

February 14, 2025

Financial Results for the Nine Months Ended December 31, 2024

Sumitomo Life Insurance Company announces financial results for the nine months ended December 31, 2024.

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

The International Accounting Standards Board (IASB) has issued the accounting standard Insurance Contracts (hereinafter, "IFRS 17"). IFRS 17 has been applied to Singapore Life Holdings Pte. Ltd. from the beginning of the fiscal year ended March 31, 2024. The relevant changes are retrospectively applied. Therefore, the consolidated financial statements for for the Nine Months Ended December 31, 2023 have been retrospectively restated.

1. Unaudited Consolidated Financial Statements

a. Unaudited Consolidated Balance Sheets

(Millions of Yen)

	As of March 31, 2024	As of December 31, 2024
Assets:		
Cash and deposits	1,102,612	1,334,788
Call loans	834,182	732,836
Monetary claims bought	479,404	636,372
Money held in trust	24,345	46,315
Securities	38,852,266	39,291,463
Loans	3,322,067	3,347,521
Tangible fixed assets	660,619	664,690
Intangible fixed assets	617,321	597,776
Due from agents	113	174
Reinsurance receivables	32,601	46,129
Other assets	1,821,437	1,943,344
Net defined benefit assets	108,311	106,561
Deferred tax assets	273,229	328,388
Allowance for possible loan losses	(4,486)	(4,947)
Total assets	48,124,026	49,071,417
Liabilities:		
Policy reserves and other reserves	37,615,172	38,530,896
Reserve for outstanding claims	228,310	226,554
Policy reserves	37,173,323	38,078,377
Policyholders' dividend reserves	213,538	225,964
Reinsurance payables	21,144	23,104
Corporate bonds	539,766	543,526
Other liabilities	7,216,973	7,174,226
Net defined benefit liabilities	2,440	2,594
Accrued retirement benefits for directors	1	1
Reserve for price fluctuation	908,100	996,124
Deferred tax liabilities	23,154	25,930
Deferred tax liabilities for land revaluation	12,430	12,354
Total liabilities	46,339,183	47,308,759
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	200,294
Total funds, reserve and surplus	918,122	889,297
Net unrealized gains (losses) on available-for-sale securities	864,260	874,597
Deferred gains (losses) on derivatives under hedge accounting	(36,360)	(48,449)
Land revaluation differences	(56,600)	(56,795)
Foreign currency translation adjustments	38,740	53,642
Remeasurements of defined benefit plans	57,188	51,179
Total accumulated other comprehensive income	867,227	874,175
Non-controlling interests	(507)	(813)
Total net assets	1,784,843	1,762,658
Total liabilities and net assets	48,124,026	49,071,417

b. Unaudited Consolidated Statements of Income

(Millions of Yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Ordinary income	3,191,047	3,790,214
Insurance premiums and other	2,015,042	2,475,478
Investment income	1,108,090	1,244,347
Interest, dividends and other income	812,733	903,315
Gains on money held in trust	1,582	2,176
Gains on trading securities	11,120	93,596
Gains on sales of securities	118,689	169,502
Investment gains on separate accounts	63,055	8,847
Other ordinary income	67,914	70,388
Ordinary expenses	3,118,754	3,663,128
Benefits and other payments	1,693,866	1,842,950
Claims paid	443,591	479,062
Annuity payments	307,331	344,177
Benefits payments	356,286	369,987
Surrender benefits	400,622	503,077
Provision for policy reserves and other reserves	534,963	843,864
Provision for reserve for outstanding claims	11,767	5,701
Provision for policy reserves	523,176	838,009
Provision for interest on policyholders' dividend reserves	19	153
Investment expenses	362,079	377,879
Interest expenses	42,342	48,960
Losses on sales of securities	71,263	121,745
Losses on valuation of securities	7,919	10,152
Operating expenses	384,647	455,757
Other ordinary expenses	143,196	142,677
Ordinary profit	72,293	127,086
Extraordinary gains	1,399	17
Gains on disposals of fixed assets	1,399	17
Extraordinary losses	41,168	92,251
Losses on disposals of fixed assets	337	3,239
Impairment losses	180	330
Provision for reserve for price fluctuation	40,020	88,024
Payments to social responsibility reserve	629	656
Surplus (loss) before income taxes	32,524	34,851
Income taxes		
Current	1,506	46,947
Deferred	3,235	(41,547)
Total income taxes	4,742	5,400
Net surplus (loss)	27,782	29,451
Net surplus (loss) attributable to non-controlling interests	4	(241)
Net surplus (loss) attributable to the Parent Company	27,777	29,692

c. Unaudited Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Net surplus (loss)	27,782	29,451
Other comprehensive income (loss)	325,123	7,077
Net unrealized gains (losses) on available-for-sale securities	283,232	9,421
Deferred gains (losses) on derivatives under hedge accounting	(27,153)	(12,088)
Foreign currency translation adjustments	57,044	14,331
Remeasurements of defined benefit plans	(174)	(6,008)
Share of other comprehensive income (loss) of associates under the equity method	12,173	1,422
Comprehensive income (loss)	352,905	36,529
Comprehensive income (loss) attributable to the Parent Company	352,900	36,835
Comprehensive income (loss) attributable to non-controlling interests	4	(306)

Notes to the Unaudited Consolidated Financial Statements

Policies of Presenting the Unaudited Consolidated Financial Statements for the Nine Months Ended December 31, 2024

1. Consolidated subsidiaries

The number of consolidated subsidiaries was 38 as of December 31, 2024.

One subsidiary of Symetra Financial Corporation was included in the scope of the consolidation as a result of its establishment in the period ended September 30, 2024.

One subsidiary of Symetra Financial Corporation was included in the scope of the consolidation as a result of its establishment in the period ended December 31, 2024.

Notes to the Unaudited Consolidated Balance Sheet as of December 31, 2024

1. SUMITOMO LIFE INSURANCE COMPANY ("the Company")'s assets and liabilities denominated in foreign currencies, except for investments in subsidiaries and affiliates, are translated into Japanese yen at the exchange rate on the balance sheet date. Investments in 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 period using the proviso, instead of the main clause of Article 1, Paragraph 1 of Ministry of Finance Notification No. 234 in 1998 (hereafter "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. Securities loaned under security lending agreements amounted to ¥4,989,753 million as of the balance sheet date.
4. Changes in policyholders' dividend reserves for the period ended December 31, 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	46,082
Interest accrued during the period	153
At the end of the period	225,964

5. The business combination with Singapore Life Holdings Pte. Ltd. on December 31, 2023 was tentatively accounted for at the end of the previous fiscal year, but was finalized in the period ended December 31, 2024. As a result, the provisional goodwill amount of ¥455,546 million decreased by ¥153,869 million to ¥301,676 million.
At the end of the previous fiscal year, goodwill and policy reserves decreased by ¥153,869 million and ¥108,058 million, respectively, and intangible assets increased by ¥77,326 million.
6. Other assets and other liabilities included assets and liabilities related to the modified coinsurance in U.S. subsidiary of ¥651,980 million and ¥603,926 million as of the balance sheet date, respectively.

Notes to the Unaudited Consolidated Statement of Income for the Nine Months Ended December 31, 2024

1. The amount of depreciation of tangible fixed assets, including real estates for investments, was ¥40,256 million and the amount of amortization of goodwill was ¥21,670 million for the period ended December 31, 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 December 31, 2024
Solvency margin gross amount (A)	4,848,929	5,068,911
Foundation funds and others	309,911	318,435
Reserve for price fluctuation	908,100	996,124
Contingency reserve	773,900	781,180
Unusual contingency reserve	—	—
General allowance for possible loan losses	4,215	4,651
(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	1,064,187
Net unrealized gains on real estate × 85% (Multiplied by 100% if losses)	143,511	150,658
Total amount of unrecognized actuarial gains (losses) and unrecognized past service costs	79,434	71,082
Excess of continued Zillmerized reserve	787,136	786,690
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)	(173,766)
Others	338,447	400,971
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	1,599,620
Insurance risk R_1	109,343	110,509
General insurance risk R_5	873	1,050
Large disaster risk R_6	1366	1,624
Third-sector insurance risk R_8	111,448	115,064
Insurance risk of small-amount, short-term insurer R_9	9	9
Risk of assumed yield R_2	181,913	184,827
Minimum guarantee risk R_7^*	9,577	11,433
Investment risk R_3	1,249,530	1,349,875
Operational risk R_4	33,281	35,487
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	649.7%	633.7%

※ 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.

The figures as of March 31, 2024, are based on the finalized accounting for the business combination with Singapore Life Holdings Pte. Ltd.

3. Non-Consolidated Financial Information (General Account)

a. Overall Composition of Investments

(Millions of Yen, %)

	As of March 31, 2024		As of December 31, 2024	
	Amount	% of total	Amount	% of total
Cash, deposits and call loans	1,474,957	3.9	1,577,625	4.2
Monetary claims bought	479,404	1.3	636,372	1.7
Money held in trust	24,345	0.1	46,315	0.1
Investments in securities	31,789,069	85.0	31,599,688	84.5
Domestic bonds	14,420,176	38.6	14,154,296	37.8
Domestic stocks	3,279,944	8.8	3,286,421	8.8
Foreign securities	13,560,063	36.3	13,643,936	36.5
Foreign bonds	10,020,877	26.8	9,655,578	25.8
Other foreign securities	3,539,186	9.5	3,988,358	10.7
Other securities	528,885	1.4	515,032	1.4
Loans	2,164,509	5.8	2,046,511	5.5
Policy loans	226,775	0.6	219,826	0.6
Industrial and consumer loans	1,937,734	5.2	1,826,684	4.9
Real estate	643,568	1.7	641,687	1.7
Investment property	468,707	1.3	469,187	1.3
Deferred tax assets	208,307	0.6	267,022	0.7
Other assets	597,969	1.6	596,119	1.6
Allowance for possible loan losses	(804)	(0.0)	(765)	(0.0)
Total	37,381,328	100.0	37,410,577	100.0
Foreign currency denominated assets	12,080,542	32.3	12,193,384	32.6

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 December 31, 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)	1,881,766	1,955,185	73,418	140,556	(67,137)
Policy-reserve-matching bonds	13,799,326	13,527,225	(272,100)	667,808	(939,909)	13,882,995	13,003,639	(879,356)	411,837	(1,291,193)
Investments in subsidiaries and affiliated companies	43,624	44,050	425	425	-	43,539	52,799	9,260	9,260	-
Available-for-sale securities	13,740,636	15,113,583	1,372,947	2,268,171	(895,224)	13,646,885	14,933,777	1,286,891	2,284,860	(997,968)
Domestic bonds	2,468,761	2,174,180	(294,580)	27,573	(322,154)	2,346,963	1,950,517	(396,446)	5,647	(402,093)
Domestic stocks	1,323,271	3,072,377	1,749,105	1,774,963	(25,857)	1,367,424	3,080,293	1,712,868	1,739,790	(26,921)
Foreign securities	8,950,882	8,835,843	(115,038)	407,593	(522,632)	8,754,573	8,688,713	(65,859)	476,716	(542,576)
Foreign bonds	6,658,920	6,540,941	(117,978)	213,539	(331,518)	6,250,954	6,094,596	(156,357)	185,912	(342,269)
Other foreign securities	2,291,962	2,294,902	2,939	194,053	(191,113)	2,503,618	2,594,116	90,497	290,804	(200,306)
Other securities	355,676	398,928	43,251	57,063	(13,811)	321,684	369,811	48,126	62,238	(14,111)
Monetary claims bought	387,043	377,300	(9,743)	978	(10,721)	551,238	539,550	(11,688)	468	(12,156)
Negotiable certificates of deposit	255,000	254,952	(47)	-	(47)	305,000	304,891	(108)	-	(108)
Others	-	-	-	-	-	-	-	-	-	-
Total	29,510,192	30,777,663	1,267,470	3,121,196	(1,853,726)	29,455,186	29,945,401	490,215	2,846,515	(2,356,299)
Domestic bonds	14,714,757	14,314,687	(400,069)	694,259	(1,094,329)	14,550,743	13,466,481	(1,084,261)	418,565	(1,502,826)
Domestic stocks	1,324,111	3,073,642	1,749,531	1,775,389	(25,857)	1,368,178	3,081,551	1,713,373	1,740,295	(26,921)
Foreign securities	12,473,604	12,358,151	(115,452)	593,506	(708,958)	12,358,340	12,183,114	(175,226)	624,948	(800,174)
Foreign bonds	10,138,856	10,020,464	(118,392)	399,452	(517,845)	9,811,936	9,537,456	(274,479)	325,388	(599,867)
Other foreign securities	2,334,747	2,337,687	2,939	194,053	(191,113)	2,546,404	2,645,657	99,253	299,560	(200,306)
Other securities	355,676	398,928	43,251	57,063	(13,811)	321,684	369,811	48,126	62,238	(14,111)
Monetary claims bought	387,043	377,300	(9,743)	978	(10,721)	551,238	539,550	(11,688)	468	(12,156)
Negotiable certificates of deposit	255,000	254,952	(47)	-	(47)	305,000	304,891	(108)	-	(108)
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 December 31, 2024
Investments in subsidiaries and affiliated companies	1,193,362	1,295,338
Available-for-sale securities	261,773	310,603
Domestic stocks	22,762	22,140
Foreign stocks	34,558	34,558
Others	204,452	253,904
Total	1,455,135	1,605,942

c. Fair Value Information of Money held in trust

(Millions of Yen)

	As of March 31, 2024					As of December 31, 2024				
	Balance sheet amount	Fair value	Net gains (losses)	Gains	Losses	Balance sheet amount	Fair value	Net gains (losses)	Gains	Losses
Money held in trust	24,345	24,345	-	-	-	46,315	46,315	-	-	-

Note: The fair values are determined based on the values reasonably estimated by the financial institutions from which these securities were purchased.

Money held in trust for trading

(Millions of Yen)

	As of March 31, 2024		As of December 31, 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	24,345	2,044	46,315	381

Money held in trust except for trading

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