
Financial Results for the Three Months Ended June 30, 2021

Sumitomo Life Insurance Company announces financial results for the three months ended June 30, 2021.

[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 (except for Trading Securities)	P.10
c. Fair Value Information of Money held in trust	P.11

[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, 2021	As of June 30, 2021
ASSETS:		
Cash and deposits	1,386,540	1,462,632
Call loans	192,142	212,116
Monetary claims bought	565,143	616,338
Money held in trust	-	12
Securities	34,343,796	34,781,506
Loans	2,645,407	2,926,761
Tangible fixed assets	570,045	567,449
Intangible fixed assets	193,877	207,133
Due from agents	145	173
Reinsurance receivables	1,241	1,437
Other assets	1,112,257	1,065,728
Net defined benefit assets	18,370	19,182
Deferred tax assets	69,056	67,548
Allowance for possible loan losses	(3,938)	(3,746)
Total assets	41,094,086	41,924,273
LIABILITIES:		
Policy reserves and other reserves	32,295,045	32,868,419
Reserve for outstanding claims	138,027	138,748
Policy reserves	31,938,861	32,476,772
Policyholders' dividend reserves	218,156	252,898
Reinsurance payables	12,837	13,572
Corporate bonds	474,969	507,280
Other liabilities	5,272,243	5,538,737
Net defined benefit liabilities	4,775	5,007
Reserve for price fluctuation	883,835	886,862
Deferred tax liabilities	33,615	16,943
Deferred tax liabilities for land revaluation	12,894	12,774
Total liabilities	38,990,217	39,849,597
NET ASSETS:		
Reserve for redemption of foundation funds	639,000	639,000
Reserve for revaluation	2	2
Surplus	81,850	49,764
Total funds, reserve and surplus	720,853	688,766
Net unrealized gains (losses) on available-for-sale securities	1,526,505	1,503,592
Deferred gains (losses) on derivatives under hedge accounting	104	(1,389)
Land revaluation differences	(59,397)	(59,088)
Foreign currency translation adjustments	(84,516)	(56,690)
Remeasurements of defined benefit plans	185	(647)
Total accumulated other comprehensive income	1,382,881	1,385,775
Non-controlling interests	133	134
Total net assets	2,103,868	2,074,675
Total liabilities and net assets	41,094,086	41,924,273

b. Unaudited Consolidated Statements of Income

(Millions of Yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Ordinary income	845,073	906,315
Insurance premiums and other	533,273	597,258
Investment income	276,220	279,602
Interest, dividends and other income	175,889	182,101
Gains on money held in trust	-	0
Gains on sales of securities	19,772	16,386
Investment gains on separate accounts	35,086	16,676
Other ordinary income	35,579	29,454
Ordinary expenses	814,014	878,614
Benefits and other payments	470,494	468,896
Claims paid	151,563	144,170
Annuity payments	113,256	110,196
Benefits payments	101,272	97,576
Surrender benefits	92,232	101,826
Provision for policy reserves and other reserves	68,370	185,608
Provision for policy reserves	68,362	185,601
Provision for interest on policyholders' dividend reserves	7	6
Investment expenses	137,342	71,326
Interest expenses	4,630	3,521
Losses on trading securities	32,701	9,549
Losses on sales of securities	2,842	4,941
Losses on valuation of securities	1,612	5,249
Operating expenses	99,647	112,197
Other ordinary expenses	38,158	40,585
Ordinary profit	31,059	27,700
Extraordinary gains	-	2,054
Gains on disposals of fixed assets	-	2,054
Extraordinary losses	12,616	5,269
Losses on disposals of fixed assets	75	2,015
Impairment losses	-	182
Provision for reserve for price fluctuation	12,506	3,027
Payments to social responsibility reserve	34	43
Surplus(loss) before income taxes	18,442	24,485
Income taxes		
Current	1,407	15,405
Deferred	(1,579)	(13,324)
Total income taxes	(171)	2,080
Net surplus(loss)	18,613	22,405
Net surplus attributable to non-controlling interests	1	1
Net surplus(loss) attributable to the Parent Company	18,612	22,403

c. Unaudited Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Net surplus(loss)	18,613	22,405
Other comprehensive income(loss)	293,092	2,584
Net unrealized gains(losses) on available-for-sale securities	289,798	(22,327)
Deferred gains(losses) on derivatives under hedge accounting	11,832	(1,494)
Foreign currency translation adjustments	(2,458)	22,715
Remeasurements of defined benefit plans	(1,580)	(833)
Share of other comprehensive income(loss) of associates under the equity method	(4,499)	4,524
Comprehensive income(loss)	311,705	24,989
Comprehensive income(loss) attributable to the Parent Company	311,704	24,988
Comprehensive income(loss) attributable to non-controlling interests	1	1

Notes to the Unaudited Consolidated Balance Sheet as of June 30, 2021

1. SUMITOMO LIFE INSURANCE COMPANY ("the Company")'s assets and liabilities denominated in foreign currencies, except for investments in unconsolidated subsidiaries and affiliates, are translated into Japanese yen at the exchange rate on the balance sheet date. Investments in unconsolidated subsidiaries and affiliates are translated into Japanese yen at the exchange rates on the dates of acquisition.
2. The Company has applied "Accounting Standard for Fair Value Measurement" (ASBJ Statement No.30, July 4, 2019), etc. from the beginning of the period ended June 30, 2021. In accordance with transitional treatment stipulated in Item 19 of "Accounting Standard for Fair Value Measurement" and Item 44-2 of "Accounting Standard for Financial Instruments" (ASBJ Statement No.10, July 4, 2019), the Company has applied new accounting policies prospectively since the beginning of the period ended June 30, 2021.
Due to this application, the measurement of the fair value of stocks with market price categorized as available-for-sale securities is changed from the fair value method based on the average market price during the last month of the period to the fair value method based on the market price on the balance sheet date.
3. As the proposed appropriations of surplus of the Company for the fiscal year ended March 31, 2021 were approved at the annual meeting of the representatives of policyholders held on July 2, 2021, the consolidated balance sheet as of June 30, 2021 is based on the approval.
4. Securities loaned under security lending agreements amounted to ¥4,623,127 million as of June 30, 2021.
5. The Company's total amounts deducted from the original acquisition cost of the qualified properties were ¥2,826 million for the period ended June 30, 2021.

6. Changes in policyholders' dividend reserves for the period ended June 30, 2021 were as follows:

	Millions of Yen
At the beginning of the period	218,156
Transfer from surplus in the previous fiscal year	54,181
Dividend payments to policyholders during the period	19,446
Interest accrued during the period	6
At the end of the period	252,898

7. Other assets and other liabilities included assets and liabilities related to the modified coinsurance in U.S. subsidiary of ¥586,059 million and ¥623,999 million, respectively.
8. 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, 2021 based on the provisions of pre-amended Tax Act.

Notes to the Unaudited Consolidated Statement of Income for the Three Months Ended June 30, 2021

1. The amount of depreciation of tangible fixed assets, including real estates for investments, was ¥11,116 million and the amount of amortization of goodwill was ¥1,558 million for the period ended June 30, 2021.

2. Solvency Margin Ratio on a Consolidated Basis

(Millions of Yen)

	As of March 31, 2021	As of June 30, 2021
Solvency margin gross amount (A)	5,178,317	5,227,812
Foundation funds and others	516,421	511,251
Reserve for price fluctuation	883,835	886,862
Contingency reserve	510,966	559,359
Unusual contingency reserve	-	-
General allowance for possible loan losses	3,496	3,311
(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)	1,880,484	1,858,607
Net unrealized gains on real estate × 85% (Multiplied by 100% if losses)	103,047	104,932
Total amount of unrecognized actuarial gains (losses) and unrecognized past service costs	261	(894)
Excess of continued Zillmerized reserve	791,007	782,557
Qualifying subordinated debt	569,924	600,510
Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculation	-	-
Deduction clause	(152,230)	(150,651)
Others	71,101	71,965
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)	1,200,721	1,160,767
Insurance risk R_1	90,606	92,757
General insurance risk R_5	-	-
Large disaster risk R_6	0	0
Third-sector insurance risk R_8	82,627	84,403
Insurance risk of small-amount, short-term insurer R_9	9	9
Risk of assumed yield R_2	181,527	180,008
Minimum guarantee risk R_7^{\ast}	4,896	5,131
Investment risk R_3	974,755	935,749
Operational risk R_4	26,688	25,961
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	862.5%	900.7%

※ 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, 2021		As of June 30, 2021	
	Amount	% of total	Amount	% of total
Cash, deposits and call loans	1,300,346	3.8	1,410,393	4.0
Monetary claims bought	565,143	1.6	616,338	1.8
Money held in trust	-	-	12	0.0
Investments in securities	29,756,172	86.0	29,879,175	85.3
Domestic bonds	14,431,149	41.7	14,458,784	41.3
Domestic stocks	2,480,707	7.2	2,445,583	7.0
Foreign securities	12,391,645	35.8	12,511,706	35.7
Foreign bonds	10,516,392	30.4	10,457,578	29.9
Other foreign securities	1,875,252	5.4	2,054,128	5.9
Other securities	452,669	1.3	463,100	1.3
Loans	1,945,518	5.6	2,179,821	6.2
Policy loans	258,549	0.7	253,707	0.7
Industrial and consumer loans	1,686,968	4.9	1,926,113	5.5
Real estate	557,409	1.6	555,335	1.6
Investment property	394,204	1.1	391,780	1.1
Deferred tax assets	68,356	0.2	66,323	0.2
Other assets	403,110	1.2	306,193	0.9
Allowance for possible loan losses	(890)	(0.0)	(951)	(0.0)
Total	34,595,165	100.0	35,012,642	100.0
Foreign currency denominated assets	11,799,295	34.1	11,861,054	33.9

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

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

(Millions of Yen)

	As of March 30, 2021					As of June 30, 2021				
	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	1,590,707	1,852,103	261,395	261,404	(8)	1,585,632	1,848,188	262,555	262,565	(9)
Policy-reserve-matching bonds	12,470,906	14,068,089	1,597,183	1,654,525	(57,341)	12,444,453	14,064,810	1,620,356	1,681,207	(60,851)
Investments in subsidiaries and affiliated companies	52,238	46,861	(5,376)	-	(5,376)	52,238	45,978	(6,259)	-	(6,259)
Available-for-sale securities	13,963,576	15,804,479	1,840,903	1,986,544	(145,641)	14,234,428	16,140,712	1,906,284	2,014,345	(108,061)
Domestic bonds	2,477,237	2,529,740	52,503	86,818	(34,315)	2,551,253	2,612,678	61,425	96,314	(34,889)
Domestic stocks	1,115,669	2,338,264	1,222,594	1,252,591	(29,996)	1,131,234	2,303,496	1,172,261	1,209,296	(37,034)
Foreign securities	9,096,111	9,618,085	521,974	601,930	(79,956)	9,091,363	9,713,512	622,149	657,387	(35,238)
Foreign bonds	7,922,014	8,356,187	434,173	509,392	(75,219)	7,791,054	8,273,598	482,543	515,616	(33,073)
Other foreign securities	1,174,097	1,261,898	87,801	92,538	(4,737)	1,300,308	1,439,914	139,605	141,770	(2,164)
Other securities	349,067	387,108	38,040	38,775	(735)	353,792	397,722	43,929	44,553	(624)
Monetary claims bought	433,890	439,749	5,859	6,427	(567)	486,185	492,752	6,567	6,793	(225)
Negotiable certificates of deposit	491,600	491,530	(69)	-	(69)	620,600	620,550	(49)	-	(49)
Others	-	-	-	-	-	-	-	-	-	-
Total	28,077,428	31,771,534	3,694,106	3,902,473	(208,367)	28,316,753	32,099,690	3,782,936	3,958,118	(175,182)
Domestic bonds	14,378,646	16,015,275	1,636,628	1,710,830	(74,201)	14,397,359	16,029,890	1,632,530	1,720,288	(87,758)
Domestic stocks	1,115,669	2,338,264	1,222,594	1,252,591	(29,996)	1,131,234	2,303,496	1,172,261	1,209,296	(37,034)
Foreign securities	11,308,555	12,099,606	791,051	893,848	(102,797)	11,327,581	12,255,278	927,696	977,186	(49,490)
Foreign bonds	10,082,219	10,790,846	708,627	801,310	(92,683)	9,975,034	10,769,384	794,350	835,415	(41,065)
Other foreign securities	1,226,335	1,308,760	82,424	92,538	(10,113)	1,352,547	1,485,893	133,346	141,770	(8,424)
Other securities	349,067	387,108	38,040	38,775	(735)	353,792	397,722	43,929	44,553	(624)
Monetary claims bought	433,890	439,749	5,859	6,427	(567)	486,185	492,752	6,567	6,793	(225)
Negotiable certificates of deposit	491,600	491,530	(69)	-	(69)	620,600	620,550	(49)	-	(49)
Others	-	-	-	-	-	-	-	-	-	-

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

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

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

(Millions of Yen)

	As of March 31, 2021	As of June 30, 2021
Investments in subsidiaries and affiliated companies	697,616	697,427
Available-for-sale securities	62,198	61,983
Domestic stocks	20,368	20,011
Foreign stocks	34,558	34,558
Others	7,271	7,413
Total	759,814	759,411

c. Fair Value Information of Money held in trust

(Millions of Yen)

	As of March 31, 2021					As of June 30, 2021				
	Balance sheet amount	Fair value	Net gains (losses)	Net gains (losses)		Balance sheet amount	Fair value	Net gains (losses)	Net gains (losses)	
				Gains	Losses				Gains	Losses
Money held in trust	-	-	-	-	-	12	12	-	-	-

Money held in trust for trading

(Millions of Yen)

	As of March 31, 2021		As of June 30, 2021	
	Balance sheet amount	Net Valuation gains (losses) included in statement of income	Balance sheet amount	Net Valuation gains (losses) included in statement of income
Money held in trust for trading	-	-	12	0

Money held in trust except for trading

No money held in trust except for trading as of March 31, 2021 and June 30, 2021.