

August 9, 2024

Financial Results for the Three Months Ended June 30, 2024

Sumitomo Life Insurance Company announces financial results for the three months ended June 30, 2024.

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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, 2024	As of June 30, 2024
ASSETS:		
Cash and deposits	1,102,612	1,267,155
Call loans	834,182	833,414
Monetary claims bought	479,404	405,106
Money held in trust	24,345	30,240
Securities	38,852,266	39,602,307
Loans	3,322,067	3,364,764
Tangible fixed assets	660,619	661,182
Intangible fixed assets	693,863	713,636
Due from agents	113	237
Reinsurance receivables	32,601	37,582
Other assets	1,821,437	2,091,704
Net defined benefit assets	108,311	108,110
Deferred tax assets	282,554	270,925
Allowance for possible loan losses	(4,486)	(4,903)
Total assets	48,209,893	49,381,462
LIABILITIES:		
Policy reserves and other reserves	37,723,230	38,634,116
Reserve for outstanding claims	228,310	221,711
Policy reserves	37,281,381	38,161,870
Policyholders' dividend reserves	213,538	250,535
Reinsurance payables	21,144	26,750
Corporate bonds	539,766	544,514
Other liabilities	7,216,973	7,386,746
Net defined benefit liabilities	2,440	2,492
Accrued retirement benefits for directors	1	1
Reserve for price fluctuation	908,100	949,507
Deferred tax liabilities	964	998
Deferred tax liabilities for land revaluation	12,430	12,379
Total liabilities	46,425,050	47,557,508
NET ASSETS:		
Foundation funds	50,000	50,000
Reserve for redemption of foundation funds	639,000	639,000
Reserve for revaluation	2	2
Surplus	229,119	192,077
Total funds, reserve and surplus	918,122	881,079
Net unrealized gains (losses) on available-for-sale securities	864,260	905,163
Deferred gains (losses) on derivatives under hedge accounting	(36,360)	(54,902)
Land revaluation differences	(56,600)	(56,730)
Foreign currency translation adjustments	38,740	94,599
Remeasurements of defined benefit plans	57,188	55,185
Total accumulated other comprehensive income	867,227	943,315
Non-controlling interests	(507)	(440)
Total net assets	1,784,843	1,823,954
Total liabilities and net assets	48,209,893	49,381,462

b. Unaudited Consolidated Statements of Income

(Millions of Yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Ordinary income	1,103,757	1,363,733
Insurance premiums and other	618,084	814,269
Investment income	460,572	519,701
Interest, dividends and other income	239,446	286,645
Gains on money held in trust	1,535	1,656
Gains on trading securities	9,793	28,067
Gains on sales of securities	35,458	75,084
Investment gains on separate accounts	47,813	15,801
Other ordinary income	25,101	29,762
Ordinary expenses	1,078,315	1,293,273
Benefits and other payments	557,630	638,572
Claims paid	153,774	163,772
Annuity payments	107,768	120,396
Benefits payments	119,072	137,928
Surrender benefits	124,417	175,453
Provision for policy reserves and other reserves	250,932	306,633
Provision for policy reserves	250,926	306,583
Provision for interest on policyholders' dividend reserves	6	50
Investment expenses	107,286	147,958
Interest expenses	12,903	15,508
Losses on sales of securities	24,837	39,737
Losses on valuation of securities	708	1,826
Operating expenses	121,324	154,310
Other ordinary expenses	41,140	45,798
Ordinary profit	25,442	70,460
Extraordinary losses	10,804	44,904
Losses on disposals of fixed assets	36	3,195
Impairment losses	6	244
Provision for reserve for price fluctuation	10,705	41,407
Payments to social responsibility reserve	56	56
Surplus (loss) before income taxes	14,638	25,555
Income taxes		
Current	1,175	1,987
Deferred	(985)	2,113
Total income taxes	189	4,100
Net surplus (loss)	14,448	21,455
Net surplus (loss) attributable to non-controlling interests	0	(84)
Net surplus (loss) attributable to the Parent Company	14,447	21,539

c. Unaudited Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Net surplus (loss)	14,448	21,455
Other comprehensive income (loss)	386,803	76,191
Net unrealized gains (losses) on available-for-sale securities	380,457	40,156
Deferred gains (losses) on derivatives under hedge accounting	1,105	(18,541)
Foreign currency translation adjustments	2,809	53,187
Remeasurements of defined benefit plans	(58)	(2,002)
Share of other comprehensive income (loss) of associates under the equity method	2,488	3,392
Comprehensive income (loss)	401,251	97,646
Comprehensive income (loss) attributable to the Parent Company	401,250	97,757
Comprehensive income (loss) attributable to non-controlling interests	0	(110)

Notes to the Unaudited Consolidated Balance Sheet as of June 30, 2024

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.

3. As the proposed appropriations of surplus of the Company for the fiscal year ended March 31, 2024 were approved at the annual meeting of the representatives of policyholders held on July 2, 2024, the consolidated balance sheet as of June 30, 2024 is based on the approval.
4. Securities loaned under security lending agreements amounted to ¥5,376,659 million as of June 30, 2024.
5. Changes in policyholders' dividend reserves for the period ended June 30, 2024 were as follows:

	Millions of Yen
At the beginning of the period	213,538
Transfer from surplus in the previous fiscal year	58,355
Dividend payments to policyholders during the period	21,408
Interest accrued during the period	50
At the end of the period	250,535

6. Other assets and other liabilities included assets and liabilities related to the modified coinsurance in U.S. subsidiary of ¥704,986 million and ¥637,112 million as of June 30, 2024, respectively.

Notes to the Unaudited Consolidated Statement of Income for the Three Months Ended June 30, 2024

1. The amount of depreciation of tangible fixed assets, including real estates for investments, was ¥11,844 million and the amount of amortization of goodwill was ¥10,050 million for the period ended June 30, 2024.
2. The Company reclassifies insurance revenues of Singapore Life Pte. Ltd., which applies International Financial Reporting Standards "Insurance Contracts" (IFRS 17), to "Insurance premiums and other."

2. Solvency Margin Ratio on a Consolidated Basis

(Millions of Yen)

	As of March 31, 2024	As of June 30, 2024
Solvency margin gross amount (A)	4,772,386	4,898,496
Foundation funds and others	233,369	221,604
Reserve for price fluctuation	908,100	949,507
Contingency reserve	773,900	781,198
Unusual contingency reserve	—	—
General allowance for possible loan losses	4,215	4,618
(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)	1,055,840	1,100,442
Net unrealized gains on real estate × 85% (Multiplied by 100% if losses)	143,511	143,484
Total amount of unrecognized actuarial gains (losses) and unrecognized past service costs	79,434	76,650
Excess of continued Zillmerized reserve	787,136	788,598
Qualifying subordinated debt	618,695	668,695
Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculation	—	—
Deduction clause	(170,265)	(173,908)
Others	338,447	337,603
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)	1,492,488	1,591,565
Insurance risk R_1	109,343	114,067
General insurance risk R_5	873	959
Large disaster risk R_6	1366	1,498
Third-sector insurance risk R_8	111,448	115,073
Insurance risk of small-amount, short-term insurer R_9	9	9
Risk of assumed yield R_2	181,913	183,585
Minimum guarantee risk R_7^{\ast}	9,577	10,377
Investment risk R_3	1,249,530	1,343,736
Operational risk R_4	33,281	35,386
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	639.5%	615.5%

※ 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, 2024		As of June 30, 2024	
	Amount	% of total	Amount	% of total
Cash, deposits and call loans	1,474,957	3.9	1,479,651	3.9
Monetary claims bought	479,404	1.3	405,106	1.1
Money held in trust	24,345	0.1	30,240	0.1
Investments in securities	31,789,069	85.0	32,156,796	85.3
Domestic bonds	14,420,176	38.6	14,273,513	37.9
Domestic stocks	3,279,944	8.8	3,333,286	8.8
Foreign securities	13,560,063	36.3	14,076,386	37.3
Foreign bonds	10,020,877	26.8	10,138,629	26.9
Other foreign securities	3,539,186	9.5	3,937,756	10.4
Other securities	528,885	1.4	473,610	1.3
Loans	2,164,509	5.8	2,080,174	5.5
Policy loans	226,775	0.6	224,248	0.6
Industrial and consumer loans	1,937,734	5.2	1,855,925	4.9
Real estate	643,568	1.7	642,874	1.7
Investment property	468,707	1.3	469,081	1.2
Deferred tax assets	208,307	0.6	185,474	0.5
Other assets	597,969	1.6	713,521	1.9
Allowance for possible loan losses	(804)	(0.0)	(797)	(0.0)
Total	37,381,328	100.0	37,693,042	100.0
Foreign currency denominated assets	12,080,542	32.3	12,538,580	33.3

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, 2024					As of June 30, 2024				
	Book value	Fair value	Net gains (losses)			Book value	Fair value	Net gains (losses)		
				Gains	Losses				Gains	Losses
Held-to-maturity debt securities	1,926,606	2,092,804	166,198	184,790	(18,592)	1,944,914	2,085,135	140,221	176,727	(36,505)
Policy-reserve-matching bonds	13,799,326	13,527,225	(272,100)	667,808	(939,909)	13,943,668	13,135,908	(807,759)	475,498	(1,283,258)
Investments in subsidiaries and affiliated companies	43,624	44,050	425	425	-	43,539	48,897	5,358	5,358	-
Available-for-sale securities	13,740,636	15,113,583	1,372,947	2,268,171	(895,224)	13,665,414	15,122,832	1,457,417	2,449,824	(992,406)
Domestic bonds	2,468,761	2,174,180	(294,580)	27,573	(322,154)	2,404,875	2,004,415	(400,460)	6,655	(407,115)
Domestic stocks	1,323,271	3,072,377	1,749,105	1,774,963	(25,857)	1,328,641	3,124,697	1,796,056	1,815,022	(18,965)
Foreign securities	8,950,882	8,835,843	(115,038)	407,593	(522,632)	9,045,221	9,075,334	30,113	568,379	(538,266)
Foreign bonds	6,658,920	6,540,941	(117,978)	213,539	(331,518)	6,557,669	6,519,144	(38,525)	301,464	(339,989)
Other foreign securities	2,291,962	2,294,902	2,939	194,053	(191,113)	2,487,551	2,556,190	68,638	266,914	(198,276)
Other securities	355,676	398,928	43,251	57,063	(13,811)	294,641	338,285	43,644	59,042	(15,397)
Monetary claims bought	387,043	377,300	(9,743)	978	(10,721)	317,035	305,169	(11,866)	724	(12,590)
Negotiable certificates of deposit	255,000	254,952	(47)	-	(47)	275,000	274,929	(70)	-	(70)
Others	-	-	-	-	-	-	-	-	-	-
Total	29,510,192	30,777,663	1,267,470	3,121,196	(1,853,726)	29,597,537	30,392,775	795,238	3,107,408	(2,312,170)
Domestic bonds	14,714,757	14,314,687	(400,069)	694,259	(1,094,329)	14,673,973	13,669,113	(1,004,860)	483,448	(1,488,309)
Domestic stocks	1,324,111	3,073,642	1,749,531	1,775,389	(25,857)	1,329,394	3,125,852	1,796,457	1,815,423	(18,965)
Foreign securities	12,473,604	12,358,151	(115,452)	593,506	(708,958)	12,707,491	12,679,424	(28,067)	748,769	(776,836)
Foreign bonds	10,138,856	10,020,464	(118,392)	399,452	(517,845)	10,177,154	10,075,491	(101,663)	476,896	(578,560)
Other foreign securities	2,334,747	2,337,687	2,939	194,053	(191,113)	2,530,336	2,603,933	73,596	271,872	(198,276)
Other securities	355,676	398,928	43,251	57,063	(13,811)	294,641	338,285	43,644	59,042	(15,397)
Monetary claims bought	387,043	377,300	(9,743)	978	(10,721)	317,035	305,169	(11,866)	724	(12,590)
Negotiable certificates of deposit	255,000	254,952	(47)	-	(47)	275,000	274,929	(70)	-	(70)
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, 2024	As of June 30, 2024
Investments in subsidiaries and affiliated companies	1,193,362	1,295,156
Available-for-sale securities	261,773	285,838
Domestic stocks	22,762	23,870
Foreign stocks	34,558	34,558
Others	204,452	227,409
Total	1,455,135	1,580,995

c. Fair Value Information of Money held in trust

(Millions of Yen)

	As of March 31, 2024					As of June 30, 2024				
	Balance sheet amount	Fair value	Net gains (losses)			Balance sheet amount	Fair value	Net gains (losses)		
				Gains	Losses				Gains	Losses
Money held in trust	24,345	24,345	-	-	-	30,240	30,240	-	-	-

Money held in trust for trading

(Millions of Yen)

	As of March 31, 2024		As of June 30, 2024	
	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	24,325	2,044	30,240	1,066

Money held in trust except for trading

No money held in trust except for trading as of March 31, 2024 and June 30, 2024.