

Corporate Data

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Selected Financial Data

T&D HOLDINGS

Years ended March 31	2014	2015	2016	2017	¥ millions 2018
Statement of Operation Data:					
Ordinary revenues:					
Income from insurance premiums	¥1,609,732	¥1,958,055	¥1,574,506	¥1,505,234	¥1,483,719
Investment income	397,818	384,223	379,707	402,709	372,753
Other ordinary income	78,146	69,847	71,665	67,838	71,813
Total ordinary revenues	2,085,734	2,412,165	2,025,925	1,975,784	1,928,359
Ordinary expenses:					
Insurance claims and other payments	1,520,988	1,401,534	1,302,899	1,160,357	1,146,175
Provision for policy and other reserves	22,597	485,139	194,387	259,134	262,894
Investment expenses	86,680	66,427	77,477	130,277	96,288
Operating expenses	197,655	199,435	198,999	197,600	202,366
Other ordinary expenses	71,588	70,686	80,727	71,186	64,159
Total ordinary expenses	1,899,510	2,223,222	1,854,490	1,818,556	1,771,884
Ordinary profit	186,224	188,943	171,434	157,227	156,475
Net extraordinary gains (losses)	(30,736)	(8,105)	(29,274)	(35,067)	(16,485)
Provision for reserve for policyholder dividends	31,638	32,555	31,920	25,374	30,331
Income before income taxes	123,849	148,281	110,239	96,786	109,657
Income taxes:					
Current	48,113	44,147	46,075	33,316	34,106
Deferred	(3,402)	9,755	(8,561)	(11,895)	(2,044)
Total income taxes	44,711	53,903	37,513	21,421	32,061
Profit attributable to non-controlling interests	155	163	179	177	19
Profit attributable to owners of parent	¥ 78,982	¥ 94,215	¥ 72,547	¥ 75,187	¥ 77,577

As of March 31	2014	2015	2016	2017	¥ millions 2018
Balance Sheet Data:					
Assets:					
Total assets	¥13,804,219	¥14,664,705	¥14,674,207	¥14,891,167	¥15,262,398
Liabilities:					
Policy reserves	12,226,787	12,707,957	12,892,482	13,139,218	13,395,725
Total liabilities	12,783,895	13,319,755	13,460,145	13,794,395	14,109,362
Net assets:					
Total shareholders' equity	683,519	749,436	775,208	794,554	833,779
Total accumulated other comprehensive income	333,929	592,301	435,331	298,302	313,645
Total net assets	¥ 1,020,324	¥ 1,344,950	¥ 1,214,061	¥ 1,096,772	¥ 1,153,036

* The above figures are calculated based on the prevailing accounting standards of each fiscal year.

Years ended March 31	2014	2015	2016	2017	¥ millions 2018
Policy Results *:					
Policy amount in force	¥60,699,818	¥62,117,777	¥62,998,174	¥64,612,813	¥66,010,749
New policy amount	6,639,823	7,227,221	6,685,973	7,441,437	7,273,000
Surrender and lapse amount	3,967,421	3,752,457	3,789,522	3,837,734	3,884,453

* The total of individual insurance, individual annuities and Daido Life's J-type product, T-type product, Kaigo Relief, and Kaigo Teiki Hoken. The new policy amounts include net increases from conversions.

Other Data:					
Core profit	¥ 210,256	¥ 182,766	¥ 153,097	¥ 159,985	¥ 148,466
Group MCEV *	1,970,100	2,298,000	1,893,700	2,290,500	2,406,700
Consolidated solvency margin ratio	1,115.0%	1,220.7%	1,155.8%	1,105.1%	1,061.8%

* Group MCEV is shown in terms of hundreds of millions of yen.

TAIYO LIFE

¥ millions

Years ended March 31	2014	2015	2016	2017	2018
Statement of Operation Data:					
Ordinary revenues:					
Income from insurance premiums	¥655,233	¥865,232	¥657,185	¥654,379	¥511,900
Investment income	175,794	176,370	202,909	228,058	189,495
Other ordinary income	26,244	19,544	13,792	15,517	37,319
Total ordinary revenues	857,272	1,061,146	873,887	897,955	738,716
Ordinary expenses:					
Insurance claims and other payments	585,429	566,446	604,261	535,387	522,746
Provision for policy and other reserves	52,437	281,973	39,860	99,991	885
Investment expenses	29,303	31,893	36,540	83,109	45,292
Operating expenses	77,693	77,606	76,424	77,189	76,698
Other ordinary expenses	40,151	35,619	37,676	35,635	30,301
Total ordinary expenses	785,015	993,539	794,763	831,312	675,925
Ordinary profit	72,257	67,606	79,124	66,642	62,790
Net extraordinary gains (losses)	(12,931)	(5,249)	(20,251)	(18,995)	(4,254)
Provision for reserve for policyholder dividends	17,688	18,093	18,135	11,738	15,664
Income before income taxes	41,637	44,264	40,736	35,909	42,870
Income taxes:					
Current	17,045	12,827	17,624	11,120	10,238
Deferred	(1,763)	3,482	(3,722)	(4,178)	2,151
Total income taxes	15,282	16,309	13,902	6,941	12,390
Net income	¥ 26,355	¥ 27,954	¥ 26,834	¥ 28,967	¥ 30,480

¥ millions

As of March 31	2014	2015	2016	2017	2018
Balance Sheet Data:					
Assets:					
Total assets	¥6,760,825	¥7,217,901	¥7,084,800	¥7,188,371	¥7,219,463
Liabilities:					
Policy reserves	5,998,989	6,279,589	6,318,824	6,410,781	6,389,235
Total liabilities	6,360,611	6,658,543	6,603,082	6,807,381	6,810,776
Net assets:					
Total shareholders' equity	245,046	259,537	279,336	279,765	290,945
Total valuation and translation adjustment	155,166	299,819	202,382	101,224	117,742
Total net assets	¥ 400,213	¥ 559,357	¥ 481,718	¥ 380,989	¥ 408,687

* The above figures are calculated based on the prevailing accounting standards of each fiscal year.

¥ millions

Years ended March 31	2014	2015	2016	2017	2018
Policy Results *:					
Policy amount in force	¥21,595,680	¥22,154,564	¥21,983,504	¥21,741,191	¥21,154,486
New policy amount	2,696,671	2,840,754	2,134,199	2,084,818	1,686,796
Surrender and lapse amount	1,255,419	1,270,225	1,255,956	1,255,824	1,236,078
Surrender and lapse rate	5.97%	5.88%	5.67%	5.71%	5.69%

* The total of individual insurance and individual annuities. The new policy amounts include net increases from conversions.

Other Data:					
Core profit	¥ 72,611	¥ 68,188	¥ 53,812	¥ 53,464	¥ 48,547
MCEV *	705,100	868,600	725,700	777,500	825,000
Solvency margin ratio	981.3%	993.9%	890.6%	848.6%	835.1%
Number of in-house sales representatives	8,603	8,432	8,631	8,902	8,942

* MCEV is shown in terms of hundreds of millions of yen.

Selected Financial Data

DAIDO LIFE

Years ended March 31	2014	2015	2016	2017	2018
¥ millions					
Statement of Operation Data:					
Ordinary revenues:					
Income from insurance premiums	¥712,866	¥792,715	¥748,914	¥766,336	¥790,852
Investment income	160,483	169,016	165,153	154,066	171,830
Other ordinary income	19,968	19,320	21,671	24,029	25,387
Total ordinary revenues	893,318	981,052	935,739	944,431	988,070
Ordinary expenses:					
Insurance claims and other payments	522,489	494,272	502,896	484,881	496,329
Provision for policy and other reserves	119,712	231,264	181,357	204,770	232,739
Investment expenses	46,369	39,128	34,443	48,244	46,233
Operating expenses	99,377	99,152	102,531	103,099	103,602
Other ordinary expenses	14,058	19,770	24,203	20,739	19,767
Total ordinary expenses	802,008	883,588	845,431	861,736	898,672
Ordinary profit	91,309	97,464	90,307	82,695	89,397
Net extraordinary gains (losses)	(17,410)	(2,653)	4,413	(12,450)	(11,698)
Provision for reserve for policyholder dividends	13,951	14,462	13,788	13,636	14,668
Income before income taxes	59,948	80,348	80,932	56,608	63,031
Income taxes:					
Current	26,644	28,104	29,351	20,777	22,854
Deferred	(2,656)	1,064	(2,896)	(7,286)	(4,396)
Total income taxes	23,987	29,168	26,455	13,491	18,458
Net income	¥ 35,960	¥ 51,180	¥ 54,476	¥ 43,116	¥ 44,572

As of March 31	2014	2015	2016	2017	2018
¥ millions					
Balance Sheet Data:					
Assets:					
Total assets	¥5,572,800	¥5,977,975	¥6,152,026	¥6,298,188	¥6,573,924
Liabilities:					
Policy reserves	4,896,850	5,125,125	5,301,162	5,501,639	5,729,754
Total liabilities	5,041,936	5,297,596	5,488,203	5,654,175	5,913,402
Net assets:					
Total shareholders' equity	352,559	388,865	433,499	448,016	466,141
Total valuation and translation adjustment	178,304	291,513	230,323	195,996	194,380
Total net assets	¥ 530,863	¥ 680,379	¥ 663,823	¥ 644,013	¥ 660,521

* The above figures are calculated based on the prevailing accounting standards of each fiscal year.

Years ended March 31	2014	2015	2016	2017	2018
¥ millions					
Policy Results *:					
Policy amount in force	¥37,255,621	¥38,156,747	¥39,205,952	¥40,992,241	¥42,803,504
Individual term life insurance	32,882,207	33,209,130	33,673,604	34,772,475	34,724,011
<i>J-type product, T-type product, Kaigo Relief and Kaigo Teiki Hoken</i>	1,192,991	1,764,379	2,415,881	3,166,600	5,652,945
New policy amount	3,698,182	4,063,816	4,315,542	5,121,169	5,231,498
Individual term life insurance	3,108,689	3,228,184	3,426,632	4,088,485	2,944,065
<i>J-type product, T-type product, Kaigo Relief and Kaigo Teiki Hoken</i>	472,806	657,003	786,609	934,940	2,647,660
Surrender and lapse amount	2,537,348	2,378,329	2,472,006	2,525,540	2,582,199
Surrender and lapse rate	6.87%	6.38%	6.48%	6.44%	6.30%

* The total of individual insurance, individual annuities, *J-type product, T-type product, Kaigo Relief, and Kaigo Teiki Hoken*. The new policy amounts include net increases from conversions.

Other Data:					
Core profit	¥ 110,673	¥ 107,654	¥ 104,829	¥ 105,677	¥ 100,781
MCEV *	1,145,900	1,306,700	1,078,000	1,417,400	1,473,200
Solvency margin ratio	1,156.4%	1,363.7%	1,341.9%	1,252.6%	1,206.2%
Number of in-house sales representatives	3,833	3,790	3,867	3,843	3,714
Number of agents	13,432	13,675	13,793	13,878	13,992

* MCEV is shown in terms of hundreds of millions of yen.

T&D FINANCIAL LIFE

¥ millions

Years ended March 31	2014	2015	2016	2017	2018
Statement of Operation Data:					
Ordinary revenues:					
Income from insurance premiums	¥239,777	¥297,755	¥165,436	¥ 80,918	¥176,474
Investment income	64,948	46,366	14,232	23,041	12,982
Other ordinary income	163,943	37,989	38,365	51,874	7,036
Total ordinary revenues	468,669	382,110	218,035	155,834	196,492
Ordinary expenses:					
Insurance claims and other payments	412,275	339,700	194,324	138,311	124,953
Provision for policy and other reserves	7,697	1,440	2	0	50,164
Investment expenses	13,138	1,814	7,950	213	4,888
Operating expenses	13,101	14,422	12,705	9,745	12,349
Other ordinary expenses	1,545	2,275	1,840	1,363	1,592
Total ordinary expenses	447,758	359,653	216,822	149,634	193,948
Ordinary profit	20,910	22,457	1,212	6,199	2,543
Net extraordinary gains (losses)	(398)	(174)	(621)	(3,612)	(461)
Reversal of reserve for policyholder dividends	(2)	(0)	(3)	(1)	(1)
Income before income taxes	20,514	22,282	593	2,587	2,083
Income taxes:					
Current	3,647	2,411	(1,735)	874	199
Deferred	957	5,225	1,837	(427)	295
Total income taxes	4,604	7,636	101	446	494
Net income	¥ 15,909	¥ 14,645	¥ 492	¥ 2,141	¥ 1,588

¥ millions

As of March 31	2014	2015	2016	2017	2018
Balance Sheet Data:					
Assets:					
Total assets	¥1,393,592	¥1,387,624	¥1,359,879	¥1,313,747	¥1,365,878
Liabilities:					
Policy reserves	1,329,961	1,301,958	1,270,904	1,224,914	1,274,376
Total liabilities	1,340,493	1,319,425	1,289,619	1,242,846	1,292,955
Net assets:					
Total shareholders' equity	52,748	67,394	67,886	70,027	71,616
Total valuation and translation adjustment	349	804	2,373	874	1,306
Total net assets	¥ 53,098	¥ 68,198	¥ 70,260	¥ 70,901	¥ 72,922

* The above figures are calculated based on the prevailing accounting standards of each fiscal year.

¥ millions

Years ended March 31	2014	2015	2016	2017	2018
Policy Results *:					
Policy amount in force	¥1,848,515	¥1,806,465	¥1,808,717	¥1,879,380	¥2,052,758
Sales through independent insurance agents	1,050,025	1,091,312	1,156,568	1,280,606	1,506,435
New policy amount	244,969	322,651	236,231	235,449	354,705
Surrender and lapse amount	174,654	103,902	61,559	56,368	66,174
Surrender and lapse rate	8.56%	5.62%	3.41%	3.12%	3.52%

* The total of individual insurance and individual annuities.

Other Data:

Core profit (loss)	¥26,971	¥ 6,923	¥ (5,545)	¥ 843	¥ (863)
MCEV *	92,300	95,800	93,400	97,400	102,600
Solvency margin ratio	1,051.2%	1,271.9%	1,260.7%	1,295.6%	1,258.3%

* MCEV is shown in terms of hundreds of millions of yen.

Consolidated Financial Statements

Consolidated Balance Sheet

As of March 31,		¥ millions	US\$ thousands
	2017	2018	2018
Assets:			
Cash and deposits	¥ 862,425	¥ 776,510	\$ 7,309,017
Call loans	11,302	10,539	99,199
Monetary claims purchased	141,242	117,578	1,106,724
Monetary trusts	583,476	685,819	6,455,380
Securities (Notes 8, 13 and 14)	11,001,953	11,377,032	107,088,035
Loans (Notes 3 and 7)	1,685,118	1,648,600	15,517,696
Tangible fixed assets (Note 4)	319,884	363,245	3,419,100
Land (Note 2 (13))	177,864	202,010	1,901,458
Buildings	122,157	155,308	1,461,865
Lease assets	714	605	5,698
Construction in progress	15,237	1,237	11,648
Other tangible fixed assets	3,910	4,082	38,428
Intangible fixed assets	23,195	26,862	252,851
Software	21,640	25,395	239,036
Lease assets	383	298	2,805
Other intangible fixed assets	1,172	1,169	11,009
Due from agencies	756	740	6,965
Due from reinsurers	3,535	3,136	29,526
Other assets (Note 14)	210,889	209,171	1,968,857
Deferred tax assets	49,143	44,753	421,250
Reserve for possible loan losses	(1,755)	(1,591)	(14,979)
Total assets	¥14,891,167	¥15,262,398	\$143,659,627

As of March 31,		¥ millions	US\$ thousands
	2017	2018	2018
Liabilities:			
Policy reserves	¥13,139,218	¥13,395,725	\$126,089,286
Reserve for outstanding claims	70,065	67,749	637,706
Policy reserve	12,976,211	13,239,086	124,614,891
Reserve for policyholder dividends (Note 6)	92,942	88,889	836,688
Due to agencies	334	658	6,195
Due to reinsurers	1,781	1,539	14,489
Short-term debentures	2,999	6,000	56,475
Bonds (Note 9)	50,095	87,065	819,512
Other liabilities (Notes 10 and 14)	332,772	342,252	3,221,498
Provision for bonuses to directors and audit & supervisory board members	263	276	2,603
Net defined benefit liability	56,547	50,764	477,828
Provision for directors' and audit & supervisory board members' retirement benefits	53	56	530
Reserves under the special laws	204,894	219,695	2,067,913
Reserve for price fluctuations	204,894	219,695	2,067,913
Deferred tax liabilities	7	13	128
Deferred tax liabilities on land revaluation (Note 2 (13))	5,426	5,316	50,038
Total liabilities	13,794,395	14,109,362	132,806,501
Net assets:			
Capital stock	207,111	207,111	1,949,471
Capital surplus	194,522	156,785	1,475,769
Retained earnings	460,683	516,585	4,862,439
Treasury shares	(67,763)	(46,703)	(439,606)
Total shareholders' equity	794,554	833,779	7,848,074
Valuation difference on available-for-sale securities	338,842	353,590	3,328,224
Deferred gains (losses) on hedging instruments	(5,203)	(4,320)	(40,663)
Land revaluation (Note 2 (13))	(35,354)	(35,637)	(335,439)
Foreign currency translation adjustments	17	11	110
Total accumulated other comprehensive income	298,302	313,645	2,952,232
Subscription rights to shares	1,178	1,216	11,449
Non-controlling interests	2,737	4,395	41,369
Total net assets	1,096,772	1,153,036	10,853,125
Total liabilities and net assets	¥14,891,167	¥15,262,398	\$143,659,627

See notes to consolidated financial statements.

Consolidated Statement of Operation

Years ended March 31,	2017	¥ millions	US\$ thousands
		2018	2018
Ordinary revenues	¥1,975,784	¥1,928,359	\$18,150,976
Income from insurance premiums	1,505,234	1,483,719	13,965,733
Investment income	402,709	372,753	3,508,601
Interest, dividends and income from real estate for rent	276,628	285,496	2,687,279
Gains from monetary trusts, net	5,610	—	—
Gains on sales of securities	111,077	78,487	738,778
Foreign exchange gains	1,295	—	—
Reversal of reserve for possible loan losses	292	86	814
Other investment income	2,386	2,734	25,739
Gains on separate accounts, net	5,418	5,948	55,989
Other ordinary income	67,838	71,813	675,954
Equity in earnings of affiliates	1	72	686
Ordinary expenses	1,818,556	1,771,884	16,678,131
Insurance claims and other payments	1,160,357	1,146,175	10,788,546
Insurance claims	349,055	334,188	3,145,604
Annuity payments	300,940	281,915	2,653,576
Insurance benefits	152,715	148,099	1,394,012
Surrender payments	307,840	330,019	3,106,356
Other payments	49,805	51,951	488,996
Provision for policy and other reserves	259,134	262,894	2,474,535
Provision for reserve for outstanding claims	2,151	—	—
Provision for policy reserve	256,954	262,874	2,474,350
Interest portion of reserve for policyholder dividends	27	19	184
Investment expenses	130,277	96,288	906,332
Interest expenses	573	637	6,002
Losses from monetary trusts, net	—	285	2,689
Losses on investments in trading securities, net	587	195	1,843
Losses on sales of securities	57,725	18,097	170,341
Devaluation losses on securities	853	6,193	58,296
Losses from derivatives, net	49,712	45,680	429,970
Foreign Exchange losses	—	3,900	36,714
Write-off of loans	2	1	11
Depreciation of real estate for rent	4,891	5,027	47,325
Other investment expenses	15,931	16,269	153,137
Operating expenses	197,600	202,366	1,904,804
Other ordinary expenses	71,186	64,159	603,913
Ordinary profit	¥ 157,227	¥ 156,475	\$ 1,472,844

(continued)

Years ended March 31,	2017	¥ millions	US\$ thousands
		2018	2018
Extraordinary gains	¥ 300	¥ 28	\$ 266
Gains on disposal of fixed assets	239	13	124
State subsidy	60	15	141
Extraordinary losses	35,367	16,513	155,437
Losses on disposal of fixed assets	1,098	953	8,975
Impairment losses (Note 16)	4,779	744	7,005
Provision for reserve for price fluctuations	29,134	14,800	139,314
Other extraordinary losses	353	15	141
Provision for reserve for policyholder dividends	25,374	30,331	285,503
Income before income taxes	96,786	109,657	1,032,169
Income taxes (current)	33,316	34,106	321,030
Income taxes (deferred)	(11,895)	(2,044)	(19,248)
Total income taxes	21,421	32,061	301,782
Profit	75,365	77,596	730,386
Profit attributable to non-controlling interests	177	19	179
Profit attributable to owners of parent	¥ 75,187	¥ 77,577	\$ 730,207

Consolidated Statement of Comprehensive Income

Years ended March 31,	2017	¥ millions	US\$ thousands
		2018	2018
Profit	¥ 75,365	¥77,596	\$730,386
Other comprehensive income:			
Valuation difference on available-for-sale securities	(148,357)	14,764	138,969
Deferred gains (losses) on hedging instruments	3,398	883	8,314
Foreign currency translation adjustments	(0)	(0)	(1)
Share of other comprehensive income of associates accounted for using the equity method	(5)	(6)	(65)
Total other comprehensive income (Note 17)	(144,963)	15,640	147,216
Comprehensive income	¥ (69,598)	¥93,236	\$877,603
(Breakdown)			
Comprehensive income attributable to owners of parent	¥ (69,776)	¥93,202	\$877,286
Comprehensive income attributable to non-controlling interests	177	33	316

See notes to consolidated financial statements.

Consolidated Statement of Changes in Net Assets

¥ millions

Year ended March 31, 2017	Shareholders' equity					Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains (losses) on hedging instruments	Land revaluation	Foreign currency translation adjustments	Total accumulated other comprehensive income			
Balance at the beginning of the year	¥207,111	¥194,550	¥422,422	¥(48,876)	¥775,208	¥487,200	¥(8,601)	¥(43,288)	¥21	¥435,331	¥926	¥2,595	¥1,214,061
Changes in the period:													
Dividends			(28,992)		(28,992)								(28,992)
Profit attributable to owners of parent			75,187		75,187								75,187
Purchase of treasury shares				(19,012)	(19,012)								(19,012)
Disposal of treasury shares		(28)		125	97								97
Reversal of land revaluation			(7,934)		(7,934)								(7,934)
Net changes of items other than shareholders' equity						(148,358)	3,398	7,934	(4)	(137,029)	251	142	(136,635)
Total changes in the period		(28)	38,261	(18,886)	19,345	(148,358)	3,398	7,934	(4)	(137,029)	251	142	(117,289)
Balance at the end of the year	¥207,111	¥194,522	¥460,683	¥(67,763)	¥794,554	¥338,842	¥(5,203)	¥(35,354)	¥17	¥298,302	¥1,178	¥2,737	¥1,096,772

¥ millions

Year ended March 31, 2018	Shareholders' equity					Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains (losses) on hedging instruments	Land revaluation	Foreign currency translation adjustments	Total accumulated other comprehensive income			
Balance at the beginning of the year	¥207,111	¥194,522	¥460,683	¥(67,763)	¥794,554	¥338,842	¥(5,203)	¥(35,354)	¥17	¥298,302	¥1,178	¥2,737	¥1,096,772
Changes in the period:													
Dividends			(21,958)		(21,958)								(21,958)
Profit attributable to owners of parent			77,577		77,577								77,577
Purchase of treasury shares				(17,018)	(17,018)								(17,018)
Disposal of treasury shares		(106)		377	271								271
Retirement of treasury shares		(37,700)		37,700	—								—
Change in ownership interest of parent due to transactions with non-controlling interests		70			70								70
Reversal of land revaluation			282		282								282
Net changes of items other than shareholders' equity						14,748	883	(282)	(5)	15,342	38	1,657	17,038
Total changes in the period		(37,736)	55,901	21,059	39,225	14,748	883	(282)	(5)	15,342	38	1,657	56,263
Balance at the end of the year	¥207,111	¥156,785	¥516,585	¥(46,703)	¥833,779	¥353,590	¥(4,320)	¥(35,637)	¥11	¥313,645	¥1,216	¥4,395	¥1,153,036

US\$ thousands

Year ended March 31, 2018	Shareholders' equity					Accumulated other comprehensive income							Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains (losses) on hedging instruments	Land revaluation	Foreign currency translation adjustments	Total accumulated other comprehensive income	Subscription rights to shares	Non-controlling interests	
Balance at the beginning of the year	\$1,949,471	\$1,830,968	\$4,336,254	\$(637,832)	\$7,478,861	\$3,189,406	\$(48,977)	\$(332,776)	\$163	\$2,807,815	\$11,089	\$25,769	\$10,323,536
Changes in the period:													
Dividends			(206,684)		(206,684)								(206,684)
Profit attributable to owners of parent			730,207		730,207								730,207
Purchase of treasury shares				(160,189)	(160,189)								(160,189)
Disposal of treasury shares		(1,002)		3,557	2,554								2,554
Retirement of treasury shares		(354,858)		354,858	—								—
Change in ownership interest of parent due to transactions with non-controlling interests		661			661								661
Reversal of land revaluation			2,662		2,662								2,662
Net changes of items other than shareholders' equity						138,817	8,314	(2,662)	(52)	144,416	359	15,600	160,376
Total changes in the period		(355,198)	526,185	198,225	369,212	138,817	8,314	(2,662)	(52)	144,416	359	15,600	529,589
Balance at the end of the year	\$1,949,471	\$1,475,769	\$4,862,439	\$(439,606)	\$7,848,074	\$3,328,224	\$(40,663)	\$(335,439)	\$110	\$2,952,232	\$11,449	\$41,369	\$10,853,125

Consolidated Statement of Cash Flows

Years ended March 31,		¥ millions	US\$ thousands
	2017	2018	2018
Cash flows from operating activities:			
Income before income taxes	¥ 96,786	¥ 109,657	\$ 1,032,169
Depreciation of real estate for rent	4,891	5,027	47,325
Depreciation	11,345	10,762	101,307
Impairment losses	4,779	744	7,005
Increase (decrease) in reserve for outstanding claims	2,151	(2,315)	(21,797)
Increase (decrease) in policy reserve	256,954	262,874	2,474,350
Interest portion of reserve for policyholder dividends	27	19	184
Provision for reserve for (reversal of) policyholder dividends	25,374	30,331	285,503
Increase (decrease) in reserve for possible loan losses	(299)	(162)	(1,531)
Increase (decrease) in provision for bonuses to directors and audit & supervisory board members	(18)	13	126
Increase (decrease) in net defined benefit liability	(3,183)	(5,783)	(54,436)
Increase (decrease) in provision for directors' and audit & supervisory board members' retirement benefits	(25)	2	22
Increase (decrease) in reserve for price fluctuations	29,134	14,800	139,314
Interest, dividends and income from real estate for rent	(276,628)	(285,496)	(2,687,279)
Losses (gains) on investment securities	(57,329)	(59,949)	(564,287)
Interest expenses	573	637	6,002
Foreign exchange losses (gains)	(540)	3,463	32,604
Losses (gains) on disposal of tangible fixed assets	656	888	8,364
Equity in losses (income) of affiliated companies	(1)	(72)	(686)
Decrease (increase) in amount due from agencies	(9)	16	156
Decrease (increase) in amount due from reinsurers	(2,794)	364	3,427
Decrease (increase) in other assets (excluding investment activities-related and financing activities-related)	(7,347)	(14,043)	(132,184)
Increase (decrease) in amount due to agencies	(296)	324	3,049
Increase (decrease) in amount due to reinsurers	1,140	(242)	(2,282)
Increase (decrease) in other liabilities (excluding investment activities-related and financing activities-related)	3,337	99	938
Others, net	58,206	60,032	565,064
Subtotal	146,888	131,995	1,242,431
Interest, dividends and income from real estate for rent received	287,630	295,876	2,784,982
Interest paid	(573)	(550)	(5,186)
Policyholder dividends	(37,713)	(34,469)	(324,445)
Others, net	3,648	2,107	19,837
Income taxes paid	(56,119)	(24,832)	(233,739)
Net cash provided by (used in) operating activities	¥ 343,760	¥ 370,127	\$ 3,483,880

(continued)

Years ended March 31,		¥ millions	US\$ thousands
	2017	2018	2018
Cash flows from investing activities:			
Net decrease (increase) in cash and deposits	¥ (200)	¥ (50)	\$ (470)
Investments in monetary claims purchased	(8,500)	(2,000)	(18,825)
Proceeds from sales and redemption of monetary claims purchased	47,777	25,454	239,594
Investments in monetary trusts	(113,277)	(137,658)	(1,295,731)
Proceeds from monetary trusts	60,070	35,470	333,866
Purchase of securities	(2,525,588)	(1,643,451)	(15,469,235)
Proceeds from sales and redemption of securities	1,843,117	1,265,588	11,912,545
Investments in loans	(345,104)	(397,753)	(3,743,914)
Collection of loans	429,496	435,667	4,100,781
Others, net	93,832	5,560	52,334
Subtotal	(518,376)	(413,173)	(3,889,053)
Total of net cash provided by (used in) operating activities and investment transactions as above	(174,616)	(43,045)	(405,172)
Purchase of tangible fixed assets	(17,387)	(53,658)	(505,070)
Proceeds from disposal of tangible fixed assets	1,575	247	2,325
Others, net	(316)	(574)	(5,411)
Net cash provided by (used in) investing activities	(534,505)	(467,159)	(4,397,210)
Cash flows from financing activities:			
Net increase (decrease) in short-term debenture	0	3,000	28,238
Proceeds from issuance of debt	11,700	22,800	214,608
Repayments of debt	(12,149)	(12,331)	(116,068)
Proceeds from issuance of bonds	—	37,000	348,268
Proceeds from share issuance to non-controlling shareholders	13	2,147	20,216
Repayments to non-controlling shareholders	—	(405)	(3,816)
Payment of lease obligations	(590)	(527)	(4,967)
Purchase of treasury shares	(19,012)	(17,018)	(160,189)
Proceeds from disposal of treasury shares	0	0	1
Dividends paid	(28,840)	(21,926)	(206,383)
Dividends paid to non-controlling interests	(48)	(48)	(454)
Others, net	0	0	2
Net cash provided by (used in) financing activities	(48,926)	12,690	119,455
Effect of exchange rate changes on cash and cash equivalents	17	(2,387)	(22,473)
Net increase (decrease) in cash and cash equivalents	(239,654)	(86,728)	(816,347)
Cash and cash equivalents at the beginning of the year	1,124,922	885,267	8,332,714
Cash and cash equivalents at the end of the year (Note 19)	¥ 885,267	¥ 798,538	\$ 7,516,366

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Note 1 Notes on Going-Concern Assumption

Not applicable.

Note 2 Summary of Significant Accounting Policies

(1) Basis of presentation

On April 1, 2004, T&D Holdings, Inc. (the "Company") was established as a life insurance holding company, of which Taiyo Life Insurance Company ("Taiyo Life"), Daido Life Insurance Company ("Daido Life") and T&D Financial Life Insurance Company ("T&D Financial Life") (hereafter, the "Three Life Insurance Companies") became wholly owned subsidiaries through share transfers. The business combination was accounted for as a pooling of interests.

The Company, including its domestic consolidated subsidiaries (the "T&D Life Group"), maintains its accounting records and prepares its financial statements in Japanese yen in accordance with the provisions of the Insurance Business Act of Japan (the "Insurance Business Act") and in conformity with generally accepted accounting principles and practices in Japan.

The accompanying consolidated financial statements are compiled from the financial statements prepared by the Company as required by the Financial Instruments and Exchange Act of Japan. In preparing the consolidated financial statements, certain items presented in the original financial statements have been reclassified and summarized for readers outside Japan. These consolidated financial statements have been prepared on the basis of generally accepted accounting principles and practices in Japan, which are different in certain respects from the application and disclosure requirements of International Financial Reporting Standards. In addition, the accompanying footnotes include information that is not required under generally accepted accounting principles and practices in Japan, but is presented herein as additional information to the consolidated financial statements.

The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of the readers and have been made, as a matter of arithmetical computation only, at the rate of 1 U.S. dollar = 106.24 Japanese yen, which was the approximate rate prevailing at March 31, 2018. The translations should not be construed as representations that such yen amounts have been, could have been or could in the future be converted into U.S. dollars at that or any other rate.

Amounts of less than one million Japanese yen and one thousand U.S. dollars have been eliminated. As a result, Japanese yen and U.S. dollar totals shown herein do not necessarily agree with the sum of the individual amounts.

(2) Principles of consolidation

- a. Matters related to the scope of consolidation
 - (i) Number of consolidated subsidiaries: 16
Names of main consolidated subsidiaries are stated in "Group Companies" of the Annual Report.
 - (ii) Names of main non-consolidated subsidiaries, etc.: none
- b. Matters related to the application of the equity method
 - (i) Number of non-consolidated subsidiaries accounted for under the equity method: none
 - (ii) Number of affiliates accounted for under the equity method: 3
The affiliates accounted for under the equity method are Alternative Investment Capital Limited, Thuriya Ace Technology Company Limited and one other company.
 - (iii) Names of non-consolidated subsidiaries and affiliates not accounted for under the equity method, etc.: none
 - (iv) For the companies accounted for under the equity method for which the closing date is different from the consolidated closing date, the financial statements of each company's fiscal year are used.
- c. Matters related to the fiscal year of consolidated subsidiaries, etc.
The closing date of some consolidated subsidiaries is December 31. In preparing the consolidated financial statements, financial statements as of that date are used and necessary adjustments are made on consolidation to reflect significant transactions that occurred between the closing date and the consolidated closing date.

(3) Foreign currency translation

Foreign currency assets and liabilities are translated into Japanese yen at the prevailing foreign exchange rates at the consolidated balance sheet date.

Assets, liabilities, revenues and expenses of the Company's affiliates located outside Japan are translated into Japanese yen at the exchange rates in effect at the respective balance sheet date. Translation differences of foreign currencies are included in net assets as foreign currency translation adjustments or non-controlling interests.

(4) Accounting policy for measuring significant assets

- a. Evaluation criteria and evaluation method for securities (including cash and deposits/monetary claims purchased which are equivalent to securities and securities invested as trust properties in monetary trusts)
- (i) Trading securities
 - Market value method (costs of securities sold are calculated based on the moving average method)
 - (ii) Held-to-maturity bonds
 - Amortized cost method based on the moving average method (straight-line method)
 - (iii) Policy-reserve-matching bonds
 - Amortized cost method based on the moving average method (straight-line method)
 - (iv) Available-for-sale securities
 - Securities with market value are valued by the market value method (costs of securities sold are calculated based on the moving average method) based on the market price, etc., of the last day of the consolidated fiscal year
 - Securities without readily obtainable market value, which are public and corporate bonds (including foreign bonds), for which the difference between the purchase price and face value is recognized as an interest rate adjustment are valued by the amortized cost method based on the moving average method (straight-line method)
 - Securities other than the above are valued by the cost method based on the moving average method
- Valuation differences on available-for-sale securities are included in net assets.

For some of the consolidated subsidiaries, translation differences of bonds in foreign currency-denominated available-for-sale securities are treated as follows: the translation differences from foreign currency market value fluctuations are recorded as “net unrealized gains (losses)” and the remaining differences as “foreign exchange gains (losses).”

The overview of the risk management policies of policy-reserve-matching bonds

[Taiyo Life]

Managed by setting the investment policy of attempting to effectively reduce the risk of the whole portfolio by asset mix which is based on a balanced-type ALM aiming at exceeding medium- and long-term liability cost.

Taking into account this investment policy and based on the “Temporary Treatment of Accounting and Auditing Concerning

Policy-Reserve-Matching Bonds within the Insurance Industry” (JICPA, Industry Audit Committee Report No. 21), the following insurance policies are identified and classified as a sub-segment.

- All policies except for group insurance products segment, other insurance product segment, non-participating currency specific-type single-premium individual annuity insurance, etc., in the general asset segment
- All non-participating currency specific-type single-premium individual annuity insurance policies by currency in the general asset segment
- All defined contribution corporate pension insurance policies and all group pure endowment insurance in the group annuity insurance asset segment
- All insurance policies in the single-premium whole life/annuity insurance asset segment

(Additional information)

Sub-segments by currency have been newly set for non-participating currency specific-type single-premium individual annuity insurance launched in consolidated fiscal year 2017, aimed for managing risks according to the cash-flow characteristics of the liabilities. There is no effect on the consolidated balance sheet and consolidated statement of operation regarding this change.

[Daido Life]

Managed by setting the investment policy fully considering the characteristics and the risk tolerance of insurance products in order to ensure the fulfillment of future obligations.

Based on this investment policy, sub-segments in accordance with the characteristics of the insurance products are set and bonds held in the attempt to control the duration within each sub-segment are classified as policy-reserve-matching bonds. The sub-segments are set as follows:

- Individual insurance/individual annuity insurance in the general asset segment
- Individual insurance/individual annuity insurance in the non-participating insurance asset segment (subjects are the cash flows likely to occur in the period of over 5 years and within 30 years in the future)
- Group annuity insurance in the group annuity insurance asset segment

(Additional information)

Sub-segment for group annuity insurance has been newly set in consolidated fiscal year 2017, in order to further sophisticate integrated management of assets and liabilities. There is no effect on the consolidated balance sheet and consolidated statement of operation regarding this change.

[T&D Financial Life]

Sub-segments are set in accordance with the characteristics of the insurance products and the asset management policy is formulated considering each sub-segment in order to manage interest rate risk appropriately. Further, the matching of the duration of policy reserves and policy-reserve-matching bonds within constant width are verified regularly. The sub-segments are set as follows:

- Individual insurance (the portion of the future payout at the certain attained age and above of the subject insurance type)
- Accumulation rate type individual insurance
- Accumulation rate type fixed annuity insurance

Note that some insurance types and benefits are excluded.

- b. Evaluation criteria and evaluation method of derivative transactions
Evaluation of derivative transactions is processed based on the market value method.

(5) Processing method for deferred assets

Bond issuance costs are processed as expenses in full amount when incurred.

(6) Reserve for possible loan losses

The reserve for possible loan losses of the Three Life Insurance Companies is allocated in accordance with the self-assessment criteria and amortization/provision criteria of assets in order to provide for losses due to irrecoverable credits, as follows:

For loans to borrowers who are in a state of legal/formal bankruptcy such as bankruptcy and civil rehabilitation, or in a state of substantial bankruptcy, the remaining amount of the loan after directly deducting the amount stated below, less the estimated amount collectible from collateral and guarantees is recorded.

For loans to borrowers who are not yet bankrupt but highly likely to fall into bankruptcy, the amount deemed necessary from the overall assessment of the borrowers' solvency is recorded from the remaining amount of the loan after deducting the estimated amount collectible from collateral and guarantees.

For loans other than the above (performing loans and doubtful loans), historical loan-loss ratio calculated from the loan losses from the fixed period in the past, multiplied by the loan amount, etc., is recorded.

All loans are subject to asset assessment by the related division based on the self-assessment criteria of the assets. The reserve mentioned above is implemented based on the assessment results, after the asset auditing division independent from the related division audits the assessment results.

For collateralized or guaranteed loans to borrowers subject to bankruptcy or substantial bankruptcy, the amount of loans exceeding the estimated value of collateral or guarantees,

which were deemed uncollectible, was directly deducted from the amount of loans in the amounts of ¥385 million and ¥379 million [\$3,567 thousand] for the years ended March 31, 2017 and 2018, respectively.

Consolidated subsidiaries other than the Three Life Insurance Companies allocate reserves for possible loan losses, in accordance with criteria equivalent to the above, based on the results of the assessment which is implemented in the scope deemed necessary considering the importance.

(7) Allocation method for reserve for price fluctuations

Reserves for price fluctuations of the Three Life Insurance Companies are allocated in order to provide for losses due to price fluctuations, which is pursuant to requirements under Article 115 of the Insurance Business Act.

(8) Funding method for policy reserve

Policy reserves of the Three Life Insurance Companies are reserves pursuant to requirements under Article 116 of the Insurance Business Act. The premium reserve is calculated based on the following methods.

- For policies subject to standard policy reserve, the method established by the Commissioner of the Financial Services Agency (Notification No. 48 of the Ministry of Finance (1996))
- For policies not subject to standard policy reserve, net level premium method

In addition, Daido Life is funding additional policy reserves in accordance with Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act, for certain individual annuity insurance for which the annuity payment has been initiated.

(9) Provision for bonuses to directors and audit & supervisory board members

To provide for payment of bonuses to directors and audit & supervisory board members, a reserve for the directors' and audit & supervisory board members' bonuses is recorded based on the expected amount to be paid in the year ended March 31, 2018.

(10) Provision for directors' and audit & supervisory board members' retirement benefits

To provide for directors' and audit & supervisory board members' retirement benefits, the Company sets up a provision for directors' and audit & supervisory board members' retirement benefits based on the internal rules of certain consolidated subsidiaries, which is recorded in the amount recognized to have accrued as of March 31, 2018.

(11) Accounting method for employees' retirement benefits

For the calculation of retirement benefit obligations, the method for attributing the expected retirement benefit amount to each period up to the current fiscal year-end is based on the benefit formula standard.

Actuarial gains and losses, past service costs and losses relating to changes in accounting policies are expensed in the fiscal year which they accrue.

(12) Depreciation method for significant depreciation assets

a. Tangible fixed assets (except for lease assets)

Depreciation of tangible fixed assets (except for lease assets) is mainly calculated under the declining-balance method.

Depreciation of buildings (except for building and accessories, and structures) acquired on and after April 1, 1998, and building and accessories, and structures acquired on and after April 1, 2016, is calculated under the straight-line method. The main durable years are as follows:

- Buildings, building and accessories, and structures: 2-50 years
- Furniture and fixtures: 2-20 years

b. Intangible fixed assets (except for lease assets)

Depreciation of software used in-house is calculated under the straight-line method over a useful life of five years.

c. Lease assets

For the depreciation of lease assets, lease assets with respect to ownership-transfer finance leases are calculated under the same method for self-owned tangible fixed assets, and lease assets with respect to non-ownership-transfer finance leases are calculated under the straight-line method over the lease period.

(13) Land revaluation

Taiyo Life revalued its land for operating purposes based on Act on Revaluation of Land (Act No. 34 of 1998). Regarding the valuation differences between the previous and the revalued amounts, the tax equivalent to this valuation differences has been recorded in Liabilities section as "Deferred tax liabilities on land revaluation" and the amount after deducting the tax equivalent from the valuation differences is recorded in Net Assets as "Land revaluation."

– The method of revaluation provided for in Article 3, Paragraph 3 of the same law

The amount is rationally adjusted and calculated based on the listed land price value as prescribed in Article 2, Item 1 of the Order for Enforcement of the Act on Revaluation of Land, the benchmark land price as prescribed in Article 2, Item 2 of the same, and an appraisal by the real estate appraisers as

prescribed in Article 2, Item 5 of the same, etc.

– Date of revaluation: March 31, 2002

(14) Method for significant hedge accounting

a. Hedge accounting method for Taiyo Life

(i) Method for hedge accounting

Deferral hedge treatment and fair value hedge treatment are used in hedge accounting. Special treatment is applied for interest rate swap transactions qualifying for special treatment, and allocation treatment is applied for currency swap transactions qualifying for allocation treatment.

(ii) Hedging instrument and hedged item

- 1) Hedging instrument: interest rate swap
Hedged item: loans and bonds
- 2) Hedging instrument: currency swap
Hedged item: foreign currency-denominated loans
- 3) Hedging instrument: foreign exchange contract
Hedged item: foreign currency-denominated assets
- 4) Hedging instrument: option
Hedged item: domestic and foreign stocks, domestic and foreign-listed investment trusts, domestic bonds
- 5) Hedging instrument: credit transaction
Hedged item: domestic and foreign stocks, domestic and foreign-listed investment trusts
- 6) Hedging instrument: forward contract
Hedged item: domestic and foreign stocks, domestic and foreign-listed investment trusts

(iii) Hedging policy

Based on internal rules, etc., in accordance with the risk management policy concerning asset management, cash flow and price fluctuation risks related to hedged items are hedged within a certain range.

(iv) Evaluation method for hedge effectiveness

Hedge effectiveness is evaluated semi-annually by methods such as ratio analysis which compares the cumulative total of market fluctuations or cash flow fluctuations of hedged items and hedging instruments. However, evaluation of hedge effectiveness is omitted for interest rate swap transactions under special treatment, etc., currency swap transactions under allocation treatment, contracts in which both the hedged item and the hedging instrument are denominated in the same currency, option transactions in which hedged items are domestic/foreign stocks and domestic/foreign-listed investment trusts, credit transactions and forward contracts, and

option transactions in which domestic bonds are the hedged item.

- b. Hedge accounting method for Daido Life
- (i) Method for hedge accounting
Fair value hedge treatment is adopted for the method for hedge accounting. Allocation treatment is adopted for foreign exchange contract transactions hedging foreign currency fixed deposits qualifying for allocation treatment.
- (ii) Hedging instrument and hedged item
Hedging instrument: foreign exchange contract
Hedged item: foreign currency-denominated available-for-sale securities and fixed deposits
- (iii) Hedging policy
Based on internal rules, etc., concerning asset management, foreign exchange fluctuation risks of hedged items are hedged within a certain range.
- (iv) Evaluation method for hedge effectiveness
Hedge effectiveness is evaluated by ratio analysis which mainly compares the fair value fluctuation of hedged items and hedging instruments.
However, the evaluation is omitted if the material conditions of the hedged item and the hedging instrument are the same and hedge effectiveness is high.

(15) Accounting treatment for consumption taxes

The accounting treatment of consumption tax and local consumption tax is based on the tax exclusion method. However, non-deductible consumption tax on assets, etc., which is prescribed in the tax law as deferred consumption tax, etc., is recorded in other assets and amortized over a 5-year period on a straight-line basis, whereas tax other than deferred consumption tax is expensed in the fiscal year in which it accrues.

(16) Scope of cash and cash equivalents in the consolidated statements of cash flows

Cash and cash equivalents in the consolidated statements of cash flows consist of cash, deposits withdrawable at any time and readily convertible into cash, and short-term investments (term deposits, call loans, commercial paper, treasury discount bills, etc.) with insignificant risk of price fluctuations and with a maturity of 3 months or less at the time of acquisition.

(17) Unadopted accounting standards, etc.

[Implementation Guidance on Tax Effect Accounting, etc.]

- “Implementation Guidance on Tax Effect Accounting” (ASBJ Guidance No. 28, issued on February 16, 2018)
 - “Implementation Guidance on Recoverability of Deferred Tax Assets” (ASBJ Guidance No. 26, issued on February 16, 2018)
- a. Summary
Revisions in the treatment of taxable temporary differences related to stocks of subsidiaries, etc., in individual financial statements, and clarification of the recoverability of deferred tax assets for enterprises corresponding to Category 1.
- b. Scheduled date of application
Scheduled to be applied from the beginning of the fiscal year starting April 1, 2018.
- c. Effect of the application of the accounting standards
The amount of the impact is under evaluation at the time of preparing the consolidated financial statements for the consolidated fiscal year ended March 31, 2018.

[Accounting Standard for Revenue Recognition, etc.]

- “Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 29, issued on March 30, 2018)
 - “Implementation Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30, issued on March 30, 2018)
- a. Summary
A comprehensive accounting standard for revenue recognition. Revenue will be recognized applying the following five steps.
Step 1: Identify the contract with a customer.
Step 2: Identify the performance obligations of the contract.
Step 3: Calculate the transaction price.
Step 4: Allocate the transaction price to the performance obligations of the contract.
Step 5: Recognize the revenue at the time when the performance obligations are fulfilled or as the performance obligations become fulfilled.
- b. Scheduled date of application
Scheduled to be applied from the beginning of the fiscal year starting April 1, 2021.
- c. Effect of the application of the accounting standards
The amount of the impact is under evaluation at the time of preparing the consolidated financial statements for the consolidated fiscal year ended March 31, 2018.

Note 3 **Loans**

The amounts of delinquent loans of the Company and its consolidated subsidiaries are as follows:

		¥ millions	US\$ thousands
As of March 31,	2017	2018	2018
Loans to bankrupt companies	¥ 207	¥ 194	\$ 1,832
Past due loans	431	384	3,619
Loans overdue for three months or more	2,527	2,178	20,507
Restructured loans	23	21	200
Total	¥3,189	¥2,779	\$26,159

Loans to bankrupt companies are loans to borrowers that are subject to bankruptcy, corporate reorganization or rehabilitation or other similar proceedings on which the Company and its consolidated subsidiaries have stopped accruing interest after determining that collection or repayment of principal or interest is unlikely due to a significant delay in payment of principal or interest or for some other reason.

Past due loans are loans, other than those categorized as loans to bankrupt companies and loans for which due dates for interest payments have been rescheduled for purposes of restructuring or supporting the borrower, on which the Company and its consolidated subsidiaries have stopped accruing interest based on self-assessment.

Loans overdue for three months or more are loans other than those categorized as loans to bankrupt companies or past due loans for which principal and/or interest are overdue for three months or more beginning the day after the agreed due date.

Restructured loans are loans other than those categorized as loans to bankrupt companies, past due loans or loans overdue for three months or more for which agreements have been made between the relevant parties to provide a concessionary interest rate, rescheduling of due dates for interest and/or principal payments, waiver of claims and/or other terms in favor of the borrower for purposes of restructuring or supporting the borrower.

The direct write-downs of estimated uncollectable loans are as follows:

		¥ millions	US\$ thousands
As of March 31,	2017	2018	2018
Loans to bankrupt companies	¥ 76	¥ 74	\$698
Past due loans	106	101	956

Note 4 **Accumulated Depreciation of Tangible Fixed Assets**

The amounts of accumulated depreciation of tangible fixed assets are as follows:

		¥ millions	US\$ thousands
Years ended March 31,	2017	2018	2018
Accumulated depreciation of tangible fixed assets	¥230,955	¥236,200	\$2,223,272

Note 5 **Separate Account Assets**

The amounts of separate account assets as provided in Article 118, Paragraph 1 of the Insurance Business Act are as follows. The amounts of liabilities are equal to the amounts of assets.

		¥ millions	US\$ thousands
Years ended March 31,	2017	2018	2018
Separate account assets as provided in Article 118, Paragraph 1 of the Insurance Business Act	¥84,797	¥64,224	\$604,523

Note 6 **Reserve for Policyholder Dividends**

The changes in reserve for policyholder dividends included in policy reserves are as follows:

		¥ millions	US\$ thousands
Years ended March 31,	2017	2018	2018
Balance at the beginning of the year	¥105,311	¥ 92,942	\$ 874,831
Policyholder dividends	(37,713)	(34,469)	(324,445)
Increase in interest	27	19	184
Increase due to other reasons	—	65	613
Decrease due to other reasons	(58)	—	—
Provision for reserve for policyholder dividends	25,374	30,331	285,503
Balance at the end of the year	¥ 92,942	¥ 88,889	\$ 836,688

Note 7 Unused Loan Balance under Loan Commitments

The unused loan balance under loan commitments is as follows:

Years ended March 31,	2017	¥ millions 2018	US\$ thousands 2018
Total amount of loan commitments	¥13,700	¥24,143	\$227,249
Balance of loans outstanding	3,017	6,800	64,009
Balance	¥10,682	¥17,342	\$163,240

Note 8 Lending Securities for Loan Agreements

The lending securities for loan agreements are as follows:

Years ended March 31,	2017	¥ millions 2018	US\$ thousands 2018
Lending securities for loan agreement	¥307,735	¥449,505	\$4,231,036

Note 9 Bonds

Bonds include subordinated bonds, of which the payment priority is subordinated to other debts. The amounts are as follows:

Years ended March 31,	2017	¥ millions 2018	US\$ thousands 2018
Subordinated bonds	¥20,000	¥57,000	\$536,521

Note 10 Other Liabilities

Other liabilities include subordinated borrowings, of which the payment priority is subordinated to other debts. The amounts are as follows:

Years ended March 31,	2017	¥ millions 2018	US\$ thousands 2018
Subordinated borrowings	¥30,000	¥43,000	\$404,743

Note 11 Future Contributions to the Life Insurance Policyholders Protection Corporation of Japan

The amounts of the Three Life Insurance Companies' future contributions to the Life Insurance Policyholders Protection Corporation of Japan, which are estimated in accordance with Article 259 of the Insurance Business Act, are as follows. The contributions are recorded on the consolidated statement of operation as an operating expense when contributed.

Years ended March 31,	2017	¥ millions 2018	US\$ thousands 2018
Contributions to the Life Insurance Policyholders Protection Corporation	¥22,609	¥21,597	\$203,288

Note 12 Organizational Change Surplus

The amounts of the organizational change surplus prescribed in Article 91 of the Insurance Business Act, are as follows:

Years ended March 31,	2017	¥ millions 2018	US\$ thousands 2018
Taiyo Life Insurance Company	¥63,158	¥63,158	\$594,487
Daido Life Insurance Company	10,836	10,836	101,999

Note 13 Stocks of Affiliated Companies

Stocks of affiliated companies included in securities are as follows:

Years ended March 31,	2017	¥ millions 2018	US\$ thousands 2018
Stocks of affiliated companies	¥350	¥410	\$3,861

Note 14 Assets Pledged as Collateral and Secured Debts

Assets pledged as collateral are as follows:

Years ended March 31,	2017	¥ millions	US\$ thousands
		2018	2018
Japanese government bonds	¥139,287	¥140,025	\$1,318,007
Foreign securities	307,735	370,941	3,491,544
Cash collateral pledged for financial instruments	16,894	871	8,198
Balance	¥463,916	¥511,837	\$4,817,750

Of these assets, securities are mainly pledged as a substitute for the overdraft limit of the exclusive account of real-time gross settlement of government bonds with the Bank of Japan, bond-lending transactions secured by securities, and margin for futures contracts, etc.

Secured debts

Years ended March 31,	2017	¥ millions	US\$ thousands
		2018	2018
Cash collateral received for bond-lending transactions	¥114,804	¥109,943	\$1,034,860

Note 15 Fair Value of Financial Assets Received as Collateral with Free Right of Disposal

Years ended March 31,	2017	¥ millions	US\$ thousands
		2018	2018
Financial Assets Received as Collateral with Free Right of Disposal	¥—	¥70,441	\$663,043

Note 16 Impairment Losses on Fixed Assets

The items regarding impairment losses on fixed assets are as follows:

(1) Grouping of assets

The Three Life Insurance Companies' group real estate owned for insurance operations, etc., as a single asset group and other assets such as rental property and unused real estate are grouped separately by each property.

Each of the consolidated subsidiaries other than the Company and the Three Life Insurance Companies, groups real estate held for its own operations as a single category.

(2) Circumstances which led to the recognition of impairment losses

For some of insurance companies' asset groups for insurance operations, etc., book value was reduced to the recoverable amount and the reduced amount was recorded in extraordinary losses as impairment losses because the recoverable amount was below the book value.

For some rental properties, etc., book value was reduced to the recoverable amount and the reduced amount was recorded in extraordinary losses as impairment losses because of a significant drop in the market price and a decline in profitability due to the stagnant rental income level, etc.

(3) Impairment losses recognized by asset group and the breakdown of the amounts of impairment losses by fixed asset type

Year ended March 31, 2017		¥ millions			
Asset	Location	Software used in-house	Land	Buildings, etc.	Total
Insurance operations, etc.	Minato-ku, Tokyo, etc.	¥3,057	¥ —	¥251	¥3,308
Rental properties, etc.	Kofu City, Yamanashi Prefecture, etc. (7 assets)	¥ —	¥845	¥626	¥1,471

Year ended March 31, 2018		¥ millions			US\$ thousands
Asset	Location	Land	Buildings, etc.	Total	Total
Rental properties, etc.	Inazawa City, Aichi Prefecture, etc. (16 assets)	¥509	¥234	¥744	\$7,005

(4) Method for calculating the recoverable amount

The recoverable amount is based on the value in use for insurance operations, etc., and the value in use or net realizable value for rental properties, etc.

The value in use for insurance operations, etc., is calculated by discounting future cash flows by (0.18)%, and the value in use

for real estate owned for rental properties, etc., is calculated by discounting future cash flows by 5.60% - 6.00% for the fiscal year 2016. In principle, the net realizable value for real estate owned for rental properties is calculated by subtracting the estimated costs of disposal from the appraisal value calculated in accordance with the real estate appraisal standard.

Note 17 Consolidated Statement of Comprehensive Income

Reclassification adjustments and tax effects regarding other comprehensive income are as follows:

Years ended March 31,	2017	¥ millions 2018	US\$ thousands 2018
Valuation difference on available-for-sale securities:			
Amount occurred during the year	¥(162,059)	¥ 67,882	\$ 638,957
Reclassification adjustments	(44,159)	(47,131)	(443,633)
Amount before tax effect	(206,218)	20,751	195,323
Tax effect	57,861	(5,987)	(56,354)
Valuation difference on available-for-sale securities	(148,357)	14,764	138,969
Deferred gains (losses) on hedging instruments:			
Amount occurred during the year	—	—	—
Reclassification adjustments	4,720	1,226	11,547
Amount before tax effect	4,720	1,226	11,547
Tax effect	(1,321)	(343)	(3,233)
Deferred gains (losses) on hedging instruments	3,398	883	8,314
Foreign currency translation adjustments:			
Amount occurred during the year	(0)	(0)	(1)
Share of other comprehensive income of associates accounted for using the equity method:			
Amount occurred during the year	(5)	(6)	(65)
Total other comprehensive income	¥(144,963)	¥ 15,640	\$ 147,216

Note 18 Consolidated Statement of Changes in Net Assets

For the year ended March 31, 2017

(1) Type and number of issued shares and treasury shares

Year ended March 31, 2017	Number of shares at the beginning of the fiscal year	Number of shares increased in the fiscal year	Number of shares decreased in the fiscal year	Number of shares at the end of the fiscal year
Issued shares:				
Common stock	681,480,000	—	—	681,480,000
Treasury shares:				
Common stock	32,723,022	16,289,732	86,980	48,925,774

Notes:

- Treasury shares of common stock increased due to the following reasons:
 - Purchase of treasury shares based on the resolution made at a board of directors meeting held on May 13, 2016: 13,525,600 shares
 - Purchase of treasury shares based on the resolution made at a board of directors meeting held on February 14, 2017: 2,755,000 shares
 - Purchase of odd-lot shares: 9,132 shares
- Treasury shares of common stock decreased due to the following reasons:
 - Exercise of stock option: 86,800 shares
 - Purchase request of odd-lot shares: 180 shares

(2) Subscription rights to shares

Category	Breakdown of subscription rights to shares	Balance at the end of the fiscal year
		¥ millions
The Company	Share subscription rights as stock options	¥1,178

(3) Shareholder dividends

a. Shareholder dividends paid

Date of resolution	Type of shares	Amount of shareholder dividends		Shareholder dividends per share		Record date	Effective date
		¥ millions		¥			
Ordinary General Meeting of Shareholders held on June 28, 2016	Common stock	¥19,462		¥30.0		March 31, 2016	June 29, 2016
Board of directors meeting held on November 11, 2016	Common stock	¥9,529		¥15.0		September 30, 2016	December 5, 2016

b. Shareholder dividends whose record date was in the fiscal year ended March 31, 2017, while their effective date was in the fiscal year ended March 31, 2018

Date of resolution	Type of shares	Amount of shareholder dividends		Underlying assets	Shareholder dividends per share		Record date	Effective date
		¥ millions			¥			
Ordinary General Meeting of Shareholders held on June 28, 2017	Common stock	¥11,069	Retained earnings	¥17.5		March 31, 2017	June 29, 2017	

For the year ended March 31, 2018

(1) Type and number of issued shares and treasury shares

Year ended March 31, 2018	Number of shares at the beginning of the fiscal year	Number of shares increased in the fiscal year	Number of shares decreased in the fiscal year	Number of shares at the end of the fiscal year
Issued shares:				
Common stock	681,480,000	—	26,480,000	655,000,000
Treasury shares:				
Common stock	48,925,774	10,623,176	26,746,490	32,802,460

Notes:

- Issued shares of common stock decreased due to the following reason:
 - Retirement of treasury shares based on the resolution made at a board of directors meeting held on August 9, 2017: 26,480,000 shares
- Treasury shares of common stock increased due to the following reasons:
 - Purchase of treasury shares based on the resolution made at a board of directors meeting held on May 15, 2017: 10,612,300 shares
 - Purchase of odd-lot shares: 10,876 shares
- Treasury shares of common stock decreased due to the following reasons:
 - Retirement of treasury shares based on the resolution made at a board of directors meeting held on August 9, 2017: 26,480,000 shares
 - Exercise of stock option: 266,400 shares
 - Purchase request of odd-lot shares: 90 shares

(2) Subscription rights to shares

Category	Breakdown of subscription rights to shares	Balance at the end of the fiscal year	
		¥ millions	US\$ thousands
The Company	Share subscription rights as stock options	¥1,216	\$11,449

(3) Shareholder dividends

a. Shareholder dividends paid

Date of resolution	Type of shares	Amount of shareholder dividends		Shareholder dividends per share		Record date	Effective date
		¥ millions	US\$ thousands	¥	US\$		
Ordinary General Meeting of Shareholders held on June 28, 2017	Common stock	¥11,069	\$104,195	¥17.5	\$0.16	March 31, 2017	June 29, 2017
Board of directors meeting held on November 13, 2017	Common stock	¥10,888	\$102,488	¥17.5	\$0.16	September 30, 2017	December 5, 2017

b. Shareholder dividends whose record date was in the fiscal year ended March 31, 2018, while their effective date is in the fiscal year ending March 31, 2019

Date of resolution	Type of shares	Amount of shareholder dividends		Underlying assets	Shareholder dividends per share		Record date	Effective date
		¥ millions	US\$ thousands		¥	US\$		
Ordinary General Meeting of Shareholders held on June 27, 2018	Common stock	¥12,443	\$117,130	Retained earnings	¥20.0	\$0.18	March 31, 2018	June 28, 2018

Note 19 Consolidated Statement of Cash Flows

The following table provides a reconciliation of cash and cash equivalents in the consolidated statement of cash flows to cash and cash deposits as stated in the consolidated balance sheet.

		¥ millions	US\$ thousands
As of March 31,	2017	2018	2018
Cash and deposits	¥ 862,425	¥ 776,510	\$7,309,017
Less: deposits with an original maturity of more than three months	(4,460)	(4,510)	(42,451)
Call loans	11,302	10,539	99,199
Monetary claims purchased	141,242	117,578	1,106,724
Less: monetary claims purchased other than cash equivalents	(125,242)	(101,578)	(956,123)
Cash and cash equivalents	¥ 885,267	¥ 798,538	\$7,516,366

Note 20 Lease Transactions**[As lessee]****(1) Finance leases**

- a. Ownership-transfer finance leases
 - (i) Details of the lease assets
 - Intangible fixed assets: software
 - (ii) Depreciation method for the lease assets

The same depreciation method applied to self-owned fixed assets is applied.
- b. Non-ownership-transfer finance leases
 - (i) Details of the lease assets
 - Tangible fixed assets: office appliances such as computer servers
 - Intangible fixed assets: software
 - (ii) Depreciation method for the lease assets

Straight-line method over the lease period is applied.

(2) Operating leases

Future lease payments under non-cancellable operating leases are as follows:

		¥ millions	US\$ thousands
As of March 31,	2017	2018	2018
Due within one year	¥ 8	¥6	\$63
Due after one year	5	1	12
Total	¥13	¥8	\$76

[As lessor]**(1) Lease investment assets**

- a. Other assets

		¥ millions	US\$ thousands
As of March 31,	2017	2018	2018
Other:			
Lease income receivables	¥32,060	¥34,681	\$326,446
Estimated residual value	418	473	4,458
Interest income	(2,653)	(2,837)	(26,706)
Total lease investment assets	¥29,826	¥32,318	\$304,198

- b. Projected collection amounts of lease income receivables related to lease receivables and lease investment assets after the consolidated closing dates

As of March 31, 2017	¥ millions	
	Lease receivables	Lease investment assets
Due within one year	¥1,760	¥8,383
Due after one year through two years	1,507	6,975
Due after two years through three years	1,260	5,461
Due after three years through four years	956	4,064
Due after four years through five years	647	2,791
Due after five years	1,129	4,382

As of March 31, 2018	¥ millions		US\$ thousands	
	Lease receivables	Lease investment assets	Lease receivables	Lease investment assets
Due within one year	¥1,762	¥8,758	\$16,587	\$82,438
Due after one year through two years	1,515	7,282	14,266	68,547
Due after two years through three years	1,200	5,913	11,300	55,665
Due after three years through four years	882	4,605	8,303	43,348
Due after four years through five years	631	3,233	5,944	30,439
Due after five years	1,060	4,887	9,986	46,007

Note 21 Tax-Effect Accounting

(1) Breakdown of the accrual of deferred tax assets and liabilities by main causes

As of March 31,	2017	¥ millions	US\$ thousands
		2018	2018
Deferred tax assets:			
Policy reserves	¥ 64,236	¥ 63,984	\$ 602,262
Reserve for price fluctuations	57,306	61,432	578,246
Net defined benefit liability	31,087	29,897	281,419
Devaluation losses on securities	13,954	15,355	144,539
Deferred losses on disposal of fixed assets	5,656	5,485	51,634
Provision for bonuses	2,219	2,120	19,959
Tax loss carry-forward	1,376	1,257	11,839
Reserve for possible loan losses	501	464	4,373
Others	16,137	13,835	130,230
Subtotal	192,476	193,835	1,824,507
Valuation allowance	(16,410)	(16,535)	(155,643)
Total deferred tax assets	176,066	177,300	1,668,864
Deferred tax liabilities:			
Valuation difference on available-for-sale securities	(122,768)	(128,756)	(1,211,936)
Accrued dividend income	(2,062)	(2,262)	(21,298)
Deferred gain on reduction of book value of real estate	(631)	(624)	(5,880)
Others	(1,467)	(916)	(8,627)
Total deferred tax liabilities	(126,930)	(132,560)	(1,247,742)
Net deferred tax assets (liabilities)	¥ 49,135	¥ 44,739	\$ 421,121

(2) Breakdown of important differences between the statutory effective tax rate and the corporate tax rate, etc., after applying tax-effect accounting by main item of the causes

Years ended March 31,	2017	2018
Statutory tax rate	28.2%	28.2%
(Adjustments)		
Valuation allowance	(5.1)	(0.0)
Permanent non-deductible items including entertainment expense, etc.	0.6	0.6
Others	(1.6)	0.4
Effective tax rate	22.1%	29.2%

Note 22 **Financial Instruments**
(1) Matters related to the condition of financial instruments
a. Policy for handling financial instruments

T&D Life Group's main business is life insurance business.

The Group underwrites various classes of life insurance and invests the money collected as insurance premiums in financial assets including securities and loans.

In order to efficiently invest the insurance premiums trusted to us by the policyholders, the Group's asset management policy aims to build a portfolio which ensures long-term stable returns considering the characteristics of obligations involved in life insurance policies, based on the concept of ERM which integrally manages capital, profit, and risk, and at the same time, paying adequate attention to the soundness and public nature of the investments.

Derivative financial instruments are used to hedge fluctuation risks involved in our investment in financial instruments, as well as partially complement physical assets.

Furthermore, in order to pursue greater financial soundness, the Group has been financing the subordinated-class capital (bonds and borrowings).

b. Details and risks of financial instruments

Financial assets held by the Group mainly comprise securities and loans.

Securities include public and corporate bonds, stocks and investment trusts offered at home and abroad that are held on a long-term basis for the purpose of investment geared to market prospects to ensure stable returns. These financial instruments are exposed to credit risks of the issuing entities and market risks associated with fluctuations in interest rate, exchange rates and stock prices, as well as market liquidity risks.

Loans here include policy loans for policyholders and commercial loans (non-policy loans) provided mainly to domestic businesses and individuals. Commercial loans, though intended to ensure stable returns, are exposed to credit risks of borrowers' default. A policy loan is provided within the surrender value of each insurance policy, thus its credit risk is minimal.

Derivative transactions including stock index futures contracts, forward exchange contracts and interest rate swap agreements are used primarily to hedge price fluctuation risks of our financial assets, and partially to complement physical assets by, for example, providing a solution to the time constraint prior to the inclusion of physical assets into our portfolio. Accordingly, the Group does not enter into those transactions for speculative purposes.

Stringent risk management is in place for derivative transactions, by clearly defining tolerable allowances in terms of the details, hedged items and trading limits of the transactions as well as by properly controlling their status.

Hedge accounting is appropriately practiced in interest rate swap agreements for loans and forward exchange contracts for foreign currency-denominated assets, under the internal rules clearly defining qualifications, applicable types of transactions, methods of evaluation of its effectiveness and methods of its designation. Effectiveness of hedging is determined by ratio analysis methodology comparing the movements of fair market values of the hedged items and hedging instruments.

c. Risk management system for financial instruments
(i) Overall risk management system

The Group, in consideration of the social and public nature of the life insurance business which is its main business, defines precise identification and management of risks as one of the crucial management tasks for ensuring the soundness and adequacy of management, where the Company, as the Group's holding company, has developed a "Group Risk Management Policy" which sets out the basic risk management philosophy within the Group and provides the risk management structure according to the business characteristics and risk profiles of each of the Company including the Three Life Insurance Companies.

As an organizational structure, the Group Risk Management Committee has been established for the purpose of coordinated management of risks within the Group, and has a clear understanding of the status of various risks at each company including the Three Life Insurance Companies, through reports prepared on a regular or as-needed basis at each company using the unified risk management criteria. Further, the Company provides guidance and advice as appropriate to companies including the Three Life Insurance Companies, to carry out thorough risk management at each company and strengthen the Group's entire risk management system.

At each of the Three Life Insurance Companies, a committee has been established to supervise company-wide risk management at an enhanced level, while a mutual check-and-balance system is in place under the internal organizational arrangement including the separation of the investment and loan execution function from the administration function within the investment

division, independence of the credit check function and implementation of the internal audits by the Internal Auditing Department.

Furthermore, the Group has established the ERM committee to manage risks integrally with profit and capital on an economic value basis. Through the promotion and enhancement of ERM, the Group aims for steady and sustainable growth in its corporate value.

(ii) Management of market risk

Market risks are properly controlled according to the risk characteristic of each asset based on a precise understanding of the sensitivity of investment assets to parameters reflecting changes in the investment environment, including interest rate, stock prices and exchange rates, as well as by reviewing asset allocation and risk hedging based on identification of the overall risk of the portfolio using the Value at Risk criterion (hereafter referred to as "VaR").

(iii) Management of credit risk

Credit risk of the entire portfolio is identified and controlled through its quantification by the use of VaR based on an internal rating for individual borrowers. Meanwhile, the aggregate amount of investment and loans is capped by each industry sector or by group of companies according to the corresponding risks, whereby concentration of loans to specific industry sectors or groups of companies is restrained.

(iv) Management of liquidity risk

Liquidity risks are managed by ensuring a constant amount of liquidity based on the Risk Management Department's precise understanding of the latest risk information, including the share of highly liquid assets, cash flow situation, trends of the general financial/securities markets and the status of individual financial instruments, as well as by developing a management structure that enables smooth liquidation of assets for financing.

d. Supplementary notes concerning the matters related to fair value, etc., of financial instruments

Fair value is based on market price or rationally estimated fair value if the market price is not readily available.

Estimation of fair value requires the use of certain assumptions, etc. Therefore, the use of different assumptions, etc. may lead to a different value.

In addition, notional amounts of derivative financial instruments shown in "(2) Matters related to fair value, etc., of financial instruments" do not represent exposure to market risks.

(2) Matters related to fair value, etc., of financial instruments

The following tables show consolidated carrying amounts, fair values and differences. Financial instruments without readily obtainable fair value are not included. (See Annotation 2.)

	¥ millions		
As of March 31, 2017	Consolidated balance sheet amount	Fair value	Difference
Cash and deposits	¥ 862,425	¥ 862,425	¥ —
Treated as securities	33,000	33,000	—
Available-for-sale securities	33,000	33,000	—
Others	829,425	829,425	—
Call loans	11,302	11,302	—
Monetary claims purchased	141,242	145,443	4,200
Treated as securities	135,509	139,537	4,027
Held-to-maturity bonds	51,368	55,396	4,027
Available-for-sale securities	84,140	84,140	—
Others	5,732	5,905	172
Monetary trusts	583,476	614,417	30,941
Monetary trusts for trading purposes	6,195	6,195	—
Monetary trusts for held-to-maturity purposes	38,634	38,135	(499)
Monetary trusts for policy reserve-matching purposes	509,621	541,061	31,440
Monetary trusts for other than trading, held-to-maturity or policy reserve-matching purposes	29,025	29,025	—
Securities	10,826,151	11,522,845	696,693
Trading securities	88,799	88,799	—
Held-to-maturity bonds	1,409,025	1,649,993	240,967
Policy reserve-matching bonds	2,735,848	3,191,574	455,726
Available-for-sale securities	6,592,477	6,592,477	—
Loans	1,683,760	1,750,504	66,744
Policy loans* ¹	127,553	142,389	14,843
Commercial loans* ¹	1,557,565	1,608,114	51,900
Reserve for possible loan losses* ²	(1,358)	—	—
Total assets	14,108,359	14,906,938	798,578
Short-term debentures	2,999	2,999	—
Bonds	50,095	51,046	951
Cash collateral received for bond-lending transactions within other liabilities	114,804	114,804	—
Borrowings within other liabilities	64,603	64,935	332
Total liabilities	232,502	233,786	1,283
Derivative financial instruments* ³ :			
Hedge accounting not applied	9,761	9,761	—
Hedge accounting applied	(29,942)	(28,816)	1,126
Total derivative financial instruments	¥ (20,181)	¥ (19,055)	¥ 1,126

*1. Difference indicates the difference between the amount after deducting the reserve for possible loan losses recorded in the consolidated balance sheet and its current fair value.

*2. Reserve for possible loan losses for loans is deducted.

*3. Assets and liabilities arising from derivative transactions are shown at net value. In the case of net liabilities, amounts are shown in parentheses.

¥ millions

As of March 31, 2018	Consolidated balance sheet amount	Fair value	Difference
Cash and deposits	¥ 776,510	¥ 776,510	¥ —
Treated as securities	18,000	18,000	—
Available-for-sale securities	18,000	18,000	—
Others	758,510	758,510	—
Call loans	10,539	10,539	—
Monetary claims purchased	117,578	120,140	2,561
Treated as securities	116,405	118,799	2,393
Held-to-maturity bonds	33,332	35,726	2,393
Available-for-sale securities	83,072	83,072	—
Others	1,172	1,340	167
Monetary trusts	685,819	723,322	37,502
Monetary trusts for trading purposes	5,312	5,312	—
Monetary trusts for held-to-maturity purposes	38,291	38,443	151
Monetary trusts for policy reserve-matching purposes	605,469	642,820	37,351
Monetary trusts for other than trading, held-to-maturity or policy reserve-matching purposes	36,745	36,745	—
Securities	11,194,328	11,874,881	680,553
Trading securities	64,079	64,079	—
Held-to-maturity bonds	1,253,563	1,458,766	205,203
Policy reserve-matching bonds	2,930,644	3,405,994	475,350
Available-for-sale securities	6,946,040	6,946,040	—
Loans	1,647,361	1,700,288	52,926
Policy loans* ¹	122,143	136,005	13,869
Commercial loans* ¹	1,526,456	1,564,282	39,056
Reserve for possible loan losses* ²	(1,238)	—	—
Total assets	14,432,137	15,205,681	773,544
Short-term debentures	6,000	6,000	—
Bonds	87,065	87,882	817
Cash collateral received for bond-lending transactions within other liabilities	109,943	109,943	—
Borrowings within other liabilities	75,072	75,244	172
Total liabilities	278,081	279,070	989
Derivative financial instruments* ³ :			
Hedge accounting not applied	8,723	8,723	—
Hedge accounting applied	33,438	34,331	892
Total derivative financial instruments	¥ 42,162	¥ 43,054	¥ 892

*1. Difference indicates the difference between the amount after deducting the reserve for possible loan losses recorded in the consolidated balance sheet and its current fair value.

*2. Reserve for possible loan losses for loans is deducted.

*3. Assets and liabilities arising from derivative transactions are shown at net value. In the case of net liabilities, amounts are shown in parentheses.

US\$ thousands

As of March 31, 2018	Consolidated balance sheet amount	Fair value	Difference
Cash and deposits	\$ 7,309,017	\$ 7,309,017	\$ —
Treated as securities	169,427	169,427	—
Available-for-sale securities	169,427	169,427	—
Others	7,139,589	7,139,589	—
Call loans	99,199	99,199	—
Monetary claims purchased	1,106,724	1,130,837	24,112
Treated as securities	1,095,684	1,118,216	22,532
Held-to-maturity bonds	313,747	336,280	22,532
Available-for-sale securities	781,936	781,936	—
Others	11,040	12,620	1,580
Monetary trusts	6,455,380	6,808,382	353,001
Monetary trusts for trading purposes	50,007	50,007	—
Monetary trusts for held-to-maturity purposes	360,423	361,853	1,429
Monetary trusts for policy reserve-matching purposes	5,699,076	6,050,648	351,571
Monetary trusts for other than trading, held-to-maturity or policy reserve-matching purposes	345,872	345,872	—
Securities	105,368,300	111,774,111	6,405,811
Trading securities	603,153	603,153	—
Held-to-maturity bonds	11,799,353	13,730,861	1,931,507
Policy reserve-matching bonds	27,585,136	32,059,440	4,474,303
Available-for-sale securities	65,380,655	65,380,655	—
Loans	15,506,041	16,004,218	498,176
Policy loans* ¹	1,149,692	1,280,171	130,551
Commercial loans* ¹	14,368,004	14,724,046	367,624
Reserve for possible loan losses* ²	(11,654)	—	—
Total assets	135,844,664	143,125,767	7,281,102
Short-term debentures	56,475	56,475	—
Bonds	819,512	827,202	7,690
Cash collateral received for bond-lending transactions within other liabilities	1,034,860	1,034,860	—
Borrowings within other liabilities	706,630	708,253	1,623
Total liabilities	2,617,479	2,626,792	9,313
Derivative financial instruments* ³ :			
Hedge accounting not applied	82,111	82,111	—
Hedge accounting applied	314,748	323,147	8,399
Total derivative financial instruments	\$ 396,859	\$ 405,258	\$ 8,399

*1. Difference indicates the difference between the amount after deducting the reserve for possible loan losses recorded in the consolidated balance sheet and its current fair value.

*2. Reserve for possible loan losses for loans is deducted.

*3. Assets and liabilities arising from derivative transactions are shown at net value. In the case of net liabilities, amounts are shown in parentheses.

Annotation 1.

Matters relating to the calculation method for the fair value of financial instruments as well as securities and derivative transactions.

Assets

- a. Cash and deposits: mainly recorded in book values as their market values are proximate to the book values.
- b. Call loans: recorded in book values as these are settled in a short period, thus their market values are proximate to the book values.

- c. Monetary claims purchased: Those which are deemed appropriate to treat as securities are recorded in the same way as securities, while others which are deemed appropriate to treat as loan receivable are recorded in the same way as loans.
- d. Monetary trusts: Monetary trusts which are mainly invested in securities are recorded in the same way as securities. In addition, currency options and stock index option contracts, etc., are used in monetary trusts where their market values are calculated based on prices quoted by the counterparty financial institutions.

e. Securities: Market values of securities are mainly based on their prices quoted on the stock exchange concerned, while those of bonds are based on the statistics for reference published by the Japan Securities Dealers Association or on the prices quoted by the underwriting financial institutions. Market values of investment trusts are based on the published base prices, etc.

See "Note 23 Securities" for notes related to securities by holding purposes.

f. Loans:

(i) Policy loans: Fair value is calculated by discounting the expected future cash flow derived from the repayment rate based on the past actual repayment performance by the risk-free rate.

(ii) Commercial loans: A variable interest rate loan reflects the market interest rate in a short period. Therefore, it is basically recorded at book value as its fair value is proximate to the book value unless the borrower's credit standing significantly changes after the loan is provided.

Fair value of fixed interest rate loans is calculated by discounting the total of principal and interest by risk-free rates weighted by credit risks involved.

For loans to bankrupt companies, loans to effectively bankrupt companies and loans to potentially bankrupt companies, since estimated uncollectable amounts are calculated based on the present value of the estimated future cash flows or estimated amounts recoverable

through pledge or guarantee, fair values are proximate to consolidated balance sheet amounts less uncollectable amounts at the consolidated closing date. These values are recorded as fair values.

However, for compound financial instruments, fair values are based on their prices quoted by the underwriting financial institutions.

Liabilities

- a. Short-term debentures: Fair values are recorded in book values. Fair values are proximate to book values because these are settled in a short period.
- b. Bonds: Fair values are based on the price provided from the counterparty financial institutions or calculated by discounting principal and interest by risk-free rates weighted by credit risks involved.
- c. Cash collateral received for bond-lending transactions: Fair values are recorded in book values. Fair values are proximate to book values because these are short-term transactions.
- d. Borrowings: Market values are calculated by discounting principal and interest by risk-free rates weighted by credit risks involved.

Derivative transactions: see "Note 25 Derivative Transactions."

Annotation 2.

The carrying amounts of financial instruments without readily obtainable fair value, which are not included in "e. Securities" of "(2) Matters related to fair value, etc., of financial instruments," are summarized as follows:

As of March 31,	2017	¥ millions	US\$ thousands
		2018	2018
Investments in affiliates	¥ 350	¥ 410	\$ 3,861
Available-for-sale securities	175,450	182,294	1,715,873
Unlisted stocks *1, *2	19,290	19,523	183,771
Foreign securities *1, *2, *3	142,135	145,140	1,366,155
Other securities *2, *3	14,025	17,630	165,946

*1. Unlisted stocks are exempt from disclosure of fair value because fair value is considered extremely difficult to obtain due to the lack of market value.

*2. Impairment losses:

– For the year ended March 31, 2017: foreign securities of ¥273 million and other securities of ¥101 million.

– For the year ended March 31, 2018: foreign securities of ¥5,818 million [\$54,766 thousand] and other securities of ¥369 million [\$3,473 thousand].

*3. Investment in capital of partnership which is included in other securities is exempt from disclosure of fair value because the partnership assets comprise financial instruments without readily obtainable fair value such as unlisted stocks.

Annotation 3.

Scheduled redemption amounts after the consolidated closing date for monetary claims and fixed-maturity securities are as follows:

	¥ millions			
As of March 31, 2017	Due in one year or less	Due after one year through five years	Due after five years through 10 years	Due after 10 years
Deposits	¥862,039	¥ —	¥ —	¥ —
Call loans	11,302	—	—	—
Monetary claims purchased	16,059	5,733	293	112,064
Securities:				
Held-to-maturity bonds:				
Government bonds	25,380	392,622	124,603	609,314
Municipal bonds	100	13,495	700	38,101
Corporate bonds	1,500	33,806	26,010	168,552
Policy reserve-matching bonds:				
Government bonds	10,573	87,911	220,700	1,504,348
Municipal bonds	1,450	11,836	45,110	110,030
Corporate bonds	13,900	73,460	102,610	527,200
Available-for-sale fixed maturity securities:				
Government bonds	18,600	66,671	74,315	459,819
Municipal bonds	51,088	85,153	19,320	13,838
Corporate bonds	193,320	431,484	245,161	159,392
Foreign securities	125,386	516,007	1,299,920	505,426
Other securities	1	6	1	—
Loans	239,860	632,402	516,128	158,906

* Securities without contractual maturity dates in the amount of ¥761,781 million are not included. In addition, loans without contractual maturity dates such as policy loans in the amount of ¥137,789 million are not included.

	¥ millions			
As of March 31, 2018	Due in one year or less	Due after one year through five years	Due after five years through 10 years	Due after 10 years
Deposits	¥776,310	¥ —	¥ —	¥ —
Call loans	10,539	—	—	—
Monetary claims purchased	16,057	950	293	93,395
Securities:				
Held-to-maturity bonds:				
Government bonds	19,256	456,563	45,916	551,771
Municipal bonds	—	13,495	4,564	25,502
Corporate bonds	1,631	36,265	20,595	95,560
Policy reserve-matching bonds:				
Government bonds	59,153	34,772	263,734	1,580,414
Municipal bonds	9,036	6,710	41,200	137,530
Corporate bonds	26,160	71,580	94,230	567,100
Foreign securities	—	—	6,250	8,835
Available-for-sale fixed maturity securities:				
Government bonds	100	75,390	77,204	434,943
Municipal bonds	32,775	53,200	18,555	22,524
Corporate bonds	156,468	340,236	254,725	215,053
Foreign securities	83,395	637,355	1,302,771	533,654
Other securities	1	3	1	—
Loans	183,036	615,172	534,666	193,358

US\$ thousands

As of March 31, 2018	Due in one year or less	Due after one year through five years	Due after five years through 10 years	Due after 10 years
Deposits	\$7,307,141	\$ —	\$ —	\$ —
Call loans	99,199	—	—	—
Monetary claims purchased	151,140	8,943	2,760	879,100
Securities:				
Held-to-maturity bonds:				
Government bonds	181,250	4,297,476	432,191	5,193,631
Municipal bonds	—	127,032	42,962	240,044
Corporate bonds	15,352	341,354	193,853	899,478
Policy reserve-matching bonds:				
Government bonds	556,786	327,296	2,482,435	14,875,884
Municipal bonds	85,052	63,158	387,801	1,294,521
Corporate bonds	246,234	673,757	886,954	5,337,914
Foreign securities	—	—	58,834	83,162
Available-for-sale fixed maturity securities:				
Government bonds	941	709,619	726,694	4,093,973
Municipal bonds	308,499	500,761	174,657	212,019
Corporate bonds	1,472,779	3,202,525	2,397,637	2,024,221
Foreign securities	784,977	5,999,207	12,262,536	5,023,100
Other securities	18	37	10	—
Loans	1,722,861	5,790,403	5,032,626	1,820,017

* Securities without contractual maturity dates in the amount of ¥ 868,722 million [\$8,176,978 thousand] are not included. In addition, loans without contractual maturity dates such as policy loans in the amount of ¥ 122,321 million [\$1,151,365 thousand] are not included.

Annotation 4.

Scheduled repayment amounts after the consolidated closing date for bonds, borrowings, and other liabilities are as follows:

¥ millions

As of March 31, 2017	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Short-term debenture	¥ 3,000	¥ —	¥ —	¥ —	¥ —	¥ —
Bonds	—	—	—	30,000	—	20,000
Cash collateral received for bond-lending transactions within other liabilities	114,804	—	—	—	—	—
Borrowings within other liabilities	11,838	9,469	7,227	4,132	1,540	30,397

¥ millions

As of March 31, 2018	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Short-term debenture	¥ 6,000	¥ —	¥ —	¥ —	¥ —	¥ —
Bonds	—	—	30,000	—	—	57,000
Cash collateral received for bond-lending transactions within other liabilities	109,943	—	—	—	—	—
Borrowings within other liabilities	11,175	8,933	5,838	3,159	1,447	44,520

US\$ thousands

As of March 31, 2018	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Short-term debenture	\$ 56,475	\$ —	\$ —	\$ —	\$ —	\$ —
Bonds	—	—	282,379	—	—	536,521
Cash collateral received for bond-lending transactions within other liabilities	1,034,860	—	—	—	—	—
Borrowings within other liabilities	105,187	84,083	54,951	29,735	13,620	419,051

Note 23 Securities

(1) Trading securities

		¥ millions	US\$ thousands
As of March 31,	2017	2018	2018
Valuation difference included in earnings (losses) of the consolidated fiscal year	¥(7,609)	¥(2,651)	\$(24,958)

(2) Held-to-maturity bonds

	¥ millions		
As of March 31, 2017	Consolidated balance sheet amount	Fair value	Difference
Fair value exceeding consolidated balance sheet amount:			
Domestic bonds	¥1,402,926	¥1,644,317	¥241,391
Government bonds	1,127,214	1,313,135	185,920
Municipal bonds	52,967	63,014	10,046
Corporate bonds	222,745	268,168	45,423
Other securities	51,368	55,396	4,027
Total	1,454,295	1,699,714	245,418
Fair value not exceeding consolidated balance sheet amount:			
Domestic bonds	6,099	5,675	(423)
Government bonds	6,099	5,675	(423)
Municipal bonds	—	—	—
Corporate bonds	—	—	—
Other securities	—	—	—
Total	6,099	5,675	(423)
Grand total	¥1,460,394	¥1,705,389	¥244,995

Note: Other securities include beneficiary trust certificates (consolidated balance sheet amount of ¥51,368 million) which are represented as monetary claims purchased in the consolidated balance sheet.

	¥ millions		
As of March 31, 2018	Consolidated balance sheet amount	Fair value	Difference
Fair value exceeding consolidated balance sheet amount:			
Domestic bonds	¥1,249,167	¥1,454,655	¥205,487
Government bonds	1,050,936	1,221,587	170,650
Municipal bonds	44,013	51,881	7,868
Corporate bonds	154,217	181,186	26,968
Other securities	33,332	35,726	2,393
Total	1,282,500	1,490,382	207,881
Fair value not exceeding consolidated balance sheet amount:			
Domestic bonds	4,395	4,111	(284)
Government bonds	4,395	4,111	(284)
Municipal bonds	—	—	—
Corporate bonds	—	—	—
Other securities	—	—	—
Total	4,395	4,111	(284)
Grand total	¥1,286,895	¥1,494,493	¥207,597

US\$ thousands

As of March 31, 2018	Consolidated balance sheet amount	Fair value	Difference
Fair value exceeding consolidated balance sheet amount:			
Domestic bonds	\$11,757,979	\$13,692,165	\$1,934,186
Government bonds	9,892,096	11,498,373	1,606,277
Municipal bonds	414,285	488,346	74,061
Corporate bonds	1,451,597	1,705,445	253,847
Other securities	313,747	336,280	22,532
Total	12,071,726	14,028,446	1,956,719
Fair value not exceeding consolidated balance sheet amount:			
Domestic bonds	41,374	38,695	(2,678)
Government bonds	41,374	38,695	(2,678)
Municipal bonds	—	—	—
Corporate bonds	—	—	—
Other securities	—	—	—
Total	41,374	38,695	(2,678)
Grand total	\$12,113,101	\$14,067,141	\$1,954,040

Note: Other securities include beneficiary trust certificates (consolidated balance sheet amount of ¥33,332 million [\$313,747 thousand]) which are represented as monetary claims purchased in the consolidated balance sheet.

(3) Policy reserve-matching bonds

¥ millions

As of March 31, 2017	Consolidated balance sheet amount	Fair value	Difference
Fair value exceeding consolidated balance sheet amount:			
Domestic bonds	¥2,553,648	¥3,026,083	¥472,435
Government bonds	1,770,649	2,106,234	335,584
Municipal bonds	141,764	166,911	25,146
Corporate bonds	641,233	752,937	111,703
Total	2,553,648	3,026,083	472,435
Fair value not exceeding consolidated balance sheet amount:			
Domestic bonds	182,200	165,491	(16,709)
Government bonds	74,136	69,850	(4,285)
Municipal bonds	26,717	23,714	(3,003)
Corporate bonds	81,346	71,926	(9,419)
Total	182,200	165,491	(16,709)
Grand total	¥2,735,848	¥3,191,574	¥455,726

¥ millions

As of March 31, 2018	Consolidated balance sheet amount	Fair value	Difference
Fair value exceeding consolidated balance sheet amount:			
Domestic bonds	¥2,748,210	¥3,235,719	¥487,509
Government bonds	1,913,755	2,262,255	348,499
Municipal bonds	169,333	195,120	25,787
Corporate bonds	665,121	778,343	113,222
Foreign securities	4,956	5,008	52
Foreign bonds	4,956	5,008	52
Total	2,753,166	3,240,727	487,561
Fair value not exceeding consolidated balance sheet amount:			
Domestic bonds	165,583	153,690	(11,893)
Government bonds	41,764	39,030	(2,733)
Municipal bonds	25,317	23,055	(2,261)
Corporate bonds	98,501	91,603	(6,898)
Foreign securities	11,895	11,577	(317)
Foreign bonds	11,895	11,577	(317)
Total	177,478	165,267	(12,211)
Grand total	¥2,930,644	¥3,405,994	¥475,350

US\$ thousands

As of March 31, 2018	Consolidated balance sheet amount	Fair value	Difference
Fair value exceeding consolidated balance sheet amount:			
Domestic bonds	\$25,867,942	\$30,456,695	\$4,588,753
Government bonds	18,013,513	21,293,817	3,280,304
Municipal bonds	1,593,874	1,836,599	242,724
Corporate bonds	6,260,554	7,326,278	1,065,724
Foreign securities	46,649	47,138	489
Foreign bonds	46,649	47,138	489
Total	25,914,591	30,503,834	4,589,242
Fair value not exceeding consolidated balance sheet amount:			
Domestic bonds	1,558,579	1,446,632	(111,947)
Government bonds	393,117	367,384	(25,732)
Municipal bonds	238,301	217,016	(21,284)
Corporate bonds	927,161	862,232	(64,929)
Foreign securities	111,965	108,972	(2,992)
Foreign bonds	111,965	108,972	(2,992)
Total	1,670,545	1,555,605	(114,939)
Grand total	\$27,585,136	\$32,059,440	\$4,474,303

(4) Available-for-sale securities

¥ millions

As of March 31, 2017	Consolidated balance sheet amount	Acquisition cost	Difference
Consolidated balance sheet amount exceeding acquisition cost:			
Domestic bonds	¥1,369,061	¥1,291,625	¥ 77,435
Government bonds	249,799	215,826	33,972
Municipal bonds	164,827	157,180	7,646
Corporate bonds	954,434	918,617	35,816
Domestic equities	694,831	404,718	290,112
Foreign securities	2,137,853	1,998,663	139,189
Foreign bonds	1,547,734	1,440,557	107,176
Foreign equities	9,194	8,100	1,094
Foreign other securities	580,924	550,005	30,918
Other securities	265,186	224,499	40,686
Total	4,466,932	3,919,507	547,424
Consolidated balance sheet amount not exceeding acquisition cost:			
Domestic bonds	711,792	749,155	(37,362)
Government bonds	422,142	450,704	(28,561)
Municipal bonds	11,603	12,707	(1,104)
Corporate bonds	278,046	285,743	(7,696)
Domestic equities	54,290	58,231	(3,941)
Foreign securities	1,380,119	1,454,132	(74,013)
Foreign bonds	1,159,724	1,228,180	(68,456)
Foreign equities	15,456	16,865	(1,409)
Foreign other securities	204,938	209,086	(4,147)
Other securities	96,483	97,285	(801)
Total	2,242,686	2,358,805	(116,118)
Grand total	¥6,709,618	¥6,278,312	¥ 431,305

Note: Other securities include certificates of deposit (consolidated balance sheet amount of ¥33,000 million) which are represented as cash and deposits, commercial paper (consolidated balance sheet amount of ¥15,999 million) and beneficiary trust certificates (consolidated balance sheet amount of ¥68,141 million) which are represented as monetary claims purchased in the consolidated balance sheet.

¥ millions

As of March 31, 2018	Consolidated balance sheet amount	Acquisition cost	Difference
Consolidated balance sheet amount exceeding acquisition cost:			
Domestic bonds	¥1,473,666	¥1,374,322	¥ 99,343
Government bonds	316,322	275,741	40,580
Municipal bonds	124,319	116,024	8,294
Corporate bonds	1,033,024	982,555	50,468
Domestic equities	779,252	434,490	344,761
Foreign securities	1,472,951	1,380,250	92,700
Foreign bonds	1,031,284	967,819	63,465
Foreign equities	8,012	7,244	768
Foreign other securities	433,654	405,186	28,467
Other securities	357,148	302,412	54,736
Total	4,083,017	3,491,475	591,542
Consolidated balance sheet amount not exceeding acquisition cost:			
Domestic bonds	590,219	619,818	(29,598)
Government bonds	340,763	357,961	(17,198)
Municipal bonds	10,469	11,497	(1,028)
Corporate bonds	238,987	250,359	(11,371)
Domestic equities	27,159	29,693	(2,533)
Foreign securities	2,286,982	2,399,934	(112,952)
Foreign bonds	1,697,972	1,795,296	(97,323)
Foreign equities	17,023	17,761	(738)
Foreign other securities	571,986	586,876	(14,890)
Other securities	59,734	60,567	(833)
Total	2,964,096	3,110,014	(145,917)
Grand total	¥7,047,113	¥6,601,489	¥ 445,624

US\$ thousands

As of March 31, 2018	Consolidated balance sheet amount	Acquisition cost	Difference
Consolidated balance sheet amount exceeding acquisition cost:			
Domestic bonds	\$13,871,105	\$12,936,015	\$ 935,089
Government bonds	2,977,434	2,595,463	381,971
Municipal bonds	1,170,174	1,092,099	78,075
Corporate bonds	9,723,495	9,248,453	475,041
Domestic equities	7,334,828	4,089,709	3,245,118
Foreign securities	13,864,374	12,991,812	872,561
Foreign bonds	9,707,124	9,109,746	597,377
Foreign equities	75,415	68,186	7,229
Foreign other securities	4,081,834	3,813,879	267,954
Other securities	3,361,709	2,846,498	515,210
Total	38,432,017	32,864,036	5,567,980
Consolidated balance sheet amount not exceeding acquisition cost:			
Domestic bonds	5,555,533	5,834,135	(278,601)
Government bonds	3,207,485	3,369,367	(161,881)
Municipal bonds	98,541	108,221	(9,679)
Corporate bonds	2,249,506	2,356,546	(107,040)
Domestic equities	255,646	279,496	(23,849)
Foreign securities	21,526,564	22,589,744	(1,063,179)
Foreign bonds	15,982,422	16,898,496	(916,073)
Foreign equities	160,236	167,184	(6,947)
Foreign other securities	5,383,905	5,524,062	(140,157)
Other securities	562,257	570,100	(7,843)
Total	27,900,002	29,273,476	(1,373,473)
Grand total	\$66,332,019	\$62,137,512	\$ 4,194,507

Note: Other securities include certificates of deposit (consolidated balance sheet amount of ¥18,000 million [\$169,427 thousand]) which are represented as cash and deposits, commercial paper (consolidated balance sheet amount of ¥15,999 million [\$150,600 thousand]) and beneficiary trust certificates (consolidated balance sheet amount of ¥67,073 million [\$631,335 thousand]) which are represented as monetary claims purchased in the consolidated balance sheet.

(5) Sales of securities classified as held-to-maturity bonds

There were no sales of securities classified as held-to-maturity bonds for the year ended March 31, 2017.

As of March 31, 2018	Cost of sales	Proceeds of sales	Gross gains	Gross losses
¥ millions				
Domestic bonds	¥8,263	¥11,109	¥2,845	¥—
Government bonds	8,263	11,109	2,845	—
Municipal bonds	—	—	—	—
Corporate bonds	—	—	—	—
Total	¥8,263	¥11,109	¥2,845	¥—

As of March 31, 2018	Cost of sales	Proceeds of sales	Gross gains	Gross losses
US\$ thousands				
Domestic bonds	\$77,784	\$104,566	\$26,781	\$—
Government bonds	77,784	104,566	26,781	—
Municipal bonds	—	—	—	—
Corporate bonds	—	—	—	—
Total	\$77,784	\$104,566	\$26,781	\$—

Reason for the sales: At Taiyo Life Insurance Company, investment policy was changed from the ALM standpoint considering that a certain period had passed since the suspension of sales of single-premium individual annuity insurance which belongs to single-premium whole life/annuity insurance asset segment. As a result, some of held-to-maturity bonds in this asset segment were sold before their maturity dates.

(6) Sales of securities classified as policy reserve-matching bonds

Year ended March 31, 2017	¥ millions		
	Proceeds of sales	Gross gains	Gross losses
Domestic bonds	¥40,127	¥6,329	¥4
Government bonds	37,418	5,986	4
Municipal bonds	—	—	—
Corporate bonds	2,709	343	—
Total	¥40,127	¥6,329	¥4

Year ended March 31, 2018	¥ millions		
	Proceeds of sales	Gross gains	Gross losses
Domestic bonds	¥27,075	¥4,250	¥12
Government bonds	20,985	3,156	12
Municipal bonds	—	—	—
Corporate bonds	6,089	1,094	—
Total	¥27,075	¥4,250	¥12

Year ended March 31, 2018	US\$ thousands		
	Proceeds of sales	Gross gains	Gross losses
Domestic bonds	\$254,851	\$40,007	\$117
Government bonds	197,531	29,709	117
Municipal bonds	—	—	—
Corporate bonds	57,319	10,298	—
Total	\$254,851	\$40,007	\$117

(7) Sales of securities classified as available-for-sale securities

Year ended March 31, 2017	¥ millions		
	Proceeds of sales	Gross gains	Gross losses
Domestic bonds	¥ 153,725	¥ 14,776	¥ 3,356
Government bonds	147,692	13,710	3,356
Municipal bonds	2,462	463	—
Corporate bonds	3,569	602	—
Domestic equities	217,033	56,278	5,948
Foreign securities	700,776	30,011	36,360
Foreign bonds	618,444	25,807	29,388
Foreign equities	640	12	40
Foreign other securities	81,691	4,191	6,931
Other securities	94,729	3,680	12,055
Total	¥1,166,263	¥104,747	¥57,720

Year ended March 31, 2018	¥ millions		
	Proceeds of sales	Gross gains	Gross losses
Domestic bonds	¥ 89,834	¥ 5,455	¥ 948
Government bonds	66,621	4,608	838
Municipal bonds	503	0	—
Corporate bonds	22,709	846	109
Domestic equities	91,521	35,048	1,195
Foreign securities	502,277	21,595	15,926
Foreign bonds	453,942	17,199	15,775
Foreign equities	253	1	7
Foreign other securities	48,081	4,395	142
Other securities	60,908	9,290	14
Total	¥744,541	¥71,390	¥18,084

US\$ thousands

Year ended March 31, 2018	Proceeds of sales	Gross gains	Gross losses
Domestic bonds	\$ 845,582	\$ 51,354	\$ 8,928
Government bonds	627,086	43,376	7,893
Municipal bonds	4,737	8	—
Corporate bonds	213,758	7,969	1,034
Domestic equities	861,456	329,898	11,249
Foreign securities	4,727,763	203,272	149,906
Foreign bonds	4,272,798	161,888	148,491
Foreign equities	2,387	11	71
Foreign other securities	452,577	41,371	1,343
Other securities	573,306	87,446	139
Total	\$7,008,109	\$671,972	\$170,223

(8) Change in holding purpose of securities

Due to the sales of held-to-maturity bonds by Taiyo Life Insurance Company stated in “(5) Sales of securities classified as held-to-maturity bonds,” the holding purpose of remaining held-to-maturity bonds in the single-premium whole life/annuity insurance asset segment was changed to available-for-sale securities in the fiscal years ended March 31, 2018. Due to this change, securities and valuation difference on available-for-sale securities increased by ¥34,920 million [\$328,693 thousand] and ¥25,142 million [\$236,659 thousand], respectively, and deferred tax assets decreased by ¥9,777 million [\$92,034 thousand].

(9) Impairment of securities

The Company and its consolidated subsidiaries recognized ¥478 million and ¥5 million [\$56 thousand] as impairment losses for the available-for-sale securities with readily obtainable fair value for the fiscal years ended March 31, 2017 and 2018, respectively.

The Company and its consolidated subsidiaries recognize impairment losses on the securities if fair value as of the end of the fiscal year declines by 30% or more from their acquisition cost.

Note 24 Monetary Trusts

(1) Monetary trusts for trading purposes

As of March 31,	2017	¥ millions	US\$ thousands
Valuation difference included in earnings (losses) of the consolidated fiscal year	¥592	¥720	\$6,779

(2) Monetary trusts for held-to-maturity purposes

As of March 31, 2017	Consolidated balance sheet amount	Fair value	Difference
Monetary trusts	¥38,634	¥38,135	¥(499)

As of March 31, 2018	Consolidated balance sheet amount	Fair value	Difference
Monetary trusts	¥38,291	¥38,443	¥151

As of March 31, 2018	Consolidated balance sheet amount	Fair value	Difference
Monetary trusts	\$360,423	\$361,853	\$1,429

(3) Monetary trusts for policy reserve-matching purposes

	¥ millions		
As of March 31, 2017	Consolidated balance sheet amount	Fair value	Difference
Monetary trusts	¥509,621	¥541,061	¥31,440

	¥ millions		
As of March 31, 2018	Consolidated balance sheet amount	Fair value	Difference
Monetary trusts	¥605,469	¥642,820	¥37,351

	US\$ thousands		
As of March 31, 2018	Consolidated balance sheet amount	Fair value	Difference
Monetary trusts	\$5,699,076	\$6,050,648	\$351,571

(4) Monetary trusts for those other than trading, held-to-maturity or policy reserve-matching purposes

	¥ millions		
As of March 31, 2017	Consolidated balance sheet amount	Acquisition cost	Difference
Monetary trusts	¥29,025	¥28,670	¥355

	¥ millions		
As of March 31, 2018	Consolidated balance sheet amount	Acquisition cost	Difference
Monetary trusts	¥36,745	¥37,609	¥(863)

	US\$ thousands		
As of March 31, 2018	Consolidated balance sheet amount	Acquisition cost	Difference
Monetary trusts	\$345,872	\$354,000	\$(8,128)

Note 25 Derivative Transactions
(1) Derivative financial instruments for which hedge accounting is not applied
a. Currency-related transactions

¥ millions				
As of March 31, 2017	Notional amount		Fair value	Valuation gains (losses)
	Total	Over one year		
Over-the-counter transactions:				
Foreign exchange contracts:				
Sold	¥ 79,948	¥—	¥1,100	¥1,100
U.S. dollar	27,525	—	624	624
Euro	17,750	—	33	33
British pound	8,559	—	185	185
Australian dollar	24,696	—	250	250
New Zealand dollar	1,416	—	7	7
Bought	399	—	0	0
U.S. dollar	55	—	0	0
Euro	343	—	0	0
Currency swaps:				
Receive foreign currency/pay yen	147,227	—	915	915
U.S. dollar	14,232	—	(187)	(187)
Australian dollar	132,994	—	1,102	1,102
Total				¥2,017

Notes:

1. Calculation method of fair value

Forward exchange rates are used for the consolidated fiscal year-end foreign exchange rates.

Currency swaps are carried out using management trusts and the fair value is calculated based on the price obtained from the trustee companies.

2. Assets and liabilities denominated in foreign currencies, which have fixed settlement amounts in yen under forward exchange contracts and are disclosed in yen amounts in the consolidated balance sheet, are not subject to this disclosure.

¥ millions				
As of March 31, 2018	Notional amount		Fair value	Valuation gains (losses)
	Total	Over one year		
Over-the-counter transactions:				
Foreign exchange contracts:				
Sold	¥50,147	¥—	¥ 697	¥ 697
U.S. dollar	30,576	—	314	314
Euro	12,597	—	138	138
British pound	4,541	—	78	78
Canadian dollar	289	—	22	22
Australian dollar	2,141	—	143	143
Bought	5,331	—	(6)	(6)
U.S. dollar	3,797	—	(3)	(3)
Euro	1,497	—	(3)	(3)
Australian dollar	35	—	(0)	(0)
Currency swaps:				
Receive yen/pay foreign currency	1,860	—	1	1
Brazilian Real	1,860	—	1	1
Receive foreign currency/pay yen	18,765	—	(931)	(931)
U.S. dollar	735	—	(38)	(38)
Australian dollar	18,030	—	(893)	(893)
Total				¥(239)

US\$ thousands

As of March 31, 2018	Notional amount		Fair value	Valuation gains (losses)
	Total	Over one year		
Over-the-counter transactions:				
Foreign exchange contracts:				
Sold	\$472,023	\$—	\$ 6,566	\$ 6,566
U.S. dollar	287,810	—	2,958	2,958
Euro	118,578	—	1,304	1,304
British pound	42,747	—	735	735
Canadian dollar	2,726	—	216	216
Australian dollar	20,160	—	1,351	1,351
Bought	50,183	—	(65)	(65)
U.S. dollar	35,746	—	(29)	(29)
Euro	14,098	—	(34)	(34)
Australian dollar	338	—	(2)	(2)
Currency swaps:				
Receive yen/pay foreign currency	17,507	—	15	15
Brazilian Real	17,507	—	15	15
Receive foreign currency/pay yen	176,635	—	(8,767)	(8,767)
U.S. dollar	6,918	—	(360)	(360)
Australian dollar	169,716	—	(8,406)	(8,406)
Total				\$(2,250)

Notes:

1. Calculation method of fair value

Forward exchange rates are used for the consolidated fiscal year-end foreign exchange rates.

Currency swaps are carried out using management trusts and the fair value is calculated based on the price obtained from the trustee companies.

2. Assets and liabilities denominated in foreign currencies, which have fixed settlement amounts in yen under forward exchange contracts and are disclosed in yen amounts in the consolidated balance sheet, are not subject to this disclosure.

b. Interest-related transactions

¥ millions

As of March 31, 2017	Notional amount		Fair value	Valuation gains (losses)
	Total	Over one year		
Over-the-counter transactions:				
Interest rate swaps:				
Receive fixed/pay floating	¥19,672	¥18,642	¥7,743	¥7,743
Total				¥7,743

Note: Calculation method of fair value

Fair value of interest rate swaps is calculated by discounting future cash flows to the present value based on the interest rate at the consolidated fiscal year-end or based on prices obtained from counterparty financial institutions.

¥ millions

As of March 31, 2018	Notional amount		Fair value	Valuation gains (losses)
	Total	Over one year		
Over-the-counter transactions:				
Interest rate swaps:				
Receive fixed/pay floating	¥17,731	¥16,778	¥8,962	¥8,962
Total				¥8,962

US\$ thousands

As of March 31, 2018	Notional amount		Fair value	Valuation gains (losses)
	Total	Over one year		
Over-the-counter transactions:				
Interest rate swaps:				
Receive fixed/pay floating	\$166,903	\$157,930	\$84,361	\$84,361
Total				\$84,361

Note: Calculation method of fair value

Fair value of interest rate swaps is calculated by discounting future cash flows to the present value based on the interest rate at the consolidated fiscal year-end or based on prices obtained from counterparty financial institutions.

T&D Financial Life uses monetary trusts to execute derivative transactions. The following tables show a summary of the notional amount and fair value of derivative financial instruments.

As of March 31, 2017	Notional amount		Fair value	¥ millions
	Total	Over one year		Valuation gains (losses)
Over-the-counter transactions:				
Currency-related transactions:				
Foreign exchange contracts:				
Sold	¥99,308	¥ —	¥1,119	¥ 1,119
U.S. dollar	8,812	—	201	201
Australian dollar	90,496	—	918	918
Currency options:				
Bought:				
Put	3,508	2,636		
	[836]	[651]	336	(499)
U.S. dollar	1,974	1,505		
	[513]	[403]	170	(343)
Euro	1,534	1,130		
	[322]	[247]	166	(156)
Stock-related transactions:				
Stock index options:				
Bought:				
Call	78	56		
	[26]	[18]	71	45
Put	18,839	13,681		
	[4,625]	[3,541]	708	(3,917)
Total				¥(3,251)

Notes:

1. Calculation method of fair value

Fair value is based on the price obtained from trustee companies or counterparty financial institutions.

2. Figures in square brackets represent option premiums that are reported on the consolidated balance sheet.

As of March 31, 2018	Notional amount		Fair value	¥ millions
	Total	Over one year		Valuation gains (losses)
Over-the-counter transactions:				
Currency options:				
Bought:				
Put	2,636	1,985		
	[651]	[505]	228	(422)
U.S. dollar	1,505	1,128		
	[403]	[313]	163	(240)
Euro	1,130	857		
	[247]	[192]	65	(181)
Stock-related transactions:				
Stock index options:				
Bought:				
Call	56	32		
	[18]	[10]	53	35
Put	13,675	10,321		
	[3,541]	[2,646]	301	(3,239)
Total				¥(3,626)

US\$ thousands

As of March 31, 2018	Notional amount		Fair value	Valuation gains (losses)
	Total	Over one year		
Over-the-counter transactions:				
Currency options:				
Bought:				
Put				
	24,812	18,691		
	[6,129]	[4,757]	2,153	(3,976)
U.S. dollar	14,168	10,622		
	[3,800]	[2,949]	1,535	(2,264)
Euro	10,644	8,068		
	[2,329]	[1,807]	617	(1,711)
Stock-related transactions:				
Stock index options:				
Bought:				
Call				
	527	301		
	[173]	[96]	508	334
Put	128,725	97,149		
	[33,331]	[24,914]	2,839	(30,492)
Total				\$(34,134)

Notes:

1. Calculation method of fair value

Fair value is based on prices obtained from counterparty financial institutions.

2. Figures in square brackets represent option premiums that are reported on the consolidated balance sheet.

(2) Derivative financial instruments for which hedge accounting is applied

a. Currency-related transactions

¥ millions

As of March 31, 2017	Hedged item	Notional amount		Fair value
		Total	Over one year	
Recognition of valuation gains/losses on hedged items:				
Foreign exchange contracts:				
Sold				
	Foreign currency-denominated assets	¥2,754,254	¥ —	¥(29,434)
U.S. dollar		1,796,199	—	(28,801)
Euro		526,541	—	1,678
British pound		188,020	—	1,373
Canadian dollar		134,955	—	(1,449)
Australian dollar		89,771	—	(1,571)
Mexican peso		3,134	—	(223)
New Zealand dollar		11,339	—	(379)
Polish zloty		4,292	—	(61)
Bought				
Euro		16,554	—	20
		16,554	—	20
Allocation treatment for foreign exchange contracts, etc.:				
Foreign exchange contracts:				
Sold				
	Certificates of deposit in foreign currencies	56,000	—	—
U.S. dollar		6,000	—	—
Australian dollar		50,000	—	—
Currency swaps:				
Receive yen/pay foreign currency				
	Foreign currency-denominated loans	18,961	18,961	—
U.S. dollar		18,961	18,961	—
Total				¥(29,413)

Notes:

1. Calculation method of fair value

Forward exchange rates are used for the consolidated fiscal year-end foreign exchange rates.

2. Fair value of foreign exchange contracts, etc., with allocation treatments are included in the relevant certificates of deposit in foreign currencies and foreign currency-denominated loans because they are the hedged assets for each of these contracts and the assets are treated as a unit.

¥ millions

As of March 31, 2018	Hedged item	Notional amount		Fair value
		Total	Over one year	
Recognition of valuation gains/losses on hedged items:				
Foreign exchange contracts:				
Sold				
	Foreign currency-denominated assets	¥2,811,894	¥ —	¥30,986
	U.S. dollar	1,877,531	—	16,849
	Euro	542,632	—	6,554
	British pound	181,572	—	1,504
	Canadian dollar	121,750	—	4,442
	Australian dollar	59,671	—	1,606
	Mexican peso	1,702	—	(20)
	New Zealand dollar	22,014	—	(116)
	Polish zloty	5,019	—	166
Bought				
	U.S. dollar	13,258	—	(3)
	U.S. dollar	13,258	—	(3)
Allocation treatment for foreign exchange contracts, etc.:				
Foreign exchange contracts:				
Sold				
	Certificates of deposit in foreign currencies	50,000	—	—
	U.S. dollar	5,000	—	—
	Australian dollar	45,000	—	—
Currency swaps:				
Receive yen/pay foreign currency				
	Foreign currency-denominated loans	32,297	32,297	—
	U.S. dollar	32,297	32,297	—
Total				
				¥30,983

US\$ thousands

As of March 31, 2018	Hedged item	Notional amount		Fair value
		Total	Over one year	
Recognition of valuation gains/losses on hedged items:				
Foreign exchange contracts:				
Sold				
	Foreign currency-denominated assets	\$26,467,378	\$ —	\$291,666
	U.S. dollar	17,672,547	—	158,597
	Euro	5,107,607	—	61,691
	British pound	1,709,081	—	14,159
	Canadian dollar	1,145,993	—	41,813
	Australian dollar	561,670	—	15,123
	Mexican peso	16,021	—	(191)
	New Zealand dollar	207,211	—	(1,098)
	Polish zloty	47,244	—	1,569
Bought				
	U.S. dollar	124,800	—	(30)
	U.S. dollar	124,800	—	(30)
Allocation treatment for foreign exchange contracts, etc.:				
Foreign exchange contracts:				
Sold				
	Certificates of deposit in foreign currencies	470,632	—	—
	U.S. dollar	47,063	—	—
	Australian dollar	423,569	—	—
Currency swaps:				
Receive yen/pay foreign currency				
	Foreign currency-denominated loans	304,009	304,009	—
	U.S. dollar	304,009	304,009	—
Total				
				\$291,636

Notes:

1. Calculation method of fair value

Forward exchange rates are used for the consolidated fiscal year-end foreign exchange rates.

2. Fair value of foreign exchange contracts, etc., with allocation treatments are included in the relevant certificates of deposit in foreign currencies and foreign currency-denominated loans because they are the hedged assets for each of these contracts and the assets are treated as a unit.

b. Interest-related transactions

¥ millions				
As of March 31, 2017	Hedged item	Notional amount		Fair value
		Total	Over one year	
Special treatment for interest rate swaps:				
Interest rate swaps:				
Receive fixed/pay floating	Loans	¥66,239	¥50,259	¥1,126
Total				¥1,126

Note: Calculation method of fair value

Fair value of interest rate swaps is calculated by discounting future cash flows to the present value based on the interest rate at the consolidated fiscal year-end or prices obtained from counterparty financial institutions.

¥ millions				
As of March 31, 2018	Hedged item	Notional amount		Fair value
		Total	Over one year	
Special treatment for interest rate swaps:				
Interest rate swaps:				
Receive fixed/pay floating	Loans	¥49,960	¥45,298	¥892
Total				¥892

US\$ thousands

As of March 31, 2018	Hedged item	Notional amount		Fair value
		Total	Over one year	
Special treatment for interest rate swaps:				
Interest rate swaps:				
Receive fixed/pay floating	Loans	\$470,260	\$426,379	\$8,399
Total				\$8,399

Note: Calculation method of fair value

Fair value of interest rate swaps is calculated by discounting future cash flows to the present value based on the interest rate at the consolidated fiscal year-end or prices obtained from counterparty financial institutions.

c. Stock-related transactions

¥ millions				
As of March 31, 2017	Hedged item	Notional amount		Fair value
		Total	Over one year	
Recognition of valuation gains/losses on hedged items:				
Forward contracts:				
Sold	Domestic equities	¥138,953	¥—	¥(529)
Total				¥(529)

Note: Calculation method of fair value

Fair value is calculated based on prices obtained from counterparty financial institutions.

¥ millions				
As of March 31, 2018	Hedged item	Notional amount		Fair value
		Total	Over one year	
Recognition of valuation gains/losses on hedged items:				
Forward contracts:				
Sold	Domestic equities	¥45,100	¥—	¥2,455
Total				¥2,455

US\$ thousands

As of March 31, 2018	Hedged item	Notional amount		Fair value
		Total	Over one year	
Recognition of valuation gains/losses on hedged items:				
Forward contracts:				
Sold	Domestic equities	\$424,513	\$—	\$23,112
Total				\$23,112

Note: Calculation method of fair value

Fair value is calculated based on prices obtained from counterparty financial institutions.

Note 26 **Employees' Retirement Benefits**
(1) Overview of the retirement benefit plan adopted by the T&D Life Group

Domestic consolidated subsidiaries have defined benefit retirement plans such as a defined benefit corporate pension plan, a retirement pension plan, and a retirement lump-sum payment plan. Further, certain subsidiaries have defined contribution pension plans as their defined contribution retirement plan as well as retirement benefit trusts.

(2) Defined benefit retirement plan

a. Reconciliations of the beginning- and end-of-the-year balances of retirement benefit obligations are as follows:

Years ended March 31,	2017	¥ millions 2018	US\$ thousands 2018
Balance at the beginning of the year	¥157,819	¥155,716	\$1,465,706
Service cost	6,715	6,369	59,949
Interest cost	690	876	8,254
Actuarial gains and losses	(1,885)	1,959	18,446
Retirement benefit paid	(7,521)	(7,172)	(67,511)
Accrual of past service costs	(102)	(3,510)	(33,040)
Balance at the end of the year	¥155,716	¥154,239	\$1,451,804

Note: Retirement benefit expense for consolidated subsidiaries using the simplified method is recorded in service cost.

b. Reconciliations of the beginning- and end-of-the-year balances of pension plan assets are as follows:

Years ended March 31,	2017	¥ millions 2018	US\$ thousands 2018
Balance at the beginning of the year	¥98,088	¥ 99,168	\$933,441
Expected return on plan assets	755	920	8,667
Net actuarial gains and losses	(1,455)	1,347	12,682
Employer contribution	7,201	7,440	70,033
Benefit obligation paid	(5,420)	(5,402)	(50,849)
Balance at the end of the year	¥99,168	¥103,475	\$973,975

c. Reconciliations of retirement benefit obligations and pension plan assets to net defined benefit liabilities and net defined benefit assets stated in the consolidated balance sheet are as follows:

As of March 31,	2017	¥ millions 2018	US\$ thousands 2018
Retirement benefit obligations for funded plans	¥128,616	¥127,383	\$1,199,012
Plan assets	(99,168)	(103,475)	(973,975)
Employee pension trusts	[(60,184)]	[(62,124)]	[(584,753)]
	29,447	23,907	225,036
Retirement benefit obligations for unfunded plans	27,100	26,856	252,791
Net amount of defined benefit liability and defined benefit asset stated in the consolidated balance sheet	56,547	50,764	477,828
Defined benefit liability	56,547	50,764	477,828
Defined benefit asset	—	—	—
Net value for defined benefit liability and defined benefit asset stated in the consolidated balance sheet	¥ 56,547	¥ 50,764	\$ 477,828

d. Components of retirement benefit expense are as follows:

Years ended March 31,	2017	¥ millions	US\$ thousands
		2018	2018
Service cost	¥6,715	¥6,369	\$59,949
Interest cost	690	876	8,254
Expected return on plan assets	(755)	(920)	(8,667)
Recognized actuarial gains and losses	(429)	612	5,764
Recognized past service costs	(102)	(3,510)	(33,040)
Retirement benefit expense relating to defined benefit retirement plan	¥6,119	¥3,427	\$32,260

Note: Retirement benefit expense for consolidated subsidiaries using the simplified method is included in service cost.

e. Matters related to pension plan assets

(i) Components of pension plan assets are as follows:

As of March 31,	2017	2018
Bonds	71.4%	72.8%
General account	11.9%	11.2%
Foreign securities	8.0%	8.4%
Stocks	5.4%	5.3%
Cash and deposits	2.6%	1.5%
Joint assets	0.8%	0.7%
Others	0.0%	0.0%
Total	100.0%	100.0%

Note: The total includes 60.7% and 60.0% of employee pension trusts set up for corporate pension plans for the fiscal years ended March 31, 2017 and 2018, respectively.

(ii) The setting method for long-term expected rate of return

The long-term expected rate of return on pension plan assets is set by considering the present and the prospective asset allocation of pension plan assets, as well as the present and the expected long-term rate of return arising from various assets that comprise the plan assets.

f. Matters related to actuarial basis

Years ended March 31,	2017	2018
Discount rate	0.14%–0.80%	0.11%–0.80%
Expected long-term rate of return on plan assets	0.10%–1.90%	0.26%–2.11%

(3) Defined contribution retirement plan

The required contribution for the defined contribution retirement plan of the Company and its consolidated subsidiaries amounted to ¥260 million and ¥267 million [\$2,520 thousand] for the fiscal years ended March 31, 2017 and 2018, respectively.

Note 27 **Stock Options**
(1) Amount of expenses related to stock options

		¥ millions	US\$ thousands
Years ended March 31,	2017	2018	2018
Operating expenses	¥348	¥309	\$2,910

(2) Details, size and status of stock options

a. Details of stock options

T&D Holdings, Inc. stock subscription rights (1st series)	
Title and number of grantees	Directors (excluding outside directors) and executive officers of the Company: 7 Directors (excluding outside directors) and executive officers of subsidiaries of the Company: 40
Number of stock options by class*	Common stock: 449,600 shares
Grant date	July 31, 2012
Conditions for vesting	Stock options are vested on the grant date.
Requisite service period	Not applicable
Exercise period	August 1, 2012 to July 31, 2042

* Translated to the number of common stock.

T&D Holdings, Inc. stock subscription rights (2nd series)	
Title and number of grantees	Directors (excluding outside directors) and executive officers of the Company: 7 Directors (excluding outside directors) and executive officers of subsidiaries of the Company: 39
Number of stock options by class*	Common stock: 235,500 shares
Grant date	August 1, 2013
Conditions for vesting	Stock options are vested on the grant date.
Requisite service period	Not applicable
Exercise period	August 2, 2013 to August 1, 2043

* Translated to the number of common stock.

T&D Holdings, Inc. stock subscription rights (3rd series)	
Title and number of grantees	Directors (excluding outside directors) and executive officers of the Company: 6 Directors (excluding outside directors) and executive officers of subsidiaries of the Company: 41
Number of stock options by class *	Common stock: 231,300 shares
Grant date	August 1, 2014
Conditions for vesting	Stock options are vested on the grant date.
Requisite service period	Not applicable
Exercise period	August 2, 2014 to August 1, 2044

* Translated to the number of common stock.

T&D Holdings, Inc. stock subscription rights (4th series)	
Title and number of grantees	Directors (excluding outside directors) and executive officers of the Company: 15 Directors (excluding outside directors) and executive officers of subsidiaries of the Company: 43
Number of stock options by class *	Common stock: 170,700 shares
Grant date	August 3, 2015
Conditions for vesting	Stock options are vested on the grant date.
Requisite service period	Not applicable
Exercise period	August 4, 2015 to August 3, 2045

* Translated to the number of common stock.

T&D Holdings, Inc. stock subscription rights (5th series)

Title and number of grantees	Directors (excluding outside directors) and executive officers of the Company: 10 Directors (excluding outside directors) and executive officers of subsidiaries of the Company: 48
Number of stock options by class *	Common stock: 379,800 shares
Grant date	August 1, 2016
Conditions for vesting	Stock options are vested on the grant date.
Requisite service period	Not applicable
Exercise period	August 2, 2016 to August 1, 2046

* Translated to the number of common stock.

T&D Holdings, Inc. stock subscription rights (6th series)

Title and number of grantees	Directors (excluding outside directors) and executive officers of the Company: 10 Directors (excluding outside directors) and executive officers of subsidiaries of the Company: 47
Number of stock options by class *	Common stock: 208,200 shares
Grant date	August 1, 2017
Conditions for vesting	Stock options are vested on the grant date.
Requisite service period	Not applicable
Exercise period	August 2, 2017 to August 1, 2047

* Translated to the number of common stock.

b. Size and status of stock options

For stock options which existed during the consolidated fiscal year ended March 31, 2018, the number of stock options is translated to the number of common stock.

(i) Number of stock options

	T&D Holdings, Inc. stock subscription rights (1st series)	T&D Holdings, Inc. stock subscription rights (2nd series)	T&D Holdings, Inc. stock subscription rights (3rd series)
Before vesting:			
At the end of previous fiscal year	—	—	—
Granted	—	—	—
Forfeited	—	—	—
Vested	—	—	—
Outstanding	—	—	—
After vesting:			
At the end of previous fiscal year	253,700 shares	161,100 shares	185,200 shares
Vested	—	—	—
Exercised	72,100 shares	41,100 shares	40,800 shares
Forfeited	—	—	—
Exercisable	181,600 shares	120,000 shares	144,400 shares
	T&D Holdings, Inc. stock subscription rights (4th series)	T&D Holdings, Inc. stock subscription rights (5th series)	T&D Holdings, Inc. stock subscription rights (6th series)
Before vesting:			
At the end of previous fiscal year	—	—	—
Granted	—	—	208,200 shares
Forfeited	—	—	—
Vested	—	—	208,200 shares
Outstanding	—	—	—
After vesting:			
At the end of previous fiscal year	151,100 shares	379,800 shares	—
Vested	—	—	208,200 shares
Exercised	29,400 shares	80,900 shares	2,100 shares
Forfeited	—	—	—
Exercisable	121,700 shares	298,900 shares	206,100 shares

(ii) Unit price information

	T&D Holdings, Inc. stock subscription rights (1st series)	T&D Holdings, Inc. stock subscription rights (2nd series)	T&D Holdings, Inc. stock subscription rights (3rd series)
Exercise price	1 yen	1 yen	1 yen
Average stock price at the time of exercise	1,441 yen	1,511 yen	1,457 yen
Fair value at the granted date	685 yen	1,143 yen	1,153 yen
	T&D Holdings, Inc. stock subscription rights (4th series)	T&D Holdings, Inc. stock subscription rights (5th series)	T&D Holdings, Inc. stock subscription rights (6th series)
Exercise price	1 yen	1 yen	1 yen
Average stock price at the time of exercise	1,403 yen	1,651 yen	1,739 yen
Fair value at the granted date	1,708 yen	918 yen	1,485 yen

(3) Method for estimating the fair value of stock options

The method for estimating the fair value of stock options granted during the consolidated fiscal year ended March 31, 2018 is as follows:

a. Valuation method

Black-Scholes model

b. Principal parameters used and their estimation method

	T&D Holdings, Inc. stock subscription rights (6th series)
Stock price volatility (Note 1)	36.95%
Expected remaining period (Note 2)	5.95 years
Expected dividends (Note 3)	32.5 yen
Risk-free interest rate (Note 4)	(0.044)%

Notes:

1. Calculated based on the daily closing price of the Company's common stock in regular transactions from August 21, 2011 to August 1, 2017.
2. A period from the granted date to the average time when options are expected to be exercised is applied.
3. Calculated based on the actual dividends for the fiscal year ended March 31, 2017.
4. Based on Japanese government bond interest rate with a maturity corresponding to the expected remaining period.

(4) Method for estimating the number of stock options vested

Only the actual number of forfeited stock options is reflected because it is difficult to rationally estimate the actual number of stock options that will be forfeited in the future.

Note 28 Asset Retirement Obligations

Asset retirement obligations recorded in the consolidated balance sheet are as follows:

(1) Overview of the asset retirement obligations

Asbestos removal obligations for office buildings and rental properties are recorded as asset retirement obligations.

(2) Calculation method for the amount of the asset retirement obligations

For the estimation of the present value of asset retirement obligations, 50 years from the acquisition of buildings is used as an estimated period before the cost will accrue and 2.11% as a discount rate.

(3) Increase or decrease of the total amount of the asset retirement obligations

Years ended March 31,	2017	¥ millions 2018	US\$ thousands 2018
Balance at the beginning of the year	¥1,916	¥1,957	\$18,424
Time progress adjustment	40	41	389
Balance at the end of the year	¥1,957	¥1,998	\$18,813

Note 29 Real Estate for Rent

Some subsidiaries own real estate for rent, consisting mainly of office buildings in major cities in Japan. Their balance sheet amount, net increase or decrease and fair value at the end of the year are as follows:

Years ended March 31,	2017	¥ millions 2018	US\$ thousands 2018
Balance sheet amount:			
Balance at the beginning of the year	¥196,945	¥202,753	\$1,908,451
Net increase (decrease)	5,808	45,252	425,941
Balance at the end of the year	202,753	248,005	2,334,392
Fair value at the end of the year	¥244,850	¥307,523	\$2,894,614

Notes:

- Balance sheet amount represents acquisition cost less accumulated depreciation and accumulated impairment losses. Balances at the end of the year for the years ended March 31, 2017 and 2018 include amounts related to asset retirement obligations of ¥152 million and ¥113 million [\$1,067 thousand], respectively.
- For the year ended March 31, 2017, the increase mainly consisted of purchase of real estate totaling ¥11,830 million and the decrease mainly consisted of depreciation totaling ¥4,090 million. For the year ended March 31, 2018, the increase mainly consisted of purchase of real estate totaling ¥45,926 million [\$432,290 thousand] and the decrease mainly consisted of depreciation totaling ¥4,285 million [\$40,338 thousand].
- Fair value at the end of the year of major properties is calculated based on their appraisal value by external real estate appraisers. The value of other properties is calculated in-house based on the posted price.

Gains (losses) on real estate for rent are as follows:

Years ended March 31,	2017	¥ millions 2018	US\$ thousands 2018
Ordinary revenues	¥14,926	¥15,719	\$147,960
Ordinary expenses	9,913	10,245	96,435
Ordinary profit	5,012	5,474	51,524
Other losses	(1,065)	(474)	(4,463)

Notes:

- Ordinary revenues and ordinary expenses constitute income from lease and corresponding expenses, such as depreciation, repair expenses, insurance expenses and taxes. These amounts are recorded in investment income and investment expenses.
- Other losses were mainly impairment losses for the year ended March 31, 2017, and losses on disposal of fixed assets for the year ended March 31, 2018. These amounts are recorded in extraordinary losses.

Note 30 Segment Information

(1) Overview of reportable segments

The reportable segments of the Company are components of the Company for which separate financial information is available. These segments are subject to regular review by the Company's Board of Directors to determine the allocation of business resources and evaluate business performances.

The Company is a holding company which manages life insurance companies and other subsidiaries in accordance with the Insurance Business Act. Under the Company, the Three Life Insurance Companies, with unique product strategies and sales strategies, operate life insurance business which is the Group's core business.

The Company's operations are therefore segmented by each of the life insurance companies and the Company's three reportable segments are the Taiyo Life Insurance Company segment, the

Daido Life Insurance Company segment and the T&D Financial Life Insurance Company segment.

Each of the Three Life Insurance Companies focuses on different markets. Taiyo Life focuses on the households market, Daido Life focuses on the small and medium enterprises market and T&D Financial Life focuses on independent insurance agents market and each company has different products under its unique marketing strategy.

(2) Method for calculating ordinary revenues, income or loss, assets and liabilities, and others by reportable segment

The method for the accounting treatment of the reportable segments is the same as described in "Note 2. Summary of Significant Accounting Policies."

(3) Information on ordinary revenues, income or loss, assets and liabilities, and others by reportable segment

Year ended March 31, 2017	Reportable segments					Others	Total	Adjustments	¥ millions Amount on consolidated financial statements
	Taiyo Life	Daido Life	T&D Financial Life	Subtotal					
Ordinary revenues	¥ 896,757	¥ 943,927	¥ 155,834	¥ 1,996,519	¥ 29,415	¥ 2,025,934	¥ (50,150)	¥ 1,975,784	
Intersegment transfers	1,197	504	—	1,702	73,921	75,623	(75,623)	—	
Total	897,955	944,431	155,834	1,998,221	103,336	2,101,558	(125,773)	1,975,784	
Segment income (loss)	66,642	82,695	6,199	155,537	50,954	206,492	(49,264)	157,227	
Segment assets	7,188,371	6,298,188	1,313,747	14,800,307	902,643	15,702,951	(811,783)	14,891,167	
Segment liabilities	6,807,381	5,654,175	1,242,846	13,704,402	140,993	13,845,396	(51,001)	13,794,395	
Others:									
Depreciation of real estate for rent	2,458	2,461	—	4,919	—	4,919	(28)	4,891	
Depreciation	6,366	4,146	242	10,755	636	11,391	(46)	11,345	
Provision for (reversal of) policy reserve	99,248	203,237	(45,792)	256,693	261	256,954	—	256,954	
Provision for (reversal of) reserve for policyholder dividends	11,738	13,636	(1)	25,374	—	25,374	—	25,374	
Interest, dividends and income from real estate for rent	138,171	132,370	7,563	278,104	49,281	327,386	(50,757)	276,628	
Interest expenses	550	26	0	578	38	617	(44)	573	
Equity in earnings (losses) of affiliates	—	—	—	—	—	—	1	1	
Extraordinary gains	232	—	—	232	67	300	—	300	
Extraordinary losses	19,227	12,450	3,612	35,291	63	35,354	12	35,367	
Impairment losses	119	1,352	3,308	4,779	—	4,779	—	4,779	
Provision for reserve for price fluctuations	18,021	10,809	303	29,134	—	29,134	—	29,134	
Taxes	6,941	13,491	446	20,879	529	21,408	12	21,421	
Investments in affiliated companies	49	100	—	149	—	149	—	149	
Increase in tangible fixed assets and intangible fixed assets	¥ 11,062	¥ 13,556	¥ 1,611	¥ 26,230	¥ 656	¥ 26,886	¥ (55)	¥ 26,831	

Notes:

1. Ordinary revenues instead of net sales are presented here.

2. Adjustments are as follows:

(1) The adjustment of ¥(50,150 million) to ordinary revenues is the transferred amount which mainly consists of reversal of policy reserve of ¥45,792 million of ordinary revenues which is included in ordinary expenses of the consolidated statement of operation as provision for policy reserves.

(2) The adjustment of ¥(49,264 million) to segment income (loss) is mainly due to the elimination of dividends from subsidiaries and affiliates.

(3) The adjustment of ¥(811,783 million) to segment assets is mainly due to the elimination of investments in stocks of subsidiaries and affiliates.

(4) The adjustment of ¥(51,001 million) to segment liabilities is mainly due to the elimination of intersegment receivables and payables.

3. Segment income (loss) is adjusted to align with the ordinary revenues set forth in the consolidated statement of operation.

¥ millions

Year ended March 31, 2018	Reportable segments						Adjustments	Amount on consolidated financial statements
	Taiyo Life	Daido Life	T&D Financial Life	Subtotal	Others	Total		
Ordinary revenues	¥ 737,487	¥ 987,614	¥ 196,492	¥ 1,921,593	¥ 31,766	¥ 1,953,360	¥ (25,000)	¥ 1,928,359
Intersegment transfers	1,229	456	—	1,685	69,300	70,986	(70,986)	—
Total	738,716	988,070	196,492	1,923,279	101,066	2,024,346	(95,986)	1,928,359
Segment income (loss)	62,790	89,397	2,543	154,732	47,895	202,627	(46,152)	156,475
Segment assets	7,219,463	6,573,924	1,365,878	15,159,267	921,034	16,080,302	(817,903)	15,262,398
Segment liabilities	6,810,776	5,913,402	1,292,955	14,017,134	148,847	14,165,982	(56,619)	14,109,362
Others:								
Depreciation of real estate for rent	2,648	2,407	—	5,056	—	5,056	(28)	5,027
Depreciation	6,033	4,070	54	10,158	644	10,803	(40)	10,762
Provision for (reversal of) policy reserve	(20,409)	232,722	50,164	262,476	398	262,874	—	262,874
Provision for (reversal of) reserve for policyholder dividends	15,664	14,668	(1)	30,331	—	30,331	—	30,331
Interest, dividends and income from real estate for rent	137,721	141,840	7,409	286,971	46,099	333,070	(47,573)	285,496
Interest expenses	638	16	0	656	31	687	(49)	637
Equity in earnings (losses) of affiliates	—	—	—	—	—	—	72	72
Extraordinary gains	26	55	—	82	15	97	(68)	28
Extraordinary losses	4,280	11,754	461	16,496	17	16,513	(0)	16,513
Impairment losses	744	—	—	744	—	744	—	744
Provision for reserve for price fluctuations	3,251	11,089	459	14,800	—	14,800	—	14,800
Taxes	12,390	18,458	494	31,343	724	32,068	(6)	32,061
Investments in affiliated companies	49	100	—	149	—	149	—	149
Increase in tangible fixed assets and intangible fixed assets	¥ 46,298	¥ 16,370	¥ 1,065	¥ 63,734	¥ 531	¥ 64,266	¥ (117)	¥ 64,148

US\$ thousands

Year ended March 31, 2018	Reportable segments						Adjustments	Amount on consolidated financial statements
	Taiyo Life	Daido Life	T&D Financial Life	Subtotal	Others	Total		
Ordinary revenues	\$ 6,941,707	\$ 9,296,067	\$ 1,849,515	\$ 18,087,290	\$ 299,004	\$ 18,386,295	\$ (235,319)	\$ 18,150,976
Intersegment transfers	11,568	4,295	—	15,864	652,302	668,166	(668,166)	—
Total	6,953,276	9,300,362	1,849,515	18,103,154	951,307	19,054,462	(903,485)	18,150,976
Segment income (loss)	591,024	841,469	23,944	1,456,439	450,823	1,907,262	(434,418)	1,472,844
Segment assets	67,954,292	61,878,055	12,856,540	142,688,888	8,669,380	151,358,268	(7,698,641)	143,659,627
Segment liabilities	64,107,456	55,660,794	12,170,142	131,938,393	1,401,045	133,339,439	(532,937)	132,806,501
Others:								
Depreciation of real estate for rent	24,930	22,660	—	47,591	—	47,591	(265)	47,325
Depreciation	56,788	38,316	514	95,619	6,070	101,690	(383)	101,307
Provision for (reversal of) policy reserve	(192,107)	2,190,532	472,179	2,470,603	3,746	2,474,350	—	2,474,350
Provision for (reversal of) reserve for policyholder dividends	147,446	138,067	(10)	285,503	—	285,503	—	285,503
Interest, dividends and income from real estate for rent	1,296,322	1,335,097	69,739	2,701,159	433,915	3,135,074	(447,794)	2,687,279
Interest expenses	6,012	157	8	6,178	292	6,470	(468)	6,002
Equity in earnings (losses) of affiliates	—	—	—	—	—	—	686	686
Extraordinary gains	245	526	—	772	141	914	(647)	266
Extraordinary losses	40,294	110,638	4,345	155,278	161	155,440	(2)	155,437
Impairment losses	7,005	—	—	7,005	—	7,005	—	7,005
Provision for reserve for price fluctuations	30,605	104,385	4,323	139,314	—	139,314	—	139,314
Taxes	116,627	173,743	4,656	295,027	6,820	301,848	(65)	301,782
Investments in affiliated companies	469	941	—	1,410	—	1,410	—	1,410
Increase in tangible fixed assets and intangible fixed assets	\$ 435,790	\$ 154,093	\$ 10,028	\$ 599,911	\$ 5,004	\$ 604,915	\$ (1,108)	\$ 603,807

Notes:

1. Ordinary revenues instead of net sales are presented here.

2. Adjustments are as follows:

(1) The adjustment of ¥(25,000 million) [\$ (235,319 thousand)] to ordinary revenues is the transferred amount which mainly consists of reversal of policy reserve of ¥20,409 million [\$192,107 thousand] of ordinary revenues and provision for retirement benefits of ¥3,627 million [\$34,148 thousand] which are included in ordinary expenses of the consolidated statement of operation as provision for policy reserves and reversal of provision for retirement benefits, respectively.

(2) The adjustment of ¥(46,152 million) [\$ (434,418 thousand)] to segment income (loss) is mainly due to the elimination of dividends from subsidiaries and affiliates.

(3) The adjustment of ¥(817,903 million) [\$ (7,698,641 thousand)] to segment assets is mainly due to the elimination of investments in stocks of subsidiaries and affiliates.

(4) The adjustment of ¥(56,619 million) [\$ (532,937 thousand)] to segment liabilities is mainly due to the elimination of intersegment receivables and payables.

3. Segment income (loss) is adjusted to align with the ordinary revenues set forth in the consolidated statement of operation.

[Related information]**For the year ended March 31, 2017****1. Information by product and service**

Sales to external customers

Year ended March 31, 2017	¥ millions				
	Taiyo Life	Daido Life	T&D Financial Life	Others	Total
Income from insurance premiums	¥654,379	¥766,336	¥80,918	¥3,600	¥1,505,234
Insurance premiums	654,088	764,993	78,759	3,600	1,501,442
Individual insurance and individual annuities	545,127	699,013	78,603	—	1,322,744
Group insurance	32,808	25,288	—	—	58,096
Group annuities	74,846	39,702	133	—	114,681
Others	1,307	989	22	3,600	5,920
Ceded reinsurance recoveries	¥ 290	¥ 1,342	¥ 2,159	¥ —	¥ 3,792

Note: Income from insurance premiums instead of net sales is presented here.

2. Information by geographic area

(1) Net sales

Information by geographic area is omitted, as net sales (ordinary revenues) to external customers in Japan exceed 90% of net sales (ordinary revenues) in the consolidated statement of operation.

(2) Tangible fixed assets

Information by geographic area is omitted, as the amount of tangible fixed assets in Japan exceeds 90% of the amount of tangible fixed assets in the consolidated balance sheet.

3. Information by major customer

Information by major customer is omitted, as there are no customers to whom sales exceed 10% of net sales (ordinary revenues) to external customers in the consolidated statement of operation.

For the year ended March 31, 2018**1. Information by product and service**

Sales to external customers

Year ended March 31, 2018	¥ millions				
	Taiyo Life	Daido Life	T&D Financial Life	Others	Total
Income from insurance premiums	¥511,900	¥790,852	¥176,474	¥4,492	¥1,483,719
Insurance premiums	511,514	789,337	176,158	4,492	1,481,502
Individual insurance and individual annuities	417,790	727,193	175,998	—	1,320,982
Group insurance	31,469	23,897	—	—	55,366
Group annuities	61,048	37,200	138	—	98,386
Others	1,206	1,046	21	4,492	6,767
Ceded reinsurance recoveries	¥ 386	¥ 1,514	¥ 316	¥ —	¥ 2,217

Year ended March 31, 2018	US\$ thousands				
	Taiyo Life	Daido Life	T&D Financial Life	Others	Total
Income from insurance premiums	\$4,818,343	\$7,444,015	\$1,661,092	\$42,281	\$13,965,733
Insurance premiums	4,814,704	7,429,759	1,658,117	42,281	13,944,863
Individual insurance and individual annuities	3,932,513	6,844,819	1,656,612	—	12,433,945
Group insurance	296,207	224,936	—	—	521,143
Group annuities	574,624	350,152	1,300	—	926,078
Others	11,359	9,850	204	42,281	63,696
Ceded reinsurance recoveries	\$ 3,638	\$ 14,255	\$ 2,975	\$ —	\$ 20,870

Note: Income from insurance premiums instead of net sales is presented here.

2. Information by geographic area

(1) Net sales

Information by geographic area is omitted, as net sales (ordinary revenues) to external customers in Japan exceed 90% of net sales (ordinary revenues) in the consolidated statement of operation.

(2) Tangible fixed assets

Information by geographic area is omitted, as the amount of tangible fixed assets in Japan exceeds 90% of the amount of tangible fixed assets in the consolidated balance sheet.

3. Information by major customer

Information by major customer is omitted, as there are no customers to whom sales exceed 10% of net sales (ordinary revenues) to external customers in the consolidated statement of operation.

[Information on impairment losses on fixed assets by reportable segment]

For the years ended March 31, 2017 and 2018

Information on impairment losses on fixed assets by reportable segment is disclosed in “Note 30. Segment information.”

[Information on amortization of goodwill and unamortized balance of goodwill by reportable segment]

For the years ended March 31, 2017 and 2018: Not applicable.

[Information on gains on negative goodwill by reportable segment]

For the years ended March 31, 2017 and 2018: Not applicable.

[Related party information]

1. Related party transactions

For the years ended March 31, 2017 and 2018: Not applicable.

2. Notes on the parent company or any important affiliated company

For the years ended March 31, 2017 and 2018: Not applicable.

Note 31 Per Share Information

		¥	US\$
Years ended March 31,	2017	2018	2018
Net assets per share	¥1,727.69	¥1,844.15	\$17.35
Net income per share	117.81	124.23	1.16
Net income per share (fully diluted)	115.59	121.81	1.14

Note: A summary of the net income per share and the net income per share (fully diluted) computations is as follows:

(1) Net income per share and net income per share (fully diluted)

		¥ millions	US\$ thousands
Years ended March 31,	2017	2018	2018
Net income per share:			
Profit attributable to owners of parent	¥75,187	¥77,577	\$730,207
Amount not attributable to common shareholders	—	—	—
Profit attributable to owners of parent attributable to common shareholders	¥75,187	¥77,577	\$730,207

		Shares
Weighted-average number of common stocks outstanding	638,194,089	624,468,759

		¥ millions	US\$ thousands
Years ended March 31,	2017	2018	2018
Net income per share (fully diluted):			
Adjusted profit attributable to owners of parent	¥(20)	¥(20)	\$(195)
Amortization of bond premium (after tax)	¥(20)	¥(20)	\$(195)

		Shares
Increase in common stock	12,115,431	12,215,498
Convertible Bond	11,104,941	11,152,830
Subscription rights to shares	1,010,490	1,062,668
Summary of potential shares that are not included in computation of net income per share (fully diluted) due to lack of dilution effect	—	—

(2) Net assets per share

		¥ millions	US\$ thousands
As of March 31,	2017	2018	2018
Net assets	¥1,096,772	¥1,153,036	\$10,853,125
Deduction from net assets	3,915	5,611	52,818
Subscription rights to shares	1,178	1,216	11,449
Non-controlling interests	2,737	4,395	41,369
Net assets available to common shareholders	¥1,092,856	¥1,147,424	\$10,800,306

		Shares
The number of common stock outstanding	632,554,226	622,197,540

Note 32 Significant Subsequent Events

The Company has resolved at its board of directors meeting held on May 15, 2018, the acquisition purchase of treasury shares under the provision in Article 156 of the Companies Act of Japan, as applied pursuant to Article 165, Paragraph 3 of the same.

(1) Reasons for the purchase of treasury shares

To enhance shareholder return and improve capital efficiency.

(2) Details of the purchase

- a. Type of shares to be purchased : Shares of common stock
- b. Number of shares to be purchased : Up to 13,000,000 shares
- c. Total amount of purchase : Up to ¥17,000 million [\$160,015 thousand]
- d. Period of purchase : From May 16, 2018 to August 31, 2018
- e. Method of purchase : Open-market repurchase by the trust method

(3) Results of the purchase

- a. Total number of purchased shares : 9,522,000 shares
- b. Total cost of purchase : ¥16,999 million [\$160,013 thousand]
- c. Period of purchase : From May 16, 2018 to June 22, 2018, on the basis of execution date

Independent Auditor's Report



Building a better
working world

Ernst & Young ShinNihon LLC
Hibiya Mitsui Tower, Tokyo Midtown Hibiya
1-1-2 Yurakucho, Chiyoda-ku
Tokyo 100-0006, Japan

Tel: +81 3 3503 1100
Fax: +81 3 3503 1197
www.shinnihon.or.jp

Independent Auditor's Report

The Board of Directors
T&D Holdings, Inc.

We have audited the accompanying consolidated financial statements of T&D Holdings, Inc. and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2018, and the consolidated statements of operations, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of T&D Holdings, Inc. and its consolidated subsidiaries as at March 31, 2018, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 2.

Ernst & Young ShinNihon LLC

June 27, 2018

A member firm of Ernst & Young Global Limited

Stock Information

As of March 31, 2018

BASIC INFORMATION

Stock Exchange Listings	Tokyo Stock Exchange
Industry and Security Code	Insurance, 8795
Trading Unit	100 shares
Number of Shares of Common Stock	Authorized: 1,932,000,000 Issued: 655,000,000
Fiscal Year-End	March 31 every year
Ordinary General Meeting of Shareholders	June every year
Date of Record	Ordinary General Meeting of Shareholders March 31 every year Dividends March 31 every year (interim dividend, when paid, on September 30)
Public Notice	<ul style="list-style-type: none"> • Electronic public notice (Japanese only) • URL: http://www.td-holdings.co.jp/information/public.html/ • If the Company is unable to issue an electronic public notice due to an accident or any other unavoidable reason, a public notice will be issued in the <i>Nihon Keizai Shimbun</i> (daily newspaper).
Transfer Agent	Mitsubishi UFJ Trust and Banking Corporation 4-5, Marunouchi 1-Chome, Chiyoda-ku, Tokyo, Japan URL: http://www.tr.mufg.jp/english/
Number of Shareholders	229,448

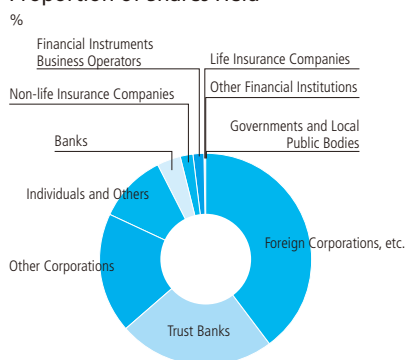
PRINCIPAL SHAREHOLDERS

Name of Shareholders	Number of Shares Held	Percentage of Total Shares Outstanding
Japan Trustee Services Bank, Ltd. (Trust Account)	38,220	6.14
The Master Trust Bank of Japan Ltd. (Trust Account)	37,020	5.95
Japan Trustee Services Bank, Ltd. (Trust Account9)	14,045	2.26
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	12,906	2.07
Japan Trustee Services Bank, Ltd. (Trust Account5)	11,656	1.87
Japan Trustee Services Bank, Ltd. (Trust Account7)	10,463	1.68
STATE STREET BANK WEST CLIENT – TREATY 505234	9,839	1.58
STATE STREET BANK AND TRUST COMPANY	8,693	1.40
Japan Trustee Services Bank, Ltd. (Trust Account1)	8,661	1.39
Japan Trustee Services Bank, Ltd. (Trust Account2)	8,511	1.37

Note: In addition to the above, the Company holds 32,802 thousands of shares in treasury shares, which are excluded from the principal shareholders stated above. Further, the percentage of total shares outstanding is calculated after deducting the treasury shares.

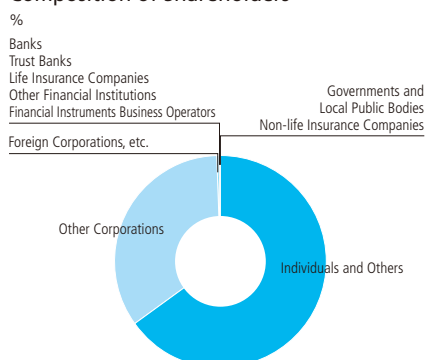
COMPOSITION OF SHAREHOLDERS AND SHARES

Proportion of Shares Held



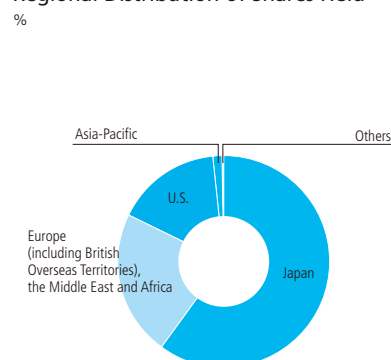
Foreign Corporations, etc.	39.87
Trust Banks	23.96
Other Corporations	18.28
Individuals and Others	10.55
Banks	3.68
Non-life Insurance Companies	1.87
Financial Instruments Business Operators	1.51
Life Insurance Companies	0.22
Other Financial Institutions	0.05
Governments and Local Public Bodies	0.00

Composition of Shareholders



Individuals and Others	65.23
Other Corporations	34.44
Foreign Corporations, etc.	0.30
Banks	0.01
Trust Banks	0.01
Life Insurance Companies	0.01
Other Financial Institutions	0.01
Financial Instruments Business Operators	0.01
Governments and Local Public Bodies	0.00
Non-life Insurance Companies	0.00

Regional Distribution of Shares Held



Japan	60.13
Europe (including British Overseas Territories), the Middle East and Africa	22.35
U.S.	16.00
Asia-Pacific	1.51
Others	0.01

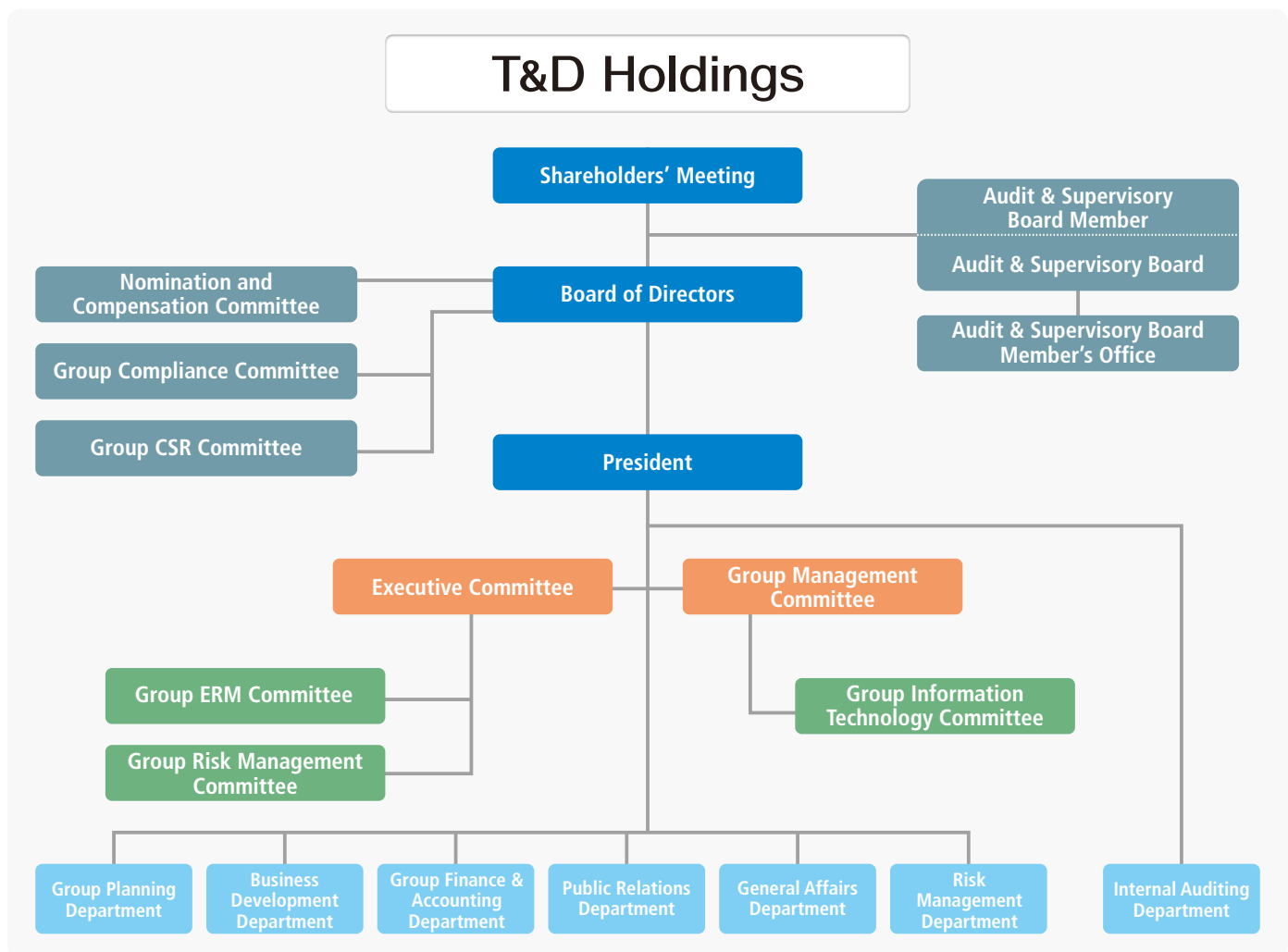
Corporate Overview

As of March 31, 2018

Company Name	T&D Holdings, Inc.
Date of Establishment	April 1, 2004
Location of Headquarters	2-7-1, Nihonbashi, Chuo-ku, Tokyo 103-6031, Japan Tel: +81-(0)3-3272-6110 Fax: +81-(0)3-3272-6552
Type of Business	Management control of life insurance subsidiaries under the Insurance Business Act of Japan and other laws and regulations, and other businesses associated with the above
Paid-in Capital	207,111.86 million yen
Security Code	8795
Stock Exchange Listings	Tokyo Stock Exchange (First Section)
Number of Common Stocks Issued	655,000,000 shares
Number of Employees	98

Organizational Structure

As of March 31, 2018



Editorial Policy

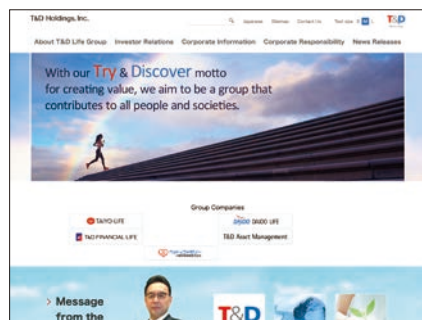
This report was created for the purpose of describing in an easy-to-understand way how the businesses and initiatives of the T&D Life Group (the “Group”) are linked to its medium- and long-term growth and creating value for its stakeholders, from the perspective of ESG (Environmental, Social and Governance).

Specifically, it reports the initiatives and results of the second year of the Group’s three-year Medium-Term Management Plan, which was launched in April 2016 with the theme of “Try & Discover for the Next Stage,” and describes the business models and business strategies of the Group companies, including Taiyo Life, Daido Life, and T&D Financial Life, as well as foundations supporting the Group’s management, such as “corporate governance” and “social and environmental initiatives.”

- Period Covered by This Report: April 1, 2017 to March 31, 2018 (This report also includes some information outside this period.)
- Scope of This Report: T&D Holdings, Inc., and its subsidiaries and affiliated companies
- Reference Guidelines: “The International Integrated Reporting Framework” issued by the International Integrated Reporting Council (IIRC) and “Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation” formulated by Japan’s Ministry of Economy, Trade and Industry

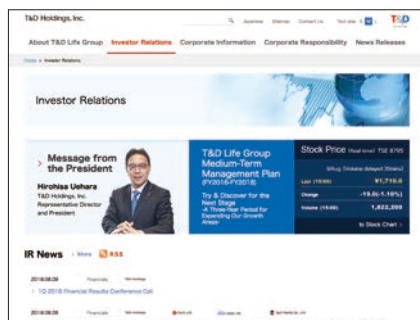
Role of this Report

This report provides a summary of key information for our stakeholders to understand the businesses and initiatives of the T&D Life Group. Please see our website for more detailed information.



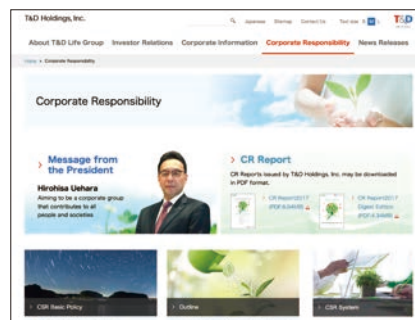
Website of T&D Holdings, Inc.

<http://www.td-holdings.co.jp/en/>



Investor Relations

<http://www.td-holdings.co.jp/en/ir/>



Corporate Responsibility

<http://www.td-holdings.co.jp/en/csr/>

Forward-looking Statements

This report contains forward-looking statements about T&D Holdings’ future revenue plan, strategy, philosophy, and earnings forecasts which involve factors of risk and uncertainty. Such statements are based on the Company’s current expectations which could cause actual results to differ materially from those described in the forward-looking statements. Factors which could influence the actual results include, but are not limited to, (I) general economic conditions, in particular, conditions in the life insurance market on which the T&D Life Group centers, (II) financial market trends, (III) levels and trends in mortality rate and morbidity rate, (IV) persistency

rate, (V) interest rate levels, (VI) fluctuation in currency exchange rates, (VII) other general competitive factors, (VIII) changes in laws and regulations, including the tax treatment of insurance premiums, and (IX) changes in the policies of the government and/or regulatory authorities. The Company, therefore, wishes to caution readers not to place undue reliance on these forward-looking statements. Furthermore, the Company undertakes no obligation to update any forward-looking statements as a result of new information, future events, or other developments.

Contact: T&D Holdings, Inc. Group Planning Department Investor Relations Division
Telephone: +81-(0)3-3272-6103