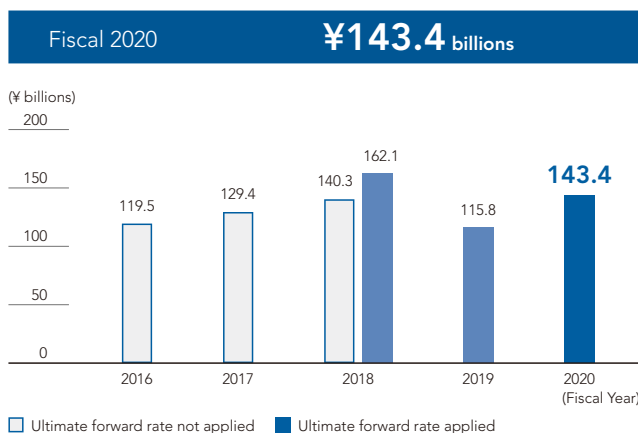


# Financial Highlights

In fiscal 2020, the new policy sales results exceeded our initial forecast despite the spread of COVID-19, increasing the value of new business from the previous fiscal year. The Group adjusted profit was higher than that in the previous fiscal year because of the strong performances of the three life insurance companies and the acquisition of equity stake in Fortitude.

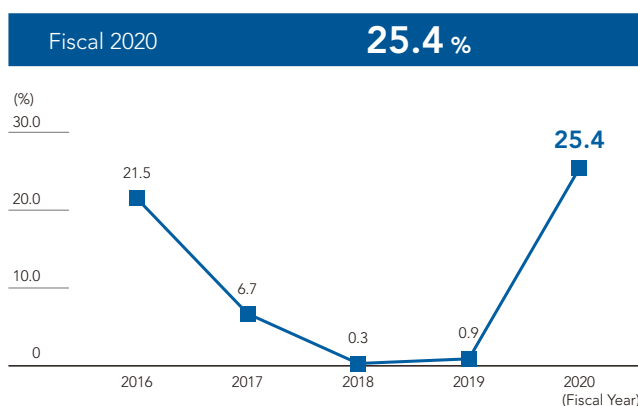
## Key Performance Indicators

### Value of New Business



In fiscal 2020, the value of new business increased by ¥27.6 billion from the previous fiscal year, to ¥143.4 billion, mainly due to the robust sales of Daido Life's *L-type Alpha*. For the three life insurance companies, the value of new business was ¥50.4 billion for Taiyo Life (compared with ¥49.3 billion in the previous fiscal year), ¥89.3 billion for Daido Life (¥72.4 billion) and ¥3.6 billion (negative ¥5.9 billion) for T&D Financial Life.

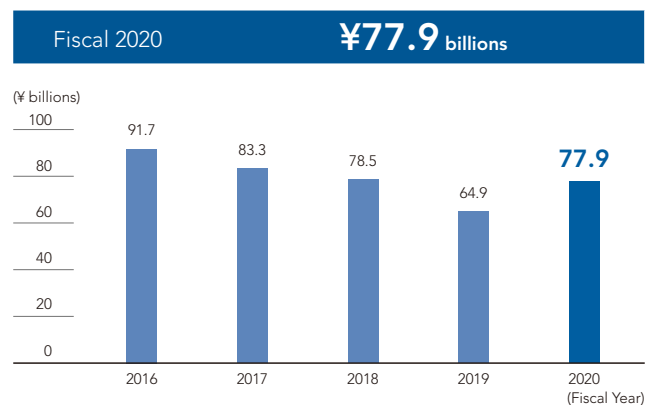
### ROEV\*



\* ROEV = Amount of EV increase (excluding increases or decreases in capital, etc.) ÷ Average EV balance (Group basis)  
Base excluding valuation gains/losses, etc. related to Fortitude  
Application of UFR from fiscal 2019.

Group MCEV excluding valuation gains/losses, etc. related to Fortitude at the end of March 2021 increased by ¥702.8 billion from the previous fiscal year-end, resulting in ROEV of 25.4%.

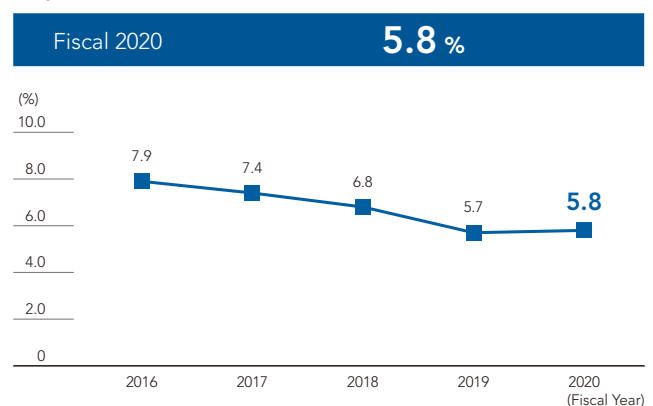
### Group Adjusted Profit\*



\* Group adjusted profit = net income ± valuation gains/losses caused by discrepancy of accounting treatment of assets and liabilities + additional internal reserves in excess of the legal standard requirements  
Adjusted net income was described until fiscal 2018.

In fiscal 2020, the Group adjusted profit increased by ¥12.9 billion from the previous fiscal year, to ¥77.9 billion, mainly due to the recognition of the amount of negative good will arising from making Fortitude an affiliated company and an increase in asset management gains and losses at Daido Life.

### Adjusted ROE\*

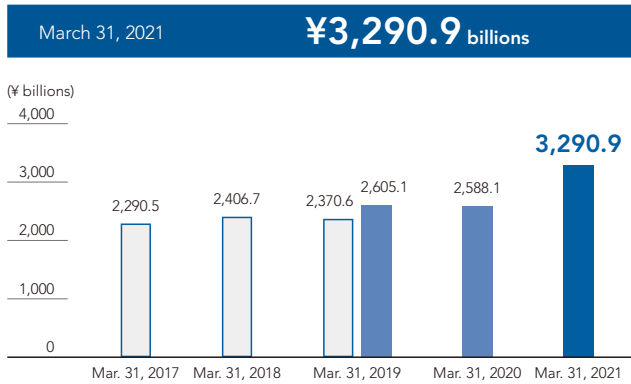


\* Adjusted ROE = Group adjusted profit / Average net asset balance  
Adjusted net income was described until fiscal 2018.

In recent years, Adjusted ROE has tended to drop due to a decrease in the Group adjusted profit; however, in fiscal 2020, it increased by 5.8% from the previous fiscal year because of an increase in the Group adjusted profit.

## Corporate Value

### Group MCEV



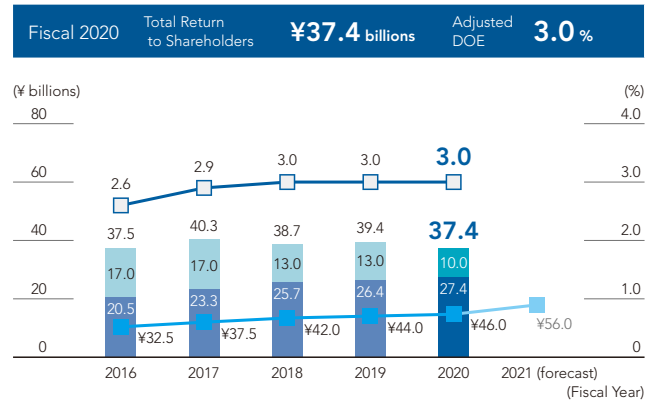
□ Ultimate forward rate not applied ■ Ultimate forward rate applied

\* Base excluding valuation gains/losses, etc. related to Fortitude

As of March 31, 2021, the Group MCEV was ¥3,290.9 billion, which represents an increase of ¥702.8 billion from the previous fiscal year-end. This was mainly due to an increase in long-term interest rates in Japan and rises in internal and external stock prices in addition to an accumulation of value of new business.

## Return to Shareholders

### Total Return to Shareholders + Adjusted DOE\*



■ Share buyback ■ Cash dividend ■ Dividend per share □ Adjusted DOE (right)

\* Adjusted DOE = Total dividend value/shareholders' equity (excluding valuation gains/losses caused by discrepancy of accounting treatment of assets and liabilities of Fortitude)

In fiscal 2020, the Company paid a cash dividend of ¥46.0 per share, which is an increase of ¥2 from the previous fiscal year, and represents an increase in dividends for six consecutive terms. In addition, the Company acquired the treasury shares of ¥10.0 billion and returned ¥37.4 billion in total to its shareholders.

## Consolidated Results of Operations

Group ordinary profit and net income for fiscal year 2020 is expected to decrease from the previous year. This is due to valuation losses caused by discrepancy of accounting treatment of assets and liabilities in Fortitude's results of January to March 2021, mainly as a result of increased interest rates in the U.S., and we are expecting an equity in losses of affiliates of approximately ¥57.0 billion.

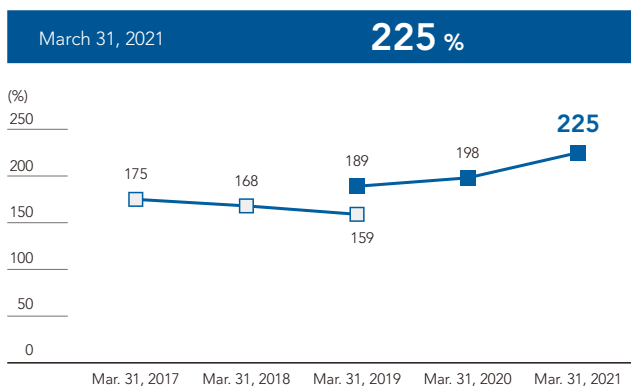
### Fiscal 2021 Full-year Earnings Forecasts\* [Consolidated and Three Life Insurance Companies]

	T&D Holdings		Taiyo Life		Daido Life		T&D Financial Life	
	Fiscal 2020 (actual)	Fiscal 2021 (forecasts)	Fiscal 2020 (actual)	Fiscal 2021 (forecasts)	Fiscal 2020 (actual)	Fiscal 2021 (forecasts)	Fiscal 2020 (actual)	Fiscal 2021 (forecasts)
Ordinary revenues	2,413.9	2,130.0	797.3	760.0	1,022.8	970.0	460.6	360.0
Ordinary profit	228.1	74.0	31.6	37.0	95.9	91.0	(2.9)	(1.0)
Net income	162.3	16.0	10.2	15.0	54.8	54.0	(2.7)	(1.0)
Income from insurance premiums			619.7	600.0	808.1	810.0	348.0	340.0
Core profit			52.7	48.0	111.6	92.0	(3.2)	(5.0)
Positive spread			29.5	33.0	30.9	23.0	(2.4)	(3.0)

\* Disclosed on May 14, 2021.

## Financial Soundness

### ESR



□ Ultimate forward rate not applied ■ Ultimate forward rate applied

The economic solvency ratio, which represents capital adequacy based on economic value, increased by 27 percentage points from the previous fiscal year-end to 225%, due to an increase in surplus, net assets based on economic value, mainly caused by rises in internal and external stock prices.

### Rating\* / Solvency Margin Ratio

	Rating Agencies			Solvency margin ratio
	Japan Credit Rating Agency, Ltd. (JCR)	Rating and Investment Information, Inc. (R&I)	Standard & Poor's (S&P)	
T&D Holdings	AA-	—	—	1,094.8%
Taiyo Life	AA-	AA-	A	852.8%
Daido Life	AA-	AA-	A	1,293.5%
T&D Financial Life	AA-	AA-	—	826.8%

Rating is as of January 20, 2021 Solvency margin ratio is as of March 31, 2021

\* Long-term issuer rating for T&D Holdings and insurance claims paying ability ratings for the three life insurance companies.

As of March 31, 2021, the solvency margin ratio was 1,094.8% on a consolidated basis, 852.8% for Taiyo Life, 1,293.5% for Daido Life and 826.8% for T&D Financial Life. They all indicate sufficient financial soundness.

# Non-financial Highlights

## Creating a workplace environment where employees reach their potential

The T&D Insurance Group has been promoting to nurture a corporate culture where diverse human resources can feel job satisfaction and reach their potential. Given that women represent the majority of the Group's employees, the active participation of female employees is recognized as a crucial management

priority. To this end, each Group company is introducing various support systems to enhance work-life balance. We are working to increase employment opportunities for people with disabilities by creating workplaces which are comfortable for them to work in.

Employee satisfaction survey results (FY2020) \* Five rated evaluation

<b>T&amp;D Holdings</b>	<b>Taiyo Life</b>
Overall satisfaction level	Overall satisfaction level
<b>3.84</b>	<b>3.61</b>
<b>Daido Life</b>	<b>T&amp;D Financial Life</b>
Overall satisfaction level	Overall satisfaction level
<b>3.75</b>	<b>3.55</b>

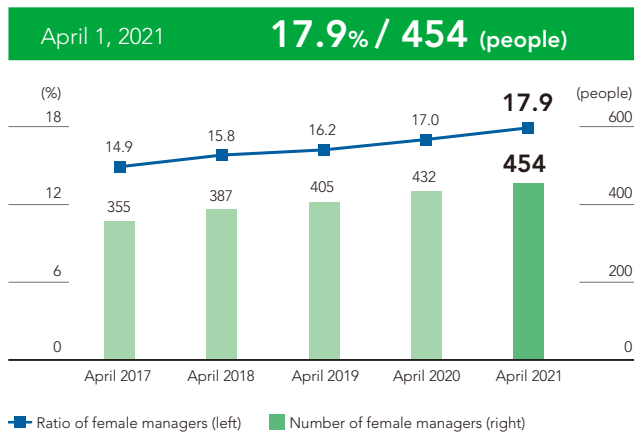
### Awards received for action on employee career formation



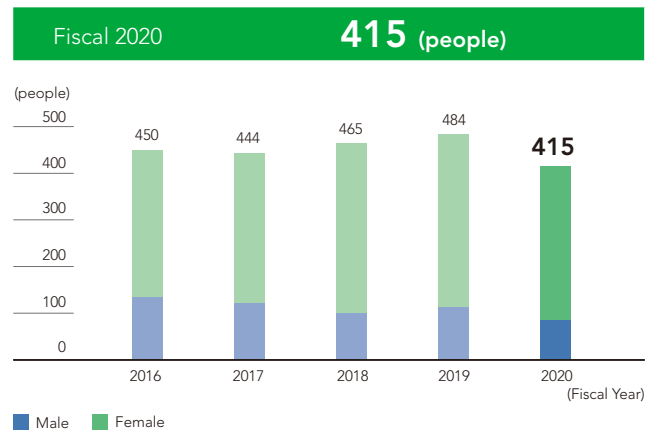
#### Award for excellence to T&D Holdings, 3rd Platinum Career Award

At the 3rd Platinum Career Award (held by Toyo Keizai Inc., supported by Ministry of Health, Labour and Welfare and Tokyo Stock Exchange), T&D Holdings, representing the companies of the T&D Insurance Group, won the Excellence Award for the third consecutive year, from among 1,019 entrant companies. Taiyo Life, Daido Life, and T&D Financial Life, the members of the T&D Insurance Group, have each earned praise for their efforts to continue to create an environment that encourages the personal growth of each of their employees.

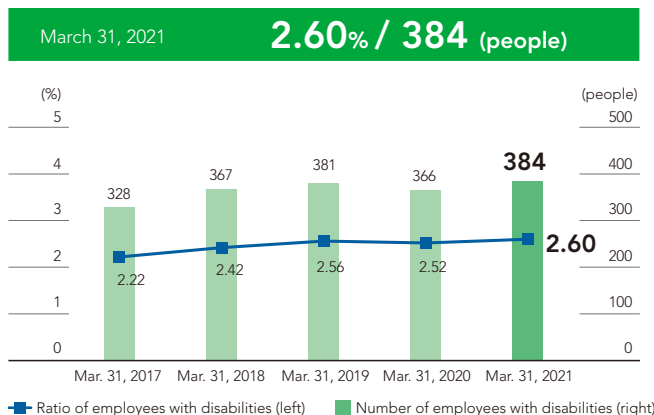
### Ratio/number of female managers



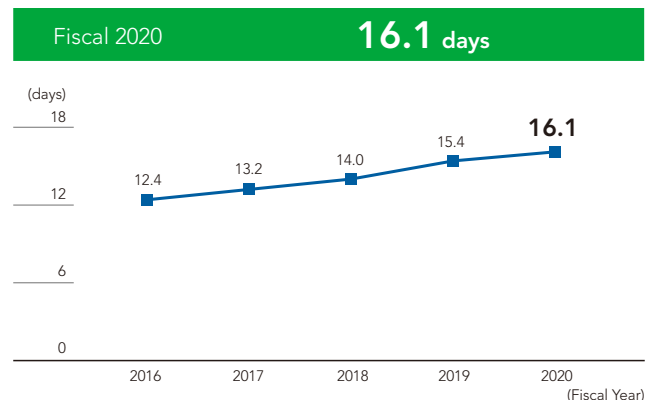
### Number of employees taking child care leave



### Ratio/number of employees with disabilities



### Average number of paid leave days taken



\* The above ratio of female managers, number of employees taking child care leave, ratio of employees with disabilities and average number of days of paid leave taken are for the total of three life insurance companies.

## Initiatives on customer-oriented services

The T&D Insurance Group emphasizes clarity for the customer and strives to provide services customers can trust.

### Main awards received for initiatives on customer service

#### Taiyo Life

- Received the UCDA 2020 "Supreme Excellence" Award and the "Another Voice" Award at the UCDA Award 2020, etc.

#### Daido Life

- Received the highest rank of "3 Star" for HDI-Japan's "Quality Service" as the first Japanese company to get a full score

#### T&D Financial Life

- Obtained certification from the UCDA for its *Shogai Premium Japan 5* pamphlet

The T&D Insurance Group takes "customer-oriented" as a shared Group-wide value, and has established the "T&D Insurance Group Basic Policy on Customer-oriented Business Operations." Each Group company is taking steps in accordance with such value.

Assessments of the policies of the three life insurance companies on customer-oriented operations (FY2020)

Taiyo Life	Daido Life	T&D Financial Life
Overall satisfaction level	Overall satisfaction level	Satisfaction level at the contract signing stage
<b>91.8%</b>	<b>82.3%</b>	<b>98.1%</b>

\* Survey implementation methods differ for each company.

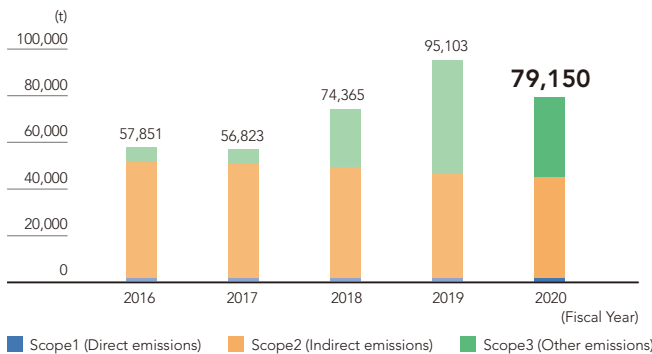


[https://www.td-holdings.co.jp/information/business\\_operations.html](https://www.td-holdings.co.jp/information/business_operations.html)  
(Japanese only)

## Environmental initiatives

The T&D Insurance Group has enacted "T&D Insurance Group Environmental Policy." Recognizing the environmental burden of resource or energy consumption and waste emissions, we are working toward reducing environmental impact by conserving energy or resources, recycling resources, and promoting green purchasing.

### CO<sub>2</sub> emissions volume

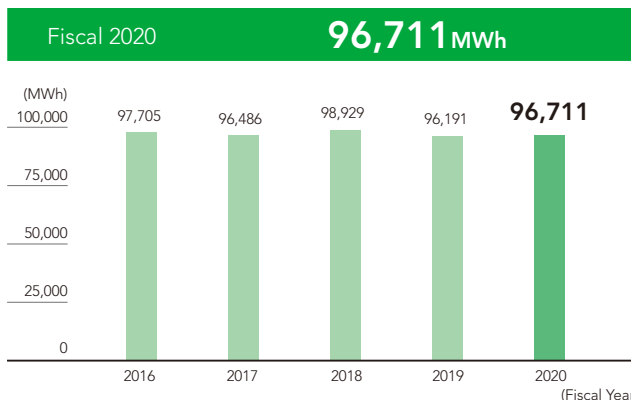


\* Emissions have greatly increased since fiscal 2018, because of the addition of categories 1, 2, and 7 to Scope 3.

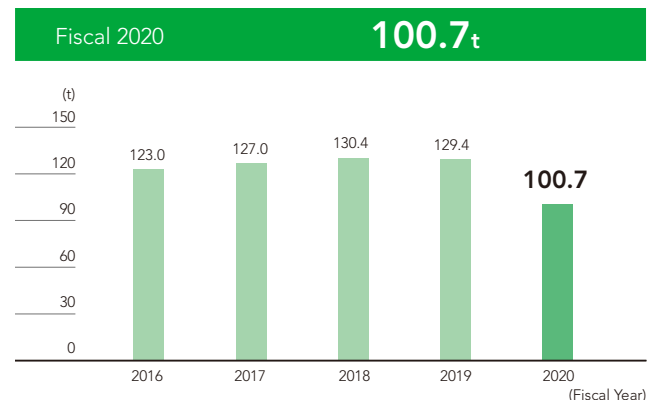
Climate change is an issue that the world should work together and deal with. The T&D Insurance Group has set to "help mitigate and adapt to climate change" as a sustainability priority theme and is working toward reducing environmental impact in its business activities.

As more than 90% of the CO<sub>2</sub> emissions (Scope 1 + 2) derives from electricity use at the Group, we have set targets for reducing electricity use, and are taking actions to cut our energy consumption and CO<sub>2</sub> emissions.

### Electricity consumption



### Office paper consumption



# Selected Financial Data

## T&D HOLDINGS

Years ended March 31	2017	2018	2019	2020	¥ millions 2021
<b>Statement of Operation Data:</b>					
<b>Ordinary revenues:</b>					
Income from insurance premiums	¥1,505,234	¥1,483,719	¥1,676,184	¥1,753,508	¥1,783,369
Investment income	402,709	372,753	393,901	369,419	453,706
Other ordinary income	67,838	71,813	70,076	75,001	73,963
Equity in earnings of affiliates	1	72	—	—	102,914
<b>Total ordinary revenues</b>	<b>1,975,784</b>	<b>1,928,359</b>	<b>2,140,162</b>	<b>2,197,928</b>	<b>2,413,953</b>
<b>Ordinary expenses:</b>					
Insurance claims and other payments	1,160,357	1,146,175	1,141,636	1,193,510	1,308,157
Provision for policy and other reserves	259,134	262,894	469,615	431,011	484,929
Investment expenses	130,277	96,288	112,285	164,819	110,235
Operating expenses	197,600	202,366	201,563	212,453	214,509
Other ordinary expenses	71,186	64,159	68,086	70,424	67,988
<b>Total ordinary expenses</b>	<b>1,818,556</b>	<b>1,771,884</b>	<b>1,993,213</b>	<b>2,072,506</b>	<b>2,185,820</b>
<b>Ordinary profit</b>	<b>157,227</b>	<b>156,475</b>	<b>146,949</b>	<b>125,422</b>	<b>228,132</b>
<b>Net extraordinary gains (losses)</b>	<b>(35,067)</b>	<b>(16,485)</b>	<b>(17,890)</b>	<b>(6,055)</b>	<b>(12,591)</b>
<b>Provision for reserve for policyholder dividends</b>	<b>25,374</b>	<b>30,331</b>	<b>27,144</b>	<b>21,883</b>	<b>24,429</b>
<b>Income before income taxes</b>	<b>96,786</b>	<b>109,657</b>	<b>101,915</b>	<b>97,483</b>	<b>191,111</b>
<b>Income taxes:</b>					
Current	33,316	34,106	32,383	31,768	28,969
Deferred	(11,895)	(2,044)	(3,316)	(1,425)	(1,065)
<b>Total income taxes</b>	<b>21,421</b>	<b>32,061</b>	<b>29,066</b>	<b>30,343</b>	<b>27,903</b>
<b>Profit attributable to non-controlling interests</b>	<b>177</b>	<b>19</b>	<b>22</b>	<b>36</b>	<b>890</b>
<b>Profit attributable to owners of parent</b>	<b>¥ 75,187</b>	<b>¥ 77,577</b>	<b>¥ 72,825</b>	<b>¥ 67,103</b>	<b>¥ 162,316</b>

As of March 31	2017	2018	2019	2020	¥ millions 2021
<b>Balance Sheet Data:</b>					
<b>Assets:</b>					
<b>Total assets</b>	<b>¥14,891,167</b>	<b>¥15,262,398</b>	<b>¥15,794,711</b>	<b>¥16,520,137</b>	<b>¥17,877,278</b>
<b>Liabilities:</b>					
Policy reserves	13,139,218	13,395,725	13,859,097	14,282,219	14,765,300
<b>Total liabilities</b>	<b>13,794,395</b>	<b>14,109,362</b>	<b>14,635,123</b>	<b>15,396,987</b>	<b>16,324,121</b>
<b>Net assets:</b>					
Total shareholders' equity	794,554	833,779	863,933	889,817	1,013,819
Total accumulated other comprehensive income	298,302	313,645	289,181	226,124	531,198
<b>Total net assets</b>	<b>¥ 1,096,772</b>	<b>¥ 1,153,036</b>	<b>¥ 1,159,588</b>	<b>¥ 1,123,149</b>	<b>¥ 1,553,157</b>

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

Years ended March 31	2017	2018	2019	2020	¥ millions 2021
<b>Policy Results *:</b>					
<b>Policy amount in force</b>	<b>¥64,612,813</b>	<b>¥66,010,749</b>	<b>¥69,264,639</b>	<b>¥67,362,978</b>	<b>¥65,638,037</b>
<b>New policy amount</b>	<b>7,441,437</b>	<b>7,273,000</b>	<b>9,985,762</b>	<b>4,711,892</b>	<b>4,220,821</b>
<b>Surrender and lapse amount</b>	<b>3,837,734</b>	<b>3,884,453</b>	<b>4,625,021</b>	<b>4,206,148</b>	<b>3,891,199</b>

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

<b>Other Data:</b>					
<b>Core profit</b>	<b>¥ 159,985</b>	<b>¥ 148,466</b>	<b>¥ 149,638</b>	<b>¥ 166,227</b>	<b>¥ 161,039</b>
<b>Group MCEV *</b>	<b>2,290,500</b>	<b>2,406,700</b>	<b>2,370,600</b>	<b>2,588,100</b>	<b>3,377,600</b>
<b>Consolidated solvency margin ratio</b>	<b>1,105.1%</b>	<b>1,061.8%</b>	<b>1,093.1%</b>	<b>1,107.0%</b>	<b>1,094.8%</b>

\* Group MCEV is shown in terms of hundreds of millions of yen. Based on Ultimate Forward Rate since fiscal 2019.

## TAIYO LIFE

Years ended March 31	2017	2018	2019	2020	2021
¥ millions					
<b>Statement of Operation Data:</b>					
<b>Ordinary revenues:</b>					
Income from insurance premiums	¥654,379	¥511,900	¥715,120	¥593,679	¥619,721
Investment income	228,058	189,495	190,444	196,911	165,283
Other ordinary income	15,517	37,319	12,044	11,947	12,296
<b>Total ordinary revenues</b>	<b>897,955</b>	<b>738,716</b>	<b>917,610</b>	<b>802,538</b>	<b>797,301</b>
<b>Ordinary expenses:</b>					
Insurance claims and other payments	535,387	522,746	521,457	542,912	569,480
Provision for policy and other reserves	99,991	885	183,693	43,421	46,414
Investment expenses	83,109	45,292	52,386	76,173	46,919
Operating expenses	77,189	76,698	76,730	75,077	76,509
Other ordinary expenses	35,635	30,301	29,147	28,171	26,371
<b>Total ordinary expenses</b>	<b>831,312</b>	<b>675,925</b>	<b>863,413</b>	<b>765,756</b>	<b>765,695</b>
<b>Ordinary profit</b>	<b>66,642</b>	<b>62,790</b>	<b>54,196</b>	<b>36,782</b>	<b>31,606</b>
<b>Net extraordinary gains (losses)</b>	<b>(18,995)</b>	<b>(4,254)</b>	<b>(5,370)</b>	<b>(1,594)</b>	<b>(4,592)</b>
<b>Provision for reserve for policyholder dividends</b>	<b>11,738</b>	<b>15,664</b>	<b>13,138</b>	<b>10,197</b>	<b>12,574</b>
<b>Income before income taxes</b>	<b>35,909</b>	<b>42,870</b>	<b>35,687</b>	<b>24,990</b>	<b>14,440</b>
<b>Income taxes:</b>					
Current	11,120	10,238	10,798	10,391	5,956
Deferred	(4,178)	2,151	(657)	(1,218)	(1,800)
<b>Total income taxes</b>	<b>6,941</b>	<b>12,390</b>	<b>10,140</b>	<b>9,172</b>	<b>4,156</b>
<b>Net income</b>	<b>¥ 28,967</b>	<b>¥ 30,480</b>	<b>¥ 25,547</b>	<b>¥ 15,817</b>	<b>¥ 10,284</b>

As of March 31	2017	2018	2019	2020	2021
¥ millions					
<b>Balance Sheet Data:</b>					
<b>Assets:</b>					
<b>Total assets</b>	<b>¥7,188,371</b>	<b>¥7,219,463</b>	<b>¥7,411,864</b>	<b>¥7,660,474</b>	<b>¥8,235,372</b>
<b>Liabilities:</b>					
Policy reserves	6,410,781	6,389,235	6,569,075	6,608,629	6,654,572
<b>Total liabilities</b>	<b>6,807,381</b>	<b>6,810,776</b>	<b>6,996,551</b>	<b>7,269,351</b>	<b>7,708,881</b>
<b>Net assets:</b>					
Total shareholders' equity	279,765	290,945	304,203	303,647	302,568
Total valuation and translation adjustment	101,224	117,742	111,109	87,476	223,923
<b>Total net assets</b>	<b>¥ 380,989</b>	<b>¥ 408,687</b>	<b>¥ 415,312</b>	<b>¥ 391,123</b>	<b>¥ 526,491</b>

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

Years ended March 31	2017	2018	2019	2020	2021
¥ millions					
<b>Policy Results *:</b>					
<b>Policy amount in force</b>	<b>¥21,741,191</b>	<b>¥21,154,486</b>	<b>¥19,945,620</b>	<b>¥18,023,246</b>	<b>¥16,278,405</b>
<b>New policy amount</b>	<b>2,084,818</b>	<b>1,686,796</b>	<b>1,196,690</b>	<b>540,573</b>	<b>243,585</b>
<b>Surrender and lapse amount</b>	<b>1,255,824</b>	<b>1,236,078</b>	<b>1,240,097</b>	<b>1,149,490</b>	<b>941,331</b>
<b>Surrender and lapse rate</b>	<b>5.71%</b>	<b>5.69%</b>	<b>5.86%</b>	<b>5.76%</b>	<b>5.22%</b>

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

<b>Other Data:</b>					
<b>Core profit</b>	<b>¥ 53,464</b>	<b>¥ 48,547</b>	<b>¥ 51,859</b>	<b>¥ 54,387</b>	<b>¥ 52,703</b>
<b>MCEV *</b>	<b>777,500</b>	<b>825,000</b>	<b>856,200</b>	<b>895,800</b>	<b>1,114,600</b>
<b>Solvency margin ratio</b>	<b>848.6%</b>	<b>835.1%</b>	<b>849.7%</b>	<b>805.5%</b>	<b>852.8%</b>
<b>Number of in-house sales representatives</b>	<b>8,902</b>	<b>8,942</b>	<b>8,440</b>	<b>8,071</b>	<b>8,473</b>

\* MCEV is shown in terms of hundreds of millions of yen. Based on Ultimate Forward Rate since fiscal 2019.

# Selected Financial Data

## DAIDO LIFE

Years ended March 31	2017	2018	2019	2020	2021
¥ millions					
<b>Statement of Operation Data:</b>					
<b>Ordinary revenues:</b>					
Income from insurance premiums	¥766,336	¥790,852	¥ 828,003	¥ 818,070	¥ 808,161
Investment income	154,066	171,830	191,065	165,137	185,876
Other ordinary income	24,029	25,387	26,492	31,916	28,796
<b>Total ordinary revenues</b>	<b>944,431</b>	<b>988,070</b>	<b>1,045,561</b>	<b>1,015,124</b>	<b>1,022,834</b>
<b>Ordinary expenses:</b>					
Insurance claims and other payments	484,881	496,329	510,573	522,146	511,604
Provision for policy and other reserves	204,770	232,739	259,032	214,775	221,616
Investment expenses	48,244	46,233	61,342	61,569	66,440
Operating expenses	103,099	103,602	103,883	107,649	106,644
Other ordinary expenses	20,739	19,767	21,458	22,826	20,622
<b>Total ordinary expenses</b>	<b>861,736</b>	<b>898,672</b>	<b>956,290</b>	<b>928,967</b>	<b>926,928</b>
<b>Ordinary profit</b>	<b>82,695</b>	<b>89,397</b>	<b>89,270</b>	<b>86,157</b>	<b>95,905</b>
<b>Net extraordinary gains (losses)</b>	<b>(12,450)</b>	<b>(11,698)</b>	<b>(11,956)</b>	<b>(3,703)</b>	<b>(7,123)</b>
<b>Provision for reserve for policyholder dividends</b>	<b>13,636</b>	<b>14,668</b>	<b>14,005</b>	<b>11,687</b>	<b>11,854</b>
<b>Income before income taxes</b>	<b>56,608</b>	<b>63,031</b>	<b>63,308</b>	<b>70,766</b>	<b>76,927</b>
<b>Income taxes:</b>					
Current	20,777	22,854	21,414	21,646	25,029
Deferred	(7,286)	(4,396)	(3,634)	(1,330)	(2,965)
<b>Total income taxes</b>	<b>13,491</b>	<b>18,458</b>	<b>17,779</b>	<b>20,315</b>	<b>22,064</b>
<b>Net income</b>	<b>¥ 43,116</b>	<b>¥ 44,572</b>	<b>¥ 45,528</b>	<b>¥ 50,450</b>	<b>¥ 54,863</b>

As of March 31	2017	2018	2019	2020	2021
¥ millions					
<b>Balance Sheet Data:</b>					
<b>Assets:</b>					
<b>Total assets</b>	<b>¥6,298,188</b>	<b>¥6,573,924</b>	<b>¥6,843,179</b>	<b>¥7,037,507</b>	<b>¥7,554,346</b>
<b>Liabilities:</b>					
Policy reserves	5,501,639	5,729,754	5,986,450	6,195,363	6,415,546
<b>Total liabilities</b>	<b>5,654,175</b>	<b>5,913,402</b>	<b>6,180,746</b>	<b>6,393,649</b>	<b>6,701,219</b>
<b>Net assets:</b>					
Total shareholders' equity	448,016	466,141	489,267	513,114	541,184
Total valuation and translation adjustment	195,996	194,380	173,165	130,743	311,942
<b>Total net assets</b>	<b>¥ 644,013</b>	<b>¥ 660,521</b>	<b>¥ 662,433</b>	<b>¥ 643,858</b>	<b>¥ 853,127</b>

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

Years ended March 31	2017	2018	2019	2020	2021
¥ millions					
<b>Policy Results *:</b>					
<b>Policy amount in force</b>	<b>¥40,992,241</b>	<b>¥42,803,504</b>	<b>¥47,146,055</b>	<b>¥46,947,214</b>	<b>¥46,656,071</b>
Individual term life insurance	34,772,475	34,724,011	35,305,536	34,688,890	34,301,814
<i>J-type product, T-type product, Kaigo Relief and Kaigo Teiki Hoken</i>	3,166,600	5,426,922	10,057,448	10,514,377	10,633,572
<b>New policy amount</b>	<b>5,121,169</b>	<b>5,231,498</b>	<b>8,474,888</b>	<b>3,724,420</b>	<b>3,550,612</b>
Individual term life insurance	4,088,485	2,944,065	4,128,641	2,460,009	2,474,808
<i>J-type product, T-type product, Kaigo Relief and Kaigo Teiki Hoken</i>	934,940	2,523,252	5,085,094	1,224,617	1,039,312
<b>Surrender and lapse amount</b>	<b>2,525,540</b>	<b>2,582,199</b>	<b>3,295,771</b>	<b>2,976,811</b>	<b>2,846,020</b>
<b>Surrender and lapse rate</b>	<b>6.44%</b>	<b>6.30%</b>	<b>7.70%</b>	<b>6.31%</b>	<b>6.06%</b>

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

### Other Data:

<b>Core profit</b>	<b>¥ 105,677</b>	<b>¥ 100,781</b>	<b>¥ 99,245</b>	<b>¥ 116,903</b>	<b>¥ 111,604</b>
<b>MCEV *</b>	<b>1,417,400</b>	<b>1,473,200</b>	<b>1,417,700</b>	<b>1,626,000</b>	<b>2,058,800</b>
<b>Solvency margin ratio</b>	<b>1,252.6%</b>	<b>1,206.2%</b>	<b>1,271.9%</b>	<b>1,335.3%</b>	<b>1,293.5%</b>
<b>Number of in-house sales representatives</b>	<b>3,843</b>	<b>3,714</b>	<b>3,786</b>	<b>3,746</b>	<b>3,766</b>
<b>Number of agents</b>	<b>13,878</b>	<b>13,992</b>	<b>14,132</b>	<b>14,413</b>	<b>14,775</b>

\* MCEV is shown in terms of hundreds of millions of yen. Based on Ultimate Forward Rate since fiscal 2019.

## T&D FINANCIAL LIFE

Years ended March 31	2017	2018	2019	2020	¥ millions 2021
<b>Statement of Operation Data:</b>					
<b>Ordinary revenues:</b>					
Income from insurance premiums	¥ 80,918	¥176,474	¥127,853	¥335,910	¥348,020
Investment income	23,041	12,982	17,221	11,924	106,851
Other ordinary income	51,874	7,036	5,683	6,660	5,789
<b>Total ordinary revenues</b>	<b>155,834</b>	<b>196,492</b>	<b>150,758</b>	<b>354,495</b>	<b>460,661</b>
<b>Ordinary expenses:</b>					
Insurance claims and other payments	138,311	124,953	106,894	125,135	222,904
Provision for policy and other reserves	0	50,164	26,791	174,312	216,631
Investment expenses	213	4,888	1,941	30,117	127
Operating expenses	9,745	12,349	11,453	19,373	20,216
Other ordinary expenses	1,363	1,592	1,612	3,309	3,727
<b>Total ordinary expenses</b>	<b>149,634</b>	<b>193,948</b>	<b>148,694</b>	<b>352,249</b>	<b>463,608</b>
<b>Ordinary Profit (loss)</b>	<b>6,199</b>	<b>2,543</b>	<b>2,064</b>	<b>2,246</b>	<b>(2,947)</b>
<b>Net extraordinary gains (losses)</b>	<b>(3,612)</b>	<b>(461)</b>	<b>(552)</b>	<b>(756)</b>	<b>(868)</b>
<b>Provision for (Reversal of) reserve for policyholder dividends</b>	<b>(1)</b>	<b>(1)</b>	<b>0</b>	<b>(0)</b>	<b>0</b>
<b>Income (loss) before income loss</b>	<b>2,587</b>	<b>2,083</b>	<b>1,511</b>	<b>1,490</b>	<b>(3,816)</b>
<b>Income taxes:</b>					
Current	874	199	(456)	(754)	(2,212)
Deferred	(427)	295	956	1,178	1,180
<b>Total income taxes</b>	<b>446</b>	<b>494</b>	<b>500</b>	<b>424</b>	<b>(1,031)</b>
<b>Net income (loss)</b>	<b>¥ 2,141</b>	<b>¥ 1,588</b>	<b>¥ 1,011</b>	<b>¥ 1,065</b>	<b>¥ (2,784)</b>

As of March 31	2017	2018	2019	2020	¥ millions 2021
<b>Balance Sheet Data:</b>					
<b>Assets:</b>					
<b>Total assets</b>	<b>¥1,313,747</b>	<b>¥1,365,878</b>	<b>¥1,438,819</b>	<b>¥1,645,401</b>	<b>¥1,850,918</b>
<b>Liabilities:</b>					
Policy reserves	1,224,914	1,274,376	1,300,935	1,475,204	1,691,538
<b>Total liabilities</b>	<b>1,242,846</b>	<b>1,292,955</b>	<b>1,361,498</b>	<b>1,564,466</b>	<b>1,782,638</b>
<b>Net assets:</b>					
Total shareholders' equity	70,027	71,616	72,627	73,693	70,909
Total valuation and translation adjustment	874	1,306	4,693	7,240	(2,628)
<b>Total net assets</b>	<b>¥ 70,901</b>	<b>¥ 72,922</b>	<b>¥ 77,321</b>	<b>¥ 80,934</b>	<b>¥ 68,280</b>

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

Years ended March 31	2017	2018	2019	2020	¥ millions 2021
<b>Policy Results *:</b>					
<b>Policy amount in force</b>	<b>¥1,879,380</b>	<b>¥2,052,758</b>	<b>¥2,172,963</b>	<b>¥2,392,518</b>	<b>¥2,703,559</b>
Sales through independent insurance agents	1,280,606	1,506,435	1,676,228	1,936,200	2,283,802
<b>New policy amount</b>	<b>235,449</b>	<b>354,705</b>	<b>314,183</b>	<b>446,898</b>	<b>426,624</b>
<b>Surrender and lapse amount</b>	<b>56,368</b>	<b>66,174</b>	<b>89,152</b>	<b>79,846</b>	<b>103,847</b>
<b>Surrender and lapse rate</b>	<b>3.12%</b>	<b>3.52%</b>	<b>4.34%</b>	<b>3.67%</b>	<b>4.34%</b>

\* The total of individual insurance and individual annuities.

<b>Other Data:</b>					
<b>Core profit (loss)</b>	<b>¥ 843</b>	<b>¥ (863)</b>	<b>¥ (1,466)</b>	<b>¥ (5,063)</b>	<b>¥ (3,268)</b>
<b>MCEV *</b>	<b>97,400</b>	<b>102,600</b>	<b>98,500</b>	<b>66,500</b>	<b>108,100</b>
<b>Solvency margin ratio</b>	<b>1,295.6%</b>	<b>1,258.3%</b>	<b>1,101.7%</b>	<b>1,033.6%</b>	<b>826.8%</b>

\* MCEV is shown in terms of hundreds of millions of yen. Based on Ultimate Forward Rate since fiscal 2019.



# Consolidated Financial Statements

## Consolidated Balance Sheet

As of March 31,		¥ millions	US\$ thousands
	2020	2021	2021
<b>Assets:</b>			
Cash and deposits	¥ 861,770	¥ 1,020,246	\$ 9,215,490
Call loans	35,669	40,737	367,961
Monetary claims purchased	135,313	181,191	1,636,628
Monetary trusts	970,622	1,139,054	10,288,631
Securities (Notes 8, 13 and 14)	12,021,505	13,032,746	117,719,690
Loans (Notes 3 and 7)	1,697,539	1,734,678	15,668,668
Tangible fixed assets (Note 4)	380,633	375,516	3,391,896
Land (Note 2 (13))	214,604	212,109	1,915,900
Buildings	158,460	155,906	1,408,240
Lease assets	1,232	908	8,203
Construction in progress	1,737	2,244	20,275
Other tangible fixed assets	4,597	4,348	39,275
Intangible fixed assets	30,789	32,972	297,825
Software	29,447	31,728	286,594
Lease assets	172	82	741
Other intangible fixed assets	1,169	1,161	10,489
Due from agencies	666	685	6,187
Due from reinsurers	12,310	21,024	189,906
Other assets (Note 14)	297,373	299,993	2,709,721
Net defined benefit asset	—	1,851	16,722
Deferred tax assets	78,022	293	2,652
Reserve for possible loan losses	(2,079)	(3,713)	(33,538)
<b>Total assets</b>	<b>¥16,520,137</b>	<b>¥17,877,278</b>	<b>\$161,478,444</b>

As of March 31,	2020	¥ millions 2021	US\$ thousands 2021
<b>Liabilities:</b>			
Policy reserves	¥14,282,219	<b>¥14,765,300</b>	<b>\$133,369,163</b>
Reserve for outstanding claims	67,765	<b>70,753</b>	<b>639,090</b>
Policy reserve	14,137,872	<b>14,619,797</b>	<b>132,054,896</b>
Reserve for policyholder dividends (Note 6)	76,581	<b>74,748</b>	<b>675,176</b>
Due to agencies	1,136	<b>2,728</b>	<b>24,645</b>
Due to reinsurers	7,462	<b>12,103</b>	<b>109,327</b>
Short-term debentures	5,999	<b>5,999</b>	<b>54,193</b>
Bonds (Note 9)	187,005	<b>157,000</b>	<b>1,418,119</b>
Other liabilities (Notes 10 and 14)	615,062	<b>1,041,612</b>	<b>9,408,472</b>
Provision for bonuses to directors and audit & supervisory board members	281	<b>294</b>	<b>2,660</b>
Provision for share-based remuneration	633	<b>898</b>	<b>8,115</b>
Net defined benefit liability	49,156	<b>45,764</b>	<b>413,370</b>
Provision for directors' and audit & supervisory board members' retirement benefits	59	<b>67</b>	<b>612</b>
Reserves under the special laws	243,014	<b>251,386</b>	<b>2,270,673</b>
Reserve for price fluctuations	243,014	<b>251,386</b>	<b>2,270,673</b>
Deferred tax liabilities	56	<b>36,460</b>	<b>329,329</b>
Deferred tax liabilities on land revaluation (Note 2 (13))	4,899	<b>4,505</b>	<b>40,697</b>
<b>Total liabilities</b>	<b>15,396,987</b>	<b>16,324,121</b>	<b>147,449,381</b>
<b>Net assets:</b>			
Capital stock	207,111	<b>207,111</b>	<b>1,870,760</b>
Capital surplus	125,316	<b>125,260</b>	<b>1,131,430</b>
Retained earnings	603,589	<b>740,329</b>	<b>6,687,106</b>
Treasury shares	(46,200)	<b>(58,882)</b>	<b>(531,861)</b>
<b>Total shareholders' equity</b>	<b>889,817</b>	<b>1,013,819</b>	<b>9,157,436</b>
Valuation difference on available-for-sale securities	262,593	<b>574,871</b>	<b>5,192,585</b>
Deferred gains (losses) on hedging instruments	(2,381)	<b>(2,681)</b>	<b>(24,218)</b>
Land revaluation (Note 2 (13))	(34,125)	<b>(35,018)</b>	<b>(316,304)</b>
Foreign currency translation adjustments	37	<b>(5,972)</b>	<b>(53,951)</b>
<b>Total accumulated other comprehensive income</b>	<b>226,124</b>	<b>531,198</b>	<b>4,798,110</b>
Subscription rights to shares	876	<b>689</b>	<b>6,226</b>
Non-controlling interests	6,332	<b>7,449</b>	<b>67,288</b>
<b>Total net assets</b>	<b>1,123,149</b>	<b>1,553,157</b>	<b>14,029,062</b>
<b>Total liabilities and net assets</b>	<b>¥16,520,137</b>	<b>¥17,877,278</b>	<b>\$161,478,444</b>

See notes to consolidated financial statements.

## Consolidated Statement of Operation

Years ended March 31,	2020	¥ millions	US\$ thousands
		2021	2021
<b>Ordinary revenues</b>	¥2,197,928	<b>¥2,413,953</b>	<b>\$21,804,292</b>
Income from insurance premiums	1,753,508	<b>1,783,369</b>	<b>16,108,472</b>
Investment income	369,419	<b>453,706</b>	<b>4,098,148</b>
Interest, dividends and income from real estate for rent	299,763	<b>289,927</b>	<b>2,618,800</b>
Gains from monetary trusts, net	—	<b>83,616</b>	<b>755,279</b>
Gains on sales of securities	67,162	<b>42,753</b>	<b>386,172</b>
Gains on redemption of securities	—	<b>215</b>	<b>1,944</b>
Foreign exchange gains, net	—	<b>25,522</b>	<b>230,531</b>
Other investment income	2,492	<b>4,283</b>	<b>38,690</b>
Gains on separate accounts, net	—	<b>7,387</b>	<b>66,729</b>
Other ordinary income	75,001	<b>73,963</b>	<b>668,087</b>
Equity in earnings of affiliates	—	<b>102,914</b>	<b>929,584</b>
<b>Ordinary expenses</b>	2,072,506	<b>2,185,820</b>	<b>19,743,662</b>
Insurance claims and other payments	1,193,510	<b>1,308,157</b>	<b>11,816,071</b>
Insurance claims	363,062	<b>401,726</b>	<b>3,628,635</b>
Annuity payments	273,580	<b>261,437</b>	<b>2,361,458</b>
Insurance benefits	150,066	<b>146,572</b>	<b>1,323,933</b>
Surrender payments	339,448	<b>365,062</b>	<b>3,297,467</b>
Other payments	67,352	<b>133,358</b>	<b>1,204,576</b>
Provision for policy and other reserves	431,011	<b>484,929</b>	<b>4,380,181</b>
Provision for reserve for outstanding claims	—	<b>2,987</b>	<b>26,987</b>
Provision for policy reserve	430,993	<b>481,925</b>	<b>4,353,043</b>
Interest portion of reserve for policyholder dividends	18	<b>16</b>	<b>150</b>
Investment expenses	164,819	<b>110,235</b>	<b>995,713</b>
Interest expenses	1,027	<b>1,553</b>	<b>14,034</b>
Losses from monetary trusts, net	21,386	—	—
Losses on investments in trading securities, net	257	<b>95</b>	<b>859</b>
Losses on sales of securities	27,507	<b>33,139</b>	<b>299,336</b>
Devaluation losses on securities	14,880	<b>5,635</b>	<b>50,905</b>
Losses from derivatives, net	58,172	<b>44,311</b>	<b>400,247</b>
Foreign Exchange losses, net	17,343	—	—
Provision for reserve for possible loan losses	481	<b>1,634</b>	<b>14,767</b>
Write-off of loans	34	<b>5</b>	<b>50</b>
Depreciation of real estate for rent	6,149	<b>6,530</b>	<b>58,986</b>
Other investment expenses	17,020	<b>17,328</b>	<b>156,525</b>
Losses on separate accounts, net	557	—	—
Operating expenses	212,453	<b>214,509</b>	<b>1,937,579</b>
Other ordinary expenses	70,424	<b>67,988</b>	<b>614,115</b>
Equity in losses of affiliates	287	—	—
<b>Ordinary profit</b>	¥ 125,422	<b>¥ 228,132</b>	<b>\$ 2,060,630</b>

(continued)

Years ended March 31,	2020	¥ millions	US\$ thousands
		2021	2021
<b>Extraordinary gains</b>	¥ 4,038	¥ 1,708	\$ 15,430
Gains on disposal of fixed assets	3,392	1,187	10,723
State subsidy	646	490	4,426
Other extraordinary gains	—	31	280
<b>Extraordinary losses</b>	10,093	14,300	129,166
Losses on disposal of fixed assets	672	827	7,477
Impairment losses (Note 16)	803	2,915	26,336
Provision for reserve for price fluctuations	7,916	8,371	75,618
Losses from COVID-19	—	1,695	15,315
Other extraordinary losses	701	489	4,419
<b>Provision for reserve for policyholder dividends</b>	21,883	24,429	220,659
<b>Income before income taxes</b>	97,483	191,111	1,726,235
Income taxes (current)	31,768	28,969	261,671
Income taxes (deferred)	(1,425)	(1,065)	(9,625)
<b>Total income taxes</b>	30,343	27,903	252,045
<b>Profit</b>	67,139	163,207	1,474,189
<b>Profit attributable to non-controlling interests</b>	36	890	8,045
<b>Profit attributable to owners of parent</b>	¥ 67,103	¥162,316	\$1,466,144

## Consolidated Statement of Comprehensive Income

Years ended March 31,	2020	¥ millions	US\$ thousands
		2021	2021
<b>Profit</b>	¥ 67,139	¥163,207	\$1,474,189
<b>Other comprehensive income:</b>			
Valuation difference on available-for-sale securities	(65,424)	309,551	2,796,054
Deferred gains (losses) on hedging instruments	606	(300)	(2,710)
Foreign currency translation adjustments	0	1	15
Share of other comprehensive income of associates accounted for using the equity method	19	(3,037)	(27,440)
<b>Total other comprehensive income (Note 17)</b>	(64,798)	306,214	2,765,918
<b>Comprehensive income</b>	¥2,341	¥469,422	\$4,240,108
(Breakdown)			
Comprehensive income attributable to owners of parent	2,301	468,283	4,229,823
Comprehensive income attributable to non-controlling interests	39	1,138	10,285

See notes to consolidated financial statements.

## Consolidated Statement of Changes in Net Assets

¥ millions

Year ended March 31, 2020	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	¥156,740	¥564,944	¥(64,863)	¥863,933	¥328,020	¥(2,987)	¥(35,869)	¥18	¥289,181	¥1,081	¥5,391	¥1,159,588	
Changes in the period														
Dividends			(26,714)		(26,714)								(26,714)	
Profit attributable to owners of parent			67,103		67,103								67,103	
Purchase of treasury shares				(13,014)	(13,014)								(13,014)	
Disposal of treasury shares		(60)		313	252								252	
Retirement of treasury shares		(31,363)		31,363	—								—	
Reversal of land revaluation			(1,743)		(1,743)								(1,743)	
Net changes of items other than shareholders' equity						(65,426)	606	1,743	18	(63,057)	(204)	940	(62,322)	
Total changes in the period	—	(31,424)	38,645	18,663	25,883	(65,426)	606	1,743	18	(63,057)	(204)	940	(36,438)	
Balance at the end of the year	¥207,111	¥125,316	¥603,589	¥(46,200)	¥889,817	¥262,593	¥(2,381)	¥(34,125)	¥37	¥226,124	¥ 876	¥6,332	¥1,123,149	

¥ millions

Year ended March 31, 2021	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	¥125,316	¥603,589	¥(46,200)	¥889,817	¥262,593	¥(2,381)	¥(34,125)	¥37	¥226,124	¥ 876	¥6,332	¥1,123,149	
Changes in the period														
Dividends			(26,469)		(26,469)								(26,469)	
Profit attributable to owners of parent			162,316		162,316								162,316	
Purchase of treasury shares				(13,013)	(13,013)								(13,013)	
Disposal of treasury shares		(55)		331	275								275	
Reversal of land revaluation			892		892								892	
Net changes of items other than shareholders' equity						312,277	(300)	(892)	(6,010)	305,074	(187)	1,117	306,004	
Total changes in the period	—	(55)	136,739	(12,682)	124,002	312,277	(300)	(892)	(6,010)	305,074	(187)	1,117	430,007	
Balance at the end of the year	¥207,111	¥125,260	¥740,329	¥(58,882)	¥1,013,819	¥574,871	¥(2,681)	¥(35,018)	¥(5,972)	¥531,198	¥ 689	¥7,449	¥1,553,157	

US\$ thousands

Year ended March 31, 2021	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	\$1,870,760	\$1,131,930	\$5,451,988	\$(417,309)	\$8,037,370	\$2,371,905	\$(21,507)	\$(308,245)	\$ 338	\$2,042,490	\$ 7,916	\$57,196	\$10,144,973
Changes in the period													
Dividends			(239,084)		(239,084)								(239,084)
Profit attributable to owners of parent			1,466,144		1,466,144								1,466,144
Purchase of treasury shares				(117,544)	(117,544)								(117,544)
Disposal of treasury shares		(500)		2,992	2,492								2,492
Reversal of land revaluation			8,058		8,058								8,058
Net changes of items other than shareholders' equity						2,820,679	(2,710)	(8,058)	(54,290)	2,755,620	(1,689)	10,092	2,764,022
Total changes in the period	—	(500)	1,235,118	(114,552)	1,120,066	2,820,679	(2,710)	(8,058)	(54,290)	2,755,620	(1,689)	10,092	3,884,089
Balance at the end of the year	\$1,870,760	\$1,131,430	\$6,687,106	\$(531,861)	\$9,157,436	\$5,192,585	\$(24,218)	\$(316,304)	\$(53,951)	\$4,798,110	\$ 6,226	\$67,288	\$14,029,062

See notes to consolidated financial statements.

## Consolidated Statement of Cash Flows

Years ended March 31,		¥ millions	US\$ thousands
	2020	2021	2021
<b>Cash flows from operating activities:</b>			
Income before income taxes	¥ 97,483	¥ 191,111	\$ 1,726,235
Depreciation of real estate for rent	6,149	6,530	58,986
Depreciation	12,497	13,311	120,237
Impairment losses	803	2,915	26,336
Increase (decrease) in reserve for outstanding claims	(1,788)	2,987	26,987
Increase (decrease) in policy reserve	430,993	481,925	4,353,043
Interest portion of reserve for policyholder dividends	18	16	150
Provision for reserve for (reversal of) policyholder dividends	21,883	24,429	220,659
Increase (decrease) in reserve for possible loan losses	479	1,634	14,759
Increase (decrease) in provision for bonuses to directors and audit & supervisory board members	7	12	115
Increase (decrease) in provision for share-based remuneration	297	264	2,389
Decrease (increase) in net defined benefit asset	—	(1,851)	(16,722)
Increase (decrease) in net defined benefit liability	(1,882)	(3,391)	(30,637)
Increase (decrease) in provision for directors' and audit & supervisory board members' retirement benefits	(6)	8	78
Increase (decrease) in reserve for price fluctuations	7,916	8,371	75,618
Interest, dividends and income from real estate for rent	(299,763)	(289,927)	(2,618,800)
Losses (gains) on investment securities	(23,959)	(11,485)	(103,745)
Interest expenses	1,027	1,553	14,034
Foreign exchange losses (gains), net	15,066	(29,976)	(270,761)
Losses (gains) on disposal of tangible fixed assets	(2,207)	(282)	(2,549)
Equity in losses (earnings) of affiliates	287	(102,914)	(929,584)
Decrease (increase) in amount due from agencies	25	(18)	(165)
Decrease (increase) in amount due from reinsurers	(10,029)	(8,001)	(72,277)
Decrease (increase) in other assets (excluding investment activities-related and financing activities-related)	(9,323)	(9,942)	(89,804)
Increase (decrease) in amount due to agencies	727	1,592	14,380
Increase (decrease) in amount due to reinsurers	6,029	4,641	41,922
Increase (decrease) in other liabilities (excluding investment activities-related and financing activities-related)	(2,048)	3,895	35,188
Others, net	94,251	(26,100)	(235,752)
<b>Subtotal</b>	<b>344,934</b>	<b>261,311</b>	<b>2,360,322</b>
Interest, dividends and income from real estate for rent received	308,195	295,406	2,668,295
Interest paid	(927)	(1,562)	(14,109)
Policyholder dividends	(28,009)	(26,273)	(237,321)
Others, net	2,108	(1,568)	(14,171)
Income taxes paid	(35,205)	(26,827)	(242,322)
<b>Net cash provided by (used in) operating activities</b>	<b>¥ 591,097</b>	<b>¥ 500,485</b>	<b>\$ 4,520,692</b>

(continued)

Years ended March 31,	2020	¥ millions	US\$ thousands
		2021	2021
<b>Cash flows from investing activities:</b>			
Net decrease (increase) in cash and deposits	¥ (5,300)	¥ (27,100)	\$ (244,783)
Investments in monetary claims purchased	(29,523)	(22,933)	(207,152)
Proceeds from sales and redemption of monetary claims purchased	15,585	10,772	97,301
Investments in monetary trusts	(255,989)	(137,439)	(1,241,434)
Proceeds from monetary trusts	34,800	37,099	335,107
Purchase of securities	(1,984,103)	(1,898,524)	(17,148,631)
Proceeds from sales and redemption of securities	1,443,996	1,594,431	14,401,873
Investments in loans	(367,123)	(364,988)	(3,296,795)
Collection of loans	335,345	344,196	3,108,996
Others, net	271,496	211,470	1,910,128
Subtotal	(540,816)	(253,015)	(2,285,390)
Total of net cash provided by (used in) operating activities and investment transactions as above	50,280	247,470	2,235,302
Purchase of tangible fixed assets	(23,836)	(11,082)	(100,103)
Proceeds from disposal of tangible fixed assets	4,732	2,732	24,684
Others, net	(214)	(98)	(891)
<b>Net cash provided by (used in) investing activities</b>	<b>(560,134)</b>	<b>(261,463)</b>	<b>(2,361,700)</b>
<b>Cash flows from financing activities:</b>			
Net increase (decrease) in short-term debenture	(0)	0	3
Proceeds from issuance of debt	15,430	11,200	101,165
Repayments of debt	(12,117)	(13,236)	(119,556)
Proceeds from issuance of bonds	70,000	—	—
Redemption of bonds	—	(30,000)	(270,978)
Proceeds from share issuance to non-controlling shareholders	1,024	1,215	10,976
Repayments to non-controlling shareholders	(79)	(1,193)	(10,780)
Payment of lease obligations	(685)	(669)	(6,051)
Purchase of treasury shares	(13,014)	(13,013)	(117,544)
Proceeds from disposal of treasury shares	9	24	222
Dividends paid	(26,629)	(26,409)	(238,546)
Dividends paid to non-controlling interests	(44)	(43)	(388)
Others, net	0	0	1
<b>Net cash provided by (used in) financing activities</b>	<b>33,893</b>	<b>(72,125)</b>	<b>(651,477)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(973)</b>	<b>728</b>	<b>6,580</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>63,882</b>	<b>167,625</b>	<b>1,514,094</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>854,057</b>	<b>917,940</b>	<b>8,291,392</b>
<b>Cash and cash equivalents at the end of the year (Note 19)</b>	<b>¥ 917,940</b>	<b>¥ 1,085,565</b>	<b>\$ 9,805,487</b>

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 Insurance 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 = 110.71 Japanese yen, which was the approximate rate prevailing at the end of March, 2021. 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: 19  
Names of main consolidated subsidiaries are stated in "Group Companies" of the Integrated Report.  
Taiyo Life Aging Society Institute was established by Taiyo Life in the consolidated fiscal year ended March 31, 2021. It is included in the scope of consolidated subsidiaries.
  - (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: 6  
The affiliates accounted for under the equity method are Alternative Investment Capital Limited, Thuriya Ace Technology Co., Ltd., Capital Taiyo Life Insurance, Ltd., Fortitude Group Holdings, LLC, Fortitude Reinsurance Company Ltd. and one other company.  
Since T&D United Capital Co., Ltd. acquired equity interest of Fortitude Group Holdings, LLC in the consolidated fiscal year ended March 31, 2021, Fortitude Group Holdings, LLC and Fortitude Reinsurance Company Ltd., a wholly owned subsidiary of Fortitude Group Holdings, LLC, are included in affiliated companies over which the equity method is applied.
  - (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. In addition, for some of the companies accounted for under the equity method, financial statements, based on provisional settlement of accounts implemented on other record date, 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
    - Fair 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 fair 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 deemed extremely difficult to determine 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 fair 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 designation type single-premium individual annuity insurance, non-participating currency designation type special endowment insurance with living benefit, etc. in the general asset segment
  - All non-participating currency specific-type single-premium individual annuity insurance policies and non-participating currency designation type special endowment insurance with living benefit 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
  - All insurance policies in the variable interest rate type single-premium insurance asset segment

[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

[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 fair value method.

#### (5) 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 ¥365 million and ¥359 million [\$3,246 thousand] for the years ended March 31, 2020 and 2021, 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.

#### (6) 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.

#### (7) Policy reserve

To prepare for future performance of obligations under insurance policies for which contractual liability have commenced before the fiscal year end, policy reserve is provided by the Three Life Insurance Companies at the amount calculated in accordance with methodologies stipulated in the statement of calculation procedures for insurance premiums and policy reserve (Article 4, Paragraph 2, Item 4 of the Insurance Business Act) based on Article 116, Paragraph 1 of the Insurance Business Act.

Of policy reserve, premium reserve is calculated based on the following methodologies:

- 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

Based on Article 121, Paragraph 1 of the Insurance Business Act and Article 80 of the Ordinance for Enforcement of the Insurance Business Act, policy reserve is reviewed by an appointed actuary whether the policy reserve is properly provided as of the fiscal year end.

Of policy reserve, contingency reserve is provided at the

amount calculated for covering risks which may accrue in the future, so as to secure performance of the future obligations under the insurance policies, based on Article 116 of the Insurance Business Act and Article 69, Paragraph 1, Item 3 of the Ordinance for Enforcement of the Insurance Business Act.

#### **(8) Provision for bonuses to directors and audit & supervisory board members**

To provide for payment of bonuses to directors and audit & supervisory board members, a provision 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, 2021.

#### **(9) Provision for share-based remuneration**

To provide for delivery of stock of the Company to directors and audit & supervisory board members, the estimated amount of share benefit obligations based on the internal rules of the Company and Three Life Insurance Companies is recorded in provision for share-based remuneration.

#### **(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, 2021.

#### **(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 depreciable 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 (Act No. 119 of 1998), 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, expenses of the nonlife insurance subsidiary such as loss adjustment expenses, sales and administrative expenses, etc. are treated based on the tax inclusion method. Furthermore, 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) Application of consolidated taxation system**

The consolidated tax payment system is applied to the Company and some of its consolidated subsidiaries, with the Company as the consolidated taxpayer parent company.

**(18) Application of tax effect accounting for transition from consolidated taxation system to group tax sharing system**

The Company and some of its consolidated subsidiaries have calculated the amount of deferred tax assets and deferred tax liabilities according to the tax acts before amended based on the treatment of Paragraph 3 of "Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (ASBJ Practical Issues Task Force No. 39, March 31, 2020) instead of applying the provision on Paragraph 44 of "Implementation Guidance

on Tax Effect Accounting” (ASBJ Guidance No. 28, February 16, 2018), regarding the transition to group tax sharing system established in “Act for Partial Amendment of the Income Tax Act, etc.” (Act No. 8 of 2020), and items for which the non-consolidated taxation system has been reviewed in line with the transition to the group tax sharing system.

### (19) Income from insurance premiums

In general, income from insurance premiums (excluding ceded reinsurance recoveries) is recorded by the Three Life Insurance Companies at the amount of premiums received, for insurance policies for which the premiums are received and the contractual liabilities have commenced.

Of premiums received, the amount corresponding to the unexpired period as of the fiscal year end is accounted for as policy reserve in accordance with Article 116 of the Insurance Business Act and Article 69, Paragraph 1, Item 2 of the Ordinance for Enforcement of the Insurance Business Act.

### (20) Insurance claims and other payments/ Reserve for outstanding claims

Insurance claims and other payments (excluding reinsurance premiums) are recognized by the Three Life Insurance Companies at the amount of claims calculated and paid based on the policy conditions, for which the insured events provided in the policy conditions have occurred.

Based on Article 117 of the Insurance Business Act and Article 72 of the Ordinance for Enforcement of the Insurance Business Act, reserve for outstanding claims is provided for unpaid insurance proceeds over the contracts for which payment obligations exist as of the fiscal year end or for which insured events have already incurred but not reported.

### (21) Significant Accounting Estimates

#### a. Policy reserve

##### (i) Amounts recognized on the consolidated financial statements

	¥ millions	US\$ thousands
As of March 31,	2021	2021
Policy reserve	¥14,619,797	\$132,054,896
Provision for policy reserve	¥ 481,925	\$ 4,353,043

##### (ii) Information on significant accounting estimates in connection with items identified

###### 1) Calculation method

It is stated in “Note 2 (7) Policy reserve.”

###### 2) Major assumptions and their effects on the consolidated financial statements of the following fiscal year, etc.

If assumptions (base rates such as assumed incidence rate and assumed interest rate) stated in the statement of calculation procedures for insurance premiums and policy reserve significantly deviate from the latest actual rates and it is found to likely to be insufficient to cover the performance of the future obligations, additional policy reserve must be set aside in accordance with Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act.

#### b. Accounting treatment for employees’ retirement benefits

##### (i) Amounts recognized on the consolidated financial statements

	¥ millions	US\$ thousands
As of March 31,	2021	2021
Net defined benefit asset	¥ 1,851	\$ 16,722
Net defined benefit liability	¥45,764	\$413,370

##### (ii) Information on significant accounting estimates in connection with items identified

###### 1) Calculation method

Retirement benefit obligations and retirement benefit expense are calculated based on actuarial assumptions used for calculation of future retirement benefit obligations, expected long-term rate of return on plan assets and others.

The method for attributing the expected retirement benefit amount is stated in “Note 2 (11) Accounting method for employees’ retirement benefits”

###### 2) Major assumptions and their effects on the consolidated financial statements of the following fiscal year, etc. Matters related to actuarial basis are stated in “Note 26 Employees’ Retirement Benefits” If any of the major assumptions such as discount rate and expected long-term rate of return on plan assets changes, there may be a significant impact on the net defined benefit asset or liability.

#### c. Impairment losses on fixed assets

##### (i) Amounts recognized on the consolidated financial statements

	¥ millions	US\$ thousands
As of March 31,	2021	2021
Impairment loss	¥2,915	\$26,336

##### (ii) Information on significant accounting estimates in connection with items identified

###### 1) Calculation method

For the Three Life Insurance Companies, consolidated subsidiaries, real estates, etc. owned for insurance operations, etc., are grouped as a single asset group

(operating assets) and other assets such as rental properties and unused real estates are grouped separately by each property (investment assets).

For the Company and other consolidated subsidiaries, real estates, etc. owned for their own operations are grouped as a single asset group (operating assets).

For an asset group with an indication of impairment, impairment loss is recognized, when the total amount of undiscounted future cash flows is less than the carrying amount of the asset group, at the amount calculated by deducting the recoverable amount (the larger of discounted future cash flows and net realizable value) from the carrying amount.

- 2) Major assumptions and their effects on the consolidated financial statements of the following fiscal year, etc.

For calculation of undiscounted future cash flows for the purpose of determining impairment recognition, the amounts of future net income from insurance operations on the Mid-Term Management Plan, etc. are used for operating assets, and the track record and future outlook of net income by each property are used for investment assets.

If the future net income from insurance operations and the future outlook of net income, which are the major assumptions, deteriorate and the undiscounted future cash flows change, there may be a possibility to recognize impairment loss.

## (22) Unadopted accounting standards, etc.

[Accounting Standard for Revenue Recognition, etc.]

- “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, issued on March 31, 2020)
- “Implementation Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30, issued on March 26, 2021)

### 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 is being fulfilled.

### b. Scheduled date of adoption

Scheduled to be applied from the beginning of the fiscal year starting April 1, 2021.

### c. Effect of the application of the accounting standards

For the fiscal year applied, the effect of the application is immaterial.

[Accounting Standard for Fair Value Measurement, etc.]

- “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, issued on July 4, 2019)
- “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, issued on July 4, 2019)
- “Accounting Standard for Measurement of Inventories” (ASBJ Statement No. 9, issued on July 4, 2019)
- “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, issued on July 4, 2019)
- “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, issued on March 31, 2020)

### a. Summary

In order to improve the comparability of domestic and international accounting standard, “Accounting Standard for Fair Value Measurement” and “Implementation Guidance on Accounting Standard for Fair Value Measurement” (“accounting standard for fair value measurement, etc.”) were developed, and the guidance for fair value measurement, etc. were enacted. Accounting standard for fair value measurement, etc. are adopted to the fair values of following items.

- Financial instruments defined in “Accounting Standard for Financial Instruments”

- Inventories held for trading purpose defined in “Accounting Standard for Measurement of Inventories”

In addition, “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” was revised, and notes such as breakdown per levels of fair value of financial instruments were enacted.

### b. Scheduled date of adoption

Scheduled to be applied from the beginning of the fiscal year starting April 1, 2021.

### c. Effect of the application of the accounting standards

For the fiscal year applied, the effect of the application is immaterial.

[Changes in presentation]

[Application of Accounting Standard for Disclosure of Accounting Estimates]

Applying “Accounting Standard for Disclosure of Accounting Estimates” (ASBJ Statement No. 31, issued on March 31, 2020) from the end of the consolidated fiscal year ended March 31, 2021, the Company disclosed notes on the consolidated financial statements regarding the significant accounting estimates.

In accordance with the transitional treatment prescribed in the proviso of paragraph 11 of the said accounting standard, comparative information for the consolidated fiscal year ended March 31, 2020 is not disclosed.

[Additional information]

[Transactions of Delivering the Company’s Own Stock to Employees etc. through Trusts]

The Company has introduced a trust type stock compensation system (the “System”), the Board Incentive Plan (BIP) Trust, which uses a trust to deliver the Company’s shares, etc. to directors who are not audit and supervisory board members of the Company (excluding those who are part-time directors such as outside directors and non-residents in Japan) and executive officers of the Company (excluding those who are non-residents in Japan, and together with directors who are not audit and supervisory board members, referred to as “Directors, etc.”) and directors of the Three Life Insurance Companies (excluding those who are part-time directors such as outside directors and non-residents in Japan) and executive officers of the Three Life Insurance Companies (excluding those who are non-residents in Japan, and together with Directors, etc., referred to as “Eligible Directors, etc.”), with an aim to enhance the motivation of Directors to contribute to improving business performance and enhancing corporate value over the medium- to long-term.

The accounting treatment of the System is based on “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees etc. through Trusts” (ASBJ Practical Issues Task Force (PITF) No. 30, March 26, 2015).

a. Summary

Based on the internal rules of the Company and Three Life Insurance Companies, the points are granted to Eligible Directors, etc. and they are delivered and provided through a trust of the Company’s shares equivalent to accumulated points upon retirement and a monetary equivalent of the substitution value of the Company’s shares. The Company’s shares to be delivered to Eligible Directors, etc. will be acquired in advance by money in trust by the Company.

b. The Company’s shares remaining in BIP Trust

For the Company’s shares remaining in BIP Trust, the carrying value in the trust is recorded as the treasury share in net asset (excluding ancillary expenses). The carrying value of treasury share in the Trust was ¥1,275 million, and the number of treasury share in the Trust was 798,400 shares for the fiscal year ended March 31, 2020. Also, as of the end of the fiscal year ended March 31, 2021, the carrying value of treasury share in the Trust is ¥1,186 million [\$10,717 thousand], and the number of treasury share in the Trust is 742,900 shares.

[Accounting Estimates of Effect of COVID-19]

The Company and Three Life Insurance Companies implement accounting estimates of impairment accounting of fixed assets, etc. based on the information available at the time of preparing the financial statements on the assumption that the current situation continues. The impact of COVID-19 is small in terms of the amounts and accounting estimates from this fiscal year onwards.



**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,	2020	2021	2021
Loans to bankrupt companies	¥ 118	¥ 104	\$ 945
Past due loans	449	1,713	15,478
Loans overdue for three months or more	1,747	1,466	13,242
Restructured loans	21	21	190
Total	¥2,336	¥3,305	\$29,857

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,	2020	2021	2021
Loans to bankrupt companies	¥ 72	¥72	\$657
Past due loans	120	83	756

**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,	2020	2021	2021
Accumulated depreciation of tangible fixed assets	¥241,486	¥248,205	\$2,241,939

**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,	2020	2021	2021
Separate account assets as provided in Article 118, Paragraph 1 of the Insurance Business Act	¥27,022	¥30,471	\$275,233

**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,	2020	2021	2021
Balance at the beginning of the year	¥ 82,663	¥ 76,581	\$ 691,733
Policyholder dividends	(28,009)	(26,273)	(237,321)
Increase in interest	18	16	150
Increase due to other reasons	25	—	—
Decrease due to other reasons	—	5	45
Provision for reserve for policyholder dividends	21,883	24,429	220,659
Balance at the end of the year	¥ 76,581	¥ 74,748	\$ 675,176

## Note 7 Unused Loan Balance under Loan Commitments

The unused loan balance under loan commitments is as follows:

		¥ millions	US\$ thousands
Years ended March 31,	2020	2021	2021
Total amount of loan commitments	¥52,144	¥47,304	\$427,281
Balance of loans outstanding	13,737	20,509	185,256
Balance	¥38,407	¥26,794	\$242,024

## Note 8 Lending Securities for Loan Agreements

The lending securities for loan agreements are as follows:

		¥ millions	US\$ thousands
Years ended March 31,	2020	2021	2021
Lending securities for loan agreement	¥1,541,284	¥1,856,034	\$16,764,833

## Note 9 Bonds

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

		¥ millions	US\$ thousands
Years ended March 31,	2020	2021	2021
Subordinated bonds	¥157,000	¥157,000	\$1,418,119

## Note 10 Other Liabilities

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

		¥ millions	US\$ thousands
Years ended March 31,	2020	2021	2021
Subordinated borrowings	¥13,000	¥13,000	\$117,423

## 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.

		¥ millions	US\$ thousands
Years ended March 31,	2020	2021	2021
Contributions to the Life Insurance Policyholders Protection Corporation	¥20,771	¥20,279	\$183,173

## Note 12 Organizational Change Surplus

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

		¥ millions	US\$ thousands
Years ended March 31,	2020	2021	2021
Taiyo Life Insurance Company	¥63,158	¥63,158	\$570,481
Daido Life Insurance Company	10,836	10,836	97,877

## Note 13 Stocks of Affiliated Companies

Stocks of affiliated companies included in securities are as follows:

		¥ millions	US\$ thousands
Years ended March 31,	2020	2021	2021
Stocks of affiliated companies	¥1,087	¥179,675	\$1,622,942

**Note 14 Assets Pledged as Collateral and Secured Debts**

Assets pledged as collateral are as follows:

Years ended March 31,	2020	¥ millions	US\$ thousands
		2021	2021
Securities (Japanese government bonds)	¥ 788,254	¥1,203,296	\$10,868,904
Securities (Foreign securities)	783,493	765,700	6,916,271
Cash collateral pledged for financial instruments	1,516	18,275	165,070
Balance	¥1,573,263	¥1,987,271	\$17,950,246

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,	2020	¥ millions	US\$ thousands
		2021	2021
Cash collateral received for bond-lending transactions	¥389,338	¥709,666	\$6,410,136

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

Years ended March 31,	2020	¥ millions	US\$ thousands
		2021	2021
Financial Assets Received as Collateral with Free Right of Disposal	¥130,643	¥77,815	\$702,877

**Note 16 Impairment Losses on Fixed Assets**

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

**(1) Grouping of assets**

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

For the Company and the consolidated subsidiaries other than the Three Life Insurance Companies, real estates, etc. owned for their own operations are grouped as a single asset group.

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

For some rental properties, etc., carrying amount 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, 2020		¥ millions		
Asset	Location	Land	Buildings, etc.	Total
Rental properties, etc.	Niigata City, Niigata Prefecture, etc. (15 assets)	¥449	¥353	¥803

Year ended March 31, 2021		¥ millions			US\$ thousands
Asset	Location	Land	Buildings, etc.	Total	Total
Rental properties, etc.	Edogawa-ku , Tokyo, etc. (12 assets)	¥2,331	¥584	¥2,915	\$26,336

#### (4) Method for calculating the recoverable amount

The recoverable amount is based on net realizable value for rental properties, etc.

In principle, the net realizable value for rental properties, etc.

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,	2020	¥ millions 2021	US\$ thousands 2021
Valuation difference on available-for-sale securities:			
Amount occurred during the year	¥(88,206)	¥ 423,436	\$ 3,824,731
Reclassification adjustments	685	1,058	9,562
Amount before tax effect	(87,521)	424,494	3,834,294
Tax effect	22,096	(114,943)	(1,038,239)
Valuation difference on available-for-sale securities	(65,424)	309,551	2,796,054
Deferred gains (losses) on hedging instruments:			
Amount occurred during the year	653	(653)	(5,901)
Reclassification adjustments	212	212	1,922
Amount before tax effect	866	(440)	(3,979)
Tax effect	(259)	140	1,268
Deferred gains (losses) on hedging instruments	606	(300)	(2,710)
Foreign currency translation adjustments:			
Amount occurred during the year	0	1	15
Share of other comprehensive income of associates accounted for using the equity method:			
Amount occurred during the year	19	(3,037)	(27,434)
Total other comprehensive income	¥(64,798)	¥ 306,214	\$ 2,765,918

### Note 18 Consolidated Statement of Changes in Net Assets

For the year ended March 31, 2020

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

Year ended March 31, 2020	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	655,000,000	—	22,000,000	633,000,000
Treasury shares:				
Common stock	43,041,691	11,481,980	22,212,230	32,311,441

Notes:

- Issued shares of common stock decreased due to the following reason:
  - Retirement of treasury shares based on the resolution made at the Board of Directors' meeting held on November 14, 2019: 22,000,000 shares
- Treasury shares of common stock increased due to the following reasons:
  - Purchase of treasury shares based on the resolution made at the Board of Directors' meeting held on May 15, 2019: 11,469,900 shares
  - Purchase of odd-lot shares: 12,080 shares
- Treasury shares of common stock decreased due to the following reasons:
  - Retirement of treasury shares based on the resolution made at the Board of Directors' meeting held on November 14, 2019: 22,000,000 shares
  - Exercise of stock option : 182,200 shares
  - Purchase request of odd-lot shares: 530 shares
  - Decrease by the BIP Trust: 29,500 shares
- The number of treasury shares of common stock includes 798,400 shares of the Company's treasury share owned by the BIP Trust as of the end of the fiscal year. (827,900 share as of beginning of the fiscal year.)

#### (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	¥876

**(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 26, 2019	Common stock	¥13,481	¥22.0	March 31, 2019	June 27, 2019	
Board of Directors' meeting held on November 14, 2019	Common stock	¥13,232	¥22.0	September 30, 2019	December 6, 2019	

## Notes:

- The total amount of shareholder dividends, which based on the resolution made at the Ordinary General Meeting of Shareholders held on June 26, 2019, includes ¥18 million of the dividends for the Company's treasury share owned by the BIP Trust.
- The total amount of shareholder dividends, which based on the resolution made at the Board of Directors' meeting held on November 14, 2019, includes ¥17 million of the dividends for the Company's treasury share owned by the BIP Trust.

## b. Shareholder dividends whose record date was in the fiscal year ended March 31, 2020, while their effective date is in the fiscal year ending March 31, 2021

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 25, 2020	Common stock	¥13,232	¥22.0	Retained earnings	¥22.0	March 31, 2020	June 26, 2020

## Notes:

- It is planned to submit the bill to the Ordinary General Meeting of Shareholders scheduled to be held on June 25, 2020.
- The total amount of shareholder dividends includes ¥17 million of the dividends for the Company's treasury share owned by the BIP Trust.

**For the year ended March 31, 2021****(1) Type and number of issued shares and treasury shares**

Year ended March 31, 2021	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	633,000,000	—	—	633,000,000
Treasury shares:				
Common stock	32,311,441	10,552,455	225,790	42,638,106

## Notes:

- Treasury shares of common stock increased due to the following reasons:
  - Purchase of treasury shares based on the resolution made at the Board of Directors' meeting held on November 13, 2020: 10,540,600 shares
  - Purchase of odd-lot shares: 11,855 shares
- Treasury shares of common stock decreased due to the following reasons:
  - Exercise of stock option: 170,200 shares
  - Purchase request of odd-lot shares: 90 shares
  - Decrease by the BIP Trust: 55,500 shares
- The number of treasury shares of common stock includes 742,900 shares of the Company's treasury share owned by the BIP Trust as of the end of the fiscal year. (798,400 share as of the beginning of the fiscal year.)

**(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	¥689	\$6,226

**(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 25, 2020	Common stock	¥13,232	\$119,525	¥22.0	\$0.19	March 31, 2020	June 26, 2020
Board of Directors' meeting held on November 13, 2020	Common stock	¥13,236	\$119,558	¥22.0	\$0.19	September 30, 2020	December 4, 2020

## Notes:

- The total amount of shareholder dividends, which based on the resolution made at the Ordinary General Meeting of Shareholders held on June 25, 2020, includes ¥17 million of the dividends for the Company's treasury share owned by the BIP Trust.
- The total amount of shareholder dividends, which based on the resolution made at the Board of Directors' meeting held on November 13, 2020, includes ¥16 million of the dividends for the Company's treasury share owned by the BIP Trust.

b. Shareholder dividends whose record date is in the fiscal year ended March 31, 2021, while their effective date is in the fiscal year ending March 31, 2022

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 25, 2021	Common stock	<b>¥14,186</b>	<b>\$128,141</b>	Retained earnings	<b>¥24.0</b>	<b>\$0.21</b>	March 31, 2021	June 28, 2021

Notes:

1. It is planned to submit the bill to the Ordinary General Meeting of Shareholders scheduled to be held on June 25, 2021.
2. The total amount of shareholder dividends includes ¥17 million of the dividends for the Company's treasury share owned by the BIP Trust.

## 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.

	2020	¥ millions 2021	US\$ thousands 2021
As of March 31,			
Cash and deposits	¥ 861,770	<b>¥ 1,020,246</b>	<b>\$ 9,215,490</b>
Less: deposits with an original maturity of more than three months	(10,210)	<b>(37,310)</b>	<b>(337,006)</b>
Call loans	35,669	<b>40,737</b>	<b>367,961</b>
Monetary claims purchased	135,313	<b>181,191</b>	<b>1,636,628</b>
Less: monetary claims purchased other than cash equivalents	(115,313)	<b>(126,192)</b>	<b>(1,139,847)</b>
Monetary trusts	970,622	<b>1,139,054</b>	<b>10,288,631</b>
Less: monetary trusts other than cash equivalents	(959,911)	<b>(1,132,161)</b>	<b>(10,226,369)</b>
Cash and cash equivalents	¥ 917,940	<b>¥ 1,085,565</b>	<b>\$ 9,805,487</b>

## Note 20 Lease Transactions

### [As lessee]

#### (1) Finance leases

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

	2020	¥ millions 2021	US\$ thousands 2021
As of March 31,			
Due within one year	¥5	<b>¥ 4</b>	<b>\$ 42</b>
Due after one year	4	<b>12</b>	<b>111</b>
Total	¥9	<b>¥17</b>	<b>\$154</b>

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

Other assets

As of March 31,	2020	¥ millions	US\$ thousands
		2021	2021
Other:			
Lease income receivables	¥41,994	¥43,217	\$390,362
Estimated residual value	106	122	1,109
Interest income	(3,459)	(3,677)	(33,214)
Total lease investment assets	¥38,640	¥39,662	\$358,257

**(2) Projected collection amounts of lease income receivables related to lease receivables and lease investment assets after the consolidated closing dates**

Other assets

As of March 31, 2020	¥ millions		US\$ thousands	
	Lease receivables	Lease investment assets	Lease receivables	Lease investment assets
Due within one year	¥1,744	¥10,041	\$15,491	\$94,522
Due after one year through two years	1,410	8,687	13,013	81,911
Due after two years through three years	1,139	7,282	10,683	69,309
Due after three years through four years	894	5,871	8,472	53,423
Due after four years through five years	670	4,116	6,174	37,265
Due after five years	1,280	5,994	10,953	53,930

As of March 31, 2021	¥ millions		US\$ thousands	
	Lease receivables	Lease investment assets	Lease receivables	Lease investment assets
Due within one year	¥1,715	¥10,464	\$15,491	\$94,522
Due after one year through two years	1,440	9,068	13,013	81,911
Due after two years through three years	1,182	7,673	10,683	69,309
Due after three years through four years	938	5,914	8,472	53,423
Due after four years through five years	683	4,125	6,174	37,265
Due after five years	1,212	5,970	10,953	53,930

**Note 21 Tax-Effect Accounting****(1) Breakdown of the accrual of deferred tax assets and liabilities by main causes**

As of March 31,	2020	¥ millions	US\$ thousands
		2021	2021
Deferred tax assets:			
Reserve for price fluctuations	¥ 67,950	¥ 70,303	\$ 635,019
Policy reserves	62,278	61,746	557,732
Net defined benefit liability	29,915	29,121	263,042
Devaluation losses on securities	17,911	19,067	172,232
Losses on disposal of fixed assets	5,361	6,024	54,417
Valuation difference on available-for-sale securities	0	2,652	23,963
Provision for bonuses	2,243	2,455	22,179
Reserve for possible loan losses	609	1,046	9,452
Tax loss carry-forward	754	836	7,556
Others	12,756	13,228	119,485
Subtotal	199,781	206,483	1,865,082
Valuation allowance	(18,262)	(18,643)	(168,396)
Total deferred tax assets	181,519	187,840	1,696,685
Deferred tax liabilities:			
Valuation difference on available-for-sale securities	(99,076)	(216,450)	(1,955,108)
Accrued dividend income	(2,617)	(2,325)	(21,008)
Deferred gain on reduction of carrying amount of real estate	(709)	(702)	(6,348)
Others	(1,150)	(4,527)	(40,897)
Total deferred tax liabilities	(103,553)	(224,006)	(2,023,362)
Net deferred tax assets (liabilities)	¥ 77,965	¥ (36,166)	\$ (326,677)

## (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,	2020	2021
Effective statutory tax rate	28.0%	28.0%
(Adjustments)		
Valuation allowance	2.6	0.2
Permanent non-deductible items including entertainment expense, etc.	0.5	0.2
Equity in earnings (losses) of affiliates	0.1	(16.5)
Retained earnings of subsidiaries and affiliates	—	1.3
Others	(0.1)	1.4
Corporate tax rate, etc., after applying tax-effect accounting	31.1%	14.6%

### Note 22 Financial Instruments

#### (1) Matters related to the condition of financial instruments

##### a. Policy for handling financial instruments

T&D Insurance 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 entrusted 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 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 appropriate 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 properly 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 balance sheet amounts, fair values and differences. Financial instruments deemed extremely difficult to determine fair value are not included. (See Annotation 2.)

	¥ millions		
As of March 31, 2020	Consolidated balance sheet amount	Fair value	Difference
Cash and deposits	¥ 861,770	¥ 861,770	¥ —
Treated as securities	65,500	65,500	—
Available-for-sale securities	65,500	65,500	—
Others	796,270	796,270	—
Call loans	35,669	35,669	—
Monetary claims purchased	135,313	137,600	2,286
Treated as securities	131,756	133,905	2,148
Held-to-maturity bonds	49,186	51,335	2,148
Available-for-sale securities	82,570	82,570	—
Others	3,557	3,694	137
Monetary trusts	970,622	1,059,719	89,096
Monetary trusts for trading purposes	5,173	5,173	—
Monetary trusts for held-to-maturity purposes	30,022	31,767	1,745
Monetary trusts for policy reserve-matching purposes	615,739	703,090	87,351
Monetary trusts for other than trading, held-to-maturity or policy reserve-matching purposes	319,687	319,687	—
Securities	11,800,219	12,520,770	720,550
Trading securities	26,419	26,419	—
Held-to-maturity bonds	1,048,128	1,251,165	203,036
Policy reserve-matching bonds	3,674,053	4,191,567	517,514
Available-for-sale securities	7,051,617	7,051,617	—
Loans	1,696,347	1,738,682	42,334
Policy loans* <sup>1</sup>	126,925	140,550	13,633
Commercial loans* <sup>1</sup>	1,570,613	1,598,132	28,701
Reserve for possible loan losses* <sup>2</sup>	(1,191)	—	—
Total assets	15,499,943	16,354,212	854,269
Short-term debentures	5,999	5,999	—
Bonds	187,005	186,467	(537)
Cash collateral received for bond-lending transactions within other liabilities	389,338	389,338	—
Borrowings within other liabilities	48,957	48,986	29
Total liabilities	631,300	630,792	(508)
Derivative financial instruments* <sup>3</sup> :			
Hedge accounting not applied	16,997	16,997	—
Hedge accounting applied	(8,141)	(7,494)	646
Total derivative financial instruments	¥ 8,856	¥ 9,502	¥ 646

\*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.

## Corporate Data

¥ millions

As of March 31, 2021	Consolidated balance sheet amount	Fair value	Difference
Cash and deposits	¥ 1,020,246	¥ 1,020,246	¥ —
Treated as securities	76,000	76,000	—
Available-for-sale securities	76,000	76,000	—
Others	944,246	944,246	—
Call loans	40,737	40,737	—
Monetary claims purchased	181,191	182,600	1,409
Treated as securities	177,830	179,127	1,296
Held-to-maturity bonds	98,207	99,503	1,296
Available-for-sale securities	79,623	79,623	—
Others	3,360	3,472	112
Monetary trusts	1,139,054	1,194,495	55,441
Monetary trusts for trading purposes	4,840	4,840	—
Monetary trusts for held-to-maturity purposes	30,176	30,951	774
Monetary trusts for policy reserve-matching purposes	694,770	749,437	54,666
Monetary trusts for other than trading, held-to-maturity or policy reserve-matching purposes	409,265	409,265	—
Securities	12,585,841	13,123,463	537,622
Trading securities	30,105	30,105	—
Held-to-maturity bonds	1,014,956	1,184,092	169,136
Policy reserve-matching bonds	4,079,227	4,447,712	368,485
Available-for-sale securities	7,461,552	7,461,552	—
Loans	1,731,960	1,761,690	29,730
Policy loans* <sup>1</sup>	105,944	115,706	9,768
Commercial loans* <sup>1</sup>	1,628,733	1,645,984	19,961
Reserve for possible loan losses* <sup>2</sup>	(2,717)	—	—
Total assets	16,699,031	17,323,234	624,202
Short-term debentures	5,999	5,999	—
Bonds	157,000	157,158	158
Cash collateral received for bond-lending transactions within other liabilities	709,666	709,666	—
Borrowings within other liabilities	46,921	46,959	37
Total liabilities	919,587	919,783	195
Derivative financial instruments* <sup>3</sup> :			
Hedge accounting not applied	6,645	6,645	—
Hedge accounting applied	(113,021)	(112,510)	511
Total derivative financial instruments	¥ (106,375)	¥ (105,864)	¥ 511

As of March 31, 2021	Consolidated balance sheet amount	Fair value	Difference
Cash and deposits	\$ 9,215,490	\$ 9,215,490	\$ —
Treated as securities	686,478	686,478	—
Available-for-sale securities	686,478	686,478	—
Others	8,529,012	8,529,012	—
Call loans	367,961	367,961	—
Monetary claims purchased	1,636,628	1,649,356	12,728
Treated as securities	1,606,277	1,617,986	11,709
Held-to-maturity bonds	887,066	898,775	11,709
Available-for-sale securities	719,210	719,210	—
Others	30,351	31,369	1,018
Monetary trusts	10,288,631	10,789,413	500,782
Monetary trusts for trading purposes	43,723	43,723	—
Monetary trusts for held-to-maturity purposes	272,576	279,574	6,997
Monetary trusts for policy reserve-matching purposes	6,275,592	6,769,376	493,784
Monetary trusts for other than trading, held-to-maturity or policy reserve-matching purposes	3,696,738	3,696,738	—
Securities	113,682,970	118,539,099	4,856,128
Trading securities	271,930	271,930	—
Held-to-maturity bonds	9,167,699	10,695,446	1,527,747
Policy reserve-matching bonds	36,846,062	40,174,443	3,328,381
Available-for-sale securities	67,397,278	67,397,278	—
Loans	15,644,118	15,912,659	268,540
Policy loans* <sup>1</sup>	956,959	1,045,129	88,235
Commercial loans* <sup>1</sup>	14,711,708	14,867,529	180,305
Reserve for possible loan losses* <sup>2</sup>	(24,549)	—	—
Total assets	150,835,800	156,473,980	5,638,180
Short-term debentures	54,193	54,193	—
Bonds	1,418,119	1,419,546	1,427
Cash collateral received for bond-lending transactions within other liabilities	6,410,136	6,410,136	—
Borrowings within other liabilities	423,823	424,165	341
Total liabilities	8,306,273	8,308,042	1,769
Derivative financial instruments* <sup>3</sup> :			
Hedge accounting not applied	60,030	60,030	—
Hedge accounting applied	(1,020,880)	(1,016,264)	4,615
Total derivative financial instruments	\$ (960,850)	\$ (956,234)	\$ 4,615

\*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 carrying amounts as their fair values are proximate to the carrying amounts.
- b. Call loans: recorded in carrying amounts as these are settled in a short period, thus their fair values are proximate to the carrying amounts.

- 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, while monetary trusts which have similar nature with cash and deposits are recorded in carrying amounts. In addition, currency options and stock index option contracts, etc., are used in monetary trusts where their fair values are calculated based on prices quoted by the counterparty financial institutions.

- e. Securities: Fair 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. Fair 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 recorded at carrying amount as its fair value is proximate to the carrying amount 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: Recorded in carrying amounts. Fair values are proximate to carrying amounts because these are settled in a short period.
- b. Bonds: Fair values are based on the statistics for reference published by the Japan Securities Dealers Association or on the prices quoted by the underwriting financial institutions or calculated by discounting the total of principal and interest by risk-free rates weighted by credit risks involved.
- c. Cash collateral received for bond-lending transactions: Recorded in carrying amounts. Fair values are proximate to carrying amounts because these are short-term transactions.
- d. Borrowings: Fair values are calculated by discounting the total of principal and interest by risk-free rates weighted by credit risks involved.

Derivative transactions: see "Note 25 Derivative Transactions."

#### Annotation 2

The balance sheet amounts of financial instruments deemed extremely difficult to determine fair value, which are not included in "e. Securities" of "Assets" are summarized as follows:

As of March 31,	¥ millions		US\$ thousands
	2020	2021	2021
Investments in affiliates	¥ 1,087	¥179,675	\$1,622,942
Available-for-sale securities	220,198	267,229	2,413,777
Unlisted stocks *1, *2	17,071	18,126	163,726
Foreign securities *1, *2, *3	176,102	221,281	1,998,744
Other securities *2, *3	27,023	27,822	251,306

\*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, 2020: foreign securities of ¥1,390 million, other securities of ¥105 million and unlisted stocks of ¥6 million.

– For the year ended March 31, 2021: foreign securities of ¥2,299 million [\$20,766 thousand], other securities of ¥694 million [\$6,271 thousand] and unlisted stocks of ¥392 million [\$3,547 thousand].

\*3. Investment in capital of partnership is exempt from disclosure of fair value because the partnership assets comprise financial instruments deemed extremely difficult to determine 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, 2020	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Deposits	¥861,634	¥ —	¥ —	¥ —
Call loans	35,669	—	—	—
Monetary claims purchased	20,132	1,870	1,383	105,881
Securities:				
Held-to-maturity bonds:				
Government bonds	57,702	237,047	41,589	535,875
Municipal bonds	—	664	3,120	27,586
Corporate bonds	11,604	42,656	—	101,214
Foreign securities	—	—	—	4,542
Policy reserve-matching bonds:				
Government bonds	3,183	158,950	208,517	1,908,648
Municipal bonds	—	14,161	44,974	214,972
Corporate bonds	11,000	120,330	149,245	769,312
Foreign securities	—	3,444	21,112	11,458
Available-for-sale fixed maturity securities:				
Government bonds	11,171	85,565	45,030	385,748
Municipal bonds	6,119	12,316	21,630	16,384
Corporate bonds	91,647	313,060	297,606	182,938
Foreign securities	236,968	736,246	892,218	577,428
Other securities	—	20	2	—
Loans	169,722	644,052	513,644	227,254

\* Securities without contractual maturity dates in the amount of ¥1,153,825 million are not included. In addition, loans without contractual maturity dates such as policy loans in the amount of ¥143,051 million are not included.

	¥ millions			
As of March 31, 2021	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Deposits	¥1,020,132	¥ —	¥ —	¥ —
Call loans	40,737	—	—	—
Monetary claims purchased	55,166	3,188	3,781	114,293
Securities:				
Held-to-maturity bonds:				
Government bonds	133,604	112,296	235,365	353,246
Municipal bonds	36	811	4,493	35,105
Corporate bonds	17,971	24,685	10,935	97,654
Foreign securities	—	—	—	3,536
Policy reserve-matching bonds:				
Government bonds	15,828	194,166	240,679	2,139,636
Municipal bonds	85	31,810	30,520	230,584
Corporate bonds	20,500	115,369	177,032	811,527
Foreign securities	—	8,123	31,685	8,608
Available-for-sale fixed maturity securities:				
Government bonds	55,400	33,525	41,870	359,848
Municipal bonds	3,602	12,817	19,066	16,031
Corporate bonds	70,227	317,482	258,755	190,138
Foreign securities	83,227	929,891	693,914	671,765
Other securities	—	6	459	—
Loans	177,942	656,817	541,091	227,456

US\$ thousands

As of March 31, 2021	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Deposits	\$9,214,461	\$ —	\$ —	\$ —
Call loans	367,961	—	—	—
Monetary claims purchased	498,297	28,800	34,153	1,032,372
Securities:				
Held-to-maturity bonds:				
Government bonds	1,206,794	1,014,331	2,125,966	3,190,735
Municipal bonds	331	7,325	40,584	317,096
Corporate bonds	162,324	222,975	98,774	882,073
Foreign securities	—	—	—	31,947
Policy reserve-matching bonds:				
Government bonds	142,968	1,753,825	2,173,958	19,326,492
Municipal bonds	773	287,327	275,683	2,082,777
Corporate bonds	185,168	1,042,083	1,599,062	7,330,209
Foreign securities	—	73,376	286,200	77,755
Available-for-sale fixed maturity securities:				
Government bonds	500,406	302,818	378,196	3,250,371
Municipal bonds	32,540	115,774	172,219	144,807
Corporate bonds	634,340	2,867,697	2,337,241	1,717,450
Foreign securities	751,763	8,399,349	6,267,860	6,067,796
Other securities	—	57	4,150	—
Loans	1,607,285	5,932,778	4,887,471	2,054,521

\* Securities without contractual maturity dates in the amount of ¥1,286,416 million [\$11,619,698 thousand] are not included. In addition, loans without contractual maturity dates such as policy loans in the amount of ¥131,526 million [\$1,188,031 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, 2020	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	¥ 5,999	¥ —	¥ —	¥ —	¥ —	¥ —
Bonds	30,000	—	—	—	—	157,000
Cash collateral received for bond-lending transactions within other liabilities	389,338	—	—	—	—	—
Borrowings within other liabilities	10,792	8,063	6,176	4,916	3,546	15,463

¥ millions

As of March 31, 2021	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	—	—	—	—	—	157,000
Cash collateral received for bond-lending transactions within other liabilities	709,666	—	—	—	—	—
Borrowings within other liabilities	9,622	7,735	6,475	5,106	2,723	15,257

US\$ thousands

As of March 31, 2021	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	\$ 54,195	\$ —	\$ —	\$ —	\$ —	\$ —
Bonds	—	—	—	—	—	1,418,119
Cash collateral received for bond-lending transactions within other liabilities	6,410,136	—	—	—	—	—
Borrowings within other liabilities	86,917	69,873	58,492	46,125	24,599	137,816

**(1) Trading securities**

		¥ millions	US\$ thousands
As of March 31,	2020	<b>2021</b>	<b>2021</b>
Valuation difference included in earnings (losses) of the consolidated fiscal year	¥(10,115)	<b>¥4,392</b>	<b>\$39,671</b>

**(2) Held-to-maturity bonds**

	¥ millions		
As of March 31, 2020	Consolidated balance sheet amount	Fair value	Difference
Fair value exceeding consolidated balance sheet amount:			
Domestic bonds	¥1,040,049	¥1,243,100	¥203,051
Government bonds	854,917	1,022,633	167,715
Municipal bonds	30,750	38,976	8,225
Corporate bonds	154,381	181,491	27,110
Foreign securities	4,695	4,785	90
Foreign bonds	4,695	4,785	90
Other securities	42,811	45,022	2,210
Total	1,087,557	1,292,909	205,351
Fair value not exceeding consolidated balance sheet amount:			
Domestic bonds	3,383	3,278	(104)
Government bonds	1,083	1,019	(64)
Municipal bonds	1,000	993	(6)
Corporate bonds	1,300	1,265	(34)
Other securities	6,374	6,312	(61)
Total	9,757	9,591	(166)
Grand total	¥1,097,314	¥1,302,500	¥205,185

Note: Other securities include beneficiary trust certificates (consolidated balance sheet amount of ¥49,186 million) which are represented as monetary claims purchased in the consolidated balance sheet.

	¥ millions		
As of March 31, 2021	Consolidated balance sheet amount	Fair value	Difference
Fair value exceeding consolidated balance sheet amount:			
Domestic bonds	<b>¥ 960,568</b>	<b>¥1,130,602</b>	<b>¥170,033</b>
Government bonds	<b>796,028</b>	<b>935,574</b>	<b>139,546</b>
Municipal bonds	<b>30,174</b>	<b>37,594</b>	<b>7,419</b>
Corporate bonds	<b>134,365</b>	<b>157,433</b>	<b>23,068</b>
Foreign securities	<b>2,058</b>	<b>2,104</b>	<b>45</b>
Foreign bonds	<b>2,058</b>	<b>2,104</b>	<b>45</b>
Other securities	<b>46,512</b>	<b>48,088</b>	<b>1,575</b>
Total	<b>1,009,139</b>	<b>1,180,795</b>	<b>171,655</b>
Fair value not exceeding consolidated balance sheet amount:			
Domestic bonds	<b>50,785</b>	<b>49,842</b>	<b>(942)</b>
Government bonds	<b>23,060</b>	<b>22,872</b>	<b>(187)</b>
Municipal bonds	<b>10,623</b>	<b>10,531</b>	<b>(92)</b>
Corporate bonds	<b>17,101</b>	<b>16,438</b>	<b>(662)</b>
Foreign securities	<b>1,543</b>	<b>1,543</b>	<b>(0)</b>
Foreign bonds	<b>1,543</b>	<b>1,543</b>	<b>(0)</b>
Other securities	<b>51,694</b>	<b>51,415</b>	<b>(279)</b>
Total	<b>104,023</b>	<b>102,801</b>	<b>(1,222)</b>
Grand total	<b>¥1,113,163</b>	<b>¥1,283,596</b>	<b>¥170,433</b>



US\$ thousands

As of March 31, 2021	Consolidated balance sheet amount	Fair value	Difference
Fair value exceeding consolidated balance sheet amount:			
Domestic bonds	\$ 8,676,439	\$10,212,287	\$1,535,847
Government bonds	7,190,214	8,450,678	1,260,464
Municipal bonds	272,558	339,572	67,014
Corporate bonds	1,213,667	1,422,036	208,368
Foreign securities	18,594	19,008	414
Foreign bonds	18,594	19,008	414
Other securities	420,129	434,363	14,233
Total	9,115,164	10,665,659	1,550,495
Fair value not exceeding consolidated balance sheet amount:			
Domestic bonds	458,725	450,211	(8,514)
Government bonds	208,296	206,600	(1,696)
Municipal bonds	95,956	95,124	(831)
Corporate bonds	154,472	148,486	(5,985)
Foreign securities	13,939	13,939	(0)
Foreign bonds	13,939	13,939	(0)
Other securities	466,936	464,412	(2,524)
Total	939,601	928,563	(11,038)
Grand total	\$10,054,765	\$11,594,222	\$1,539,456

Note: Other securities include commercial paper (consolidated balance sheet amount of ¥34,998 million [\$316,130 thousand]) and beneficiary trust certificates (consolidated balance sheet amount of ¥63,208 million [\$570,935 thousand]) which are represented as monetary claims purchased in the consolidated balance sheet.

### (3) Policy reserve-matching bonds

¥ millions

As of March 31, 2020	Consolidated balance sheet amount	Fair value	Difference
Fair value exceeding consolidated balance sheet amount:			
Domestic bonds	¥3,072,405	¥3,595,042	¥522,636
Government bonds	1,973,801	2,336,137	362,336
Municipal bonds	217,593	247,806	30,213
Corporate bonds	881,010	1,011,097	130,086
Foreign securities	37,021	42,993	5,972
Foreign bonds	37,021	42,993	5,972
Total	3,109,427	3,638,035	528,608
Fair value not exceeding consolidated balance sheet amount:			
Domestic bonds	562,975	551,913	(11,062)
Government bonds	326,897	321,116	(5,781)
Municipal bonds	57,906	56,464	(1,442)
Corporate bonds	178,171	174,332	(3,839)
Foreign securities	1,650	1,618	(31)
Foreign bonds	1,650	1,618	(31)
Total	564,626	553,532	(11,094)
Grand total	¥3,674,053	¥4,191,567	¥517,514

¥ millions

As of March 31, 2021	Consolidated balance sheet amount	Fair value	Difference
Fair value exceeding consolidated balance sheet amount:			
Domestic bonds	¥2,822,710	¥3,236,625	¥413,915
Government bonds	1,881,855	2,167,918	286,062
Municipal bonds	189,352	213,897	24,544
Corporate bonds	751,501	854,809	103,307
Foreign securities	40,159	43,751	3,591
Foreign bonds	40,159	43,751	3,591
Total	2,862,870	3,280,377	417,506
Fair value not exceeding consolidated balance sheet amount:			
Domestic bonds	1,205,313	1,156,911	(48,401)
Government bonds	718,541	688,766	(29,774)
Municipal bonds	105,036	100,601	(4,435)
Corporate bonds	381,735	367,543	(14,191)
Foreign securities	11,043	10,423	(619)
Foreign bonds	11,043	10,423	(619)
Total	1,216,357	1,167,335	(49,021)
Grand total	¥4,079,227	¥4,447,712	¥368,485

US\$ thousands

As of March 31, 2021	Consolidated balance sheet amount	Fair value	Difference
Fair value exceeding consolidated balance sheet amount:			
Domestic bonds	\$25,496,437	\$29,235,170	\$3,738,733
Government bonds	16,998,065	19,581,957	2,583,891
Municipal bonds	1,710,350	1,932,053	221,703
Corporate bonds	6,788,021	7,721,160	933,138
Foreign securities	362,746	395,189	32,442
Foreign bonds	362,746	395,189	32,442
Total	25,859,184	29,630,360	3,771,176
Fair value not exceeding consolidated balance sheet amount:			
Domestic bonds	10,887,126	10,449,930	(437,195)
Government bonds	6,490,303	6,221,359	(268,943)
Municipal bonds	948,754	908,692	(40,061)
Corporate bonds	3,448,068	3,319,878	(128,190)
Foreign securities	99,751	94,152	(5,599)
Foreign bonds	99,751	94,152	(5,599)
Total	10,986,878	10,544,083	(442,794)
Grand total	\$36,846,062	\$40,174,443	\$3,328,381

**(4) Available-for-sale securities**

¥ millions

As of March 31, 2020	Consolidated balance sheet amount	Acquisition cost	Difference
Consolidated balance sheet amount exceeding acquisition cost:			
Domestic bonds	¥1,534,867	¥1,460,004	¥ 74,863
Government bonds	381,231	358,037	23,194
Municipal bonds	49,078	44,486	4,592
Corporate bonds	1,104,557	1,057,480	47,077
Domestic equities	353,924	187,850	166,074
Foreign securities	2,842,046	2,652,532	189,513
Foreign bonds	2,261,281	2,095,946	165,335
Foreign equities	1	1	0
Foreign other securities	580,762	556,584	24,178
Other securities	170,451	146,749	23,702
Total	4,901,290	4,447,136	454,154
Consolidated balance sheet amount not exceeding acquisition cost:			
Domestic bonds	445,938	455,536	(9,597)
Government bonds	205,266	211,051	(5,785)
Municipal bonds	11,760	12,258	(498)
Corporate bonds	228,912	232,226	(3,314)
Domestic equities	230,175	264,750	(34,574)
Foreign securities	1,343,406	1,419,373	(75,966)
Foreign bonds	508,957	538,162	(29,204)
Foreign equities	17,236	19,175	(1,939)
Foreign other securities	817,212	862,035	(44,822)
Other securities	278,876	300,555	(21,679)
Total	2,298,397	2,440,215	(141,818)
Grand total	¥7,199,688	¥6,887,352	¥ 312,335

Note: Other securities include certificates of deposit (consolidated balance sheet amount of ¥65,500 million) which are represented as cash and deposits, commercial paper (consolidated balance sheet amount of ¥19,999 million) and beneficiary trust certificates (consolidated balance sheet amount of ¥62,570 million) which are represented as monetary claims purchased in the consolidated balance sheet.

¥ millions

As of March 31, 2021	Consolidated balance sheet amount	Acquisition cost	Difference
Consolidated balance sheet amount exceeding acquisition cost:			
Domestic bonds	<b>¥1,559,072</b>	<b>¥1,488,597</b>	<b>¥ 70,474</b>
Government bonds	<b>341,044</b>	<b>321,736</b>	<b>19,308</b>
Municipal bonds	<b>45,754</b>	<b>41,945</b>	<b>3,808</b>
Corporate bonds	<b>1,172,273</b>	<b>1,124,915</b>	<b>47,357</b>
Domestic equities	<b>732,871</b>	<b>416,209</b>	<b>316,661</b>
Foreign securities	<b>3,643,381</b>	<b>3,340,857</b>	<b>302,523</b>
Foreign bonds	<b>2,028,223</b>	<b>1,901,926</b>	<b>126,296</b>
Foreign equities	<b>21,616</b>	<b>19,736</b>	<b>1,880</b>
Foreign other securities	<b>1,593,541</b>	<b>1,419,194</b>	<b>174,346</b>
Other securities	<b>392,582</b>	<b>320,452</b>	<b>72,129</b>
Total	<b>6,327,907</b>	<b>5,566,117</b>	<b>761,789</b>
Consolidated balance sheet amount not exceeding acquisition cost:			
Domestic bonds	<b>331,465</b>	<b>342,121</b>	<b>(10,655)</b>
Government bonds	<b>196,239</b>	<b>204,827</b>	<b>(8,587)</b>
Municipal bonds	<b>9,174</b>	<b>9,761</b>	<b>(587)</b>
Corporate bonds	<b>126,051</b>	<b>127,533</b>	<b>(1,481)</b>
Domestic equities	<b>47,200</b>	<b>51,213</b>	<b>(4,012)</b>
Foreign securities	<b>758,423</b>	<b>775,825</b>	<b>(17,402)</b>
Foreign bonds	<b>571,554</b>	<b>585,459</b>	<b>(13,904)</b>
Foreign equities	<b>422</b>	<b>432</b>	<b>(9)</b>
Foreign other securities	<b>186,446</b>	<b>189,934</b>	<b>(3,487)</b>
Other securities	<b>152,179</b>	<b>153,385</b>	<b>(1,206)</b>
Total	<b>1,289,269</b>	<b>1,322,546</b>	<b>(33,277)</b>
Grand total	<b>¥7,617,176</b>	<b>¥6,888,663</b>	<b>¥728,512</b>

As of March 31, 2021	Consolidated balance sheet amount	Acquisition cost	Difference
Consolidated balance sheet amount exceeding acquisition cost:			
Domestic bonds	\$14,082,486	\$13,445,913	\$ 636,572
Government bonds	3,080,522	2,906,120	174,402
Municipal bonds	413,281	378,876	34,404
Corporate bonds	10,588,682	10,160,916	427,766
Domestic equities	6,619,738	3,759,457	2,860,280
Foreign securities	32,909,234	30,176,656	2,732,578
Foreign bonds	18,320,144	17,179,356	1,140,788
Foreign equities	195,256	178,273	16,982
Foreign other securities	14,393,833	12,819,026	1,574,807
Other securities	3,546,042	2,894,525	651,517
Total	57,157,501	50,276,552	6,880,949
Consolidated balance sheet amount not exceeding acquisition cost:			
Domestic bonds	2,994,001	3,090,252	(96,250)
Government bonds	1,772,558	1,850,126	(77,567)
Municipal bonds	82,866	88,168	(5,302)
Corporate bonds	1,138,576	1,151,956	(13,380)
Domestic equities	426,344	462,591	(36,246)
Foreign securities	6,850,541	7,007,726	(157,185)
Foreign bonds	5,162,627	5,288,223	(125,595)
Foreign equities	3,816	3,902	(85)
Foreign other securities	1,684,096	1,715,601	(31,504)
Other securities	1,374,578	1,385,474	(10,895)
Total	11,645,465	11,946,044	(300,578)
Grand total	\$68,802,967	\$62,222,596	\$6,580,370

Note: Other securities include certificates of deposit (consolidated balance sheet amount of ¥76,000 million [\$686,478 thousand]) which are represented as cash and deposits, commercial paper (consolidated balance sheet amount of ¥19,999 million [\$180,649 thousand]) and beneficiary trust certificates (consolidated balance sheet amount of ¥59,624 million [\$538,560 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, 2020.
- There were no sales of securities classified as held-to-maturity bonds for the year ended March 31, 2021.

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

	¥ millions		
Year ended March 31, 2020	Proceeds of sales	Gross gains	Gross losses
Domestic bonds	¥121,570	¥24,465	¥ 0
Government bonds	118,403	24,004	0
Corporate bonds	3,166	460	—
Total	¥121,570	¥24,465	¥ 0

	¥ millions		
Year ended March 31, 2021	Proceeds of sales	Gross gains	Gross losses
Domestic bonds	¥77,487	¥9,329	¥1,911
Government bonds	72,978	9,301	1,910
Corporate bonds	4,509	27	0
Foreign securities	¥ 172	¥ 40	¥ —
Foreign bonds	172	40	—
Total	¥77,660	¥9,370	¥1,911

	US\$ thousands		
Year ended March 31, 2021	Proceeds of sales	Gross gains	Gross losses
Domestic bonds	\$699,917	\$84,269	\$17,264
Government bonds	659,186	84,017	17,258
Corporate bonds	40,730	252	6
Foreign securities	\$ 1,561	\$ 369	\$ —
Foreign bonds	1,561	369	—
Total	\$701,478	\$84,638	\$17,264

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

	¥ millions		
Year ended March 31, 2020	Proceeds of sales	Gross gains	Gross losses
Domestic bonds	¥ 43,233	¥ 8,244	¥ 0
Government bonds	5,206	761	—
Corporate bonds	38,026	7,482	0
Domestic equities	48,039	8,756	7,564
Foreign securities	617,712	24,064	17,265
Foreign bonds	542,889	18,541	12,462
Foreign equities	307	5	4
Foreign other securities	74,515	5,517	4,798
Other securities	24,395	1,633	2,676
Total	¥733,381	¥42,697	¥27,507

	¥ millions		
Year ended March 31, 2021	Proceeds of sales	Gross gains	Gross losses
Domestic bonds	¥ 65,816	¥ 286	¥ 2,258
Government bonds	41,768	282	1,419
Municipal bonds	3,507	—	92
Corporate bonds	20,540	3	746
Domestic equities	30,012	11,050	1,016
Foreign securities	779,646	20,601	26,217
Foreign bonds	725,755	15,992	23,044
Foreign equities	1,344	23	186
Foreign other securities	52,545	4,585	2,985
Other securities	35,838	1,445	1,736
Total	¥911,314	¥33,382	¥31,228

Year ended March 31, 2021	US\$ thousands		
	Proceeds of sales	Gross gains	Gross losses
Domestic bonds	\$ 594,498	\$ 2,586	\$ 20,398
Government bonds	377,275	2,552	12,818
Municipal bonds	31,684	—	834
Corporate bonds	185,538	34	6,745
Domestic equities	271,091	99,810	9,182
Foreign securities	7,042,236	186,081	236,809
Foreign bonds	6,555,468	144,451	208,154
Foreign equities	12,146	214	1,685
Foreign other securities	474,622	41,415	26,970
Other securities	323,718	13,054	15,681
Total	\$8,231,544	\$301,533	\$282,071

## (8) Impairment of securities

The Company and its consolidated subsidiaries recognized ¥13,379 million and ¥2,249 million [\$20,319 thousand] as impairment losses for the available-for-sale securities with fair value

for the fiscal years ended March 31, 2020 and 2021, 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,	¥ millions		US\$ thousands
	2020	2021	2021
Valuation difference included in earnings (losses) of the consolidated fiscal year	¥2,125	¥(93)	\$(847)

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

As of March 31, 2020	¥ millions		
	Consolidated balance sheet amount	Fair value	Difference
Monetary trusts	¥30,022	¥31,767	¥1,745

As of March 31, 2021	¥ millions		
	Consolidated balance sheet amount	Fair value	Difference
Monetary trusts	¥30,176	¥30,951	¥774

As of March 31, 2021	US\$ thousands		
	Consolidated balance sheet amount	Fair value	Difference
Monetary trusts	\$272,576	\$279,574	\$6,997

**(3) Monetary trusts for policy reserve-matching purposes**

	¥ millions		
As of March 31, 2020	Consolidated balance sheet amount	Fair value	Difference
Monetary trusts	¥615,739	¥703,090	¥87,351

	¥ millions		
As of March 31, 2021	Consolidated balance sheet amount	Fair value	Difference
Monetary trusts	<b>¥694,770</b>	<b>¥749,437</b>	<b>¥54,666</b>

	US\$ thousands		
As of March 31, 2021	Consolidated balance sheet amount	Fair value	Difference
Monetary trusts	<b>\$6,275,592</b>	<b>\$6,769,376</b>	<b>\$493,784</b>

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

	¥ millions		
As of March 31, 2020	Consolidated balance sheet amount	Acquisition cost	Difference
Monetary trusts	¥319,687	¥319,114	¥573

	¥ millions		
As of March 31, 2021	Consolidated balance sheet amount	Acquisition cost	Difference
Monetary trusts	<b>¥409,265</b>	<b>¥400,862</b>	<b>¥8,403</b>

	US\$ thousands		
As of March 31, 2021	Consolidated balance sheet amount	Acquisition cost	Difference
Monetary trusts	<b>\$3,696,738</b>	<b>\$3,620,832</b>	<b>\$75,906</b>

**Note 25 Derivative Transactions**
**(1) Derivative financial instruments for which hedge accounting is not applied**

## a. Currency-related transactions

As of March 31, 2020	Notional amount		Fair value	Valuation gains (losses)
	Total	Over one year		
¥ millions				
Over-the-counter transactions:				
Foreign exchange contracts:				
Sold	¥186,448	¥ —	¥ 2,452	¥ 2,452
U.S. dollar	76,327	—	(105)	(105)
Euro	55,724	—	164	164
British pound	13,412	—	475	475
Canadian dollar	771	—	42	42
Australian dollar	39,537	—	1,880	1,880
Swiss franc	674	—	(4)	(4)
Bought	29,235	—	(427)	(427)
U.S. dollar	7,869	—	(8)	(8)
Euro	1,456	—	0	0
British pound	3,593	—	(1)	(1)
Australian dollar	16,316	—	(417)	(417)
Currency swaps:				
Receive yen/pay foreign currency	13,916	—	2,615	2,615
Brazilian real	13,916	—	2,615	2,615
Receive foreign currency/pay yen	14,252	—	(1,217)	(1,217)
U.S. dollar	674	—	0	0
Australian dollar	13,577	—	(1,218)	(1,218)
<b>Total</b>				<b>¥ 3,422</b>

## 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.

As of March 31, 2021	Notional amount		Fair value	Valuation gains (losses)
	Total	Over one year		
¥ millions				
Over-the-counter transactions:				
Foreign exchange contracts:				
Sold	¥278,364	¥ —	¥(7,369)	¥(7,369)
U.S. dollar	98,402	—	(2,577)	(2,577)
Euro	30,239	—	(215)	(215)
British pound	53,997	—	(2,396)	(2,396)
Canadian dollar	2,848	—	(100)	(100)
Australian dollar	89,103	—	(2,080)	(2,080)
Swiss franc	3,772	—	0	0
Bought	51,261	—	465	465
U.S. dollar	39,361	—	340	340
Euro	1,860	—	5	5
Australian dollar	10,039	—	120	120
Currency swaps:				
Receive yen/pay foreign currency	4,357	—	(158)	(158)
Brazilian real	1,330	—	9	9
Indian Rupee	3,027	—	(167)	(167)
Receive foreign currency/pay yen	14,252	—	1,209	1,209
U.S. dollar	618	—	44	44
Australian dollar	13,633	—	1,164	1,164
<b>Total</b>				<b>¥(5,853)</b>



## Corporate Data

US\$ thousands

As of March 31, 2021	Notional amount		Fair value	Valuation gains (losses)
	Total	Over one year		
Over-the-counter transactions:				
Foreign exchange contracts:				
Sold				
U.S. dollar	\$2,514,354	\$ —	\$(66,562)	\$(66,562)
Euro	888,831	—	(23,281)	(23,281)
British pound	273,143	—	(1,945)	(1,945)
Canadian dollar	487,734	—	(21,643)	(21,643)
Australian dollar	25,730	—	(908)	(908)
Swiss franc	804,835	—	(18,788)	(18,788)
Bought				
U.S. dollar	34,079	—	5	5
Euro	463,029	—	4,204	4,204
Australian dollar	355,540	—	3,072	3,072
	16,802	—	47	47
	90,685	—	1,085	1,085
Currency swaps:				
Receive yen/pay foreign currency				
Brazilian real	39,358	—	(1,434)	(1,434)
Indian Rupee	12,015	—	81	81
Receive foreign currency/pay yen	27,342	—	(1,516)	(1,516)
U.S. dollar	128,737	—	10,923	10,923
Australian dollar	5,587	—	401	401
	123,149	—	10,521	10,521
Total				\$(52,868)

### 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, 2020	Notional amount		Fair value	Valuation gains (losses)
	Total	Over one year		
Over-the-counter transactions:				
Interest rate swaps:				
Receive fixed/pay floating	¥12,969	¥12,235	¥14,653	¥14,653
Total				¥14,653

### 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, 2021	Notional amount		Fair value	Valuation gains (losses)
	Total	Over one year		
Over-the-counter transactions:				
Interest rate swaps:				
Receive fixed/pay floating	¥15,449	¥14,546	¥12,497	¥12,497
Total				¥12,497

US\$ thousands

As of March 31, 2021	Notional amount		Fair value	Valuation gains (losses)
	Total	Over one year		
Over-the-counter transactions:				
Interest rate swaps:				
Receive fixed/pay floating	\$139,549	\$131,391	\$112,888	\$112,888
Total				\$112,888

### 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.

c. Stock-related transactions

As of March 31, 2020	Notional amount		Fair value	Valuation gains (losses)
	Total	Over one year		
Market transactions:				
Stock index futures:				
Sold:	¥29,721	¥—	(2,070)	(2,070)
Stock index options:				
Bought:				
Put	¥36,135 [948]	¥— [—]	992	43
<b>Total</b>				<b>¥(2,027)</b>

Notes:

1. Calculation method of fair value

Fair value is based on final prices at the main exchange or prices obtained from counterparty financial institutions.

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

As of March 31, 2021	Notional amount		Fair value	Valuation gains (losses)
	Total	Over one year		
Market transactions:				
Stock index options:				
Bought:				
Put	¥17,504 [201]	¥— [—]	1	(200)
<b>Total</b>				<b>¥(200)</b>

As of March 31, 2021	Notional amount		Fair value	Valuation gains (losses)
	Total	Over one year		
Market transactions:				
Stock index options:				
Bought:				
Put	\$158,106 [1,823]	\$— [—]	9	(1,813)
<b>Total</b>				<b>\$(1,813)</b>

Notes:

1. Calculation method of fair value

Fair value is based on final prices at the main exchange or prices obtained from counterparty financial institutions.

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

## Corporate Data

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, 2020	Notional amount		Fair value	¥ millions
	Total	Over one year		Valuation gains (losses)
Over-the-counter transactions:				
Currency-related transactions:				
Currency options:				
Bought:				
Put				
	1,438	1,114		
	[371]	[294]	107	(264)
U.S. dollar	786	634		
	[223]	[182]	53	(170)
Euro	652	480		
	[148]	[111]	53	(94)
Stock-related transactions:				
Stock index options:				
Bought:				
Call				
	10	—		
	[2]	[—]	9	6
Put	2,845	2,257		
	[604]	[486]	247	(357)
<b>Total</b>				<b>¥(614)</b>

### Notes:

1. Calculation method of fair value

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

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

As of March 31, 2021	Notional amount		Fair value	¥ millions
	Total	Over one year		Valuation gains (losses)
Over-the-counter transactions:				
Currency-related transactions:				
Currency options:				
Bought:				
Put				
	<b>1,114</b>	<b>840</b>		
	<b>[294]</b>	<b>[225]</b>	<b>51</b>	<b>(242)</b>
U.S. dollar	<b>634</b>	<b>492</b>		
	<b>[182]</b>	<b>[144]</b>	<b>33</b>	<b>(149)</b>
Euro	<b>480</b>	<b>348</b>		
	<b>[111]</b>	<b>[81]</b>	<b>18</b>	<b>(93)</b>
Stock-related transactions:				
Stock index options:				
Bought:				
Put				
	<b>2,257</b>	<b>1,811</b>		
	<b>[486]</b>	<b>[395]</b>	<b>86</b>	<b>(399)</b>
<b>Total</b>				<b>¥(642)</b>

US\$ thousands

As of March 31, 2021	Notional amount		Fair value	Valuation gains (losses)
	Total	Over one year		
Over-the-counter transactions:				
Currency-related transactions:				
Currency options:				
Bought:				
Put	10,067	7,590		
	[2,657]	[2,038]	462	(2,194)
U.S. dollar	5,726	4,445		
	[1,650]	[1,305]	300	(1,350)
Euro	4,340	3,145		
	[1,006]	[732]	162	(843)
Stock-related transactions:				
Stock index options:				
Bought:				
Put	20,387	16,366		
	[4,392]	[3,575]	784	(3,608)
<b>Total</b>				<b>\$(5,802)</b>

Notes:

1. Calculation method of fair value

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

2. Figures in square brackets for "Notional amount" 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, 2020	Hedged item	Notional amount		Fair value
		Total	Over one year	
Recognition of valuation gains/losses on hedged items:				
Foreign exchange contracts:	Foreign currency-denominated assets			
Sold		¥3,649,756	¥ —	¥ (9,804)
U.S. dollar		2,480,429	—	(22,802)
Euro		902,558	—	3,600
British pound		116,819	—	1,664
Canadian dollar		82,768	—	4,970
Australian dollar		59,631	—	2,707
New Zealand dollar		5,101	—	6
Polish zloty		383	—	24
Danish krone		1,565	—	7
Singapore dollar		498	—	16
Bought		347,374	—	1,040
U.S. dollar		265,672	—	987
Euro		81,234	—	54
British pound		467	—	(1)
Allocation treatment for foreign exchange contracts, etc.:				
Foreign exchange contracts:	Certificates of deposit in foreign currencies			
Sold		37,000	—	—
Australian dollar		37,000	—	—
Bought	Foreign currency-denominated stocks (forecasted transaction)	62,543	—	653
U.S. dollar		62,543	—	653
Currency swaps:	Foreign currency-denominated loans			
Receive yen/pay foreign currency		37,937	37,937	—
U.S. dollar		37,937	37,937	—
<b>Total</b>				<b>¥ (8,109)</b>

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 (except for the contracts hedging the forecasted transaction) 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, 2021	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	¥3,737,389	¥ —	¥(113,716)
	U.S. dollar	2,620,936	—	(87,260)
	Euro	754,753	—	(15,153)
	British pound	152,047	—	(3,284)
	Canadian dollar	90,299	—	(3,684)
	Swedish krona	334	—	(3)
	Australian dollar	115,179	—	(4,261)
	Polish zloty	1,413	—	23
	Danish krone	713	—	(17)
	Singapore dollar	1,600	—	(69)
	Norwegian krone	111	—	(5)
Bought				
	U.S. dollar	384,300	—	644
	Euro	303,342	—	292
	British pound	19,284	—	81
	Australian dollar	30,708	—	193
		30,965	—	78
Allocation treatment for foreign exchange contracts, etc.:				
Foreign exchange contracts:				
Sold				
	Certificates of deposit in foreign currencies	10,000	—	—
	Australian dollar	10,000	—	—
Currency swaps:				
Receive yen/pay foreign currency				
	Foreign currency-denominated loans	37,937	37,937	—
	U.S. dollar	37,937	37,937	—
Total				¥(113,071)

US\$ thousands

As of March 31, 2021	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	\$33,758,372	\$ —	\$(1,027,154)
	U.S. dollar	23,673,887	—	(788,193)
	Euro	6,817,392	—	(136,872)
	British pound	1,373,382	—	(29,666)
	Canadian dollar	815,644	—	(33,277)
	Swedish krona	3,018	—	(30)
	Australian dollar	1,040,371	—	(38,488)
	Polish zloty	12,768	—	209
	Danish krone	6,449	—	(157)
	Singapore dollar	14,452	—	(628)
	Norwegian krone	1,005	—	(47)
Bought				
	U.S. dollar	3,471,236	—	5,823
	Euro	2,739,972	—	2,639
	British pound	174,193	—	734
	Australian dollar	277,374	—	1,744
		279,696	—	705
Allocation treatment for foreign exchange contracts, etc.:				
Foreign exchange contracts:				
Sold				
	Certificates of deposit in foreign currencies	90,326	—	—
	Australian dollar	90,326	—	—
Currency swaps:				
Receive yen/pay foreign currency				
	Foreign currency-denominated loans	342,674	342,674	—
	U.S. dollar	342,674	342,674	—
Total				\$(1,021,330)

## 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, 2020	Hedged item	Notional amount		Fair value
		Total	Over one year	
Special treatment for interest rate swaps:				
Interest rate swaps:				
Receive fixed/pay floating	Loans	¥32,731	¥26,584	¥646
Total				¥646

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, 2021	Hedged item	Notional amount		Fair value
		Total	Over one year	
Special treatment for interest rate swaps:				
Interest rate swaps:				
Receive fixed/pay floating	Loans	¥26,199	¥26,199	¥511
Total				¥511

US\$ thousands

As of March 31, 2021	Hedged item	Notional amount		Fair value
		Total	Over one year	
Special treatment for interest rate swaps:				
Interest rate swaps:				
Receive fixed/pay floating	Loans	\$236,653	\$200,522	\$4,615
Total				\$4,615

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, 2020	Hedged item	Notional amount		Fair value
		Total	Over one year	
Recognition of valuation gains/losses on hedged items:				
Forward contracts:				
Sold	Domestic equities	¥8,235	¥—	¥(31)
Total				¥(31)

Note: Calculation method of fair value

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

¥ millions

As of March 31, 2021	Hedged item	Notional amount		Fair value
		Total	Over one year	
Recognition of valuation gains/losses on hedged items:				
Forward contracts:				
Sold	Domestic equities	¥8,885	¥—	¥49
Total				¥49

US\$ thousands

As of March 31, 2021	Hedged item	Notional amount		Fair value
		Total	Over one year	
Recognition of valuation gains/losses on hedged items:				
Forward contracts:				
Sold	Domestic equities	\$80,256	\$—	\$450
Total				\$450

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 Insurance 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,	2020	¥ millions	US\$ thousands
		2021	2021
Balance at the beginning of the year	¥157,101	<b>¥156,694</b>	<b>\$1,415,364</b>
Service cost	6,551	<b>6,589</b>	<b>59,518</b>
Interest cost	633	<b>621</b>	<b>5,612</b>
Actuarial gains and losses	(840)	<b>(1,771)</b>	<b>(16,001)</b>
Retirement benefit paid	(6,833)	<b>(7,308)</b>	<b>(66,016)</b>
Accrual of past service costs	83	<b>—</b>	<b>—</b>
Balance at the end of the year	¥156,694	<b>¥154,825</b>	<b>\$1,398,477</b>

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,	2020	¥ millions	US\$ thousands
		2021	2021
Balance at the beginning of the year	¥106,062	<b>¥107,538</b>	<b>\$ 971,356</b>
Expected return on plan assets	903	<b>876</b>	<b>7,918</b>
Net actuarial gains and losses	(1,508)	<b>1,921</b>	<b>17,360</b>
Employer contribution	7,281	<b>6,433</b>	<b>58,111</b>
Benefit obligation paid	(5,200)	<b>(5,858)</b>	<b>(52,917)</b>
Balance at the end of the year	¥107,538	<b>¥110,912</b>	<b>\$1,001,829</b>

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,	2020	¥ millions	US\$ thousands
		2021	2021
Retirement benefit obligations for funded plans	¥ 129,894	<b>¥ 128,287</b>	<b>\$ 1,158,773</b>
Plan assets	(107,538)	<b>(110,912)</b>	<b>(1,001,829)</b>
Employee pension trusts	[(64,580)]	<b>[(63,599)]</b>	<b>[(574,471)]</b>
	22,355	<b>17,375</b>	<b>156,944</b>
Retirement benefit obligations for unfunded plans	26,800	<b>26,537</b>	<b>239,704</b>
Net amount of defined benefit liability and defined benefit asset stated in the consolidated balance sheet	49,156	<b>43,912</b>	<b>396,648</b>
Defined benefit liability	49,156	<b>45,764</b>	<b>413,370</b>
Defined benefit asset	—	<b>(1,851)</b>	<b>(16,722)</b>
Net amount of defined benefit liability and defined benefit asset stated in the consolidated balance sheet	¥ 49,156	<b>¥ 43,912</b>	<b>\$ 396,648</b>

d. Components of retirement benefit expense are as follows:

Years ended March 31,	2020	¥ millions	US\$ thousands
		2021	2021
Service cost	¥6,551	¥ 6,589	\$ 59,518
Interest cost	633	621	5,612
Expected return on plan assets	(903)	(876)	(7,918)
Recognized actuarial gains and losses	668	(3,693)	(33,361)
Recognized past service costs	83	—	—
Retirement benefit expense relating to defined benefit retirement plan	¥7,032	¥ 2,640	\$ 23,850

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,	2020	2021
Bonds	71.9%	68.6%
General account	11.9%	11.9%
Foreign securities	8.3%	10.2%
Stocks	3.3%	5.5%
Cash and deposits	3.9%	3.1%
Joint assets	0.7%	0.7%
Others	0.0%	0.0%
Total	100.0%	100.0%

Note: The total includes 60.1% and 57.3% of employee pension trusts set up for corporate pension plans for the fiscal years ended March 31, 2020 and 2021, 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,	2020	2021
Discount rate	0.07% – 0.80%	0.13% – 0.80%
Expected long-term rate of return on plan assets	0.10% – 2.13%	0.14% – 1.90%

### (3) Defined contribution retirement plan

The required contribution for the defined contribution retirement plan of the Company and its consolidated subsidiaries amounted to ¥272 million and ¥274 million [\$2,479 thousand] for the fiscal years ended March 31, 2020 and 2021, respectively.



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

There were no operating expenses related to stock options for the fiscal years ended March 31, 2020 and 2021.

**(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, 2021, 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	126,300 shares	78,500 shares	95,600 shares
Vested	—	—	—
Exercised	38,500 shares	22,000 shares	25,200 shares
Forfeited	—	—	—
Exercisable	87,800 shares	56,500 shares	70,400 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	—	—	—
Forfeited	—	—	—
Vested	—	—	—
Outstanding	—	—	—
After vesting:			
At the end of previous fiscal year	88,200 shares	221,000 shares	159,200 shares
Vested	—	—	—
Exercised	18,500 shares	40,800 shares	25,200 shares
Forfeited	—	—	—
Exercisable	69,700 shares	180,200 shares	134,000 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	981 yen	981 yen	960 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	940 yen	943 yen	934 yen
Fair value at the granted date	1,708 yen	918 yen	1,485 yen

**(3) 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,	2020	¥ millions 2021	US\$ thousands 2021
Balance at the beginning of the year	¥2,041	¥2,084	\$18,825
Time progress adjustment	43	44	398
Balance at the end of the year	¥2,084	¥2,128	\$19,224

**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,	2020	¥ millions 2021	US\$ thousands 2021
Balance sheet amount:			
Balance at the beginning of the year	¥256,235	¥269,492	\$2,434,220
Net increase (decrease)	13,257	2,165	19,559
Balance at the end of the year	269,492	271,658	2,453,780
Fair value at the end of the year	¥366,328	¥371,033	\$3,351,396

## 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, 2020 and 2021 include amounts related to asset retirement obligations of ¥50 million and ¥24 million [\$222 thousand], respectively.
- For the year ended March 31, 2020, the increase mainly consisted of purchase of real estate totaling ¥18,933 million and the decrease mainly consisted of depreciation totaling ¥5,409 million. For the year ended March 31, 2021, the increase mainly consisted of purchase of real estate totaling ¥7,375 million [\$66,623 thousand] and the decrease mainly consisted of depreciation totaling ¥5,743 million [\$51,880 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,	2020	¥ millions	US\$ thousands
		2021	2021
Ordinary revenues	¥19,714	<b>¥20,784</b>	<b>\$187,742</b>
Ordinary expenses	12,224	<b>12,588</b>	<b>113,702</b>
Ordinary profit	7,489	<b>8,196</b>	<b>74,039</b>
Other gains (losses)	2,674	<b>(145)</b>	<b>(1,316)</b>

Notes:

1. 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.
2. For the year ended March 31, 2020, other gains were mainly gains on disposal of fixed assets, and these amounts are recorded in extraordinary gains.

For the year ended March 31, 2021, other losses were mainly losses on disposal of fixed assets and impairment losses, and 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 an insurance 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. 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.

As a part of diversification of business portfolio, T&D United Capital was established in 2019 to build up an effective and efficient investment process as a strategic initiative of the Group.

Therefore, the Company's four reportable segments are the Taiyo Life Insurance Company segment, the Daido Life Insurance Company segment, the T&D Financial Life Insurance Company segment and the T&D United Capital (consolidated) segment.

### [Information related to the change in reportable segments]

From this consolidated fiscal year, T&D United Capital Company (consolidated) has been added to the reportable segments since T&D United Capital Co., Ltd. acquired equity interest of Fortitude Group Holdings, LLC and included it as an affiliated company over which the equity method is applied. This change in reportable segments has no impact on the segment information for the previous consolidated fiscal year.

### (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, 2020	Reportable segments						Adjustments	Amount on consolidated financial statements
	Taiyo Life	Daido Life	T&D Financial Life	Subtotal	Others	Total		
Ordinary revenues	¥ 801,020	¥1,014,602	¥ 354,495	¥ 2,170,118	¥ 34,136	¥ 2,204,255	¥ (6,326)	¥ 2,197,928
Intersegment transfers	1,518	522	—	2,040	68,930	70,970	(70,970)	—
<b>Total</b>	<b>802,538</b>	<b>1,015,124</b>	<b>354,495</b>	<b>2,172,158</b>	<b>103,067</b>	<b>2,275,225</b>	<b>(77,297)</b>	<b>2,197,928</b>
Segment income (loss)	36,782	86,157	2,246	125,185	41,846	167,032	(41,609)	125,422
Segment assets	7,660,474	7,037,507	1,645,401	16,343,383	1,122,586	17,465,970	(945,832)	16,520,137
Segment liabilities	7,269,351	6,393,649	1,564,466	15,227,468	338,287	15,565,755	(168,767)	15,396,987
Others								
Depreciation of real estate for rent	3,559	2,618	—	6,177	—	6,177	(28)	6,149
Depreciation	6,896	4,522	454	11,873	687	12,561	(64)	12,497
Provision for (reversal of) policy reserve	43,419	214,759	172,504	430,684	308	430,993	—	430,993
Provision for (reversal of) reserve for policyholder dividends	10,197	11,687	(0)	21,883	—	21,883	—	21,883
Interest, dividends and income from real estate for rent	149,487	143,525	8,274	301,286	42,009	343,296	(43,532)	299,763
Interest expenses	981	12	6	999	799	1,798	(771)	1,027
Equity in earnings (losses) of affiliates	—	—	—	—	—	—	(287)	(287)
Extraordinary gains	3,380	551	—	3,932	106	4,038	—	4,038
Extraordinary losses	4,975	4,254	756	9,986	107	10,093	0	10,093
Impairment losses	803	—	—	803	—	803	—	803
Provision for reserve for price fluctuations	3,692	3,467	756	7,916	—	7,916	—	7,916
Taxes	9,172	20,315	424	29,913	426	30,340	3	30,343
Investments in affiliated companies	900	365	—	1,265	—	1,265	—	1,265
Increase in tangible fixed assets and intangible fixed assets	¥ 9,173	¥ 24,284	¥ 1,092	¥ 34,551	¥ 855	¥ 35,406	¥ (105)	¥ 35,300

## Notes:

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

2. Adjustments are as follows:

(1) The adjustment of ¥(6,326 million) to ordinary revenues is the transferred amount, which mainly consists of gains from derivatives, net of ¥2,907 million of ordinary revenues and reversal of provision for retirement benefits of ¥1,820 million of ordinary revenues which are included in ordinary expenses of the consolidated statement of operation as losses from derivatives, net and provision for retirement benefits, respectively, and provision for reserve for outstanding claims of ordinary expenses of ¥1,885 million of ordinary expenses which is included in ordinary revenues of the consolidated statement of operation as reversal of reserve for outstanding claims.

(2) The adjustment of ¥(41,609 million) to segment income (loss) is mainly due to the elimination of dividends from subsidiaries and affiliates.

(3) The adjustment of ¥(945,832 million) to segment assets is mainly due to the elimination of investments in stocks of subsidiaries and affiliates.

(4) The adjustment of ¥(168,767 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 profits set forth in the consolidated statement of operation.

¥ millions

Year ended March 31, 2021	Reportable segments							Adjustments	Amount on consolidated financial statements
	Taiyo Life	Daido Life	T&D Financial Life	T&D United Capital (consolidated)	Subtotal	Others	Total		
Ordinary revenues	¥ 796,107	¥1,022,193	¥ 460,661	¥102,991	¥ 2,381,953	¥ 36,930	¥ 2,418,884	¥ (4,930)	¥ 2,413,953
Intersegment transfers	1,194	641	—	—	1,835	69,469	71,305	(71,305)	—
Total	797,301	1,022,834	460,661	102,991	2,383,789	106,399	2,490,189	(76,236)	2,413,953
Segment income (loss)	31,606	95,905	(2,947)	101,287	225,852	42,196	268,049	(39,917)	228,132
Segment assets	8,235,372	7,554,346	1,850,918	190,216	17,830,855	1,091,890	18,922,745	(1,045,466)	17,877,278
Segment liabilities	7,708,881	6,701,219	1,782,638	82,565	16,275,304	316,301	16,591,606	(267,485)	16,324,121
Others									
Depreciation of real estate for rent	3,615	2,942	—	—	6,558	—	6,558	(28)	6,530
Depreciation	6,949	5,064	637	0	12,651	715	13,367	(55)	13,311
Provision for (reversal of) policy reserve	46,413	218,464	216,631	—	481,510	415	481,925	—	481,925
Provision for (reversal of) reserve for policyholder dividends	12,574	11,854	0	—	24,429	—	24,429	—	24,429
Interest, dividends and income from real estate for rent	144,708	140,496	7,295	79	292,580	40,384	332,964	(43,037)	289,927
Interest expenses	1,008	12	5	700	1,726	1,265	2,991	(1,437)	1,553
Equity in earnings (losses) of affiliates	—	—	—	102,850	102,850	—	102,850	64	102,914
Extraordinary gains	1,186	224	—	—	1,411	297	1,708	—	1,708
Extraordinary losses	5,779	7,347	868	—	13,995	276	14,272	27	14,300
Impairment losses	546	2,368	—	—	2,915	—	2,915	—	2,915
Provision for reserve for price fluctuations	3,844	3,659	868	—	8,371	—	8,371	—	8,371
Taxes	4,156	22,064	(1,031)	2,076	27,264	634	27,898	5	27,903
Investments in affiliated companies	900	365	—	78,743	80,009	—	80,009	—	80,009
Increase in tangible fixed assets and intangible fixed assets	¥ 11,810	¥ 8,970	¥ 905	¥ —	¥ 21,685	¥ 767	¥ 22,453	¥ (95)	¥ 22,357

US\$ thousands

Year ended March 31, 2021	Reportable segments						Total	Adjustments	Amount on consolidated financial statements
	Taiyo Life	Daido Life	T&D Financial Life	T&D United Capital (consolidated)	Subtotal	Others			
Ordinary revenues	\$ 7,190,925	\$ 9,233,071	\$ 4,160,976	\$ 930,282	\$ 21,515,255	\$ 333,576	\$ 21,848,831	\$ (44,539)	\$ 21,804,292
Intersegment transfers	10,789	5,790	—	—	16,580	627,492	644,073	(644,073)	—
Total	7,201,715	9,238,861	4,160,976	930,282	21,531,836	961,069	22,492,905	(688,612)	21,804,292
Segment income (loss)	285,489	866,278	(26,619)	914,889	2,040,037	381,148	2,421,186	(360,555)	2,060,630
Segment assets	74,386,890	68,235,452	16,718,621	1,718,153	161,059,118	9,862,618	170,921,736	(9,443,292)	161,478,444
Segment liabilities	69,631,300	60,529,487	16,101,873	745,782	147,008,444	2,857,030	149,865,474	(2,416,093)	147,449,381
Others									
Depreciation of real estate for rent	32,661	26,580	—	—	59,241	—	59,241	(254)	58,986
Depreciation	62,769	45,742	5,758	5	114,274	6,464	120,738	(501)	120,237
Provision for (reversal of) policy reserve	419,236	1,973,307	1,956,749	—	4,349,293	3,750	4,353,043	—	4,353,043
Provision for (reversal of) reserve for policyholder dividends	113,577	107,075	5	—	220,659	—	220,659	—	220,659
Interest, dividends and income from real estate for rent	1,307,091	1,269,051	65,899	720	2,642,761	364,775	3,007,537	(388,736)	2,618,800
Interest expenses	9,108	112	50	6,323	15,594	11,426	27,021	(12,986)	14,034
Equity in earnings (losses) of affiliates	—	—	—	929,005	929,005	—	929,005	578	929,584
Extraordinary gains	10,720	2,025	—	—	12,746	2,683	15,430	—	15,430
Extraordinary losses	52,201	66,371	7,845	—	126,418	2,501	128,919	247	129,166
Impairment losses	4,938	21,397	—	—	26,336	—	26,336	—	26,336
Provision for reserve for price fluctuations	34,722	33,050	7,845	—	75,618	—	75,618	—	75,618
Taxes	37,539	199,295	(9,318)	18,753	246,270	5,729	252,000	45	252,045
Investments in affiliated companies	8,134	3,300	—	711,258	722,693	—	722,693	—	722,693
Increase in tangible fixed assets and intangible fixed assets	\$ 106,676	\$ 81,026	\$ 8,175	\$ —	\$ 195,878	\$ 6,932	\$ 202,810	\$ (863)	\$ 201,946

## Notes:

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

2. Adjustments are as follows:

The adjustment of ¥(4,930 million) [\$ (44,539 thousand)] to ordinary revenues is the transferred amount, which mainly consists of gains from derivatives, net of ¥3,287 million [\$29,694 thousand] of ordinary revenues and reversal of reserve for outstanding claims of ¥352 million [\$3,187 thousand] of ordinary revenues which are included in ordinary expenses of the consolidated statement of operation as losses from derivatives, net and provision for reserve for outstanding claims, respectively, and provision for defined benefits of ¥1,226 million [\$11,082 thousand] of ordinary expenses which is included in ordinary expenses of the consolidated statement of operation as reversal of provision for defined benefits.

The adjustment of ¥(39,917 million) [\$ (360,555 thousand)] to segment income (loss) is mainly due to the elimination of dividends from subsidiaries and affiliates.

The adjustment of ¥(1,045,466 million) [\$ (9,443,292 thousand)] to segment assets is mainly due to the elimination of investments in stocks of subsidiaries and affiliates.

The adjustment of ¥(267,485 million) [\$ (2,416,093 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 profits set forth in the consolidated statement of operation.

## [Related information]

For the year ended March 31, 2020

### 1. Information by product and service

Sales to external customers

Year ended March 31, 2020	¥ millions				
	Taiyo Life	Daido Life	T&D Financial Life	Others	Total
Income from insurance premiums	¥593,679	¥818,070	¥335,910	¥5,847	¥1,753,508
Insurance premiums	593,475	816,488	323,017	5,847	1,738,828
Individual insurance and individual annuities	493,402	760,119	322,833	—	1,576,355
Group insurance	27,682	20,622	—	—	48,304
Group annuities	71,232	34,633	164	—	106,030
Others	1,158	1,112	19	5,847	8,137
Ceded reinsurance recoveries	¥ 204	¥ 1,581	¥ 12,893	¥ —	¥ 14,679

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, 2021

### 1. Information by product and service

Sales to external customers

Year ended March 31, 2021	¥ millions					
	Taiyo Life	Daido Life	T&D Financial Life	T&D United Capital (consolidated)	Others	Total
Income from insurance premiums	¥619,721	¥808,161	¥348,020	¥ —	¥7,465	¥1,783,369
Insurance premiums	619,493	804,536	331,443	—	7,465	1,762,939
Individual insurance and individual annuities	507,639	749,504	331,292	—	—	1,588,436
Group insurance	27,548	20,168	—	—	—	47,716
Group annuities	83,212	33,704	132	—	—	117,050
Others	1,092	1,159	18	—	7,465	9,735
Ceded reinsurance recoveries	¥ 228	¥ 3,624	¥ 16,577	¥ —	¥ —	¥ 20,429

Year ended March 31, 2021	US\$ thousands					
	Taiyo Life	Daido Life	T&D Financial Life	T&D United Capital (consolidated)	Others	Total
Income from insurance premiums	\$5,597,701	\$7,299,803	\$3,143,536	\$ —	\$67,430	\$16,108,472
Insurance premiums	5,595,640	7,267,066	2,993,799	—	67,430	15,923,937
Individual insurance and individual annuities	4,585,307	6,769,982	2,992,435	—	—	14,347,725
Group insurance	248,835	182,170	—	—	—	431,005
Group annuities	751,630	304,443	1,195	—	—	1,057,268
Others	9,866	10,470	169	—	67,430	87,937
Ceded reinsurance recoveries	\$ 2,061	\$ 32,737	\$ 149,737	\$ —	\$ —	\$ 184,535

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, 2020 and 2021

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, 2020 and 2021: Not applicable.

### [Information on gains on negative goodwill by reportable segment]

For the years ended March 31, 2020: Not applicable.

For the years ended March 31, 2021:

[Significant gains on negative goodwill]

In the T&D United Capital (consolidated) segment, negative goodwill of ¥61,575 million [\$556,187 thousand] resulting from the inclusion of Fortitude Group Holdings, LLC in the scope of affiliated companies over which the equity method is applied has been recorded as equity in earnings of affiliates.

### [Related party information]

#### 1. Related party transactions

For the years ended March 31, 2020 and 2021: Not applicable.

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

For the years ended March 31, 2020: Not applicable.

For the years ended March 31, 2021:

- a. Notes on the parent company: Not applicable.
- b. Summarized financial information of important affiliated company

For the consolidated fiscal year ended March 31, 2021, the important affiliated companies were Fortitude Group Holdings, LLC and Fortitude Reinsurance Company Ltd., a wholly owned subsidiary of Fortitude Group Holdings, LLC, and its summarized consolidated financial information (main consolidated balance sheet items and consolidated statement of operation items) is as follows.

The consolidated financial statements of the company have been prepared in accordance with U.S. GAAP.

	¥ millions	US\$ thousands
	Fortitude Group Holdings, LLC	Fortitude Group Holdings, LLC
Total assets	¥4,872,146	\$44,008,185
Total liabilities	¥4,157,960	\$37,557,225
Total net assets	¥ 714,185	\$ 6,450,959
Total revenues	¥ 513,673	\$ 4,639,810
Total expenses	¥ 400,366	\$ 3,616,349
Income before income taxes	¥ 113,307	\$ 1,023,460
Profit	¥ 89,400	\$ 807,519

Since T&D United Capital Co., Ltd. acquired equity interest of Fortitude Group Holdings, LLC in the consolidated fiscal year, Fortitude Group Holdings, LLC and Fortitude Reinsurance Company Ltd. are included in affiliated companies over which the equity method is applied. Therefore, both companies are considered important affiliated companies from the consolidated fiscal year.

**Note 31 Per Share Information**

		¥	US\$
Years ended March 31,	2020	<b>2021</b>	<b>2021</b>
Net assets per share	¥1,857.77	<b>¥2,617.07</b>	<b>\$23.63</b>
Net income per share	111.31	<b>271.55</b>	<b>2.45</b>
Net income per share (fully diluted)	109.07	<b>271.26</b>	<b>2.45</b>

Note: A summary of the net assets per share, 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,	2020	<b>2021</b>	<b>2021</b>
Net income per share:			
Profit attributable to owners of parent	¥67,103	<b>¥162,316</b>	<b>\$1,466,144</b>
Amount not attributable to common shareholders	—	—	—
Profit attributable to owners of parent attributable to common shareholders	¥67,103	<b>¥162,316</b>	<b>\$1,466,144</b>

		Shares
Weighted-average number of common stocks outstanding	602,854,887	<b>597,736,297</b>

		¥ millions	US\$ thousands
Years ended March 31,	2020	<b>2021</b>	<b>2021</b>
Net income per share (fully diluted):			
Adjusted profit attributable to owners of parent	¥(20)	<b>¥(3)</b>	<b>\$(31)</b>
Amortization of bond premium (after tax)	¥(20)	<b>¥(3)</b>	<b>\$(31)</b>

		Shares
Increase in common stock	12,168,016	<b>631,588</b>
Convertible Bond	11,375,701	—
Subscription rights to shares	792,315	<b>631,588</b>
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,	2020	<b>2021</b>	<b>2021</b>
Net assets	¥1,123,149	<b>¥1,553,157</b>	<b>\$14,029,062</b>
Deduction from net assets	7,208	<b>8,138</b>	<b>73,515</b>
Subscription rights to shares	876	<b>689</b>	<b>6,226</b>
Non-controlling interests	6,332	<b>7,449</b>	<b>67,288</b>
Net assets available to common shareholders	¥1,115,941	<b>¥1,545,018</b>	<b>\$13,955,547</b>

		Shares
The number of common stock outstanding	600,688,559	<b>590,361,894</b>

(3) The Company's shares remaining in the BIP (Board Incentive Plan) Trust, which are recorded as treasury shares in shareholders' equity, are included in treasury shares to be deducted in the calculation of the average number of shares during the period for calculation of net income per share and net income per share (fully diluted). Also, for the calculation of net assets per share, it is included in the number of treasury shares deducted from the total number of outstanding shares at the end of the fiscal year.

Accordingly, the average number of treasury shares to be

deducted in calculation of net income per share and net income per share (fully diluted) is 763,295, and the number of treasury shares to be deducted in calculation of net assets per share is 742,900 for the consolidated fiscal year ended March 31, 2021. Also, for the consolidated fiscal year ended March 31, 2020, the average number of treasury shares to be deducted in calculation of net income per share and net income per share (fully diluted) was 807,343, and the number of treasury shares to be deducted in calculation of net assets per share was 798,400.

**Note 32** Significant Subsequent Events**[Equity in earnings or losses of affiliates with different closing date]**

In this consolidated fiscal year, Equity in earnings of affiliates related to Fortitude Group Holdings, LLC ("Fortitude") use the financial statements of Fortitude for the consolidated fiscal year (January 1, 2020 to December 31, 2020). Equity in losses of affiliates related to Fortitude for the first quarter accounting period (January 1, 2021 to March 31, 2021) of approximately ¥(57,000 million) [\$(514,858 thousand)] will be recognized for the first quarter of the next consolidated fiscal year for the Company.

**[Purchase of treasury shares]**

The Company has resolved at its Board of Directors' meeting held on May 14, 2021, the acquisition of treasury shares under the provision Article 156 of the Companies Act of Japan, as applied pursuant to Article 165, Paragraph 3 of the same.

- a. Reasons for the purchase of treasury shares
  - To enhance shareholder return and improve capital efficiency.
- b. Details of the purchase
  - (i) Type of shares to be purchased: Shares of common stock
  - (ii) Number of shares to be purchased: Up to 14,000,000 shares
  - (iii) Total amount of purchase: Up to ¥10,000 million [\$90,326 thousand]
  - (iv) Period of purchase: From May 17, 2021, to July 30, 2021
  - (v) Method of purchase: Open-market repurchase by the trust method
- c. Results of the purchase
  - (i) Total number of purchased shares: 6,730,400 shares
  - (ii) Total cost of purchase: ¥9,999 million [\$90,317 thousand]
  - (iii) Period of purchase: From May 17, 2021 to June 8, 2021 on the basis of execution date

**[Borrowing of a large amount of fund]**

Based on the resolution made at the Board of Directors' meeting held on May 31, 2021, the Company plans to enter into a subordinated syndicated loan agreement ("the subordinated loan") of up to ¥13.5 billion [\$121,940 thousand] on June 23, 2021 and execute the borrowing on June 28, 2021.

- a. Amount of borrowing: Up to ¥13.5 billion [\$121,940 thousand]
- b. Date of agreement: June 23, 2021 (to be scheduled)
- c. Borrowing date: June 28, 2021 (to be scheduled)
- d. Repayment date: June 28, 2051 (to be scheduled, 30 years after the date of borrowing execution)
- e. Date of the first enabled prepayment: June 28, 2031 (to be scheduled, 10 years after the date of borrowing execution)
- f. Applicable interest rate: Base interest rate +spread (floating interest rate)
  - After the first prepayment date, 1.00% is added to the initial spread.
- g. Use of the funds: Sub-loan funds to T&D United Capital Co., Ltd., a subsidiary of the Company (The funds are limited to T&D United Capital's additional investment, etc. in Fortitude Group Holdings, LLC and T&D United Capital's working capital.)
- h. Voluntary suspension of interest payment: Payment of all or part of the subordinated loan can be deferred at the Company's discretion.
- i. Subordination covenant: The subordinated loan is subordinated in liquidation proceedings, bankruptcy proceedings, corporate reorganization proceedings and civil rehabilitation proceedings, or similar proceedings in foreign countries. Each article of the contract related to the subordinated loan must not be amended if the creditors of the senior debt suffer disadvantages in any way.
- j. Arranger: MUFG Bank, Ltd.
- k. Agent: MUFG Bank, Ltd.
- l. Participating financial institutions: Not determined yet

# Independent Auditor's Report



## Independent Auditor's Report

The Board of Directors  
T&D Holdings, Inc.

### Opinion

We have audited the accompanying consolidated financial statements of T&D Holdings, Inc. and its consolidated subsidiaries (the Group), which comprise the consolidated balance sheet as at March 31, 2021, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters.

Judgement on sufficiency of the policy reserve	
Description of Key Audit Matter	Auditor's Response
<p>As of March 31, 2021, the Group recorded the policy reserve of ¥14,619,797 million on the consolidated balance sheet. The policy reserve was a significant account, which accounted for 89.5% of the total liabilities of ¥16,324,121 million. As described in Note 2 (21) – “Significant Accounting Estimates” (a) - Policy reserve; for each accounting period, a life insurance company, based on Article 116, Paragraph 1 of the Insurance Business Act, must set aside a certain amount as policy reserve to prepare for future performance of obligations under its insurance policies for which contractual responsibilities have commenced before the fiscal year end in accordance with the calculation methodology specified in the statement of calculation procedures for insurance premiums and policy reserve (Article 4, Paragraph 2, Item 4 of the Insurance Business Act).</p> <p>In addition, if assumptions (base rates such as assumed incidence rate and assumed interest rate) specified in the statement of calculation procedures for insurance premiums and policy reserve significantly deviate from the latest actual rates and it is deemed to be insufficient to cover the performance of the future obligations, an additional policy reserve must be set aside in accordance with Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act.</p> <p>To prepare for the future performance of obligations under insurance policies, a policy reserve must be set aside based on sound actuarial practice including reasonable forecasts as at the fiscal year end, which reflects the occurrence of insured events, operating expenses and the performance of asset management, etc., to not hinder the future ability of making payments of a life insurance company. To judge the sufficiency of the policy reserve, it is</p>	<p>We evaluated the design and tested the operating effectiveness of the key internal controls over the policy reserve recording process and verified if the policy reserve was set aside based on Article 116 of the Insurance Business Act.</p> <p>In addition, we involved actuarial specialists from our network firm and performed the following audit procedures, as well as other procedures, to validate the Group's judgement on sufficiency of the policy reserve (future cashflow analysis and stress tests of third sector insurance) to assess if it is necessary to set aside an additional policy reserve in accordance with Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act in case the existing policy reserve was insufficient to cover the future performance of obligations:</p> <ul style="list-style-type: none"> <li>• To validate the Group's judgement on the sufficiency of the policy reserve (future cashflow analysis and stress tests for third sector insurance), we verified if they were appropriately performed based on relevant laws, “Standards of Practice for Appointed Actuaries of Life Insurance Companies (The Institute of Actuaries of Japan)” and internal rules and compared the calculation results with the prior year's results.</li> <li>• We inspected the opinion of the appointed actuary described in the written opinions of Appointed Actuaries and the supplementary report. We carried out inquiries with the appointed actuary.</li> </ul>

necessary to understand the economic and business environment, business policies such as sales and investments, consider their correlation and have the expertise in actuarial practice.

Based on the above factors, we have determined the judgement on sufficiency of the policy reserve as a key audit matter due to the significance of impact on the consolidated financial statements.

Reasonableness in the calculation of negative goodwill	
Description of Key Audit Matter	Auditor's Response
<p>As described in Note 30 – “Segment Information”, the Group recorded a gain on negative goodwill of ¥61,575 million which was included in Equity in earnings of affiliates for the year ended March 31, 2021.</p> <p>The gain on negative goodwill was recognized when “T&amp;D United Capital Co. Ltd.”, one of the consolidated subsidiaries, acquired 25% of the outstanding shares of Fortitude Group Holdings, LLC on June 3, 2020.</p> <p>When it is expected that a negative goodwill will occur, the acquirer shall reassess whether all identifiable assets and liabilities have been appropriately identified and also review whether the acquisition cost is allocated reasonably. If the acquisition cost is still lower than the net amount allocated to the assets and liabilities, thereby resulting in a negative goodwill, it is recognized as gains in the year in which the negative goodwill occurs.</p> <p>Based on the above factors, we have determined the reasonableness in the calculation of negative goodwill as a key audit matter due to the significance of impact in the consolidated financial statements.</p>	<p>We performed the following audit procedures, as well as other procedures, to assess the reasonableness of the calculation of negative goodwill:</p> <ul style="list-style-type: none"> <li>• We carried out inquiries with management to verify if the acquisition was based on rational reason in terms of the Group's business.</li> <li>• We reviewed relevant evidences and carried out inquiries with the department in charge of the calculation to verify the rationality of the calculation method for the acquisition cost.</li> <li>• We reviewed the financial due diligence report, analyzed the financial statements of the acquired company accounted for by the equity method at the base date of the acquisition and performed other procedures to verify the consistency with the assets and liabilities identified by management. We also carried out inquiries and discussed with the relevant employees to verify if there were additional costs or losses corresponding to specific events expected to occur after the acquisition.</li> <li>• We obtained the calculation sheet and verified the accuracy as well as the consistency with relevant evidences to verify the accuracy of the amount recorded as negative goodwill.</li> </ul>

#### **Responsibilities of Management and the Audit and Supervisory Committee 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 such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Audit and Supervisory Committee is responsible for overseeing the Group's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



We communicate with the Audit and Supervisory Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Supervisory Committee with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit and Supervisory Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan**

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

#### **Convenience Translation**

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2021 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2 to the consolidated financial statements.

Ernst & Young ShinNihon LLC  
Tokyo, Japan

June 17, 2021

臼倉 健司 

Kenji Usukura  
Designated Engagement Partner  
Certified Public Accountant

羽柴 則央 

Norio Hashiba  
Designated Engagement Partner  
Certified Public Accountant

# Stock Information

As of March 31, 2021

## 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: 633,000,000
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"> <li>• Electronic public notice (Japanese only)</li> <li>• URL: <a href="https://www.td-holdings.co.jp/information/public.html/">https://www.td-holdings.co.jp/information/public.html/</a></li> <li>• 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).</li> </ul>
Transfer Agent	Mitsubishi UFJ Trust and Banking Corporation 4-5, Marunouchi 1-Chome, Chiyoda-ku, Tokyo, Japan URL: <a href="https://www.tr.mufg.jp/english/">https://www.tr.mufg.jp/english/</a>
Number of Shareholders	219,229

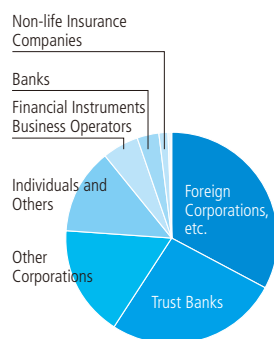
## PRINCIPAL SHAREHOLDERS

Name of Shareholders	Number of Shares Held (Thousands of shares)	Percentage of Total Shares Outstanding (%)
The Master Trust Bank of Japan Ltd. (Trust Account)	57,852	9.79
Custody Bank of Japan, Ltd. (Trust Account)	30,274	5.12
Custody Bank of Japan, Ltd. (Trust Account7)	16,950	2.87
MUFG Bank, Ltd.	10,325	1.75
Custody Bank of Japan, Ltd. (Trust Account5)	9,041	1.53
JPMorgan Securities Japan Co., Ltd.	8,656	1.46
STATE STREET BANK WEST CLIENT – TREATY 505234	8,634	1.46
Custody Bank of Japan, Ltd. (Trust Account6)	8,012	1.36
SSBTC CLIENT OMNIBUS ACCOUNT	7,419	1.26
Custody Bank of Japan, Ltd. (Trust Account1)	7,190	1.22

Note: In addition to the above, the Company holds 41,895 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.

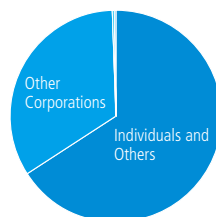
## COMPOSITION OF SHAREHOLDERS AND SHARES

Proportion of Shares Held (%)



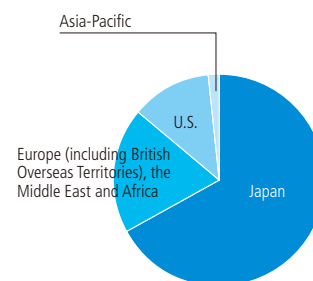
Foreign Corporations, etc.	32.79
Trust Banks	26.50
Other Corporations	16.95
Individuals and Others	12.97
Financial Instruments Business Operators	5.54
Banks	3.43
Non-life Insurance Companies	1.44
Other Financial Institutions	0.22
Life Insurance Companies	0.16
Government and Local Public Bodies	0.00

Composition of Shareholders (%)



Individuals and Others	65.98
Other Corporations	33.60
Foreign Corporations, etc.	0.36
Financial Instruments Business Operators	0.02
Trust Banks	0.01
Other Financial Institutions	0.01
Banks	0.01
Life Insurance Companies	0.01
Non-life Insurance Companies	0.00
Government and Local Public Bodies	0.00

Regional Distribution of Shares Held (%)



Japan	67.21
Europe (including British Overseas Territories), the Middle East and Africa	18.93
U.S.	12.41
Asia-Pacific	1.46
Others	0.00

## Group Companies

As of July 1, 2021

The T&D Insurance Group comprised the holding company, 19 consolidated subsidiaries, and 6 affiliated companies as of July 1, 2021. Centered on the life insurance business, the T&D Insurance Group's operations are outlined below:

# T&D T&D Holdings, Inc.

### Insurance & Insurance-related Businesses

[11 companies]

#### Insurance

- Taiyo Life Insurance Company (Life insurance business)
- Daido Life Insurance Company (Life insurance business)
- T&D Financial Life Insurance Company (Life insurance business)
- Pet & Family Insurance Co., Ltd. (Nonlife insurance Business)
- Capital Taiyo Life Insurance Limited (Life insurance Business)
- Fortitude Group Holdings, LLC (Insurance holding company)
- Fortitude Reinsurance Company Ltd. (Reinsurance business)

#### Insurance-related

- T&D Confirm Ltd. (Policyholder confirmation services)
- Toyo Insurance Agency Co., Ltd. (Insurance agent)
- Daido Management Service Co., Ltd. (Insurance agent)
- Taiyo Life Aging Society Institute (Survey and research on health and medical care)

### Investment-related Businesses

[9 companies]

#### Investment Management and Advisory, etc.

- T&D Asset Management Co., Ltd. (Investment advisory and investment trust services)

#### Other Investment-related

- T&D United Capital Co., Ltd. (Principal investment, Investment management [administration])
  - T&D United Capital North America Inc. (Principal investment, Investment management [administration])
  - T&D Lease Co., Ltd. (Leasing)
  - Taiyo Credit Guarantee Co., Ltd. (Credit guarantee services)
  - Alternative Investment Capital Ltd. (Investment in private equity funds)
- Other subsidiaries and affiliated companies, etc.: 3 companies

### Administration-related Businesses

[5 companies]

#### Administration-related

- T&D Customer Services Co., Ltd. (Life insurance policy clerical services, including drafting, amendment, custody and distribution of documents, and delivery of securities)

#### General Affairs and Calculation-related

- T&D Information Systems, Ltd. (Computer software and system services)
- Nihon System Shuno, Inc. (Premium collection)
- Zenkoku Business Center Co., Ltd. (Premium collection)
- Thuriya Ace Technology Company Limited (Designing and developing information technology, information technology systems, software solutions and business solutions for the insurance industry)

Companies marked by ■ are consolidated subsidiaries, and companies marked by ● are affiliated companies accounted for by the equity method.

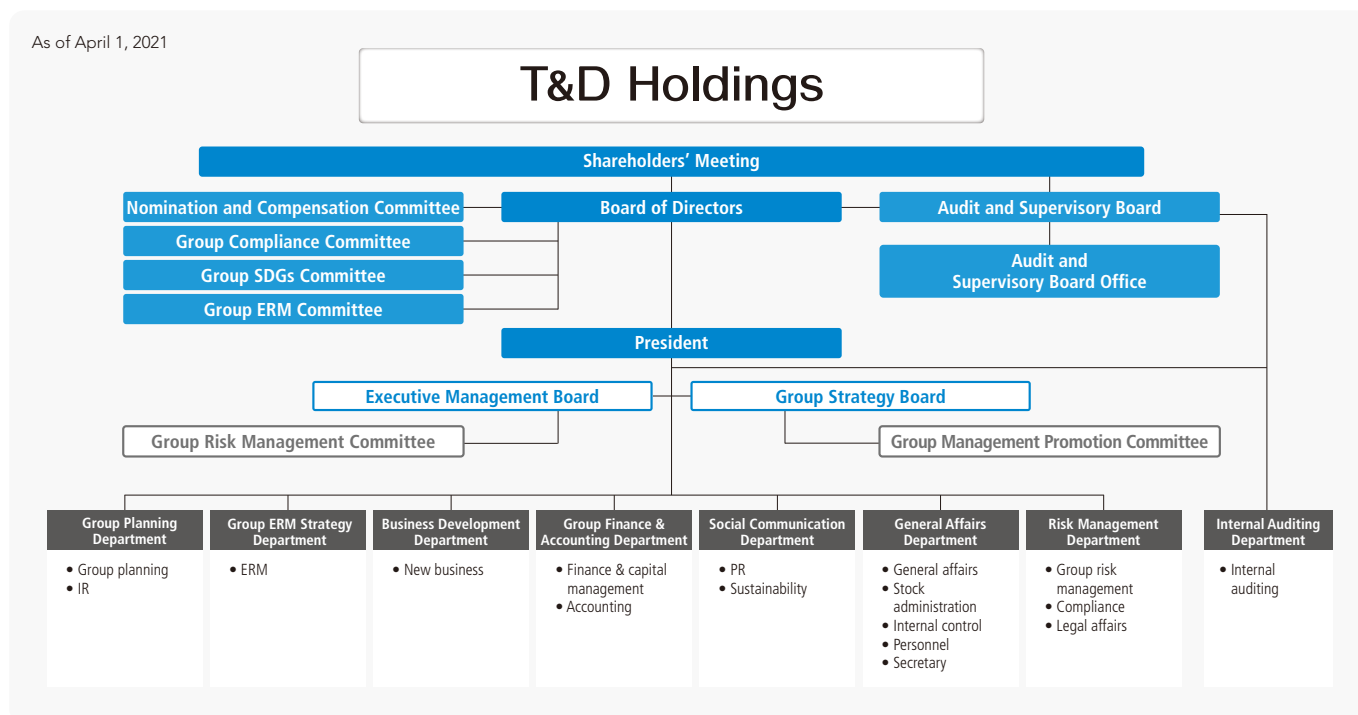
# Corporate Overview

As of March 31, 2021

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	633,000,000 shares
Number of Employees	118

## Organizational Structure

As of April 1, 2021



## Websites

For more detailed information on the contents of this report, please see the Company's websites.

Website of T&D Holdings, Inc.  
<https://www.td-holdings.co.jp/en/>

Investor Relations  
<https://www.td-holdings.co.jp/en/ir/>

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

