
Financial Results for the Nine Months Ended December 31, 2019

Sumitomo Life Insurance Company announces financial results for the nine months ended December 31, 2019.

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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, 2019	As of December 31, 2019
ASSETS:		
Cash and deposits	1,604,760	1,601,805
Call loans	238,792	254,500
Monetary claims bought	317,252	374,726
Securities	30,006,016	31,763,106
Loans	3,550,593	3,238,858
Tangible fixed assets	571,169	564,483
Intangible fixed assets	271,938	233,585
Due from agents	179	122
Reinsurance receivables	2,203	1,047
Other assets	1,103,996	1,092,104
Net defined benefit assets	20,818	24,556
Deferred tax assets	124,912	72,886
Allowance for possible loan losses	(1,164)	(1,115)
Total assets	37,811,470	39,220,669
LIABILITIES:		
Policy reserves and other reserves	31,052,893	31,479,413
Reserve for outstanding claims	142,074	138,768
Policy reserves	30,684,495	31,106,466
Policyholders' dividend reserves	226,323	234,179
Reinsurance payables	12,846	9,860
Corporate bonds	528,305	477,320
Other liabilities	3,803,492	4,540,373
Net defined benefit liabilities	10,445	13,186
Reserve for price fluctuation	744,582	800,700
Deferred tax liabilities	166	17,593
Deferred tax liabilities for land revaluation	13,014	12,936
Total liabilities	36,165,746	37,351,386
NET ASSETS:		
Foundation funds	50,000	-
Reserve for redemption of foundation funds	589,000	639,000
Reserve for revaluation	2	2
Surplus	203,072	97,588
Total funds, reserve and surplus	842,075	736,590
Net unrealized gains (losses) on available-for-sale securities	899,876	1,240,937
Deferred gains (losses) on derivatives under hedge accounting	810	6,697
Land revaluation differences	(61,417)	(61,551)
Foreign currency translation adjustments	(56,487)	(68,310)
Remeasurements of defined benefit plans	20,756	14,801
Total accumulated other comprehensive income	803,538	1,132,574
Non-controlling interests	109	118
Total net assets	1,645,723	1,869,283
Total liabilities and net assets	37,811,470	39,220,669

b. Unaudited Consolidated Statements of Income

(Millions of Yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Ordinary income	2,681,872	2,600,981
Insurance premiums and other	1,923,686	1,837,020
Investment income	667,320	665,238
Interest, dividends and other income	571,131	560,508
Gains on trading securities	3,636	22,207
Gains on sales of securities	83,211	30,943
Investment gains on separate accounts	-	35,193
Other ordinary income	90,864	98,722
Ordinary expenses	2,566,177	2,554,174
Benefits and other payments	1,526,042	1,468,759
Claims paid	482,613	474,692
Annuity payments	371,115	367,386
Benefits payments	272,890	283,091
Surrender benefits	351,960	300,077
Provision for policy reserves and other reserves	390,504	462,472
Provision for policy reserves	390,478	462,447
Provision for interest on policyholders' dividend reserves	26	25
Investment expenses	224,017	210,171
Interest expenses	22,187	22,294
Losses on sales of securities	84,725	11,786
Losses on valuation of securities	3,686	5,316
Investment losses on separate accounts	23,433	-
Operating expenses	302,887	295,481
Other ordinary expenses	122,724	117,287
Ordinary profit	115,695	46,807
Extraordinary gains	709	48
Gains on disposals of fixed assets	709	48
Extraordinary losses	69,186	58,854
Losses on disposals of fixed assets	1,099	1,370
Impairment losses	99	712
Provision for reserve for price fluctuation	67,216	56,118
Payments to social responsibility reserve	770	653
Surplus(loss) before income taxes	47,217	(11,998)
Income taxes		
Current	21,278	34,340
Deferred	(23,157)	(44,645)
Total income taxes	(1,878)	(10,304)
Net surplus(loss)	49,096	(1,694)
Net surplus attributable to non-controlling interests	7	7
Net surplus(loss) attributable to the Parent Company	49,088	(1,701)

c. Unaudited Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Net surplus(loss)	49,096	(1,694)
Other comprehensive income(loss)	(139,646)	329,348
Net unrealized gains(losses) on available-for-sale securities	(128,803)	339,673
Deferred gains(losses) on derivatives under hedge accounting	(1,183)	5,946
Foreign currency translation adjustments	1,611	(11,032)
Remeasurements of defined benefit plans	(5,432)	(5,954)
Share of other comprehensive income(loss) of associates under the equity method	(5,838)	715
Comprehensive income(loss)	(90,549)	327,654
Comprehensive income(loss) attributable to the Parent Company	(90,557)	327,647
Comprehensive income(loss) attributable to non-controlling interests	7	7

Notes to the Unaudited Consolidated Financial Statements

Policies of Presenting the Unaudited Consolidated Financial Statements for the Nine Months Ended December 31, 2019

1. Consolidated subsidiaries

The number of consolidated subsidiaries was 27 as of December 31, 2019.

One subsidiary of Symetra Financial Corporation was included in the scope of the consolidation as a result of its establishment from the period ended June 30, 2019.

One subsidiary of Symetra Financial Corporation was excluded from the scope of the consolidation due to completion of liquidation from the period ended June 30, 2019.

AIARU Small Amount & Short Term Insurance Co., Ltd. was included in the scope of the consolidation as a result of share acquisition from the period ended September 30, 2019.

One subsidiary of Symetra Financial Corporation was included in the scope of the consolidation as a result of its establishment from the period ended September 30, 2019.

2. Affiliates

The number of affiliates accounted for by the equity method was 8 as of December 31, 2019.

Singapore Life Pte. Ltd. was included in the scope of equity method affiliates as a result of share acquisition from the period ended June 30, 2019.

Sumitomo Mitsui Asset Management Company, Limited was excluded from affiliates accounted for by the equity method as the company was excluded from affiliates from the period ended June 30, 2019.

Notes to the Unaudited Consolidated Balance Sheet as of December 31, 2019

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. Securities loaned under security lending agreements amounted to ¥3,940,990 million as of December 31, 2019.

3. Changes in policyholders' dividend reserves for the period ended December 31, 2019 were as follows:

	Millions of Yen
At the beginning of the period	226,323
Transfer from surplus in the previous fiscal year	50,285
Dividend payments to policyholders during the period	(42,454)
Interest accrued during the period	25
At the end of the period	234,179

4. The Company redeemed ¥50,000 million of foundation funds and transferred the same amount of reserve for fund redemption to reserve for redemption of foundation funds as prescribed in Article 56 of the Insurance Business Act.
5. Other assets and other liabilities included assets and liabilities related to the modified coinsurance in U.S. subsidiary of ¥616,175 million and ¥649,419 million, respectively.

Notes to the Unaudited Consolidated Statement of Income for the Nine Months Ended December 31, 2019

1. The amount of depreciation of tangible fixed assets, including real estates for investments, was ¥29,986 million and the amount of amortization of goodwill was ¥2,835 million for the period ended December 31, 2019.

2. Solvency Margin Ratio on a Consolidated Basis

(Millions of Yen)

	As of March 31, 2019	As of December 31, 2019
Solvency margin gross amount (A)	4,160,280	4,599,227
Foundation funds and others	561,899	509,706
Reserve for price fluctuation	744,582	800,700
Contingency reserve	366,246	377,058
Unusual contingency reserve	-	-
General allowance for possible loan losses	784	762
(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)	1,128,259	1,544,039
Net unrealized gains on real estate × 85% (Multiplied by 100% if losses)	77,334	83,920
Total amount of unrecognized actuarial gains (losses) and unrecognized past service costs	28,813	20,546
Excess of continued Zillmerized reserve	737,635	768,957
Qualifying subordinated debt	499,924	499,924
Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculation	-	-
Deduction clause	(54,899)	(77,112)
Others	69,699	70,723
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)	908,662	978,945
Insurance risk R_1	91,958	91,405
General insurance risk R_5	-	-
Large disaster risk R_6	-	0
Third-sector insurance risk R_8	76,223	79,539
Insurance risk of small-amount, short-term insurer R_9	-	6
Risk of assumed yield R_2	196,938	192,118
Minimum guarantee risk R_7^{**}	5,025	5,021
Investment risk R_3	669,825	744,162
Operational risk R_4	20,799	22,245
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	915.6%	939.6%

※ 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, 2019		As of December 31, 2019	
	Amount	% of total	Amount	% of total
Cash, deposits and call loans	1,728,859	5.4	1,678,923	5.1
Monetary claims bought	317,252	1.0	374,726	1.1
Investments in securities	25,981,809	81.4	27,450,574	83.2
Domestic bonds	13,348,453	41.8	13,823,339	41.9
Domestic stocks	1,868,704	5.9	2,042,339	6.2
Foreign securities	10,636,418	33.3	11,363,498	34.4
Foreign bonds	9,398,093	29.4	10,074,130	30.5
Other foreign securities	1,238,325	3.9	1,289,368	3.9
Other securities	128,231	0.4	221,396	0.7
Loans	2,874,970	9.0	2,538,386	7.7
Policy loans	289,747	0.9	281,552	0.9
Industrial and consumer loans	2,585,222	8.1	2,256,834	6.8
Real estate	553,738	1.7	548,545	1.7
Investment property	380,980	1.2	378,217	1.1
Deferred tax assets	123,979	0.4	76,858	0.2
Other assets	337,027	1.1	345,414	1.0
Allowance for possible loan losses	(870)	(0.0)	(823)	(0.0)
Total	31,916,765	100.0	33,012,606	100.0
Foreign currency denominated assets	10,117,094	31.7	10,967,951	33.2

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, 2019					As of December 31, 2019				
	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	1,799,665	2,132,194	332,529	332,529	(0)	1,748,609	2,047,872	299,262	299,266	(4)
Policy-reserve-matching bonds	11,674,328	13,813,577	2,139,248	2,147,061	(7,813)	11,942,957	14,078,353	2,135,396	2,139,068	(3,672)
Investments in subsidiaries and affiliated companies	33,173	55,574	22,400	22,400	-	52,238	52,808	570	570	-
Available-for-sale securities	10,912,420	12,196,621	1,284,201	1,359,380	(75,178)	11,952,768	13,519,021	1,566,252	1,632,063	(65,811)
Domestic bonds	1,746,572	1,849,618	103,045	104,399	(1,353)	2,117,742	2,232,389	114,646	120,549	(5,902)
Domestic stocks	839,591	1,747,909	908,317	946,912	(38,595)	944,358	1,918,193	973,834	1,016,323	(42,488)
Foreign securities	7,663,264	7,913,036	249,772	284,817	(35,044)	8,167,885	8,617,789	449,903	467,054	(17,150)
Foreign bonds	7,184,172	7,422,935	238,763	273,463	(34,699)	7,552,027	7,973,513	421,485	437,841	(16,355)
Other foreign securities	479,091	490,100	11,008	11,353	(345)	615,857	644,275	28,417	29,213	(795)
Other securities	109,895	125,018	15,123	15,276	(153)	194,903	216,954	22,050	22,071	(20)
Monetary claims bought	166,297	174,259	7,962	7,973	(11)	232,478	238,315	5,837	6,065	(228)
Negotiable certificates of deposit	386,800	386,779	(20)	-	(20)	295,400	295,379	(20)	-	(20)
Others	-	-	-	-	-	-	-	-	-	-
Total	24,419,588	28,197,967	3,778,379	3,861,372	(82,992)	25,696,573	29,698,055	4,001,481	4,070,969	(69,487)
Domestic bonds	13,245,407	15,504,192	2,258,784	2,264,800	(6,015)	13,708,693	15,930,059	2,221,366	2,230,550	(9,183)
Domestic stocks	839,591	1,747,909	908,317	946,912	(38,595)	944,358	1,918,193	973,834	1,016,323	(42,488)
Foreign securities	9,671,596	10,259,807	588,211	626,408	(38,196)	10,320,740	11,099,153	778,412	795,959	(17,546)
Foreign bonds	9,159,330	9,714,132	554,802	592,654	(37,851)	9,652,644	10,402,068	749,424	766,175	(16,750)
Other foreign securities	512,265	545,674	33,408	33,753	(345)	668,096	697,084	28,988	29,783	(795)
Other securities	109,895	125,018	15,123	15,276	(153)	194,903	216,954	22,050	22,071	(20)
Monetary claims bought	166,297	174,259	7,962	7,973	(11)	232,478	238,315	5,837	6,065	(228)
Negotiable certificates of deposit	386,800	386,779	(20)	-	(20)	295,400	295,379	(20)	-	(20)
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, 2019	As of December 31, 2019
Held-to-maturity debt securities	-	-
Unlisted foreign bonds	-	-
Others	-	-
Policy-reserve-matching bonds	-	-
Investments in subsidiaries and affiliated companies	586,899	594,482
Available-for-sale securities	243,910	120,890
Unlisted domestic stocks (excluding over-the-counter stocks)	16,136	21,869
Unlisted foreign stocks (excluding over-the-counter stocks)	224,558	94,558
Unlisted foreign bonds	-	-
Others	3,215	4,461
Total	830,809	715,372