
Financial Results for the Three Months Ended June 30, 2023

Sumitomo Life Insurance Company announces financial results for the three months ended June 30, 2023.

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[Note]

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

1. Unaudited Consolidated Financial Statements

a. Unaudited Consolidated Balance Sheets

(Millions of Yen)

	As of March 31, 2023	As of June 30, 2023
ASSETS:		
Cash and deposits	1,565,736	1,487,957
Call loans	847,388	303,998
Monetary claims bought	407,646	477,372
Money held in trust	14,990	17,965
Securities	33,598,005	35,034,038
Loans	3,175,130	3,416,157
Tangible fixed assets	598,313	658,322
Intangible fixed assets	234,084	225,762
Due from agents	151	150
Reinsurance receivables	12,480	11,224
Other assets	1,588,901	1,672,986
Net defined benefit assets	35,837	36,581
Deferred tax assets	588,114	447,938
Allowance for possible loan losses	(4,373)	(4,298)
Total assets	42,662,408	43,786,158
LIABILITIES:		
Policy reserves and other reserves	35,233,129	35,635,482
Reserve for outstanding claims	169,352	174,202
Policy reserves	34,848,109	35,208,476
Policyholders' dividend reserves	215,667	252,802
Reinsurance payables	12,643	17,100
Corporate bonds	428,417	428,589
Other liabilities	5,361,612	5,723,292
Net defined benefit liabilities	4,133	5,098
Reserve for price fluctuation	849,771	860,477
Deferred tax liabilities	5	22
Deferred tax liabilities for land revaluation	12,466	12,466
Total liabilities	41,902,180	42,682,530
NET ASSETS:		
Reserve for redemption of foundation funds	639,000	639,000
Reserve for revaluation	2	2
Surplus	155,000	111,038
Total funds, reserve and surplus	794,002	750,040
Net unrealized gains (losses) on available-for-sale securities	5,564	386,904
Deferred gains (losses) on derivatives under hedge accounting	(13,063)	(11,958)
Land revaluation differences	(59,645)	(59,645)
Foreign currency translation adjustments	28,216	33,190
Remeasurements of defined benefit plans	5,005	4,947
Total accumulated other comprehensive income	(33,921)	353,439
Non-controlling interests	147	147
Total net assets	760,227	1,103,627
Total liabilities and net assets	42,662,408	43,786,158

b. Unaudited Consolidated Statements of Income

(Millions of Yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Ordinary income	1,109,401	1,102,415
Insurance premiums and other	644,183	618,084
Investment income	435,587	460,572
Interest, dividends and other income	215,258	239,446
Gains on money held in trust	677	1,535
Gains on trading securities	-	9,793
Gains on sales of securities	69,144	35,458
Investment gains on separate accounts	-	47,813
Other ordinary income	29,630	23,759
Ordinary expenses	1,025,363	1,078,315
Benefits and other payments	546,202	557,630
Claims paid	147,496	153,774
Annuity payments	108,030	107,768
Benefits payments	128,450	119,072
Surrender benefits	146,526	124,417
Provision for policy reserves and other reserves	233,460	250,932
Provision for reserve for outstanding claims	735	-
Provision for policy reserves	232,718	250,926
Provision for interest on policyholders' dividend reserves	6	6
Investment expenses	85,638	107,286
Interest expenses	4,376	12,903
Losses on trading securities	20,716	-
Losses on sales of securities	19,356	24,837
Losses on valuation of securities	2,605	708
Investment losses on separate accounts	22,650	-
Operating expenses	119,853	121,324
Other ordinary expenses	40,209	41,140
Ordinary profit	84,037	24,100
Extraordinary losses	55,050	10,804
Losses on disposals of fixed assets	53	36
Impairment losses	1,040	6
Provision for reserve for price fluctuation	53,908	10,705
Payments to social responsibility reserve	46	56
Surplus (loss) before income taxes	28,987	13,296
Income taxes		
Current	3,975	1,175
Deferred	(2,045)	(985)
Total income taxes	1,930	189
Net surplus (loss)	27,056	13,106
Net surplus (loss) attributable to non-controlling interests	1	0
Net surplus (loss) attributable to the Parent Company	27,055	13,105

c. Unaudited Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Net surplus (loss)	27,056	13,106
Other comprehensive income (loss)	(652,594)	387,361
Net unrealized gains (losses) on available-for-sale securities	(672,735)	380,457
Deferred gains (losses) on derivatives under hedge accounting	(8,291)	1,105
Foreign currency translation adjustments	23,771	2,809
Remeasurements of defined benefit plans	(352)	(58)
Share of other comprehensive income (loss) of associates under the equity method	5,013	3,046
Comprehensive income (loss)	(625,537)	400,467
Comprehensive income (loss) attributable to the Parent Company	(625,538)	400,467
Comprehensive income (loss) attributable to non-controlling interests	1	0

Notes to the Unaudited Consolidated Balance Sheet as of June 30, 2023

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. Regarding reserve for incurred but not reported (IBNR) claims for individual life insurance and individual annuity contracts, the Company recognized claims with which incidents prescribed in policy clauses already incurred but were not reported to the Company. After May 8, 2023, the Company ceased the special treatment of paying hospitalized benefits to those who were diagnosed with COVID-19 and recovering at designated hotels or home under medical observations (hereafter "deemed hospitalization"). As a result, the Company calculated the relevant reserve for IBNR claims at the end of the fiscal year using the proviso, instead of the main clause of Article 1, Paragraph 1 of Ministry of Finance Notification No. 234 in 1998 ("IBNR Notification"), because the reserve amount could not be calculated at an appropriate level based on the main clause of that article due to ending of the special treatment described above.

The Company excluded the amounts which were related to deemed hospitalization from the reserve for IBNR claims and benefit payments for all fiscal years stipulated by the main clause of Article 1, Paragraph 1 of the IBNR Notification, and then calculated the reserve for IBNR claims using the same calculation method as the main clause of Article 1, Paragraph 1 of the IBNR Notification.

As for the previous fiscal year-end, the Company excluded the amounts of reserve for IBNR claims and benefit payments which were related to deemed hospitalization, except for those with high risks of severity. However, due to cessation of the special treatment of hospitalized benefits for deemed hospitalization for the period ended June 30, 2023, the Company revised the calculation method as it could exclude the amounts related to deemed hospitalization.

3. As the proposed appropriations of surplus of the Company for the fiscal year ended March 31, 2023 were approved at the annual meeting of the representatives of policyholders held on July 4, 2023, the consolidated balance sheet as of June 30, 2023 is based on the approval.
4. Securities loaned under security lending agreements amounted to ¥4,248,263 million as of June 30, 2023.

5. Changes in policyholders' dividend reserves for the period ended June 30, 2023 were as follows:

	Millions of Yen
At the beginning of the period	215,667
Transfer from surplus in the previous fiscal year	57,067
Dividend payments to policyholders during the period	19,938
Interest accrued during the period	6
At the end of the period	252,802

6. On August 3, 2023, the Company offered foundation funds in the amount of ¥50,000 million pursuant to Article 60 of the Insurance Business Act.
7. On September 20, 2023, the Company will repay foreign subordinated bond of ¥99,480 million before the repayment due date, the repayment of which are subordinated to other obligations.
8. Other assets and other liabilities included assets and liabilities related to the modified coinsurance in U.S. subsidiary of ¥647,959 million and ¥588,446 million as of June 30, 2023, respectively.

Notes to the Unaudited Consolidated Statement of Income for the Three Months Ended June 30, 2023

1. The amount of depreciation of tangible fixed assets, including real estates for investments, was ¥11,741 million and the amount of amortization of goodwill was ¥1,879 million for the period ended June 30, 2023.

2. Solvency Margin Ratio on a Consolidated Basis

(Millions of Yen)

	As of March 31, 2023	As of June 30, 2023
Solvency margin gross amount (A)	3,597,472	4,086,902
Foundation funds and others	548,883	556,945
Reserve for price fluctuation	849,771	860,477
Contingency reserve	756,736	763,623
Unusual contingency reserve	—	—
General allowance for possible loan losses	4,123	4,044
(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)	32,194	502,621
Net unrealized gains on real estate × 85% (Multiplied by 100% if losses)	140,574	138,100
Total amount of unrecognized actuarial gains (losses) and unrecognized past service costs	6,942	6,861
Excess of continued Zillmerized reserve	779,854	776,758
Qualifying subordinated debt	566,510	566,510
Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculation	—	—
Deduction clause	(196,176)	(197,650)
Others	108,056	108,609
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)	1,059,629	1,299,392
Insurance risk R_1	99,759	100,852
General insurance risk R_5	—	—
Large disaster risk R_6	0	0
Third-sector insurance risk R_8	95,565	96,755
Insurance risk of small-amount, short-term insurer R_9	9	9
Risk of assumed yield R_2	175,797	177,803
Minimum guarantee risk $R_7^{\text{※}}$	8,134	8,307
Investment risk R_3	832,861	1,068,766
Operational risk R_4	24,242	29,049
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	679.0%	629.0%

※ 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, 2023		As of June 30, 2023	
	Amount	% of total	Amount	% of total
Cash, deposits and call loans	2,076,849	6.0	1,417,300	4.0
Monetary claims bought	407,646	1.2	477,372	1.3
Money held in trust	14,990	0.0	17,965	0.1
Investments in securities	28,225,231	81.7	29,468,691	83.2
Domestic bonds	14,976,500	43.3	14,541,473	41.1
Domestic stocks	2,322,637	6.7	2,744,185	7.8
Foreign securities	10,582,451	30.6	11,786,794	33.3
Foreign bonds	8,370,096	24.2	9,242,026	26.1
Other foreign securities	2,212,355	6.4	2,544,768	7.2
Other securities	343,641	1.0	396,237	1.1
Loans	2,198,274	6.4	2,417,514	6.8
Policy loans	234,873	0.7	232,382	0.7
Industrial and consumer loans	1,963,401	5.7	2,185,131	6.2
Real estate	588,024	1.7	648,618	1.8
Investment property	403,356	1.2	471,845	1.3
Deferred tax assets	493,008	1.4	366,089	1.0
Other assets	547,963	1.6	585,118	1.7
Allowance for possible loan losses	(867)	(0.0)	(805)	(0.0)
Total	34,551,122	100.0	35,397,865	100.0
Foreign currency denominated assets	9,754,013	28.2	10,761,948	30.4

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 31, 2023					As of June 30, 2023				
	Book value	Fair value	Net gains (losses)			Book value	Fair value	Net gains (losses)		
				Gains	Losses				Gains	Losses
Held-to-maturity debt securities	1,531,156	1,729,570	198,413	198,537	(124)	1,630,106	1,848,952	218,846	218,915	(68)
Policy-reserve-matching bonds	13,192,905	13,610,612	417,707	975,068	(557,360)	13,402,166	13,811,847	409,681	984,400	(574,719)
Investments in subsidiaries and affiliated companies	53,077	45,626	(7,451)	-	(7,451)	53,077	45,507	(7,570)	224	(7,795)
Available-for-sale securities	12,881,722	13,250,150	368,428	1,303,032	(934,604)	13,424,967	14,232,263	807,295	1,721,046	(913,750)
Domestic bonds	3,025,881	2,833,870	(192,011)	34,902	(226,913)	2,542,979	2,370,657	(172,321)	43,076	(215,397)
Domestic stocks	1,065,125	2,118,405	1,053,280	1,084,853	(31,573)	1,198,419	2,539,959	1,341,539	1,360,611	(19,071)
Foreign securities	7,703,747	7,207,489	(496,257)	160,382	(656,640)	8,486,702	8,107,328	(379,374)	282,044	(661,418)
Foreign bonds	6,159,486	5,788,664	(370,822)	95,914	(466,736)	6,676,113	6,380,568	(295,544)	169,339	(464,884)
Other foreign securities	1,544,260	1,418,824	(125,435)	64,468	(189,903)	1,810,589	1,726,760	(83,829)	112,704	(196,534)
Other securities	248,157	251,419	3,261	19,658	(16,396)	284,490	301,061	16,570	31,752	(15,181)
Monetary claims bought	296,510	296,712	201	3,236	(3,034)	367,275	368,192	917	3,562	(2,644)
Negotiable certificates of deposit	542,300	542,253	(46)	-	(46)	545,100	545,063	(36)	-	(36)
Others	-	-	-	-	-	-	-	-	-	-
Total	27,658,862	28,635,959	977,097	2,476,638	(1,499,540)	28,510,318	29,938,571	1,428,252	2,924,586	(1,496,334)
Domestic bonds	15,168,512	15,536,037	367,524	1,016,901	(649,376)	14,713,795	15,123,020	409,225	1,035,337	(626,111)
Domestic stocks	1,065,964	2,118,958	1,052,994	1,084,853	(31,858)	1,199,258	2,541,023	1,341,764	1,360,836	(19,071)
Foreign securities	10,337,417	9,890,578	(446,838)	351,989	(798,828)	11,400,399	11,060,209	(340,189)	493,098	(833,288)
Foreign bonds	8,740,918	8,426,680	(314,237)	287,521	(601,758)	9,537,570	9,289,006	(248,564)	380,394	(628,959)
Other foreign securities	1,596,499	1,463,897	(132,601)	64,468	(197,069)	1,862,828	1,771,203	(91,625)	112,704	(204,329)
Other securities	248,157	251,419	3,261	19,658	(16,396)	284,490	301,061	16,570	31,752	(15,181)
Monetary claims bought	296,510	296,712	201	3,236	(3,034)	367,275	368,192	917	3,562	(2,644)
Negotiable certificates of deposit	542,300	542,253	(46)	-	(46)	545,100	545,063	(36)	-	(36)
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, 2023	As of June 30, 2023
Investments in subsidiaries and affiliated companies	789,941	789,776
Available-for-sale securities	198,522	209,422
Domestic stocks	21,414	21,409
Foreign stocks	34,558	34,558
Others	142,548	153,454
Total	988,463	999,198

c. Fair Value Information of Money held in trust

(Millions of Yen)

	As of March 31, 2023					As of June 30, 2023				
	Balance sheet amount	Fair value	Net gains (losses)			Balance sheet amount	Fair value	Net gains (losses)		
				Gains	Losses				Gains	Losses
Money held in trust	14,990	14,990	-	-	-	17,965	17,965	-	-	-

Money held in trust for trading

(Millions of Yen)

	As of March 31, 2023		As of June 30, 2023	
	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	14,990	28	17,965	1,262

Money held in trust except for trading

No money held in trust except for trading as of March 31, 2023 and June 30, 2023.