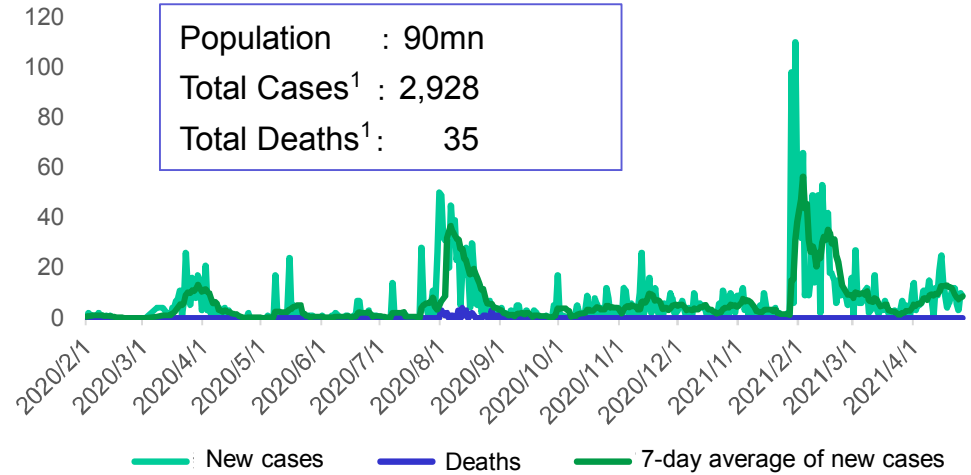
2. Invested in Singlife in June 2019. Following the business combination of Singlife and Aviva Singapore, our equity interests in Singlife were exchanged for those of Aviva Singlife Holdings Pte., Ltd., a holdings company which was newly established. We made an additional investment to support the transaction.

# COVID-19 Situation in the Asian Market

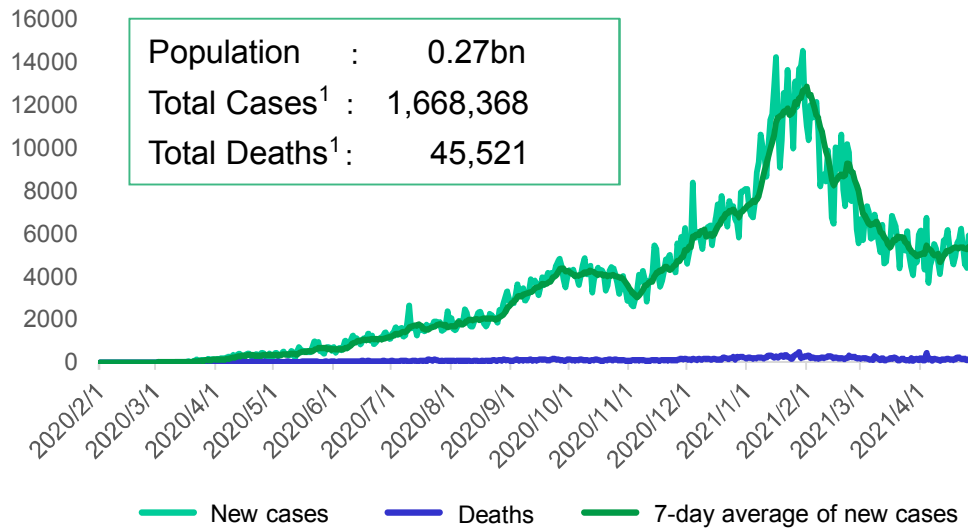
## China



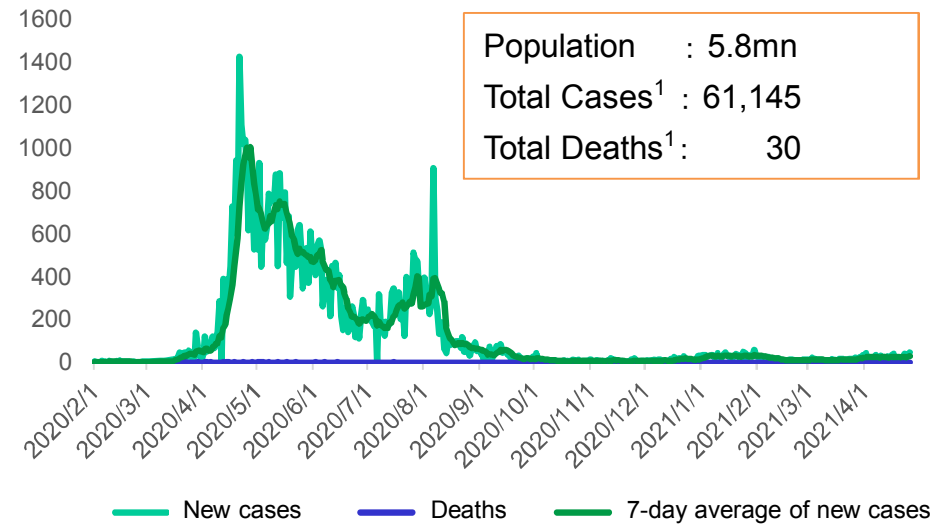
## Vietnam



## Indonesia



## Singapore



Source : Our World in Data  
 Note: As of April 30, 2021

# Initiatives in the Asian Market ②

Singlife, an emerging life insurance company in Singapore, became our affiliated company in June 2019. When Singlife merged with the Singapore business of Aviva Plc, a major British insurance company (Aviva Ltd, hereinafter Aviva Singapore) and created a holding company in November 2020, we supported the transaction with additional investment in Singlife.

## Characteristics of Aviva Singlife HD (Two Life Insurance Businesses of Singlife and Aviva Singapore)

- Benefit from the high growth potential of the Southeast Asian market
  - Singlife plans to roll out its business model to Southeast Asian countries by leveraging its strength of digitalized operations. As part of this plan, Singlife established a joint venture with a local company in the Philippines, Singlife Philippines Inc., and started full-scale operations in September 2020.
  - In Singapore, Singlife merged with the Singapore business of Aviva Plc, a major British insurance company (Aviva Singapore) in November 2020. We made additional investment in Singlife in conjunction with this transaction. A holding company was established in connection with the transaction, and therefore our equity interests in Singlife were exchanged for those of the newly established Aviva Singlife Holdings Pte. Ltd. (20.75% stake). The holding company plans to combine the two companies' businesses, aiming for further integration between Singlife, which has strengths in digital technology, and Aviva Singapore, which has a customer base of 1.5 million and a strong position in the financial advisor channel.
- Fully harness digital technology (Singlife)
  - Singlife's strategy is to fully harness digital technology to achieve low-cost of operations and improve customer service.
- Offer the innovative "Singlife Account"
  - Singlife offers "Singlife Account" with savings, payment, and insurance functions and facilitating access to funds in the account with a debit card, which can be signed up by simply using an app. Due to its convenience, sales volume has far exceeded expectations. The company will continue its aim to build an insurance-finance ecosystem in the digital space by adding and improving functions, and step up its cross-selling of other products.
- Aim to provide a comprehensive financial platform
  - Singlife offers a wide range of products such as life insurance, medical insurance, and property-casualty insurance mainly through financial advisors and the direct channel. It aims to provide a comprehensive financial platform.

## Company Overview


### ■ Singlife

Name	Singapore Life Pte. Ltd.
Representative	Walter de Oude
Total assets	USD1,096 million (approx. JPY113.4 billion)
Gross premiums	USD928million (approx. JPY96.0 billion)

### ■ Aviva Singapore

Name	Aviva Ltd
Representative	Nishit Majmudar
Total assets	SGD11,906 million (approx. JPY928.7 billion)
Gross premiums	SGD2,565 million (approx. JPY200.1 billion)

Note: As of December 31, 2020 (gross premiums: January 1 to December 31, 2020).  
Based on the exchange rate of USD 1.00 = JPY 103.50, SGD 1.00 = JPY 78.01 as of December 31, 2020.

- 
- ① Sustainability
  - ② Multi-Channel and Multi-Product Strategy
  - ③ Asset Management
  - ④ Overseas Business Development

**⑤ Capital Policy**

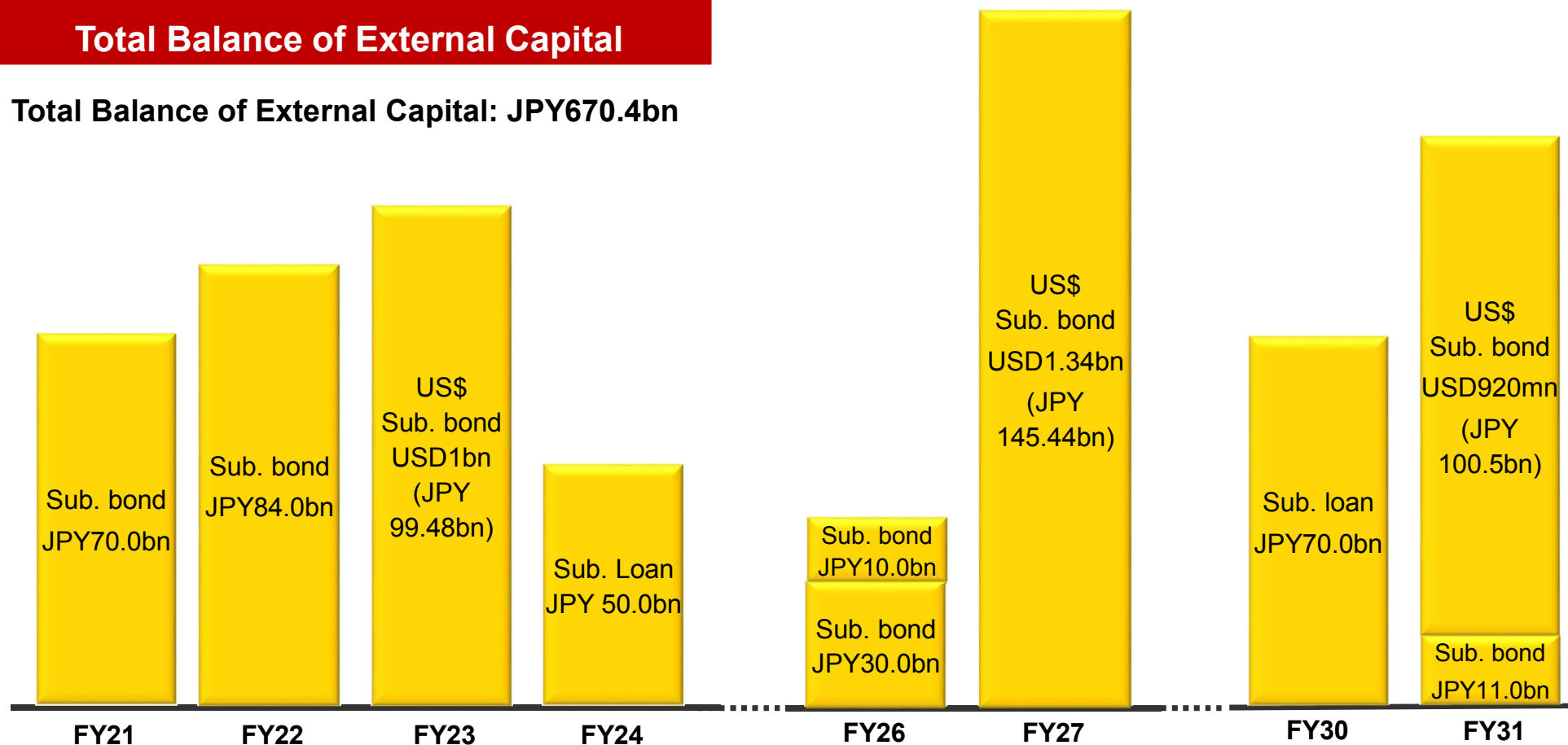
# External Capital

## Philosophy Behind External Capital

In building core capital, we focus on enhancing internal reserves and surplus, and view external capital as a complement. We will secure a sufficient capital level, considering the current solvency regulation and new economic value-based capital regulation, which we expect to be implemented in the near future.

## Total Balance of External Capital

Total Balance of External Capital: JPY670.4bn



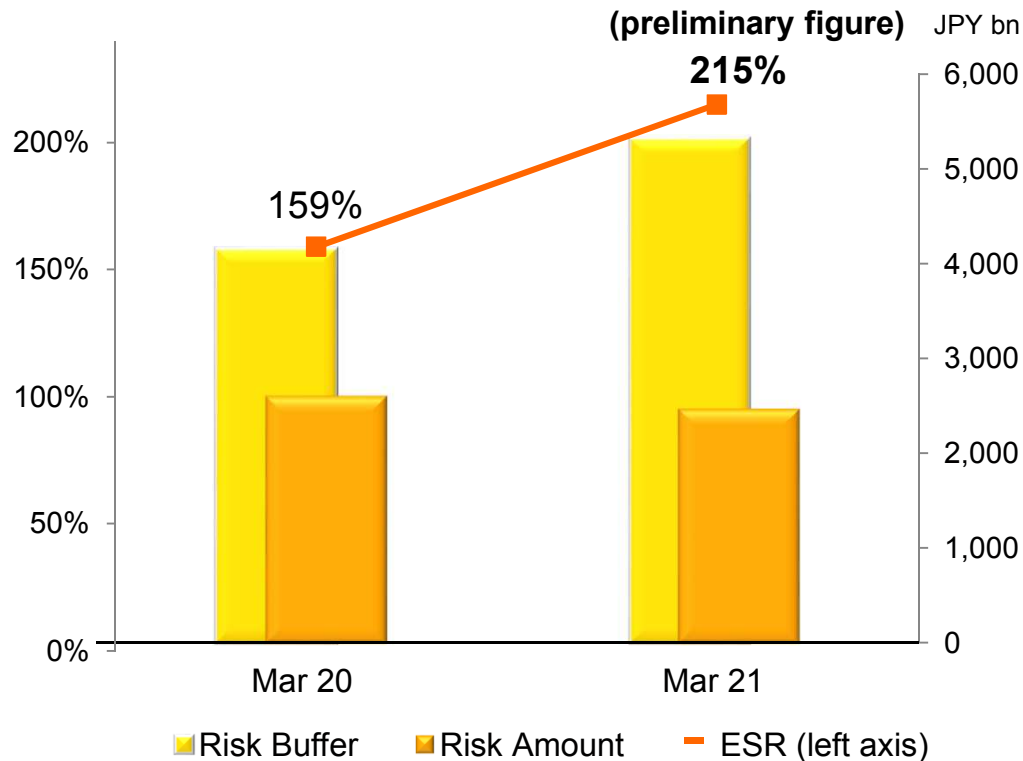
Note: As of April 30, 2021. The first call maturity coming year for subordinated loans / bonds

# Capital Adequacy (Economic Value Basis)

Appropriately control the balance between risks and risk buffers in consideration of future changes in circumstances such as the regulatory environment.

The capital adequacy ratio as of the end of March 2021 (ESR, preliminary figure) is 215%.

## ESR<sup>1</sup>



	Mar 20	Mar 21	Change
Newly Issued 30yr JGB	0.420%	0.665%	+0.245%
TOPIX (Closing Price)	1403.04	1954.00	+550.96

①                      ②                      ②-①

1. The risk amount is calculated using an internal model with a confidence level of 99.5% (holding period of 1 year). The calculation of economic value-based capital amount and risk amount uses an ultimate forward rate for setting super long-term interest rate.

## 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



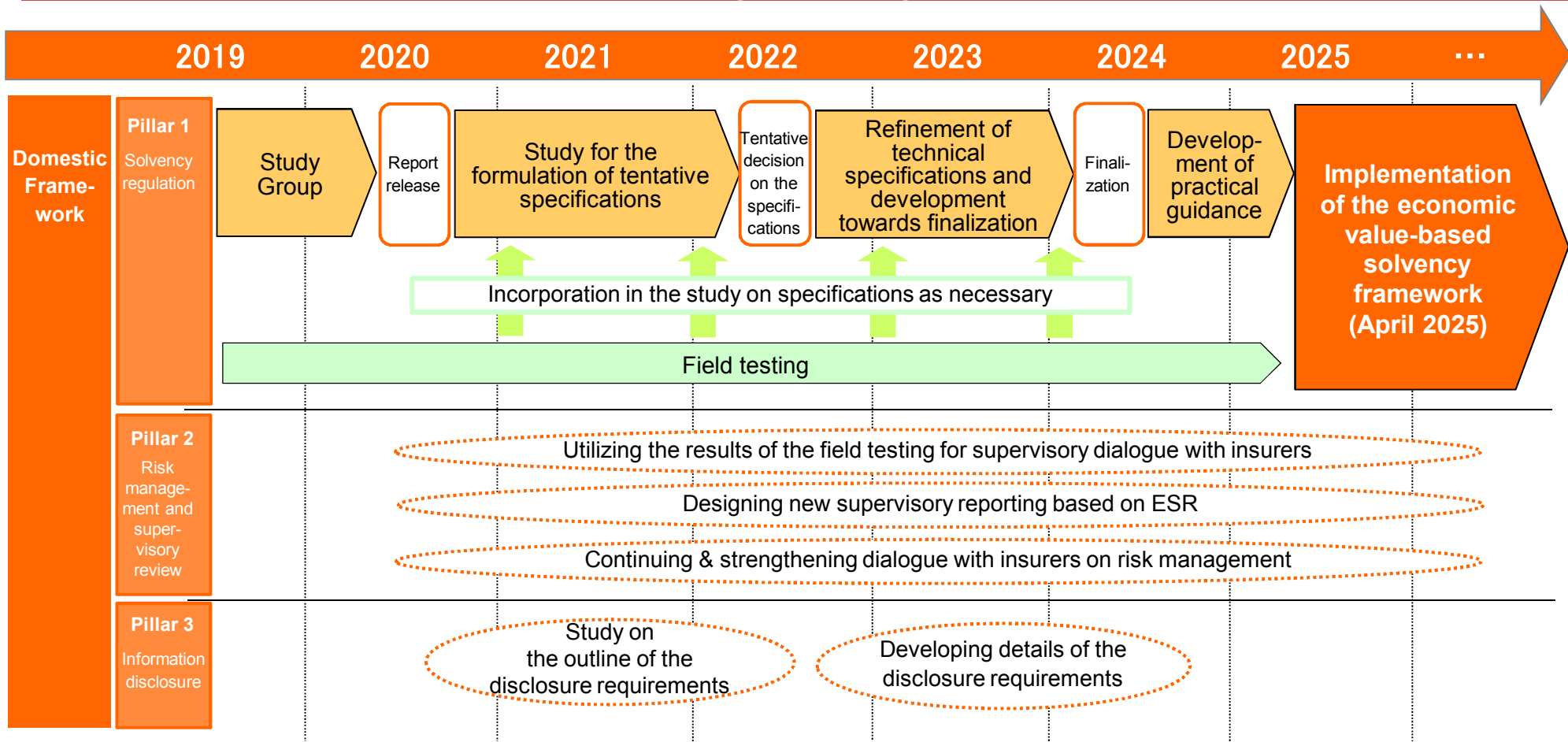
**Risk management based on internal control (economic value)**

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

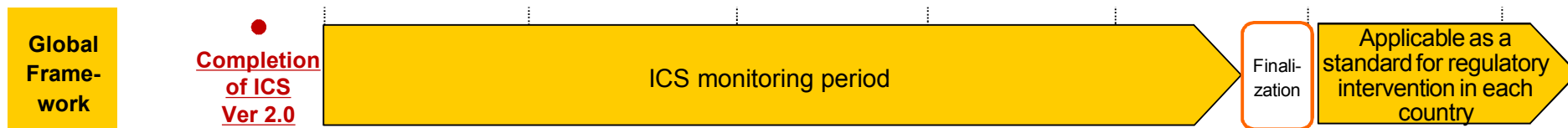


# Introduction of Economic Value-Based Capital Regulation

## Timeline for the Introduction of Japan's Economic Value-Based Solvency Regulation Indicated by the Study Group



<Reference: The Insurance Capital Standard (ICS) for the IAIGs<sup>1</sup> by the International Association of Insurance Supervisors (IAIS)>



1. Internationally Active Insurance Group. IAIG is selected with the following criteria by national authorities: (1) Premiums are written in at least three jurisdictions and at least 10% of the group's gross written premium (GWP) is from outside the home jurisdiction; and (2) Total assets of not less than USD 50 billion or GWP of not less than USD 10 billion.

# Transition from LIBOR

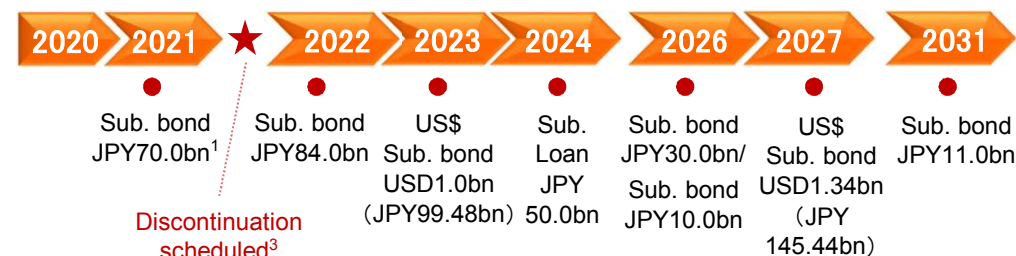
## Outstanding Bonds and Loans that are Referencing LIBOR

### <Outstanding Bonds and Loans referencing LIBOR>

Item	No. of issues <sup>2</sup>	Balance (JPY bn)
Issues referencing JPY LIBOR	10	255.0
Subordinated bond <sup>1</sup>	9	205.0
Subordinated loan	1	50.0
Issues referencing USD LIBOR	2	Approx. 245.0
Total	12	Approx. 500.0

1. We announced on April 30, 2021 that two domestic private subordinated bonds of JPY 70 billion, which will reach the first call dates on June 29, 2021, will be redeemed before maturity.
2. Issues with different face values (e.g. A, B) are counted separately.
3. USD LIBOR rates will no longer be published after the end of June 2023 except for one-week and two-month rates.

### <Maturity Schedule> *Note: The first call maturity coming year for subordinated loans / bonds*



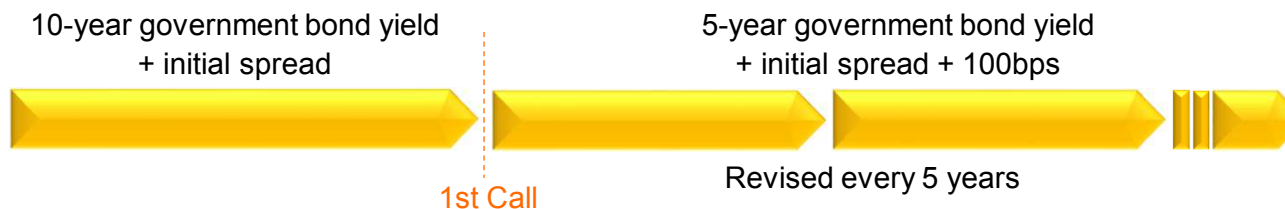
## LIBOR Transition Plans

### <Outstanding Bonds>

<b>Domestic bonds</b>	<ul style="list-style-type: none"> <li>In the event that early redemption is not exercised on the first callable date, contracts will be amended after the start of the period when early redemption can be notified, and before the start of the LIBOR-referencing interest rate period.</li> </ul>
<b>144A/RegS bonds</b>	<ul style="list-style-type: none"> <li>A legislation to amend New York State law, which is the governing law, was passed in April. The legislation stipulates the compulsory application of the benchmark rate recommended by the ARRC without exceptions, even if there is no agreement between the parties to a contract.</li> </ul>

### <Issuances in the future>

- ✓ We plan to continue to employ a rate structure that uses a government bond yield as a benchmark for both yen-denominated and dollar-denominated issues.



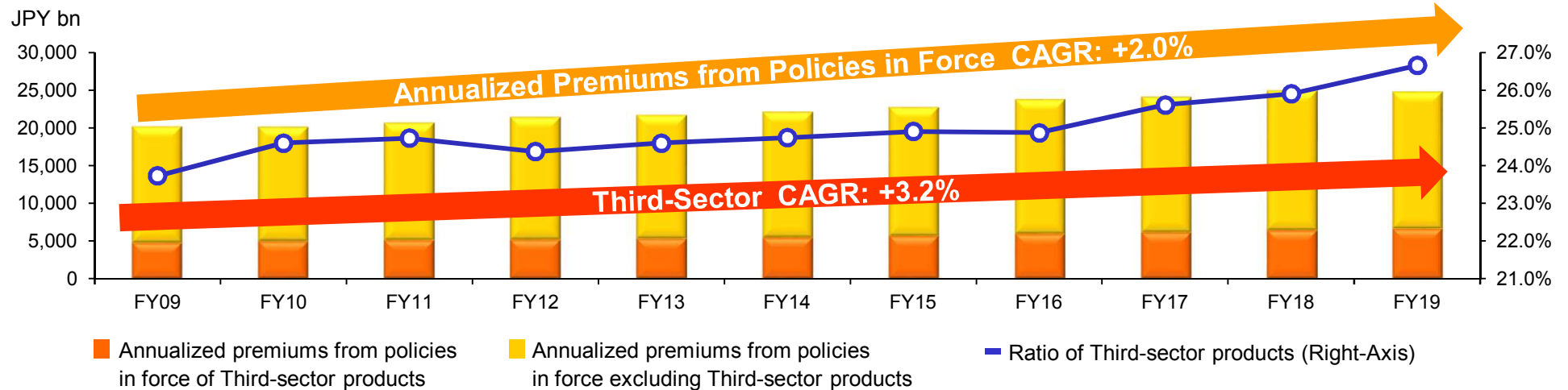


## III. Appendix

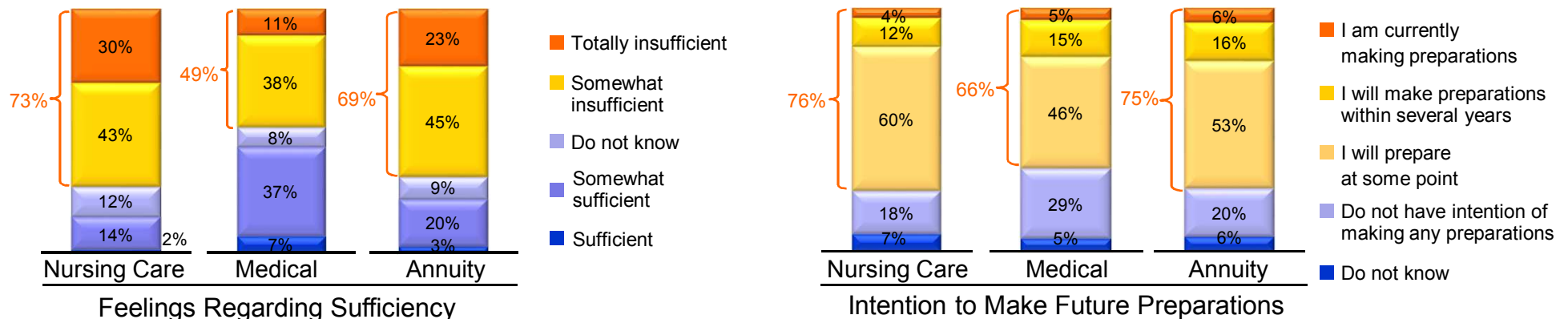
# Domestic Life Insurance Market

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"

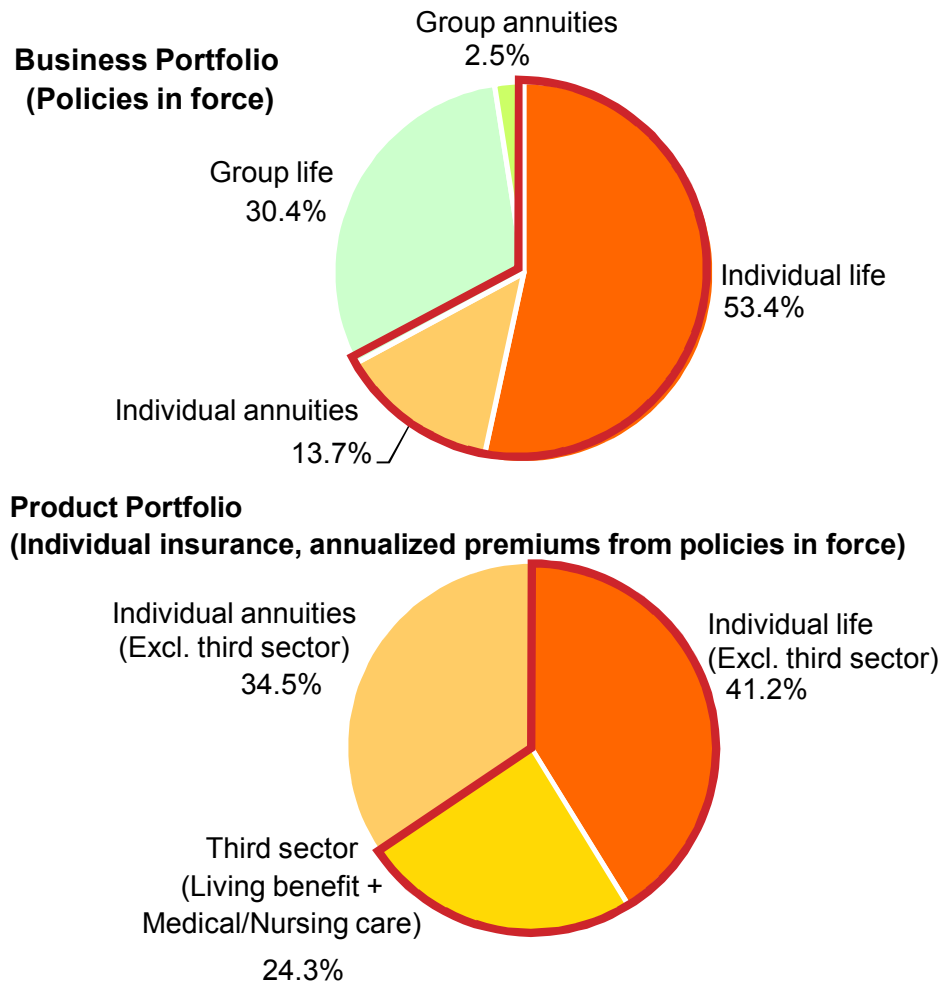
1 Excluding Japan Post Insurance

# 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.

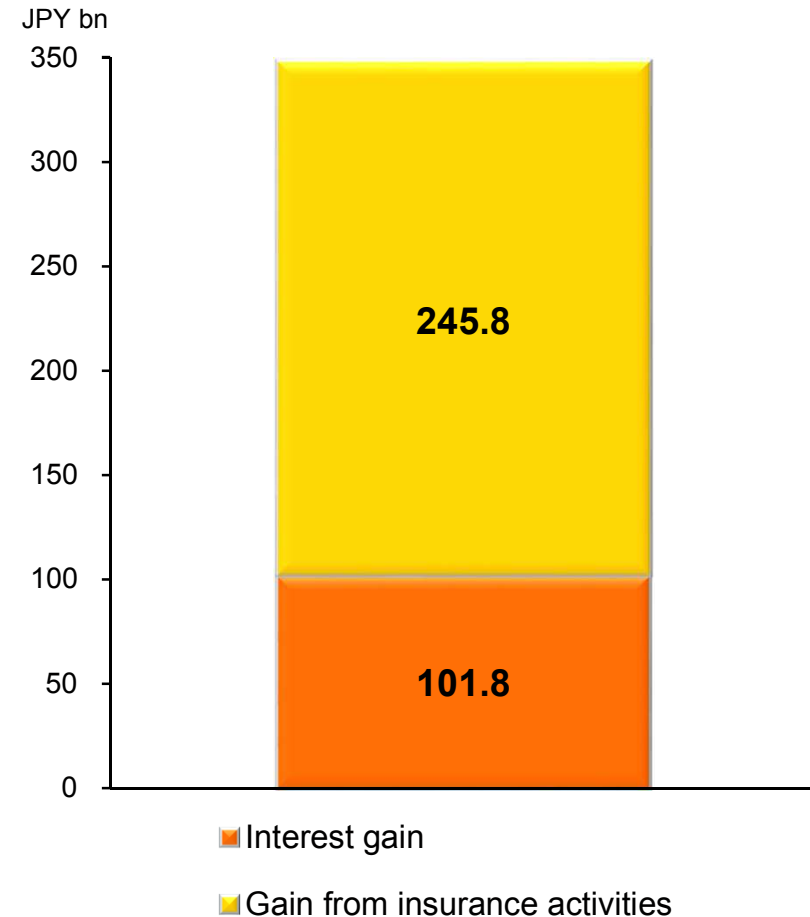
## Business / Product Portfolio (Non-consolidated)

<As of March 31, 2021>



## Gain from Insurance Activities / Interest Gain (Non-consolidated)

<As of March 31, 2021>



# 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

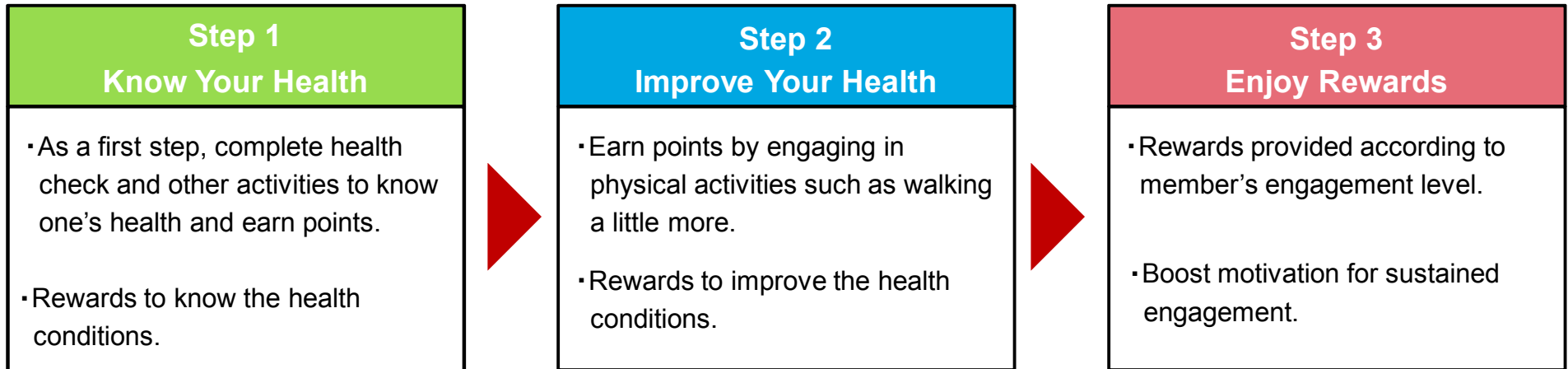
### ■ Revision of target values

# 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.

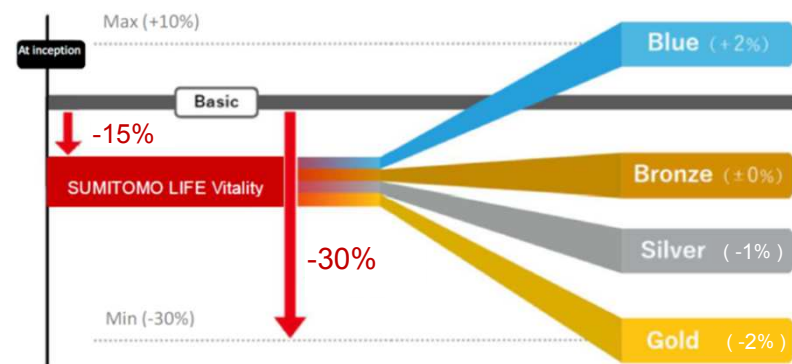
## How Vitality Program Works



## Vitality Status and Points



## Illustrative Premium Flex Design



# Global Network of Vitality

Discovery has a global network of Vitality with 21 million members across 26 countries and regions worldwide (as of December 31, 2020).

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

## Global Network of Vitality<sup>1</sup>



### <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 1,560.6 billion) <sup>2</sup>

<sup>1</sup> Each country and region has its own point distribution standards, status levels and other aspects of the Vitality program

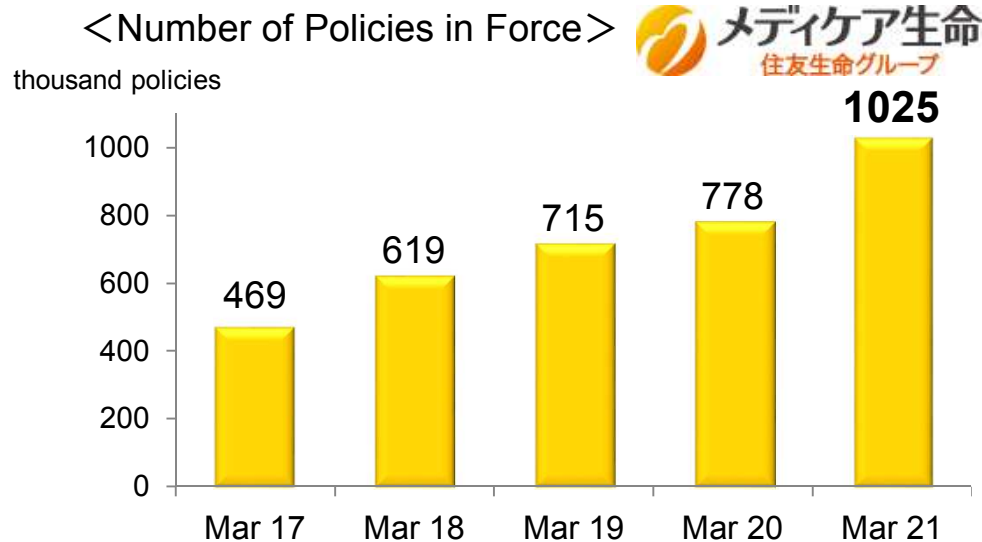
<sup>2</sup> ZAR 1 = 7.42 JPY (exchange rate as of March 31, 2021); Discovery Limited's financial year end is June 30



# Medicare Life / Insurance Outlets

Number of policies in force of Medicare Life reached 1,000 thousand in March 2021.  
Insurance outlets are operated in order to respond to customers that cannot be targeted by Sumitomo Life itself.

## Medicare Life



<Key Indicators (As of March 31, 2021)>

<b>EEV</b>	JPY 208.2 bn
<b>Solvency Margin Ratio</b>	2298.5%
<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 and after service



### ■ 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



# 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

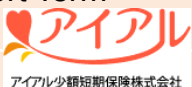
Deals only with the underwriting of protection-type insurance products, in small insurance amounts in short insurance terms of one year (two years for non-life insurance) within a certain business scale

<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 299.4 million <sup>3</sup>	

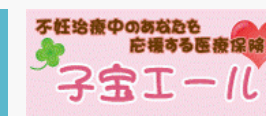
<sup>2</sup> In February 2011, Gakuso Co., Ltd. and Rise Small Amount & Short Term Insurance Co., LTD. merged to become AIARU Small Amount & Short Term Insurance Co., LTD.

<sup>3</sup> As of April 30, 2021

## AIARU's Strengths

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

<Key products>



# “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 nationwide from April 1, 2021.

## Business Alliance with AXA Life

October 2018

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

October 2019

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

April 2020

Expanded menus of “Well Aging Support- ASUNOEGAO”

April 2021

Launched “Well Aging Support- ASUNOEGAO” nationwide

## 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



# Effects of Symetra's Reinsurance Transaction

Effects of the reinsurance transaction to Symetra's GAAP-based income decreased from the previous fiscal year.

## Overview of the Reinsurance Transaction

- Reduced exposure to long-term interest rate risk associated with the long-tail nature of the business through entering into a reinsurance transaction in September 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	• Contributed to an increase of EV (JPY4.4 billion)
Statutory Income (Loss)	• Avoided 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
Financial Strength	• RBC ratio improvement • Reduced exposure of equities

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

### 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)

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

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).

(USD mn)

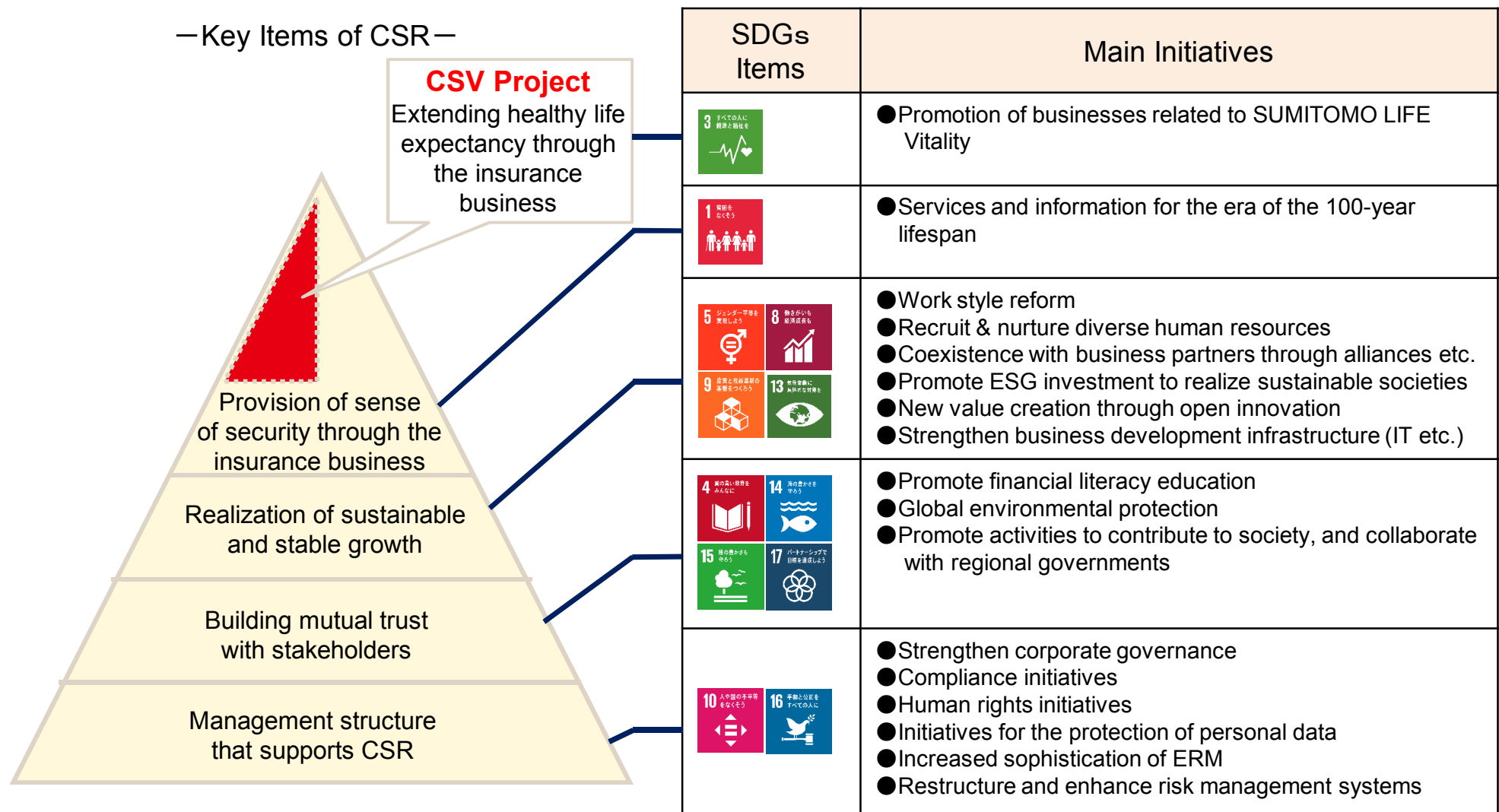
	Year ended December 31, 2019	Year ended December 31, 2020	Increase (Decrease) as of December 31, 2019
Adjusted pre-tax income <sup>1</sup>	172.3	130.4	(24.3%)
Add (deduct) the following:	(549.6)	(290.3)	-
Excluded realized gains (losses)	(63.3)	(37.4)	-
Amortization of intangible assets	(87.3)	(143.2)	-
Closed Block results	(399.0)	(109.7)	-
Income (loss) from operations before income tax	(377.3)	(159.9)	-
Total provision (benefit) for income taxes	111.8	68.4	-
Net income (loss)	(265.5)	(91.5)	-

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

# 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.

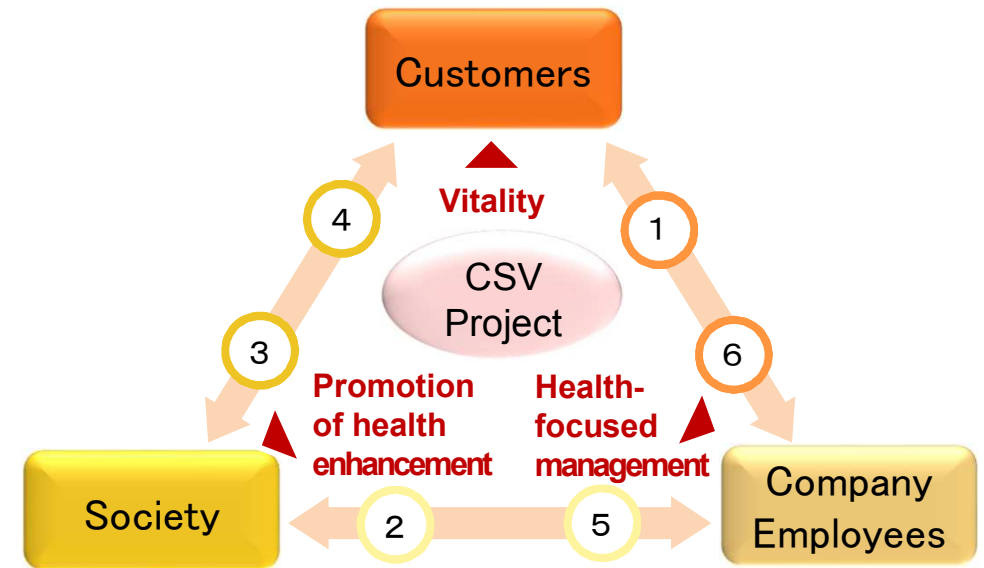
## Sustainability Promotion Council

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).

# Unrealized Gains / Losses on Securities

Total unrealized gains in general account is JPY 3,694.1bn.

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

JPY bn

	Unrealized Gains / Losses As of Mar 2020	As of March 2021			
		Book Value	Market Value	Unrealized Gains / Losses	
					Change from March 2020
Securities*	3,464.1	28,077.4	31,771.5	3,694.1	+229.9
Held-to-maturity debt securities	323.2	1,590.7	1,852.1	261.3	(61.8)
Policy-reserve-matching bonds	2,002.8	12,470.9	14,068.0	1,597.1	(405.6)
Available-for-sale securities	1,162.4	13,963.5	15,804.4	1,840.9	+678.4
Domestic bonds	76.8	2,477.2	2,529.7	52.5	(24.3)
Domestic stocks	599.0	1,115.6	2,338.2	1,222.5	+623.5
Foreign securities	484.0	9,096.1	9,618.0	521.9	+37.8
Others	(5.9)	349.0	387.1	38.0	+44.0

\* Securities with market value excluding trading securities

### <Market Conditions>

	Mar 20	Mar 21	Change
TOPIX (Closing Price)	1,403.04	1,954.00	550.96
(Average during Month)	1,385.57	1,947.82	562.25
Newly Issued 10y JGB	0.010%	0.090%	0.080%
Newly Issued 20y JGB	0.310%	0.475%	0.165%
USD / JPY	108.83	110.71	1.88
EUR / JPY	119.55	129.80	10.25

①

②

②-①

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

	As of Mar 2021
Domestic Stocks (Nikkei225)	JPY13,900 Level
Domestic Stocks (TOPIX)	920 Point Level
Domestic Bonds (10y Yield)	0.9%
Foreign Securities (USD / JPY)	JPY106 Level

# Solvency Margin Ratio (Consolidated)

## Solvency Margin Ratio (Consolidated)

JPY bn

Items	As of Mar 2020	As of Mar 2021
Solvency Margin Gross Amount (A)	<b>4,264.5</b>	<b>5,178.3</b>
Foundation funds and others	505.1	516.4
Reserve for price fluctuation	787.7	883.8
Contingency reserve	419.1	510.9
General allowance for possible loan losses	0.7	3.4
(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	1,880.4
Net unrealized gains on real estate x 85% (Multiplied by 100% if losses)	96.0	103.0
Total amount of unrecognized actuarial gains (losses) and unrecognized past service costs	(5.7)	0.2
Excess of continued Zillmerized reserve	796.4	791.0
Qualifying subordinated debt	499.9	569.9
Deduction clause	(76.8)	(152.2)
Others	70.2	71.1
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>1,200.7</b>
Insurance risk $R_1$	91.8	90.6
Large disaster risk $R_6$	0.0	0.0
Third-sector insurance risk $R_8$	81.0	82.6
Insurance risk of small-amount, short-term insurer $R_9$	0.0	0.0
Risk of assumed yield $R_2$	188.7	181.5
Minimum guarantee risk $R_7$	6.0	4.8
Investment risk $R_3$	747.4	974.7
Operational risk $R_4$	22.3	26.6
Solvency Margin Ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	<b>870.0%</b>	<b>862.5%</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-
15-Apr-2021	144A/RegS	60yr	15-Apr-2081	USD 920mn	15-Apr-2031	3.375% until Apr 2031, thereafter 5yrUST+274.7bps (100bps step up)	Moody's: A3 S&P: A-
<b>Subordinated Loan</b>							
26-Jun-2019	Domestic/ Securitization	60yr	21-Jun-2079	50	21-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	15-Oct-2030	1.105% until Oct 2030, thereafter 5yrJGB+208bps (100bps step up)	R&I: A

Note: As of April 30, 2021. Issuances that are already redeemed are excluded

# Key Performance Indicators

## Key Performance Indicators (Group)

JPY bn

	Group		Sumitomo Life		Medicare Life		Symetra	
	Mar 2021	Increase(decrease) as % of Mar 31, 2020	Mar 2021	Increase(decrease) as % of Mar 31, 2020	Mar 2021	Increase(decrease) as % of Mar 31, 2020	Dec 2020	Increase(decrease) as % of Dec 31, 2019
Annualized premiums from policies in force	2,804.4	(0.1%)	2,286.6	(0.7%)	55.1	33.0%	462.5	0.0%

	Group		Sumitomo Life		Medicare Life		Symetra	
	FY2020	Increase(decrease) as % of Mar 31, 2020	FY2020	Increase(decrease) as % of Mar 31, 2020	FY2020	Increase(decrease) as % of Mar 31, 2020	FY2020	Increase(decrease) as % of Dec 31, 2019
Annualized premiums from new policies	190.7	(5.9%)	94.9	(13.5%)	16.5	209.3%	79.2	(9.6%)

	Group		Sumitomo Life		Medicare Life		Symetra	
	Mar 2021	Increase(decrease) compared to Mar 31, 2020	Mar 2021	Increase(decrease) compared to Mar 31, 2020	Mar 2021	Increase(decrease) compared to Mar 31, 2020	Dec 2020	Increase(decrease) compared to Dec 31, 2019
Solvency margin ratio	862.5%	(7.5pt)	840.5%	(33.1pt)	2,298.5%	(51.9pt)	-	-

EEV	4,489.2	905.0	4,662.5	920.1	208.2	61.5	184.9	(61.4)
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	Group		Sumitomo Life		Medicare Life		Symetra	
	FY2020	Increase(decrease) compared to Mar 31, 2020	FY2020	Increase(decrease) compared to Mar 31, 2020	FY2020	Increase(decrease) compared to Mar 31, 2020	FY2020	Increase(decrease) compared to Dec 31, 2019
Value of new business	67.6	(46.3)	51.4	(61.2)	21.8	16.5	(5.6)	(1.5)

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 December 31, 2020 is JPY103.50 to US\$1.00)

# Financial Statements (Key Items)

## Consolidated Income Statement

	FY2020						FY2020	
	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
Ordinary income	3,517.7	0.9%	3,108.9	0.8%	51.2	20.3%	2,650	18.3%
Ordinary expenses	3,399.4	(1.4%)	2,953.3	(1.2%)	71.7	42.8%	2,810	7.4%
Ordinary profit	118.2	214.5%	155.6	63.6%	(20.5)	-	(159)	-
Net surplus	26.9	417.8%	54.7	10.9%	(15.2)	-	(91)	-

## Consolidated Balance Sheet

	Mar 2021						Dec 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	41,094.0	6.3%	35,400.7	7.4%	259.2	15.4%	58,911	6.1%
Total liabilities	38,990.2	5.2%	33,263.1	6.2%	231.2	15.2%	53,848	5.2%
Total net assets	2,103.8	34.3%	2,137.6	30.4%	27.9	17.0%	5,063	16.8%

Note: US-GAAP for Symetra

Net surplus 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]**

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