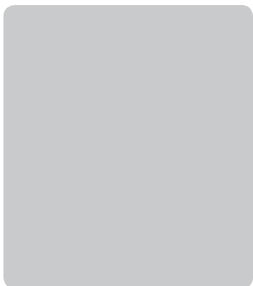


T&D Insurance Group



T&D Holdings
**INTEGRATED
REPORT 2019**

Year ended March 31, 2019



***Try &
Discover***



15th
Anniversary

T&D Insurance Group's Corporate Philosophy

Meaning of the T&D Insurance Group's existence

**With our "Try & Discover" motto
for creating value, we aim to be a group that
contributes to all people and societies.**

T&D Insurance Group's Management Vision

Vision and direction aimed over medium- and long-term

From the customers' point of view

We aim to be the top insurance company in terms of customer satisfaction by providing the best products and services.

From the shareholders', investors', and market's point of view

We aim to be an insurance group with a strong market presence by increasing our corporate value in a steady and sustainable manner by taking on new challenges toward growth.

Brand Message

Towards a New Dimension of Insurance.

What we want to create is not only insurance.

What we want to create is something beyond insurance—a future in which everybody can expand their potential without fear of risk.

A society in which everybody can embrace their hopes, regardless of the changing times.

Each individual, filled with the spirit of Try & Discover, attempting one new thing after another.

We in the T&D Insurance Group can surely achieve it.

さあ、保険の新次元へ。

T&D 保険グループ

Editorial Policy

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

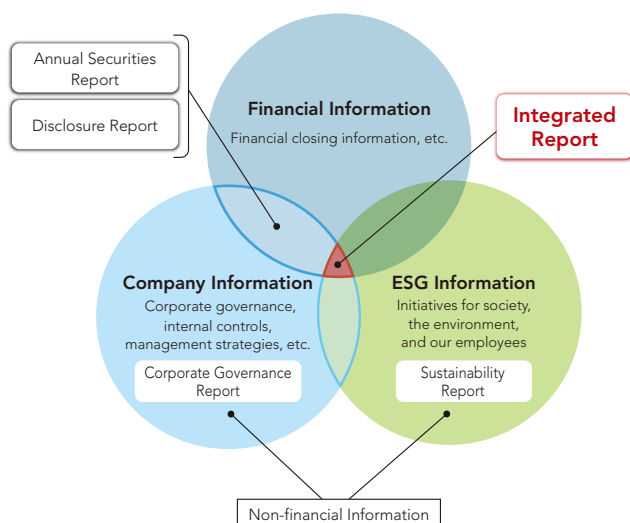
Specifically, it reports the results of the Group's previous medium-term management plan, "Try & Discover for the Next Stage — A Three-Year Period for Expanding Our Growth Areas —," which ended in March 2019, along with corporate governance and social and environmental initiatives. In addition, it also describes the policies and strategies of the Group's new medium-term management plan, "Try & Discover 2021 — Creation of Shared Value —," which started in April 2019, as well as specific business strategies for Group companies based on this plan.

- Period Covered by This Report: April 1, 2018 to March 31, 2019 (This report also includes some information outside this period.)
- Scope of This Report: T&D Holdings, Inc., and its subsidiaries and affiliated companies
- Reference Guidelines: "The International Integrated Reporting Framework" issued by the International Integrated Reporting Council (IIRC) and "Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation" formulated by Japan's Ministry of Economy, Trade and Industry



Role of the 2019 Integrated Report

This report provides a summary of key financial, company, and ESG information to enable our shareholders and investors to understand the T&D Insurance Group.



ESG Index Status (as of July 1, 2019)

- FTSE4Good Index Series
- MSCI ESG Leaders Indexes
- FTSE Blossom Japan Index
- MSCI Japan ESG Select Leaders Index
- MSCI Japan Empowering Women Index (WIN)



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History of the T&D Insurance Group



Taiyo Life former head office (Tokyo)
Construction completed in 1930



1893 founded

Taiyo Life's predecessor company, Nagoya Life Insurance Co., Ltd., was established in fourth of the existing life insurance companies in Japan.



1902 founded

Daido Life was founded through the merger of then Asahi Life Insurance Co. (which was operated by Kajimaya and is a separate company from the current Asahi Mutual Life Insurance Company), with Gokoku Life Insurance Co. in Tokyo and Hokkai Life Insurance Co. in Hokkaido.



Daido Life former Higobashi head office (Osaka)
Construction completed in 1925



Broad business alliance between Taiyo Life and Daido Life

In January 1999, Taiyo Life and Daido Life announced a broad business alliance and decided the Group name to be the "T&D Life Group" in June of the same year.

The group name changed from "T&D Life Group" to "T&D Insurance Group," (2019).

T&D Asset Management

2002 The Group's asset management companies were concentrated.



2001 joined T&D Life Group

Taiyo Life and Daido Life jointly acquired shares of T&D Financial Life (former Tokyo Life Insurance Company), which started operations as a member of the T&D Life Group.

Creation of shared value at the T&D Insurance Group aimed at social issues and needs

Initiatives for the Japanese life insurance market, in which needs are diversifying along with the declining birthrate and an aging population

2008

Taiyo Life October
Launch of *Hoken Kumikyoku Best*, a pioneering insurance that allows customers to freely combine the coverage they need, and which overturned the conventional wisdom of the industry

2010

T&D Financial Life April
Launch of *Shogai Premium*, the industry's first cash flow-type, single-premium whole life insurance

Daido Life October
Launch of the *J-type product*, a new insurance for covering the risk of critical illnesses, aimed at business owners to ensure business continuity

2012

T&D Financial Life August
Start of level premium protection-type product sales

T&D Financial Life September
Expansion into insurance shop agent channels

2014

Taiyo Life April
Start of the *Best Senior Service*, an initiative aimed at enhancing convenience for senior customers

Construction of a network with overseas life insurance companies, aimed at medium- and long-term growth



2013

Daido Life December
Capital and business alliance with the German life insurance company, Nuernberger Beteiligungs-Aktiengesellschaft; collaboration through joint investment in funds and referrals

(Early years of the Group)

Period of recovery from financial crisis

Full implementation of ERM

Period for strengthening business platform

Three years for expanding growth areas

Pet & Family Insurance

September 2008
Collapse of
Lehman Brothers

March 2011
Great East Japan
Earthquake

December 2012 Start of Abenomics

February 2016
Introduction of
negative interest rate policy

2007 was made a subsidiary (Transition from a small-amount short-term insurance provider to a non-life insurance company in April 1919)

T&D

Establishment of T&D Holdings, Inc.

In April 2004, T&D Holdings, Inc. (the "Company") was established as Japan's first holding company centered on the life insurance business. It was listed on the Tokyo Stock Exchange and Osaka Securities Exchange (current Osaka Exchange).

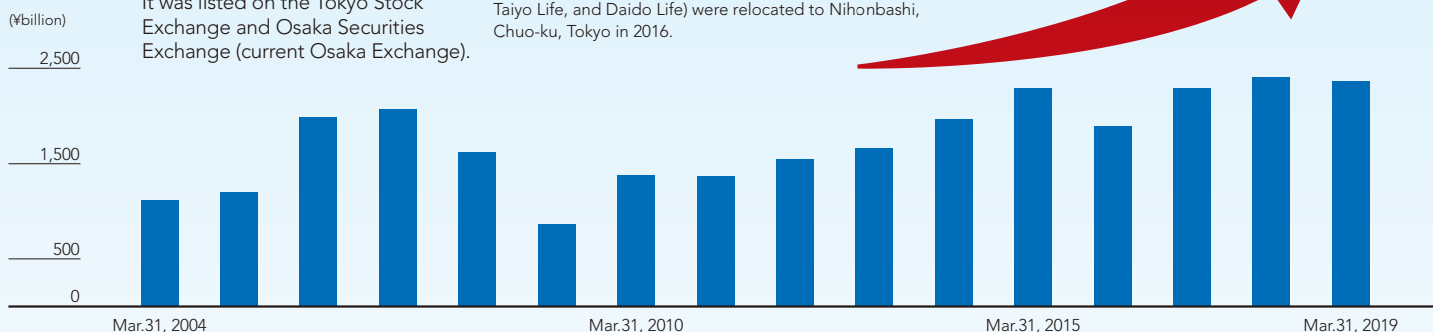


Head offices of three Group companies (T&D Holdings, Taiyo Life, and Daido Life) were relocated to Nishinomiya, Chuo-ku, Tokyo in 2016.

Group MCEV

As of March 31, 2019

¥2,370.6 billion



Note: Values up to March 31, 2006 are based on TEV (Traditional Embedded Value), those from March 31, 2007 on EEV (European Embedded Value), and those from March 31, 2012 on Group MCEV. The ultimate forward rate (UFR) is not applied.

2016

Taiyo Life March
Launch of the industry-first *Himawari Dementia Treatment Insurance*

Taiyo Life April
Start of the *Kaketsuke-Tai Service*, with the aim of being the most considerate and useful life insurance company for our senior customers

Taiyo Life June
Start of *Taiyo's GENKI Project* for energizing employees, customers, and society



2017

Daido Life January
Start of the DAIDO KENCO ACTION initiatives to disseminate Health and Productivity Management*

Daido Life July
Launch of the *HAL Plus Rider* for covering the treatment of certain intractable diseases, with the robot suit HAL for Medical Use (Lower Limb Type)



2018

Taiyo Life October
Launch of *Himawari Dementia Prevention Insurance*

* The Japanese term for "Health and Productivity Management" refers to a corporate management style of paying additional attention to employees' health and strategically implementing policies aimed at employees' health management and maintenance, and is a registered trademark of the Workshop for the Management of Health on Company and Employee, a non-profit organization.

2016

Taiyo Life October
Memorandum concluded* with the state-owned Myanmar Insurance

* April 2012: Taiyo Life becomes the first foreign life insurance company to establish a representative office in Myanmar. Work is underway to develop and spread the insurance business in Myanmar.

* August 2019: Taiyo Life completes investment in Capital Life Insurance, a life insurance company based in Myanmar, making it an affiliated company (currently Capital Taiyo Life Insurance Limited).

2018

Daido Life June
Capital participation and cooperation agreements with the Australian life insurance company, Integrity Group Holdings Limited. The experience and know-how for launching a life insurance business will be utilized in the future.

T&D Holdings June
Basic agreement concluded with the Swiss digital health company, dacadoo AG. Collaboration was undertaken to advance the domestic life insurance business by utilizing health care-related digital technology and infrastructure.

2018

T&D Holdings November
Memorandum concluded with the U.S. asset management company, Payden & Rygel. Cooperation includes sophistication of life insurance asset management, the asset management business, and human resource training.

Message from the President

**Try &
Discover**



Capturing changes in the environment,
we will aim for sustainable growth through
our "Try & Discover" motto.

Representative Director and President

Hirohisa Uehara

Looking Back on the First Year in Office

— Future Vision of the Group —

Since becoming President in April 2018, I have been working on management while remaining aware of making decisions with speed. The environment surrounding our Group is changing rapidly, and I believe that it is essential to respond quickly to such changes.

In the economic environment, stock markets continue to remain unstable, as U.S. long-term interest rates have started to decline against the backdrop of an unstable international situation. Furthermore, Japanese interest rates are under further downward pressure. In the life insurance industry, the standard mortality table was revised in April 2018, while the tax treatment of term life insurance was revised in June 2019. Together with recognizing the increasing opacity of the current environment surrounding the Group, in the past year I have also keenly felt the need to accelerate forward-looking initiatives.

Looking ahead at the next 10 years, the decreasing birthrate and aging population will continue to advance, and the population will continue to decline. For our Group, which also targets seniors, an increase in the number of elderly presents new opportunities. However, from a long-term perspective, we must also prepare for the subsequent decline of the elderly population. In addition, advances in medical technology and digital innovations, including the use of big data and artificial intelligence, are progressing at speeds beyond our imagination.

In light of the above situation, some stakeholders have expressed concerns regarding the industry's future. However, the life insurance business creates new markets through innovation, while responding rapidly to changes in social structures. No matter how Japanese society changes, I believe that it will be possible to discover the seeds of the next generation and convert them into business opportunities.

My first year in office as President has also been a year of formulating our medium-term management plan.

While formulating the medium-term management plan, I have also reorganized the future vision of the Group. As awareness regarding sustainability and coexistence with society increases, along with increasing social uncertainty, the perspective of social value creation is becoming even more important for the Group—the core business of which is Japanese domestic life insurance.

Corporate value is the sum of social and economic values. A company that can grow over the medium- to long-term is a company that contributes to the development of society through its business, while generating a reasonable profit through such business. In other words, it is a company that generates value for society and the economy. This, I believe, is exactly the vision for the Group.

While reorganizing our vision in the above way, I also felt that it could be necessary to revisit our corporate philosophy. The T&D Insurance Group's corporate philosophy is that, "With our 'Try & Discover' motto for creating value, we aim to be a group that contributes to all people and societies." In accordance with this philosophy, in the medium-term management plan, we are aiming for sustainable growth by "creating shared value," or, in other words, by creating "value for society" and "value for the enterprise" through our business.

The tax treatment of term life insurance was revised

▼ P.47

Revisions to the tax treatment of term life insurance in corporate policies

The decreasing birthrate and aging population will continue to advance, and the population will continue to decline.

▼ P.11

Estimated future population by gender and age group

Message from the President

Medium-Term Management Plan (FY2019-FY2021)

▼ P.22

Medium-Term Management Plan (FY2019-FY2021)

Closed book business

▼ P.29

Investment in closed book business

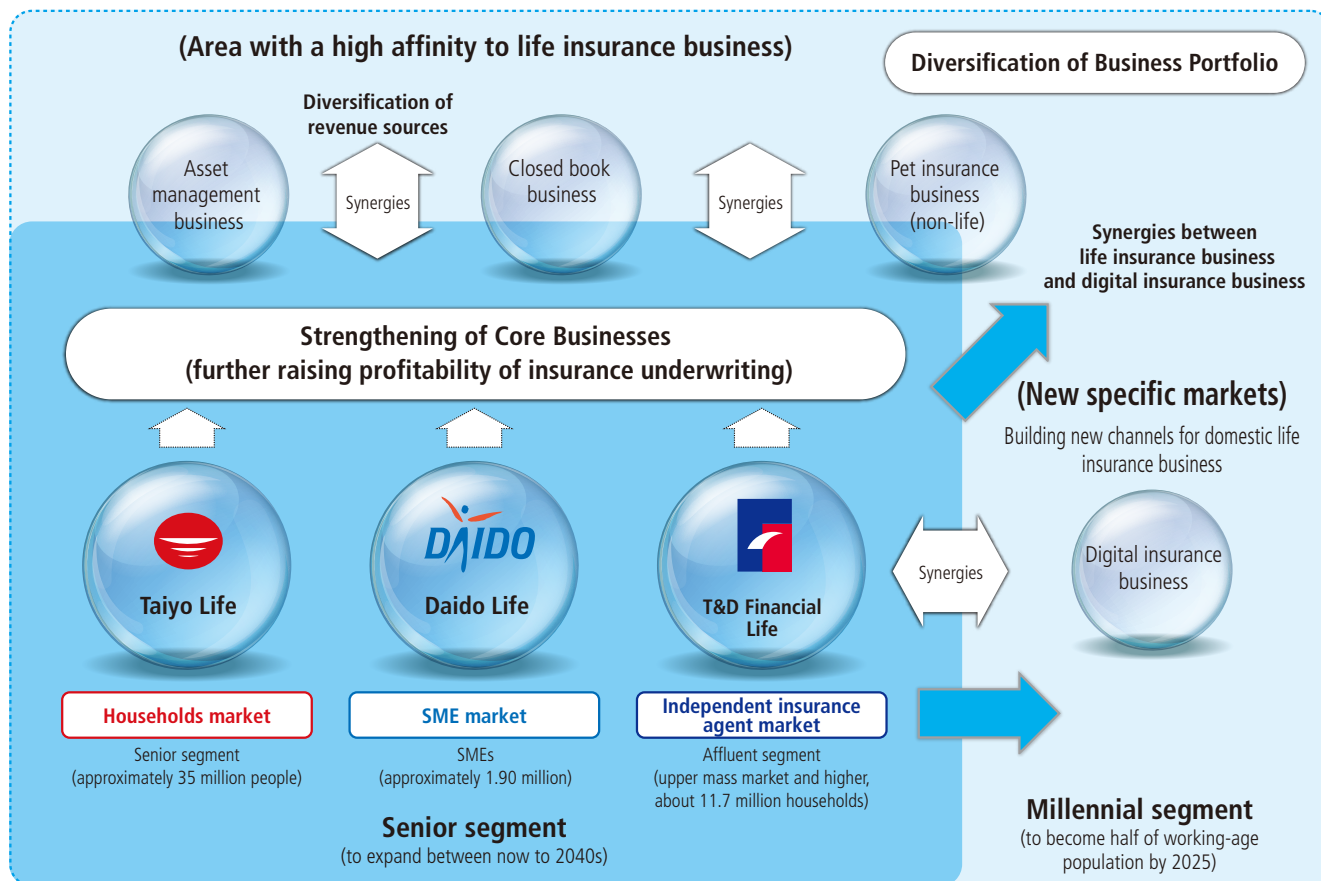
Medium-Term Management Plan (FY2019-FY2021)

The core business of the Group is Japanese domestic life insurance. The Group has achieved growth through each of its affiliates—Taiyo Life, Daido Life, and T&D Financial Life—by deploying and refining their unique business models in their respective markets, products, and channels.

In the medium-term management plan, these three companies will pursue specialized strategies by delving deep into their respective areas. In anticipation of the impacts from the segmentation and personalization of insurance risks arising from an accelerated decline in the working-age population, an increase in the proportion of later-stage elderly people, and the evolution of technology, the three companies will respond flexibly to new customer needs and environmental changes. Enhancing their profitability of insurance underwriting by securing market advantages, we want to further strengthen the Group's earnings base.

Meanwhile, in order to achieve further growth as a Group, we will work towards the diversification of our business portfolio. First, we will aim to increase revenue from our existing businesses other than life insurance—T&D Asset Management and Pet & Family Insurance. In addition, based on an affinity with the core life insurance business, we will promote strategic

Strategic map of medium-term management plan



investments in closed book and asset management businesses, with the aim of accelerating the diversification of our revenue sources. Furthermore, looking ahead to future growth, we will also work towards developing the digital insurance business, in order to capture the millennial generation.

In April 2019, we saw the 20th Anniversary of the T&D Insurance Group, as well as the 15th Anniversary of T&D Holdings. In the medium-term management plan, we will further advance the integrated management of the Group.

First, as a symbol of the above, we have established T&D United Capital—a strategic subsidiary under T&D Holdings. By consolidating specialized human resources, the Company will effectively invest the capital of the Group. In addition, it will work towards the further mutual supply and sales of each company's products, effectively demonstrating the Group's synergies.

The Group was the first to form and list a holding company in the life insurance industry. Such advanced ideas and challenging spirit are the strengths of our Group. Expressing our deeply ingrained Group culture through the brand message, "Towards a New Dimension of Insurance" during the medium-term management plan, we will strengthen and diversify our business portfolio, and further promote the integrated management of the Group.

Towards Improved Capital Efficiency

As the financial strategy of the medium-term management plan, we will promote "management balancing economic value and financial accounting," "efficient utilization of Group capital," and "shareholder returns that take into account capital efficiency," and enhance the capital efficiency of the Group. In addition, we plan to undertake systematic reductions in cross-shareholdings.

In the previous medium-term management plan, with regard to shareholder returns, we set a total payout ratio of over 40% of the adjusted net income, and worked towards stable cash dividends and flexible share buybacks.

In the shareholder return policy of the medium-term management plan, we have incorporated new reference indices that are aware of capital efficiency while maintaining the policy framework of the previous medium-term management plan. Specifically, we reference cash dividends with Adjusted DOE and share buybacks with EPS growth rate. We will comprehensively judge the total payout ratio while taking into consideration Adjusted ROE of approximately 8% in the final year of the medium-term management plan, in addition to 40% and above of adjusted net income.

Listening to the voices of our shareholders and investors, we will implement shareholder returns that are aware of capital efficiency.

Adjusted Net Income

We define adjusted net income as profit for shareholder returns, which is calculated by adding net income and additional internal reserves in excess of the legal standard requirements related to reserves for contingency and price fluctuations (after taxes).

Adjusted DOE/ Adjusted ROE

While ROE and DOE are generally defined as the ratio of net income and dividends against capital, we set the denominator as shareholders' capital, which does not include a valuation difference on available-for-sale securities.

Message from the President

Contributing to the Development of a Sustainable World

Casting an eye on developments in the wider world, understanding is progressing from CSR as social contribution activities performed by companies, to that of CSR as the creation of value for society and initiatives for corporate growth through such creation. This way of thinking is aligned with our corporate philosophy that, “With our ‘Try & Discover’ motto for creating value, we aim to be a group that contributes to all people and societies,” which we have consistently held since the inception of the Group. It can be said that our thoughts and the expectations of companies around the world are facing the same direction.

For the Group—which places “creating shared value” as the pillar of our medium-term management plan—the results of our actions must be tied to contributions to the SDGs, which aim for a better world. Accordingly, prior to formulating the medium-term management plan, we extracted the social issues that our Group can utilize its strengths to contribute to solving, from among the 17 SDG goals and 169 targets, and selected four Group CSR priority themes. Linking these four priority themes with the six business themes indicated in the medium-term management plan, we will create shared value, and lead the Group with sustainable growth and contributions toward a sustainable world.

In 2015, our Group endorsed the philosophy of the UN Global Compact, and participates in activities in order to act responsibly as a Group. These include T&D Holdings representing the Group as a signatory to a document addressed to the Secretary-General of the United Nations endorsing ten principles in the four fields of human rights, labor, environment, and anti-corruption. In addition, the Group is also working as a whole, towards contributing to the realization of a sustainable world in the field of ESG investment, starting with Taiyo Life becoming the first Japanese life insurance company to sign the Principles for Responsible Investment (PRI) in 2007, followed by T&D Asset Management (2012) and Daido Life (2016). Moreover, we are also promoting initiatives that contribute to mitigation and adaptation to climate change, and respecting diversity as well as creating a healthy and safe working environment, in relation to human rights. Going forward, we will continue to promote activities towards the development of a sustainable world.

SDGs

Goals adopted at the United Nations Sustainable Development Summit 2015, for realizing global sustainable development through cooperation between all people, across the globe.

Four CSR Priority Themes

▼ P.74

Priority themes for CSR activities

Six Business Themes

▼ P.15

Six business themes

UN Global Compact

Voluntary initiatives for participating in the creation of a global framework for achieving sustainable growth, through responsible and creative leadership by companies and organizations acting as good members of society

Principles for Responsible Investment (PRI)

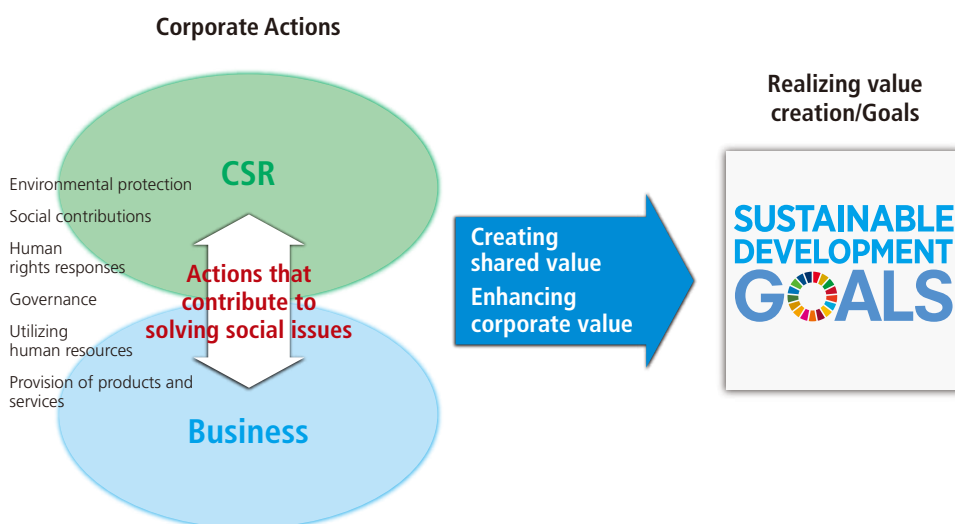
▼ P.81

Invest to help build a sustainable society

Initiatives that contribute to mitigation and adaptation to climate change

▼ P.80

Help mitigate and adapt to climate change



Fifteen years after our inception,
T&D Holdings will run together with the Group,
under the brand message of
“Towards a New Dimension of Insurance.”



Improving the Efficiency and Transparency of our Management System

The continuous enhancement of corporate governance is essential for enhancing the efficiency and transparency of our management system, while steadily promoting our strategies for growth.

As a Group that has three life insurance companies with different business models, the Group clarifies the respective roles and responsibilities of T&D Holdings and its directly owned subsidiaries. T&D Holdings, as a holding company, fulfills the roles of increasing the Group's corporate value and promoting the overall business management of the Group through a strong governance system. In turn, the subsidiaries fulfill the role of maximising business revenue by determining marketing strategies in accordance with their strengths and operating businesses. By aiming for a continuous improvement of corporate governance, we will work towards sustainable growth and the medium- to long-term increase of corporate value.

In addition, there have been increasing demands from the wider world regarding information disclosure in recent years. The Group is also aiming to further enhance disclosures and, together with increased transparency, will realize further constructive dialogue with its shareholders and investors.

Conclusion

The Group's core business, the Japanese domestic life insurance business, has the characteristic of protecting customers over the long term, and requires continued healthy growth.

A company that grows sustainably is a company that, irrespective of the era, is widely trusted by society and recognized as necessary. In our society, which is changing at a dizzying speed, social issues are also constantly changing. By always facing social issues and continuing to provide the value needed by society through our business, we aim to be an insurance group that grows sustainably along with society.

In closing, I would like to express my gratitude for the continued support of all of our shareholders and investors.

Directly Owned Subsidiaries

The directly owned subsidiaries of T&D Holdings comprise the following six companies:

- Taiyo Life Insurance Company
- Daido Life Insurance Company
- T&D Financial Life Insurance Company
- T&D United Capital Co., Ltd.
- T&D Asset Management Co., Ltd.
- Pet & Family Insurance Co., Ltd.

There have been increasing demands from the wider world regarding information disclosure in recent years.

In addition to traditional financial information, requests for disclosure of non-financial information are also increasing, due to the promotion of ESG investment by the GPIF, as well as moves to include corporate initiatives on climate change in investment decisions.

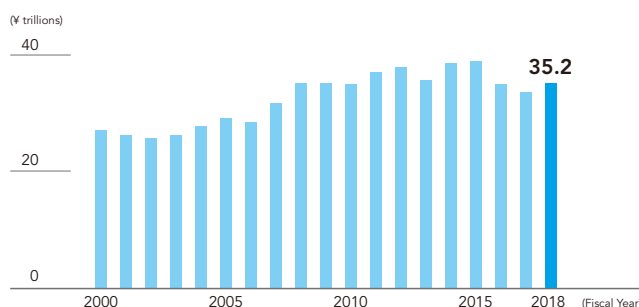
Overview of the Life Insurance Market

1. Market Scale

In fiscal 2018, life insurance companies in Japan* had a total of ¥35.2 trillion in income from insurance premiums. Following gradual growth from fiscal 2002 onwards, this amount declined for two consecutive years in fiscal 2016 and fiscal 2017, but began to increase in fiscal 2018.

Moreover, Japan's life insurance industry boasts the

Trend in the income from insurance premiums



Source: Compiled by T&D Holdings based on "The summary of Life Insurance Business in Japan" published by the Life Insurance Association of Japan

Note: Excluding the numerical value of former postal life insurance up to fiscal 2007.

second largest market in the world, following that of the U.S. According to the latest research, the life insurance household participation rate is 88.7%, and nine out of ten households have taken out some form of life insurance, making Japan an "insurance superpower."

* There are a total of 41 Japanese life insurance companies. (As of March 31, 2019)

Domestic share of premium income (Year 2018)

Rank	Country	Premium income (100 millions USD)	Share
1	United States	5,933	21.04 %
2	Japan	3,342	11.85 %
3	China	3,133	11.11 %
4	United Kingdom	2,355	8.35 %
5	France	1,650	5.85 %
6	Italy	1,253	4.44 %
7	Taiwan	1,020	3.62 %
8	Korea	980	3.48 %
9	Germany	964	3.42 %
10	India	737	2.61 %
	Others	6,834	24.23 %
	World total	28,201	100.00 %

Source: Compiled by T&D Holdings based on Swiss Re, Sigma No3/2019 WORLD INSURANCE

2. Diversification of Customers' Life Insurance Needs

Changes in household composition due to such factors as the declining birthrate, aging population, and late marriage have decreased the need for large death benefits aimed at heads of households. Meanwhile, the needs for third sector insurance such as medical and nursing care products are increasing.

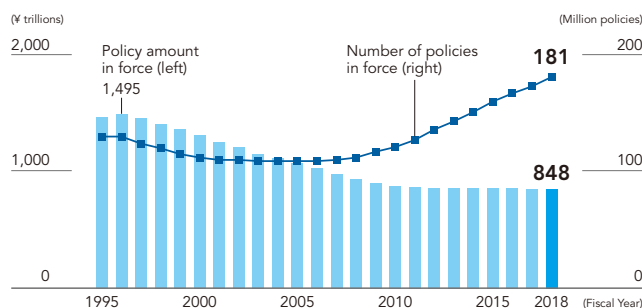
Policy Amount in Force and Number of Policies in Force

The policy amount in force, which is the total death benefit amount of individual insurance policies held by life insurance companies, was ¥848 trillion in fiscal 2018, down from the peak of ¥1,495 trillion in fiscal 1996. Meanwhile, the number of policies in force, which is the number of individual insurance policies held by life insurance companies, was 181.29 million in fiscal 2018, marking the 11th straight year of increase.

Numbers of Individual Policies in Force by Type

Turning to the breakdown of numbers of policies in force by type, the proportion of policies taken by medical and cancer insurance has increased significantly, from 20% in fiscal 2000 to 35% in fiscal 2018. The number of policies has also increased 2.8 times, from 22.79 million to 63.51 million, indicating increasing customer needs for third sector products.

Trend in the policy amount and the number of policies in force for individual insurance



Source: Compiled by T&D Holdings based on the summary of Life Insurance Business in Japan published by the Life Insurance Association of Japan

Note: Excluding the numerical value of former postal life insurance up to fiscal 2007.

Number of policies in force for individual insurance by type

Fiscal Year	Whole life ^{*2}	Medical/Cancer	Term life insurance	Endowment insurance	Other
2000 ^{*1}	35% 39.00 million	20% 22.79 million	10% 11.25 million	14% 15.62 million	21% 24.04 million
Total: 112.71 million					
2018	30% 53.86 million	35% 63.51 million	14% 24.78 million	7% 13.23 million	14% 25.89 million
Total: 181.29 million					

Source: Compiled by T&D Holdings based on the summary of Life Insurance Business in Japan published by the Life Insurance Association of Japan

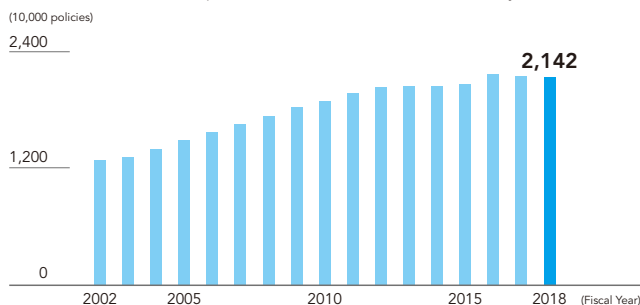
*1 Excluding the numerical value for former postal life insurance in fiscal 2000.

*2 Whole life insurance is the sum of whole life insurance, fixed-term whole life insurance and variable interest type savings-type whole life insurance.

Number of Individual Annuity Insurance Policies in Force

In fiscal 2018, there were 21.42 million individual annuity insurance policies in force. Full-scale sales of individual annuity insurance began in October 2002, when the ban on OTC sales at banks was lifted. Since then, the number of policies has increased steadily, in part due to increasing needs for stable financing after retirement.

Trend in the number of policies in force for individual annuity insurance

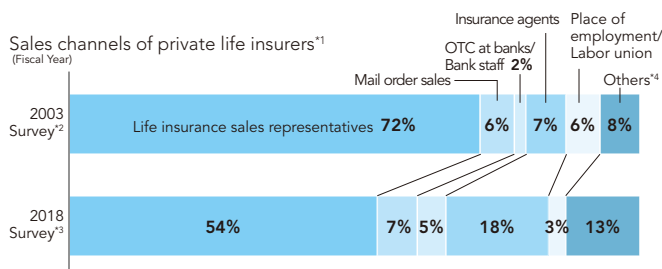


Source: Compiled by T&D Holdings based on "The summary of Life Insurance Business in Japan" published by the Life Insurance Association of Japan

Note: Excluding the numerical value of former postal life insurance up to fiscal 2007.

3. Diversification of Sales Channels

The sales channels of life insurance companies are growing more diverse with, in addition to the in-house sales representative channel, a recently increasing presence of OTC insurance sales at banks, and agent channels including insurance shops.



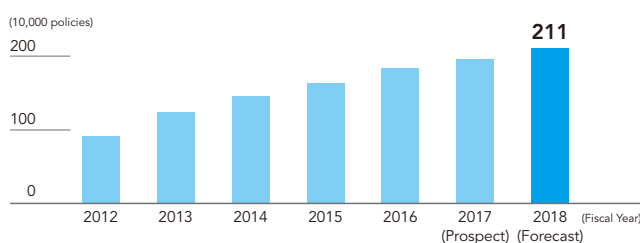
Source: Compiled by T&D Holdings based on the results of the Corporation Sample Survey on Life Insurance (FY2003 and FY2018) of Japan Institute of Life Insurance.

*1 Excluding Japan Post Insurance Co., Ltd.

*2 Policies taken out during 1998-2003. *3 Policies taken out during 2013-2018.

*4 Including those policies through indistinct channels.

Trend in the number of new contracts at insurance shops⁵



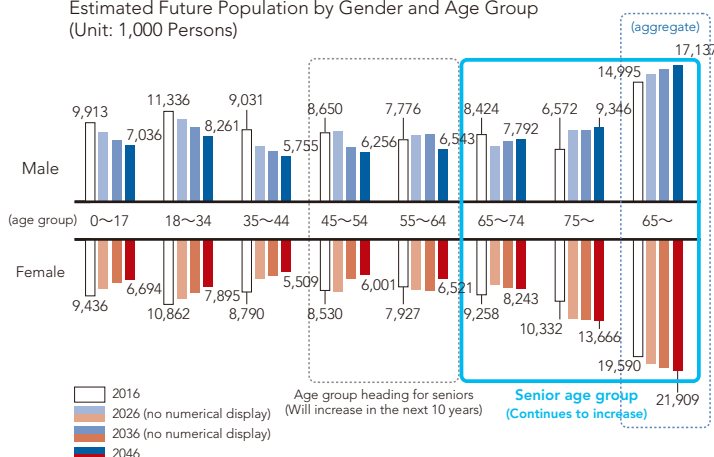
Source: Survey on Insurance Shop Market 2018, Yano Research Institute Ltd.

*5 The number of new contracts at independent insurance agents involved in the business cooperation with several insurance companies with insurance shops. Prospect and forecast values as of June 2018.

4. The Future of the Japanese Life Insurance Market

In Japan, it is certain that the declining birthrate and aging population will continue to progress, going forward. As the future financial burden of social security will become even greater, it is possible that the role played by private life insurance will increase further in the future, with a focus on seniors, as private security that complements public security.

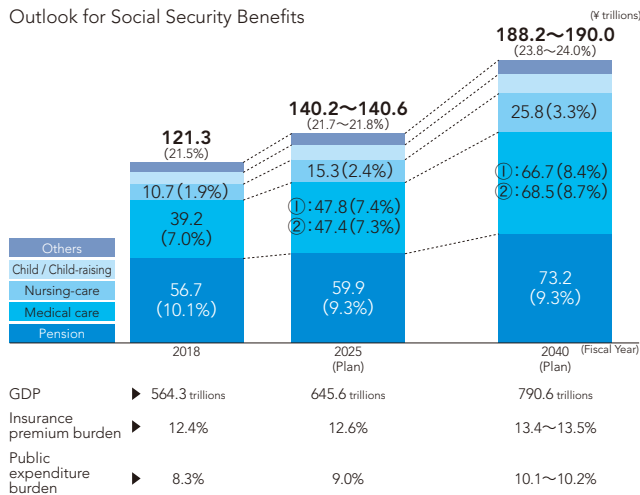
Estimated Future Population by Gender and Age Group
(Unit: 1,000 Persons)



Source: Compiled by T&D Holdings based on "Estimated Future Population of Japan (2017 Estimates)" (birth median (death median) estimates), by the National Institute of Population and Social Security Research.

Meanwhile, as the social insurance premium burden is expected to increase as the number of young people declines, the inclusion of young people has become an important issue for life insurance companies.

Outlook for Social Security Benefits



Note: For medical care, two assumptions regarding unit price growth rates are set, and two benefit costs (① and ②) are indicated.

* Figures inside () are percentages compared to GDP. Insurance premium and public expenditure burdens are each expressed as a percentage compared to GDP.

Source: Compiled by T&D Holdings based on "Environment Surrounding Social Security around 2040" by the Ministry of Health, Labour and Welfare.

Overview of the Life Insurance Market

Reference: Types of Life Insurance

There are three main types of life insurance : death insurance, pure endowment insurance, and accident and sickness insurance.

Death insurance	Insurance benefits are paid when the insured individual dies. Typical products include term life insurance and whole life insurance.
Pure endowment insurance	Insurance benefits are paid when the insured individual remains alive after a certain period of time. A typical product is individual annuity insurance.
Accident and sickness insurance	Insurance benefits are paid when the insured individual becomes ill, falls into certain conditions due to diseases or accidents, or dies from an accident. Typical products include medical insurance and cancer insurance.

These insurance are sold not only as single products but in various combinations in accordance with customer needs and so forth.

In the Japanese insurance industry, insurance related to a person's life and death are called "First Sector" insurance and only life insurance companies are allowed to sell these products. In contrast, insurance which compensate damages caused by a fortuitous accident are called "Second Sector" insurance and only non-life insurance companies are allowed to sell these products. Death insurance and pure endowment insurance mentioned above are included in the First Sector.

Special Characteristics of Life Insurance Accounting

Due to the long-term nature of life insurance policies, misalignments in the recognition of revenue and expenses occur, as shown on the right.

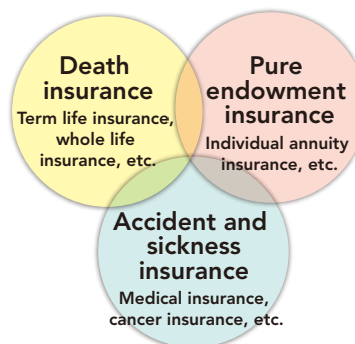
In single fiscal year accounting, profits decline due to increased costs when sales results are good, while profits increase due to decreased costs when results are not good.

Meanwhile, from a long-term perspective, an increase in the policy amount in force leads to an increase in future revenue sources, while a decrease in the policy amount in force is a factor in future profit decline.

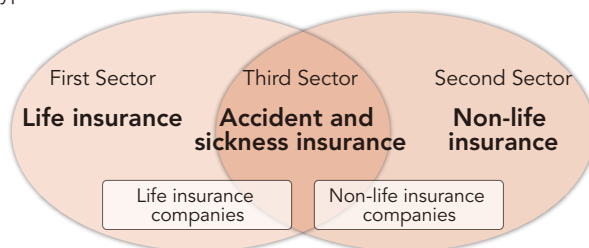
Accordingly, as life insurance accounting has special characteristics, we use economic values such as Embedded Value (EV*) when representing life insurance company corporate value.

* Please see page 92 for more details on embedded value (EV).

Types of life insurance

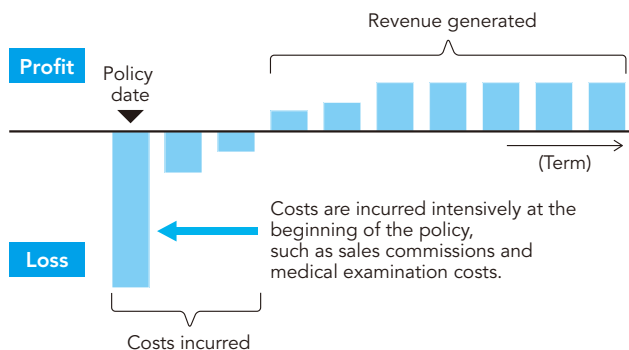


Types of insurance



Accident and sickness insurance do not belong to either of the First Sector or Second Sector insurance categories, and are called "Third Sector" insurance. Both life insurance companies and non-life insurance companies can sell Third Sector products. A typical Third Sector insurance product sold by non-life insurance companies is "accident insurance," which insures against injuries.

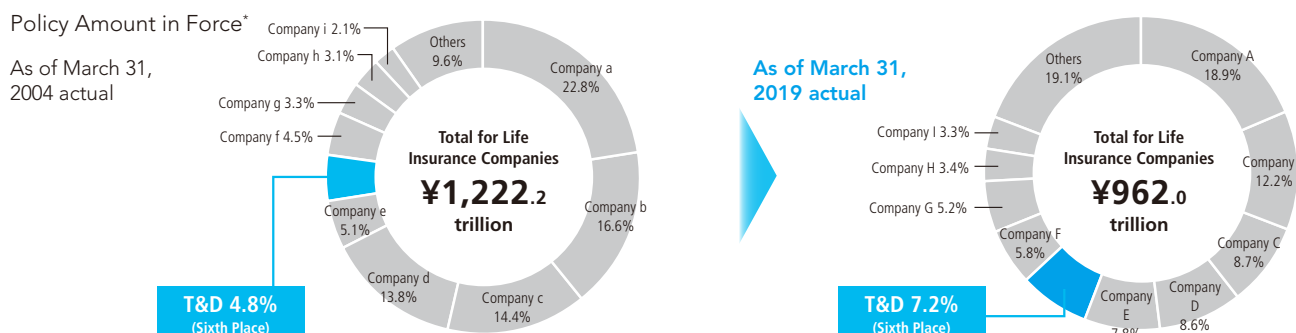
General Life Insurance Income and Expenditure



T&D Insurance Group's Industry Position

T&D Insurance Group Market Share Rising Steadily

T&D Insurance Group's market share (total of Taiyo Life, Daido Life and T&D Financial Life) based on policy amount in force was 7.2% as of March 31, 2019. The Group's market share has steadily expanded compared with the combined share of the three life insurance companies as of March 31, 2004, prior to the establishment of T&D Holdings, Inc. in April 2004.



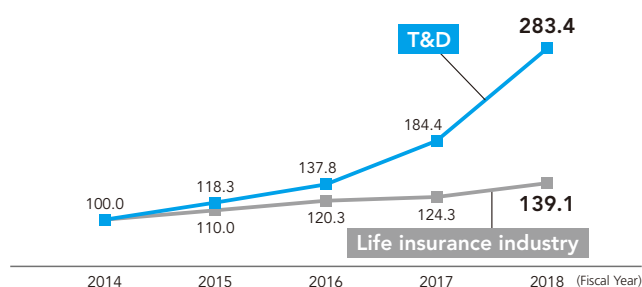
Source: Compiled by T&D Holdings based on Summary of Life Insurance Business in Japan, Life Insurance Association of Japan, and the financial reports of each company.

* Policy amount in force is the total of individual insurance and individual annuities, together with the insurance amounts of J-type product, T-type product and the nursing-care insurance amounts of Kaigo Relief and so forth.

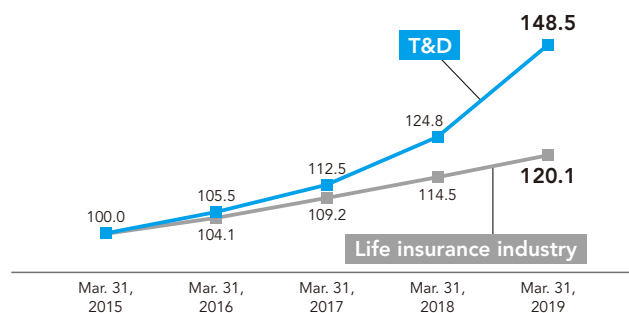
T&D Insurance Group's Trend in Sales Performance (Reference)

The graph below compares the trend in the sales performance (third sector annualized premiums of new policies and total policies) of the T&D Insurance Group (the total of Taiyo Life, Daido Life and T&D Financial Life), and the sales performance of the life insurance industry as a whole. The three life insurance companies have maintained their competitive advantage in their specialty markets, and sales performance has been trending firmly.

Third Sector Annualized Premiums of New Policies*



Third Sector Annualized Premiums of Total Policies*



Source: Compiled by T&D Holdings based on Summary of Life Insurance Business in Japan, Life Insurance Association of Japan, and the financial reports of each company.

* The Annualized Premiums of new policies of fiscal 2014 and The Annualized premiums of total policies for the year ended March 31, 2015 in the third sector are assumed to be 100.0 (base year).

Soundness of T&D Insurance Group

The Group's ability to pay insurance claims has been highly evaluated by various rating agencies, indicating sufficient financial soundness.

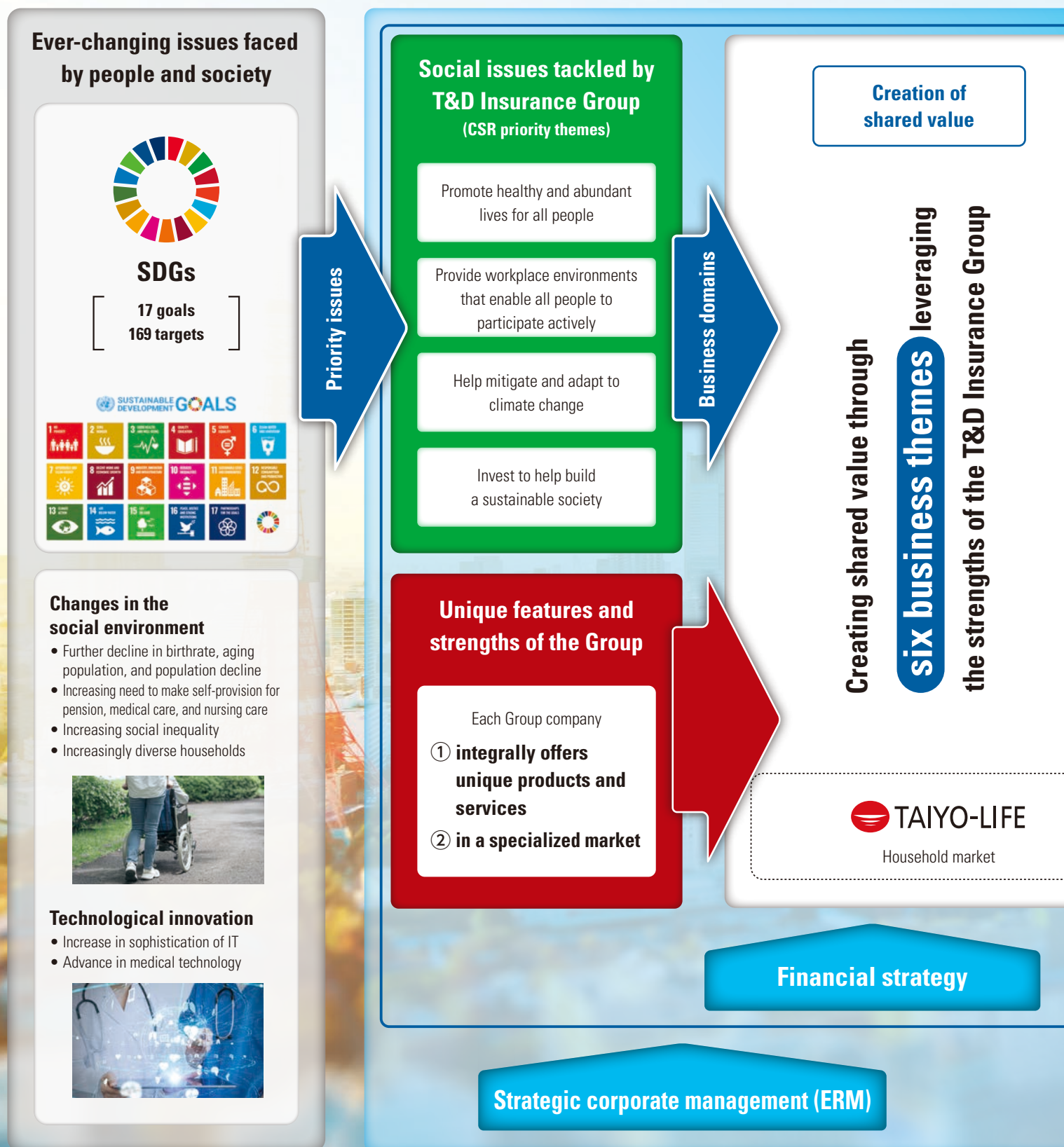
	Rating Agency*			Solvency margin ratio
	Japan Credit Rating Agency, Ltd. (JCR)	Rating and Investment Information, Inc. (R&I)	Standard & Poor's (S&P)	
T&D Holdings	AA-	—	—	1,093.1%
Taiyo Life	AA-	AA-	A	849.7%
Daido Life	AA-	AA-	A	1,271.9%
T&D Financial Life	AA-	AA-	—	1,101.7%

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

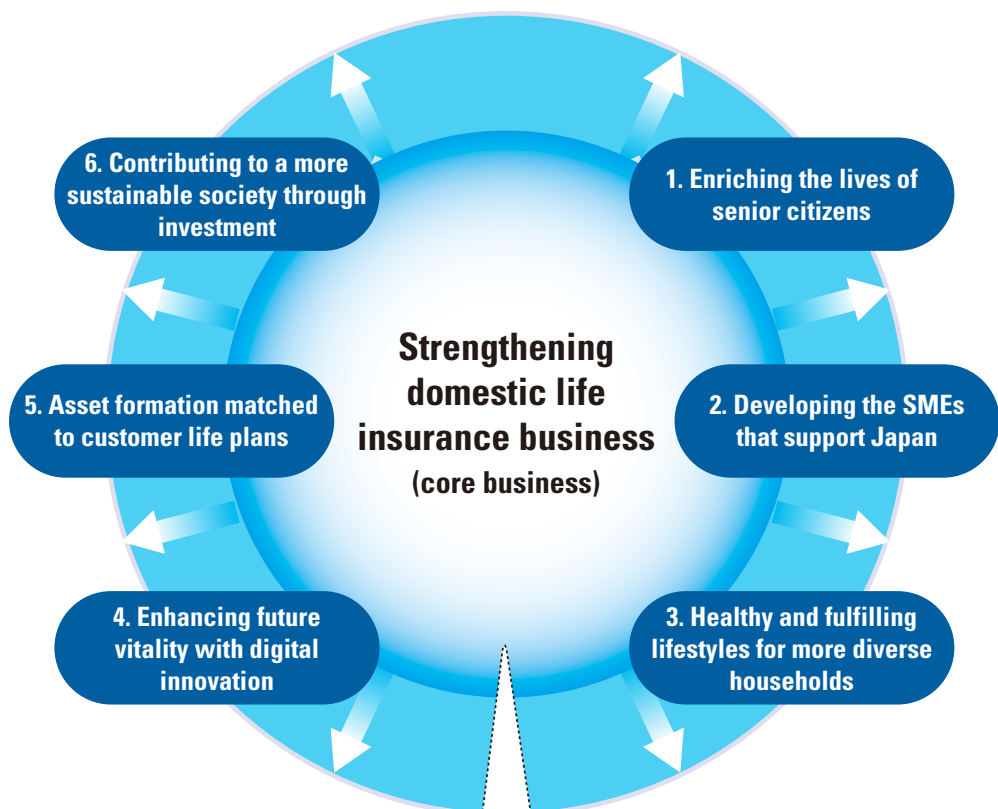
As of February 14, 2019

As of March 31, 2019

T&D Insurance Group's Value Creation Process (conceptual diagram)



Diversifying revenue sources in areas with high affinity to core businesses of the T&D Insurance Group



DAIDO LIFE

Small and medium enterprises market



T&D FINANCIAL LIFE

Independent insurance agent market

Shared value

Achieving Shared Value

Customers

Shareholders and investors

Tie-up organizations

Healthy and abundant lives

Employment and job satisfaction

Sustainable global environment

Employees

Business partners

Local communities/societies

Enhancement of human resources capabilities

Robust corporate governance

The Year at T&D Insurance Group

Major topics in fiscal 2018

T&D Holdings T&D Holdings Taiyo Life Taiyo Life Daido Life Daido Life T&D Financial Life T&D Financial Life

	April	May	June	July	August	September
Products and Services		<p>Taiyo Life</p> <p>Full renewal of the <i>Dementia Prevention APP</i></p> <p>Taiyo Life Expansion of coverage Renewal of insurance to protect against loss of income, <i>Hatarakenakunatta Toki No Hoken</i></p> 	<p>Taiyo Life</p> <p><i>Kaketsuke-Tai</i> Service used more than 50,000 times</p>   <p>The Kaketsuke-Tai Service mascot, "Ikana-Cat"</p>			
		<p>T&D Financial Life</p> <p>Further enhancement of coverage related to specific diseases Renewal of <i>Kakei Ni Yasashii Shunyuho</i></p>		<p>T&D Financial Life</p> <p>Launch of the single-premium annuity, <i>Choju Premium</i></p>		
Collaborations and Partnerships		<p>Daido Life</p> <p>Collaboration initiated with Shinshu University to support Health and Productivity Management for SMEs</p>	<p>Daido Life</p> <p>Conclusion of capital participation and cooperation agreements with the newly established Australian life insurance company, Integrity Group Holdings Limited</p>	<p>T&D Holdings</p> <p>Conclusion of a basic agreement on collaboration with the Swiss digital health company, dacadoo AG</p>		
				<p>Daido Life</p> <p>Received the Excellence Award at "Best Customer Support of the Year 2018"</p> 		
Awards and External Evaluation						
Other				<p>T&D Holdings</p> <p>Selected for various indexes</p>   		
					  <p>FTSE4Good FTSE Blossom Japan</p>	

October	November	December	January	February	March
<p>Taiyo Life</p> <p>A first in the life insurance industry Launch of the <i>Himawari Dementia Prevention Insurance</i></p> 			<p>T&D Financial Life</p> <p>New rates set for “health” Renewal of <i>Kakei Ni Yasashii Shushin Iryo</i></p> 		
<p>T&D Financial Life</p> <p>Industry-first <i>Currency Diversification Course</i> added Renewal of <i>Minna Ni Yasashii Shushin Hoken</i></p> 					
	<p>T&D Holdings</p> <p>Memorandum signed on cooperation with the U.S. asset management company, Payden & Rygel</p>				
<p>Taiyo Life</p> <p>Joint research utilizing walking speed data with the Tokyo Metropolitan Geriatric Medical Center</p>					
<p>Taiyo Life</p> <p>Research on dementia with Shiga University, Shiga University of Medical Science, and JMARI* * Japan Medical Association Research Institute</p>					
<p>Daido Life</p> <p>Agreement on a business alliance in the sales field with Resona Bank</p>					
<p>Taiyo Life</p> <p>The policy application procedure screen of the next generation portable terminal, <i>Taiyo Life Concierge</i> received the Special Award at the “UCDA Award 2018”</p> 			<p>Taiyo Life</p> <p>Obtained the highest rating of three stars in the HDI benchmark assess- ment under the Customer Support rating and Web Support rating categories.</p> 	<p>Taiyo Life Daido Life T&D Financial Life</p> <p>Recognized as a “Certified Health and Productivity Management Organization” by the Ministry of Economy, Trade and Industry</p> <p>* Taiyo Life/Daido Life have been recognized three years in a row.</p> 	

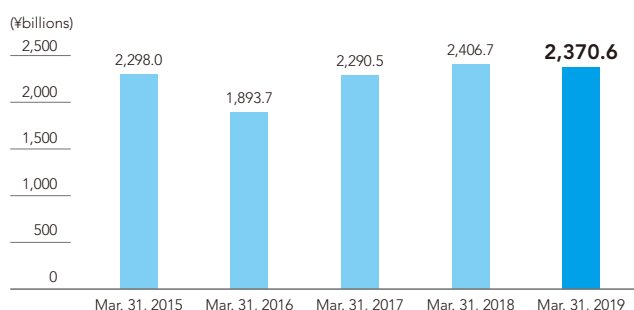
Financial Highlights

Despite the harsh environment, including the low levels of long-term interest rates, the targets for the key performance indicators (Group MCEV, value of new business, and adjusted net income) under the three-year, medium-term management plan (April 2016 to March 2019) were generally achieved.

Key Performance Indicators

Group MCEV*

Target: End of March 31, 2019: 2.4 trillion yen **¥2,370.6** billions

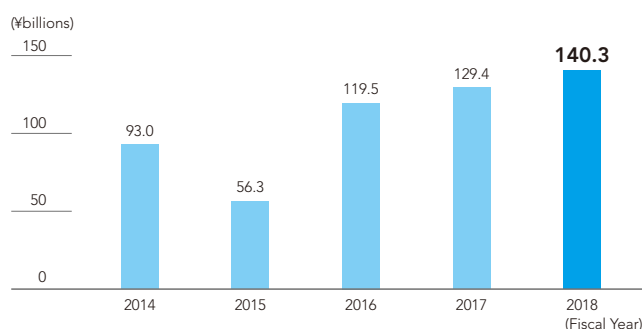


*Please see page 92 for more details on embedded value (EV). Ultimate forward rate is not applied.

As of March 31, 2019, the Group MCEV was ¥2,370.6 billion, which represents a decrease of ¥36.1 billion from the previous fiscal year-end. This was mainly due to a decline in domestic interest rates and a drop in domestic stock prices, despite an accumulation of value of new business.

Value of New Business*

Target: FY2018: 100 billion yen **¥140.3** billions



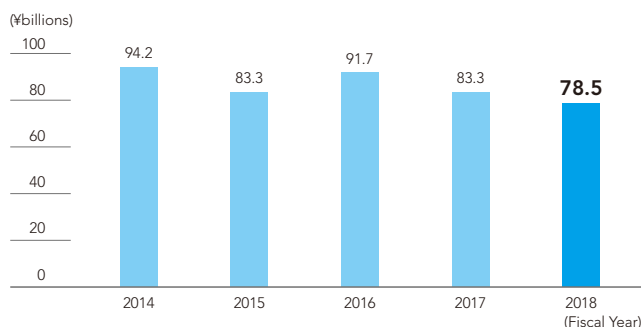
*Please see page 94 for more details on the value of new business. Ultimate forward rate is not applied.

In fiscal 2018, the value of new business was ¥140.3 billion, which represents an increase of ¥10.8 billion from the previous fiscal year, due to an increase in sales, despite decreasing factors including a lowering of the premiums of certain products in conjunction with the revision of the standard mortality table in April 2018, and a decline in domestic interest rates.

Key Performance Indicators

Adjusted Net Income*

Target: Around 85.0 billion yen for three years (Three-year average) **¥84.5** billions

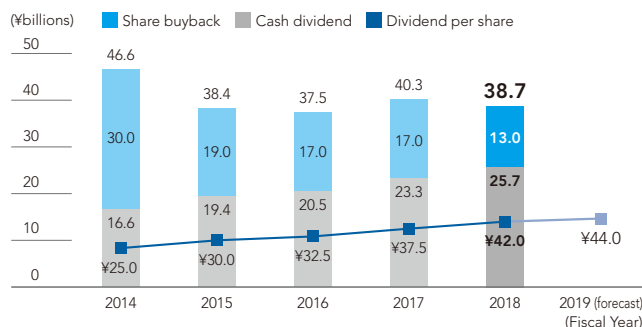


* "Adjusted net income" is calculated by adding net income and additional internal reserves in excess of the legal standard requirements related to reserves for contingency and price fluctuations (after taxes).

In fiscal 2018, although adjusted net income decreased from the previous fiscal year to ¥78.5 billion, the three-year average was ¥84.5 billion, against the target of roughly ¥85.0 billion for the three years of the medium-term management plan.

Return to Shareholders

Fiscal 2018 Total Return to Shareholders **¥38.7** billions



In fiscal 2018, the Company paid a cash dividend of ¥42.0 per share, which is an increase of ¥4.5 from the previous fiscal year, and represents an increase in dividends for four consecutive terms. In addition, the Company conducted a share buyback of ¥13.0 billion, providing a total return to shareholders of ¥38.7 billion.

Consolidated Results of Operations

Ordinary Revenues

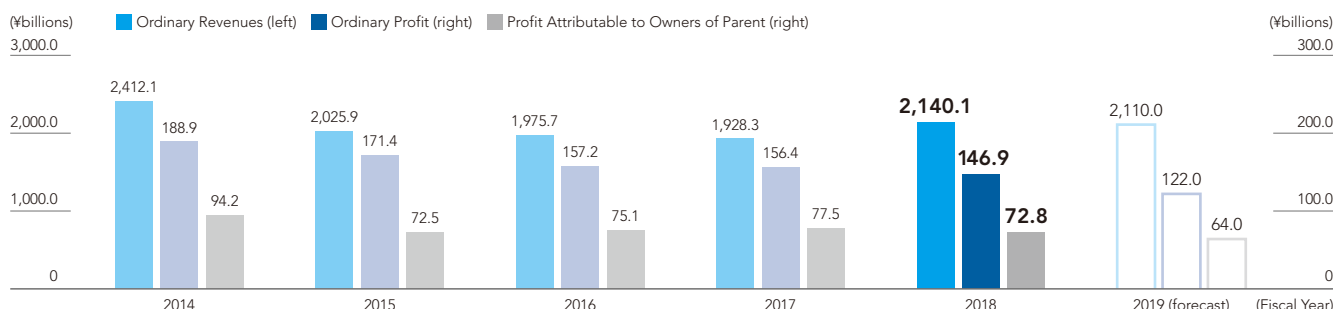
Fiscal 2018 **¥2,140.1** billions

Ordinary Profit

Fiscal 2018 **¥146.9** billions

Profit Attributable to Owners of Parent

Fiscal 2018 **¥72.8** billions



[Consolidated Results of Operations] Ordinary profit decreased by ¥9.5 billion to ¥146.9 billion, due to the negative effect of an increase in losses from derivatives, resulting from high currency hedging costs, despite an increase in interest, dividends, and income from real estate for rent. Profit attributable to owners of parent also decreased by ¥4.7 billion year-on-year to ¥72.8 billion.

[Full-year Earnings Forecasts] Ordinary revenues are projected to decrease slightly. In addition, ordinary profit and profit attributable to owners of parent are projected to decrease, at ¥122.0 billion and ¥64.0 billion, respectively, in light of the uncertainty of the financial environment.

Fiscal 2019 Full-year Earnings Forecasts (Three Life Insurance Companies)

(¥billions)

	Taiyo Life		Daido Life		T&D Financial Life	
	Fiscal 2018 (actual)	Fiscal 2019 (forecasts)	Fiscal 2018 (actual)	Fiscal 2019 (forecasts)	Fiscal 2018 (actual)	Fiscal 2019 (forecasts)
Ordinary revenues	917.6	840.0	1,045.5	1,010.0	150.7	230.0
Ordinary profit	54.1	37.0	89.2	84.0	2.0	0.0
Net income	25.5	15.0	45.5	49.0	1.0	(1.0)
Sales performance indicators*1	Protection-type annualized premiums*2		Policy amount*3		Annualized premiums	
New policy sales results	17.2	17.0	8,474.8	3,760.0	11.5	22.0
Policy in force sales results	154.7	155.0	47,146.0	46,910.0	115.2	130.0
Income from insurance premiums	715.1	640.0	828.0	830.0	127.8	210.0
Core profit	51.8	54.0	99.2	115.0	(1.4)	(3.0)
Positive spread	19.6	27.0	36.7	34.0	(2.0)	(2.0)

*1 Sales performance indicators represent the total amount of individual insurance and individual annuities. In addition, the new policy sales results include a net increase from conversions.

*2 A performance indicator of Taiyo Life, which is the sum of the protection portion of the annualized premiums, mainly excluding savings-type products.

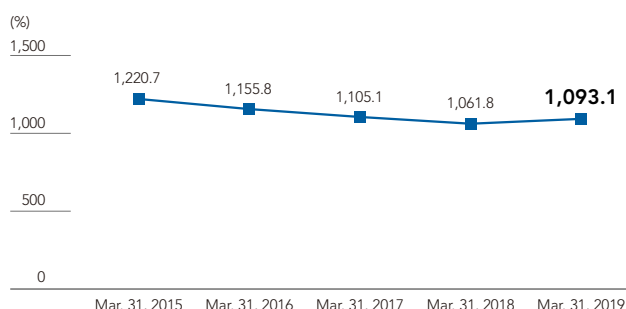
*3 Fiscal 2018(actual) includes the individual insurance and individual annuities, the insurance amounts of J-type product (non-participating critical illness insurance), T-type product (non-participating disability protection insurance) and the nursing-care insurance amounts of Kaigo Relief (non-participating whole life nursing-care insurance) and Kaigo Teiki Hoken (non-participating nursing-care term life insurance).

Fiscal 2019(forecast) includes the individual insurance and individual annuities, the insurance amounts of J-type α product, T-type α product and the nursing-care insurance amounts of Kaigo Relief α (non-participating whole life nursing-care insurance) and so forth.

Financial Soundness

Consolidated Solvency Margin Ratio*

End of March 31, 2019 **1,093.1** %

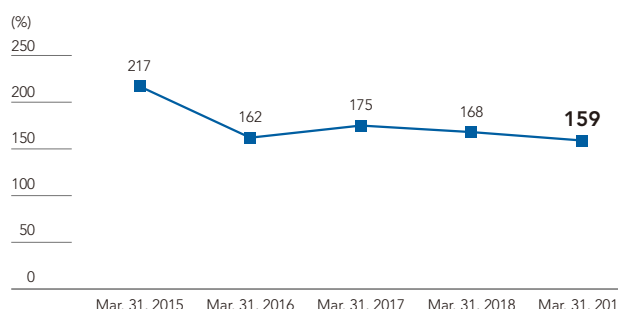


*Please see page 94 for more details on solvency margin ratio.

The solvency margin ratios in fiscal 2018 were 1,093.1% for T&D Holdings on a consolidated basis, 849.7% at Taiyo Life, 1,271.9% at Daido Life, and 1,101.7% at T&D Financial Life, indicating sufficient financial soundness.

ESR*

End of March 31, 2019 **159** %



*Please see page 92 for more details on ESR. Ultimate forward rate is not applied.

The economic solvency ratio, which represents economic value based on capital adequacy, decreased by 9 percentage points from the previous fiscal year-end to 159%, due to a decrease in surplus as a result of low domestic interest rate levels and a drop in stock prices, despite an accumulation of new policies and policies in force.

Non-financial Highlights

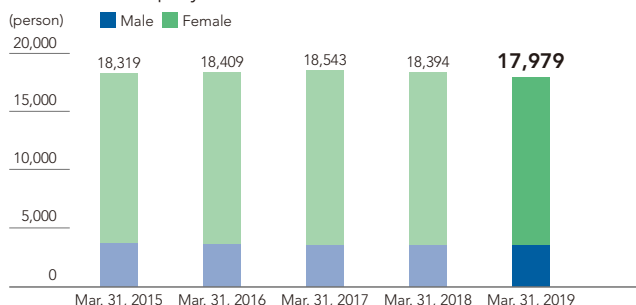
Promoting a Diverse Workforce

T&D Insurance Group has been promoting to nurture a corporate culture where diverse human resources can feel job satisfaction and reach their potential.

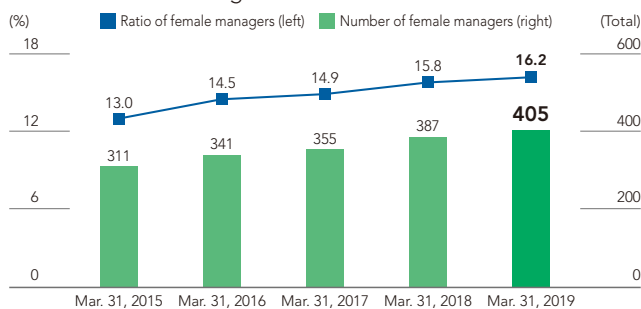
Given that women represent the majority of the Group's employees, the active participation of female employees is recognized as a crucial management priority. To this end, each Group company is working to revise their respective personnel and compensation systems, as well as introducing various support systems to enhance work-life balance.

The Group is striving to expand various employment opportunities for persons with disabilities, and is engaged in efforts to build a comfortable workplace. We have implemented initiatives to introduce specialized computers and make considerations regarding commuting routes.

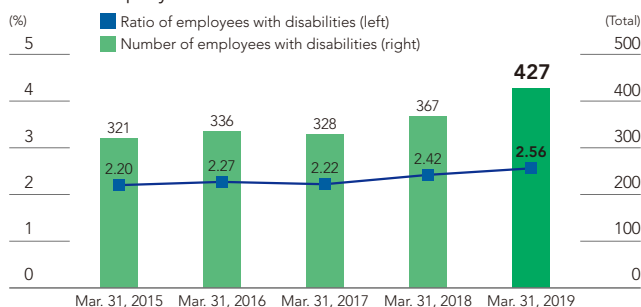
Number of Employees



Ratio of Female Managers



Ratio of Employees with Disabilities



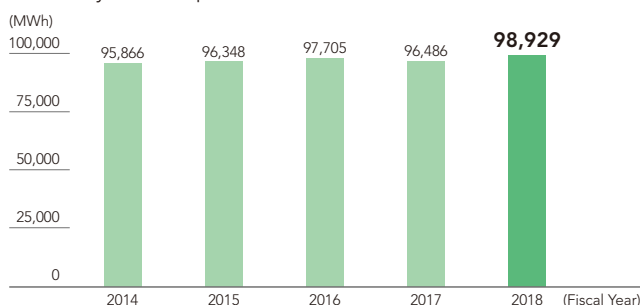
* The number of employees, the ratio of female managers, and the ratio of employees with disabilities above are calculated based on the aggregate data of three life insurance companies. The ratio of female managers is calculated based on the data as of April 1, the month following each fiscal year end.

Environmental Initiatives

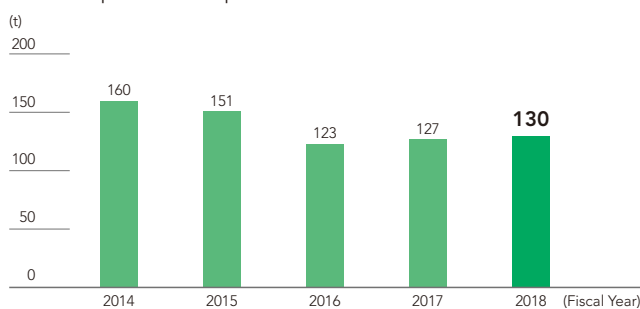
Since most of our CO₂ emissions derive from electricity use at the T&D Insurance Group, the Group has established targets for electricity use, and is striving to reduce energy consumption.

The Group is also engaged in initiatives to reduce the environmental burden by reducing the consumption of office paper through the promotion of paperless meetings, and also by promoting "Green Purchasing," which gives priority to products that are compliant with the Green Purchase Act and to Eco Mark products when procuring offices stationery and other supplies. In April 2019, the Group has expressed its support for the "Task Force on Climate-related Financial Disclosures (TCFD)," and is pushing forward with further initiatives.

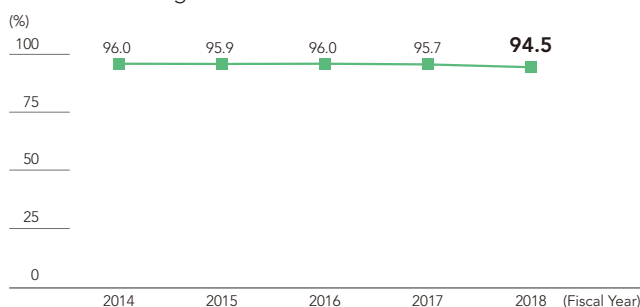
Electricity Consumption



Office Paper Consumption



Green Purchasing Ratio



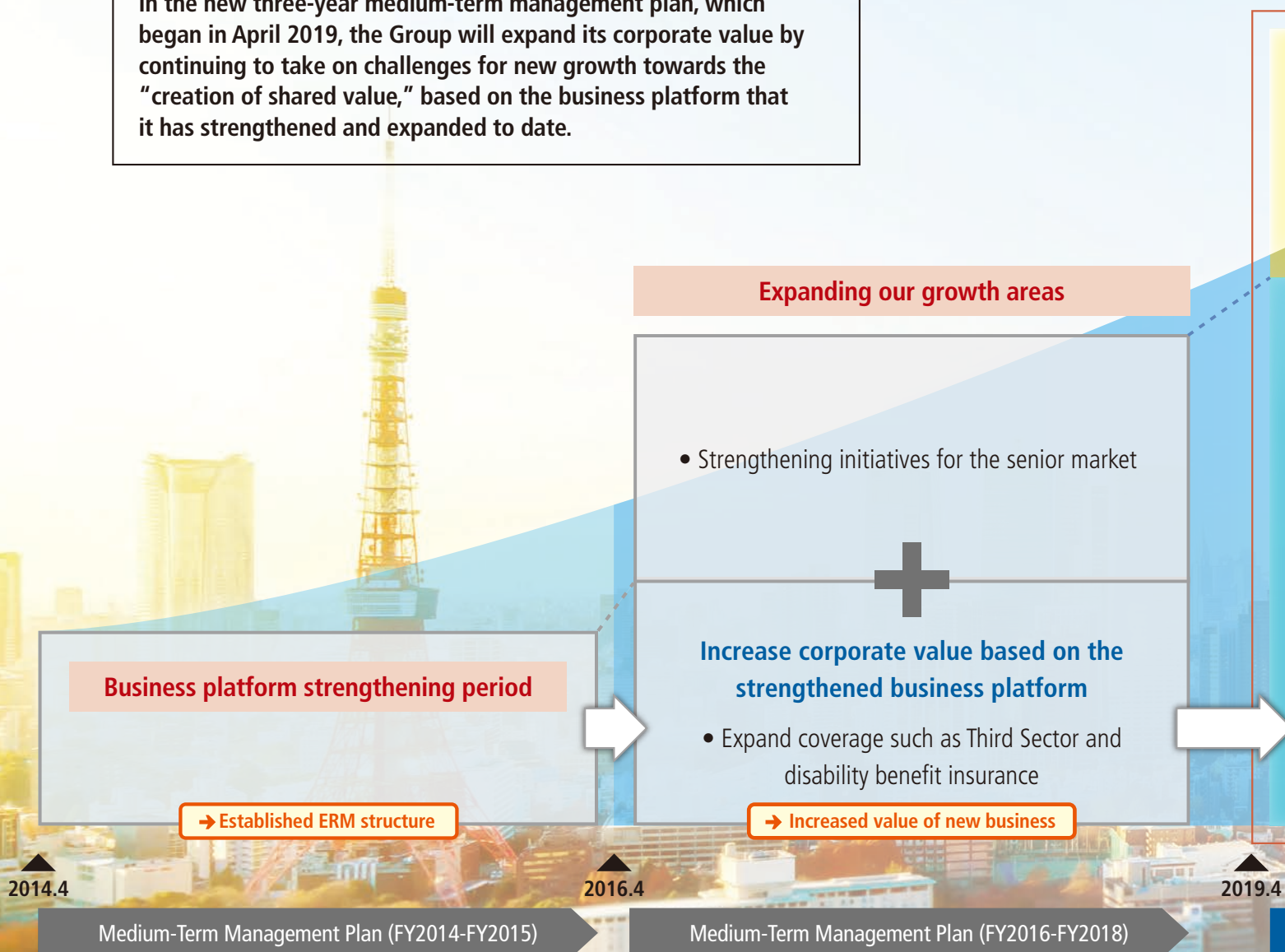


Try & Discover for Creation of Shared Value



Try & Discover 2021 — Creation of Shared Value —

In the new three-year medium-term management plan, which began in April 2019, the Group will expand its corporate value by continuing to take on challenges for new growth towards the "creation of shared value," based on the business platform that it has strengthened and expanded to date.



	Target (FY2015/Mar.31, 2016)	Actual (FY2015/Mar.31, 2016)
Corporate Value (EV)	¥ 2.2 trillion and above	¥ 1,893.7 billion
Profit (Adjusted Net Income ^{*1})	¥ 77.0 billion and above	¥ 83.3 billion
New policy sales results (policy amount in force ^{*2})	¥ 63 trillion and above	¥ 62,998.1 billion

		Target (FY2018/Mar.31, 2019)	Actual (FY2018/Mar.31, 2019)
Corporate Value (EV)	Group MCEV	¥ 2.4 trillion	¥2,370.6 billion
	Value of New Business	¥ 100 billion	¥ 140.3 billion
Profit (Financial accounting)	Adjusted Net Income ^{*1}	Around ¥85.0 billion for three years	Three-year average ¥84.5 billion

^{*1} Adjusted net income is calculated by adding net income and additional internal reserves in excess of the legal standard requirements related to reserves for contingency and price fluctuations (after taxes).

^{*2} The policy amount in force includes individual insurance, individual annuities and Daido Life's J-type product, T-type product, and Kaigo Relief.

Challenge for new growth towards
the creation of shared value



Expansion of corporate value based on our
business platform, which was strengthened
and expanded during the previous
medium-term management plan



To become an
insurance group
that shares its
values with
society and grows
sustainably



2022.3

Medium-Term Management Plan (FY2019-FY2021)

Target	
Value of New Business	FY2021: 170.0 billion yen and above [Core ROEV: 5% and above for three years]
Net Income	FY2021: FY2018 levels (73.0 billion yen) or higher

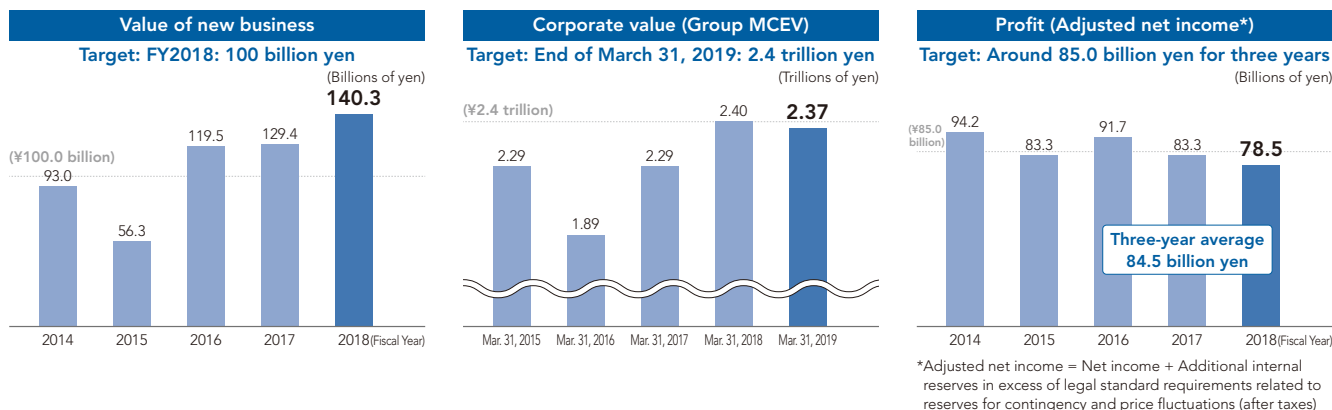
Medium- to long-term target levels	
Group MCEV	Next medium-term management plan: 4.0 trillion yen [ROEV: Stable and sustainable growth over 7.5% in the medium- to long-term]
Net Income	Next medium-term management plan: 100.0 billion yen

Try & Discover 2021 —Creation of Shared Value—

Review of the Previous Medium-Term Management Plan

Progress of Key Performance Indicators

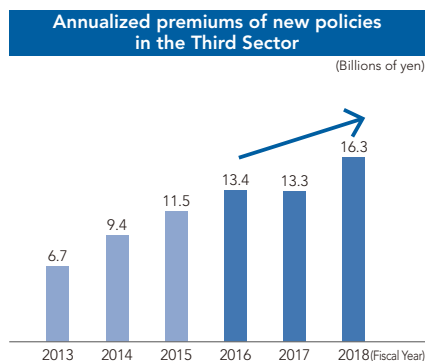
In a business environment characterized by a revision of the standard mortality table and continued low interest rates, the Group's profitability on an economic value basis grew steadily through measures such as developing a flexible product/sales strategy and properly controlling interest rate risk. In addition, accounting profit almost reached the target, despite negative factors such as strong sales results causing an increase in the provision for standard policy reserve, and higher currency hedging costs.



Results of Major Strategies ① Transformation of the Product Portfolio

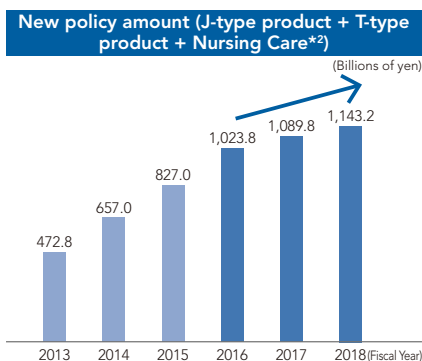
Taiyo Life

Approx. 40% increase*¹ in Third Sector annualized premiums of new policies, through a focus on dementia and disability benefit insurance



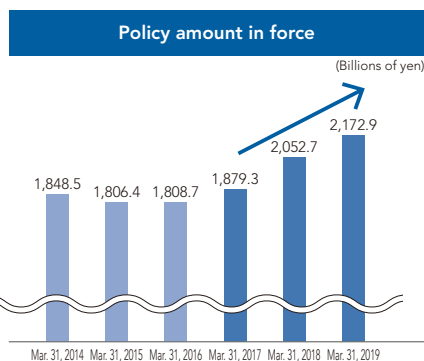
Daido Life

Approx. 40% increase*¹ in new policy amount through the promotion of disability benefit products such as J-type product and T-type product, in addition to death benefit products



T&D Financial Life

Approx. 20% increase*¹ in policy amount in force, due to a multi-line approach (saving and protection) to the product lineup



*¹ Compared to the fiscal year ended March 31, 2016, the final year of the medium-term management plan before the previous plan

*² Shunyu Relief + Kaigo Relief

Results of Major Strategies ② Strengthening Initiatives for the Senior Market



Provided products and services that preempt needs in an integrated manner, such as Himawari Dementia Prevention Insurance and the Kaketsuke-Tai Service

Survey on the image of dementia:
Industry No. 1*³

*³ Life insurance companies that support the prevention and treatment of dementia (March 2019 Macromill survey)



Enhanced products and services to meet inheritance and business succession needs and nursing care needs, in response to progression of the aging of SME owners

New policy amount for SME owners:
Up 15%*⁴

*⁴ Rate of increase of new policy amount from the fiscal year ended March 31, 2016 (final year of the medium-term management plan before the previous plan) to the fiscal year ended March 31, 2019 (final year of the previous medium-term management plan)

Business Environment and Issues

Awareness of the Environment in Formulation of the Medium-Term Management Plan

In addition to prolonged low interest rates, various trends with an impact on the profitability and competitive advantage of the domestic life insurance business are expected to continue, going forward, including a declining population and the progress of digitalization. Facing such changes in the environment head on, the expansion of new growth areas is becoming increasingly important, together with enhancing the profitability of each Group company. Based on this awareness, in the medium-term management plan that began in April 2019, we will

expand our corporate value by taking on new growth strategy challenges, based on the business platform that we have strengthened and expanded to date.

Specifically, we will expand the revenue base of the Group, by bolstering this base through an expansion and strengthening of the domestic life insurance business, and diversifying our revenue sources. We believe that this approach will lead to reliable future growth, through the steady accumulation of new business value.

Social environment

- Further decline in birthrate, aging population, and population decline
- Increasing need to make self-provision for pension, medical care, and nursing care

Economic and financial environment

- Continued low interest rates, as well as risk of future interest rate increases

Industry and regulatory environment

- Revision of standard mortality table, introduction of financial soundness indicators based on economic value

Technology innovation

- Advances in medical technology, and digital innovations, including the use of big data and artificial intelligence (AI)

Priority Issues for Medium-Term Management Plan

Strengthening of Core Businesses

- Respond appropriately to the needs of customers and of society, and drive evolution in products, services and sales channels
- Raise profitability of insurance underwriting to deal with an environment of prolonged low interest rates
- Utilize new information technology, etc. to improve production efficiency

Diversification of Business Portfolio

- Build new, specific markets and channels within the domestic life insurance market
- Expand into new business areas that have an affinity to the life insurance market, to capture external growth

Promotion of Integrated Group Management

- Efficient utilization of Group capital
- Leverage Group synergies further

Try & Discover 2021 —Creation of Shared Value—

Future Vision of the Group

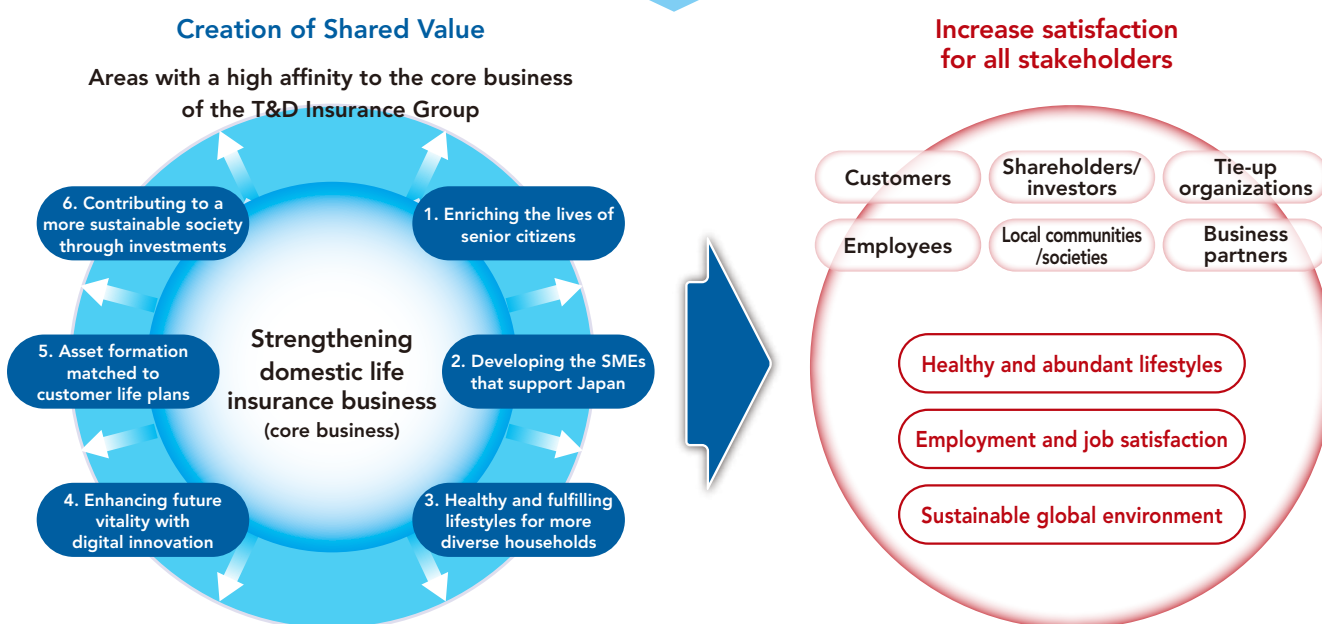
“Creation of Shared Value” through the Implementation of T&D Insurance Group’s Corporate Philosophy

With our “Try & Discover” motto for creating value, the T&D Insurance Group aims to be a group that contributes to all people and societies. Based on this corporate philosophy, the Group will contribute to resolution of the ever-changing issues faced by people and society, with the aim of being a corporate group that grows sustainably together with society. In the medium-term management

plan, we will strongly promote the implementation of this corporate philosophy, as well as the “creation of shared value,” in which value is created for both society and businesses, by responding further to the resolution of social issues, such as an extension of healthy life expectancy and SME business continuity in the respective specialty markets of each Group company.

Creation of Shared Value

- The Group sees ever-changing issues faced by people and society as business challenges to be tackled
- From the perspective of resolving social issues, by means of our business we will create both (1) values to society, and (2) values to the company

Major themes in “Creation of Shared Value”
that leverage the strengths of the T&D Insurance Group

Basic Strategies of the Medium-Term Management Plan

Realizing the Future Vision of the Group with Four Basic Strategies

The medium-term management plan consists of four basic strategies. The first is to strengthen our core businesses by pursuing specialized strategies that leverage the strengths of the Group companies (mainly the life insurance companies). The second is to diversify our business portfolio by investing in new business areas that have an affinity to the domestic life insurance business.

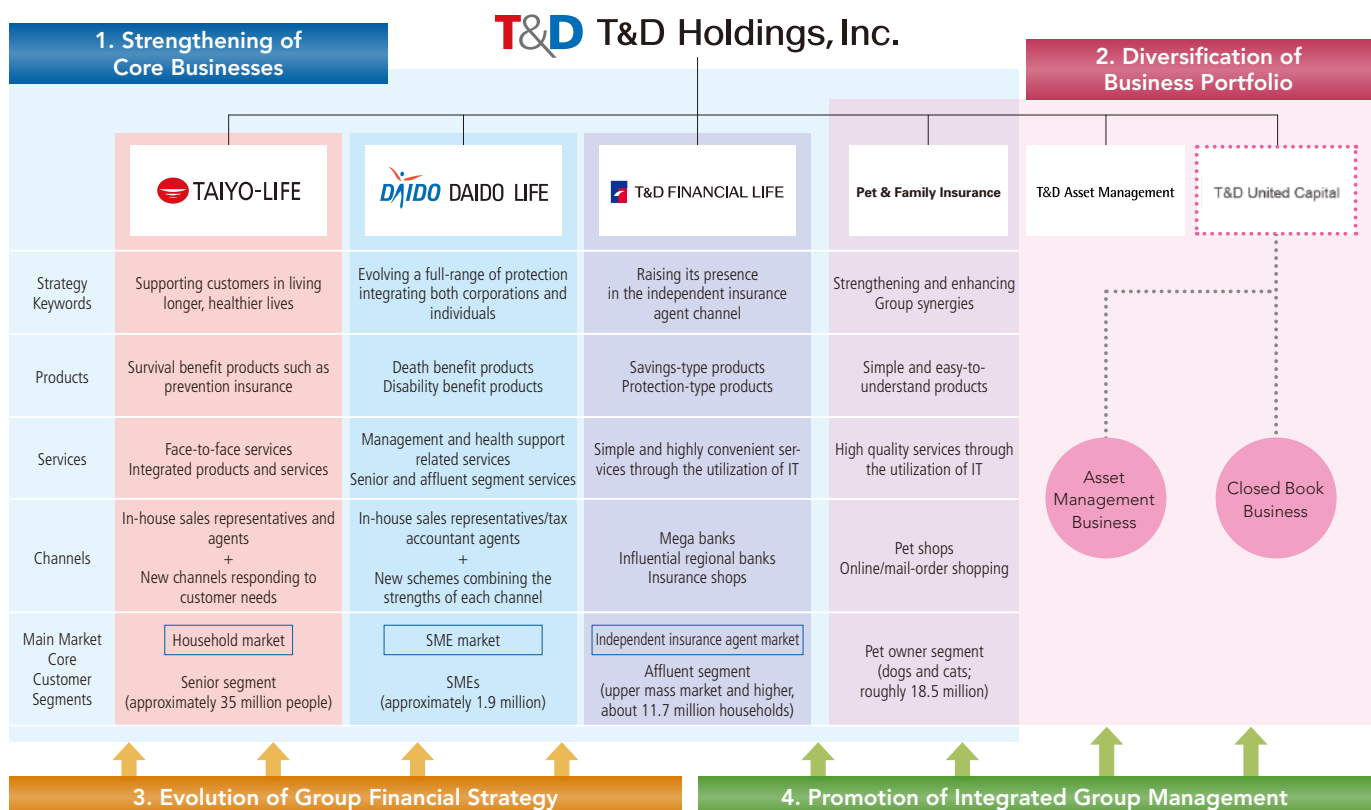
Furthermore, as strategies to support the realization of these two growth strategies, we have also established the basic strategies of evolving the Group's financial strategy, with the aim of further improving capital efficiency, and promoting the integrated management of the Group, in order to achieve the effective and efficient utilization of Group management resources.

1. Strengthening of Core Businesses

2. Diversification of Business Portfolio

3. Evolution of Group Financial Strategy

4. Promotion of Integrated Group Management



Try & Discover 2021 —Creation of Shared Value—

1. Strengthening of Core Businesses

Strengthening of Core Businesses — Overall Schematic

In the domestic life insurance business, which is our core business, we will refine the strengths of the products/services/sales channels of each of our life insurance companies, with the aim of establishing an unassailable top brand in the respective specialty business areas of each Group company, and strengthening the revenue base of the Group.

Taiyo Life will further promote the establishment of top brands in the senior market by utilizing its product development capabilities such as dementia insurance, which are ahead of the times, along with integrated products and services, such as the *Kaketsuke-Tai Service*.

By regarding various changes in the environment as growth opportunities, and taking up the challenge of

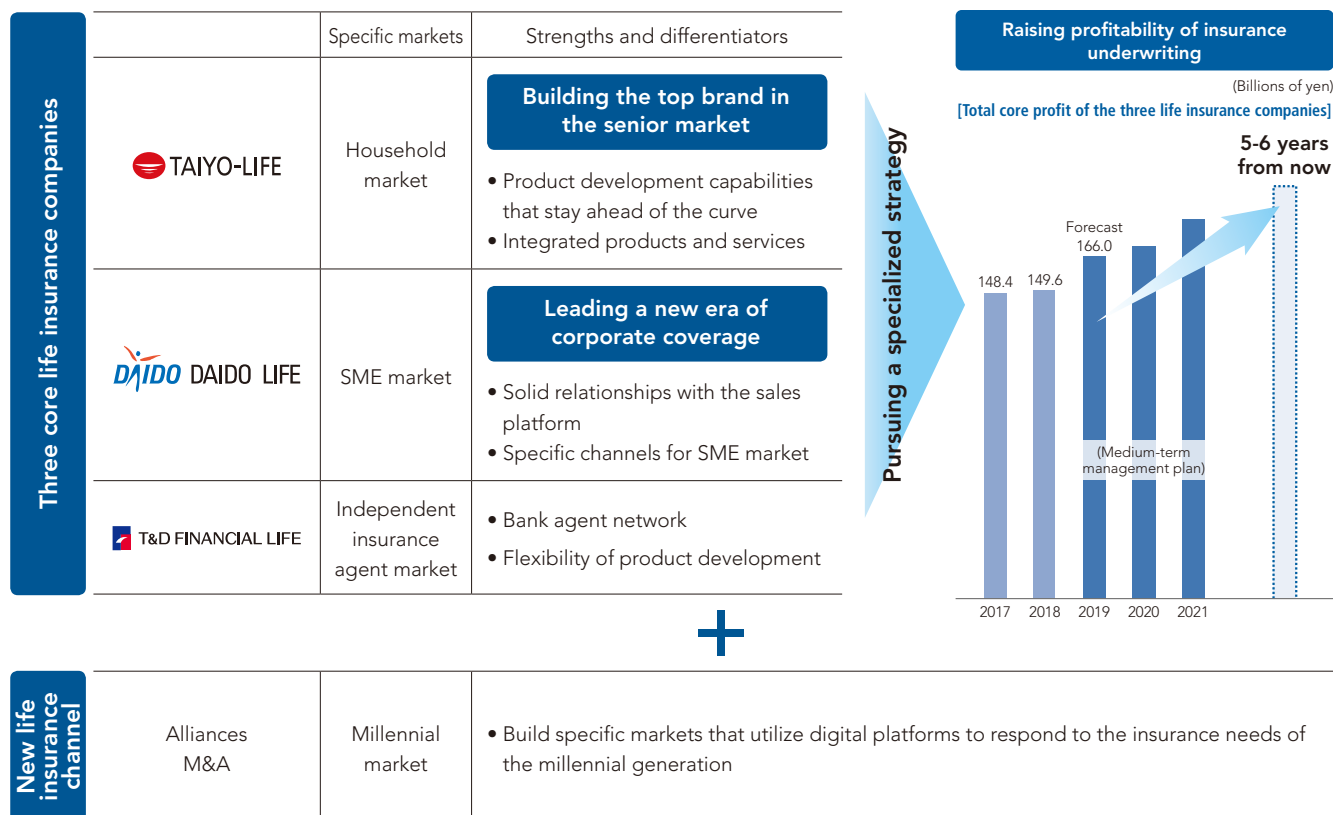
structural transformation that transcends the current frameworks in various business areas, Daido Life will refine its approach of providing a full-range of protection integrating both corporations and individuals, in order to become a life insurance company that leads the next era of corporate coverage.

T&D Financial Life will enhance the Group's presence and results in the independent insurance agent market, by further expanding its sales networks of bank agents and promoting its highly flexible product development capabilities.

In addition, in order to respond to the insurance needs of the millennial generation, we will establish new specialty markets through the use of digital platforms.

Strengthening of Core Businesses — Overall Schematic

- The three core life insurance companies aim to build the top brand in their respective specific markets.
- Strengthen the core domestic life insurance business further by raising profitability of insurance underwriting, and building new, specific markets.



2. Diversification of Business Portfolio

Initiatives towards New Business Domains

The aim of initiatives targeting the diversification of our business portfolio is to achieve a multi-line model for revenue sources, through the development of business in new areas in which we can utilize our knowledge and resources in the life insurance business, and through the incorporation of external growth. When establishing new business areas, we will proceed with the establishment of suitable business management systems, for businesses

with a high affinity to the life insurance business, that are expected to contribute to Group consolidated profit and achieve high future growth.

Currently, we are specifically considering mainly the closed book, asset management, and digital insurance businesses. Moreover, in June 2019, we established T&D United Capital Co., Ltd., as a subsidiary that handles strategies for business portfolio diversification.

— Initiatives in the medium-term management plan —

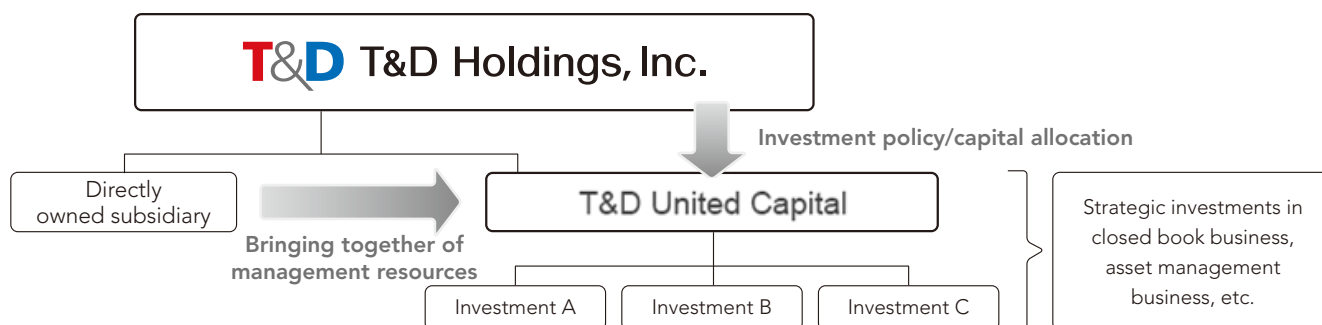
Closed book business

Asset management business

Digital insurance business

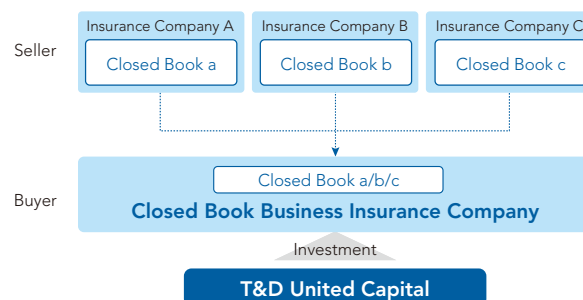
■ Establishment of T&D United Capital (June 2019)

By consolidating Group management resources, we are establishing an effective and efficient integrated Group organizational structure, based on demonstration of expertise, a proper management of risk and return, and speedy decision making.



■ Investment in Closed Book Business

Through T&D United Capital, we will invest in the closed book business, in which income is generated by obtaining and consolidating blocks of policies in force for products that are no longer sold by an insurance company (closed book), and enhancing their value. With a view toward acquiring new investment income and the future expansion of domestic business, we will accumulate business know-how by building relationships with investment targets.



Try & Discover 2021 —Creation of Shared Value—

2. Diversification of Business Portfolio

Growing profits in the asset management business

We aim to continue to expand the asset management business in the medium- and long-term, as the business area with the highest affinity with the life insurance business. In November 2018, with the aim of advancing asset management and enhancing the asset management business, we concluded a cooperation agreement with Payden & Rygel in the United States.

In addition, while contributing to profitability by enhancing the product structuring capabilities of T&D Asset Management, capital and business alliances with

overseas asset management companies will also contribute to a strengthening of the asset management capabilities at each Group life insurance company, as well as Group consolidated profits. As a specific initiative, in September 2019, we concluded a capital and business alliance agreement with the French asset management company, Tikehau Capital SCA, in which T&D United Capital is investing. Based on this agreement, T&D Asset Management will provide asset management products of a subsidiary of Tikehau Capital to Japanese pension funds.

Growing profits in the asset management business

- Aim to expand our asset management business as a core Group business, second only to the domestic life insurance business, over the medium term.
- Utilize our strengths as a life insurance-group asset management company, and build a differentiated business model.
- Strengthen management of overseas assets, and make contributions to Group profits and life insurance asset management.

T&D Asset Management

Strategy 1): grow T&D Asset Management profits

- Grow assets under management by leveraging our strengths in structuring of products
- Utilize network of domestic and overseas asset management companies
- Contribute to more sophisticated asset management of the Group life insurance companies

T&D United Capital

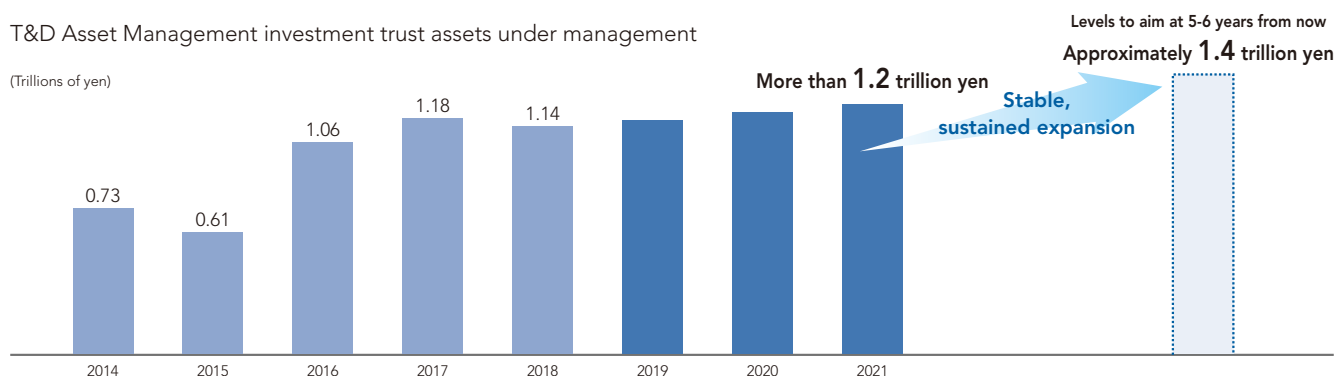
Strategy 2): strategic investments in overseas asset management companies, etc.

- Use business/capital alliances with overseas asset management companies, etc., to strengthen product structuring capabilities and the Group's life insurance asset management capabilities
- Contribute to Group consolidated profits

Synergistic effects

T&D Asset Management investment trust assets under management

(Trillions of yen)



Establishment of a New Specialized Market (The Millennials)

In order to capture the insurance needs of the young millennial generation, which the Group has not heretofore sufficiently focused on, we will create alliances with providers of digital platforms, and build new specialized

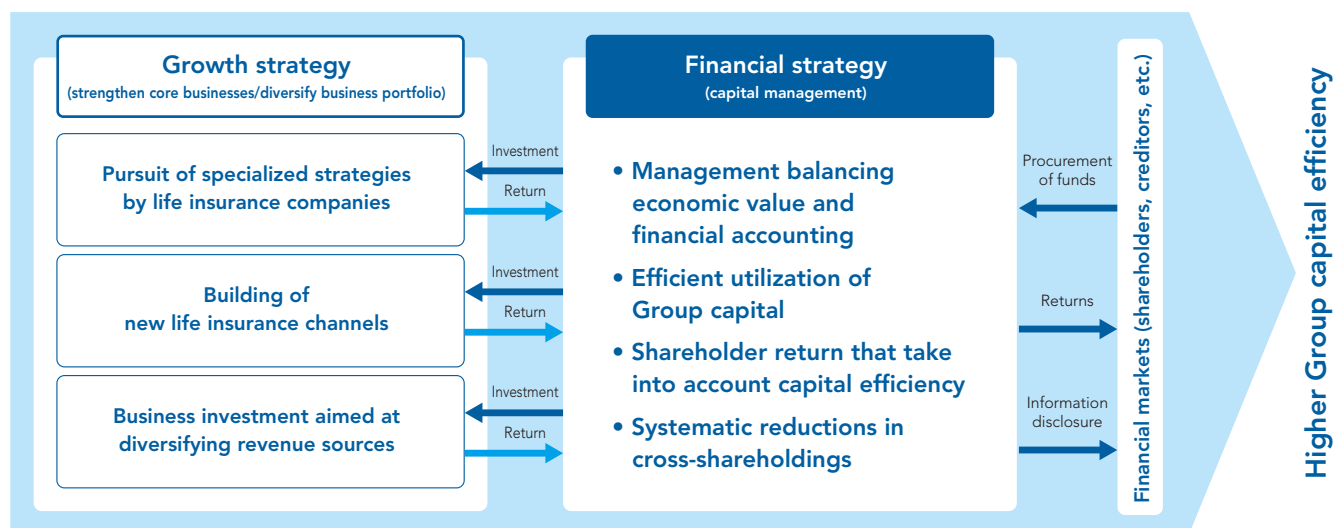
markets. As the channels available for purchasing insurance policies become increasingly diverse, we will provide new products and services through the use of digital marketing, in order to expand our customer contact points.

3. Evolution of Group Financial Strategy

Promote financial strategy (capital management) and growth strategy (bolstering core businesses and diversifying business portfolio) as two sides of the same coin, in order to improve Group capital efficiency.

By promoting integrated Group ERM, and based on an expansion of our corporate value (embedded value), the Group is performing business management that considers the balance with financial accounting. In addition, in order

to diversify our business portfolio, we will efficiently utilize the Group's capital, through combinations with optimal selections of external capital. Furthermore, we will proceed with a systematic reduction of cross-shareholdings.



Shareholder Return Policy

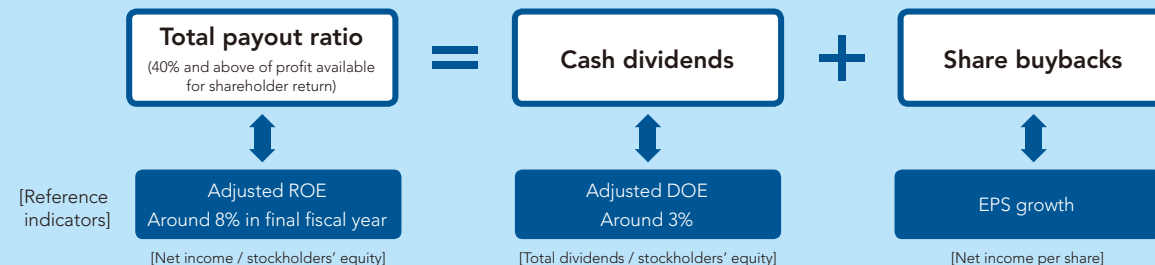
The basic framework incorporates new reference indicators, while maintaining the previous medium-term management plan. We will implement shareholder returns that contribute to an even further improvement in capital efficiency.

Regarding cash dividends, we will strive to provide stable dividend returns, such as an Adjusted DOE of 3%

as reference. In addition, we will implement flexible share buybacks that take the EPS growth rate into consideration. Accordingly, we will comprehensively determine the total payout ratio, while taking into account an Adjusted ROE of approximately 8% by the final year of the medium-term management plan, in addition to ensuring a ratio of 40% or more of net income.

- Total payout ratio to be set flexibly, taking into account capital efficiency (Adjusted ROE). (However, to be 40% and above of profit available for shareholder return)
- The objective for cash dividends is stable, sustainable increases, using Adjusted DOE as reference.
- The value of share buybacks will take into account the amount of total payout, and the level of EPS.

<Basic approach>



Try & Discover 2021 —Creation of Shared Value—

4. Promotion of Integrated Group Management

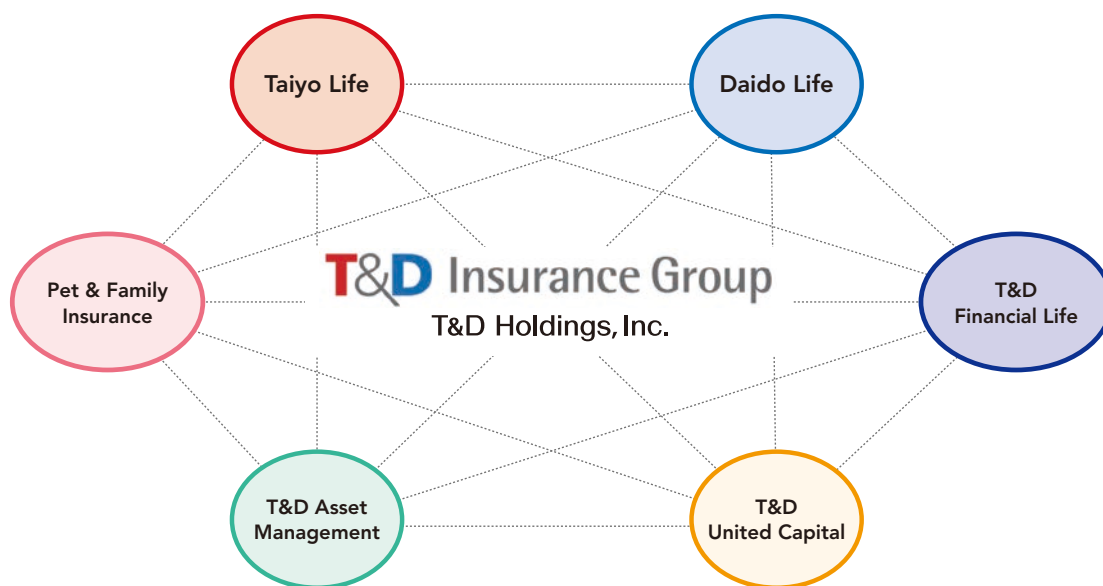
Promotion of Integrated Group Management to Steadily Implement Growth Strategies

In order to steadily implement the growth strategies of the medium-term management plan, we will further promote integrated Group management. As a first step, we have established the strategic subsidiary, T&D United Capital. We will proceed by consolidating Group management resources, such as personnel and funds.

In addition, we plan to further leverage synergies within the Group, such as by mutually supplying products between Group companies, and through the sharing and

proper allocation of Group management resources.

In terms of cultivating human resources and building awareness, based on the new brand message of “Towards a New Dimension of Insurance,” we will demonstrate the Group’s comprehensive capabilities to create innovation through our innovative and challenging Group culture. In addition, we will further promote integrated Group social activities, with the aim of creating shared value.



Bringing together of management resources (strategic subsidiary)

- Integrated Group promotion of diversification of business portfolio
- Establish strategic subsidiary, and bring together Group resources



Leveraging synergies within the Group

- Further promotion of mutual supplying of products
- Sharing and appropriate allocation of Group management resources (personnel, funds, know-how)
 - Bringing together of specialized personnel in strategic subsidiary, allocation of Group capital
 - Exchange of personnel between Group companies, sharing of best practices
 - Cooperation with T&D Asset Management in order to strengthen asset management



Penetrating Group culture

- New brand message
 - “Towards a New Dimension of Insurance.”
 - Integration of Try & Discover DNA into the Group and using it to appeal externally
- Integration of Group social activities aimed at creation of shared value
 - Promotion of initiatives based on Group CSR Activity priority themes

Medium-Term Management Plan Targets

T&D Insurance Group's Medium-Term Management Plan targets (consolidated)

In fiscal 2021, which is the final year of the medium-term management plan, we aim for ¥170.0 billion or more in value of new business, and a fiscal 2018 level (¥73.0 billion) or more in net income, through steady growth in the results of the three core life insurance companies.

The steady accumulation of policies in force and the securing of stable investment income, which mainly comprises interest, dividends, and income from real estate for rent, form the basics of the business management of the Group, the core business of which is domestic life insurance. In fiscal 2019, the first year of the medium-term management plan, we forecast a decline to ¥64.0 billion

in net income, due to a cautious outlook arising from the current economic and financial environment.

However, through various strategies, such as a strengthening of our core businesses and the diversification of our business portfolio, we aim for net income of ¥100.0 billion during the next medium-term management plan. In addition, we have set Group MCEV, which was a key performance indicator of the previous medium-term management plan, at a medium- and long-term target level of ¥4.0 trillion, based on a continued recognition of its importance as an indicator of the corporate value of the life insurance business.

T&D Insurance Group's Medium-Term Management Plan targets (consolidated)

Medium-Term Management Plan targets	Economic value	Value of new business	<ul style="list-style-type: none"> FY2021: 170.0 billion yen and above [Core ROEV*1: 5% and above for three years]
	Financial accounting	Net income	<ul style="list-style-type: none"> FY2021: FY2018 levels (73.0 billion yen) or higher
(Reference) Medium- to long-term target levels	Economic value	Group MCEV	<ul style="list-style-type: none"> Next medium-term management plan: 4.0 trillion yen (As of end of March 2019: 2.6 trillion yen) [ROEV*2: Stable and sustainable growth over 7.5% in the medium- to long-term]
	Financial accounting	Net income	<ul style="list-style-type: none"> Next medium-term management plan: 100.0 billion yen

Note: The ultimate forward rate (UFR) has been applied to both the ESR measurement model and the MCEV calculation, beginning with the medium-term management plan. The aim of this change is to further increase the sophistication of our measurement models, so that they can assist in management decision-making over the medium- to long-term, taking into account discussions regarding the international regulation of capital, and the comparability of disclosure.

The UFR has been applied to both medium-term management plan targets based on economic value and medium- and long-term target levels (value of new business, Group MCEV).

*1: (Embedded Value of new business + Expected existing business contribution from risk free rate) / Average of EV *2: Annual increase in EV (less capital movements) / Annual average of EV



Special Feature

Chief Environmental and Social Strategist
Environmental Strategy Advisory Division
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.
Part-time Lecturer at Keio University Graduate School

Mari Yoshitaka



Representative Director and President
T&D Holdings, Inc.

Hirohisa Uehara



Creating Shared Value by the T&D Insurance Group

We invited an expert to exchange opinions on the initiatives of the T&D Insurance Group on the theme of “creating shared value” in the Medium-Term Management Plan.

1. Changes in the roles of companies expected by society

Yoshitaka

I have been involved with environmental finance-related businesses for many years, and I received requests around 2014 or 2015 from institutional investors who wanted to study topics related to the environment. My job has changed significantly since then. I remember being surprised because I did not initially expect financial institutions to turn their attention to environmental issues so quickly. I get the impression your company incorporated the perspective of what is now called “ESG” in your business at a relatively early stage.

Uehara

We have a pioneering spirit in areas where others have yet to venture, for example, the Group was the first company in the life insurance industry to become listed. When I was involved in asset management at Taiyo Life and managing insurance premiums entrusted by customers, I decided it was necessary to incorporate ESG issues within the fiduciary duty in the investment and lending decision-making process, and so I studied qualitative standards. Because the PRI (Principles for Responsible Investment) provided us with a field to consider these issues, in 2007 we became the first Japanese life insurance company to sign the PRI to serve as qualitative standards for investment and lending that could be incorporated in asset management. The PRI have recently spread among institutional investors in Japan as well at considerable speed.

Yoshitaka

I think that evaluations of businesses based on their efforts to improve social issues through the core business are finally beginning to take root in Japan. While I think in many cases Japanese companies were founded with an aspiration to resolve social issues, this type of information disclosure has been neglected because it is so obvious. I believe this is beginning to change. What Japanese companies really need to do now is something that is only natural: to go back to the origin of why they were founded in the first place. You often say that the “the future is not an extension of the present,” and I think that such an era has really come now. When I look at materials including your company’s CR Report^{*1}, I feel that information is being communicated with a focus on the perspective of resolving social issues through the core business. I am personally really interested in seeing how this leads to an

improvement in corporate value in the future.

Uehara

We were listed 15 years ago as an insurance holding company, a first for a life insurance company. The Group’s corporate philosophy is “With our ‘Try & Discover’ motto for creating value, we aim to be a group that contributes to all people and societies.” This philosophy does not seem outdated and is really well matched with our current times. I do not think it will change in the future either. Since I assumed the role of President in April of last year, we have carefully considered the new Medium-Term Management Plan while holding detailed talks over the past year. Something that I also realized when I was appointed President is that corporate philosophy is really important. We often hold dialogues with shareholders and investors on profits. Going back to our origins, we realize that having a relationship with customers over an extremely long period of time is the business model of a life insurance company. For that reason, the mission of a life insurance company is to continue healthy growth as a corporation. In light of the business characteristic of having to sustain business so we can make payments to customers without fail when they are in need, we renewed our focus on this corporate philosophy and incorporated it in our new Medium-Term Management Plan, thus making the creation of shared value as the theme. However, this may not seem like something new for you because creating shared value (CSV^{*2}) is something that has been around a while from your perspective.

Yoshitaka

I do not think concepts like CSV have spread that much yet. CSR activities are just something conducted by environment-related departments, and I do not think there are many companies where it has really been instilled among each and every employee as a part of the DNA of the company. There are still many executives who are primarily focused on how ESG initiatives will affect the stock price, so I think it is a really good thing to again go back to the origins.

Uehara

We have a long history of over 100 years with our three main subsidiaries: Taiyo Life, Daido Life, and T&D Financial Life^{*3}. A company’s development and the history of growth is vertical change and horizontal continuation.

^{*1} Name changed to the “Sustainability Report” for reports issued from fiscal 2019. ^{*2} Stands for “creating shared value,” a management strategy of using the strengths of a company to resolve social issues, and in doing so, contributing to its sustainable growth. ^{*3} Including the era of the predecessor, Tokyo Life.

The horizontal continuation is the company history, and vertical changes are in the economic and capital environments and the needs of customers at that time. I believe that conducting management while responding to change leads to continuity. The driving force for this is the Group's tangible and intangible corporate value and its individuality, which is a part of this value. Furthermore, looking at the companies that were able to survive the financial crisis, I feel they were ones that society recognized as having existential value and that companies without such value were weeded out. Considering this, I think that the starting point may be being a company that is required by society as a necessary presence.

Yoshitaka

Although Japanese companies work with sincerity in the various things they do, they only tend to disclose the

things they can do, and they do not communicate much of a message on their resilience in response to these kinds of vertical changes that you mentioned. I think these are the types of message that are needed in society now.

Uehara

When I visit investors on IR visits, they often ask me about how Japanese life insurance companies will survive and grow as the population constantly decreases, due to declining birthrates and an aging population. Indeed, while the population will fall and the number of elderly people will rise, this presents opportunities with the Group's business model. For example, managers of SMEs are the main customers of Daido Life, and there may be various business opportunities for us if we face and help to resolve current social issues with them, such as the lack of business successors when they come of age.

2. Efforts aimed at creating shared value

Uehara

Over a decade ago, CSR mainly consisted of social-contribution and volunteer activities. While volunteer activities are extremely important, there were not many discussions about how to achieve an affinity with the core business from the perspective of a listed company. This has changed recently, and I think the time has come for companies to clearly indicate what they are aspiring to and their approach to those aspirations.

Yoshitaka

I agree. For CSR, in many cases companies communicate information to society at large about what a good company they are, and as you mentioned, I think it is good to think about CSR in terms of business opportunities. From this viewpoint, I think the SDGs are a really good communication tool. They have been truly incorporated in the new Medium-Term Management Plan.

Uehara

We are not able to cover all of the SDGs from the viewpoint of the characteristics of our business and our management strategy. At any rate, we have actively incorporated and discussed those that are closely related to needs that broadly involve the life insurance business, which is our core business. We have also been able to demonstrate the linkage with SDGs in the new Medium-Term Management Plan.

Yoshitaka

The other day, more than 80 people participated in an SDGs seminar for institutional investors that we held. I think it was when the Government Pension Investment Fund (GPIF) signed the PRI in 2015 that we first got involved with ESG in Japan. Although it seems that ESG investors are now evaluating companies on the resolution of SDGs issues, there are companies that have not really



addressed the SDGs up until now. They often consult with me because they are not sure where they should start and what they should do. I believe that SDGs will become a tool for communication with all stakeholders going forward, and I also believe that how information on SDGs is communicated will differ depending on who is being communicated to, for example, whether the person is an investor or a student. For instance, the other day when I was talking with a student I teach at the university, the student told me about how excited they were when a company told them that “this company will grow through the SDGs” during student job-hunting activities. For this reason, SDGs could be effective from the perspective of appealing to human resources newly entering the job market.

Uehara

I think that SDGs are an extremely good tool for facilitating a back-and-forth communication with stakeholders. However, it should be done in a manner so that it does not become a mere formality.

Yoshitaka

I have the same view. While the SDGs run to 2030, your company will continue doing business 30 and 50 years from now. The other day, I told some investors that what they have to evaluate goes beyond SDGs projects.

Uehara

The life insurance business is a field that involves people’s lives. There are issues that have to be addressed nonstop, such as health and supporting seniors. In light of this, we are working to contribute to SDGs that match the business model and characteristics of each Group company, while linking together the relatively wide area of SDGs to our actual work.

Yoshitaka

The life insurance industry itself is related to SDGs, and I think the relation makes them very effective tools. For example, “Himawari Dementia Prevention Insurance,” released by Taiyo Life, can help with prevention of the condition if people know about it from a relatively young age. I would like you to continue communicating new ideas like this in the future.

Uehara

One characteristic of the Group is that it has three extremely independent and specialized life insurance companies as subsidiaries, which have completely different markets, products, and channels. Our business model is to deploy management resources to the segment of the market that is being focused on, and provide more



sophisticated products and services to customers.

Taiyo Life became the first company in the industry to release dementia insurance three years ago^{*4}. It has been said that one in seven people age 65 and above are at risk for dementia. Over 500,000 people are currently enrolled in dementia insurance, and it has proven to be very popular. If you enroll in this insurance, you can use your smartphone to automatically measure the number of steps you take and walking speed, and share this data with registered family members. In this manner, insurance products are making a shift to protecting health and preventing disease through means, such as the provision of tools for health management and prevention together with services.

Yoshitaka

That is a great idea. Because everyone is focused as a professional, you know a lot about those types of needs. I have held a lot of seminars on ESGs and SDGs for SMEs recently. What kind of initiatives for SMEs is your company involved with?

Uehara

It has been said that if employees including managers are healthy as a result of health and productivity management, that company will be more productive and more profitable as well. However, things are not so easy for SMEs with limited numbers of employees. Their health efforts may only consist of a health examination once a year. Daido Life is offering a comprehensive program^{*5} that includes health-examination record management, encouraging employees to get a health examination, and health-risk analysis in an effort to ensure that employees stay healthy.

In addition, in response to the issue of business

^{*4} “Himawari Dementia Treatment Insurance” was launched in March 2016. It is the first insurance product covering dementia in the life insurance industry as a relaxed-underwriting type product (based on research by Taiyo Life).

^{*5} Daido Life’s “KENCO SUPPORT PROGRAM”

succession, we are working to protect SMEs through means that also go beyond insurance including business-succession support in cooperation with external institutions. We approach marketing, product development, and service from the perspective of the customers, based on our knowledge and experience up until now and the needs of the customers, so that we can meet their needs more quickly than other companies.

Yoshitaka

“Quickly” is an important point. Japanese companies are not really that good at being quick.

Uehara

Social issues are also customer needs. As a life insurance company with a business model specialized on such issues, we work to design specific products and services and offer them as quickly as possible. Going forward, we can expand our share in the Japanese life insurance industry and achieve sufficient growth in Japan. We also believe it is necessary to grow while co-existing with society.

Yoshitaka

If there are no challenges, then no services will be born to respond to them. While it would be ideal for all challenges to disappear, that is not very realistic. You mentioned earlier that overseas investors sometimes ask you about declining birthrates and the aging population in Japan. Related to this, there has been an increase in foreign workers. Has the company done anything in response to this?

Uehara

Daido Life has started policy procedures enabling foreign employees to enroll. It has been difficult until now for foreign workers and other Japan residents who are not capable of speaking Japanese to enroll in insurance in Japan. However, Daido Life made it possible to enroll using eight languages from June of this year and it is providing services that make people feel more reassured about working in Japan. I think it is important to keep on making small steps like these to support the vitality and management of SMEs that are fundamental for Japan.

Yoshitaka

I agree. I think the “S” part of ESG, particularly diversity, will be a major point for organizations so that Japanese companies can flexibly respond to dramatic changes including declining birthrates and the aging population going forward. What kind of initiatives are there for internal diversity while supporting the diversity of customers?

Uehara

While this may diverge a bit from the topic of diversity,

something I have thought of since becoming President is that management with a social focus by companies leads to sustainable growth. I believe we are ultimately able to produce profits and major benefits for shareholders by providing products and services that really meet needs while valuing our employees, business partners, and customers. From this perspective, it is extremely important for employees to feel happy and healthy in their work. For this reason, Group companies are pursuing substantial measures rather than mere formalities in personnel systems, work style reforms, and the active participation of women.

For example, the retirement age was extended at Taiyo Life last year in April, and it is now possible to work up to age 70. I think this is a particularly significant point in terms of improving productivity as the working population decreases.

Yoshitaka

There has been a lot of data from overseas that demonstrates a correlation between companies that are actively promoting the participation of women and stock price performance. Indices that incorporate this have also been started. I think it is great that this is not only a priority theme for your company's CSR, but also a human resources initiative. When speaking of ESG, G is fundamental and while E and S are not necessarily parallel, the importance of the elements of ESG differs by industry. I think that your company is really working to address the themes that are important for your company. I do not think it will be too far in the future when various indices overseas evaluate the relationship between performance and ESG. I think it is very important how ESG initiatives are communicated, and this is something that applies to all companies.

Uehara

We do not make things that are clearly visible, so we really have to be engaged in development and training to improve the skills of our employees. How the Group communicates with society is also important.

Yoshitaka

What points are being focused on in the new Medium-Term Management Plan?

Uehara

We intend to grow our business domains and business model by working on six business themes aimed at creating shared value. We will diversify our business portfolio because it might not be possible to respond to the challenges faced through our existing businesses alone. However, this diversification will only include businesses

that have some affinity to life insurance-related business in Japan for which collaboration is possible. For businesses required as life insurance-related businesses in Japan in the future other than those covered by our three life insurance companies, active investments will be made mainly by the holding company. We will work to create shared value while mutually connecting these six

business themes and CSR priority themes. I talked about the Medium-Term Management Plan in a conceptual manner at the beginning, and we have already implemented concrete measures to a degree. By articulating these measures internally and externally, I would like to make a strong appeal for the direction and approach of the Group.

3. "Creating shared value" in the future

Yoshitaka

Investors in the U.S. are trying to use ESG as a tool for creating a new market, and they have made significant progress in stock price research related to this. Meanwhile, there are many people in Europe who are focused on sustainability. Furthermore, because there are few disasters in Europe, many people have felt a sense of crisis toward climate change recently and there is beginning to be a change in sentiment. I think that ESGs will become increasingly important in Japan in the future. I think there should be more information disclosure because if there is nothing to compare such as the status of efforts, it is difficult for it to be reflected in the stock price.

Uehara

I think it will be important in the future whether companies that are making society better can demonstrate strong leadership. According to one study, when asked about the meaning for the "existence of companies," more people from the millennial generation responded "to make society better" than "to produce profits." I think that ideas about what companies should be doing are beginning to change.

From the perspective of making society better, I think that disclosing information on efforts to the market will become more and more important for understanding and verifying the state of corporate management from the viewpoint of ESG and improving transparency. Although our Group's business may not be very flashy, I think that we are a serious and honest company in this aspect. I would like to make a strong appeal for these qualities.

Yoshitaka

I think that is a good idea. I hope you are a company for the next generation that achieves the creation of shared value. Young people are losing their sense of excitement.

I hope your company takes the lead in demonstrating corporate growth through the SDGs.

Uehara

According to one paper, people who feel happy are about 30% more productive at work than those who are not, and they are also three times as creative. The sum of the "psychological capital" of workers can determine a company's rise and fall. People feel satisfaction and fulfillment by contributing and being necessary to society. If you make employees happy, it makes the company happy, and this makes society happy. This happiness has a very positive effect on the economic environment and leads to sustainable growth. I intend to continue working hard at "creating shared value" in the future.



Business Overview

P.42



Become an insurance company that supports secure and fulfilling lives for even more customers, by proactively providing to households the best products and services for the Centenarian Age.

Taiyo Life's in-house sales representatives make individual home visits, listen to customers' needs and provide the necessary coverage.

By developing products that preempt the Centenarian Age and enhancing our sales capabilities through the utilization of IT, we will help more customers to live longer, healthier lives.

Market

Households

Sales channel

In-house sales representatives

Products

Comprehensive coverage including death benefit and medical/nursing care products



P.46



Bringing the greatest peace of mind and utmost satisfaction to small and medium enterprise (SME) customers

Daido Life provides rational coverage responding to the various risks and necessary funding preparations of each enterprise in order to protect enterprises from a range of risks and contribute to the stability and development of their business.

The company is building a solid sales structure through business tie-ups with SME-related organizations and CPTA organizations, etc.

Market

Small and medium enterprises (SMEs)

Sales channel

In-house sales representatives, Agents (tax accountants, etc.)

Products

Term life insurance, disability benefit, etc.



➔ P.50



T&D FINANCIAL LIFE

Offering distinctive products and services which meet the diversifying needs of customers

T&D Financial Life provides savings-type products differentiated by types of benefits, and protection-type products with competitive pricing and benefits through independent insurance agents (financial institutions and insurance shops), which handle products from a number of insurers.

Market	Sales channel	Products
Independent insurance agent market	Independent insurance agents (financial institutions and insurance shops)	Savings-type products (foreign-currency linked type, etc.) Protection-type products (Income protection insurance, etc.)



➔ P.54

T&D Asset Management

Aiming to stay one step ahead on all fronts as an asset management company, and to create further value from that point

T&D Asset Management conducts investment trust business by offering investment trusts through financial institutions, and investment advisory business by managing the funds of pension funds and institutional investors.

Investment trust business

Provide a wide array of prime investment products mainly to a broad range of investors through sales companies (securities firms, etc.)

Investment advisory business

Provide adequate investment solutions to domestic and overseas pension funds and institutional investors



➔ P.55

Pet & Family Insurance

Aiming to serve the needs of all pet owners regarding veterinary care expenses

Pet & Family Insurance provides pet insurance to cover veterinary care expenses mainly through pet shops, where many prospective pet owners meet their pets for the first time.

Market

Pets market

Sales channel

Agents (pet shops, etc.)

Products

Compensation insurance for pet veterinary care expenses





Taiyo Life Insurance Company

"Healthy, Long Life, Taiyo Life"

— Becoming a life insurance company that supports secure and fulfilling lives —

Outlook for Sales Performance Indicators Fiscal 2019

Protection-type annualized premiums of new policies*

¥17.0 billion

Protection-type annualized premiums of total policies*

¥155.0 billion

*A performance indicator of Taiyo Life which is the sum of protection portion of the annualized premiums mainly excluding savings-type products.

Naoki Soejima
Representative
Director and President



Business Model

Taiyo Life's core business is sales of life insurance in the household market. In-house sales representatives visit homes directly and propose the appropriate coverage for each household. The mainstay product, *Hoken Kumikyoku Best*, allows customers to freely combine the coverage they need. This enables the company to propose coverage which meets the needs of each household.

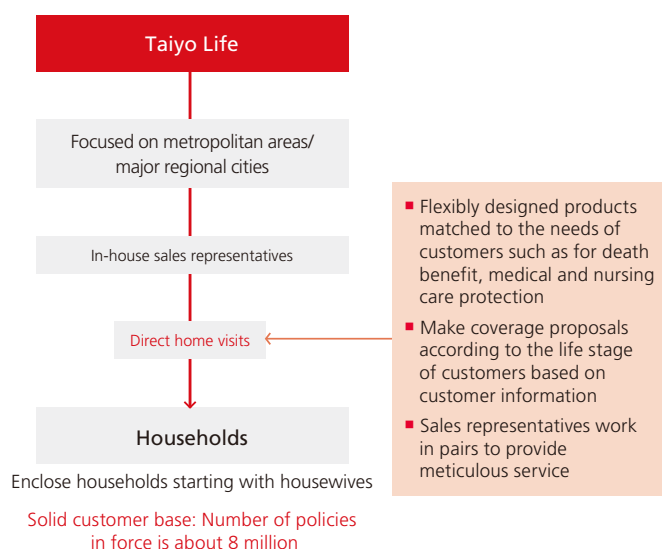
The company has thus established a business model of offering comprehensive coverage to households by taking advantage of its strengths in the household market.

Strengths of Taiyo Life

Taiyo Life's strength is the capability of its sales representatives to sell protection-type products. It has continued to grow through "Combination Activity" where sales representatives form pairs on visit to individual households and developing new customers.

The company leverages its strong ties to households to propose protection-type products amid the recently growing demand for coverage for medical care, nursing care, pensions, disabilities, and other areas in response to such trends as a rapidly aging population and a spread of nuclear families.

The company also sells products that preempt the changes of the times, such as *Himawari Dementia Prevention Insurance*, maintaining its pre-eminence in the market by offering coverage that meets its customers' needs.



Strengths

- Solid foundation in the household market built by the continual development of new customers through "Combination Activity" where sales representatives form pairs on visit to individual households
- Offering products that preempt the changes of the times and meet customers' needs
- Senior-friendly customer service

Opportunities

- Growth of senior population
- Growing needs to make self-provision for pension, medical care, and nursing care
- Extension of health span and growing awareness of health promotion among seniors

Review of the Previous Medium-Term Management Plan (FY2016-FY2018)

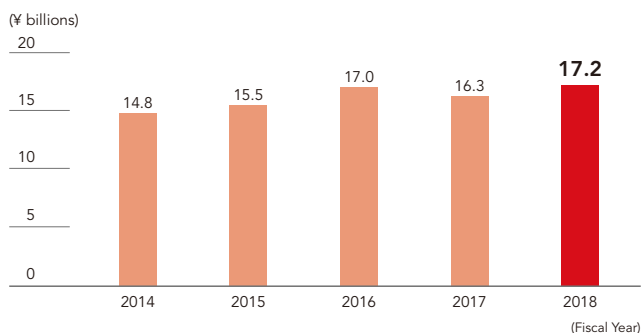
Under the previous Medium-Term Management Plan, Taiyo Life worked to build the top brand in the senior market, and to expand business results through triune sales promotion consisting of "improving services," "enhancing products," and "strengthening sales capabilities." These efforts were based on a vision of "aiming to be a life insurance company that offers households the best products and services that preempt the changes of the times."

Taiyo Life launched *Himawari Dementia Treatment Insurance* in March 2016, as a product that enables customers to live their senior years with peace of mind, and launched *Himawari Dementia Prevention Insurance* in October 2018, which combines preventative services with coverage. Taiyo Life also began the *Kaketsuke-Tai Service*, in which office workers with specialized knowledge personally visit customers' homes and provide customized

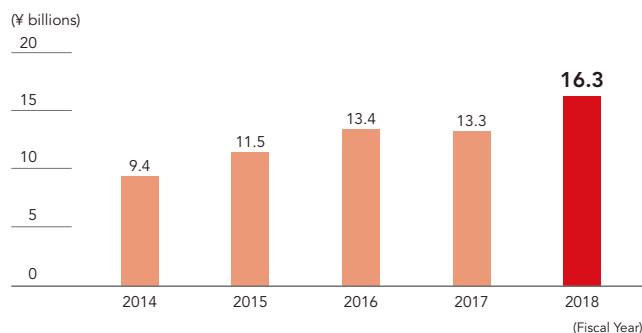
support to ensure that benefits are paid swiftly and smoothly. Currently, the company is working to enhance the payment of insurance benefits by developing mobile terminals, so that in-house sales representatives can perform the same benefit procedures as office workers.

In fiscal 2018, the final year of the previous medium-term management plan, protection-type annualized premiums of new policies increased by 5.3% year-on-year to ¥17.2 billion. Among these, Third Sector annualized premiums of new policies increased by 22.9% year-on-year, due to strong sales of relaxed-underwriting type products, such as *Himawari Dementia Prevention Insurance*. In addition, MCEV increased by ¥31.1 billion from the previous fiscal year-end to ¥856.2 billion, mainly due to the accumulation of value of new business. Value of new business increased year-on-year to ¥55.3 billion due to solid sales results.

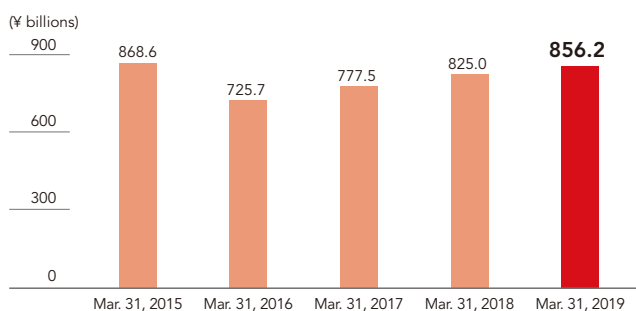
Protection-type Annualized Premiums of New Policies



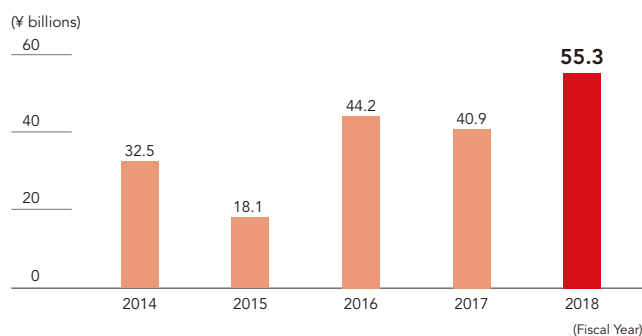
Third Sector Annualized Premiums of New Policies



MCEV



Value of New Business



Taiyo Life's Medium-Term Management Plan (FY2019-FY2021)

Vision of the Medium-Term Management Plan

Become an insurance company that supports secure and fulfilling lives for even more customers, by proactively providing to households the best products and services for the Centenarian Age.

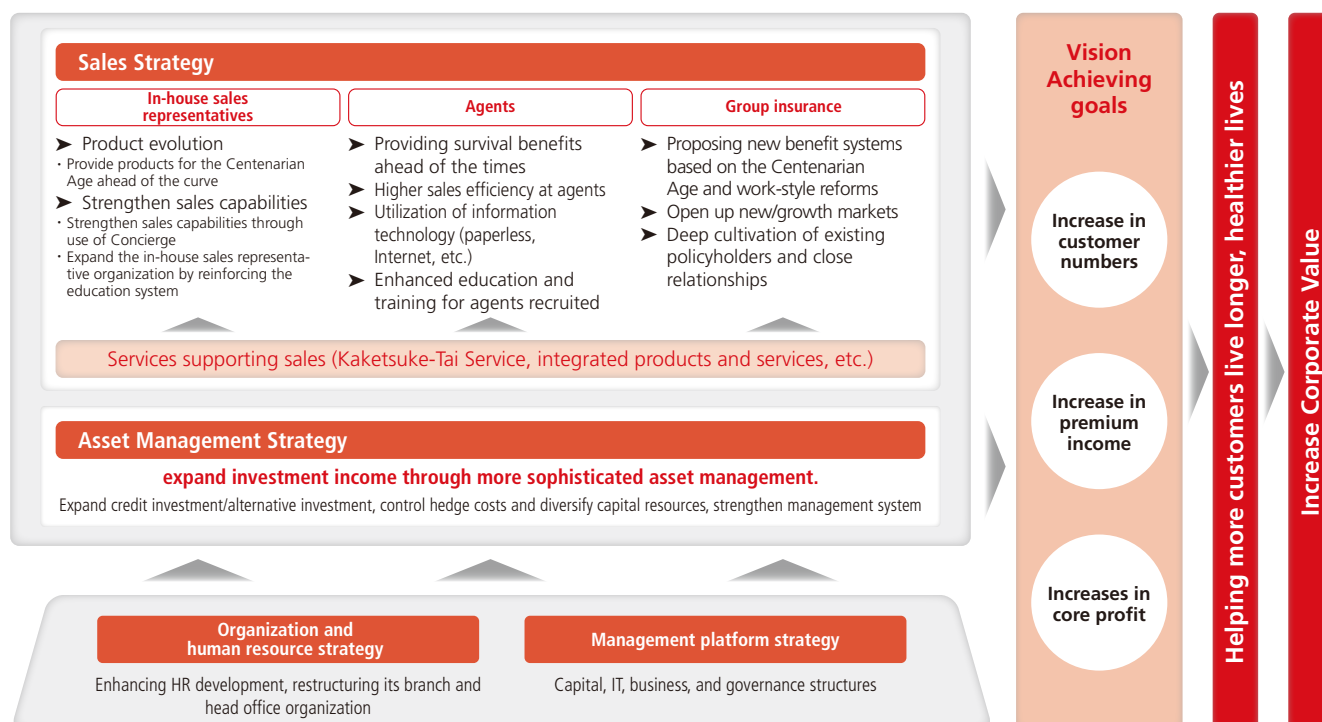
Going forward, as the total population of Japan declines, the population in the over-65 senior segment will continue to increase, and in 10 years will account for 30% of the total population. It is said that one in five of over-65s will have dementia by 2025. In addition, with the highlighting of the financial difficulties of the social security system (public pension, medical care, and nursing care), it is expected that preparations towards "longevity risk" will be required, such as in retirement and failing health, through further self-help efforts. Against such a social backdrop, it is expected that the senior segment will expand in the household market, which is the main market of Taiyo Life.

In anticipation of such changes in the environment, in its medium-term management plan, the company will make further efforts to build the top brand in the senior market, based on its vision to "Become an insurance company

that supports secure and fulfilling lives for even more customers, by proactively providing to households the best products and services for the Centenarian Age."

The company has established an environment in which it can focus on creating new value through a significant reduction in office work, due to previous business reforms, and an enhancement of operating efficiency via the *Taiyo Life Concierge*, a new mobile terminal introduced in August 2018. Through the medium-term management plan, the company will strive towards the realization of a healthy society where people can enjoy their long lives, under its catchphrase of "Healthy, Long Life, Taiyo Life." As a life insurance company that strives to stay close to the lives of its customers, the company will realize support for a healthy and long life for even more customers.

Overall Strategy of Medium-Term Management Plan



Sales Strategy

Helping more customers live longer, healthier lives

In the medium-term management plan, in addition to having in-house sales representatives visit households in pairs, which is one of Taiyo Life's strengths, the company will strengthen the sales structure for its agents and corporate insurance, and provide new products and services that leverage their characteristics. During the medium-term management plan, the company will continue to develop new growth markets that capture the needs of society, while working to deliver peace of mind to even more customers.

▣ In-house Sales Representatives

Products that preempt the Centenarian Age

Taiyo Life has developed products that preempt the changes of the times. While for many years, the company focused on savings-type products targeting the household market, it has recently shifted to protection-type products. Following this shift, in light of the fact that customers in the household market will also age due to the progress of the aging society, it launched *Himawari Dementia Treatment Insurance* in March 2016 to capture the needs of seniors. In October 2018, the company launched *Himawari Dementia Prevention Insurance*, and has developed its products, as well as the provision of prevention insurance, in addition to treatment of diseases.

As we head into the Centenarian Age, providing prevention of nursing care and diseases is becoming extremely important, together with the provision of coverage for dementia, in order to support the healthy longevity of its customers. Taiyo Life is working to enhance survival benefits, such as medical and nursing care benefits, as well as benefits and services to prevent dementia and other diseases.

Strengthening sales by utilizing IT

In 2012, Taiyo Life introduced the *Insurance Policy Support System*. This system realized paperless policy applications, enabling insurance policy applications to be completed by customers who have signed on to mobile terminals carried by in-house sales representatives. In addition, in August 2018, the company introduced the *Taiyo Life Concierge* (hereinafter, the "Concierge"), which is equipped with new functions that enable on-the-spot responses to a variety of customer requests, realizing enhanced operating efficiency as well as the evolution of its customer service.

In the medium-term management plan, the company will work toward the further development of various functions of the *Concierge*, such as by advancing its sales support functions, and will also aim to strengthen the company's sales capabilities from an IT perspective.

▣ Agents

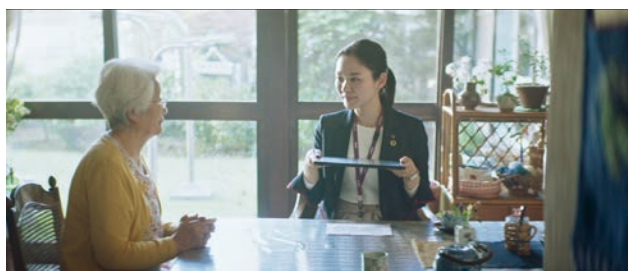
Provision of simple survival benefits

In the agent channel, Taiyo Life has enhanced sales efficiency while responding to customer needs, by providing simple and easy-to-understand products at the reception desks of financial institutions. In the medium-term management plan, the company will continue to provide products that match the market environment and characteristics of financial institutions as agents, such as protection-type products for dementia and other diseases and wealth-accumulation products, while responding to customer needs. In addition, the company will increase sales volumes by expanding its agents and enhancing sales efficiency.

▣ Group Insurance

Provision of new welfare systems

With the raising of the retirement age and increases in the number of non-regular employees, the environment surrounding the corporate insurance market is changing. Taiyo Life aims to develop untapped markets and industries that are expected to grow in the future, through the provision of new welfare systems that are based on the Centenarian Age and work style reforms. In addition, Taiyo Life will enhance convenience for existing customers, simplifying enrollment processes through the utilization of IT.



Utilizing the *Taiyo Life Concierge*

DAIDO Daido Life Insurance Company

Leading a New Era of Corporate Coverage

Outlook for Sales Performance Indicators Fiscal 2019

Policy amount in force*

¥46,910.0 billion

New policy amount*

¥3,760.0 billion

* Includes the individual insurance and individual annuities, the insurance amounts of J-type α product (non-participating critical illness insurance), T-type α product (non-participating disability protection insurance) and the nursing-care insurance amounts of Kaigo Relief α (non-participating whole life nursing-care insurance) and so forth.

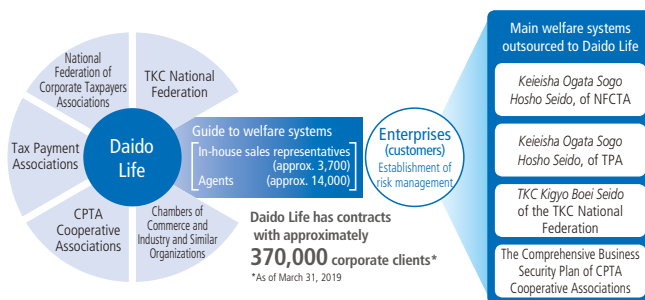
Minoru Kudo
Representative
Director and President



Business Model

Daido Life is a life insurance company that specializes in the SME market, with contracts with some 370,000 corporate clients. The company has focused on developing and selling term life insurance since the 1970s, considering it to be the optimal product for companies as it secures greater coverage at a lower premium.

Specifically, the company, which ties up with SME-related organizations and CPTA (Certified Public Tax Accountant) organizations, positions the offering of its products and services designed according to the organization's characteristics (partner-specific products) as its core business. The company has established a unique business model of offering these products and services as a benefit and welfare system for the SMEs, through two channels of in-house sales representatives and agents.



*Standard coverage

If an SME owner or officer becomes unable to work due to death or critical illness, some amount of money is expected to be required by the enterprise and family. Daido Life calls such amount "standard coverage" and calculates it in terms of both the amount needed to protect the enterprise (business defense reserve) and the amount needed to protect the family (corporate officer retirement benefit reserve).

Strengths of Daido Life

Daido Life's strengths are the superiority of its business model, which has numerous points of contact with SMEs and their owners, as well as its full lineup of corporate products, and its management resources suited to market development, including the know-how to promote protection-type products based on the standard coverage* accumulated over many years.

Additionally, the insurance needs not only of corporations but their owners as individuals are growing and becoming more diverse due to such factors as aging population, and the company will solidify its position as a leading company for the life insurance business targeting the SME market by steadily offering a "proposal of total protection integrating both corporations and individuals."

Strengths

- Superiority of business model
- Accumulation of management resources suited to developing the corporate market
- High-quality customer-support framework
- Comparatively sound finances

Opportunities

- Growing and increasingly diverse customer needs
 - Growing need for disability benefit due to aging population and other factors
 - Growing need for business succession and inheritance measures due to tax reforms and other factors
- Increasing awareness of health promotion
- Progress in digital technologies enabling new operational innovations

Review of the Previous Medium-Term Management Plan (FY2016-FY2018)

Under the previous medium-term management plan, Daido Life aimed to steadily and sustainably increase its corporate value. To this end, it evolved its core business by enhancing its disability benefit field in the corporate market ("further penetrating core markets"), and developed the SME owner and individual business owner market ("creating and expanding new markets"). In addition, it also improved customer service, productivity, and efficiency through operational innovations in its sales activities and administration.

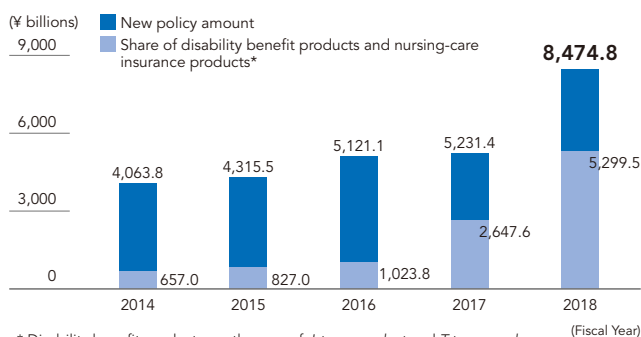
In fiscal 2018, the final year of the previous medium-term management plan, there were major changes in both the industry and the regulatory environment. These included a revision of the standard mortality table (April 2018), as well as considerations (February 2019) regarding revisions to the tax treatment of term life insurance in corporate policies (see Topics below).

In terms of the sales results for fiscal 2018, the new policy amount was ¥8,474.8 billion (162.0% compared to the previous fiscal year) and the policy amount in force

was ¥47,146.0 billion (110.1% compared to the previous fiscal year-end). This was mainly due to favorable sales of renewal-type individual term life insurance (*R-type product*) and income guarantee insurance (*Shunyu Relief*), the rates of which were lower due to premium rate revisions accompanying the revision of the standard mortality table, as well as increases in *Kaigo Teiki Hoken* (nursing-care term life insurance) launched in October 2017. In response to the tax review policy, although Daido Life suspended sales of term life insurance with surrender value from February 2019, the impact on the sales results for the full year was not significant.

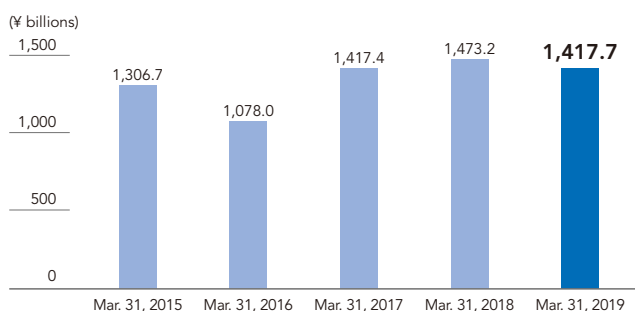
MCEV decreased by ¥55.4 billion from the previous fiscal year-end to ¥1,417.7 billion, due to a decline in domestic interest rates. Value of new business was ¥84.8 billion, on par with the previous year. This reflects the increase in new policies that offset a fall in profitability resulting from premium rate revisions, and negative factors, especially the decline in interest rates.

New Policy Amount

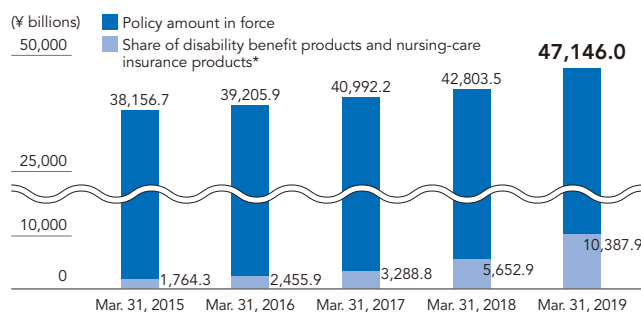


* Disability benefit products are the sum of J-type product and T-type product; nursing-care insurance products are the sum of Shunyu Relief, Kaigo Relief, and Kaigo Teiki Hoken.

MCEV

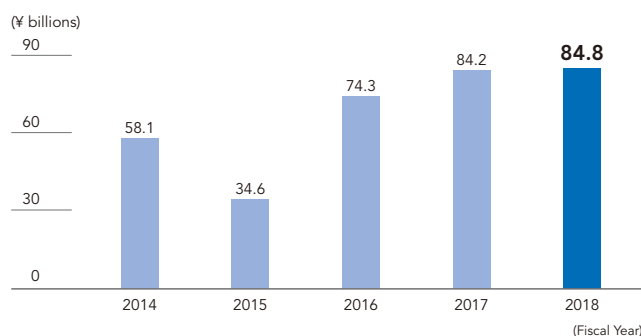


Policy Amount in Force



* Disability benefit products are the sum of J-type product and T-type product; nursing-care insurance products are the sum of Shunyu Relief, Kaigo Relief, and Kaigo Teiki Hoken.

Value of New Business



Topics

Revisions to the tax treatment of term life insurance in corporate policies

In June 2019, the National Tax Agency partially revised the "Establishment of the Fundamental Directive of Corporation Income Tax" (directive on interpretation of laws). Accordingly, the tax treatment regarding insurance payments of term life insurance has been changed, and a new tax treatment is applied to policies with a policy date on or after July 8, 2019.

Daido Life suspended sales of some products from February 2019, when the review policy was presented by the National Tax Agency. From July 11, the company began sales of the new L-type α , J-type α , and T-type α products, which are able to respond to the diverse needs of customers under the new tax treatments.

Daido Life's Medium-Term Management Plan (FY2019-FY2021)

Basic Policy of Medium-Term Management Plan

By viewing environmental changes as a growth opportunity, and taking up the challenge of structural transformation that transcends current frameworks in various business domains, we will refine our approach of “providing a full-range of protection integrating both corporations and individuals” to become an insurance company that leads the next era of corporate coverage.

Daido Life's medium-term management plan, “Go Beyond Daido 2021” is a three-year plan to establish an unshakable presence (market share) in the SME market, under the new tax treatments.

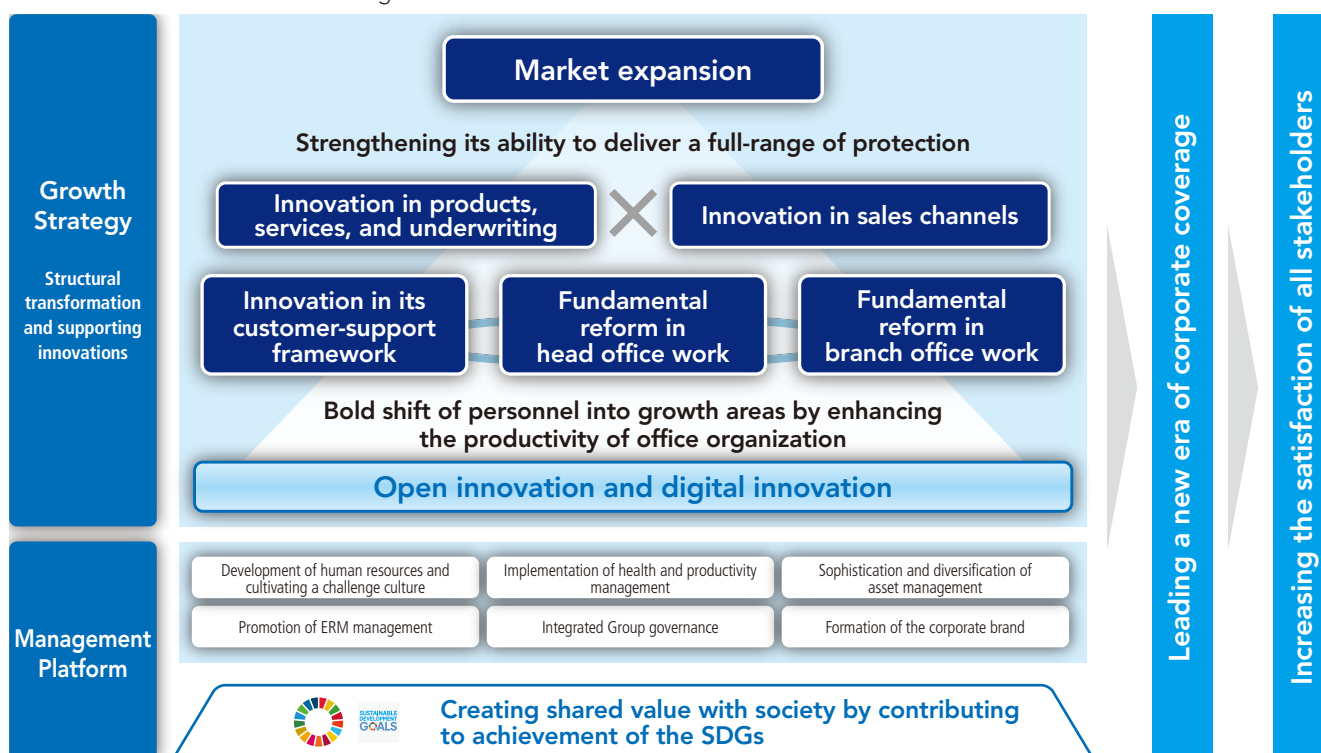
As a result of the large-scale entry of major life insurance companies into the SME market in recent years, and the subsequent review of the tax treatment for term life insurance, the sales and competition environment of Daido Life's core market has changed dramatically. In addition, the number of SMEs is decreasing along with the decrease in the working-age population. In order to expand contact with such SMEs, there is a growing need for the integrated reform of products, services, and channels, as well as increases in production efficiency through the utilization of digital technologies. Meanwhile, with increasing interest in disease

prevention and health promotion, the role to be played by Daido Life is expanding further, such as a diversification of management issues for SMEs, including labor shortages.

Based on the above, Daido Life will further solidify the sustainability of its core business through a structural transformation that transcends current frameworks in various business domains, including sales, insurance underwriting, and office work, while strengthening its core strategy of “providing a full-range of protection integrating both corporations and individuals.”

In addition, through co-creation with various partners, the company will provide products and services that respond to the social issues faced by SMEs of the Centenarian Age and their owners, and contribute to the permanent development of SMEs.

Overview of the Medium-Term Management Plan



Sales Strategy

With further penetration of the disability benefit field and development of the SME owner and individual business owner market as its pillars for growth, the company will refine its approach of providing a full-range of protection integrating both corporations and individuals, and lead a new era of corporate coverage.

■ Innovation in Products and Services

In order to respond quickly to the diverse needs of its SME customers under the new tax treatments, in July 2019, Daido Life, as a leading company in the SME market, launched the new *L-type α*, *J-type α*, and *T-type α* products. These are industry-first insurance products that enable the made-to-order tailoring of insurance amounts, insurance periods, and the balance between premium and surrender value. Going forward, the company will further develop its main term life insurance, through the development of health-promoting insurance that supports the Health and Productivity Management of SMEs. In addition, the company will work to develop a multi-line model for its product portfolio, by strengthening responses to disability benefit needs and enhancing the lineup of products for individuals, such as nursing care benefits.

In addition, the company will further enhance its ancillary services that support the resolution of the social issues faced by SMEs. As part of these efforts, from April 2019, the company started providing, free-of-charge for policyholders who fulfill certain requirements, the new *Safety Confirmation System*, which enables confirmations of employee safety when natural disasters such as large earthquakes occur, as well as the *Corporate Value Calculation Service*, which can be used as judgment

materials for business management, such as in business succession and M&As.

Going forward, the company will develop services that provide new value through “insurance + extras,” with a focus on health care and nursing care, management issue support, and senior and affluent segments, and will push forward with the integrated promotion of products and services.

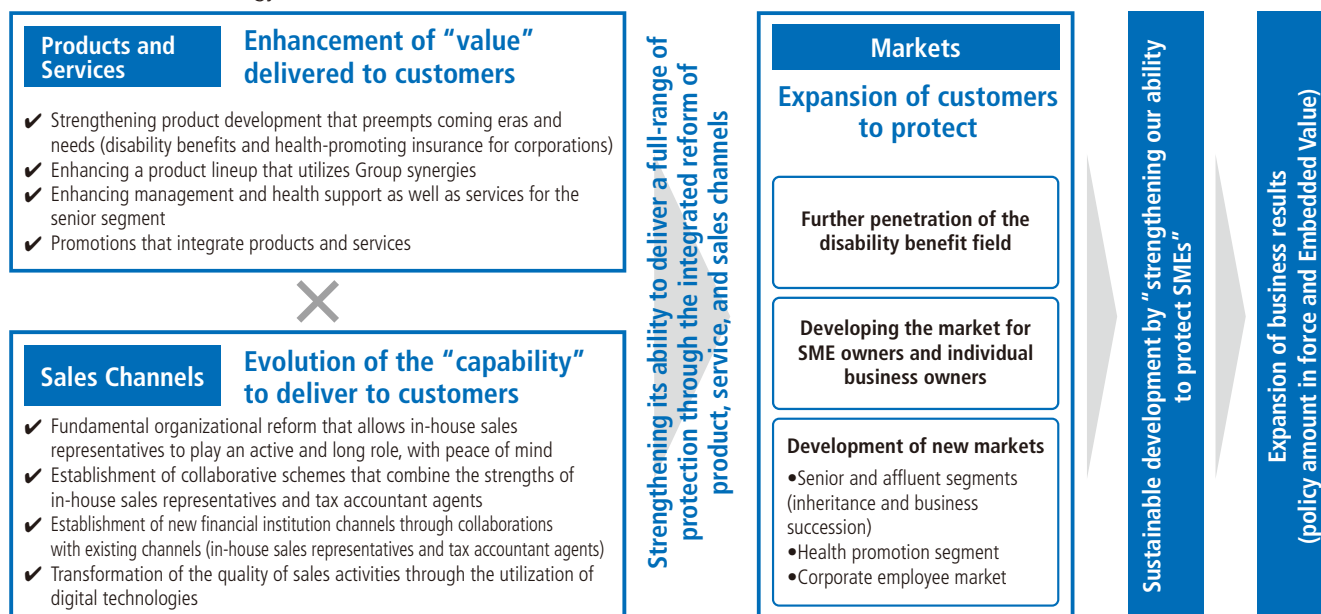
■ Transformation and Innovation in Sales Channels

In addition to strengthening the sales system of existing channels of in-house sales representatives and agents, going forward, the company will expand sales channels that allow for the implementation of high-quality consulting services, such as the establishment of new collaborative schemes that combine the strengths of each channel, as well as the development of new channels such as banks and financial institution agents.

■ Expansion of Markets

By strengthening its capabilities to deliver a full-range of protection through the above efforts, the company will aim to steadily expand its markets, through penetration of its core markets by further penetrating the disability benefit field and developing the SME owner and individual business owner market, and through the development of new markets by strengthening responses to the needs of the senior segment.

Overview of Sales Strategy



T&D Financial Life Insurance Company

Aim for sustainable growth by capturing increasingly diverse customer needs through leveraging our flexibility in product development.

Outlook for Sales Performance Indicators Fiscal 2019

Annualized premiums of new policies*

¥22.0 billion

Annualized premiums of total policies*

¥130.0 billion

* Sales performance indicators changed to annualized premiums from policy amount, starting fiscal 2019.

Masafumi Itasaka
Representative
Director and President



Business Model

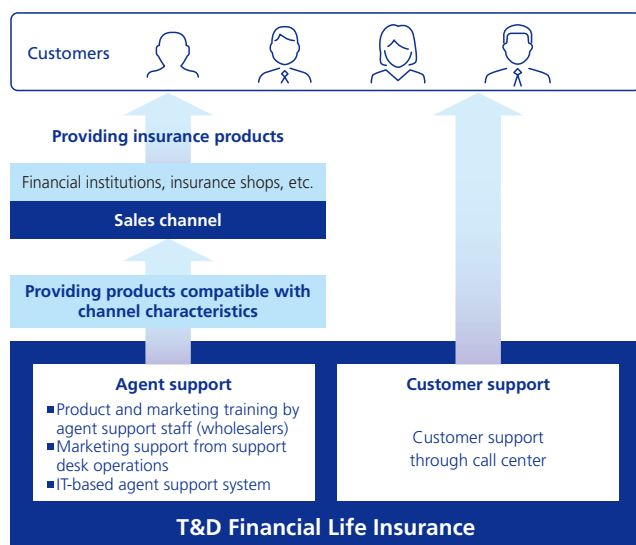
T&D Financial Life specializes in providing insurance products through independent insurance agents including financial institutions and insurance shops, which handle products from multiple insurers.

The company is promoting the further expansion of agent networks, the speedy development of products differentiated by type of benefit and added value, and cost efficiencies, in order to enhance its presence in life insurance sales through the independent insurance agent channel.

Strengths of T&D Financial Life

Against a backdrop of a declining birthrate, rapidly aging population, and increase in the number of single-person households, senior customers have growing needs for post-retirement asset formation and medical benefits. Needs among customers who are working and/or raising children are rising for death and disability benefits.

T&D Financial Life focuses on the independent insurance agent market. This business is expanding as insurance sales increase at banks, which want to secure profits due to prolonged low interest rates. Opportunities are also growing for insurance shops to utilize younger demographics. The company will expand its sales network in this expanding market and will aim for sustainable growth by offering competitive products that take advantage of its strength in product development.



Strengths

- Concentrates management resources on the independent insurance agent channel, owns predominant agent channels of financial institutions, etc.
- Strength in product development to create unique products
- Streamlined system

Opportunities

- Increasing needs for asset formation and medical benefits due to an aging population
- Changes in the market, such as emerging new sales channels (e.g., OTC sales at banks and insurance shops), and entry of new players from different industries into the insurance shop field

Results of the Previous Medium-Term Management Plan (FY2016-FY2018)

Under the previous medium-term management plan, T&D Financial Life worked toward the “diversification of product lineup,” “expansion of sales network of insurance agents,” and “improvement of customer service” as the pillars of its growth.

The strains on the independent insurance agent market have been growing year after year, due to an increase in the number of new entrants. However, the company has provided a lineup of both single-premium and level-premium products and has expanded its agent network in terms of banks and insurance shops. In addition, in terms of services, the company began offering paperless new policy applications at some agents, from the standpoint of improving customer convenience, and worked to enhance its insurance payment assessment system, in order to make insurance and other payments accurate and swift.

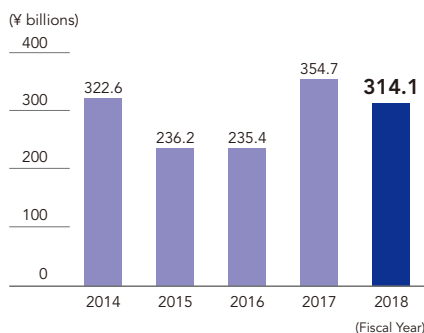
In fiscal 2018, the final year of the previous medium-term

management plan, new policy amount decreased by ¥40.5 billion year-on-year to ¥314.1 billion. This was the result of a fall from the previous fiscal year in single-premium products, which continued to face a severe competitive environment, and came despite a 3.3% increase in income protection insurance (level premium protection-type products) from the previous fiscal year. The policy amount in force increased by ¥120.2 billion year-on-year to ¥2,172.9 billion.

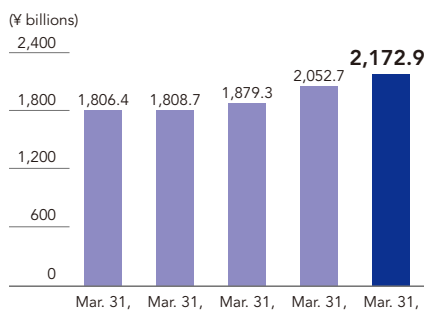
In addition, the value of new business was ¥0.1 billion and MCEV was ¥98.5 billion in fiscal 2018, down from the previous fiscal year.

As of the end of fiscal 2018, the number of sales agents of both financial institution and insurance shop agents was 145, an increase of three from the previous fiscal year-end.

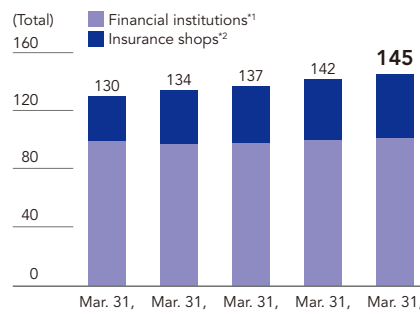
New Policy Amount



Policy Amount in Force



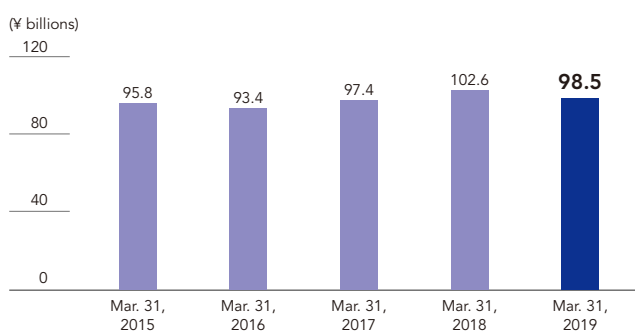
Reference: Number of sales agents



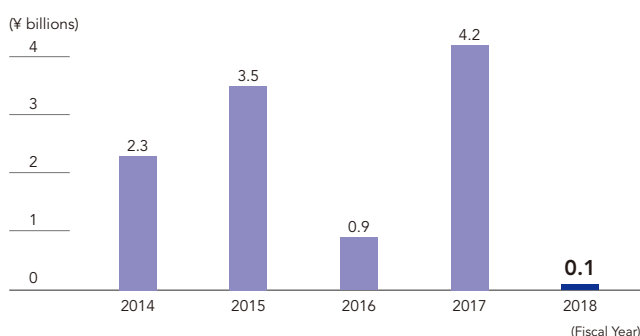
*1 Financial institutions include banks, securities firms, and credit associations.

*2 Including franchises.

MCEV



Value of New Business



T&D Financial Life's Medium-Term Management Plan (FY2019-FY2021)

Basic Policy

Realizing further growth through expanding business performance with the aim of raising its presence in the independent insurance agent channel by prioritizing the development and introduction of savings-type products, the proactive introduction of services for customers and agents, and the utilization of information technology.

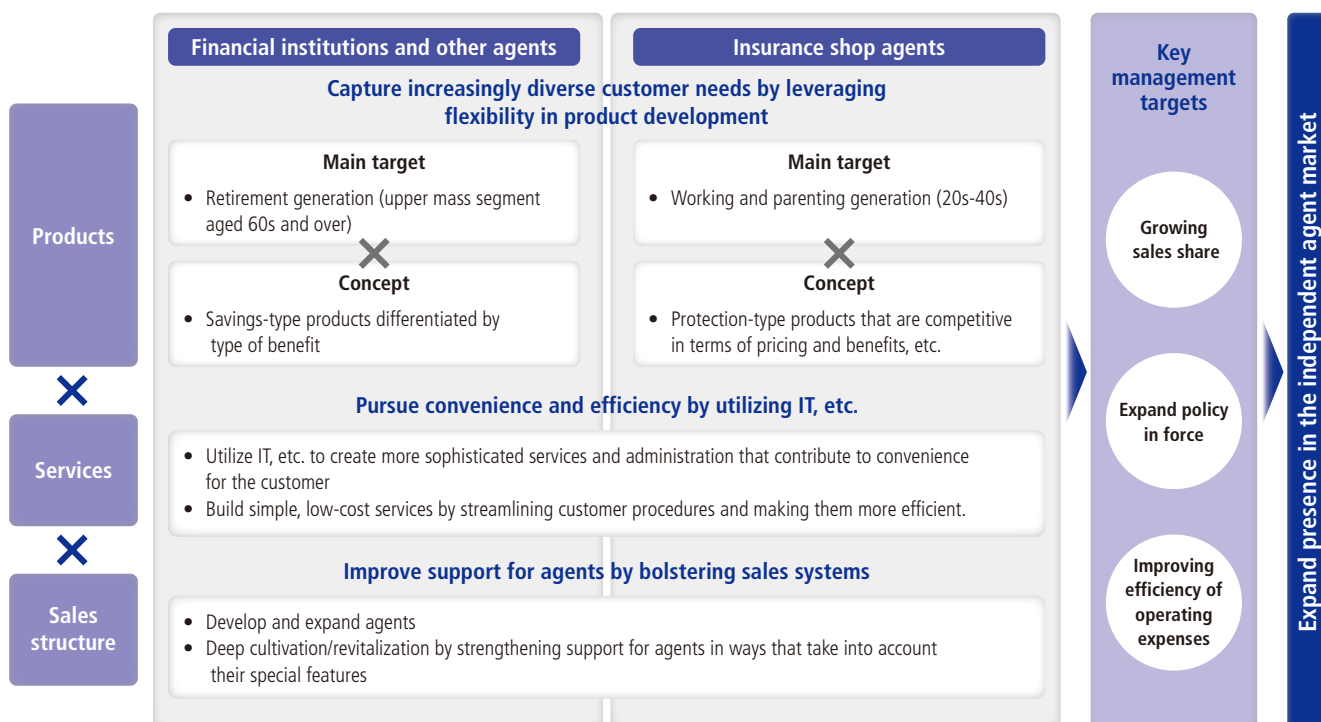
With no signs of major changes to the low-interest environment, it is expected that banks will continue to place an emphasis on service revenues from sales of investment trusts and insurance. It is possible that the scale of the market could remain roughly the same or expand further depending on changes in the yen interest-rate environment. In addition, with the insurance shop market presently continuing to grow at a pace of 6% to 7% annually, the independent insurance agent market, which is T&D Financial Life's primary market, is also expected to continue to expand. Meanwhile, the competitive environment is getting more severe year by year due to an increase in the number of new entrants into the market.

In addition, needs are diversifying regarding the status of assets, income, employment, health, and household

composition, as well as accompanying financial services, due to people living longer. Amid these circumstances, various needs suitable for insurance risk coverage are also expected to increase.

Under the aforementioned environment, in the medium-term management plan, T&D Financial Life will expand its business performance with the aim of raising its presence in the independent insurance agent market. The company will prioritize the development and introduction of savings-type products, proactively introduce services for customers and agents, and utilize information technology. Under this policy, the company will work toward further growth by flexibly responding to changes in the environment as a company specialized in the independent insurance agent business.

Overview of the Medium-Term Management Plan



Topline Strategy

Product Strategy

When products mature in the independent insurance agent market, sales share tends to decline without certain levels of price competitiveness.

T&D Financial Life has launched products that meet the needs of its customers. During the current medium-term management plan, the company will continue to launch differentiated products in a timely manner that consistently deliver price competitiveness.

Development of savings-type products that meet diversifying needs

T&D Financial Life has launched well-received products that share the features of "increase," "use," and "bequeath," such as *Shogai Premium Japan* (a non-participating whole life insurance) and *Shogai Premium World* (a non-participating foreign exchange rate-linked whole life insurance). During the current medium-term management plan, the company will promote prioritizing the development and revision of products based on marketing.

Product development responding to channel expansion

Along with developing products that meet the needs of customers who visit financial institutions and insurance shops, the company will go ahead with offering products suitable to each channel via product revisions and additions of functions and services through post-launch follow-ups.

Service Strategy

T&D Financial Life has been promoting paperless new policy applications. During the current medium-term management plan, the company will work to further enhance convenience for its customers by promoting the further utilization and application of IT. From a customer-oriented perspective, the company will promote the simplification of insurance conservation and insurance benefit payment procedures, in addition to new policy applications. Moreover, the company will further enhance its internet and agent support services. Through these initiatives, T&D Financial Life aims to enhance customer satisfaction and become the chosen insurance company of its customers and agents.

Sales Strategy

Development and expansion of agents

Minna Ni Yasashii Shushin Hoken, revised in October 2018, is a product equipped with a unique currency diversification function that mixes together yen and foreign currencies. The number of agents adding this product to their lineups is increasing, as it has been well-received by customers and agents. In this way, T&D Financial Life is aiming to develop and expand its agents through its distinctive products that capture the needs of its customers and through products that combine consistent price competitiveness with differentiated characteristics.

Strengthening of agent support system

During the previous medium-term management plan, T&D Financial Life worked to increase agent support staff (wholesalers) in order to enhance its agent support system. In the current medium-term management plan, the company will work to raise the number of visits and training frequency for recruiters and enhance training tools, in order to realize more extensive support.

In addition, by utilizing IT, the company will promote the strengthening of a comprehensive support system. This includes working to enhance office services relating to sales support.



Shogai Premium Japan 4



Shogai Premium World 5

Cost Operation Strategy

In the current medium-term management plan, the company is aiming to promote topline initiatives and administrative efficiency and enhance its revenue base through improved productivity.

The company will push forward with cost reductions, such as by cost-center efficiency through the digitalization of documents used in procedures and the proactive utilization of internet services, as well as by restructuring administrative operations.

T&D Asset Management Co., Ltd.

One Step Forward, Together with Our Clients

Outlook for Full-Year Key Performance Indicator Fiscal 2019

Adjusted operating income

¥3.25 billion

Chikahiro Tsuboi
Representative
Director and President



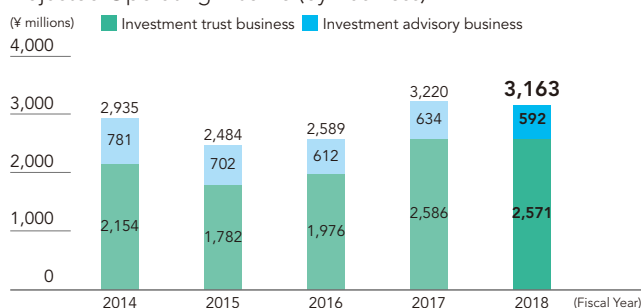
Review of the Previous Medium-Term Management Plan

T&D Asset Management has worked to expand assets under management, focusing on managing the assets of domestic and overseas pension-fund clients and sales of investment trusts to institutional investors.

In the previous medium-term management plan (FY2016-FY2018), the company grew steadily by developing and providing investment products through alliances with overseas investment institutions, in addition to strengthening its in-house investment capabilities. This was against the backdrop of the normalization of negative interest rates, as various asset owners suffered investment difficulties.

Adjusted operating income and the balance of assets under management fell in fiscal 2018 from the previous fiscal year-end, due to the impact of a decrease in public investment trusts as a result of declines in emerging markets. However, the balance of assets under management saw a net increase of ¥500.0 billion or more from the start of the previous medium-term management plan (fiscal 2015), as an increase in the balance of privately placed investment trusts throughout the three years drove growth.

Adjusted Operating Income (by Business)

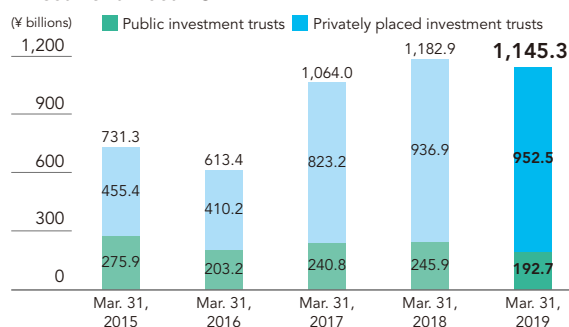


Going Forward

The severe competitive environment is expected to continue in the investment trust and advisory industry going forward, as fierce competition takes place within investment management. However, the market can be said to be promising for the future, due to growing needs in Japan for post-retirement asset management along with the rapidly aging society, in addition to a significant expansion in the scale of the market as a global glut of money continues apace.

Under these circumstances, in its medium-term management plan (FY2019-FY2021), the Group is aiming for further growth of its asset management business in order to diversify its business portfolio, in addition to strengthening its life insurance business, the T&D Insurance Group's core business. T&D Asset Management, positioned to play a central role in the above, is aiming to expand its business while collaborating with other Group companies.

Investment Trust AUM



ⓘ Please see page 30 for details of asset management business initiatives in the Group's medium-term management plan (FY2019-FY2021).

Pet & Family Insurance Co., Ltd.

Bringing peace of mind to a full life with
pets who are members of the family

Outlook for Full-Year Key Performance Indicator Fiscal 2019

Number of policies in force

162,000

Number of new policies

34,000

Masao Mikame
Representative
Director and President



Review of the Previous Medium-Term Management Plan

Pet & Family Insurance Co., Ltd. provides pet insurance through pet shops. In April 2019, the company transitioned from a small-amount short-term insurance company to a non-life insurance company. Under the previous medium-term management plan (fiscal 2016-2018), we focused on development and expansion of pet shops, the core channel, while working to diversify sales channels through a multi-line approach using online and mail order shopping.

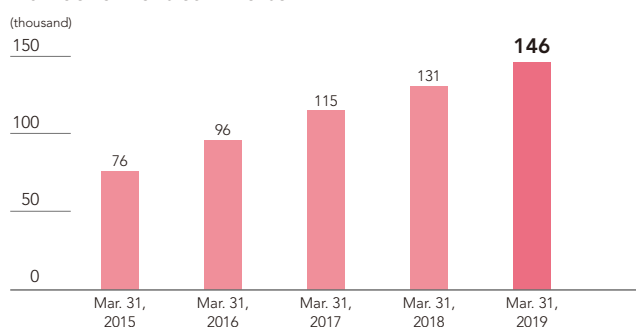
In fiscal 2018, the company had 31,549 new policies (compared to 31,283 in the previous fiscal year), backed by greater recognition of pet insurance. As a result, the number of policies in force increased steadily, to 146,104 (from 131,024 policies as of the end of fiscal 2017). Reflecting these sales results, net premium income rose by ¥700 million to ¥5,100 million, roughly 1.8 times the level before the start of the previous medium-term management plan (fiscal 2015).

Towards the Future

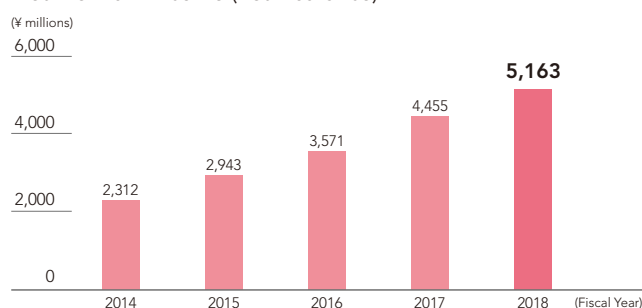
Japan's pet insurance market is expanding (on a premium income basis) year by year. However, many owners enroll in insurance when buying a pet at a pet shop, and increasing the recognition of such insurance among existing pet owners will be a focal point for future growth.

The Group's medium-term management plan (fiscal 2019-2021) aims at synergies between the pet insurance business and the domestic life insurance and digital insurance businesses. In addition to expanding sales in existing channels, the company will consider sales through the Group's life insurance in-house sales representative channels and building new channels through digitalization. Furthermore, the company will work gradually to develop products according to customer needs and channel characteristics.

Number of Policies in Force



Net Premium Income (Pet Insurance)



Group Companies

As of September 30, 2019

The T&D Insurance Group comprised the holding company, 17 consolidated subsidiaries, and 4 affiliated companies as of September 30, 2019. 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 [8 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)

Insurance-related

- T&D Confirm Ltd. (Policyholder confirmation services)
- Toyo Insurance Agency Co., Ltd. (Insurance agent)
- Daido Management Service Co., Ltd. (Insurance agent)

Investment-related Businesses [8 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 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.



Foundations Supporting the Creation of Shared Value



Chair of the Nomination and Compensation Committee

Interview with Outside Director Haruka Matsuyama

Currently, there is a particular need for the strengthening of monitoring functions.

The strengthening of monitoring refers to the evaluation of business execution and results, which can be said to be the essence of the Nomination and Compensation Committee.

Outside Director Haruka Matsuyama



Q1. It is becoming increasingly important to strengthen governance in order to enhance sustainable corporate value. Could you tell us about the current role of the Nomination and Compensation Committee?

While the two functions of management and monitoring are sought after in governance, there is currently a particular need for the strengthening of monitoring functions. The strengthening of monitoring refers to the evaluation of business execution and results, which can be said to be the essence of the Nomination and Compensation Committee.

Because outside directors are not necessarily familiar with a company's business or internal circumstances, they are generally not suitable for management that decides matters regarding the execution of important business. Rather, I believe that they should play the role of strengthening monitoring functions or processes related to the appointments, dismissals, and compensation of directors, Audit & Supervisory Board members, and executive officers, as outside directors with independent viewpoints.

The Nomination and Compensation Committee plays the role of strengthening monitoring functions through its independent involvement in nomination and compensation decision processes, from a position in which outside directors comprise the majority.

Q2. Could you tell us about the matters you keep in mind as the chair of the Nomination and Compensation Committee?

I took office as the chair of the Nomination and Compensation Committee in July 2018. T&D Holdings (the "Company") has remained ahead of other companies in terms of its initiatives, such as by establishing the Nomination and Compensation Committee in January 2015.

In 2002, the system of a Company with Committees (the current system of a Company with a Nominating Committee, etc.) was introduced in Japan. Initially, this system was not very popular, possibly due to resistance against discussing nominations or compensation with

external persons. Subsequently, with the establishment of Japan's Corporate Governance Code, there has been a gradual rise in the number of companies that have established Nomination and Compensation Committees. However, due to the lack of available model cases, companies have had to proceed by trial and error, with regard to what matters should be discussed.

Information regarding the nomination process represents some of the most confidential information for any company. Such information is not disseminated even internally, and naturally, information regarding other companies is also unavailable.

While I think that each company has its own balances and rules, which have been shaped over many years, these are not written down, as might be expected.

It is most important for us to share information in the Nomination and Compensation Committee through frank discussions to some extent about the topics which have not been openly talked about in the past. Otherwise, discussions would not progress beyond mere statement of public stances.

As the chair of the Committee, I strive to ensure that its discussions have an atmosphere that is conducive to the participants expressing their true opinions, rather than mere formalities. I believe that the members of the T&D Holdings Nomination and Compensation Committee all share their thoughts frankly.

Q3. Specifically, what kind of discussions take place at the Nomination and Compensation Committee?

We are discussing the current challenges faced by T&D Holdings, specifically the vision that we should aim for over the next few years based on the medium-term management plan, and how to choose or nurture the right people to undertake this vision.

Above all, regarding the succession of top management, if the current president does not properly develop a successor, it will result in a situation in which the

Company lacks a suitable candidate available at the time of succession. The president has many important duties; however, developing a successor and ensuring that business can be transferred smoothly are significant tasks for the president. We are holding discussions from the earliest possible stage, and proceeding while taking advice from external persons with experience in management.

Japanese companies follow the custom of life-long employment, and since officers are often appointed from among employees, there is a gap between internal and external parties with respect to information regarding candidates. As this situation is not conducive to discussions, it is necessary to share information, to some extent, with persons outside of the company. However, as it is difficult to share all information, I think that perhaps every company is currently concerned about how and what kind of information they should receive and discuss.

Regarding the roles of the Nomination and Compensation Committee, I believe that it is essential to properly seek explanations regarding how candidates are evaluated internally and what is considered in the selection of such candidates, in addition to checking to confirm that there are no irrationalities in such explanations.

The most recent change of president that I was involved in, as a member of the Nomination and Compensation Committee, was the April 2018 succession from the former President Kida to the current President Uehara. When making that decision, I believe that we were able to engage in frank discussions, while hearing about what kind of ideas each candidate had, and what kind of experienced human resources will be required to steer

Nomination and Compensation Committees are organizations that hold discussions with transparency. We will continue to develop, while making changes to meet the needs of the times.



T&D Holdings going forward.

Many meetings of the Nomination and Compensation Committee are held from the beginning of autumn to the following May. Since the Committee discusses the appointments of directors, Audit & Supervisory Board members, and executive officers of direct subsidiaries, in addition to those of the Company, numerous meetings are held. While many companies have held Nomination and Compensation Committee meetings annually or semi-annually up until now, I believe that companies should invest their time accordingly, if nominations and compensation are to be practically discussed.

Q4. The Nomination and Compensation Committee of the Company has reached its fifth anniversary. Could you please tell us your evaluation of the current Nomination and Compensation Committee, and your opinions on how this Committee should be, going forward?

I feel that there has been an earnest inclination at T&D Holdings to invigorate the Nomination and Compensation Committee, with succession for top management being discussed in meetings from an early stage.

However, going forward, new themes and issues can be expected to appear rapidly, as Nomination and Compensation Committees in Japan have finally reached their formative stage.

For example, while Nomination and Compensation Committees must monitor results in order to perform their role, it appears that Japanese companies have not performed rigorous performance evaluations up until now. Such evaluations include grading management regarding the year's business management, reflecting these evaluations in the amount of each person's compensation, and asking those with good results to remain in their positions for the following year. However, as officers of Japanese companies are promoted from among fellow employees, it is probably difficult to highly evaluate some while negatively evaluating others. There is the impression that nearly everyone is likely to be assigned a B, when people are asked to grade others from A to D.

However, while it may be a high hurdle, the proper evaluation of the results of each individual is essential in the monitoring processes, and I believe that this is where we have to start changing.

As Nomination and Compensation Committees are organizations that hold discussions with transparency, I believe there are many things that should change. While the Company is also working hard, the way that Nomination and Compensation Committees ought to be will change along with transformations in society. Accordingly, we will continue to develop our Nomination and Compensation Committee, while making the necessary changes in line with such transformations.

Corporate Governance

T&D Holdings, Inc. (the "Company") has been enhancing its corporate governance on the basic approach of creating efficient and transparent management systems to facilitate flexible and cohesive group operations.

The Company values the purport of the Japan's Corporate Governance Code (the "Code"), which applies to listed companies, and has established the Basic Policy on Corporate Governance* as an initiative in response to the major principles.

*Please see the Company's website for more detail of the Basic Policy on Corporate Governance.

<https://www.td-holdings.co.jp/en/company/governance/>

Promoting Group Management

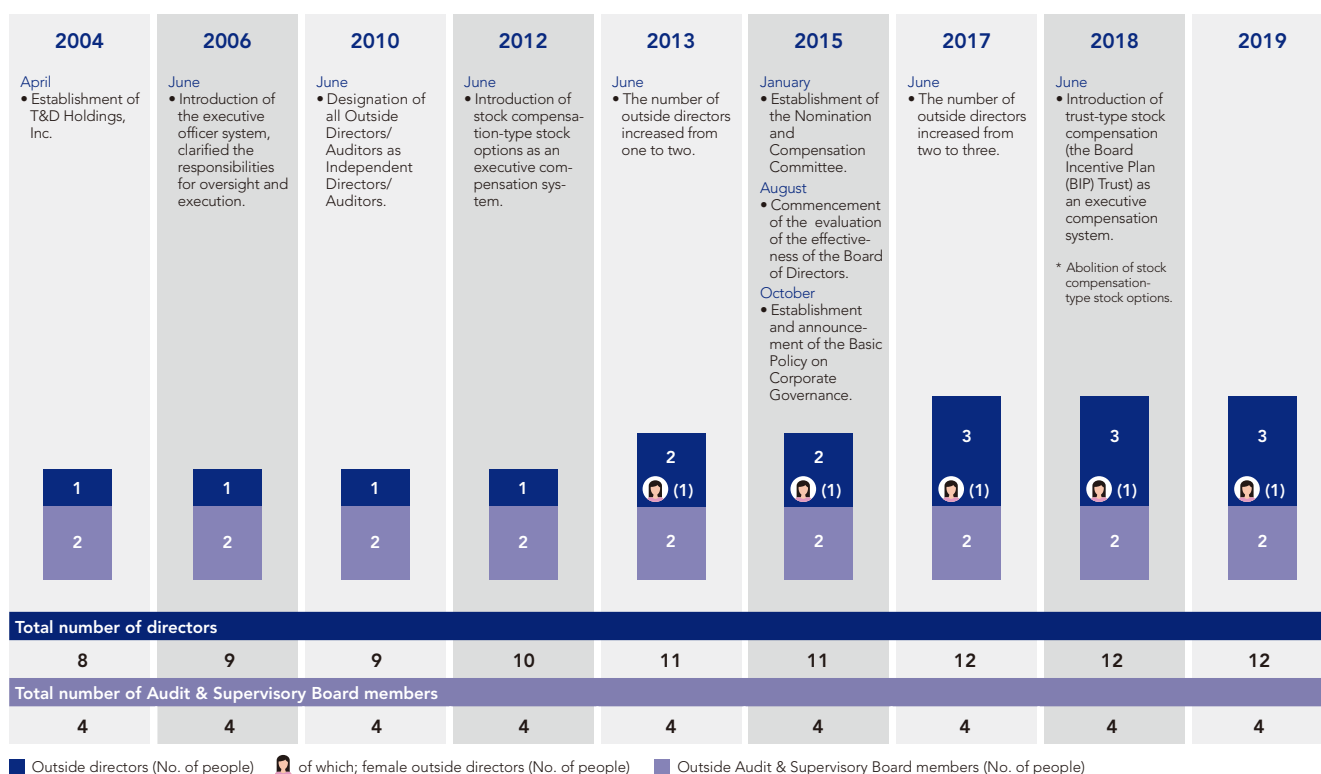
The Company, as a holding company, fulfills the roles of deciding on the strategy of the T&D Insurance Group (the "Group"), appropriately allocating the Group's business resources and formulating capital strategies. Along with this, the Company shall strive to establish a Group business management system through such means as rigorously enforcing Group-wide risk-return management by accurately grasping the business risks borne by its six directly owned subsidiaries, centered on affiliates Taiyo Life, Daido Life, T&D Financial Life, as well as T&D United Capital, T&D

Asset Management and Pet & Family Insurance.

The directly owned subsidiaries, with their own unique business strategies, aim to expand the Group's corporate value by maximizing their uniqueness and specialization through determining marketing strategies and operating businesses in line with their strengths.

In this way, the Group is promoting flexible and cohesive group management by clarifying the respective roles and responsibilities of the Company and its directly owned subsidiaries.

History of T&D Holdings' Corporate Governance



Corporate Governance System

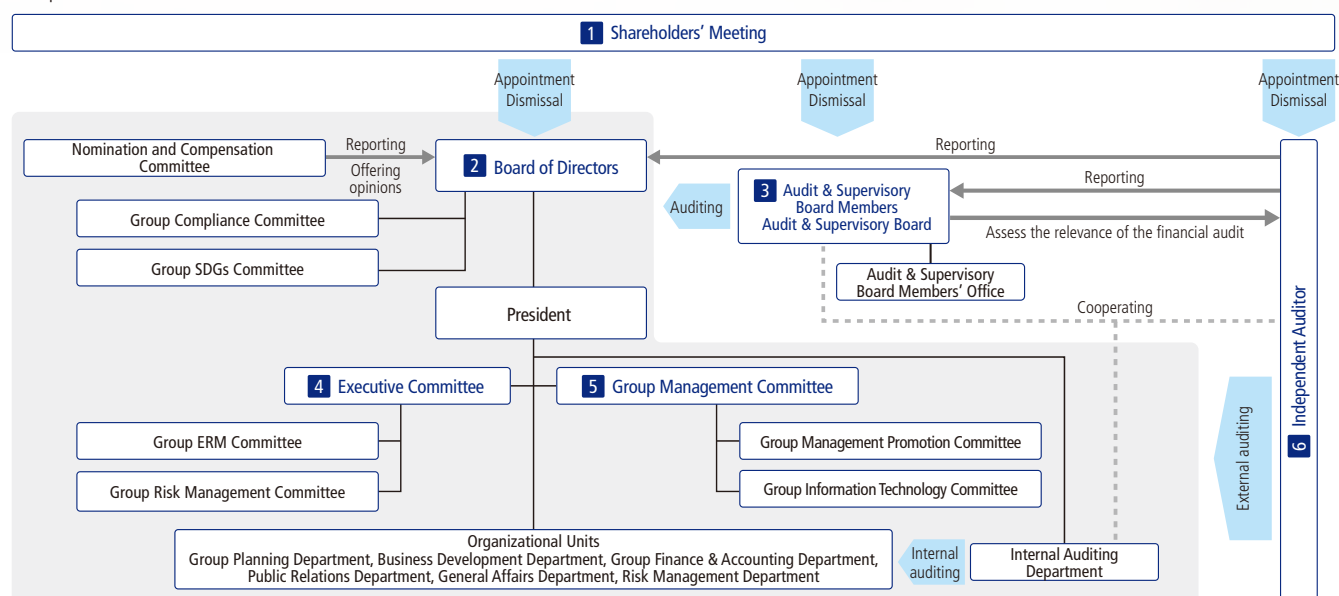
The Company makes decisions on important business matters and oversee the execution of business through its Board of Directors. The Company is a “Company with Board of Auditors.” Accordingly, the Company shall audit the performance of directors’ duties through its Audit & Supervisory Board and Audit & Supervisory Board members, which are independent of the Board of Directors.

In addition, the Company has introduced an executive officer system for the purpose of bolstering its business execution capabilities. By sharply delineating responsibilities

for oversight and execution, the Company strengthens the governance function of the Board of Directors.

Furthermore, the Company has established a Nomination and Compensation Committee as an advisory body to the Board of Directors for the purpose of discussing the fairness and appropriateness of the appointment, dismissal and compensation of directors and Audit & Supervisory Board members, among other related issues, as well as for ensuring the transparency of management and enhancing accountability.

Corporate Governance Framework



1 Shareholders' Meeting

The Shareholders' Meeting is the highest decision-making entity of the Company. At the meeting, reports are made on the Group's business and consolidated/non-consolidated financial statements, and resolutions are made on important issues, which are stipulated in laws and ordinances and the Articles of Incorporation, such as the appropriation of retained earnings and election of officers. The Ordinary General Meeting of Shareholders is held once a year.

2 Board of Directors

Number of meetings held: 20
The Board of Directors makes resolutions on important issues related to the business execution of the Company, and oversees the performance of directors and executive officers.

3 Audit & Supervisory Board Members Audit & Supervisory Board

Number of meetings held: 17
The Audit & Supervisory Board members audit the performance of duties by directors, and give proposals, advice, and suggestions to directors and the Board of Directors to ensure the sound management of the Company. The Audit & Supervisory Board reports on important issues regarding audits performed by each Audit & Supervisory Board member, which are then deliberated and resolved.

4 Executive Committee

Number of meetings held: 57
The Executive Committee consists of the chairman, the president and executive officers. The Executive Committee discusses important issues such as strategies related to the business management of the Group.

5 Group Management Committee

Number of meetings held: 19
The Group Management Committee consists of members including the president of the Company and the presidents of the three life insurance companies. The Group Management Committee discusses important issues such as the Group's cross-sectional strategies.

Committees

Committees discuss the strategies and matters of the Company or those common to the Group.

6 Information related to the Independent Auditor (FY2018)

Category	Remuneration for audit certification services (¥ millions)	Remuneration for non-audit services (¥ millions)
Submitting company	188	16
Consolidated subsidiaries	208	13
Total	396	30

Corporate Governance

Roles of the Board of Directors

The Board of Directors shall make decisions on important business matters and oversee the execution of business in accordance with laws and ordinances, the Articles of Incorporation, and the Company's relevant rules.

The Board of Directors has entrusted all authority related to the execution of business, other than matters stipulated in the preceding paragraph, to the representative

director and president. Furthermore, the representative director and president delegates authority related to the execution of business to executive officers in charge of business operations for the purpose of separating oversight functions and business execution functions. This framework is designed to facilitate decision-making for business execution matters.

Composition of the Board of Directors

The number of directors shall be no more than 12 as stipulated by the Articles of Incorporation. The Board of Directors shall be made up of individuals representing a balance of knowledge, experience and skills, and having diverse backgrounds as befitting the expansive range of business domains in the life insurance business.

Moreover, the Company shall appoint two or more directors who concurrently serve at the Company and its directly owned subsidiaries, including the presidents of the three life insurance companies. This shall be done from the standpoint of facilitating adequate communication and rapid decision-making within the Group, along

with bolstering Group-wide governance.

Furthermore, the Company shall appoint two or more outside directors to appropriately reflect the opinions of individuals with extensive experience and knowledge in their capacity as outside corporate managers, legal experts and so forth in the Group's management policies and development of internal controls and other systems as well as in the oversight of the execution of business.



Effectiveness Evaluation of the Board of Directors

To ensure the effectiveness of the Board of Directors, the Company conducts an annual performance review of the Board of Directors as a whole based on the self-evaluations of individual directors. The performance review examines whether the Board of Directors is functioning appropriately and producing results, and how the Board

of Directors is contributing to increasing the Company's corporate value over the medium- to long-term.

Based on the assessment of effectiveness and other information, the Company will work to further improve the supervisory functions and the decision-making process of the Board of Director.

Summary of the Evaluation of the Effectiveness of the Board of Directors as a Whole in Fiscal 2018

1. Evaluation procedures	The Company conducted an analysis and assessment of the effectiveness of the Board of Directors as a whole in fiscal 2018, based on self-evaluations (questionnaires) and interviews of the directors and Audit & Supervisory Board members.
2. Evaluation items (5 items)	(i) Function of the Board of Directors (ii) Composition of the Board of Directors (iii) Operation of the Board of Directors (iv) Provision of information to Outside Directors/Audit & Supervisory Board members (v) Overall assessment
3. Overall assessment	The Company considers the Board of Directors of the Company is generally performing its roles and responsibilities effectively as a whole, through the enforcement of advance measures prior to actual discussions at the Board of Directors and the improvement of the operation of the Board of Directors, etc.
4. Improvement status of issues recognized in the previous evaluation	Issues recognized in the evaluation for fiscal 2017 (dealing with the time restrictions of discussions at the Board of Directors [the necessity of setting up a forum for discussions other than the meetings of the Board of Directors], further improvement of meeting materials, devising the contents of the report and so forth) have generally been improved.
5. Issues and initiatives going forward	Issues: Regarding the development of a framework for enhancing the effectiveness of the Board of Directors, the Company continues to recognize the necessity for improvement. Initiatives: <ul style="list-style-type: none"> • The Company will further reinforce its monitoring functions as a holding company in group management. • The Company will improve and devise the explanations of the contents of deliberations at the Nomination and Compensation Committee, and in order to deepen and activate the deliberations at the Board of Directors, improve and devise the meeting materials and explanations.

Status of activities of outside directors and outside Audit & Supervisory Board members

Outside directors and outside Audit & Supervisory Board members engage in activities including periodic "exchanges of opinions with the representative directors," "exchanges of opinions with an independent auditor," "exchanges of opinions with the heads of each department," "exchanges of opinions with the directors and executive officers of the major subsidiaries," "exchanges of opinions with the outside directors and outside Audit & Supervisory

Board members of the major subsidiaries," and "visits to the business offices of the major subsidiaries."

Based on knowledge regarding the current status of, and the issues facing the Group acquired through such activities, the outside directors and outside Audit & Supervisory Board members express their opinions, as necessary, from their respective professional perspectives, and activate the deliberations at the Board of Directors.

Nomination and Compensation Committee

A non-mandated Nomination and Compensation Committee was established as an advisory body to the Board of Directors for the purpose of discussing the fairness and appropriateness of the appointment/dismissal and compensation of directors, Audit & Supervisory Board members, and executive officers as well as ensuring the transparency of management

and enhancing accountability (established in January 2015).

The Committee comprises the president and outside directors, with the majority of its members appointed from among outside directors, with a view toward ensuring independence and neutrality. In addition, the Committee is chaired by an outside director elected from among its members.

Nomination and Compensation Committee (held seven times in fiscal 2018)

Fiscal 2018 Nomination and Compensation Committee		Deliberation and reporting matters
1st Nomination and Compensation Committee	<ul style="list-style-type: none"> • Introduction of a stock compensation system for directors and executive officers • Amendment to the Articles of Incorporation, in conjunction with a shortening of the directors' term of office 	
2nd Nomination and Compensation Committee	<ul style="list-style-type: none"> • Appointment of directors, Audit & Supervisory Board members, and substitute Audit & Supervisory Board members • Changes of officers at directly owned subsidiaries 	
3rd Nomination and Compensation Committee	<ul style="list-style-type: none"> • Evaluation of the effectiveness of officers for fiscal 2017 • Establishment of company officer regulations concerning executive compensation 	
4th Nomination and Compensation Committee	<ul style="list-style-type: none"> • Succession plan • Measures associated with the revision of the Corporate Governance Code 	
5th Nomination and Compensation Committee	<ul style="list-style-type: none"> • Changes of officers at directly owned subsidiaries 	
6th Nomination and Compensation Committee	<ul style="list-style-type: none"> • Appointment of executive officers • Changes of officers at directly owned subsidiaries 	
7th Nomination and Compensation Committee	<ul style="list-style-type: none"> • Amendment to company officer regulations concerning executive benefit • Disclosure of information such as the executive compensation system, in line with the amendment to the Cabinet Office Ordinance on the Disclosure of Corporate Affairs, etc. 	

■ Involvement in the appointment/dismissal of the Representative Director and President, and other senior management staff

The Committee deliberates on the results of individual officer evaluations of the Representative Director and other senior management staff, based on an evaluation of corporate performance and the evaluation of a division in charge. As for the appointment/dismissal (reappointment or non-reappointment) of the Representative Director and other senior management staff, individual officer evaluations as well as qualifications are reviewed and deliberated. The results of the deliberation are reported to the Board of Directors along with the Committee's recommendations, as necessary.

■ Involvement in succession planning for the Representative Director and President

As for succession planning, the Committee deliberates on matters such as the validity of the plan and the periodical review of candidates. The results of the deliberation are reported to the Board of Directors along with the Committee's recommendations, as necessary.

Corporate Governance

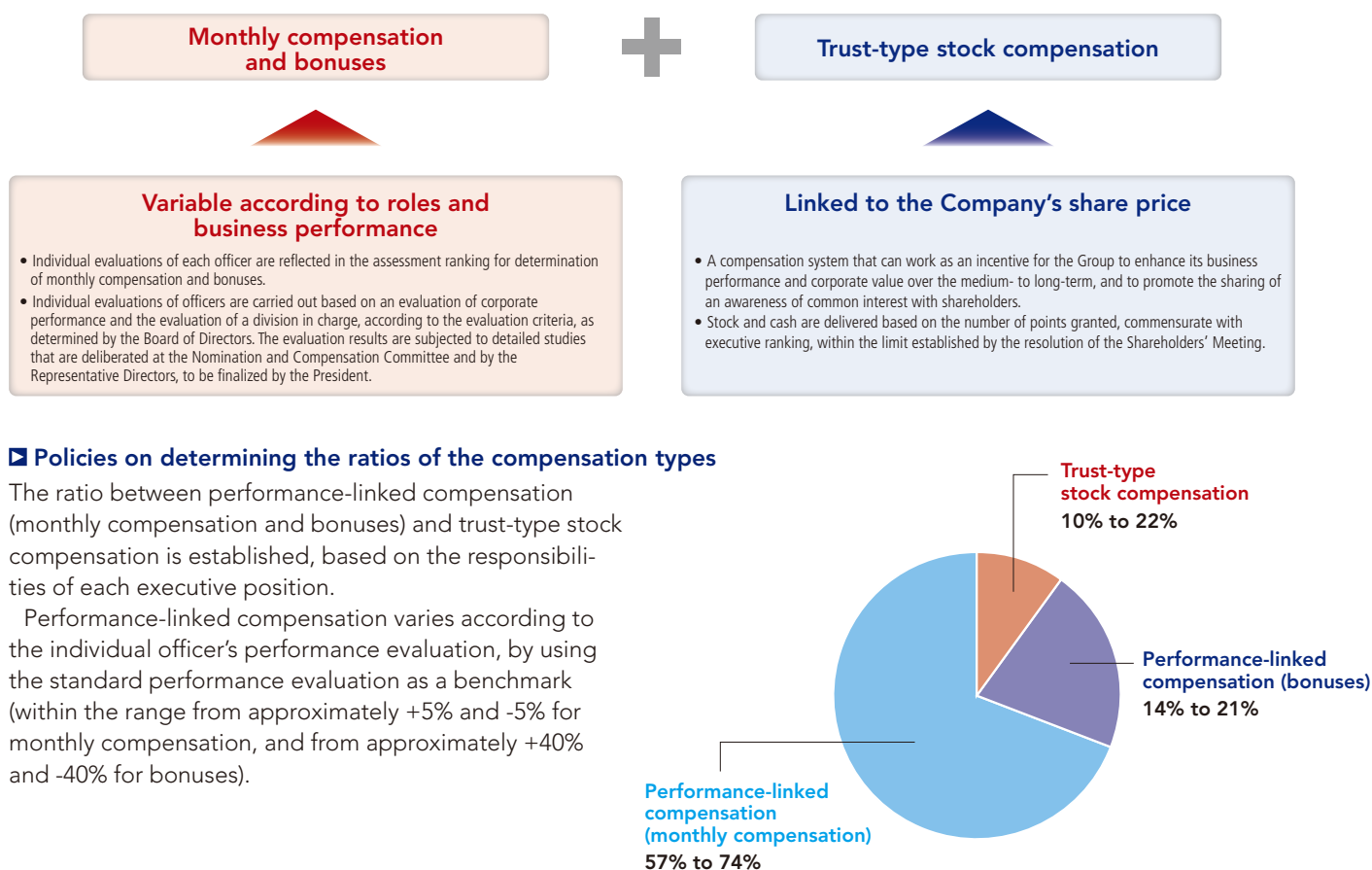
Determination of compensation

■ Policies on determining compensation

The Company's executive compensation system has been designed to function as a sound incentive for the Group to enhance its performance and corporate value over the medium- to long-term. The system is deliberated at the Nomination and Compensation Committee, to be finalized at the Board of Directors.

Compensation for directors (excluding part-time

directors, such as outside directors) comprises three parts: 1) monthly compensation, 2) bonuses, and 3) trust-type stock compensation (excluding non-residents of Japan), which uses a trust to deliver the Company's shares, etc. to directors. Compensation for part-time directors, including outside directors comprises monthly compensation.



■ Policies on determining the ratios of the compensation types

The ratio between performance-linked compensation (monthly compensation and bonuses) and trust-type stock compensation is established, based on the responsibilities of each executive position.

Performance-linked compensation varies according to the individual officer's performance evaluation, by using the standard performance evaluation as a benchmark (within the range from approximately +5% and -5% for monthly compensation, and from approximately +40% and -40% for bonuses).

■ Reasons for the selection of indicators for determining performance-linked compensation, and method for determining the amount of compensation

The evaluation of corporate performance is determined based on the key performance indicators established under the Group's medium-term management plan, in order to ensure a clarified evaluation commensurate with the actual progress toward achieving targets. Specifically, it is determined based on the points calculated by multiplying a number of performance indicators including corporate value (EV), value of new business, and consolidated

adjusted net income, along with the share price fluctuation rate by a factor commensurate with the target achievement rate.

As for the evaluation of a division in charge, an evaluation regarding the progress of the execution plan at each division is carried out, and points are calculated based on the achievement against divisional targets.

■ Total compensation by officer category and type of compensation

Category	Monthly compensation		Reserve for bonuses		Trust-type stock compensation, the Board Incentive Plan (BIP) Trust		Total compensation	
	Number receiving compensation	Amount (¥ millions)	Number receiving compensation	Amount (¥ millions)	Number receiving compensation	Amount (¥ millions)	Number receiving compensation	Amount (¥ millions)
Directors (excluding outside directors)	11	184	6	55	6	58	11	299
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	3	56	0	—	0	—	3	56
Outside directors	4	28	0	—	0	—	4	28
Outside Audit & Supervisory Board members	2	19	0	—	0	—	2	19
Total	20	289	6	55	6	58	20	403

(Notes) 1. The annual compensation limit established at a shareholders' meeting is ¥500 million for directors and ¥130 million for Audit & Supervisory Board members. Bonuses are included in the amount for directors. Apart from the above annual compensation limit for directors, the maximum aggregate amount of trust fund to be contributed for the trust-type stock compensation is ¥500 million for the three fiscal years from the fiscal year ended March 31, 2019 to the fiscal year ending March 31, 2021. The total number of points to be granted to directors each year shall not exceed 215,000 points (one point is equivalent to one share in the Company).

2. The abovementioned payments include three directors and one Audit & Supervisory Board member who stepped down from their posts, as of the close of the fourteenth Ordinary General Meeting of Shareholders held on June 27, 2018. As of March 31, 2019, the Group had twelve directors and four Audit & Supervisory Board members.

■ Indicator targets and actual achievements with respect to the performance-linked compensation for the most recent fiscal year

The key performance indicator targets and actual achievements with respect to the performance-linked compensation are as follows. Apart from the indicators in the table below, share price fluctuation rate (rate of fluctuation of the Company's share price, as well as the rate of its deviation from the rate of price fluctuation of the shares in the listed life insurance companies), along with the evaluations of corporate performance at the Group companies are also used as indicators.

Key performance indicator targets and actual results for fiscal 2018

Key performance indicators	Actual	Target	Achievement ratio
Corporate value (EV)	¥2,342.7 billion	¥2,666.6 billion	87.8%
Value of new business	¥140.3 billion	¥137.0 billion	102.4%
Consolidated adjusted net income (Note)	¥78.5 billion	¥84.5 billion	92.8%

(Note) Consolidated adjusted net income is calculated by adding net income and additional internal reserves in excess of the legal standard requirements related to reserves for contingency and price fluctuations (after taxes).

■ Activities of the Board of Directors and the Nomination and Compensation Committee in the process of determining amounts of compensation

Main deliberations at the Nomination and Compensation Committee

The Nomination and Compensation Committee deliberated on matters such as the "Introduction of the trust-type stock compensation system for officers" at the Company and its direct subsidiaries, which is intended as an incentive to enhance corporate value and to promote the sharing of an awareness of common interest with shareholders, and the "Evaluation results of directors and executive officers for fiscal 2017," which serves as the basis for determining the compensation of individual officers.

Main resolutions at the Board of Directors

The Board of Directors has resolved matters such as "Guidelines for implementing the corporate performance evaluation system for fiscal 2018" and "Results of the corporate performance evaluation for fiscal 2017." The Board of Directors has also resolved agendas concerning compensation, including the "Introduction of the trust-type stock compensation system for officers" and "Determination of amounts of executive bonuses for fiscal 2017, as well as the monthly compensation for fiscal 2018 of directors and executive officers." All of these matters were resolved based on recommendations made by the Nomination and Compensation Committee.

Corporate Governance

Cross-shareholdings

At the Group, Taiyo Life and Daido Life engage in cross-shareholdings. As of March 31, 2019, the balance* of such holdings was ¥266.1 billion (41 stocks) at Taiyo Life and ¥254.4 billion (176 stocks) at Daido Life. The companies will continue to work on a planned reduction of these holdings.

* Balance sheet amount of investment stocks stated in the "YUHO Report," held for purposes other than pure investment

▣ Purpose of Cross-shareholdings

- Maintaining and expanding long-term, stable business relationships
- Maintaining and strengthening business partnerships
- Reaping medium- to long-term benefits by an increase in equity value and receiving dividends and so forth

▣ Verification of the property and Reduction of Cross-shareholdings

The Boards of Directors of the Company and each Group company with cross-shareholdings are verifying shareholdings by specifically scrutinizing each individual cross-shareholding annually in regard to (1) the suitability of the purpose for the holdings and (2) whether the benefits or risks concerned with the holdings are worth the cost of capital. Sale is considered for cross-shareholdings that are deemed to be less significant as a result of this verification. The verifications' content is disclosed annually.

* Taiyo Life and Daido Life exercise voting rights in regard to cross-shareholdings similarly to stocks held for purely investment purposes, based on the Japanese version of the Stewardship Code.

● Please see page 81 for initiatives regarding the Principles for Responsible Institutional Investors (the Japanese version of the Stewardship Code).

Risk Management

In light of the important social role played by its life insurance business, the Group considers the accurate assessment and control of risk to be one of the top management priorities for ensuring sound and appropriate management. Under the supervision of the Company, each Group company carries out appropriate risk management based on the principle of self-responsibility. Furthermore, the Group conducts integrated risk management through such means as utilizing risk management indicators based on economic value, which values assets and liabilities on a mark-to-market basis.

The following risks are considered to be significant in regard to the businesses of the Company and the Group.

Business risks

Underwriting risk
Investment risk
Liquidity risk
Operational risk
Reputational risk
Affiliate and other entity risk

Risks as a holding company

Risk related to reliance on the performance of the life insurance business
Risk related to dividend income
Risk related to expanding scope of operations
Risk related to regulatory changes

The Company is responding to risks as a holding company as described on the following page (that gives examples of initiatives).

Risk Related to Reliance on the Performance of the Life Insurance Business

The Group is heavily reliant on the performance of its three life insurance companies. Therefore, if the business circumstances of any of the three life insurance companies change, and/or the roles or positions of any of the three life insurance companies change, the Group's performance and financial condition could be adversely affected.

(Responses)

- The Board of Directors gives the necessary advice and support on the performance of the three companies, together with monitoring budget variance management and progress of the medium-term management plan.
- The diversification of business portfolio is promoted as a pillar of the growth strategy in the medium-term management plan.

Risk Related to Expanding Scope of Operations

The Group is considering expanding the scope of its operations outside of the life insurance business by leveraging the advantages of its holding company structure within legal and regulatory boundaries. The Group may have little or no experience in such operational expansion. If expansion does not progress or if the operations concerned are unprofitable, the Group's performance and financial condition could be adversely affected.

(Responses)

- When expanding the scope of operations, areas that have an affinity with the life insurance business are targeted. Businesses are also promoted through alliances and collaboration with organizations and companies with experience in the relevant business.
- The implementation plan is verified in advance and monitored as necessary following implementation, and adequate risk control is conducted.

* Please see the Company's website for more detail of the risk management.

 <https://www.td-holdings.co.jp/en/company/governance/risk.html>

Compliance

■ Basic Compliance Policies

The Group has formulated the T&D Insurance Group CSR Charter, the T&D Insurance Group Compliance Code of Conduct, and the T&D Insurance Group Basic Policy for Strengthening the Compliance Structure. The Group ensures that corporate officers and employees are conversant with these basic compliance policies and standards to promote rigorous Group-wide compliance efforts.

*Please see the Company's website for more detail of the Compliance Promotion System.

 <https://www.td-holdings.co.jp/en/company/governance/compliance.html>

■ Basic Policy for Responding to Antisocial Forces

In its Group Compliance Code of Conduct, the Group defines its policy toward antisocial forces as to "reject and stringently respond to any antisocial forces which threaten the order and safety of the civil society." In accordance with this policy, the Group has formulated "T&D Insurance Group Basic Policy for Responding to Antisocial Forces," and has announced this on the Company's website.

* Please see the link below for the Basic Policy for Responding to Antisocial Forces.
(Japanese only)

 <https://www.td-holdings.co.jp/information/antisocial-forces.html>

■ Accountability

The Company works to disclose information in line with the basic concept of striving to increase the transparency of management by appropriately and timely disclosing corporate information, including appropriate financial information and non-financial information regarding management strategies, management priorities and other matters.

In specific terms, the Company strives to provide easy-to-understand disclosure based on the fair disclosure rules of timeliness, fairness and accuracy in order to maintain and reinforce trust among all of its stakeholders, including customers, shareholders, employees, insurance agents, business partners, and local communities, and to increase the level of management transparency.

In releasing information, the Company strives to disclose information to as many people as possible using various media.

Furthermore, the Company is actively engaged in IR activities based on its IR Policy (see page 73), while ensuring that briefings are provided by members of senior management, in principle.

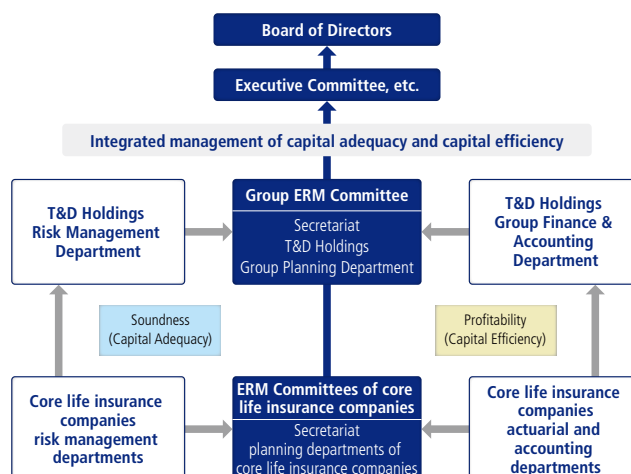
ERM (Enterprise Risk Management)

ERM (Enterprise Risk Management) is a strategic management method used to achieve managerial goals such as raising corporate value (EV) and maximizing earnings, through the integrated management of capital, profit and risk. As its major feature, it quantifies capital, profit and risk with the same criteria to make them “visible,” and by integrally managing them and making management decisions, it enables us to pursue profit by controlling soundness through a comparison between risks and management strengths.



Organizational Structure

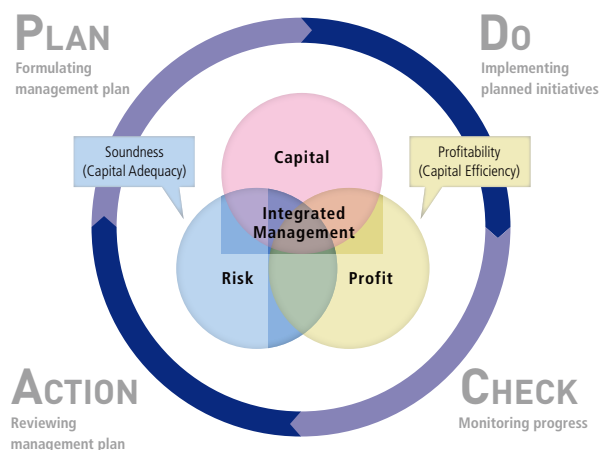
The Group has organized the Group ERM Committee to conduct ERM on a Groupwide basis. The committee leads efforts to promote ERM throughout the Group, aiming to improve its soundness while achieving stable and sustainable increases in corporate value.



PDCA Cycle

Under ERM, the process of realizing the growth of corporate value is the PDCA cycle. It leads the management toward achieving goals, while repeating PLAN (formulating the management plan), DO (implementing planned initiatives), CHECK (monitoring progress), and ACTION (reviewing the management plan).

The Group evaluates capital, profit and risk on an economic value basis and sets standards for soundness and profitability as the Group Risk Appetite. Then, it promotes ERM through the above PDCA cycle in order to meet the Group Risk Appetite.



Group risk appetite standard

Soundness	Minimum level of ESR	133% and above
Profitability	Neutral level of ESR	Around 185%
	ROEV	7.5% and above (in the medium- to long-term)
	Core ROEV	5.0% and above (in the medium- to long-term)

* UFR has been applied to the ESR measurement model and to the MCEV calculation, beginning with the medium-term management plan.
 * ESR = Surplus (capital) ÷ EC (risk)
 * ROEV = Annual increase in EV (less capital movements) / Annual average of EV (Group basis)
 * Core ROEV = (Embedded value of new business + Expected existing business contribution from risk free rate) / Annual average of EV (total for three core life insurance companies)

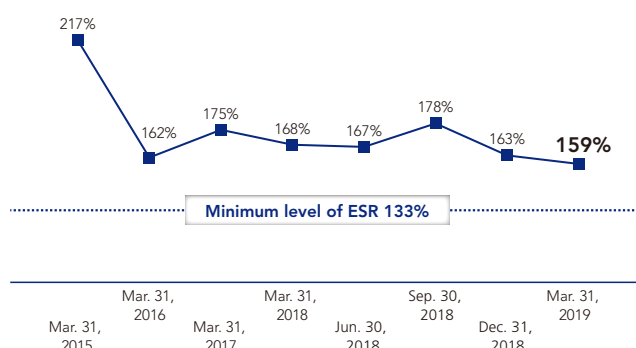
Achieve a Balance of Both High Soundness (Capital Adequacy) and Profitability (Capital Efficiency)

Soundness Indicator: ESR

The Group has introduced ESR (Economic Solvency Ratio) as a soundness indicator based on economic value, and by controlling ESR within a set range, the Group works to maintain financial soundness and capital adequacy.

The minimum level of ESR of 133% represents the capital level needed to cover VaR 99.93%.

Status of ESR

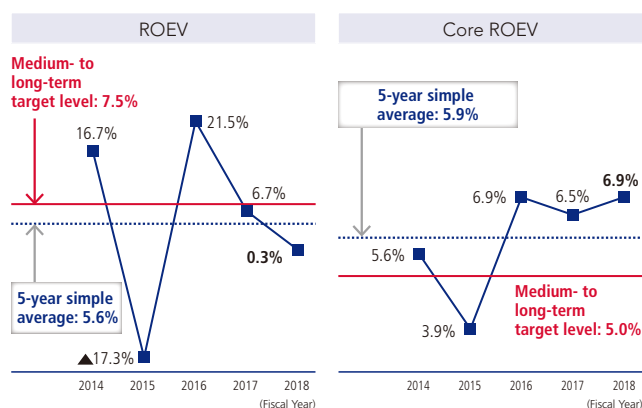


ESR is calculated by dividing net assets based on economic value (surplus) by the risk volume (EC: economic capital) quantified using an internal model.

Profitability Indicator: ROEV and Core ROEV

As a profitability (capital efficiency) indicator, considering the specificities of the life insurance accounting, the Company uses "ROEV (Return on Embedded Value)," which is calculated using EV, and Core ROEV, which is centered on the increase in EV as a result of an acquisition of new policies.

Profitability (Capital Efficiency) Indicator

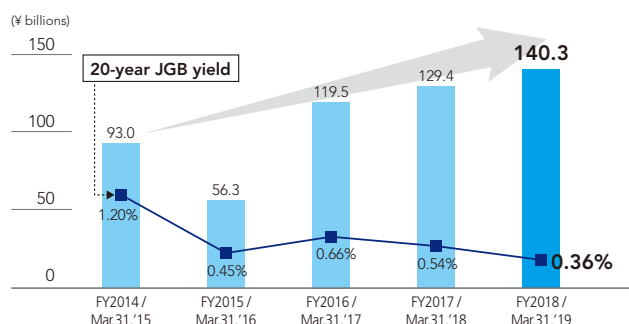


Results of ERM Management:

Increase in the Value of New Business Due to Transformation of the Product Portfolio

As the external environment changes, such as diversification of customer needs and revision of the standard yield rate and standard mortality table, we strategically utilized ERM to flexibly manage capital, profit and risk for the Group as a whole. There was a steady increase in the value of new business even in a low interest rate environment.

Trends in Value of New Business



New business margin*

Total of all products	6.3%	8.5%	7.1%
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* New business margin = Value of new business ÷ Present value of new business premiums

Application of Ultimate Forward Rate (UFR)

Starting from the current medium-term management plan, the UFR has been applied to the ESR measurement model and to the MCEV calculation. This was based on international capital regulation discussions and the comparability of disclosure, and it aims to further enhance measurement models to be able to further contribute to management decisions from a medium- to long-term perspective. In addition, indicator values are as shown on the right when UFR is applied to fiscal 2018 and the fiscal year-end.

Indicator values with UFR^{*1} applied

	Fiscal 2018 and the fiscal year-end ^{*2}
Group MCEV	¥2,605.1 billion
MCEV	¥2,577.2 billion
Value of New Business	¥162.1 billion

ESR ^{*3}	189%
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^{*1} The applied UFR has been set referring to the Insurance Capital Standard (ICS) which the International Association of Insurance Supervisors (IAIS) is considering as an international capital regulation for insurance companies. Forward rates from 31-year onwards are extrapolated to converge to the level of UFR of 3.8% at 60-year.

^{*2} Not reviewed by third party specialists.

^{*3} Subordinated debt was included in surplus, in addition to application of UFR.

Management Organization

Board of Directors (as of July 1, 2019)



Representative Director and Chairman

Tetsuhiro Kida

Personal history

Apr. 1976 Joined Daido Life
Mar. 1999 General Manager of Planning Department of Daido Life
Jul. 2000 Director of Daido Life
Apr. 2003 Managing Director of Daido Life
Jun. 2006 Managing Executive Officer of Daido Life
Apr. 2007 Director of T&D Financial Life,
Director of T&D Asset Management,
Managing Executive Officer of T&D Holdings
Jun. 2007 Director and Managing Executive Officer of T&D Holdings
Apr. 2008 Director and Senior Managing Executive Officer of T&D Holdings
Apr. 2010 Representative Director and President of Daido Life,
Director of T&D Holdings
Apr. 2015 Representative Director and Chairman of Daido Life,
Representative Director and President of T&D Holdings
Apr. 2018 Representative Director and Chairman of T&D Holdings
(current)
Jun. 2019 Director of Daido Life (current)

Significant concurrent positions

Director of Daido Life

Number of the Company's share held*	28,003
Attendance to the Board of Directors' meetings	20 / 20



Representative Director and President

Hirohisa Uehara

Personal history

Apr. 1984 Joined Taiyo Life
Jan. 2005 General Manager of Investment Planning Department of Taiyo Life
Feb. 2005 Director of T&D Asset Management
Apr. 2007 General Manager of Group Planning Department of T&D Holdings
Apr. 2010 Director of T&D Asset Management
Apr. 2011 Executive Officer and General Manager of Group Planning Department of T&D Holdings
Apr. 2012 Director of T&D Financial Life
Apr. 2014 Executive Officer of Taiyo Life
Jun. 2014 Director and Executive Officer of Taiyo Life
Apr. 2015 Director and Managing Executive Officer of Taiyo Life
Apr. 2016 Director and Senior Managing Executive Officer of Taiyo Life
Apr. 2017 Director of Taiyo Life,
Executive Vice President of T&D Holdings
Jun. 2017 Director of T&D Financial Life, Representative Director and Executive Vice President of T&D Holdings
Apr. 2018 Representative Director and President of T&D Holdings (current)

Number of the Company's share held*	20,216
Attendance to the Board of Directors' meetings	20 / 20



Director and Senior Managing Executive Officer

Koichi Seike

Personal history

Apr. 1980 Joined Daido Life
Apr. 2003 General Manager of Profit Management and Actuarial Department of Daido Life
Jun. 2006 Executive Officer of Daido Life
Apr. 2010 Managing Executive Officer of Daido Life
Jun. 2011 Director and Managing Executive Officer of Daido Life
Apr. 2014 Managing Executive Officer of T&D Holdings
Jun. 2014 Director and Managing Executive Officer of T&D Holdings
Apr. 2016 Director and Senior Managing Executive Officer of Daido Life (current), Director and Senior Managing Executive Officer of T&D Holdings (current)

Significant concurrent positions

Director and Senior Managing Executive Officer of Daido Life

Number of the Company's share held*	23,782
Attendance to the Board of Directors' meetings	20 / 20



Director and Senior Managing Executive Officer

Mitsuhiro Nagata

Personal history

Apr. 1985 Joined Daido Life
Apr. 2008 General Manager of Profit Management and Actuarial Department of Daido Life
Apr. 2011 Executive Officer of Daido Life
Apr. 2015 Managing Executive Officer of Daido Life
Jun. 2015 Director and Managing Executive Officer of Daido Life
Apr. 2017 Managing Executive Officer of T&D Holdings
Apr. 2018 Director of Daido Life (current),
Senior Managing Executive Officer of T&D Holdings
Jun. 2018 Director of T&D Financial Life (current),
Director and Senior Managing Executive Officer of T&D Holdings (current)
Jul. 2019 Director of T&D United Capital (current)

Significant concurrent positions

Director of Daido Life

Director of T&D Financial Life

Director of T&D United Capital

Number of the Company's share held*	16,651
Attendance to the Board of Directors' meetings	15 / 15



Director and Managing Executive Officer

Yasuro Tamura

Personal history

Apr. 1987 Joined Taiyo Life
Jul. 2009 General Manager of Planning Department of Taiyo Life
Apr. 2014 Executive Officer of Taiyo Life
Jun. 2015 Director and Executive Officer of Taiyo Life
Apr. 2017 Director and Managing Executive Officer of Taiyo Life (current)
Apr. 2018 Managing Executive Officer of T&D Holdings
Jun. 2018 Director and Managing Executive Officer of T&D Holdings (current)

Significant concurrent positions

Director and Managing Executive Officer of Taiyo Life

Number of the Company's share held*	5,405
Attendance to the Board of Directors' meetings	15 / 15



Director and Managing Executive Officer

Yoshihisa Tanaka

Personal history

Nov. 1989 Joined Taiyo Life
Apr. 2011 General Manager of Public Relations Department of Taiyo Life
Apr. 2014 Director of T&D Financial Life,
Director of T&D Asset Management,
General Manager of Group Planning Department of T&D Holdings
Apr. 2015 Executive Officer and General Manager of Group Planning Department of T&D Holdings
Apr. 2019 Director of Pet & Family Insurance, Managing Executive Officer of T&D Holdings
Jun. 2019 Director of T&D Financial Life (current),
Director of Taiyo Life (current),
Director and Managing Executive Officer of T&D Holdings (current)
Jul. 2019 Director of T&D United Capital (current)

Significant concurrent positions

Director of T&D Financial Life

Director of Taiyo Life

Director of T&D United Capital

Number of the Company's share held*	4,320
Attendance to the Board of Directors' meetings	—



Outside Director

Haruka Matsuyama

Personal history

Apr. 1995 Assistant Judge to the Tokyo District Court
Jul. 2000 Registered as an Attorney
Jun. 2013 Director of T&D Holdings (current)

Significant concurrent positions

Attorney at Law
Audit & Supervisory Board Member of MITSUI & CO., LTD.
Director of Mitsubishi UFJ Financial Group, Inc.
Director of Restar Holdings Corporation

Reasons for selection

Ms. Haruka Matsuyama has sophisticated expertise and extensive insight as an attorney at law specialized in corporate legal affairs. She has been selected as an Outside Director because she is expected to serve her role as an Outside Director in making key management decisions and supervising the execution of operations from a perspective of protecting general shareholders by capitalizing on her knowledge and experience.

Number of the Company's share held*	2,488
Attendance to the Board of Directors' meetings	19 / 20



Outside Director

Naoki Ohgo

Personal history

Apr. 1985 Joined McKinsey & Company, Inc.
Jul. 1999 Partner of McKinsey & Company, Inc.
Jul. 2005 Executive Officer of GE Consumer Finance K.K. (current Shinsei Financial Co., Ltd.)
Aug. 2008 Representative Director of Root F Co., Ltd. (current)
Jun. 2017 Director of T&D Holdings (current)

Significant concurrent positions

Representative Director of Root F Co., Ltd.
Director of Orient Corporation

Reasons for selection

Mr. Naoki Ohgo has sophisticated expertise and extensive insight based on his experience in providing consulting services mainly in the financial field, as Representative Director of Root F Co., Ltd., following his career as a partner (business partner) of a foreign consulting company, capitalizing on his global perspective and high-level insight. He has been selected as an Outside Director because he is expected to serve his role as an Outside Director in making key management decisions and supervising the execution of operations from a perspective of protecting general shareholders by capitalizing on his knowledge and experience.

Number of the Company's share held*	636
Attendance to the Board of Directors' meetings	20 / 20



Outside Director

Seiji Higaki

Personal history

Apr. 1975 Joined The Daiwa Bank, Ltd.
Jun. 2003 Executive Officer of Resona Bank, Ltd.
Jun. 2005 Executive Officer of Resona Holdings, Inc.
Jun. 2006 Director of Resona Holdings, Inc.
Jun. 2007 Director, President and Representative Executive Officer of Resona Holdings, Inc.
Apr. 2009 Representative Director and Executive Officer of Resona Bank, Ltd.
Jun. 2011 Director and Vice Chairman of Resona Bank, Ltd.
Apr. 2013 Director of Resona Holdings, Inc.
Jun. 2013 Chairman of Resona Research Institute Co., Ltd.
Jun. 2018 Director of T&D Holdings (current)

Reasons for selection

Having served as Director, President and Representative Executive Officer of a bank holding company and Representative Director and Executive Officer of a bank, Mr. Seiji Higaki has a wealth of knowledge and experience in corporate management. He has been selected as an Outside Director because he is expected to serve his role as an Outside Director in making key management decisions and supervising the execution of operations from a perspective of protecting general shareholders by capitalizing on this knowledge and experience.

Number of the Company's share held*	384
Attendance to the Board of Directors' meetings	15 / 15



Director

Naoki Soejima

Personal history

Apr. 1981 Joined Taiyo Life
Oct. 2008 General Manager of Marketing Planning Department of Taiyo Life
Apr. 2009 Executive Officer of Taiyo Life
Apr. 2011 Managing Executive Officer of Taiyo Life
Jun. 2011 Director and Managing Executive Officer of Taiyo Life
Apr. 2014 Representative Director and Senior Managing Executive Officer of Taiyo Life
Apr. 2016 Representative Director and Executive Vice President of Taiyo Life
Apr. 2019 Representative Director and President of Taiyo Life (current)
Jun. 2019 Director of T&D Holdings (current)

Significant concurrent positions

Representative Director and President of Taiyo Life

Number of the Company's share held*	15,007
Attendance to the Board of Directors' meetings	—



Director

Minoru Kudo

Personal history

Apr. 1978 Joined Daido Life
Apr. 2005 General Manager of General Marketing Department of Daido Life
Jun. 2005 Director of Daido Life
Jun. 2006 Executive Officer of Daido Life
Apr. 2008 Managing Executive Officer of Daido Life
Jun. 2009 Director and Managing Executive Officer of Daido Life
Apr. 2011 Director and Senior Managing Executive Officer of Daido Life
Apr. 2014 Representative Director and Executive Vice President of Daido Life
Apr. 2015 Representative Director and President of Daido Life (current)
Jun. 2015 Director of T&D Holdings (current)

Significant concurrent positions

Representative Director and President of Daido Life
Corporate Auditor of Ezaki Glico Co., Ltd.

Number of the Company's share held*	42,886
Attendance to the Board of Directors' meetings	20 / 20



Director

Masafumi Itasaka

Personal history

Jun. 2004 Joined Daido Life
Sep. 2007 General Manager of Business Development Department of T&D Financial Life
Apr. 2011 Executive Officer of T&D Financial Life
Apr. 2015 Managing Executive Officer of T&D Financial Life
Jun. 2015 Director and Managing Executive Officer of T&D Financial Life
Apr. 2017 Representative Director and President of T&D Financial Life (current)
Jun. 2017 Director of T&D Holdings (current)

Significant concurrent positions

Representative Director and President of T&D Financial Life

Number of the Company's share held*	4,271
Attendance to the Board of Directors' meetings	20 / 20

*As of May 31, 2019

Management Organization

Audit & Supervisory Board Members (as of July 1, 2019)



Audit & Supervisory Board Member

Junichi Yanai

Personal history

Apr. 1984 Joined Taiyo Life
Apr. 2017 Deputy General Manager of General Affairs Department of Taiyo Life
Jun. 2017 Audit & Supervisory Board Member of Taiyo Life (current),
Audit & Supervisory Board Member of T&D Holdings (current)

Significant concurrent positions

Audit & Supervisory Board Member of Taiyo Life

Number of the Company's share held*	3,716
Attendance to the Board of Directors' meetings	20 / 20
Attendance to Audit & Supervisory Board meetings	17 / 17



Audit & Supervisory Board Member

Yasuo Teraoka

Personal history

Oct. 2000 Joined Daido Life
Apr. 2011 General Manager of Market & Alternative Investment Department of Daido Life
Apr. 2013 Executive Officer of Daido Life
Apr. 2015 Executive Officer of T&D Holdings
Jun. 2018 Audit & Supervisory Board Member of Daido Life (current),
Audit & Supervisory Board Member of T&D Holdings (current)
Jul. 2019 Audit & Supervisory Board Member of T&D United Capital (current)

Significant concurrent positions

Audit & Supervisory Board Member of Daido Life

Audit & Supervisory Board Member of T&D United Capital

Number of the Company's share held*	19,855
Attendance to the Board of Directors' meetings	20 / 20
Attendance to Audit & Supervisory Board meetings	10 / 10



Outside Audit & Supervisory Board Member

Shigekazu Iwai

Personal history

Apr. 1972 Registered as an Attorney
Apr. 1991 Vice President of the Tokyo Bar Association
Apr. 2004 President of the Tokyo Bar Association,
Vice President of the Japan Federation of Bar Associations
Jun. 2012 Audit & Supervisory Board Member of Daido Life,
Audit & Supervisory Board Member of T&D Holdings (current)

Significant concurrent positions

Attorney at Law

Reasons for selection

Mr. Shigekazu Iwai has deep, special knowledge and extensive insight as an attorney at law, holding vital responsibilities in the legal community, including president of the Tokyo Bar Association and vice president of the Japan Federation of Bar Associations. He has been selected as an Outside Audit & Supervisory Board Member because he can be expected to capitalize on this knowledge and experience to serve his role as an Outside Audit & Supervisory Board Member in auditing the execution of duties of Directors from a perspective of protecting general shareholders.

Number of the Company's share held*	3,024
Attendance to the Board of Directors' meetings	20 / 20
Attendance to Audit & Supervisory Board meetings	17 / 17



Outside Audit & Supervisory Board Member

Yuichi Ozawa

Personal history

Apr. 1969 Registered as an Attorney
May 1985 Organizer, Commercial Law Subcommittee of the Legislative Council of the Ministry of Justice
Apr. 1991 Professor of Legal Training and Research Institute, Supreme Court of Japan (Defense of Civil Cases)
Jan. 1998 Member of National Bar Examination Committee (Commercial Law)
Jun. 2007 Audit & Supervisory Board Member of Taiyo Life
Jun. 2013 Audit & Supervisory Board Member of T&D Holdings (current)

Significant concurrent positions

Attorney at Law

Reasons for selection

Mr. Yuichi Ozawa has deep, special knowledge and extensive insight as an attorney at law. He has been selected as an Outside Audit & Supervisory Board Member because he can be expected to capitalize on this knowledge and experience to continue to serve his role as an Outside Audit & Supervisory Board Member in auditing the execution of duties of Directors from a perspective of protecting general shareholders.

Number of the Company's share held*	17,277
Attendance to the Board of Directors' meetings	20 / 20
Attendance to Audit & Supervisory Board meetings	17 / 17

*As of May 31, 2019

IR Activities

T&D Holdings, Inc. (the “Company”) strives to promote investor relations (IR) activities based on the core principles of timeliness, fairness, and accuracy, with the aim of garnering the trust of and proper evaluation from shareholders, investors, and so forth. In this section, we highlight the Company’s FY2018 major initiatives and outline its IR policy.

Major Initiatives

The Company conducts highly communicative investor relations (IR) activities, on the principle that its top management is responsible for all IR statements.

In addition to holding regular financial results meetings for institutional investors and analysts, the Company holds one-on-one on-site meetings with investors in Japan and overseas, and shares views obtained through dialog broadly with management and employees in the Group.

The Company also publishes corporate information in a timely manner through its IR site, and has been rated highly by external assessment organizations.



Scenes from an IR meeting for institutional investors and analysts

Meetings held in FY2018

Financial results meetings for institutional investors and analysts	2
Financial results telephone conferences for institutional investors and analysts	4
Conferences sponsored by securities firms	3
One-on-one meetings	Total 177
Information meetings for individual investors	3

Evaluations by External Assessment Organizations

- 2018 Internet IR Award (Daiwa Investor Relations Co. Ltd.)**
 Evaluated 3,782 listed companies*
Selected as one of 36 winners of the “Excellence Award” for the second consecutive year Overall ranking 21st
 - FY2018 All Japanese Listed Companies’ Website Ranking (Nikko Investor Relations Co., Ltd.)**
 Evaluated all 3,785 listed companies*
Selected as one of 179 companies with grade AAA websites in the Overall ranking for the second consecutive year Overall ranking 31st
- * The number of evaluated companies differs depending on the timing of surveys, etc.

T&D Holdings IR POLICY

1. Purpose of IR Activities

T&D Holdings, Inc. (the “Company”) strives to promote investor relations (“IR”) activities based on the core principles of timeliness, fairness and accuracy, with the aim of garnering the trust of and proper evaluation from shareholders, investors, and so forth.

2. Basic Policy

The Company strives to clearly and continuously provide information on the T&D Insurance Group’s business environment and management strategies, financial condition, and performance to shareholders, investors, and so forth. The Company will disclose information stipulated in the Financial Instruments and Exchange Act, the Insurance Business Act, other related laws and ordinances, and the rules of the Tokyo Stock Exchange in a timely, appropriate and fair manner.

3. IR Information

The Company provides the following IR-related information in addition to statutory and mandatory reporting requirements (including financial statements, Annual Securities Report (“YUHO Report”), earnings releases, “TANSHIN Report,” and other timely information).

- Materials of IR events (conferences, financial results meetings, IR fairs, etc.) for investors and analysts.
- Annual Reports and other IR-related booklets/publications.

The IR information described above will be posted appropriately on the Company’s website, including pages for shareholders, investors, and so forth.

4. Structure Related to IR Activities

The Company’s top management is in principle responsible for all IR activities and statements. However, employees in charge of IR may act on behalf of the management depending on the nature of the IR event, its scale, or other factors.

The department in charge of IR handles all inquiries from shareholders, investors, and so forth concerning the Company’s IR activities.

5. Feedback to Management

Information gathered from shareholders, investors, and so forth through IR activities is fed back appropriately to the management and reported regularly to the Board of Directors and other committees.

6. Silent Period

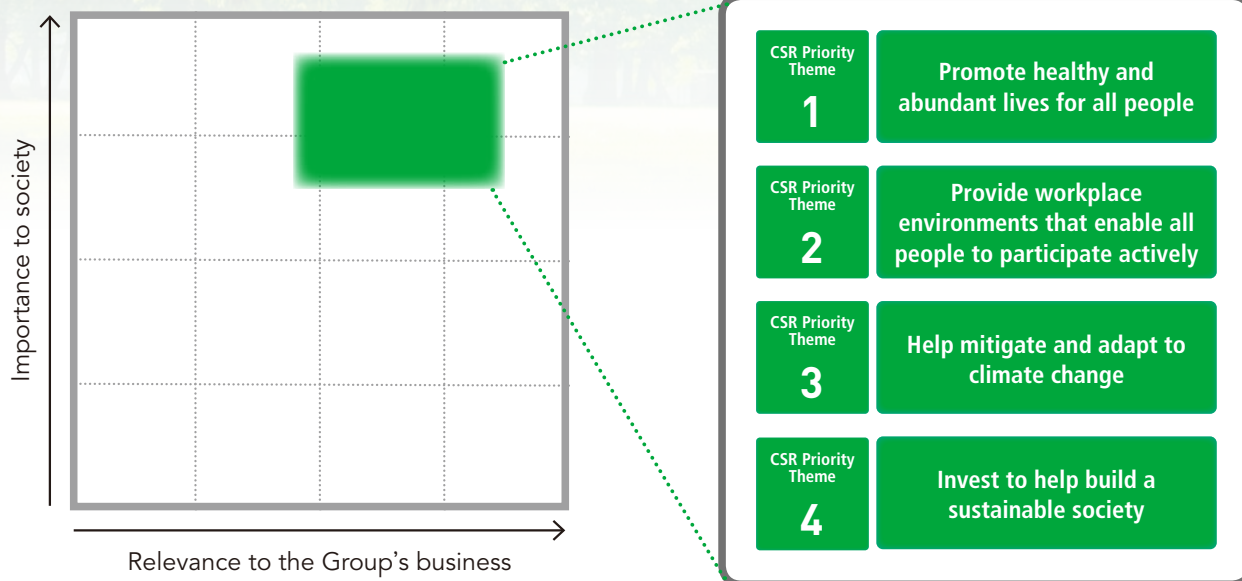
In order to ensure fairness and prevent the unauthorized disclosure of financial information, the Company maintains a “Silent Period” in its IR activities for three weeks prior to the announcement of quarterly financial results. During this period, the Company refrains from commenting on financial results, and, in principle, from participating in IR events and meetings.

Toward building the foundation for creating shared value

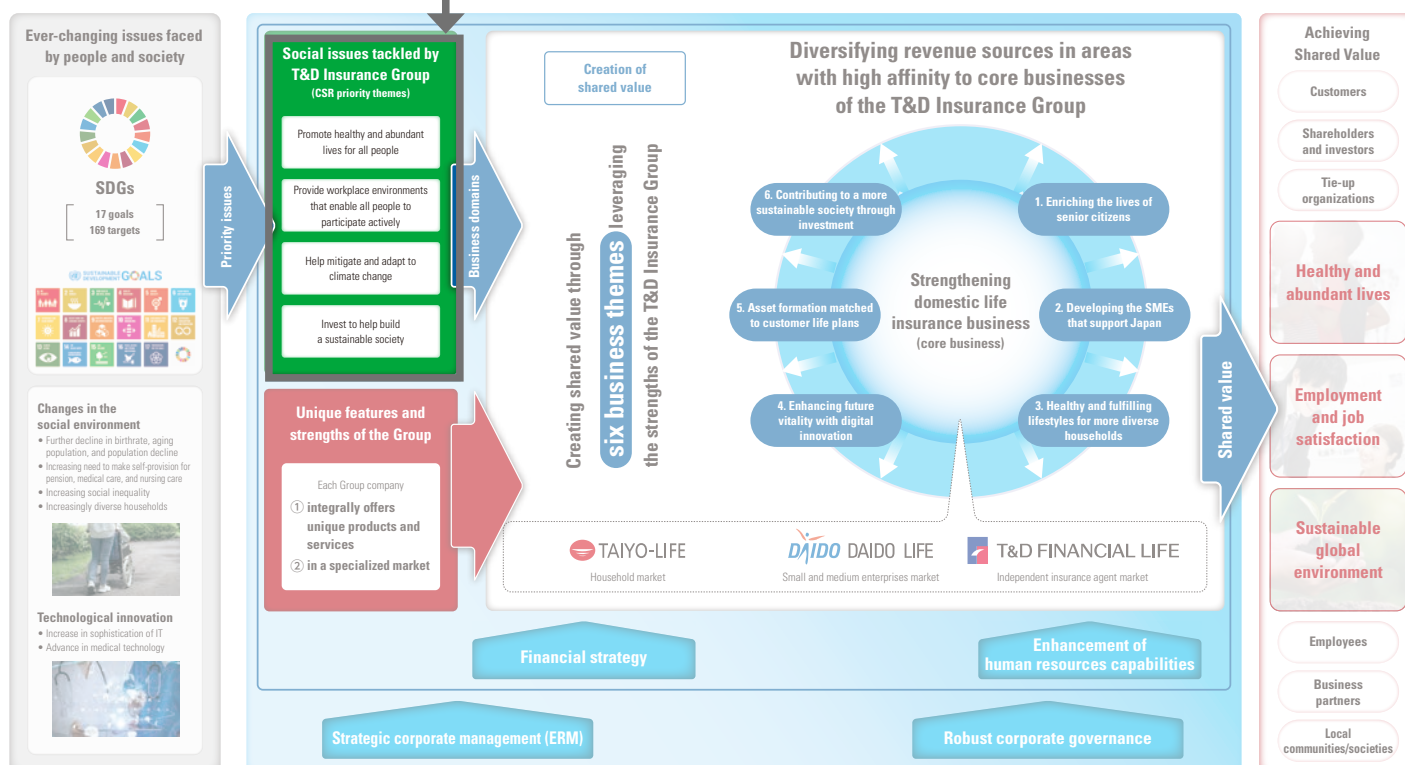
CSR Activity Priority Themes

We are working to create shared value, while mutually linking the six business themes with the CSR activity priority themes.

T&D Insurance Group's CSR Priority Themes



T&D Insurance Group's Value Creation Process



Process for Selecting Priority Themes

Process

1

Categorizing Social Issues with High Relevance to the Group's Business

We considered various social issues to target, based on what society expects of us as a Group engaged mainly in the insurance business, as well as how we can help develop a sustainable society.

In our considerations, we looked at the SDGs

targets, which are aimed at developing a sustainable world, and recognized the issues we need to contribute. We then added issues derived from the T&D Insurance Group CSR Charter that need to be addressed, and classified these into 40 social issues to address.

Process

2

Prioritizing Issues

We evaluated the importance of each issue based on both a) importance to society, and b) relevance to the Group's business (influence on social issues). We then clarified the priority of initiatives for the Group to pursue.

a) Importance to society: Evaluation based on ISO26000, assessment agency evaluation items, and items frequently taken up

in administrative reports (white papers of government ministries and agencies)

b) Relevance to the Group's business:

Evaluation based on relationship with business themes cited under the Medium-Term Management Plan, and relationship with policies and actions defined in the T&D Insurance Group CSR Charter

Process

3

Selecting Priority Themes

From high-priority social issues, we extracted common themes, and organized each issues into theme groups. Based on those themes,

we selected CSR priority themes, which show how we can create value for society through our businesses.

Process

4

Verifying the Adequacy of Priority Themes

We engaged in dialogue and exchanged views on the selection process of priority themes with a qualified third party, then confirmed the adequacy of social issues to be targeted and the validity of our

priority evaluation. In addition, we received approval from the Group CSR Committee (reorganized to Group SDGs Committee in April 2019) and reported to the Executive Committee and Board of Directors.

Progress Management and Verification of Initiatives

The Group SDGs Committee formulates annual plan for priority theme activities, and regularly checks progress with its implementation. Those developments are regularly reported to the Board of Directors.



Promote healthy and abundant lives for all people

Offering Products and Services That Address Society Needs

The provision of products and services that contribute to solving various risks faced by our customers that arise due to changes in the social environment, such as the declining birthrate and aging population, is the most basic social responsibility that the Group should fulfill, and is regarded as an opportunity for our Group.

Initiatives by Taiyo Life

Japan's rapidly aging society, the so-called "Centenarian Age" is about to get fully underway. Taiyo Life is striving to provide high-quality products and services so that customers in the senior market can enjoy greater peace of mind. In October 2018, Taiyo Life launched *Himawari Dementia Prevention Insurance*, which provides support for the prevention of dementia. In addition, the company is rolling out services such as the *Kaketsuke-Tai Service*,

where office workers with specialized knowledge make personal visits to customers and their families, and provide support for procedures such as benefits claims.



Since its launch in April 2016, the service has been used at least 71,000 times (as of the end of March 2019).

Initiatives by Daido Life

Daido Life assists SMEs in implementing the health and productivity management. The aims are to contribute to creating a society where SMEs and their employees can actively perform and to solving issues faced by Japan's rapidly aging society. The company will endeavor to establish a system through which the health and productivity management can become prevalent and take root in as many companies as possible. For that, it will widen the

circle of collaboration with companies and organizations that provide support for SMEs in practice of the health and productivity management. The company has also developed and provided the Daido Life *KENCO SUPPORT PROGRAM* to SMEs in collaboration with a multitude of companies that possess specialized technology and know-how.



Initiatives by T&D Financial Life

To respond to diversifying customer needs, T&D Financial Life enriches its product lineup and provides products in a timely manner through banks and other financial institutions as well as insurance shops. For senior customers, the company provides wealth-accumulation products to support a comfortable retirement life by preparing for post-retirement expenditures and the need for protection for bereaved families. For customers who are working

and/or raising children, the company offers protection-type products at an affordable price.



Level-premium income protection insurance *Kakei Ni Yasashii Shunyuhoshō* launched in April 2018.



Improving Customer Satisfaction

■ Systems to Respond to Customer Feedback

Customer feedback collected from daily sales activities

The three life insurance companies collect a variety of customer feedback through daily sales activities to respond to the changing needs of society through the provision of better products and services. We have set up a number of points of contact with customers, such as sales representatives, sales agents, call centers (customer service centers), and the Internet to collect as much customer feedback as possible. In addition, the company is conducting customer satisfaction surveys to inquire about the level of satisfaction provided by our products, services and after-sale services.

System to utilize customer feedback in management

The Group's three life insurance companies have set up dedicated departments and committees with external members in charge of customer satisfaction management. We developed a total system ensuring customer satisfaction at all stages of interaction with customers, from making contracts to payment of insurance claims and benefits, based upon a clearly stated policy for customer satisfaction and specific guidelines for the handling of customer complaints. All the feedback collected from customers is input into a centrally managed database and shared by the relevant units for the development and quality improvement of products and services, as well as for the improvement of business practices.

Initiatives by Taiyo Life

■ Initiatives for ISO 10002

In March 2008, Taiyo Life declared the introduction of ISO 10002, an international standard for handling complaints as regards quality management, customer satisfaction and guidelines for complaints handling in organizations, and since then has been committed to continually enhancing customer-oriented service and operations by utilizing customer feedback (including complaints). In March 2019,

following on from March 2018, we obtained a third-party opinion on ISO 10002 compliance that recognized our complaint management system as complying with ISO 10002 and functioning effectively. The company has been working to improve its business processes based on ISO 10002 and educate employees through training programs.

Initiatives by Daido Life

■ Customer Satisfaction Surveys

Conducting surveys is useful in identifying hidden issues related to Daido Life's business that are difficult to uncover by passively receiving customer opinions and requests. Major examples include the new policy procedures survey filled out by new policyholders after the completion of the contract procedures, with a focus on the attitudes of sales

representatives and the understandability of application forms and other documents, as well as customer satisfaction surveys filled out by business owners/managers that inquire about the level of satisfaction provided by our products, services and after-sale services.

Initiatives by T&D Financial Life

■ Customer Survey

T&D Financial Life conducts a customer satisfaction survey to proactively reflect customer feedback in customer service and operational quality improvements. This survey includes questions about the quality of call handling by

the Customer Service Center staff and understandability of application forms and documents involved in various procedures. Results of customer surveys are available on its website.

Provide workplace environments that enable all people to participate actively



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.

Active Participation of Women

The three life insurance companies are working to revise their respective personnel management and treatment systems, as well as introducing various support systems to enhance the work-life balance. By fostering Group-wide collaboration to reduce total working hours and encourage male employees to take childcare leave, we are promoting the creation of workplace environments where everybody is motivated to play an active role.

To steadily advance these measures to promote the active participation of woman, the three life insurance companies formulated their action plans based on their respective business models.

Employment of People with Disabilities

We have put in place several measures designed to create a comfortable workplace for employees with disabilities. As a pre-hire initiative, we encourage the attendance of a placement support worker at job interviews, so that job candidates can go through the screening process without worry. We also hold workplace tours for candidates. After hiring, we strive to provide the employment support in the entire Group, through measures such as preparing a comfortable working environment by introducing dedicated personal computers and considering commuting paths. In addition, work adaptation support-ers who specialize in support for employees with disabilities are dispatched to the company, and a placement support worker holds interviews together with the employee and his or her supervisor, and offers advice.

LGBT-friendly

The T&D Insurance Group's CSR Charter calls for "Respect for Human Rights," and the Group is striving to develop a workplace environment where each employee can fully demonstrate their abilities. Regarding the LGBT community (a sexual minority) from the perspective of diversity, Group companies are advancing initiatives such as implementing training and establishing consultation desks.

Comfortable Workplace Environment

Work-Life Balance

T&D Insurance Group companies have been strengthening various efforts such as enhancing systems such as childcare leave and a reduction of total working hours, aimed at enabling employees to demonstrate their capabilities and improve their performance at work while at the same time fulfilling their responsibilities at home including housework, childcare and nursing care.

Utilization and Development of Human Resources

Initiatives to Provide Opportunities for Growth

The three life insurance companies conduct education and training, primarily through OJT (on-the-job training), group training, and support for personal development. These companies encourage autonomous career development by each employee, by actively helping them to acquire qualifications and offering a diverse curriculum, including correspondence education. In addition, systematic rotation is implemented to provide employees with a variety of business experience, allowing them to be more capable of carrying out work from a broad, company-wide perspective.

Reference: Status of taking leaves in the three life insurance companies

	FY2015	FY2016	FY2017	FY2018
Number of employees taking maternity leave (persons)	290	328	333	383
Number of employees eligible to take childcare leave (persons)	432	462	455	483
Men	142	134	122	100
Women	290	328	333	383
Number of employees taking childcare leave (persons)	406	450	444	465
Men	140	133	121	100
Women	266	317	323	365
	FY2015	FY2016	FY2017	FY2018
Number of employees taking nursing care leave (persons)	8	12	20	6
Men	0	0	1	0
Women	8	12	19	6

■ Working Group Comprising Young and Mid-Career Employees from Group Companies

In fiscal 2011, we started the Working Group for the Active Participation of Women, an initiative to plan and propose group-wide measures to promote active participation of women. In fiscal 2016, this initiative was renamed the Working Group on Work Style Reform, and comprises both men and women. In fiscal 2018, the group conducted surveys and research on the theme of A Positive Cycle of Health Promotion and Productivity Improvements, and proposed various health promotion measures. One of these proposals involved the use of annual paid leave as health leave, along with the joint utilization of health promotion measures among Group companies. These proposals were promoted in fiscal 2019 at Group companies, leading to the further support of health promotion for employees.

■ Overseas Job Assignments and Overseas MBA Taiyo Life

Taiyo Life is dispatching young employees to a number of companies for approximately three months in order to develop personnel capable of successfully working on a global level. In addition, it dispatches a number of employees to the operational companies overseas to acquire high-level asset management knowledge.

Daido Life

In order to nurture global talent through diverse experiences, Daido Life offers all employees the opportunity to build their careers as the Career Challenge System through internships at overseas companies and MBA studies overseas.

Health and Productivity Management

Group companies aim to realize workplaces where all employees can work enthusiastically with a sound mind and body under the principles of health and productivity management.

Initiatives by Taiyo Life

The company promotes *Taiyo's GENKI Project**, an initiative aimed at energizing and promoting the health of employees, customers and society. This project provides various forms of support to encourage employees to be healthy, with the aim of preventing lifestyle diseases. In addition to conducting in-house anti-smoking campaigns, the company also cooperates with Kaminoyama City in Yamagata Prefecture to offer Kurort Health Walking and

* Taiyo's GENKI Project is being promoted with the President as its leader and all executive officers as members.

Smart Life Stay, accommodation packages that incorporate the government's specified health guidance, through the Kaminoyama Onsen Kurort (health resorts) Program. The company's health and productivity management initiatives have also included an increase in the subsidy for cancer screening since 2017, and MCI screening is performed along with regular health checkups to diagnose the risk of future dementia.

Initiatives by Daido Life

The company introduced the *KENCO SUPPORT PROGRAM* for executives and employees in an effort to promote employee health and improve health literacy. The program provides wearable devices that measure personal status during everyday activities, such as heart rate and number of steps taken, and organizes talks on the company-wide non-smoking policy and other health topics. The company

is strengthening its efforts to reduce working hours, prevent disease, and promote mental health. In addition, by expanding these initiatives on a company-wide basis, under the title, "*DAIDO KOKO-KARA*," the company fosters a corporate culture as a company that practices health and productivity management.

Initiatives by T&D Financial Life

T&D Financial Life has implemented initiatives to promote employee health, with a management initiative of creating a workplace where employees can feel job satisfaction. These include initiatives to reduce working hours, such as establishing a "No Overtime Day" and a "Go Home Early Day," as well as automatically shutting down computers used for work, fully implementing regular health checkups,

conducting stress checks, abolishing in-house smoking areas and prohibiting smoking during working hours, and subsidizing the costs of engaging in sports through in-house club and other activities. In addition, the company is also engaged in specified medical check-ups and provision of health guidance based on Data Health Plans, in collaboration with the Health Insurance Association.



Help mitigate and adapt to climate change

The T&D Insurance Group formulated the T&D Insurance Group Environmental Policy to clarify the Group's stance on the environment and to publicize the policy among executives and employees. The T&D Insurance Group has announced that its policy is to carry out business activities with full awareness of the importance of environmental concerns and will give sufficient consideration to global environmental protection. Based on the above environmental policy, the Group has set out its Green Purchasing Standards and Detailed Rules and gives priority to the purchase of products and services that help reduce its environmental impact in procurement. While climate change on a global scale is a risk for the continuity of the Group's business activities, at the same time, the Group considers it to represent an opportunity to undertake new activities.

* Please see our Sustainability Report for more details.

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

Disclosure of Climate-related Financial Information Based on the TCFD

The Task Force on Climate-related Financial Disclosure (TCFD), established by the Financial Stability Board (FSB), formulated its recommendations for clarified, comparable, and consistent information disclosure regarding the risks and opportunities posed by climate change. These recommendations were announced in June 2017. Climate change is a challenge to be addressed on a global scale.

The effects of climate change have significant impacts on the lives of people, through changes in economic behaviors and society worldwide. The T&D Insurance Group has expressed its support for the TCFD recommendations, and is actively committed to disclosing climate-related financial information in an easy-to-understand manner.

Risks and Opportunities

The Group recognizes the following risks and opportunities relating to climate change.

[Physical risks]

- Financial impacts from the possibility of an increasing frequency and severity of natural disasters (deterioration of underwriting profitability, increased costs of measures for business continuity at Group companies)
- Impact on the morbidity rate and average life expectancy related to insurance accident rates, as a result of an increase in the average temperature
- ➡ An increase in the average temperature and associated changes in the morbidity rate and average life expectancy are likely to progress gradually, over a long period of time. Therefore, it is assumed to be possible to maintain adequately calculated premium rates by accurately evaluating and analyzing the changing data.

[Transition risks]

- Laws, regulations, and technological advances may affect the businesses of investees and borrowers of the Group, and there is a risk that the value of assets related to the Company's investments and lending may fluctuate.
- Risks of increased investment costs, due to the requirement to improve the environmental performance of real estate for rent
- If the Group's management framework is inadequate to meet social demands in the form of laws, regulations, and economic policies, the Group may fail to achieve the level of conduct and

information disclosure expected of a leading listed company group. This may give rise to the risk that the Group's social credibility and brand image may be compromised, adversely affecting its share price, financial results, and business activities.

[Opportunities]

- **Opportunities to increase insurance revenue by expanding and providing a wider scope of protection**

Changes in the morbidity rate and average life expectancy associated with the progress of global warming are expected to give rise to needs for protection (involving death, annuities, and medical care) against emerging risks.

- **Opportunities to enhance the value of investment assets and expand investment returns stably over the long term**

As an institutional investor, it is assumed that we will lend and invest in the expanding clean energy development and energy conservation businesses, and also own and manage real estate with superior environmental performance.

- **Opportunities to expand business domains and increase revenue**

As a business operator, rather than as an institutional investor, it is assumed that we will develop or enter into new business domains related to the mitigation of and adaptation to climate change.

Invest to help build a sustainable society

The T&D Insurance Group operates the life insurance business as its core business, which is highly social and public in nature. Contributing to realizing a sustainable society through investment is one of the most fundamental roles of the Group. The sustainable and stable growth of society is essential in securing long-term stable profit through investment. The Group focuses on the impact that the investment activities of the institutional investors who manage long-term funds have on efforts to realize a sustainable world. The Group will contribute to the realization of a sustainable society through investment activities undertaken in consideration of the environment, society and corporate governance.

Signing the Principles for Responsible Investment

The three companies: Taiyo Life, Daido Life, and T&D Asset Management have become signatories of the Principles for Responsible Investment (PRI)*, which are supported by the United Nations. The status of each Group company's PRI initiatives is reported in PRI Transparency Report.

<https://www.unpri.org/signatories/transparency-reports-2019/4506.article/>

* The Principles for Responsible Investment (PRI) are a code of conduct for the global financial industry that was proclaimed by Kofi Annan, the secretary-general of the United Nations in 2006. A commitment to these principles has been signed by over 2,200 financial institutions worldwide, and by 75 in Japan (as of August 2019).

The Principles for Responsible Institutional Investors (the Japanese Version of the Stewardship Code)

The three companies: Taiyo Life, Daido Life and T&D Asset Management, endorsed and expressed their commitment to the Principles for Responsible Institutional Investors (the Japanese version of the Stewardship Code) in May 2014. Details of each company's basic policies, policy on exercising voting rights and status of exercising voting rights with respect to the Principles for Responsible Institutional Investors are disclosed on the companies' respective websites (Japanese).

Taiyo Life Insurance Company (Japanese only):

<https://www.taiyo-seimei.co.jp/company/activity/ssc.html>

Daido Life Insurance Company (Japanese only):

<https://www.daido-life.co.jp/company/csr/investor/ssc/>

T&D Asset Management Co., Ltd. (Japanese only):

<https://www.tdasst.co.jp/company/principles/stewardship/>

* Since T&D Financial Life does not operate with listed stocks, and does not plan to do so in the future, there are no plans to announce support for the Stewardship Code.

Reference: Status of exercising voting rights at Taiyo Life and Daido Life

Taiyo Life and Daido Life reject proposals in cases where problems are not rectified despite constructive dialogue, cases where shareholder value is highly likely to be impaired and in certain other circumstances.

The summary of results of voting rights exercised at general meetings of shareholders held by domestically listed companies between July 2018 and June 2019 are as follows.

Type	Taiyo Life					Daido Life				
	Approve	Reject	Abstain	Carte blanche	Total agenda items	Approve	Reject	Abstain	Carte blanche	Total agenda items
Company proposals	177	—	—	—	177	350	5	1	—	356
Shareholder proposals	—	7	—	—	7	—	23	—	—	23
Total	177	7	—	—	184	350	28	1	—	379

Status of Stock Holdings

I. Standards and ways of thinking by category in investments

The Group holds investment stocks for the purpose of pure investment in order to reap earnings by an increase in equity value and by receiving dividends and so forth. In addition, the Group holds investment stocks for purposes other than pure investment purposes (hereinafter “non-pure investment stocks”). The purposes of holding non-pure investment stocks are to maintain and to expand long-term, stable business relationships, to maintain and to strengthen business partnerships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth.

II. Holdings stocks on Taiyo Life Insurance Company

Of the Company and its consolidated subsidiaries, Taiyo Life is the consolidated subsidiary with the largest balance of investment stock. The status of Taiyo Life’s stock holding is as follows:

1. Non-pure investment stocks

a. Policies to hold shares, the rationality to hold shares, verification contents at the Board of Directors meetings about the appropriateness to hold individual companies

Every year, the boards of directors of the Company and Taiyo Life Insurance Company shall verify the propriety of holding individual non-pure investment stocks by concretely examining the adequacy of the holdings, whether the benefits and risks are commensurate with the capital costs, and other factors.

b. The number of stocks and the amounts on Balance Sheets

	The number of stocks	Total of balance sheet amount (¥ millions)
Unlisted stocks	5	¥ 2,871
Stocks other than unlisted stocks	36	263,292

(Stocks with increased number of shares in this fiscal year)

	The number of stocks	Total of acquisition costs related to the increase in the number of shares (¥ millions)	The reasons for increasing the number of shares
Unlisted stocks	0	¥ —	
Stocks other than unlisted stocks	2	3,611	For additional purchase as the purpose of expectation of the quantitative effectiveness to hold the stocks by further enhancement with the long-term and stable business relationships

(Stocks with decreased number of shares in this fiscal year)

	The number of stocks	Total of sale price related to the decrease in the number of shares (¥millions)
Unlisted stocks	0	¥ —
Stocks other than unlisted stocks	1	644

c. The information about the number of the stocks and balance sheet amount for Specified Investment Shares and Regarded as Holding Shares

Specified Investment Shares

Stocks	Year ended March 31, 2018	Year ended March 31, 2019	Holding purposes, quantitative effects to hold stocks, and reasons to increase the number of stocks.	Whether the counterpart company holds the Company's share Y=Yes/N=No
	The number of shares			
	Balance sheet amount ¥millions			
Keio Corporation	5,862,032	5,862,032	The purpose holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains the transaction information to the counterpart company. It's been quantitatively periodically examined whether the effectiveness and risks to hold stocks have been commensurate with the capital costs.	Y
	¥ 26,642	¥ 41,913		
SHIMADZU CORPORATION	7,411,520	7,411,520	The purpose holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains the transaction information to the counterpart company. It's been quantitatively periodically examined whether the effectiveness and risks to hold stocks have been commensurate with the capital costs.	Y
	22,175	23,716		
Mitsui Fudosan Co., Ltd.	8,096,575	8,096,575	The purpose holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains the transaction information to the counterpart company. It's been quantitatively periodically examined whether the effectiveness and risks to hold stocks have been commensurate with the capital costs.	Y
	20,901	22,528		
Mitsubishi Electric Corporation	14,350,000	14,350,000	The purpose holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains the transaction information to the counterpart company. It's been quantitatively periodically examined whether the effectiveness and risks to hold stocks have been commensurate with the capital costs.	Y
	24,416	20,412		
Tokyu Corporation	8,566,559	9,566,559	The purpose holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains the transaction information to the counterpart company. It's been quantitatively periodically examined whether the effectiveness and risks to hold stocks have been commensurate with the capital costs. For the expectation to receive high quantitative effect of holding benefits through the reinforcement with the long-term and stable business relationships, the number of stocks has been increased.	Y
	14,203	18,492		
Daiwa Securities Group Inc.	31,140,000	31,140,000	The purpose holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains the transaction information to the counterpart company. It's been quantitatively periodically examined whether the effectiveness and risks to hold stocks have been commensurate with the capital costs.	Y
	21,134	16,784		
Mitsubishi Estate Co., Ltd.	7,700,000	7,700,000	The purpose holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains the transaction information to the counterpart company. It's been quantitatively periodically examined whether the effectiveness and risks to hold stocks have been commensurate with the capital costs.	Y
	13,848	15,442		
Mitsubishi Chemical Holdings Corporation	18,838,372	18,838,372	The purpose holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains the transaction information to the counterpart company. It's been quantitatively periodically examined whether the effectiveness and risks to hold stocks have been commensurate with the capital costs.	N *notice1
	19,412	14,682		
Tsubakimoto Chain Co.	17,798,316	3,559,663	The purpose holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains the transaction information to the counterpart company. It's been quantitatively periodically examined whether the effectiveness and risks to hold stocks have been commensurate with the capital costs. Due to the stock integration, the number of the stocks has been decreased. So there is virtually no change in the number of shares.	Y
	15,413	14,060		
MITSUI & CO., LTD.	7,160,800	8,160,800	The purpose holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains the transaction information to the counterpart company. It's been quantitatively periodically examined whether the effectiveness and risks to hold stocks have been commensurate with the capital costs. For the expectation to receive high quantitative effect of holding benefits through the reinforcement with the long-term and stable business relationships, the number of stocks has been increased.	Y
	13,050	14,024		
Sompo Holdings, Inc.	2,661,820	2,661,820	The purpose holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains the transaction information to the counterpart company. It's been quantitatively periodically examined whether the effectiveness and risks to hold stocks have been commensurate with the capital costs.	N *notice2
	11,397	10,908		
Mitsubishi UFJ Financial Group, Inc.	15,220,718	15,220,718	The purpose holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains the transaction information to the counterpart company. It's been quantitatively periodically examined whether the effectiveness and risks to hold stocks have been commensurate with the capital costs.	N *notice3
	10,608	8,371		

Status of Stock Holdings

Stocks	Year ended March 31, 2018	Year ended March 31, 2019	Holding purposes, quantitative effects to hold stocks, and reasons to increase the number of stocks.	Whether the counterpart company holds the Company's share Y=Yes/N=No
	The number of shares			
	Balance sheet amount ¥millions			
Obayashi Corporation	5,486,400	5,486,400	The purpose holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains the transaction information to the counterpart company. It's been quantitatively periodically examined whether the effectiveness and risks to hold stocks have been commensurate with the capital costs.	Y
	6,386	6,111		
KURARAY CO., LTD.	3,282,010	3,282,010	The purpose holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains the transaction information to the counterpart company. It's been quantitatively periodically examined whether the effectiveness and risks to hold stocks have been commensurate with the capital costs.	Y
	5,933	4,621		
TS TECH Co.,Ltd.	1,400,000	1,400,000	The purpose holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains the transaction information to the counterpart company. It's been quantitatively periodically examined whether the effectiveness and risks to hold stocks have been commensurate with the capital costs.	Y
	5,901	4,459		
RAITO KOGYO CO., LTD.	2,734,500	2,734,500	The purpose holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains the transaction information to the counterpart company. It's been quantitatively periodically examined whether the effectiveness and risks to hold stocks have been commensurate with the capital costs.	Y
	3,002	4,079		
Electric Power Development Co., Ltd. (J-POWER)	1,085,040	1,085,040	The purpose holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains the transaction information to the counterpart company. It's been quantitatively periodically examined whether the effectiveness and risks to hold stocks have been commensurate with the capital costs.	Y
	2,910	2,925		
Showa Denko K.K.	700,000	700,000	The purpose holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains the transaction information to the counterpart company. It's been quantitatively periodically examined whether the effectiveness and risks to hold stocks have been commensurate with the capital costs.	Y
	3,150	2,723		
Tsukishima Kikai Co., Ltd	1,885,000	1,885,000	The purpose holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains the transaction information to the counterpart company. It's been quantitatively periodically examined whether the effectiveness and risks to hold stocks have been commensurate with the capital costs.	Y
	2,835	2,599		
Sotetsu Holdings, Inc.	760,000	760,000	The purpose holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains the transaction information to the counterpart company. It's been quantitatively periodically examined whether the effectiveness and risks to hold stocks have been commensurate with the capital costs.	Y
	2,149	2,587		
Tsubakimoto Kogyo Co., Ltd.	573,805	573,805	The purpose holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains the transaction information to the counterpart company. It's been quantitatively periodically examined whether the effectiveness and risks to hold stocks have been commensurate with the capital costs.	Y
	1,968	2,168		
Hokuetsu Corporation	2,817,987	2,817,987	The purpose holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains the transaction information to the counterpart company. It's been quantitatively periodically examined whether the effectiveness and risks to hold stocks have been commensurate with the capital costs.	Y
	1,933	1,823		
Kurimoto, Ltd.	1,209,075	1,209,075	The purpose holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains the transaction information to the counterpart company. It's been quantitatively periodically examined whether the effectiveness and risks to hold stocks have been commensurate with the capital costs.	Y
	2,447	1,760		
Taikisha Ltd.	422,029	422,029	The purpose holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains the transaction information to the counterpart company. It's been quantitatively periodically examined whether the effectiveness and risks to hold stocks have been commensurate with the capital costs.	Y
	1,468	1,420		
Takasago Thermal Engineering Co., Ltd.	678,347	678,347	The purpose holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains the transaction information to the counterpart company. It's been quantitatively periodically examined whether the effectiveness and risks to hold stocks have been commensurate with the capital costs.	Y
	1,325	1,208		
Toppan Printing CO., LTD.	949,088	474,544	The purpose holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains the transaction information to the counterpart company. It's been quantitatively periodically examined whether the effectiveness and risks to hold stocks have been commensurate with the capital costs. Due to the stock integration, the number of the stocks has been decreased. So there is virtually no change in the number of shares.	Y
	828	792		

Stocks	Year ended March 31, 2018	Year ended March 31, 2019	Holding purposes, quantitative effects to hold stocks, and reasons to increase the number of stocks.	Whether the counterpart company holds the Company's share Y=Yes/N=No
	The number of shares			
	Balance sheet amount ¥millions			
Advance Create Co., Ltd.	365,500	365,500	The purpose holding the stocks is to maintain and strengthen business partnerships in insurance, and to reap medium- to long-term earnings through by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains the transaction information to the counterpart company. It's been quantitatively periodically examined whether the effectiveness and risks to hold stocks have been commensurate with the capital costs.	N
	724	671		
Daiwa Motor Transportation Co., Ltd.	375,000	375,000	The purpose holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains the transaction information to the counterpart company. It's been quantitatively periodically examined whether the effectiveness and risks to hold stocks have been commensurate with the capital costs.	Y
	506	389		
Sanwa Holdings Corporation	260,000	260,000	The purpose holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains the transaction information to the counterpart company. It's been quantitatively periodically examined whether the effectiveness and risks to hold stocks have been commensurate with the capital costs.	Y
	356	342		
TOYO WHARF&WAREHOUSE CO., LTD.	200,643	200,643	The purpose holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains the transaction information to the counterpart company. It's been quantitatively periodically examined whether the effectiveness and risks to hold stocks have been commensurate with the capital costs.	Y
	344	298		
Meito Sangyo Co., Ltd.	150,000	150,000	The purpose holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains the transaction information to the counterpart company. It's been quantitatively periodically examined whether the effectiveness and risks to hold stocks have been commensurate with the capital costs.	Y
	238	228		
MEIWA INDUSTRY CO., LTD.	210,120	210,120	The purpose holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains the transaction information to the counterpart company. It's been quantitatively periodically examined whether the effectiveness and risks to hold stocks have been commensurate with the capital costs.	Y
	278	225		
MAEZAWA KASEI INDUSTRIES CO., LTD.	216,800	216,800	The purpose holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains the transaction information to the counterpart company. It's been quantitatively periodically examined whether the effectiveness and risks to hold stocks have been commensurate with the capital costs.	Y
	251	222		
Mitsubishi Paper Mills Limited	205,220	205,220	The purpose holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains the transaction information to the counterpart company. It's been quantitatively periodically examined whether the effectiveness and risks to hold stocks have been commensurate with the capital costs.	Y
	134	114		
NKK SWITCHES CO., LTD.	22,584	22,584	The purpose holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains the transaction information to the counterpart company. It's been quantitatively periodically examined whether the effectiveness and risks to hold stocks have been commensurate with the capital costs.	Y
	143	102		
San ju San Financial Group, Inc.	50,000	50,000	The purpose holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains the transaction information to the counterpart company. It's been quantitatively periodically examined whether the effectiveness and risks to hold stocks have been commensurate with the capital costs.	N *notice4
	117	77		
Nisshin Steel Co., Ltd.	457,500	—	Taiyo Life Insurance Company used to have the stocks to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving of dividends and so forth.	N
	581	—		
Concordia Financial Group, Ltd.	705,869	—	Taiyo Life Insurance Company used to have the stocks to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving of dividends and so forth.	N
	414	—		

*notice1 The subsidiary Mitsubishi Chemical Corporation holds stocks.

*notice2 The subsidiary Sompo Japan Nipponkoa Insurance Inc. holds stocks.

*notice3 The subsidiary MUFG Bank, Ltd. holds stocks.

*notice4 The subsidiary THE MIE BANK,LTD. holds stocks.

Regarded as Holding Shares

Not applicable.

Status of Stock Holdings

2. Stocks for which the holding purpose is pure investment

	Fiscal 2017		Fiscal 2018	
	The number of stocks	Total of balance sheet amount (¥ millions)	The number of stocks	Total of balance sheet amount (¥ millions)
Unlisted stocks	42	¥ 19,415	42	¥ 19,200
Stocks other than unlisted stocks	20	224,021	20	181,362

	Fiscal 2018 (¥millions)			
	Total dividends received	Total gains (losses) on sales	Total of valuation gains (losses)	
			Net unrealized gains (losses)	Valuation losses
Unlisted stocks	¥ 110	¥ 23	¥ 1,824	¥ —
Stocks other than unlisted stocks	6,446	10,180	38,830	168

3. Change in investment purpose during fiscal 2018

a. Stocks of which the holding purpose has been changed from pure investment to non-pure investment

Not applicable.

b. Stocks of which the holding purpose has been changed from non-pure investment to pure investment

	The number of shares	Balance sheet amount ¥millions
Concordia Financial Group, Ltd.	705,869	¥ 301

III. Holdings stocks on Daido Life Insurance Company

Of the Company and its consolidated subsidiaries, Daido Life is the consolidated subsidiary with the second largest balance of investment stock. The status of Daido Life's stock holding is as follows:

1. Non-pure investment stocks

a. Policies to hold shares, methods to verify the rationality to hold shares, verification contents at the Board of Directors meetings about the appropriateness to hold individual companies

Every year, the boards of directors of the Company and Daido Life Insurance Company shall verify the propriety of holding individual non-pure investment stocks by concretely examining the adequacy of the holdings, whether the benefits and risks are commensurate with the capital costs, and other factors.

b. The number of Stocks and the amounts on Balance Sheets

	The number of stocks	Total of balance sheet amount (¥ millions)
Unlisted stocks	98	¥ 5,605
Stocks other than unlisted stocks	78	248,880

(Stocks with increased number of shares in this fiscal year)

	The number of stocks	Total of acquisition costs related to the increase in the number of shares (¥millions)	The reasons for increasing the number of shares
Unlisted stocks	2	¥ 1,441	For new and additional purchase as the purpose of new construction on business relationships
Stocks other than unlisted stocks	2	1,823	For new and additional purchase as the purpose of further enhancement on business relationships

(Stocks with decreased number of shares in this fiscal year)

	The number of stocks	Total of sale price related to the decrease in the number of shares (¥millions)
Unlisted stocks	4	¥ 20
Stocks other than unlisted stocks	12	21,687

Status of Stock Holdings

c. The information about the number of the stocks and balance sheet amount for Specified Investment Shares and Regarded as Holding Shares

Specified Investment Shares

Stocks	Year ended March 31, 2018	Year ended March 31, 2019	Holding purposes, quantitative effects to hold stocks, and reasons to increase the number of stocks.	Whether the counterpart company holds the Company's share Y=Yes/N=No
	The number of shares			
	Balance sheet amount ¥millions			
Mitsubishi UFJ Financial Group, Inc.	64,168,770	64,168,770	The purpose holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains the transaction information to the counterpart company. It's been quantitatively periodically examined whether the effectiveness and risks to hold stocks have been commensurate with the capital costs.	N *notice1
	¥ 44,725	¥ 35,292		
Ezaki Glico Co., Ltd.	3,500,400	3,500,400	The purpose holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains the transaction information to the counterpart company. It's been quantitatively periodically examined whether the effectiveness and risks to hold stocks have been commensurate with the capital costs.	Y
	19,497	20,372		
Daiwa House Industry Co., Ltd.	5,000,000	5,000,000	The purpose holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains the transaction information to the counterpart company. It's been quantitatively periodically examined whether the effectiveness and risks to hold stocks have been commensurate with the capital costs.	Y
	20,500	17,595		
Kansai Paint Co., Ltd.	7,607,000	7,607,000	The purpose holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains the transaction information to the counterpart company. It's been quantitatively periodically examined whether the effectiveness and risks to hold stocks have been commensurate with the capital costs.	Y
	18,850	16,058		
Nuernberger Beteiligungs- Aktiengesellschaft	1,552,936	1,727,036	The purpose holding the stocks is to maintain and strengthen business partnerships in insurance products/services and asset management, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains the transaction information to the counterpart company. It's been quantitatively periodically examined whether the effectiveness and risks to hold stocks have been commensurate with the capital costs. For the reinforcement of the business partnerships, the number of stocks has been increased.	Y
	14,492	15,165		
ONO PHARMACEUTICAL CO., LTD.	6,549,500	6,549,500	The purpose holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains the transaction information to the counterpart company. It's been quantitatively periodically examined whether the effectiveness and risks to hold stocks have been commensurate with the capital costs.	Y
	21,574	14,205		
Resona Holdings, Inc.	28,590,000	28,590,000	The purpose holding the stocks is to maintain and strengthen business partnerships in the sales, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains the transaction information to the counterpart company. It's been quantitatively periodically examined whether the effectiveness and risks to hold stocks have been commensurate with the capital costs.	N *notice2
	16,067	13,714		
SMC Corporation	627,300	313,700	The purpose holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains the transaction information to the counterpart company. It's been quantitatively periodically examined whether the effectiveness and risks to hold stocks have been commensurate with the capital costs.	Y
	27,017	13,027		
TKC Corporation	2,569,046	2,569,046	The purpose holding the stocks is to maintain and strengthen partnerships to support the continuation and development of small and medium enterprises, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been unveiled as it contains the transaction information to the counterpart company. It's been quantitatively periodically examined whether the effectiveness and risks to hold stocks have been commensurate with the capital costs.	Y
	11,123	10,391		
FUJII CORPORATION	6,684,000	6,684,000	The purpose holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains the transaction information to the counterpart company. It's been quantitatively periodically examined whether the effectiveness and risks to hold stocks have been commensurate with the capital costs.	Y
	13,929	9,852		
KONICA MINOLTA, INC.	9,040,518	9,040,518	The purpose holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains the transaction information to the counterpart company. It's been quantitatively periodically examined whether the effectiveness and risks to hold stocks have been commensurate with the capital costs.	Y
	8,244	9,845		
The Kansai Electric Power Company, Incorporated	3,656,550	3,656,550	The purpose holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains the transaction information to the counterpart company. It's been quantitatively periodically examined whether the effectiveness and risks to hold stocks have been commensurate with the capital costs.	Y
	4,998	5,967		

Stocks	Year ended March 31, 2018	Year ended March 31, 2019	Holding purposes, quantitative effects to hold stocks, and reasons to increase the number of stocks.	Whether the counterpart company holds the Company's share Y=Yes/N=No
	The number of shares			
	Balance sheet amount ¥millions			
Electric Power Development Co., Ltd. (J-POWER)	1,993,680	1,993,680	The purpose holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains the transaction information to the counterpart company. It's been quantitatively periodically examined whether the effectiveness and risks to hold stocks have been commensurate with the capital costs.	Y
	5,347	5,374		
Mitsubishi Pencil Co., Ltd.	2,344,000	2,344,000	The purpose holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains the transaction information to the counterpart company. It's been quantitatively periodically examined whether the effectiveness and risks to hold stocks have been commensurate with the capital costs.	Y
	5,620	5,027		
OKASAN SECURITIES GROUP INC.	8,660,000	8,660,000	The purpose holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains the transaction information to the counterpart company. It's been quantitatively periodically examined whether the effectiveness and risks to hold stocks have been commensurate with the capital costs.	Y
	5,507	3,559		
THE SHIZUOKA BANK, LTD.	3,824,000	3,824,000	The purpose holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains the transaction information to the counterpart company. It's been quantitatively periodically examined whether the effectiveness and risks to hold stocks have been commensurate with the capital costs.	Y
	3,846	3,223		
MEISEI INDUSTRIAL CO., LTD.	4,032,700	4,032,700	The purpose holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains the transaction information to the counterpart company. It's been quantitatively periodically examined whether the effectiveness and risks to hold stocks have been commensurate with the capital costs.	Y
	2,915	3,012		
Keihan Holdings Co., Ltd.	633,800	633,800	The purpose holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains the transaction information to the counterpart company. It's been quantitatively periodically examined whether the effectiveness and risks to hold stocks have been commensurate with the capital costs.	Y
	2,078	2,950		
Tsukishima Kikai Co., Ltd	2,115,700	2,115,700	The purpose holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains the transaction information to the counterpart company. It's been quantitatively periodically examined whether the effectiveness and risks to hold stocks have been commensurate with the capital costs.	Y
	3,182	2,917		
Mitsui Fudosan Co., Ltd.	1,000,000	1,000,000	The purpose holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains the transaction information to the counterpart company. It's been quantitatively periodically examined whether the effectiveness and risks to hold stocks have been commensurate with the capital costs.	Y
	2,581	2,782		
Sekisui House, Ltd.	1,400,000	1,400,000	The purpose holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains the transaction information to the counterpart company. It's been quantitatively periodically examined whether the effectiveness and risks to hold stocks have been commensurate with the capital costs.	Y
	2,718	2,564		
Sompo Holdings, Inc.	618,525	618,525	The purpose holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains the transaction information to the counterpart company. It's been quantitatively periodically examined whether the effectiveness and risks to hold stocks have been commensurate with the capital costs.	N *notice3
	2,648	2,534		
Daishi Hokuetsu Financial Group, Inc.	705,600	705,600	The purpose holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains the transaction information to the counterpart company. It's been quantitatively periodically examined whether the effectiveness and risks to hold stocks have been commensurate with the capital costs.	N *notice4
	3,316	2,205		
MOS FOOD SERVICES, INC.	790,760	790,760	The purpose holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains the transaction information to the counterpart company. It's been quantitatively periodically examined whether the effectiveness and risks to hold stocks have been commensurate with the capital costs.	Y
	2,506	2,127		

Status of Stock Holdings

Stocks	Year ended March 31, 2018	Year ended March 31, 2019	Holding purposes, quantitative effects to hold stocks, and reasons to increase the number of stocks.	Whether the counterpart company holds the Company's share Y=Yes/N=No
	The number of shares			
	Balance sheet amount ¥millions			
PERSOL HOLDINGS CO., LTD.	1,200,000	—	Daido Life Insurance Company used to have the stocks to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving of dividends and so forth.	N
	3,714	—		
GLORY LTD.	700,000	—	Daido Life Insurance Company used to have the stocks to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving of dividends and so forth.	Y
	2,656	—		
TEIJIN LIMITED	1,225,000	—	Daido Life Insurance Company used to have the stocks to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving of dividends and so forth.	N
	2,451	—		

*notice1 The subsidiary MUFG Bank, Ltd. holds stocks.

*notice2 The subsidiary Resona Bank, Limited. holds stocks.

*notice3 The subsidiary Sampo Japan Nipponkoa Insurance Inc. holds stocks.

*notice4 The subsidiary The Daishi Bank, Ltd. holds stocks.

Regarded as Holding Shares

Not applicable.

2. Stocks for which the holding purpose is pure investment

	Fiscal 2017		Fiscal 2018	
	The number of stocks	Total of balance sheet amount (¥ millions)	The number of stocks	Total of balance sheet amount (¥ millions)
Unlisted stocks	15	¥ 9,164	13	¥ 4,826
Stocks other than unlisted stocks	21	35,818	23	41,013

	Fiscal 2018 (¥millions)			
	Total dividends received	Total gains (losses) on sales	Total of valuation gains (losses)	
			Net unrealized gains (losses)	Valuation losses
Unlisted stocks	¥ 1,568	¥ —	(¥ 189)	¥ 369
Stocks other than unlisted stocks	506	341	5,902	—

3. Change in investment purpose during fiscal 2018

Stocks of which the holding purpose has been changed from pure investment to non-pure investment

Not applicable.

Stocks of which the holding purpose has been changed from non-pure investment to pure investment

Not applicable.

IV. T&D Holdings, Inc.

The status of the Company's stock holding is as follows:

1. Non-pure investment stocks

- a. **Policies to hold shares, the rationality to hold shares, verification contents at the Board of Directors meetings about the appropriateness to hold individual companies**

Not applicable.

- b. **The number of Stocks and the amount on Balance Sheets**

Not applicable.

(Stocks with increased number of shares in this fiscal year)

Not applicable.

(Stocks with decreased number of shares in this fiscal year)

Not applicable.

- c. **The information about the number of the stocks and the balance sheet amount for Specified Investment Shares and Regarded as Holding Shares**

Specified Investment Shares

Not applicable.

Regarded as Holding Shares

Not applicable.

2. Stocks for which the holding purpose is pure investment

Not applicable.

3. Change in investment purpose during fiscal 2018

Stocks of which the holding purpose has been changed from pure investment to non-pure investment

Not applicable.

Stocks of which the holding purpose has been changed from non-pure investment to pure investment

Not applicable.

Glossary

A

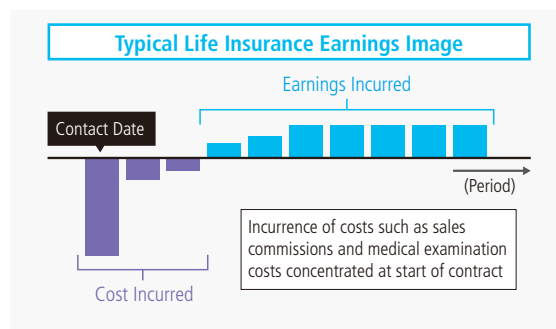
Annualized premiums	An adjusted figure for premiums paid using monthly, annual, or lump-sum payment methods showing total premiums paid on an annual basis.
Assumed business expense rate	One of the forecast rates used in the calculation of insurance premiums. It is the rate used to include business expenses necessary for administering insurance policies.
Assumed investment yield	One of the forecast rates used in the calculation of insurance premiums. It is the predetermined discount rate based on the expected earnings from the investment of insurance premiums.

C

Contingency reserve	<p>A reserve included as part of the policy reserve to account for the risk of insurance payment events occurring at a higher-than-expected rate due to higher-than-expected mortality and morbidity rates, and the risk of actual investment yields being lower than the assumed investment yields related to outstanding policies.</p> <p>Contingency reserve can be classified into:</p> <p>Contingency reserve I Corresponds to insurance risk</p> <p>Contingency reserve II Corresponds to assumed investment yield risk</p> <p>Contingency reserve III Corresponds to minimum guarantee risk relating to variable annuity and others</p> <p>Contingency reserve IV Corresponds to insurance risk of Third Sector insurance</p>
Core profit	An indicator showing core period earnings of life insurance companies, made up of insurance income and expenses (which include income from insurance premiums and insurance benefits and business expenses), and investment income and expenses (which include mainly interest, dividends and income from real estate for rent). It is not an item on the Company's statement of operation, but is calculated by deducting capital gains, such as gains (losses) on sales of securities and other one-time gains (losses), from ordinary profit.

E

ERM (Enterprise Risk Management)	A strategic management method used to achieve managerial goals such as raising corporate value and maximizing earnings, through the integrated management of capital, profit and risk.
ESG investment	Selective investments focused on companies that pay adequate attention to the environmental, social and governance factors.
ESR (Economic Solvency Ratio)	An indicator of capital adequacy based on economic value, calculated by dividing net assets based on economic value (surplus), by the risk volume (economic capital (EC)) quantified using the internal model. An ESR of 100% means that capital and risk are equal. The higher the ESR, the greater the amount of capital secured relative to risk. Although ESR is widely used mainly in Europe, there is no standardized calculation method. Each life insurance company calculates ESR individually based on its internal models.
EV (Embedded Value)	<p>Generally, life insurance policies extend over significantly long durations, resulting in a time gap between the recognition of revenues and expenses. EV is a concept used for measuring the corporate value of a life insurance company in consideration of this gap. EV (embedded value) refers to the amount of net assets after tax, which is considered to be attributable to shareholders, and is the sum of adjusted net assets calculated based on balance sheets, etc., and the value of in-force business calculated based on policies in force.</p> <p><Specific nature of life insurance accounting></p> <p>From the perspective of financial accounting, a life insurance company successfully acquiring new business in a year apparently shows a decrease in profit for the corresponding period, due to a heavier burden of initial costs, such as sales commissions. While there is a constant inflow of premiums each year, expenses gradually decrease over time, which results in the accumulation of earnings over longer periods.</p>



G

General account	The aggregate of a life insurer's assets, other than those allocated to separate accounts. General account assets are invested by a company to meet fixed guaranteed rates of return for policyholders, and that company bears the investment risk on such assets.
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J

Japan's Corporate Governance Code	Guidelines for corporate governance drafted by the Financial Services Agency and the Tokyo Stock Exchange, which indicate a "a structure for transparent, fair, timely and decisive decision-making by companies, with due attention to the needs and perspectives of shareholders and also customers, employees and local communities," in the form of a code of conduct to be observed by a listed company.
Japan's Stewardship Code	Code of conduct for behavior for institutional investors setting out the principles as "responsible institutional investors," designed to prompt sustainable growth of corporations through investment and dialogue.

L

Level-premium products	A type of insurance where the amount of the premium is constant from inception to the expiry of the premium payment period.
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M

MCEV (Market Consistent EV)	MCEV refers to Market Consistent EV, which is a method for evaluating EV in consistency with financial markets. MCEV is an EV calculated based on the MCEV Principles established in June 2008 by the CFO Forum (an organization of major European insurance companies), whereby a market consistent evaluation method was applied with a view to further unify the calculation standards.
Mortality rate	Rates of death, varying by such parameters as gender, age, and health, used in pricing and computing liabilities for future policyholder benefits for life insurance and annuity products.

N

Non-participating policy	Policies under which the policyholder receives no policyholder dividends. Non-participating policies generally feature lower premiums than participating or semi-participating policies.
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P

Participating policy	Policies under which the policyholder is eligible to share in the divisible surplus of a company—calculated based on the mortality rate margin, investment yield margin, and business expense margin—through the receipt of annual policyholder dividends.
Policy amount	Aggregate sum insured by a life insurance company. The total of policy amount at the end of a fiscal year is called the "policy amount in force." The total policy amount of policies (including converted policies) sold in a year is called the "new policy amount."
Policy reserve	A reserve established for the fulfillment of insurance claims and other payments related to a company's outstanding policies that are expected to be paid in the future. The policy reserve consists of a premium reserve, an unearned premium reserve, a repayment reserve, and a contingency reserve. A company uses the net level premium method to calculate the amount it sets aside each year as a policy reserve. The policy reserve is one of the three reserves comprising the reserve for policy and other reserves.
Positive spread/Negative spread	<p>The state in which actual investment earnings exceed the expected return based on the assumed investment yield is referred to as a "positive spread." A "negative spread" is when actual investment earnings are below the expected return.</p> <p>Positive spread (Negative spread denoted in bracket) = $(\text{Investment yield on core profit} - \text{Average assumed investment yield}) \times \text{Policy reserve in general account}$</p> <ul style="list-style-type: none"> • "Investment yield on core profit" is calculated by dividing the numerator as investment earnings in general account included in core profit less the provision for interest portion of reserve for dividends to policyholder by the denominator as policy reserve in general account. • "Average assumed investment yield" is calculated by dividing the numerator as assumed interest by the denominator as policy reserve in general account. • "Policy reserve in general account" represents the policy reserve in general account less contingency reserve calculated by the following method. <p>Policy reserve in general account = $(\text{Policy reserve at beginning of fiscal year} + \text{Policy reserve at the end of fiscal year} - \text{Assumed interest}) \times 1/2$</p>

Glossary

R

Reserve for policyholder dividends	A reserve used to fund the payment of policyholder dividends. The reserve for policyholder dividends is one of the three reserves comprising the reserve for policy and other reserves. For a mutual life insurance company, a transfer to reserve for policyholder dividends is treated as a disposition of net surplus. For a joint stock corporation, provision for reserve for policyholder dividends is treated as an expense.
Reserve for price fluctuations	Pursuant to provisions of the Insurance Business Act, companies maintain reserves to cover losses due to price fluctuations in assets subject to market price volatility, particularly investments in domestic and foreign stocks, yen-denominated bonds, and foreign currency-denominated bonds. This reserve may be used only to reduce deficits arising from price fluctuations of those assets.
ROEV/Core ROEV	ROEV stands for Return on Embedded Value, which is an indicator for measuring capital efficiency by assuming an increase in EV as profit in consideration of the specialty of life insurance accounting. Core ROEV is an indicator using an increase in EV mainly through the acquisition of new business.

S

Separate account	Assets related to variable insurance and variable annuity products, as well as some group pension products (including employee pension fund insurance and national pension fund insurance), are managed in a separate account for the purpose of directly returning investment results to policyholders. The investment results, less asset management fees, of the separate account assets are attributable to all policyholders so that the insurance company bears limited or no investment risk on such assets.
Single-premium insurance	A type of insurance where the premium is paid in lump-sum at the conclusion of the policy which covers the entire insurance period.
Small amount and short term insurance business	Type of insurance businesses that solely underwrite protection-type insurance products, involving small insured amounts and policy periods within one year (two years for second sector) within a specified scale of operation.
Social bond	Bond issued to raise funds for contributing to solutions to global social issues, such as support for emerging countries and measures against global warming.
Solvency margin ratio	A risk indicator calculated as the total solvency margin (including net assets, the reserve for price fluctuations, contingency reserve, reserve for possible loan losses, etc.) divided by 1/2 of total risk, which includes such factors as insurance risk due to a major earthquake or other disaster, investment risk, and various other risks. If a life insurance company's solvency margin ratio falls below 200%, the regulatory authorities will require management to introduce corrective measures to quickly return the company to soundness.
Standard mortality table	A table used by an insurance company for calculating "standard policy reserve," required to be set aside subject to the standards set out under the Insurance Business Act, which summarizes the data including the mortality rate and average life expectancy (average longevity into the future), by gender and age. Life insurance companies use the standard mortality table as a guideline for insurance premiums.
Standard yield rate	A rate which is required by the supervisory authorities to be applied in calculating the "standard policy reserve (a policy reserve required to be set aside from the standpoint of ensuring the business soundness of life insurance companies and protecting policyholders)."
Surrender and lapse amount	The total amount of money reimbursed on the surrender or lapse of insurance policies in a given fiscal year. Surrender occurs when policyholders choose to discontinue their policies. Lapse occurs when the deadline for payment of premiums that are in arrears is exceeded.

T

Third sector insurance	In the Japanese insurance industry, life insurance products and non-life insurance products are called "First Sector" and "Second Sector" insurance products, respectively, and insurance products which have intermediate characteristics of both products are called "Third Sector" insurance products. Examples include medical care, cancer, accident, and nursing care insurance.
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U

Ultimate Forward Rate (UFR)	A very long-term interest rate level that is thought to be realized macroeconomically. The Group begins interest rate extrapolation from 31 years and sets the convergence point for the ultimate forward rate level at 60 years.
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V

Value of new business	The value of distributable earnings to shareholders expected to be generated in the future from insurance policies (including converted policies) sold in a year, converted to a present value as at the valuation date.
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Corporate Data



Selected Financial Data

T&D HOLDINGS

Years ended March 31	2015	2016	2017	2018	¥ millions 2019
Statement of Operation Data:					
Ordinary revenues:					
Income from insurance premiums	¥1,958,055	¥1,574,506	¥1,505,234	¥1,483,719	¥1,676,184
Investment income	384,223	379,707	402,709	372,753	393,901
Other ordinary income	69,847	71,665	67,838	71,813	70,076
Total ordinary revenues	2,412,165	2,025,925	1,975,784	1,928,359	2,140,162
Ordinary expenses:					
Insurance claims and other payments	1,401,534	1,302,899	1,160,357	1,146,175	1,141,636
Provision for policy and other reserves	485,139	194,387	259,134	262,894	469,615
Investment expenses	66,427	77,477	130,277	96,288	112,285
Operating expenses	199,435	198,999	197,600	202,366	201,563
Other ordinary expenses	70,686	80,727	71,186	64,159	68,086
Total ordinary expenses	2,223,222	1,854,490	1,818,556	1,771,884	1,993,213
Ordinary profit	188,943	171,434	157,227	156,475	146,949
Net extraordinary gains (losses)	(8,105)	(29,274)	(35,067)	(16,485)	(17,890)
Provision for reserve for policyholder dividends	32,555	31,920	25,374	30,331	27,144
Income before income taxes	148,281	110,239	96,786	109,657	101,915
Income taxes:					
Current	44,147	46,075	33,316	34,106	32,383
Deferred	9,755	(8,561)	(11,895)	(2,044)	(3,316)
Total income taxes	53,903	37,513	21,421	32,061	29,066
Profit attributable to non-controlling interests	163	179	177	19	22
Profit attributable to owners of parent	¥ 94,215	¥ 72,547	¥ 75,187	¥ 77,577	¥ 72,825

As of March 31	2015	2016	2017	2018	¥ millions 2019
Balance Sheet Data:					
Assets:					
Total assets	¥14,664,705	¥14,674,207	¥14,891,167	¥15,262,398	¥15,794,711
Liabilities:					
Policy reserves	12,707,957	12,892,482	13,139,218	13,395,725	13,859,097
Total liabilities	13,319,755	13,460,145	13,794,395	14,109,362	14,635,123
Net assets:					
Total shareholders' equity	749,436	775,208	794,554	833,779	863,933
Total accumulated other comprehensive income	592,301	435,331	298,302	313,645	289,181
Total net assets	¥ 1,344,950	¥ 1,214,061	¥ 1,096,772	¥ 1,153,036	¥ 1,159,588

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

Years ended March 31	2015	2016	2017	2018	¥ millions 2019
Policy Results *:					
Policy amount in force	¥62,117,777	¥62,998,174	¥64,612,813	¥66,010,749	¥69,264,639
New policy amount	7,227,221	6,685,973	7,441,437	7,273,000	9,985,762
Surrender and lapse amount	3,752,457	3,789,522	3,837,734	3,884,453	4,625,021

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

Other Data:					
Core profit	¥ 182,766	¥ 153,097	¥ 159,985	¥ 148,466	¥ 149,638
Group MCEV *	2,298,000	1,893,700	2,290,500	2,406,700	2,370,600
Consolidated solvency margin ratio	1,220.7%	1,155.8%	1,105.1%	1,061.8%	1,093.1%

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

TAIYO LIFE

¥ millions

Years ended March 31	2015	2016	2017	2018	2019
Statement of Operation Data:					
Ordinary revenues:					
Income from insurance premiums	¥865,232	¥657,185	¥654,379	¥511,900	¥715,120
Investment income	176,370	202,909	228,058	189,495	190,444
Other ordinary income	19,544	13,792	15,517	37,319	12,044
Total ordinary revenues	1,061,146	873,887	897,955	738,716	917,610
Ordinary expenses:					
Insurance claims and other payments	566,446	604,261	535,387	522,746	521,457
Provision for policy and other reserves	281,973	39,860	99,991	885	183,693
Investment expenses	31,893	36,540	83,109	45,292	52,386
Operating expenses	77,606	76,424	77,189	76,698	76,730
Other ordinary expenses	35,619	37,676	35,635	30,301	29,147
Total ordinary expenses	993,539	794,763	831,312	675,925	863,413
Ordinary profit	67,606	79,124	66,642	62,790	54,196
Net extraordinary gains (losses)	(5,249)	(20,251)	(18,995)	(4,254)	(5,370)
Provision for reserve for policyholder dividends	18,093	18,135	11,738	15,664	13,138
Income before income taxes	44,264	40,736	35,909	42,870	35,687
Income taxes:					
Current	12,827	17,624	11,120	10,238	10,798
Deferred	3,482	(3,722)	(4,178)	2,151	(657)
Total income taxes	16,309	13,902	6,941	12,390	10,140
Net income	¥ 27,954	¥ 26,834	¥ 28,967	¥ 30,480	¥ 25,547

¥ millions

As of March 31	2015	2016	2017	2018	2019
Balance Sheet Data:					
Assets:					
Total assets	¥7,217,901	¥7,084,800	¥7,188,371	¥7,219,463	¥7,411,864
Liabilities:					
Policy reserves	6,279,589	6,318,824	6,410,781	6,389,235	6,569,075
Total liabilities	6,658,543	6,603,082	6,807,381	6,810,776	6,996,551
Net assets:					
Total shareholders' equity	259,537	279,336	279,765	290,945	304,203
Total valuation and translation adjustment	299,819	202,382	101,224	117,742	111,109
Total net assets	¥ 559,357	¥ 481,718	¥ 380,989	¥ 408,687	¥ 415,312

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

¥ millions

Years ended March 31	2015	2016	2017	2018	2019
Policy Results *:					
Policy amount in force	¥22,154,564	¥21,983,504	¥21,741,191	¥21,154,486	¥19,945,620
New policy amount	2,840,754	2,134,199	2,084,818	1,686,796	1,196,690
Surrender and lapse amount	1,270,225	1,255,956	1,255,824	1,236,078	1,240,097
Surrender and lapse rate	5.88%	5.67%	5.71%	5.69%	5.86%

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

Other Data:					
Core profit	¥ 68,188	¥ 53,812	¥ 53,464	¥ 48,547	¥ 51,859
MCEV *	868,600	725,700	777,500	825,000	856,200
Solvency margin ratio	993.9%	890.6%	848.6%	835.1%	849.7%
Number of in-house sales representatives	8,432	8,631	8,902	8,942	8,440

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

Selected Financial Data

DAIDO LIFE

¥ millions

Years ended March 31	2015	2016	2017	2018	2019
Statement of Operation Data:					
Ordinary revenues:					
Income from insurance premiums	¥792,715	¥748,914	¥766,336	¥790,852	¥ 828,003
Investment income	169,016	165,153	154,066	171,830	191,065
Other ordinary income	19,320	21,671	24,029	25,387	26,492
Total ordinary revenues	981,052	935,739	944,431	988,070	1,045,561
Ordinary expenses:					
Insurance claims and other payments	494,272	502,896	484,881	496,329	510,573
Provision for policy and other reserves	231,264	181,357	204,770	232,739	259,032
Investment expenses	39,128	34,443	48,244	46,233	61,342
Operating expenses	99,152	102,531	103,099	103,602	103,883
Other ordinary expenses	19,770	24,203	20,739	19,767	21,458
Total ordinary expenses	883,588	845,431	861,736	898,672	956,290
Ordinary profit	97,464	90,307	82,695	89,397	89,270
Net extraordinary gains (losses)	(2,653)	4,413	(12,450)	(11,698)	(11,956)
Provision for reserve for policyholder dividends	14,462	13,788	13,636	14,668	14,005
Income before income taxes	80,348	80,932	56,608	63,031	63,308
Income taxes:					
Current	28,104	29,351	20,777	22,854	21,414
Deferred	1,064	(2,896)	(7,286)	(4,396)	(3,634)
Total income taxes	29,168	26,455	13,491	18,458	17,779
Net income	¥ 51,180	¥ 54,476	¥ 43,116	¥ 44,572	¥ 45,528

¥ millions

As of March 31	2015	2016	2017	2018	2019
Balance Sheet Data:					
Assets:					
Total assets	¥5,977,975	¥6,152,026	¥6,298,188	¥6,573,924	¥6,843,179
Liabilities:					
Policy reserves	5,125,125	5,301,162	5,501,639	5,729,754	5,986,450
Total liabilities	5,297,596	5,488,203	5,654,175	5,913,402	6,180,746
Net assets:					
Total shareholders' equity	388,865	433,499	448,016	466,141	489,267
Total valuation and translation adjustment	291,513	230,323	195,996	194,380	173,165
Total net assets	¥ 680,379	¥ 663,823	¥ 644,013	¥ 660,521	¥ 662,433

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

¥ millions

Years ended March 31	2015	2016	2017	2018	2019
Policy Results *:					
Policy amount in force	¥38,156,747	¥39,205,952	¥40,992,241	¥42,803,504	¥47,146,055
Individual term life insurance	33,209,130	33,673,604	34,772,475	34,724,011	35,305,536
<i>J-type product, T-type product, Kaigo Relief and Kaigo Teiki Hoken</i>	1,764,379	2,415,881	3,166,600	5,426,922	10,057,448
New policy amount	4,063,816	4,315,542	5,121,169	5,231,498	8,474,888
Individual term life insurance	3,228,184	3,426,632	4,088,485	2,944,065	4,128,641
<i>J-type product, T-type product, Kaigo Relief and Kaigo Teiki Hoken</i>	657,003	786,609	934,940	2,523,252	5,085,094
Surrender and lapse amount	2,378,329	2,472,006	2,525,540	2,582,199	3,295,771
Surrender and lapse rate	6.38%	6.48%	6.44%	6.30%	7.70%

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

Other Data:					
Core profit	¥ 107,654	¥ 104,829	¥ 105,677	¥ 100,781	¥ 99,245
MCEV *	1,306,700	1,078,000	1,417,400	1,473,200	1,417,700
Solvency margin ratio	1,363.7%	1,341.9%	1,252.6%	1,206.2%	1,271.9%
Number of in-house sales representatives	3,790	3,867	3,843	3,714	3,786
Number of agents	13,675	13,793	13,878	13,992	14,132

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

T&D FINANCIAL LIFE

¥ millions

Years ended March 31	2015	2016	2017	2018	2019
Statement of Operation Data:					
Ordinary revenues:					
Income from insurance premiums	¥297,755	¥165,436	¥ 80,918	¥176,474	¥127,853
Investment income	46,366	14,232	23,041	12,982	17,221
Other ordinary income	37,989	38,365	51,874	7,036	5,683
Total ordinary revenues	382,110	218,035	155,834	196,492	150,758
Ordinary expenses:					
Insurance claims and other payments	339,700	194,324	138,311	124,953	106,894
Provision for policy and other reserves	1,440	2	0	50,164	26,791
Investment expenses	1,814	7,950	213	4,888	1,941
Operating expenses	14,422	12,705	9,745	12,349	11,453
Other ordinary expenses	2,275	1,840	1,363	1,592	1,612
Total ordinary expenses	359,653	216,822	149,634	193,948	148,694
Ordinary profit	22,457	1,212	6,199	2,543	2,064
Net extraordinary gains (losses)	(174)	(621)	(3,612)	(461)	(552)
Provision for (Reversal of) reserve for policyholder dividends	(0)	(3)	(1)	(1)	0
Income before income taxes	22,282	593	2,587	2,083	1,511
Income taxes:					
Current	2,411	(1,735)	874	199	(456)
Deferred	5,225	1,837	(427)	295	956
Total income taxes	7,636	101	446	494	500
Net income	¥ 14,645	¥ 492	¥ 2,141	¥ 1,588	¥ 1,011

¥ millions

As of March 31	2015	2016	2017	2018	2019
Balance Sheet Data:					
Assets:					
Total assets	¥1,387,624	¥1,359,879	¥1,313,747	¥1,365,878	¥1,438,819
Liabilities:					
Policy reserves	1,301,958	1,270,904	1,224,914	1,274,376	1,300,935
Total liabilities	1,319,425	1,289,619	1,242,846	1,292,955	1,361,498
Net assets:					
Total shareholders' equity	67,394	67,886	70,027	71,616	72,627
Total valuation and translation adjustment	804	2,373	874	1,306	4,693
Total net assets	¥ 68,198	¥ 70,260	¥ 70,901	¥ 72,922	¥ 77,321

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

¥ millions

Years ended March 31	2015	2016	2017	2018	2019
Policy Results *:					
Policy amount in force	¥1,806,465	¥1,808,717	¥1,879,380	¥2,052,758	¥2,172,963
Sales through independent insurance agents	1,091,312	1,156,568	1,280,606	1,506,435	1,676,228
New policy amount	322,651	236,231	235,449	354,705	314,183
Surrender and lapse amount	103,902	61,559	56,368	66,174	89,152
Surrender and lapse rate	5.62%	3.41%	3.12%	3.52%	4.34%

* The total of individual insurance and individual annuities.

Other Data:					
Core profit (loss)	¥ 6,923	¥ (5,545)	¥ 843	¥ (863)	¥ (1,466)
MCEV *	95,800	93,400	97,400	102,600	98,500
Solvency margin ratio	1,271.9%	1,260.7%	1,295.6%	1,258.3%	1,101.7%

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

Consolidated Financial Statements

Consolidated Balance Sheet

As of March 31,	2018	¥ millions 2019	US\$ thousands 2019
Assets:			
Cash and deposits	¥ 776,510	¥ 824,241	\$ 7,426,263
Call loans	10,539	1,037	9,343
Monetary claims purchased	117,578	126,905	1,143,391
Monetary trusts	685,819	765,481	6,896,849
Securities (Notes 8, 13 and 14)	11,377,032	11,735,384	105,733,705
Loans (Notes 3 and 7)	1,648,600	1,669,989	15,046,303
Tangible fixed assets (Note 4)	363,245	369,465	3,328,816
Land (Note 2 (14))	202,010	207,148	1,866,368
Buildings	155,308	149,916	1,350,719
Lease assets	605	435	3,919
Construction in progress	1,237	6,655	59,968
Other tangible fixed assets	4,082	5,309	47,841
Intangible fixed assets	26,862	28,467	256,490
Software	25,395	27,080	243,986
Lease assets	298	221	1,996
Other intangible fixed assets	1,169	1,166	10,506
Due from agencies	740	691	6,232
Due from reinsurers	3,136	2,271	20,464
Other assets (Note 14)	209,171	217,452	1,959,204
Deferred tax assets	44,753	54,925	494,869
Reserve for possible loan losses	(1,591)	(1,599)	(14,412)
Total assets	¥15,262,398	¥15,794,711	\$142,307,522

As of March 31,		¥ millions	US\$ thousands
	2018	2019	2019
Liabilities:			
Policy reserves	¥13,395,725	¥13,859,097	\$124,867,980
Reserve for outstanding claims	67,749	69,554	626,673
Policy reserve	13,239,086	13,706,879	123,496,522
Reserve for policyholder dividends (Note 6)	88,889	82,663	744,783
Due to agencies	658	408	3,684
Due to reinsurers	1,539	1,432	12,905
Short-term debentures	6,000	6,000	54,058
Bonds (Note 9)	87,065	117,035	1,054,464
Other liabilities (Notes 10 and 14)	342,252	359,214	3,236,456
Provision for bonuses to directors and audit & supervisory board members	276	273	2,466
Provision for share-based remuneration	—	336	3,034
Net defined benefit liability	50,764	51,038	459,849
Provision for directors' and audit & supervisory board members' retirement benefits	56	65	594
Reserves under the special laws	219,695	235,098	2,118,191
Reserve for price fluctuations	219,695	235,098	2,118,191
Deferred tax liabilities	13	15	139
Deferred tax liabilities on land revaluation (Note 2 (14))	5,316	5,106	46,012
Total liabilities	14,109,362	14,635,123	131,859,840
Net assets:			
Capital stock	207,111	207,111	1,866,040
Capital surplus	156,785	156,740	1,412,204
Retained earnings	516,585	564,944	5,090,048
Treasury shares	(46,703)	(64,863)	(584,409)
Total shareholders' equity	833,779	863,933	7,783,885
Valuation difference on available-for-sale securities	353,590	328,020	2,955,404
Deferred gains (losses) on hedging instruments	(4,320)	(2,987)	(26,917)
Land revaluation (Note 2 (14))	(35,637)	(35,869)	(323,180)
Foreign currency translation adjustments	11	18	169
Total accumulated other comprehensive income	313,645	289,181	2,605,474
Subscription rights to shares	1,216	1,081	9,742
Non-controlling interests	4,395	5,391	48,579
Total net assets	1,153,036	1,159,588	10,447,682
Total liabilities and net assets	¥15,262,398	¥15,794,711	\$142,307,522

See notes to consolidated financial statements.

Consolidated Statement of Operation

Years ended March 31,		¥ millions	US\$ thousands
	2018	2019	2019
Ordinary revenues	¥1,928,359	¥2,140,162	\$19,282,482
Income from insurance premiums	1,483,719	1,676,184	15,102,122
Investment income	372,753	393,901	3,548,984
Interest, dividends and income from real estate for rent	285,496	295,858	2,665,628
Gains from monetary trusts, net	—	5,240	47,219
Gains on investments in trading securities, net	—	25	229
Gains on sales of securities	78,487	88,897	800,954
Gains on redemption of securities	—	1,168	10,529
Reversal of reserve for possible loan losses	86	—	—
Other investment income	2,734	2,452	22,095
Gains on separate accounts, net	5,948	258	2,328
Other ordinary income	71,813	70,076	631,375
Equity in earnings of affiliates	72	—	—
Ordinary expenses	1,771,884	1,993,213	17,958,492
Insurance claims and other payments	1,146,175	1,141,636	10,285,940
Insurance claims	334,188	326,575	2,942,387
Annuity payments	281,915	271,440	2,445,632
Insurance benefits	148,099	147,057	1,324,966
Surrender payments	330,019	340,505	3,067,891
Other payments	51,951	56,056	505,062
Provision for policy and other reserves	262,894	469,615	4,231,155
Provision for reserve for outstanding claims	—	1,804	16,259
Provision for policy reserve	262,874	467,792	4,214,730
Interest portion of reserve for policyholder dividends	19	18	165
Investment expenses	96,288	112,285	1,011,674
Interest expenses	637	907	8,180
Losses from monetary trusts, net	285	—	—
Losses on investments in trading securities, net	195	—	—
Losses on sales of securities	18,097	16,894	152,212
Devaluation losses on securities	6,193	3,128	28,189
Losses from derivatives, net	45,680	65,619	591,223
Foreign exchange losses, net	3,900	1,775	15,997
Provision for reserve for possible loan losses	—	36	325
Write-off of loans	1	9	86
Depreciation of real estate for rent	5,027	6,219	56,033
Other investment expenses	16,269	17,694	159,426
Operating expenses	202,366	201,563	1,816,053
Other ordinary expenses	64,159	68,086	613,450
Equity in losses of affiliates	—	24	218
Ordinary profit	¥ 156,475	¥ 146,949	\$ 1,323,990

(continued)

		¥ millions	US\$ thousands
Years ended March 31,	2018	2019	2019
Extraordinary gains	¥ 28	¥ 699	\$ 6,301
Gains on disposal of fixed assets	13	650	5,860
State subsidy	15	42	381
Other extraordinary gains	—	6	59
Extraordinary losses	16,513	18,589	167,488
Losses on disposal of fixed assets	953	870	7,844
Impairment losses (Note 16)	744	2,113	19,039
Provision for reserve for price fluctuations	14,800	15,402	138,777
Other extraordinary losses	15	202	1,826
Provision for reserve for policyholder dividends	30,331	27,144	244,566
Income before income taxes	109,657	101,915	918,237
Income taxes (current)	34,106	32,383	291,768
Income taxes (deferred)	(2,044)	(3,316)	(29,883)
Total income taxes	32,061	29,066	261,884
Profit	77,596	72,848	656,352
Profit attributable to non-controlling interests	19	22	204
Profit attributable to owners of parent	¥ 77,577	¥ 72,825	\$656,148

Consolidated Statement of Comprehensive Income

		¥ millions	US\$ thousands
Years ended March 31,	2018	2019	2019
Profit	¥77,596	¥ 72,848	\$ 656,352
Other comprehensive income:			
Valuation difference on available-for-sale securities	14,764	(25,590)	(230,566)
Deferred gains (losses) on hedging instruments	883	1,332	12,005
Foreign currency translation adjustments	(0)	(0)	(0)
Share of other comprehensive income of associates accounted for using the equity method	(6)	5	52
Total other comprehensive income (Note 17)	15,640	(24,252)	(218,509)
Comprehensive income	¥93,236	¥ 48,596	\$ 437,842
(Breakdown)			
Comprehensive income attributable to owners of parent	¥93,202	¥48,595	\$ 437,833
Comprehensive income attributable to non-controlling interests	33	1	9

See notes to consolidated financial statements.

Consolidated Statement of Changes in Net Assets

¥ millions

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

¥ millions

Year ended March 31, 2019	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	¥207,111	¥156,785	¥516,585	¥(46,703)	¥833,779	¥353,590	¥(4,320)	¥(35,637)	¥11	¥313,645	¥1,216	¥4,395	¥1,153,036
Changes in the period:													
Dividends			(24,699)		(24,699)								(24,699)
Profit attributable to owners of parent			72,825		72,825								72,825
Purchase of treasury shares				(18,348)	(18,348)								(18,348)
Disposal of treasury shares		(45)		188	143								143
Reversal of land revaluation			232		232								232
Net changes of items other than shareholders' equity						(25,570)	1,332	(232)	7	(24,463)	(135)	996	(23,601)
Total changes in the period		(45)	48,358	(18,159)	30,153	(25,570)	1,332	(232)	7	(24,463)	(135)	996	6,552
Balance at the end 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

US\$ thousands

	Shareholders' equity					Accumulated other comprehensive income								
	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	Total net assets	
Year ended March 31, 2019														
Balance at the beginning of the year	\$1,866,040	\$1,412,611	\$4,654,343	\$(420,792)	\$7,512,203	\$3,185,787	\$(38,923)	\$(321,083)	\$105	\$2,825,886	\$10,959	\$39,599	\$10,388,648	
Changes in the period:														
Dividends			(222,540)		(222,540)								(222,540)	
Profit attributable to owners of parent			656,148		656,148								656,148	
Purchase of treasury shares				(165,313)	(165,313)								(165,313)	
Disposal of treasury shares		(406)		1,697	1,290								1,290	
Reversal of land revaluation			2,097		2,097								2,097	
Net changes of items other than shareholders' equity						(230,383)	12,005	(2,097)	63	(220,412)	(1,216)	8,980	(212,648)	
Total changes in the period		(406)	435,704	(163,616)	271,681	(230,383)	12,005	(2,097)	63	(220,412)	(1,216)	8,980	59,033	
Balance at the end of the year	\$1,866,040	\$1,412,204	\$5,090,048	\$(584,409)	\$7,783,885	\$2,955,404	\$(26,917)	\$(323,180)	\$169	\$2,605,474	\$ 9,742	\$48,579	\$10,447,682	

Consolidated Statement of Cash Flows

Years ended March 31,		¥ millions	US\$ thousands
	2018	2019	2019
Cash flows from operating activities:			
Income before income taxes	¥ 109,657	¥ 101,915	\$ 918,237
Depreciation of real estate for rent	5,027	6,219	56,033
Depreciation	10,762	11,892	107,149
Impairment losses	744	2,113	19,039
Increase (decrease) in reserve for outstanding claims	(2,315)	1,804	16,259
Increase (decrease) in policy reserve	262,874	467,792	4,214,730
Interest portion of reserve for policyholder dividends	19	18	165
Provision for reserve for (reversal of) policyholder dividends	30,331	27,144	244,566
Increase (decrease) in reserve for possible loan losses	(162)	18	167
Increase (decrease) in provision for bonuses to directors and audit & supervisory board members	13	(2)	(25)
Increase (decrease) in provision for share-based remuneration	—	336	3,034
Increase (decrease) in net defined benefit liability	(5,783)	274	2,470
Increase (decrease) in provision for directors' and audit & supervisory board members' retirement benefits	2	9	86
Increase (decrease) in reserve for price fluctuations	14,800	15,402	138,777
Interest, dividends and income from real estate for rent	(285,496)	(295,858)	(2,665,628)
Losses (gains) on investment securities	(59,949)	(70,327)	(633,638)
Interest expenses	637	907	8,180
Foreign exchange losses (gains)	3,463	1,174	10,583
Losses (gains) on disposal of tangible fixed assets	888	(193)	(1,738)
Equity in losses (income) of affiliated companies	(72)	24	218
Decrease (increase) in amount due from agencies	16	48	435
Decrease (increase) in amount due from reinsurers	364	858	7,730
Decrease (increase) in other assets (excluding investment activities-related and financing activities-related)	(14,043)	(12,223)	(110,133)
Increase (decrease) in amount due to agencies	324	(249)	(2,245)
Increase (decrease) in amount due to reinsurers	(242)	(106)	(963)
Increase (decrease) in other liabilities (excluding investment activities-related and financing activities-related)	99	7,266	65,469
Others, net	60,032	75,796	682,908
Subtotal	131,995	342,056	3,081,871
Interest, dividends and income from real estate for rent received	295,876	303,888	2,737,985
Interest paid	(550)	(912)	(8,221)
Policyholder dividends	(34,469)	(33,435)	(301,250)
Others, net	2,107	(1,948)	(17,556)
Income taxes paid	(24,832)	(32,690)	(294,537)
Net cash provided by (used in) operating activities	¥ 370,127	¥ 576,958	\$ 5,198,289

(continued)

Years ended March 31,	2018	¥ millions 2019	US\$ thousands 2019
Cash flows from investing activities:			
Net decrease (increase) in cash and deposits	¥ (50)	¥ (400)	\$ (3,603)
Investments in monetary claims purchased	(2,000)	(14,440)	(130,105)
Proceeds from sales and redemption of monetary claims purchased	25,454	13,728	123,689
Investments in monetary trusts	(137,658)	(92,532)	(833,701)
Proceeds from monetary trusts	35,470	10,157	91,517
Purchase of securities	(1,643,451)	(1,826,000)	(16,451,936)
Proceeds from sales and redemption of securities	1,265,588	1,509,010	13,595,915
Investments in loans	(397,753)	(370,968)	(3,342,358)
Collection of loans	435,667	350,823	3,160,858
Others, net	5,560	(39,418)	(355,154)
Subtotal	(413,173)	(460,040)	(4,144,879)
Total of net cash provided by (used in) operating activities and investment transactions as above	(43,045)	116,918	1,053,410
Purchase of tangible fixed assets	(53,658)	(19,914)	(179,426)
Proceeds from disposal of tangible fixed assets	247	1,570	14,147
Others, net	(574)	(300)	(2,705)
Net cash provided by (used in) investing activities	(467,159)	(478,684)	(4,312,863)
Cash flows from financing activities:			
Net increase (decrease) in short-term debenture	3,000	—	—
Proceeds from issuance of debt	22,800	12,500	112,622
Repayments of debt	(12,331)	(41,927)	(377,759)
Proceeds from issuance of bonds	37,000	50,000	450,491
Redemption of bonds	—	(20,000)	(180,196)
Proceeds from share issuance to non-controlling shareholders	2,147	1,040	9,374
Repayments to non-controlling shareholders	(405)	—	—
Payment of lease obligations	(527)	(450)	(4,057)
Purchase of treasury shares	(17,018)	(18,348)	(165,313)
Proceeds from disposal of treasury shares	0	5	53
Dividends paid	(21,926)	(24,622)	(221,839)
Dividends paid to non-controlling interests	(48)	(44)	(403)
Others, net	0	0	1
Net cash provided by (used in) financing activities	12,690	(41,846)	(377,027)
Effect of exchange rate changes on cash and cash equivalents	(2,387)	(908)	(8,188)
Net increase (decrease) in cash and cash equivalents	(86,728)	55,518	500,209
Cash and cash equivalents at the beginning of the year	885,267	798,538	7,194,691
Cash and cash equivalents at the end of the year (Note 19)	¥ 798,538	¥ 854,057	\$ 7,694,901

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 = 110.99 Japanese yen, which was the approximate rate prevailing at the end of March, 2019. The translations should not be construed as representations that such yen amounts have been, could have been or could in the future be converted into U.S. dollars at that or any other rate.

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

(2) Principles of consolidation

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

(3) Foreign currency translation

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

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

(4) Accounting policy for measuring significant assets

- a. Evaluation criteria and evaluation method for securities (including cash and deposits/monetary claims purchased which are equivalent to securities and securities invested as trust properties in monetary trusts)
- (i) Trading securities
 - 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 specific-type single-premium individual annuity insurance, etc., in the general asset segment
- All non-participating currency specific-type single-premium individual annuity insurance policies by currency in the general asset segment
- All defined contribution corporate pension insurance policies and all group pure endowment insurance in the group annuity insurance asset segment
- All insurance policies in the single-premium whole life/annuity insurance asset segment

[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) Processing method for deferred assets

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

(6) Reserve for possible loan losses

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

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

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

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

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

For collateralized or guaranteed loans to borrowers subject to bankruptcy or substantial bankruptcy, the amount of loans exceeding the estimated value of collateral or guarantees, which were deemed uncollectible, was directly deducted from the amount of loans in the amounts of ¥379 million and ¥372 million [\$3,358 thousand] for the years ended March 31, 2018 and 2019, respectively.

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

(7) Allocation method for reserve for price fluctuations

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

(8) Funding method for policy reserve

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

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

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

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

To provide for payment of bonuses to directors and audit & supervisory board members, a 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, 2019.

(10) 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.

(11) 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, 2019.

(12) 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.

[13] Depreciation method for significant depreciation assets

- a. Tangible fixed assets (except for lease assets)
Depreciation of tangible fixed assets (except for lease assets) is mainly calculated under the declining-balance method.
Depreciation of buildings (except for building and accessories, and structures) acquired on and after April 1, 1998, and building and accessories, and structures acquired on and after April 1, 2016, is calculated under the straight-line method. The main durable years are as follows:
 - Buildings, building and accessories, and structures: 2-50 years
 - Furniture and fixtures: 2-20 years
- b. Intangible fixed assets (except for lease assets)
Depreciation of software used in-house is calculated under the straight-line method over a useful life of five years.
- c. Lease assets
For the depreciation of lease assets, lease assets with respect to ownership-transfer finance leases are calculated under the same method for self-owned tangible fixed assets, and lease assets with respect to non-ownership-transfer finance leases are calculated under the straight-line method over the lease period.

[14] 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

[15] 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.

[16] Accounting treatment for consumption taxes

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

[17] 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.

[18] Unadopted accounting standards, etc.

[Accounting Standard for Revenue Recognition, etc.]

- “Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 29, issued on March 30, 2018)
- “Implementation Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30, issued on March 30, 2018)

- a. Summary
 A comprehensive accounting standard for revenue recognition. Revenue will be recognized applying the following five steps.
 Step 1: Identify the contract with a customer.
 Step 2: Identify the performance obligations of the contract.

- Step 3: Calculate the transaction price.
- Step 4: Allocate the transaction price to the performance obligations of the contract.
- Step 5: Recognize the revenue at the time when the performance obligations are fulfilled or as the performance obligations become fulfilled.
- b. Scheduled date of application
 Scheduled to be applied from the beginning of the fiscal year starting April 1, 2021.
- c. Effect of the application of the accounting standards
 The amount of the impact is under evaluation at the time of preparing the consolidated financial statements for the consolidated fiscal year ended March 31, 2019.

[Additional information]

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 (excluding those who are part-time directors such as outside directors and non-residents in Japan) and executive officers (excluding those who are non-residents in Japan, and together with directors, referred to as “Directors”) of the Company and Three Life Insurance Companies, 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 Director 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 Directors 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 and the number of treasury share in the Trust as of March 31, 2019 was ¥1,322 million [\$11,913 thousand] and 827,900 shares respectively.

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,	2018	2019	2019
Loans to bankrupt companies	¥ 194	¥ 138	\$ 1,250
Past due loans	384	287	2,591
Loans overdue for three months or more	2,178	1,738	15,667
Restructured loans	21	21	191
Total	¥2,779	¥2,186	\$19,700

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,	2018	2019	2019
Loans to bankrupt companies	¥ 74	¥ 72	\$655
Past due loans	101	103	933

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,	2018	2019	2019
Accumulated depreciation of tangible fixed assets	¥236,200	¥235,919	\$2,125,594

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,	2018	2019	2019
Separate account assets as provided in Article 118, Paragraph 1 of the Insurance Business Act	¥64,224	¥50,994	\$459,448

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,	2018	2019	2019
Balance at the beginning of the year	¥ 92,942	¥ 88,889	\$ 800,880
Policyholder dividends	(34,469)	(33,435)	(301,250)
Increase in interest	19	18	165
Increase due to other reasons	65	46	421
Provision for reserve for policyholder dividends	30,331	27,144	244,566
Balance at the end of the year	¥ 88,889	¥ 82,663	\$ 744,783

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,	2018	2019	2019
Total amount of loan commitments	¥24,143	¥31,301	\$282,022
Balance of loans outstanding	6,800	10,975	98,884
Balance	¥17,342	¥20,326	\$183,138

Note 8 Lending Securities for Loan Agreements

The lending securities for loan agreements are as follows:

		¥ millions	US\$ thousands
Years ended March 31,	2018	2019	2019
Lending securities for loan agreement	¥449,505	¥746,444	\$6,725,333

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,	2018	2019	2019
Subordinated bonds	¥57,000	¥87,000	\$783,854

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,	2018	2019	2019
Subordinated borrowings	¥43,000	¥13,000	\$117,127

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,	2018	2019	2019
Contributions to the Life Insurance Policyholders Protection Corporation	¥21,597	¥20,685	\$186,375

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,	2018	2019	2019
Taiyo Life Insurance Company	¥63,158	¥63,158	\$569,045
Daido Life Insurance Company	10,836	10,836	97,633

Note 13 Stocks of Affiliated Companies

Stocks of affiliated companies included in securities are as follows:

		¥ millions	US\$ thousands
Years ended March 31,	2018	2019	2019
Stocks of affiliated companies	¥410	¥615	\$5,548

Note 14 Assets Pledged as Collateral and Secured Debts

Assets pledged as collateral are as follows:

Years ended March 31,	2018	¥ millions 2019	US\$ thousands 2019
Securities (Japanese government bonds)	¥140,025	¥256,056	\$2,307,021
Securities (Corporate bonds)	—	21,670	195,244
Securities (Foreign securities)	370,941	567,489	5,112,977
Cash collateral pledged for financial instruments	871	125	1,126
Balance	¥511,837	¥845,340	\$7,616,369

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,	2018	¥ millions 2019	US\$ thousands 2019
Cash collateral received for bond-lending transactions	¥109,943	¥161,672	\$1,456,636

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

Years ended March 31,	2018	¥ millions 2019	US\$ thousands 2019
Financial Assets Received as Collateral with Free Right of Disposal	¥70,441	¥34,988	\$315,236

Note 16 Impairment Losses on Fixed Assets

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

(1) Grouping of assets

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

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

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

For some 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, 2018		¥ millions		
Asset	Location	Land	Buildings, etc.	Total
Rental properties, etc.	Inazawa City, Aichi Prefecture, etc. (16 assets)	¥509	¥234	¥744

Year ended March 31, 2019		¥ millions			US\$ thousands
Asset	Location	Land	Buildings, etc.	Total	Total
Rental properties, etc.	Tokushima City, Tokushima Prefecture, etc. (29 assets)	¥1,359	¥753	¥2,113	\$19,039

(4) Method for calculating the recoverable amount

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

The value in use for real estate owned for rental properties, etc., is calculated by discounting future cash flows by 5.30% for

the fiscal year 2018. In principle, the net realizable value for real estate owned for rental properties is calculated by subtracting the estimated costs of disposal from the appraisal value calculated in accordance with the real estate appraisal standard.

Note 17 Consolidated Statement of Comprehensive Income

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

Years ended March 31,	2018	¥ millions 2019	US\$ thousands 2019
Valuation difference on available-for-sale securities:			
Amount occurred during the year	¥ 67,882	¥ 33,929	\$ 305,698
Reclassification adjustments	(47,131)	(67,100)	(604,565)
Amount before tax effect	20,751	(33,171)	(298,867)
Tax effect	(5,987)	7,580	68,300
Valuation difference on available-for-sale securities	14,764	(25,590)	(230,566)
Deferred gains (losses) on hedging instruments:			
Amount occurred during the year	—	—	—
Reclassification adjustments	1,226	1,850	16,673
Amount before tax effect	1,226	1,850	16,673
Tax effect	(343)	(518)	(4,668)
Deferred gains (losses) on hedging instruments	883	1,332	12,005
Foreign currency translation adjustments:			
Amount occurred during the year	(0)	(0)	(0)
Share of other comprehensive income of associates accounted for using the equity method:			
Amount occurred during the year	(6)	5	52
Total other comprehensive income	¥ 15,640	¥(24,252)	\$(218,509)

Note 18 Consolidated Statement of Changes in Net Assets

For the year ended March 31, 2018

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

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

Notes:

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

(2) Subscription rights to shares

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

(3) Shareholder dividends

a. Shareholder dividends paid

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

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

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

For the year ended March 31, 2019

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

Year ended March 31, 2019	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	—	—	655,000,000
Treasury shares:				
Common stock	32,802,460	10,366,001	126,770	43,041,691

Notes:

- Treasury shares of common stock increased due to the following reasons:
 - Purchase of treasury shares based on the resolution made at a board of directors meeting held on May 15, 2018: 9,522,000 shares
 - Purchase of odd-lot shares: 11,301 shares
 - Purchase by the BIP (Board Incentive Plan) Trust: 832,700 shares
- Treasury shares of common stock decreased due to the following reasons:
 - Exercise of stock option: 121,700 shares
 - Purchase request of odd-lot shares: 270 shares
 - Decrease by the BIP Trust: 4,800 shares
- The number of treasury shares of common stock includes 827,900 shares of the Company's treasury share owned by the BIP Trust as of the end of the fiscal year. (0 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	US\$ thousands
The Company	Share subscription rights as stock options	¥1,081	\$9,742

(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 27, 2018	Common stock	¥12,443	\$112,117	¥20.0	\$0.18
Board of directors meeting held on November 14, 2018	Common stock	¥12,255	\$110,422	¥20.0	\$0.18

Note: The total amount of shareholder dividends, which based on the resolution made at the board of directors held on November 14, 2018, 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, 2019, while their effective date is in the fiscal year ending March 31, 2020

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 26, 2019	Common stock	¥13,481	\$121,464	Retained earnings	¥22.0	\$0.19

Note: The total amount of shareholder dividends includes ¥18 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.

		¥ millions	US\$ thousands
As of March 31,	2018	2019	2019
Cash and deposits	¥ 776,510	¥ 824,241	\$ 7,426,263
Less: deposits with an original maturity of more than three months	(4,510)	(4,910)	(44,238)
Call loans	10,539	1,037	9,343
Monetary claims purchased	117,578	126,905	1,143,391
Less: monetary claims purchased other than cash equivalents	(101,578)	(101,905)	(918,149)
Monetary trusts	685,819	765,481	6,896,849
Less: monetary trusts other than cash equivalents	(685,819)	(756,791)	(6,818,559)
Cash and cash equivalents	¥ 798,538	¥ 854,057	\$ 7,694,901

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

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

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

		¥ millions	US\$ thousands
As of March 31,	2018	2019	2019
Due within one year	¥6	¥3	\$35
Due after one year	1	1	16
Total	¥8	¥5	\$52

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

Other assets

		¥ millions	US\$ thousands
As of March 31,	2018	2019	2019
Other:			
Lease income receivables	¥34,681	¥39,081	\$352,120
Estimated residual value	473	83	756
Interest income	(2,837)	(3,115)	(28,070)
Total lease investment assets	¥32,318	¥36,050	\$324,805

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

Other assets

	¥ millions	
As of March 31, 2018	Lease receivables	Lease investment assets
Due within one year	¥1,762	¥8,758
Due after one year through two years	1,515	7,282
Due after two years through three years	1,200	5,913
Due after three years through four years	882	4,605
Due after four years through five years	631	3,233
Due after five years	1,060	4,887

	¥ millions		US\$ thousands	
As of March 31, 2019	Lease receivables	Lease investment assets	Lease receivables	Lease investment assets
Due within one year	¥1,759	¥9,436	\$15,852	\$85,024
Due after one year through two years	1,441	8,016	12,989	72,227
Due after two years through three years	1,110	6,672	10,009	60,115
Due after three years through four years	850	5,277	7,667	47,552
Due after four years through five years	614	3,924	5,538	35,355
Due after five years	1,052	5,754	9,484	51,845

Note 21 Tax-Effect Accounting

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

		¥ millions	US\$ thousands
As of March 31,	2018	2019	2019
Deferred tax assets:			
Reserve for price fluctuations	¥ 61,432	¥ 65,736	\$ 592,274
Policy reserves	63,984	63,913	575,853
Net defined benefit liability	29,897	29,968	270,013
Devaluation losses on securities	15,355	14,881	134,076
Deferred losses on disposal of fixed assets	5,485	5,335	48,070
Provision for bonuses	2,120	2,284	20,580
Tax loss carry-forward	1,257	1,121	10,100
Reserve for possible loan losses	464	464	4,186
Others	13,835	12,731	114,708
Subtotal	193,835	196,437	1,769,866
Valuation allowance	(16,535)	(16,179)	(145,770)
Total deferred tax assets	177,300	180,258	1,624,096
Deferred tax liabilities:			
Valuation difference on available-for-sale securities	(128,756)	(121,175)	(1,091,769)
Accrued dividend income	(2,262)	(2,599)	(23,424)
Deferred gain on reduction of carrying amount of real estate	(624)	(715)	(6,445)
Others	(916)	(857)	(7,728)
Total deferred tax liabilities	(132,560)	(125,348)	(1,129,367)
Net deferred tax assets (liabilities)	¥ 44,739	¥ 54,910	\$ 494,729

(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,	2018	2019
Statutory tax rate	28.2%	28.0%
(Adjustments)		
Valuation allowance	(0.0)	(0.2)
Permanent non-deductible items including entertainment expense, etc.	0.6	0.4
Others	0.4	0.3
Effective tax rate	29.2%	28.5%

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 risk management structure according to the business characteristics and risk profiles of each of the Company including the Three Life Insurance Companies.

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

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

implementation of the internal audits by the Internal Auditing Department.

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

(ii) Management of market risk

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

(iii) Management of credit risk

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

(iv) Management of liquidity risk

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

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

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

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

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

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

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

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

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

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

As of March 31, 2019	Consolidated balance sheet amount	Fair value	Difference
Cash and deposits	¥ 824,241	¥ 824,241	¥ —
Treated as securities	33,000	33,000	—
Available-for-sale securities	33,000	33,000	—
Others	791,241	791,241	—
Call loans	1,037	1,037	—
Monetary claims purchased	126,905	129,326	2,421
Treated as securities	125,789	128,041	2,251
Held-to-maturity bonds	33,182	35,434	2,251
Available-for-sale securities	92,607	92,607	—
Others	1,115	1,284	169
Monetary trusts	765,481	831,445	65,963
Monetary trusts for trading purposes	5,161	5,161	—
Monetary trusts for held-to-maturity purposes	29,867	31,357	1,490
Monetary trusts for policy reserve-matching purposes	669,708	734,182	64,473
Monetary trusts for other than trading, held-to-maturity or policy reserve-matching purposes	60,744	60,744	—
Securities	11,547,017	12,327,376	780,359
Trading securities	50,204	50,204	—
Held-to-maturity bonds	1,235,192	1,453,594	218,402
Policy reserve-matching bonds	3,152,683	3,714,640	561,957
Available-for-sale securities	7,108,936	7,108,936	—
Loans	1,668,798	1,722,734	53,935
Policy loans* ¹	118,989	132,528	13,547
Commercial loans* ¹	1,550,999	1,590,205	40,388
Reserve for possible loan losses* ²	(1,190)	—	—
Total assets	14,933,480	15,836,160	902,680
Short-term debentures	6,000	6,000	—
Bonds	117,035	117,704	669
Cash collateral received for bond-lending transactions within other liabilities	161,672	161,672	—
Borrowings within other liabilities	45,644	45,766	121
Total liabilities	330,352	331,143	791
Derivative financial instruments* ³ :			
Hedge accounting not applied	11,942	11,942	—
Hedge accounting applied	7,804	8,676	872
Total derivative financial instruments	¥ 19,747	¥ 20,619	¥ 872

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

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

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

US\$ thousands

As of March 31, 2019	Consolidated balance sheet amount	Fair value	Difference
Cash and deposits	\$ 7,426,263	\$ 7,426,263	\$ —
Treated as securities	297,324	297,324	—
Available-for-sale securities	297,324	297,324	—
Others	7,128,939	7,128,939	—
Call loans	9,343	9,343	—
Monetary claims purchased	1,143,391	1,165,206	21,814
Treated as securities	1,133,343	1,153,630	20,286
Held-to-maturity bonds	298,968	319,255	20,286
Available-for-sale securities	834,374	834,374	—
Others	10,048	11,575	1,527
Monetary trusts	6,896,849	7,491,172	594,323
Monetary trusts for trading purposes	46,501	46,501	—
Monetary trusts for held-to-maturity purposes	269,097	282,524	13,427
Monetary trusts for policy reserve-matching purposes	6,033,952	6,614,848	580,895
Monetary trusts for other than trading, held-to-maturity or policy reserve-matching purposes	547,298	547,298	—
Securities	104,036,555	111,067,453	7,030,898
Trading securities	452,330	452,330	—
Held-to-maturity bonds	11,128,862	13,096,627	1,967,765
Policy reserve-matching bonds	28,405,115	33,468,248	5,063,133
Available-for-sale securities	64,050,246	64,050,246	—
Loans	15,035,577	15,521,527	485,949
Policy loans* ¹	1,072,073	1,194,061	122,056
Commercial loans* ¹	13,974,229	14,327,465	363,892
Reserve for possible loan losses* ²	(10,726)	—	—
Total assets	134,547,981	142,680,966	8,132,985
Short-term debentures	54,058	54,058	—
Bonds	1,054,464	1,060,496	6,031
Cash collateral received for bond-lending transactions within other liabilities	1,456,636	1,456,636	—
Borrowings within other liabilities	411,252	412,350	1,097
Total liabilities	2,976,412	2,983,542	7,129
Derivative financial instruments* ³ :			
Hedge accounting not applied	107,603	107,603	—
Hedge accounting applied	70,315	78,174	7,858
Total derivative financial instruments	\$ 177,919	\$ 185,778	\$ 7,858

*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 basically 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: Fair values are 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: Fair values are 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:

		¥ millions	US\$ thousands
As of March 31,	2018	2019	2019
Investments in affiliates	¥ 410	¥ 615	\$ 5,548
Available-for-sale securities	182,294	187,750	1,691,602
Unlisted stocks *1, *2	19,523	16,820	151,554
Foreign securities *1, *2, *3	145,140	149,110	1,343,463
Other securities *2, *3	17,630	21,818	196,584

*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, 2018: foreign securities of ¥5,818 million and other securities of ¥369 million.

– For the year ended March 31, 2019: foreign securities of ¥932 million [\$8,402 thousand], other securities of ¥200 million [\$1,802 thousand] and unlisted stocks of ¥0 million [\$0 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, 2018	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	¥776,310	¥ —	¥ —	¥ —
Call loans	10,539	—	—	—
Monetary claims purchased	16,057	950	293	93,395
Securities:				
Held-to-maturity bonds:				
Government bonds	19,256	456,563	45,916	551,771
Municipal bonds	—	13,495	4,564	25,502
Corporate bonds	1,631	36,265	20,595	95,560
Policy reserve-matching bonds:				
Government bonds	59,153	34,772	263,734	1,580,414
Municipal bonds	9,036	6,710	41,200	137,530
Corporate bonds	26,160	71,580	94,230	567,100
Foreign securities	—	—	6,250	8,835
Available-for-sale fixed maturity securities:				
Government bonds	100	75,390	77,204	434,943
Municipal bonds	32,775	53,200	18,555	22,524
Corporate bonds	156,468	340,236	254,725	215,053
Foreign securities	83,395	637,355	1,302,771	533,654
Other securities	1	3	1	—
Loans	183,036	615,172	534,666	193,358

* Securities without contractual maturity dates in the amount of ¥ 868,722 million are not included. In addition, loans without contractual maturity dates such as policy loans in the amount of ¥ 122,321 million are not included.

	¥ millions			
As of March 31, 2019	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	¥824,100	¥ —	¥ —	¥ —
Call loans	1,037	—	—	—
Monetary claims purchased	25,486	235	4,293	90,230
Securities:				
Held-to-maturity bonds:				
Government bonds	183,063	290,504	37,863	543,846
Municipal bonds	13,495	664	3,510	25,844
Corporate bonds	2,600	54,260	—	96,207
Policy reserve-matching bonds:				
Government bonds	8,583	115,110	252,842	1,639,056
Municipal bonds	2,800	14,193	36,766	160,190
Corporate bonds	16,800	99,680	110,501	638,100
Foreign securities	—	1,043	19,669	12,550
Available-for-sale fixed maturity securities:				
Government bonds	—	90,390	52,566	388,844
Municipal bonds	42,684	17,397	21,601	16,006
Corporate bonds	122,084	340,245	312,892	199,898
Foreign securities	107,298	830,354	1,092,135	461,693
Other securities	—	7	1	—
Loans	169,024	615,230	536,497	220,338

US\$ thousands

As of March 31, 2019	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	\$7,424,994	\$ —	\$ —	\$ —
Call loans	9,343	—	—	—
Monetary claims purchased	229,627	2,118	38,681	812,959
Securities:				
Held-to-maturity bonds:				
Government bonds	1,649,364	2,617,396	341,144	4,899,962
Municipal bonds	121,595	5,985	31,624	232,854
Corporate bonds	23,425	488,877	—	866,813
Policy reserve-matching bonds:				
Government bonds	77,331	1,037,120	2,278,061	14,767,600
Municipal bonds	25,227	127,879	331,260	1,443,284
Corporate bonds	151,364	898,098	995,602	5,749,166
Foreign securities	—	9,400	177,216	113,074
Available-for-sale fixed maturity securities:				
Government bonds	—	814,397	473,611	3,503,420
Municipal bonds	384,575	156,751	194,628	144,214
Corporate bonds	1,099,958	3,065,547	2,819,102	1,801,046
Foreign securities	966,738	7,481,345	9,839,948	4,159,772
Other securities	—	66	11	—
Loans	1,522,882	5,543,117	4,833,743	1,985,209

* Securities without contractual maturity dates in the amount of ¥ 1,096,334 million [\$9,877,778 thousand] are not included. In addition, loans without contractual maturity dates such as policy loans in the amount of ¥ 129,083 million [\$1,163,021 thousand] are not included.

Annotation 4

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

	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
As of March 31, 2018	¥ 6,000	¥ —	¥ —	¥ —	¥ —	¥ —
Short-term debenture	¥ 6,000	¥ —	¥ —	¥ —	¥ —	¥ —
Bonds	—	—	30,000	—	—	57,000
Cash collateral received for bond-lending transactions within other liabilities	109,943	—	—	—	—	—
Borrowings within other liabilities	11,175	8,933	5,838	3,159	1,447	44,520

	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
As of March 31, 2019	¥ 6,000	¥ —	¥ —	¥ —	¥ —	¥ —
Short-term debenture	¥ 6,000	¥ —	¥ —	¥ —	¥ —	¥ —
Bonds	—	30,000	—	—	—	87,000
Cash collateral received for bond-lending transactions within other liabilities	161,672	—	—	—	—	—
Borrowings within other liabilities	11,283	8,113	5,384	3,497	2,237	15,128

	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
As of March 31, 2019	\$ 54,058	\$ —	\$ —	\$ —	\$ —	\$ —
Short-term debenture	\$ 54,058	\$ —	\$ —	\$ —	\$ —	\$ —
Bonds	—	270,294	—	—	—	783,854
Cash collateral received for bond-lending transactions within other liabilities	1,456,636	—	—	—	—	—
Borrowings within other liabilities	101,662	73,100	48,513	31,511	20,159	136,305

US\$ thousands

Note 23 **Securities**
(1) Trading securities

		¥ millions	US\$ thousands
As of March 31,	2018	2019	2019
Valuation difference included in earnings (losses) of the consolidated fiscal year	¥(2,651)	¥(4,940)	\$ (44,514)

(2) Held-to-maturity bonds

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

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

		¥ millions	
As of March 31, 2019	Consolidated balance sheet amount	Fair value	Difference
Fair value exceeding consolidated balance sheet amount:			
Domestic bonds	¥1,233,526	¥1,452,021	¥218,495
Government bonds	1,036,381	1,217,484	181,102
Municipal bonds	43,926	52,422	8,496
Corporate bonds	153,217	182,114	28,897
Other securities	33,182	35,434	2,251
Total	1,266,708	1,487,455	220,746
Fair value not exceeding consolidated balance sheet amount:			
Domestic bonds	1,666	1,573	(93)
Government bonds	1,666	1,573	(93)
Municipal bonds	—	—	—
Corporate bonds	—	—	—
Other securities	—	—	—
Total	1,666	1,573	(93)
Grand total	¥1,268,374	¥1,489,028	¥220,653

US\$ thousands

As of March 31, 2019	Consolidated balance sheet amount	Fair value	Difference
Fair value exceeding consolidated balance sheet amount:			
Domestic bonds	\$11,113,850	\$13,082,454	\$1,968,603
Government bonds	9,337,615	10,969,314	1,631,699
Municipal bonds	395,772	472,320	76,547
Corporate bonds	1,380,462	1,640,819	260,356
Other securities	298,968	319,255	20,286
Total	11,412,819	13,401,710	1,988,890
Fair value not exceeding consolidated balance sheet amount:			
Domestic bonds	15,011	14,173	(838)
Government bonds	15,011	14,173	(838)
Municipal bonds	—	—	—
Corporate bonds	—	—	—
Other securities	—	—	—
Total	15,011	14,173	(838)
Grand total	\$11,427,831	\$13,415,883	\$1,988,052

Note: Other securities include beneficiary trust certificates (consolidated balance sheet amount of ¥33,182 million [\$298,968 thousand]) which are represented as monetary claims purchased in the consolidated balance sheet.

(3) Policy reserve-matching bonds

¥ millions

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

¥ millions

As of March 31, 2019	Consolidated balance sheet amount	Fair value	Difference
Fair value exceeding consolidated balance sheet amount:			
Domestic bonds	¥3,010,248	¥3,574,433	¥564,185
Government bonds	1,997,598	2,399,162	401,564
Municipal bonds	197,457	227,815	30,357
Corporate bonds	815,191	947,455	132,263
Foreign securities	30,618	31,971	1,352
Foreign bonds	30,618	31,971	1,352
Total	3,040,866	3,606,405	565,538
Fair value not exceeding consolidated balance sheet amount:			
Domestic bonds	106,240	102,688	(3,551)
Government bonds	33,210	32,729	(481)
Municipal bonds	17,328	16,469	(858)
Corporate bonds	55,701	53,489	(2,212)
Foreign securities	5,577	5,547	(29)
Foreign bonds	5,577	5,547	(29)
Total	111,817	108,235	(3,581)
Grand total	¥3,152,683	¥3,714,640	¥561,957

US\$ thousands

As of March 31, 2019	Consolidated balance sheet amount	Fair value	Difference
Fair value exceeding consolidated balance sheet amount:			
Domestic bonds	\$27,121,795	\$32,205,008	\$5,083,213
Government bonds	17,998,006	21,616,027	3,618,021
Municipal bonds	1,779,060	2,052,578	273,517
Corporate bonds	7,344,728	8,536,402	1,191,674
Foreign securities	275,863	288,053	12,189
Foreign bonds	275,863	288,053	12,189
Total	27,397,659	32,493,062	5,095,403
Fair value not exceeding consolidated balance sheet amount:			
Domestic bonds	957,207	925,206	(32,000)
Government bonds	299,220	294,886	(4,333)
Municipal bonds	156,123	148,388	(7,734)
Corporate bonds	501,862	481,930	(19,931)
Foreign securities	50,248	49,979	(269)
Foreign bonds	50,248	49,979	(269)
Total	1,007,456	975,186	(32,269)
Grand total	\$28,405,115	\$33,468,248	\$5,063,133

(4) Available-for-sale securities

¥ millions

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

Note: Other securities include certificates of deposit (consolidated balance sheet amount of ¥18,000 million) which are represented as cash and deposits, commercial paper (consolidated balance sheet amount of ¥15,999 million) and beneficiary trust certificates (consolidated balance sheet amount of ¥67,073 million) which are represented as monetary claims purchased in the consolidated balance sheet.

¥ millions

As of March 31, 2019	Consolidated balance sheet amount	Acquisition cost	Difference
Consolidated balance sheet amount exceeding acquisition cost:			
Domestic bonds	¥1,640,657	¥1,558,632	¥ 82,024
Government bonds	393,375	364,191	29,184
Municipal bonds	91,700	86,359	5,341
Corporate bonds	1,155,581	1,108,082	47,499
Domestic equities	613,820	366,806	247,013
Foreign securities	2,761,123	2,628,793	132,330
Foreign bonds	1,691,049	1,605,881	85,168
Foreign equities	2	1	0
Foreign other securities	1,070,071	1,022,910	47,161
Other securities	242,924	211,237	31,686
Total	5,258,526	4,765,470	493,055
Consolidated balance sheet amount not exceeding acquisition cost:			
Domestic bonds	394,703	407,473	(12,770)
Government bonds	205,167	211,926	(6,759)
Municipal bonds	10,937	11,601	(663)
Corporate bonds	178,598	183,945	(5,347)
Domestic equities	105,693	117,426	(11,733)
Foreign securities	1,277,237	1,329,233	(51,995)
Foreign bonds	1,014,024	1,059,768	(45,744)
Foreign equities	16,811	17,472	(661)
Foreign other securities	246,402	251,993	(5,590)
Other securities	198,383	204,238	(5,854)
Total	1,976,017	2,058,372	(82,354)
Grand total	¥7,234,544	¥6,823,842	¥410,701

US\$ thousands

As of March 31, 2019	Consolidated balance sheet amount	Acquisition cost	Difference
Consolidated balance sheet amount exceeding acquisition cost:			
Domestic bonds	\$14,782,029	\$14,043,002	\$ 739,027
Government bonds	3,544,239	3,281,295	262,943
Municipal bonds	826,206	778,081	48,125
Corporate bonds	10,411,583	9,983,625	427,958
Domestic equities	5,530,415	3,304,865	2,225,550
Foreign securities	24,877,227	23,684,953	1,192,274
Foreign bonds	15,236,051	14,468,700	767,351
Foreign equities	20	15	5
Foreign other securities	9,641,155	9,216,237	424,917
Other securities	2,188,707	1,903,213	285,493
Total	47,378,380	42,936,035	4,442,345
Consolidated balance sheet amount not exceeding acquisition cost:			
Domestic bonds	3,556,205	3,671,263	(115,057)
Government bonds	1,848,520	1,909,421	(60,900)
Municipal bonds	98,547	104,523	(5,975)
Corporate bonds	1,609,137	1,657,318	(48,181)
Domestic equities	952,275	1,057,992	(105,717)
Foreign securities	11,507,684	11,976,156	(468,471)
Foreign bonds	9,136,174	9,548,321	(412,146)
Foreign equities	151,464	157,421	(5,957)
Foreign other securities	2,220,046	2,270,414	(50,368)
Other securities	1,787,399	1,840,151	(52,751)
Total	17,803,564	18,545,563	(741,998)
Grand total	\$65,181,945	\$61,481,598	\$3,700,346

Note: Other securities include certificates of deposit (consolidated balance sheet amount of ¥33,000 million [\$297,324 thousand]) which are represented as cash and deposits, commercial paper (consolidated balance sheet amount of ¥24,999 million [\$225,242 thousand]) and beneficiary trust certificates (consolidated balance sheet amount of ¥67,607 million [\$609,131 thousand]) which are represented as monetary claims purchased in the consolidated balance sheet.

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

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

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

There were no sales of securities classified as held-to-maturity bonds for the year ended March 31, 2019.

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

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

¥ millions			
Year ended March 31, 2019	Proceeds of sales	Gross gains	Gross losses
Domestic bonds	¥44,933	¥3,125	¥ 9
Government bonds	38,121	2,621	9
Municipal bonds	1,473	107	—
Corporate bonds	5,338	396	—
Total	¥44,933	¥3,125	¥ 9

US\$ thousands			
Year ended March 31, 2019	Proceeds of sales	Gross gains	Gross losses
Domestic bonds	\$404,842	\$28,161	\$85
Government bonds	343,464	23,618	85
Municipal bonds	13,279	968	—
Corporate bonds	48,098	3,574	—
Total	\$404,842	\$28,161	\$85

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

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

¥ millions			
Year ended March 31, 2019	Proceeds of sales	Gross gains	Gross losses
Domestic bonds	¥116,947	¥24,489	¥ 1
Government bonds	79,976	15,559	—
Municipal bonds	9,757	2,181	—
Corporate bonds	27,213	6,748	1
Domestic equities	71,541	33,881	173
Foreign securities	691,627	16,411	16,708
Foreign bonds	592,996	6,399	14,647
Foreign equities	8,983	1,136	4
Foreign other securities	89,647	8,875	2,056
Other securities	45,278	10,990	0
Total	¥925,395	¥85,772	¥16,884

Year ended March 31, 2019	US\$ thousands		
	Proceeds of sales	Gross gains	Gross losses
Domestic bonds	\$1,053,678	\$220,645	\$ 16
Government bonds	720,576	140,186	—
Municipal bonds	87,912	19,652	—
Corporate bonds	245,189	60,806	16
Domestic equities	644,579	305,265	1,561
Foreign securities	6,231,436	147,862	150,544
Foreign bonds	5,342,790	57,657	131,974
Foreign equities	80,938	10,241	38
Foreign other securities	807,707	79,962	18,531
Other securities	407,951	99,019	4
Total	\$8,337,645	\$772,792	\$152,126

(8) Impairment of securities

The Company and its consolidated subsidiaries recognized ¥5 million and ¥1,996 million [\$17,984 thousand] as impairment losses for the available-for-sale securities with fair value for the

fiscal years ended March 31, 2018 and 2019, 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,	2018	¥ millions	US\$ thousands
		2019	2019
Valuation difference included in earnings (losses) of the consolidated fiscal year	¥720	¥840	\$7,572

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

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

As of March 31, 2019	¥ millions		
	Consolidated balance sheet amount	Fair value	Difference
Monetary trusts	¥29,867	¥31,357	¥1,490

As of March 31, 2019	US\$ thousands		
	Consolidated balance sheet amount	Fair value	Difference
Monetary trusts	\$269,097	\$282,524	\$13,427

(3) Monetary trusts for policy reserve-matching purposes

¥ millions

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

¥ millions

As of March 31, 2019	Consolidated balance sheet amount	Fair value	Difference
Monetary trusts	¥669,708	¥734,182	¥64,473

US\$ thousands

As of March 31, 2019	Consolidated balance sheet amount	Fair value	Difference
Monetary trusts	\$6,033,952	\$6,614,848	\$580,895

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

¥ millions

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

¥ millions

As of March 31, 2019	Consolidated balance sheet amount	Acquisition cost	Difference
Monetary trusts	¥60,744	¥60,819	¥(74)

US\$ thousands

As of March 31, 2019	Consolidated balance sheet amount	Acquisition cost	Difference
Monetary trusts	\$547,298	\$547,971	\$(673)

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

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

Notes:

1. Calculation method of fair value

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

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

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

			¥ millions	
As of March 31, 2019	Notional amount		Fair value	Valuation gains (losses)
	Total	Over one year		
Over-the-counter transactions:				
Foreign exchange contracts:				
Sold	¥90,962	¥ —	¥ 84	¥ 84
U.S. dollar	53,087	—	55	55
Euro	15,200	—	132	132
British pound	4,253	—	(52)	(52)
Canadian dollar	716	—	27	27
Australian dollar	17,703	—	(78)	(78)
Bought	7,442	—	31	31
U.S. dollar	383	—	0	0
Euro	10	—	0	0
Australian dollar	7,048	—	30	30
Currency options:				
Bought				
Put	9,657	—		
	[20]	[—]	10	(10)
Euro	9,657	—		
	[20]	[—]	10	(10)
Currency swaps:				
Receive yen/pay foreign currency	14,944	—	516	516
Brazilian real	9,634	—	681	681
Indian rupee	5,310	—	(165)	(165)
Receive foreign currency/pay yen	16,579	—	(261)	(261)
U.S. dollar	714	—	(5)	(5)
Australian dollar	15,864	—	(256)	(256)
Total				¥ 360

US\$ thousands

As of March 31, 2019	Notional amount		Fair value	Valuation gains (losses)
	Total	Over one year		
Over-the-counter transactions:				
Foreign exchange contracts:				
Sold	\$819,555	\$ —	\$ 759	\$ 759
U.S. dollar	478,312	—	498	498
Euro	136,957	—	1,190	1,190
British pound	38,327	—	(472)	(472)
Canadian dollar	6,454	—	246	246
Australian dollar	159,503	—	(703)	(703)
Bought	67,051	—	282	282
U.S. dollar	3,455	—	5	5
Euro	91	—	0	0
Australian dollar	63,504	—	276	276
Currency options:				
Bought				
Put	87,013	—		
	[184]	[—]	94	(90)
Euro	87,013	—		
	[184]	[—]	94	(90)
Currency swaps:				
Receive yen/pay foreign currency	134,651	—	4,652	4,652
Brazilian real	86,802	—	6,140	6,140
Indian rupee	47,848	—	(1,488)	(1,488)
Receive foreign currency/pay yen	149,378	—	(2,358)	(2,358)
U.S. dollar	6,440	—	(45)	(45)
Australian dollar	142,937	—	(2,312)	(2,312)
Total				\$ 3,245

Notes:

1. Calculation method of fair value

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

Currency options are calculated based on prices obtained from counterparty financial institutions.

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.

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

b. Interest-related transactions

¥ millions

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

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, 2019	Notional amount		Fair value	Valuation gains (losses)
	Total	Over one year		
Over-the-counter transactions:				
Interest rate swaps:				
Receive fixed/pay floating	¥16,213	¥15,317	¥11,561	¥11,561
Total				¥11,561

US\$ thousands

As of March 31, 2019	Notional amount		Fair value	Valuation gains (losses)
	Total	Over one year		
Over-the-counter transactions:				
Interest rate swaps:				
Receive fixed/pay floating	\$146,076	\$138,010	\$104,166	\$104,166
Total				\$104,166

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

The Company held no stock-related derivative instruments as of March 31, 2018.

As of March 31, 2019	Notional amount		Fair value	Valuation gains (losses)
	Total	Over one year		
Market transactions:				
Stock exchange transactions				
Bought:				
Put	¥10,381 [34]	¥ — [—]	0	(33)
Total				¥(33)

As of March 31, 2019	Notional amount		Fair value	Valuation gains (losses)
	Total	Over one year		
Market transactions:				
Stock exchange transactions				
Bought:				
Put	\$93,535 [307]	\$ — [—]	6	(300)
Total				\$(300)

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.

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

Notes:

1. Calculation method of fair value

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

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

¥ millions

As of March 31, 2019	Notional amount		Fair value	Valuation gains (losses)
	Total	Over one year		
Over-the-counter transactions:				
Currency options:				
Bought:				
Put	1,985	1,438		
	[505]	[371]	147	(357)
U.S. dollar	1,128	786		
	[313]	[223]	89	(223)
Euro	857	652		
	[192]	[148]	58	(133)
Stock-related transactions:				
Stock index options:				
Bought:				
Call	32	10		
	[10]	[2]	31	21
Put	10,321	2,845		
	[2,646]	[604]	190	(2,456)
Total				¥(2,792)

US\$ thousands

As of March 31, 2019	Notional amount		Fair value	Valuation gains (losses)
	Total	Over one year		
Over-the-counter transactions:				
Currency options:				
Bought:				
Put	17,891	12,958		
	[4,553]	[3,350]	1,330	(3,222)
U.S. dollar	10,167	7,084		
	[2,823]	[2,015]	807	(2,016)
Euro	7,723	5,874		
	[1,730]	[1,335]	523	(1,206)
Stock-related transactions:				
Stock index options:				
Bought:				
Call	288	90		
	[92]	[25]	284	191
Put	92,992	25,640		
	[23,847]	[5,445]	1,719	(22,128)
Total				\$ (25,159)

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

Notes:

1. Calculation method of fair value

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

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

¥ millions

As of March 31, 2019	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		¥3,352,034	¥ —	¥ 7,785
U.S. dollar		2,247,783	—	(9,394)
Euro		729,658	—	15,119
British pound		146,229	—	667
Canadian dollar		97,428	—	(98)
Australian dollar		114,012	—	1,352
New Zealand dollar		14,027	—	136
Polish zloty		767	—	1
Danish krone		1,644	—	2
Singapore dollar		483	—	(1)
Bought		227,620	—	178
U.S. dollar		227,620	—	178
Allocation treatment for foreign exchange contracts, etc.:				
Foreign exchange contracts:	Certificates of deposit in foreign currencies			
Sold		40,000	—	—
U.S. dollar		10,000	—	—
Australian dollar		30,000	—	—
Currency swaps:	Foreign currency-denominated loans			
Receive yen/pay foreign currency		37,937	37,937	—
U.S. dollar		37,937	37,937	—
Total				¥ 7,964

US\$ thousands

		Notional amount		USD thousands
As of March 31, 2019	Hedged item	Total	Over one year	Fair value
Recognition of valuation gains/losses on hedged items:				
Foreign exchange contracts:	Foreign currency-denominated assets			
Sold				
U.S. dollar		\$30,201,228	\$ —	\$ 70,147
Euro		20,252,127	—	(84,645)
British pound		6,574,088	—	136,223
Canadian dollar		1,317,501	—	6,018
Australian dollar		877,813	—	(886)
New Zealand dollar		1,027,233	—	12,186
Polish zloty		126,382	—	1,233
Danish krone		6,912	—	9
Singapore dollar		14,813	—	21
Bought		4,355	—	(13)
U.S. dollar		2,050,823	—	1,612
		2,050,823	—	1,612
Allocation treatment for foreign exchange contracts, etc.:				
Foreign exchange contracts:	Certificates of deposit in foreign currencies			
Sold				
U.S. dollar		360,392	—	—
Australian dollar		90,098	—	—
		270,294	—	—
Currency swaps:	Foreign currency-denominated loans			
Receive yen/pay foreign currency				
U.S. dollar		341,809	341,809	—
		341,809	341,809	—
Total				\$ 71,759

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

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

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

					¥ millions
As of March 31, 2019	Hedged item	Notional amount		Fair value	
		Total	Over one year		
Special treatment for interest rate swaps:					
Interest rate swaps:					
Receive fixed/pay floating	Loans	¥44,987	¥33,137	¥872	
Total				¥872	

US\$ thousands

				US\$ thousands
As of March 31, 2019	Hedged item	Notional amount		Fair value
		Total	Over one year	
Special treatment for interest rate swaps:				
Interest rate swaps:				
Receive fixed/pay floating	Loans	\$405,332	\$298,566	\$7,858
Total				\$7,858

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

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

Note: Calculation method of fair value

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

		Notional amount		¥ millions
As of March 31, 2019	Hedged item	Total	Over one year	Fair value
Recognition of valuation gains/losses on hedged items:				
Forward contracts:				
Sold	Domestic equities	¥44,614	¥—	¥(160)
Total				¥(160)

		Notional amount		US\$ thousands
As of March 31, 2019	Hedged item	Total	Over one year	Fair value
Recognition of valuation gains/losses on hedged items:				
Forward contracts:				
Sold	Domestic equities	\$401,965	\$—	\$(1,443)
Total				\$(1,443)

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:

		¥ millions	US\$ thousands
Years ended March 31,	2018	2019	2019
Balance at the beginning of the year	¥155,716	¥154,239	\$1,389,671
Service cost	6,369	6,361	57,317
Interest cost	876	800	7,216
Actuarial gains and losses	1,959	3,136	28,261
Retirement benefit paid	(7,172)	(7,437)	(67,013)
Accrual of past service costs	(3,510)	—	—
Balance at the end of the year	¥154,239	¥157,101	\$1,415,452

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:

		¥ millions	US\$ thousands
Years ended March 31,	2018	2019	2019
Balance at the beginning of the year	¥ 99,168	¥103,475	\$932,292
Expected return on plan assets	920	1,121	10,103
Net actuarial gains and losses	1,347	1,154	10,398
Employer contribution	7,440	6,000	54,059
Benefit obligation paid	(5,402)	(5,688)	(51,252)
Balance at the end of the year	¥103,475	¥106,062	\$955,602

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:

		¥ millions	US\$ thousands
As of March 31,	2018	2019	2019
Retirement benefit obligations for funded plans	¥ 127,383	¥ 130,463	\$1,175,450
Plan assets	(103,475)	(106,062)	(955,602)
Employee pension trusts	[(62,124)]	[(63,321)]	[(570,518)]
	23,907	24,400	219,847
Retirement benefit obligations for unfunded plans	26,856	26,637	240,002
Net amount of defined benefit liability and defined benefit asset stated in the consolidated balance sheet	50,764	51,038	459,849
Defined benefit liability	50,764	51,038	459,849
Defined benefit asset	—	—	—
Net amount of defined benefit liability and defined benefit asset stated in the consolidated balance sheet	¥ 50,764	¥ 51,038	\$ 459,849

d. Components of retirement benefit expense are as follows:

		¥ millions	US\$ thousands
Years ended March 31,	2018	2019	2019
Service cost	¥ 6,369	¥ 6,361	\$ 57,317
Interest cost	876	800	7,216
Expected return on plan assets	(920)	(1,121)	(10,103)
Recognized actuarial gains and losses	612	1,982	17,862
Recognized past service costs	(3,510)	—	—
Retirement benefit expense relating to defined benefit retirement plan	¥ 3,427	¥ 8,023	\$ 72,291

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:

	2018	2019
As of March 31,		
Bonds	72.8%	72.0%
General account	11.2%	11.4%
Foreign securities	8.4%	8.0%
Stocks	5.3%	4.8%
Cash and deposits	1.5%	2.8%
Joint assets	0.7%	0.9%
Others	0.0%	0.0%
Total	100.0%	100.0%

Note: The total includes 60.0% and 59.7% of employee pension trusts set up for corporate pension plans for the fiscal years ended March 31, 2018 and 2019, 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,	2018	2019
Discount rate	0.11%–0.80%	(0.01)%–0.80%
Expected long-term rate of return on plan assets	0.26%–2.11%	0.24%–3.46%

(3) Defined contribution retirement plan

The required contribution for the defined contribution retirement plan of the Company and its consolidated subsidiaries amounted to ¥267 million and ¥268 million [\$2,418 thousand] for the fiscal years ended March 31, 2018 and 2019, respectively.

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

Years ended March 31,		¥ millions	US\$ thousands
2018	2019	2019	2019
Operating expenses	¥309	¥—	\$—

(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, 2019, 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	181,600 shares	120,000 shares	144,400 shares
Vested	—	—	—
Exercised	24,400 shares	17,400 shares	20,600 shares
Forfeited	—	—	—
Exercisable	157,200 shares	102,600 shares	123,800 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	121,700 shares	298,900 shares	206,100 shares
Vested	—	—	—
Exercised	12,400 shares	28,500 shares	18,400 shares
Forfeited	—	—	—
Exercisable	109,300 shares	270,400 shares	187,700 shares

(ii) Unit price information

	T&D Holdings, Inc. stock subscription rights (1st series)	T&D Holdings, Inc. stock subscription rights (2nd series)	T&D Holdings, Inc. stock subscription rights (3rd series)
Exercise price	1 yen	1 yen	1 yen
Average stock price at the time of exercise	1,441 yen	1,511 yen	1,457 yen
Fair value at the granted date	685 yen	1,143 yen	1,153 yen

	T&D Holdings, Inc. stock subscription rights (4th series)	T&D Holdings, Inc. stock subscription rights (5th series)	T&D Holdings, Inc. stock subscription rights (6th series)
Exercise price	1 yen	1 yen	1 yen
Average stock price at the time of exercise	1,403 yen	1,651 yen	1,739 yen
Fair value at the granted date	1,708 yen	918 yen	1,485 yen

[3] Method for estimating the 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,	2018	¥ millions 2019	US\$ thousands 2019
Balance at the beginning of the year	¥1,957	¥1,998	\$18,008
Time progress adjustment	41	42	380
Balance at the end of the year	¥1,998	¥2,041	\$18,389

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,	2018	¥ millions 2019	US\$ thousands 2019
Balance sheet amount:			
Balance at the beginning of the year	¥202,753	¥248,005	\$2,234,488
Net increase (decrease)	45,252	8,229	74,147
Balance at the end of the year	248,005	256,235	2,308,636
Fair value at the end of the year	¥307,523	¥335,797	\$3,025,472

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, 2018 and 2019 include amounts related to asset retirement obligations of ¥113 million and ¥79 million [\$718 thousand], respectively.
- For the year ended March 31, 2018, the increase mainly consisted of purchase of real estate totaling ¥ 45,926 million and the decrease mainly consisted of depreciation totaling ¥4,285 million. For the year ended March 31, 2019, the increase mainly consisted of purchase of real estate totaling ¥ 13,947 million [\$125,664 thousand] and the decrease mainly consisted of depreciation totaling ¥5,502 million [\$49,575 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,	2018	¥ millions 2019	US\$ thousands 2019
Ordinary revenues	¥15,719	¥17,568	\$158,288
Ordinary expenses	10,245	11,926	107,453
Ordinary profit	5,474	5,642	50,834
Other losses	(474)	(550)	(4,960)

Notes:

- Ordinary revenues and ordinary expenses constitute income from lease and corresponding expenses, such as depreciation, repair expenses, insurance expenses and taxes. These amounts are recorded in investment income and investment expenses.
- Other losses were mainly losses on disposal of fixed assets for the year ended March 31, 2018, and impairment losses for the year ended March 31, 2019. These amounts are recorded in extraordinary losses.

Note 30 Segment Information
(1) Overview of reportable segments

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

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

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

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

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

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

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

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

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

Notes:

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

2. Adjustments are as follows:

- (1) The adjustment of ¥(25,000 million) to ordinary revenues is the transferred amount which mainly consists of reversal of policy reserve of ¥20,409 million and provision for retirement benefits of ¥3,627 million which are included in ordinary expenses of the consolidated statement of operation as provision for policy reserves and reversal of provision for retirement benefits, respectively.
- (2) The adjustment of ¥(46,152 million) to segment income (loss) is mainly due to the elimination of dividends from subsidiaries and affiliates.
- (3) The adjustment of ¥(817,903 million) to segment assets is mainly due to the elimination of investments in stocks of subsidiaries and affiliates.
- (4) The adjustment of ¥(56,619 million) to segment liabilities is mainly due to the elimination of intersegment receivables and payables.

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

¥ millions

Year ended March 31, 2019	Reportable segments						Adjustments	Amount on consolidated financial statements
	Taiyo Life	Daido Life	T&D Financial Life	Subtotal	Others	Total		
Ordinary revenues	¥ 916,451	¥1,044,933	¥ 150,758	¥ 2,112,143	¥ 32,616	¥ 2,144,759	¥ (4,597)	¥ 2,140,162
Intersegment transfers	1,158	627	—	1,786	59,684	61,471	(61,471)	—
Total	917,610	1,045,561	150,758	2,113,929	92,301	2,206,231	(66,068)	2,140,162
Segment income (loss)	54,196	89,270	2,064	145,531	36,478	182,009	(35,060)	146,949
Segment assets	7,411,864	6,843,179	1,438,819	15,693,864	976,507	16,670,371	(875,659)	15,794,711
Segment liabilities	6,996,551	6,180,746	1,361,498	14,538,796	207,081	14,745,878	(110,754)	14,635,123
Others:								
Depreciation of real estate for rent	3,594	2,653	—	6,247	—	6,247	(28)	6,219
Depreciation	6,787	4,216	256	11,260	675	11,935	(43)	11,892
Provision for (reversal of) policy reserve	182,709	258,111	26,791	467,612	180	467,792	—	467,792
Provision for (reversal of) reserve for policyholder dividends	13,138	14,005	0	27,144	—	27,144	—	27,144
Interest, dividends and income from real estate for rent	143,579	145,486	8,322	297,388	35,299	332,688	(36,830)	295,858
Interest expenses	934	16	2	953	323	1,277	(369)	907
Equity in earnings (losses) of affiliates	—	—	—	—	—	—	(24)	(24)
Extraordinary gains	152	497	—	650	48	699	—	699
Extraordinary losses	5,522	12,454	552	18,529	50	18,580	9	18,589
Impairment losses	1,574	538	—	2,113	—	2,113	—	2,113
Provision for reserve for price fluctuations	3,606	11,244	552	15,402	—	15,402	—	15,402
Taxes	10,140	17,779	500	28,420	639	29,059	6	29,066
Investments in affiliated companies	94	365	—	459	—	459	—	459
Increase in tangible fixed assets and intangible fixed assets	¥ 14,425	¥ 13,817	¥ 938	¥ 29,181	¥ 552	¥ 29,733	¥ (124)	¥ 29,608

US\$ thousands

Year ended March 31, 2019	Reportable segments						Adjustments	Amount on consolidated financial statements
	Taiyo Life	Daido Life	T&D Financial Life	Subtotal	Others	Total		
Ordinary revenues	\$ 8,257,060	\$ 9,414,664	\$ 1,358,305	\$ 19,030,030	\$ 293,871	\$ 19,323,902	\$ (41,419)	\$ 19,282,482
Intersegment transfers	10,441	5,656	—	16,098	537,745	553,844	(553,844)	—
Total	8,267,502	9,420,321	1,358,305	19,046,129	831,617	19,877,747	(595,264)	19,282,482
Segment income (loss)	488,298	804,315	18,598	1,311,212	328,662	1,639,875	(315,885)	1,323,990
Segment assets	66,779,570	61,655,821	12,963,509	141,398,902	8,798,154	150,197,056	(7,889,534)	142,307,522
Segment liabilities	63,037,678	55,687,414	12,266,857	130,991,951	1,865,766	132,857,717	(997,877)	131,859,840
Others:								
Depreciation of real estate for rent	32,384	23,903	—	56,288	—	56,288	(254)	56,033
Depreciation	61,156	37,988	2,311	101,456	6,083	107,539	(389)	107,149
Provision for (reversal of) policy reserve	1,646,177	2,325,541	241,388	4,213,107	1,623	4,214,730	—	4,214,730
Provision for (reversal of) reserve for policyholder dividends	118,374	126,189	3	244,566	—	244,566	—	244,566
Interest, dividends and income from real estate for rent	1,293,627	1,310,805	74,985	2,679,418	318,043	2,997,462	(331,833)	2,665,628
Interest expenses	8,419	147	25	8,592	2,918	11,511	(3,331)	8,180
Equity in earnings (losses) of affiliates	—	—	—	—	—	—	(218)	(218)
Extraordinary gains	1,374	4,486	—	5,860	441	6,301	—	6,301
Extraordinary losses	49,760	112,215	4,975	166,950	455	167,405	82	167,488
Impairment losses	14,189	4,849	—	19,039	—	19,039	—	19,039
Provision for reserve for price fluctuations	32,489	101,312	4,975	138,777	—	138,777	—	138,777
Taxes	91,363	160,191	4,505	256,060	5,763	261,823	60	261,884
Investments in affiliated companies	849	3,292	—	4,141	—	4,141	—	4,141
Increase in tangible fixed assets and intangible fixed assets	\$ 129,968	\$ 124,496	\$ 8,451	\$ 262,916	\$ 4,975	\$ 267,891	\$ (1,124)	\$ 266,766

Notes:

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

2. Adjustments are as follows:

(1) The adjustment of ¥ (4,597 million) [\$ (41,419 thousand)] to ordinary revenues is the transferred amount which mainly consists of gains from derivatives, net of ¥2,286 million [\$20,603 thousand], reversal of provision for retirement benefits of ¥1,254 million [\$11,304 thousand] and foreign exchange gains, net of ¥854 million [\$ 7,701 thousand] which is included in ordinary expenses of the consolidated statement of operation as losses from derivatives, net, provision for retirement benefits and foreign exchange losses, net, respectively.

(2) The adjustment of ¥ (35,060 million) [\$ (315,885 thousand)] to segment income (loss) is mainly due to the elimination of dividends from subsidiaries and affiliates.

(3) The adjustment of ¥ (875,659 million) [\$ (7,889,534 thousand)] to segment assets is mainly due to the elimination of investments in stocks of subsidiaries and affiliates.

(4) The adjustment of ¥ (110,754 million) [\$ (997,877 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 profit set forth in the consolidated statement of operation.

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

Sales to external customers

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

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, 2019**1. Information by product and service**

Sales to external customers

	¥ millions				
Year ended March 31, 2019	Taiyo Life	Daido Life	T&D Financial Life	Others	Total
Income from insurance premiums	¥715,120	¥828,003	¥127,853	¥5,206	¥1,676,184
Insurance premiums	714,627	826,576	127,765	5,206	1,674,175
Individual insurance and individual annuities	606,517	767,359	127,611	—	1,501,487
Group insurance	29,781	22,211	—	—	51,992
Group annuities	77,139	35,936	134	—	113,210
Others	1,189	1,069	19	5,206	7,485
Ceded reinsurance recoveries	¥ 493	¥ 1,427	¥ 87	¥ —	¥ 2,008

	US\$ thousands				
Year ended March 31, 2019	Taiyo Life	Daido Life	T&D Financial Life	Others	Total
Income from insurance premiums	\$6,443,109	\$7,460,167	\$1,151,934	\$46,910	\$15,102,122
Insurance premiums	6,438,663	7,447,305	1,151,143	46,910	15,084,023
Individual insurance and individual annuities	5,464,611	6,913,768	1,149,753	—	13,528,133
Group insurance	268,323	200,119	—	—	468,443
Group annuities	695,010	323,784	1,210	—	1,020,005
Others	10,717	9,632	179	46,910	67,440
Ceded reinsurance recoveries	\$ 4,446	\$ 12,861	\$ 790	\$ —	\$ 18,099

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, 2018 and 2019

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, 2018 and 2019: Not applicable.

[Information on gains on negative goodwill by reportable segment]

For the years ended March 31, 2018 and 2019: Not applicable.

[Related party information]

1. Related party transactions

For the years ended March 31, 2018 and 2019: Not applicable.

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

For the years ended March 31, 2018 and 2019: Not applicable.

Note 31 Per Share Information

		¥	US\$
Years ended March 31,	2018	2019	2019
Net assets per share	¥1,844.15	¥1,884.30	\$16.97
Net income per share	124.23	118.50	1.06
Net income per share (fully diluted)	121.81	116.16	1.04

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,	2018	2019	2019
Net income per share:			
Profit attributable to owners of parent	¥77,577	¥72,825	\$656,148
Amount not attributable to common shareholders	—	—	—
Profit attributable to owners of parent attributable to common shareholders	¥77,577	¥72,825	\$656,148

		Shares	
Weighted-average number of common stocks outstanding	624,468,759	614,581,825	

		¥ millions	US\$ thousands
Years ended March 31,	2018	2019	2019
Net income per share (fully diluted):			
Adjusted profit attributable to owners of parent	¥(20)	¥(20)	\$(187)
Amortization of bond premium (after tax)	¥(20)	¥(20)	\$(187)

		Shares	
Increase in common stock	12,215,498	12,206,787	
Convertible Bond	11,152,830	11,230,066	
Subscription rights to shares	1,062,668	976,721	
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,	2018	2019	2019
Net assets	¥1,153,036	¥1,159,588	\$10,447,682
Deduction from net assets	5,611	6,473	58,322
Subscription rights to shares	1,216	1,081	9,742
Non-controlling interests	4,395	5,391	48,579
Net assets available to common shareholders	¥1,147,424	¥1,153,115	\$10,389,359

		Shares	
The number of common stock outstanding	622,197,540	611,958,309	

(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 shares of the treasury shares deducted for calculation of net income per share and net income per share (fully diluted) is 479,035 for the year ended March 31, 2019 and the number of year-end shares of the treasury shares deducted for calculation of net assets per share is 827,900 for the year ended March 31, 2019.

Note 32 Significant Subsequent Events

The Company has resolved at its board of directors meeting held on May 15, 2019, the purchase of treasury shares under the provision in Article 156 of the Companies Act of Japan, as applied pursuant to Article 165, Paragraph 3 of the same.

(1) Reasons for the purchase of treasury shares

To enhance shareholder return and improve capital efficiency.

(2) Details of the purchase

- a. Type of shares to be purchased : Shares of common stock
- b. Number of shares to be purchased : Up to 16,000,000 shares
- c. Total amount of purchase : Up to ¥13,000 million [\$117,127 thousand]
- d. Period of purchase : From May 16, 2019 to August 30, 2019
- e. Method of purchase : Open-market repurchase by the trust method

(3) Results of the purchase

- a. Total number of purchased shares : 11,469,900 shares
- b. Total cost of purchase : ¥12,999 million [\$117,118 thousand]
- c. Period of purchase : From May 16, 2019 to June 4, 2019, on the basis of execution date

Independent Auditor's Report



Ernst & Young ShinNihon LLC
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Tokyo 100-0006, Japan

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Independent Auditor's Report

The Board of Directors
T&D Holdings, Inc.

We have audited the accompanying consolidated financial statements of T&D Holdings, Inc. and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2019, and the consolidated statements of operations, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of T&D Holdings, Inc. and its consolidated subsidiaries as at March 31, 2019, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

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

Ernst & Young ShinNihon LLC

June 26, 2019

A member firm of Ernst & Young Global Limited

Stock Information

As of March 31, 2019

BASIC INFORMATION

Stock Exchange Listings	Tokyo Stock Exchange
Industry and Security Code	Insurance, 8795
Trading Unit	100 shares
Number of Shares of Common Stock	Authorized: 1,932,000,000 Issued: 655,000,000
Fiscal Year-End	March 31 every year
Ordinary General Meeting of Shareholders	June every year
Date of Record	Ordinary General Meeting of Shareholders March 31 every year Dividends March 31 every year (interim dividend, when paid, on September 30)
Public Notice	<ul style="list-style-type: none"> Electronic public notice (Japanese only) URL: https://www.td-holdings.co.jp/information/public.html/ If the Company is unable to issue an electronic public notice due to an accident or any other unavoidable reason, a public notice will be issued in the <i>Nihon Keizai Shimbun</i> (daily newspaper).
Transfer Agent	Mitsubishi UFJ Trust and Banking Corporation 4-5, Marunouchi 1-Chome, Chiyoda-ku, Tokyo, Japan URL: https://www.tr.mufg.jp/english/
Number of Shareholders	224,311

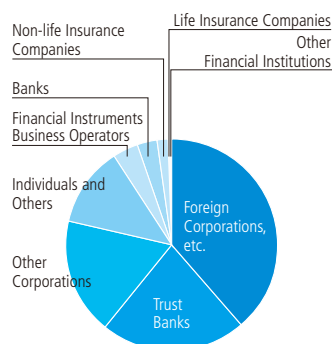
PRINCIPAL SHAREHOLDERS

Name of Shareholders	Number of Shares Held	Percentage of Total Shares Outstanding
The Master Trust Bank of Japan, Ltd. (Trust Account)	37,343	6.09
Japan Trustee Services Bank, Ltd. (Trust Account)	34,709	5.66
SSBTC CLIENT OMNIBUS ACCOUNT	13,334	2.18
Japan Trustee Services Bank, Ltd. (Trust Account5)	11,966	1.95
Japan Trustee Services Bank, Ltd. (Trust Account7)	11,751	1.92
Japan Trustee Services Bank, Ltd. (Trust Account9)	11,434	1.87
MUFG Bank, Ltd.	10,325	1.68
STATE STREET BANK WEST CLIENT – TREATY 505234	9,117	1.49
JP MORGAN CHASE BANK 385151	8,628	1.41
Japan Trustee Services Bank, Ltd. (Trust Account1)	7,994	1.30

Note: In addition to the above, the Company holds 42,213 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.

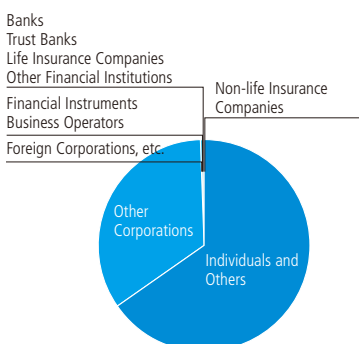
COMPOSITION OF SHAREHOLDERS AND SHARES

Proportion of Shares Held (%)



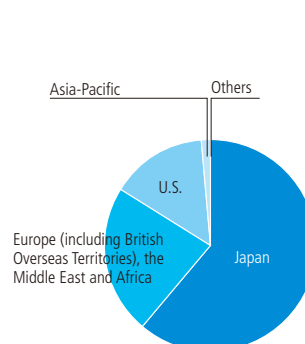
Foreign Corporations, etc.	38.88
Trust Banks	22.22
Other Corporations	17.67
Individuals and Others	12.10
Financial Instruments Business Operators	3.86
Banks	3.23
Non-life Insurance Companies	1.68
Life Insurance Companies	0.28
Other Financial Institutions	0.08
Governments and Local Public Bodies	—

Composition of Shareholders (%)



Individuals and Others	65.29
Other Corporations	34.34
Foreign Corporations, etc.	0.31
Financial Instruments Business Operators	0.02
Banks	0.01
Trust Banks	0.01
Life Insurance Companies	0.01
Other Financial Institutions	0.01
Non-life Insurance Companies	0.00
Governments and Local Public Bodies	—

Regional Distribution of Shares Held (%)



Japan	61.12
Europe (including British Overseas Territories), the Middle East and Africa	22.77
U.S.	14.90
Asia-Pacific	1.21
Others	0.00

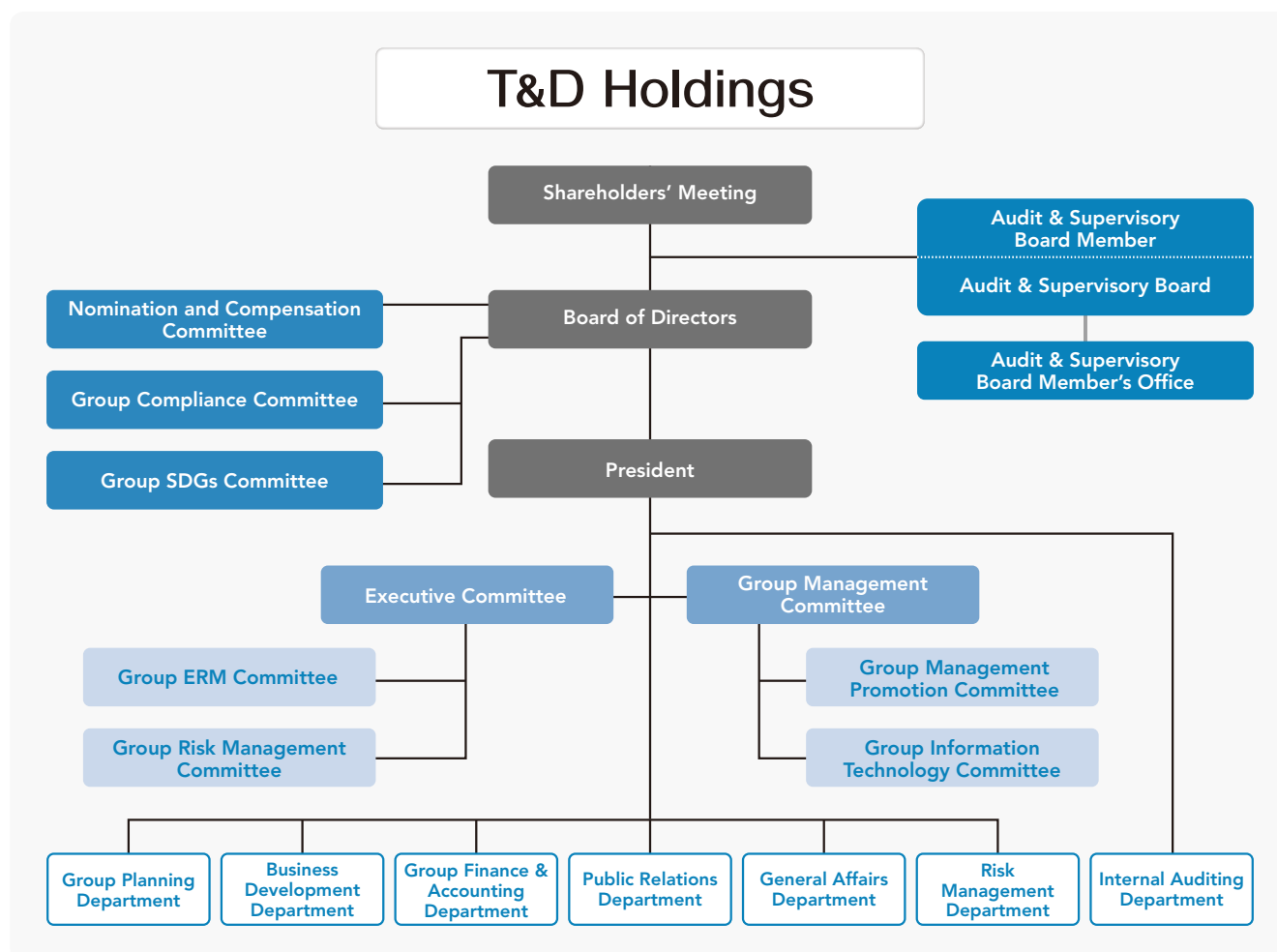
Corporate Overview

As of March 31, 2019

Company Name	T&D Holdings, Inc.
Date of Establishment	April 1, 2004
Location of Headquarters	2-7-1, Nihonbashi, Chuo-ku, Tokyo 103-6031, Japan Tel: +81-(0)3-3272-6110 Fax: +81-(0)3-3272-6552
Type of Business	Management control of life insurance subsidiaries under the Insurance Business Act of Japan and other laws and regulations, and other businesses associated with the above
Paid-in Capital	207,111.86 million yen
Security Code	8795
Stock Exchange Listings	Tokyo Stock Exchange (First Section)
Number of Common Stocks Issued	655,000,000 shares
Number of Employees	107

Organizational Structure

As of April 1, 2019

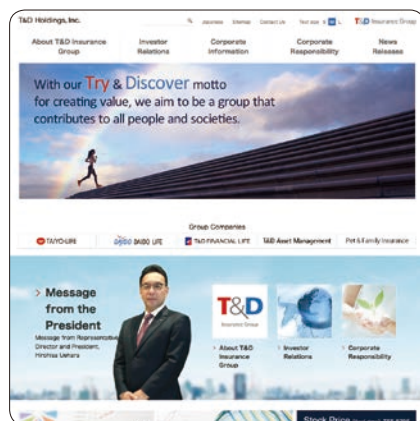


Websites

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

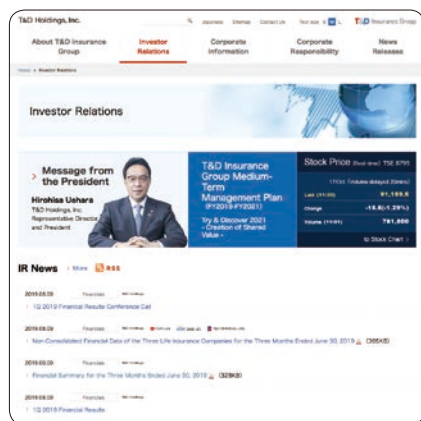
Website of T&D Holdings, Inc.

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



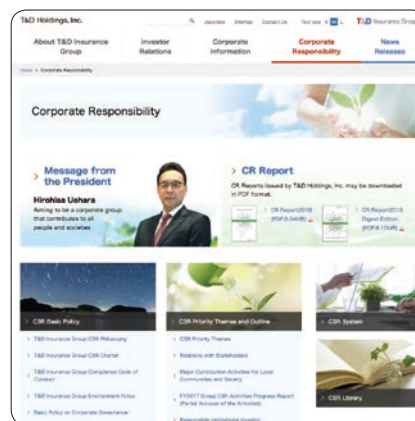
Investor Relations

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



Corporate Responsibility

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



Forward-looking Statements

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

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

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