

---

## Financial Results for the Three Months Ended June 30, 2020

---

Sumitomo Life Insurance Company announces financial results for the three months ended June 30, 2020.

[Contents]

1. Unaudited Consolidated Financial Statements	P.2
a. Unaudited Consolidated Balance Sheets	P.2
b. Unaudited Consolidated Statements of Income	P.3
c. Unaudited Consolidated Statements of Comprehensive Income	P.4
2. Solvency Margin Ratio on a Consolidated Basis	P.8
3. Non-Consolidated Financial Information (General Account)	P.9
a. Overall Composition of Investments	P.9
b. Fair Value Information of Securities (With Fair Value except for Trading Securities)	P.10

[Note]

The Financial Results are summarized English translations of the original disclosure in Japanese.

## 1. Unaudited Consolidated Financial Statements

### a. Unaudited Consolidated Balance Sheets

(Millions of Yen)

	As of March 31, 2020	As of June 30, 2020
<b>ASSETS:</b>		
Cash and deposits	1,603,446	1,617,751
Call loans	354,415	430,637
Monetary claims bought	326,239	496,760
Securities	31,224,974	32,464,444
Loans	2,834,875	2,664,927
Tangible fixed assets	573,778	572,146
Intangible fixed assets	234,531	235,760
Due from agents	181	135
Reinsurance receivables	1,186	3,441
Other assets	1,264,231	1,152,576
Net defined benefit assets	7,258	6,237
Deferred tax assets	218,110	78,249
Allowance for possible loan losses	(1,178)	(3,600)
<b>Total assets</b>	<b>38,642,050</b>	<b>39,719,467</b>
<b>LIABILITIES:</b>		
Policy reserves and other reserves	31,698,335	31,768,755
Reserve for outstanding claims	138,733	134,460
Policy reserves	31,338,115	31,381,899
Policyholders' dividend reserves	221,485	252,396
Reinsurance payables	11,958	11,239
Corporate bonds	477,709	477,505
Other liabilities	4,058,781	4,806,200
Net defined benefit liabilities	13,655	12,085
Reserve for price fluctuation	787,707	800,213
Deferred tax liabilities	14,729	13
Deferred tax liabilities for land revaluation	12,923	12,923
<b>Total liabilities</b>	<b>37,075,800</b>	<b>37,888,937</b>
<b>NET ASSETS:</b>		
Reserve for redemption of foundation funds	639,000	639,000
Reserve for revaluation	2	2
Surplus	102,654	73,842
Total funds, reserve and surplus	741,656	712,845
Net unrealized gains(losses) on available-for-sale securities	949,379	1,238,429
Deferred gains(losses) on derivatives under hedge accounting	405	12,237
Land revaluation differences	(59,708)	(59,708)
Foreign currency translation adjustments	(61,476)	(67,685)
Remeasurements of defined benefit plans	(4,127)	(5,708)
Total accumulated other comprehensive income	824,471	1,117,563
Non-controlling interests	121	121
<b>Total net assets</b>	<b>1,566,249</b>	<b>1,830,530</b>
<b>Total liabilities and net assets</b>	<b>38,642,050</b>	<b>39,719,467</b>

## b. Unaudited Consolidated Statements of Income

(Millions of Yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020
Ordinary income	880,069	845,073
Insurance premiums and other	625,912	533,273
Investment income	213,492	276,220
Interest, dividends and other income	175,928	175,889
Gains on trading securities	9,522	-
Gains on sales of securities	15,949	19,772
Investment gains on separate accounts	3,583	35,086
Other ordinary income	40,664	35,579
Ordinary expenses	875,731	814,014
Benefits and other payments	516,556	470,494
Claims paid	164,129	151,563
Annuity payments	133,102	113,256
Benefits payments	103,842	101,272
Surrender benefits	99,761	92,232
Provision for policy reserves and other reserves	139,817	68,370
Provision for policy reserves	139,809	68,362
Provision for interest on policyholders' dividend reserves	7	7
Investment expenses	79,958	137,342
Interest expenses	8,047	4,630
Losses on trading securities	-	32,701
Losses on sales of securities	4,023	2,842
Losses on valuation of securities	936	1,612
Operating expenses	100,077	99,647
Other ordinary expenses	39,321	38,158
Ordinary profit	4,337	31,059
Extraordinary gains	14	-
Gains on disposals of fixed assets	14	-
Extraordinary losses	12,137	12,616
Losses on disposals of fixed assets	43	75
Impairment losses	123	-
Provision for reserve for price fluctuation	11,905	12,506
Payments to social responsibility reserve	64	34
Surplus(loss) before income taxes	(7,784)	18,442
Income taxes		
Current	16,747	1,407
Deferred	(21,125)	(1,579)
Total income taxes	(4,378)	(171)
Net surplus(loss)	(3,406)	18,613
Net surplus attributable to non-controlling interests	2	1
Net surplus(loss) attributable to the Parent Company	(3,409)	18,612

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

(Millions of Yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020
Net surplus(loss)	(3,406)	18,613
Other comprehensive income(loss)	122,626	293,092
Net unrealized gains(losses) on available-for-sale securities	124,006	289,798
Deferred gains(losses) on derivatives under hedge accounting	63	11,832
Foreign currency translation adjustments	(35)	(2,458)
Remeasurements of defined benefit plans	(1,984)	(1,580)
Share of other comprehensive income(loss) of associates under the equity method	577	(4,499)
Comprehensive income(loss)	119,219	311,705
Comprehensive income(loss) attributable to the Parent Company	119,217	311,704
Comprehensive income(loss) attributable to non-controlling interests	2	1

## Notes to the Unaudited Consolidated Financial Statements

### Policies of Presenting the Unaudited Consolidated Financial Statements for the Three Months Ended June 30, 2020

#### 1. Amortization treatment of goodwill

The goodwill recorded in U.S. subsidiaries was amortized using a straight-line basis over 20 years, however, from the beginning of the period ended June 30, 2020, amortization term has been changed to a straight-line basis over 10 years, with the accounting alternative under Financial Accounting Standards Board (“FASB”) Accounting Standards Codification, Topic 350, “Intangible-Goodwill and Other” becoming available in U.S subsidiaries. The effect of this change was to decrease ordinary profit and surplus before income taxes by ¥734 million compared with the former method, respectively.

## Notes to the Unaudited Consolidated Balance Sheet as of June 30, 2020

1. SUMITOMO LIFE INSURANCE COMPANY ("the Company")'s assets and liabilities denominated in foreign currencies, except for investments in unconsolidated subsidiaries and affiliates, are translated into Japanese yen at the exchange rate on the balance sheet date. Investments in unconsolidated subsidiaries and affiliates are translated into Japanese yen at the exchange rates on the dates of acquisition.
2. As the proposed appropriations of surplus of the Company for the fiscal year ended March 31, 2020 were approved at the annual meeting of the representatives of policyholders held on July 2, 2020, the consolidated balance sheet as of June 30, 2020 is based on the approval.
3. Securities loaned under security lending agreements amounted to ¥4,196,589 million as of June 30, 2020.
4. Changes in policyholders' dividend reserves for the period ended June 30, 2020 were as follows:

	Millions of Yen
At the beginning of the period	221,485
Transfer from surplus in the previous fiscal year	47,451
Dividend payments to policyholders during the period	(16,548)
Interest accrued during the period	7
At the end of the period	252,396

5. Other assets and other liabilities included assets and liabilities related to the modified coinsurance in U.S. subsidiary of ¥606,462 million and ¥598,830 million, respectively.
6. The consolidation tax filings were adopted from the fiscal year ended March 31, 2018. Following the enactment of "Act for Partial Revision of the Income Tax Act, etc." (Act No.8 of 2020), the transition from the consolidation tax filings to the group tax sharing system will be applied for the fiscal year beginning on April 1, 2022. With the adoption of "Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (Practical Issues Task Force No.39, March 31, 2020), the Company and certain subsidiaries recognized deferred tax assets/liabilities as of June 30, 2020 based on the provisions of pre-amended Tax Act.

## **Notes to the Unaudited Consolidated Statement of Income for the Three Months Ended June 30, 2020**

1. The amount of depreciation of tangible fixed assets, including real estates for investments, was ¥10,993 million and the amount of amortization of goodwill was ¥1,531 million for the period ended June 30, 2020.

## 2. Solvency Margin Ratio on a Consolidated Basis

(Millions of Yen)

	As of March 31, 2020	As of June 30, 2020
Solvency margin gross amount ( A )	4,264,500	4,670,221
Foundation funds and others	505,118	509,669
Reserve for price fluctuation	787,707	800,213
Contingency reserve	419,176	419,281
Unusual contingency reserve	-	-
General allowance for possible loan losses	767	3,192
(Net unrealized gains (losses) on available-for-sale securities (before income tax effect adjustments) and deferred gains (losses) on derivatives under hedge accounting (before income tax effect adjustments)) × 90% (Multiplied by 100% if losses)	1,171,645	1,557,638
Net unrealized gains on real estate × 85% (Multiplied by 100% if losses)	96,066	96,066
Total amount of unrecognized actuarial gains (losses) and unrecognized past service costs	(5,735)	(7,928)
Excess of continued Zillmerized reserve	796,434	796,710
Qualifying subordinated debt	499,924	499,924
Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculation	-	-
Deduction clause	(76,870)	(75,173)
Others	70,265	70,626
Total amount of risk $\sqrt{(\sqrt{R_1^2 + R_5^2 + R_8 + R_9})^2 + (R_2 + R_3 + R_7)^2 + R_4 + R_6}$ ( B )	980,290	1,034,315
Insurance risk $R_1$	91,876	91,764
General insurance risk $R_5$	-	-
Large disaster risk $R_6$	0	0
Third-sector insurance risk $R_8$	81,094	81,454
Insurance risk of small-amount, short-term insurer $R_9$	7	7
Risk of assumed yield $R_2$	188,775	186,962
Minimum guarantee risk $R_7^{\ast}$	6,025	5,920
Investment risk $R_3$	747,438	803,094
Operational risk $R_4$	22,304	23,384
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	870.0%	903.0%

※ The standard method is used for the calculation of the amount equivalent to minimum guarantee risk.

Note: The amounts and figures in the table above are calculated based on Article 130 of the Insurance Business Act, Article 86-2 and Article 88 of the Ordinance for Enforcement of the Insurance Business Act and Financial Services Agency Public Notice No.23 of 2011.

### 3. Non-Consolidated Financial Information (General Account)

#### a. Overall Composition of Investments

(Millions of Yen, %)

	As of March 31, 2020		As of June 30, 2020	
	Amount	% of total	Amount	% of total
Cash, deposits and call loans	1,751,825	5.4	1,842,051	5.5
Monetary claims bought	326,239	1.0	496,760	1.5
Investments in securities	26,790,871	83.1	28,200,438	84.3
Domestic bonds	13,809,070	42.8	13,866,721	41.4
Domestic stocks	1,718,821	5.3	2,060,229	6.2
Foreign securities	10,959,518	34.0	11,920,525	35.6
Foreign bonds	9,611,587	29.8	10,348,433	30.9
Other foreign securities	1,347,930	4.2	1,572,092	4.7
Other securities	303,462	0.9	352,960	1.1
Loans	2,099,584	6.5	1,925,286	5.8
Policy loans	281,112	0.9	280,937	0.8
Industrial and consumer loans	1,818,472	5.6	1,644,348	4.9
Real estate	558,552	1.7	557,461	1.7
Investment property	389,872	1.2	389,070	1.2
Deferred tax assets	214,138	0.7	71,178	0.2
Other assets	493,105	1.5	376,200	1.1
Allowance for possible loan losses	(816)	(0.0)	(785)	(0.0)
Total	32,233,500	100.0	33,468,591	100.0
Foreign currency denominated assets	10,453,682	32.4	11,401,177	34.1

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

## b. Fair Value Information of Securities (With Fair Value except for Trading Securities)

(Millions of Yen)

	As of March 31, 2020					As of June 30, 2020				
	Book value	Fair value	Net gains (losses)	Net gains (losses)		Book value	Fair value	Net gains (losses)	Net gains (losses)	
				Gains	Losses				Gains	Losses
Held-to-maturity debt securities	1,725,807	2,049,016	323,208	323,213	(5)	1,707,004	2,011,988	304,984	304,990	(5)
Policy-reserve-matching bonds	12,029,249	14,032,115	2,002,866	2,014,096	(11,230)	12,069,769	13,941,137	1,871,367	1,896,839	(25,472)
Investments in subsidiaries and affiliated companies	52,238	27,869	(24,369)	-	(24,369)	52,238	34,629	(17,609)	-	(17,609)
Available-for-sale securities	11,788,547	12,951,026	1,162,478	1,335,068	(172,589)	12,828,817	14,527,038	1,698,220	1,798,409	(100,188)
Domestic bonds	2,128,756	2,205,625	76,869	90,306	(13,437)	2,178,069	2,255,238	77,169	104,320	(27,150)
Domestic stocks	996,146	1,595,204	599,057	679,946	(80,889)	1,068,486	1,936,963	868,476	927,090	(58,614)
Foreign securities	7,739,602	8,223,698	484,096	544,125	(60,028)	8,447,643	9,171,183	723,540	735,270	(11,730)
Foreign bonds	6,967,667	7,459,975	492,308	529,922	(37,613)	7,509,810	8,183,142	673,332	680,556	(7,224)
Other foreign securities	771,934	763,722	(8,211)	14,203	(22,415)	937,833	988,041	50,208	54,714	(4,506)
Other securities	303,523	297,562	(5,960)	12,202	(18,163)	325,293	346,811	21,517	23,961	(2,443)
Monetary claims bought	184,619	193,071	8,451	8,486	(34)	357,725	365,278	7,553	7,765	(211)
Negotiable certificates of deposit	435,900	435,863	(36)	-	(36)	451,600	451,562	(37)	-	(37)
Others	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>25,595,843</b>	<b>29,060,026</b>	<b>3,464,183</b>	<b>3,672,378</b>	<b>(208,194)</b>	<b>26,657,830</b>	<b>30,514,793</b>	<b>3,856,963</b>	<b>4,000,238</b>	<b>(143,275)</b>
Domestic bonds	13,732,200	15,797,682	2,065,481	2,084,466	(18,985)	13,789,552	15,673,602	1,884,049	1,933,456	(49,407)
Domestic stocks	996,146	1,595,204	599,057	679,946	(80,889)	1,068,486	1,936,963	868,476	927,090	(58,614)
Foreign securities	9,943,452	10,740,642	797,190	887,275	(90,085)	10,665,172	11,740,575	1,075,403	1,107,963	(32,560)
Foreign bonds	9,119,279	9,949,050	829,771	873,072	(43,300)	9,675,100	10,717,904	1,042,803	1,053,249	(10,445)
Other foreign securities	824,173	791,591	(32,581)	14,203	(46,784)	990,071	1,022,670	32,599	54,714	(22,115)
Other securities	303,523	297,562	(5,960)	12,202	(18,163)	325,293	346,811	21,517	23,961	(2,443)
Monetary claims bought	184,619	193,071	8,451	8,486	(34)	357,725	365,278	7,553	7,765	(211)
Negotiable certificates of deposit	435,900	435,863	(36)	-	(36)	451,600	451,562	(37)	-	(37)
Others	-	-	-	-	-	-	-	-	-	-

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

### Book values of securities whose fair value is not practically determinable are as follows:

(Millions of Yen)

	As of March 31, 2020	As of June 30, 2020
Held-to-maturity debt securities	-	-
Unlisted foreign bonds	-	-
Others	-	-
Policy-reserve-matching bonds	-	-
Investments in subsidiaries and affiliated companies	593,981	593,981
Available-for-sale securities	62,246	62,219
Unlisted domestic stocks (excluding over-the-counter stocks)	21,841	21,491
Unlisted foreign stocks (excluding over-the-counter stocks)	34,558	34,558
Unlisted foreign bonds	-	-
Others	5,845	6,169
<b>Total</b>	<b>656,227</b>	<b>656,200</b>