

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 Kumiyoku 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 2019)



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).



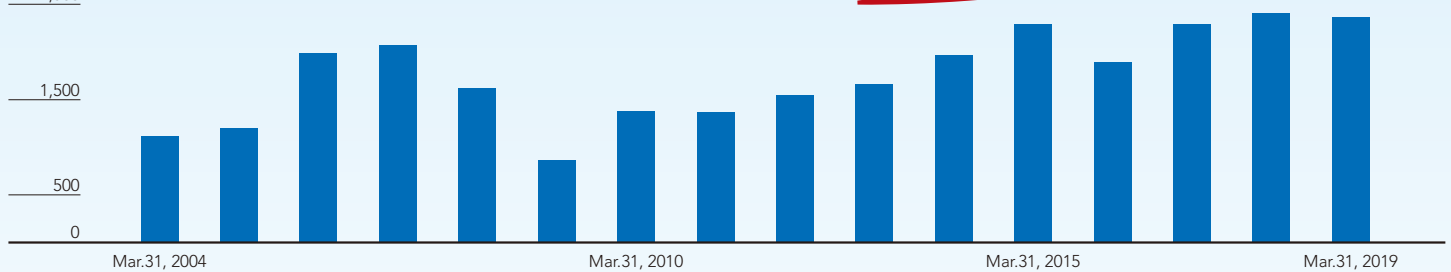
Head offices of three Group companies (T&D Holdings, Taiyo Life, and Daido Life) were relocated to Nihonbashi, Chuo-ku, Tokyo in 2016.

Group MCEV

As of March 31, 2019

¥2,370.6 billion

(¥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

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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)

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Medium-Term Management Plan (FY2019-FY2021)

Closed book business

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Investment in closed book business

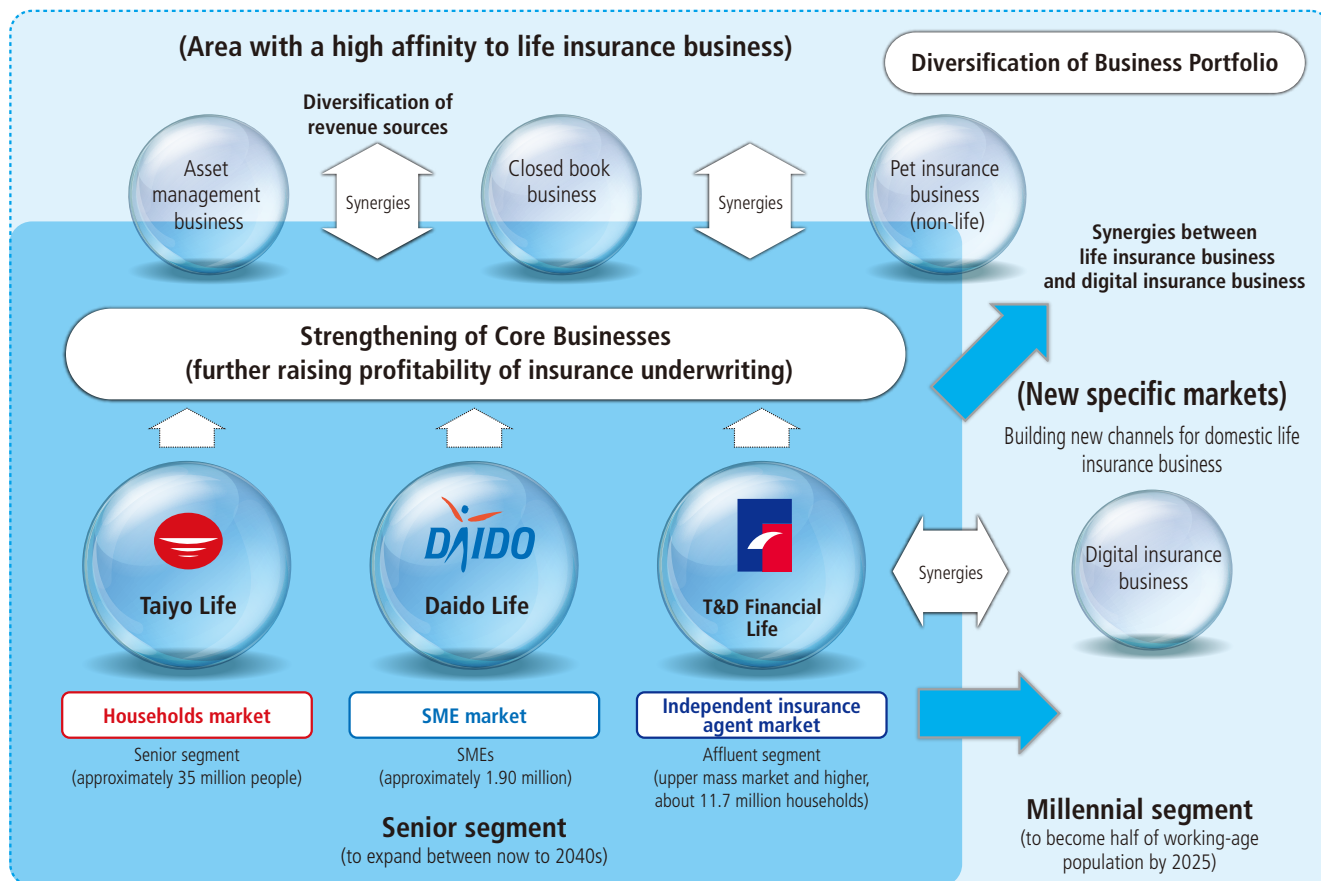
Medium-Term Management Plan (FY2019-FY2021)

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

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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)

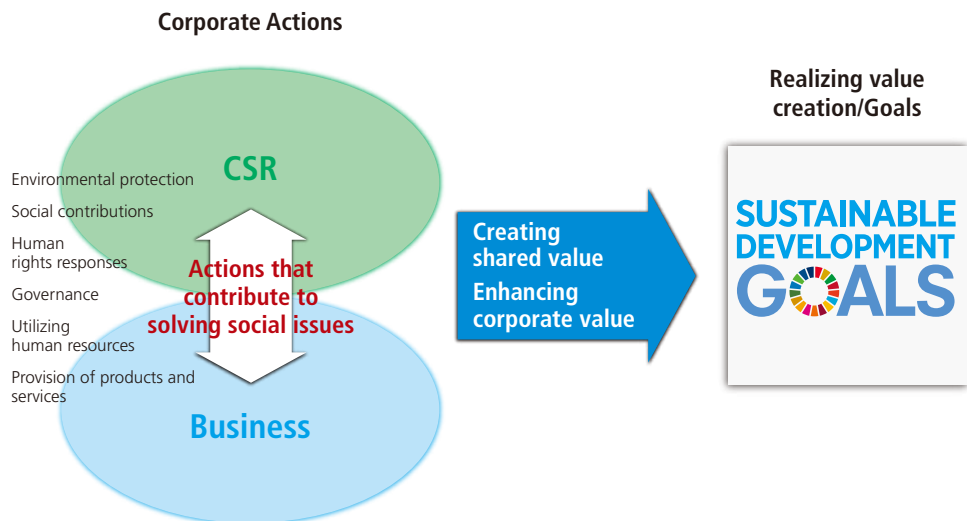
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Invest to help build a sustainable society

Initiatives that contribute to mitigation and adaptation to climate change

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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.

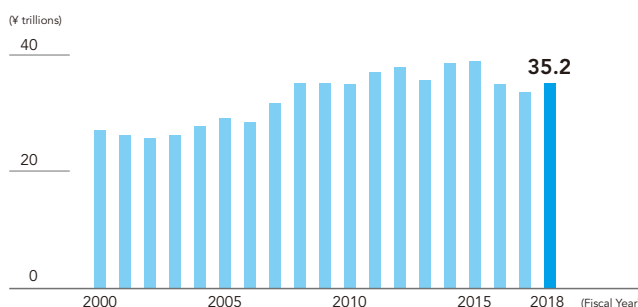
Overview of the Life Insurance Market

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.

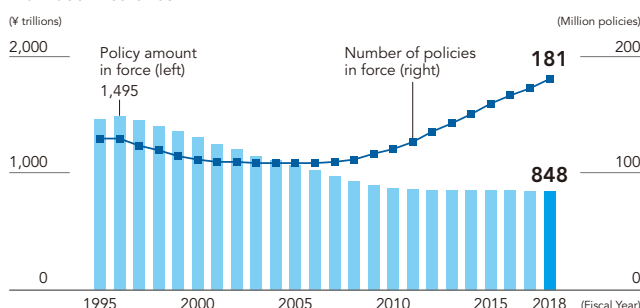
Policy Amount in Force and Number of Policies in Force

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

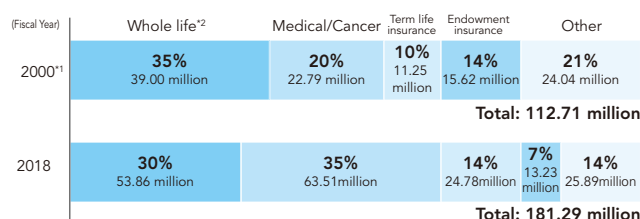
Turning to the breakdown of numbers of policies in force by type, the proportion of policies taken by medical and cancer insurance has increased significantly, from 20% in fiscal 2000 to 35% in fiscal 2018. The number of policies has also increased 2.8 times, from 22.79 million to 63.51 million, indicating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



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

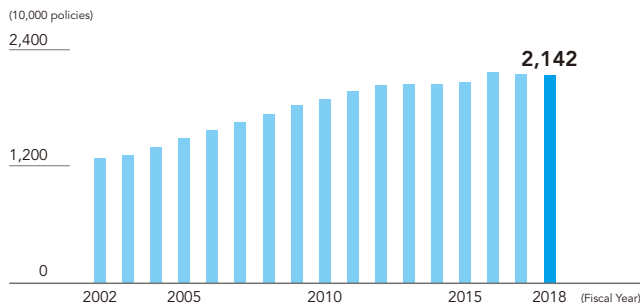
*1 Excluding the numerical value for former postal life insurance in fiscal 2000.

*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.

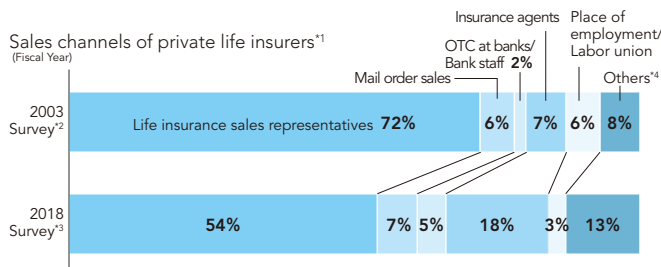
Trend in the number of policies in force for individual annuity insurance



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.



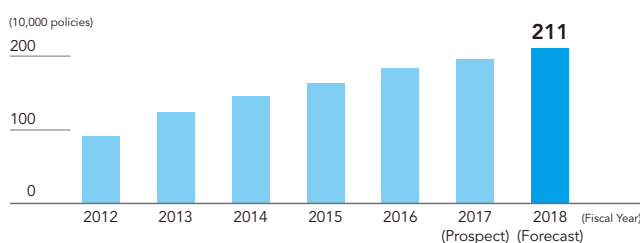
Source: Compiled by T&D Holdings based on the results of the Corporation Sample Survey on Life Insurance (FY2003 and FY2018) of Japan Institute of Life Insurance.

*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.

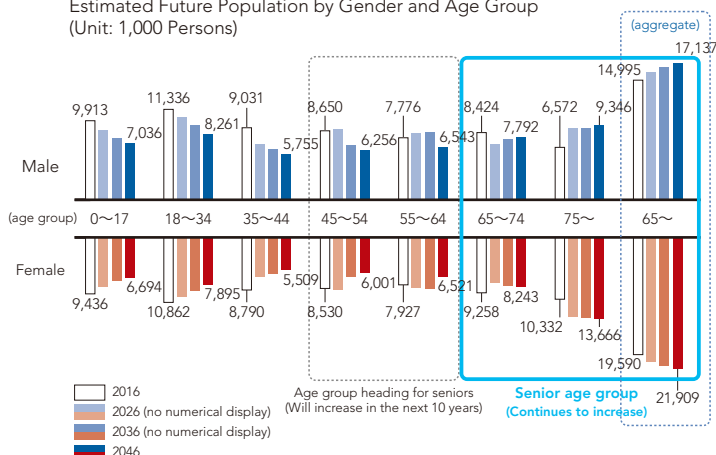
*5 The number of new contracts at independent insurance agents involved in the business cooperation with several insurance companies with insurance shops. Prospect and forecast values as of June 2018.

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.

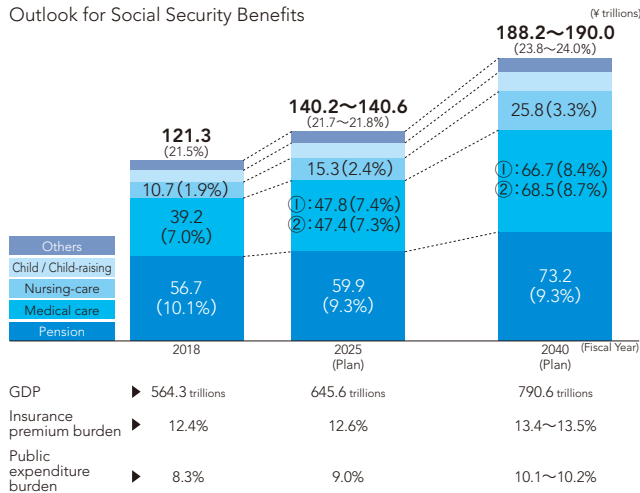
Meanwhile, as the social insurance premium burden is expected to increase as the number of young people declines, the inclusion of young people has become an important issue for life insurance companies.

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.

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.

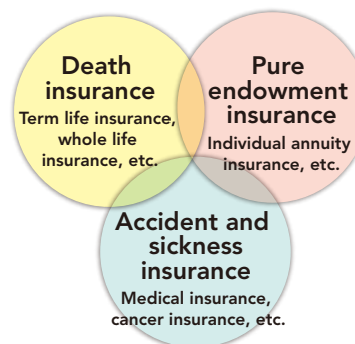
In single fiscal year accounting, profits decline due to increased costs when sales results are good, while profits increase due to decreased costs when results are not good.

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.

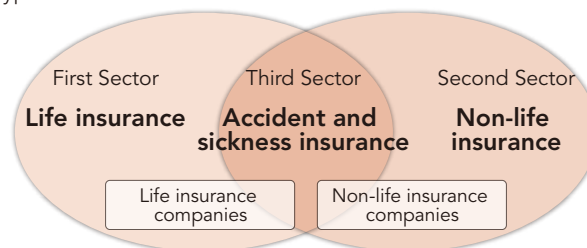
Accordingly, as life insurance accounting has special characteristics, we use economic values such as Embedded Value (EV*) when representing life insurance company corporate value.

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

Types of life insurance

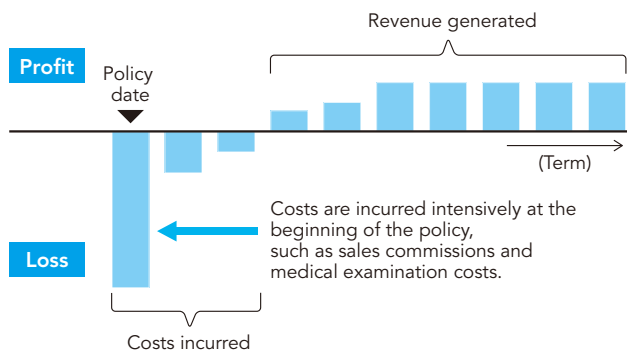


Types of insurance



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.

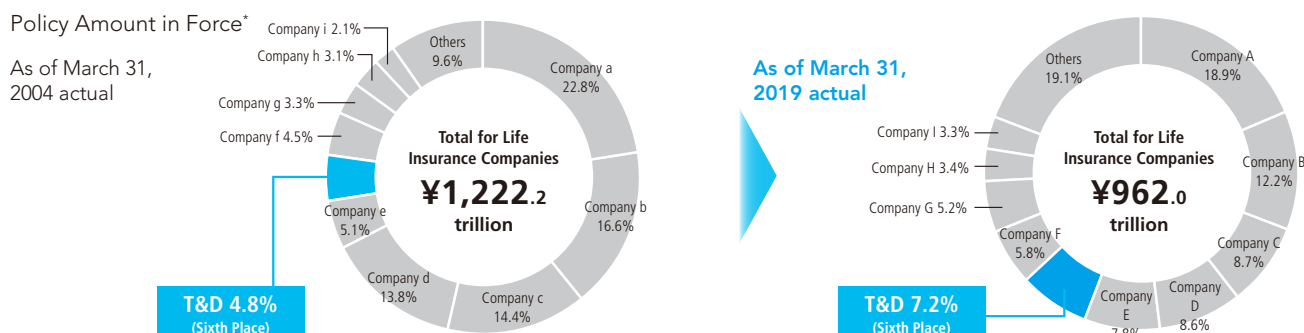
General Life Insurance Income and Expenditure



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.

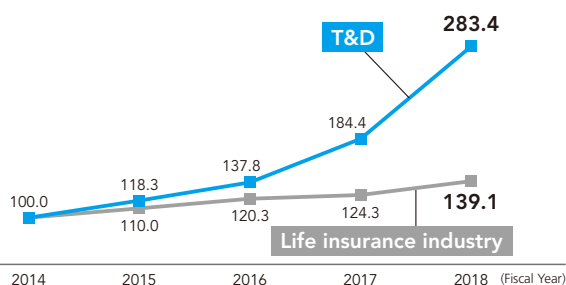


Source: Compiled by T&D Holdings based on Summary of Life Insurance Business in Japan, Life Insurance Association of Japan, and the financial reports of each company.
 * Policy amount in force is the total of individual insurance and individual annuities, together with the insurance amounts of J-type product, T-type product and the nursing-care insurance amounts of Kaigo Relief and so forth.

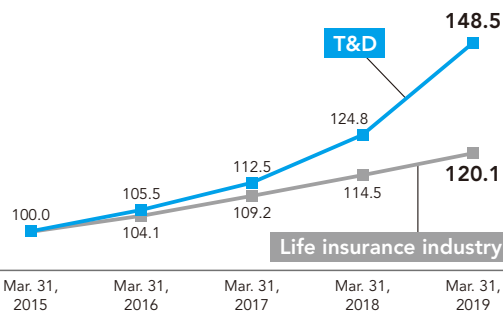
T&D Insurance Group's Trend in Sales Performance (Reference)

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.

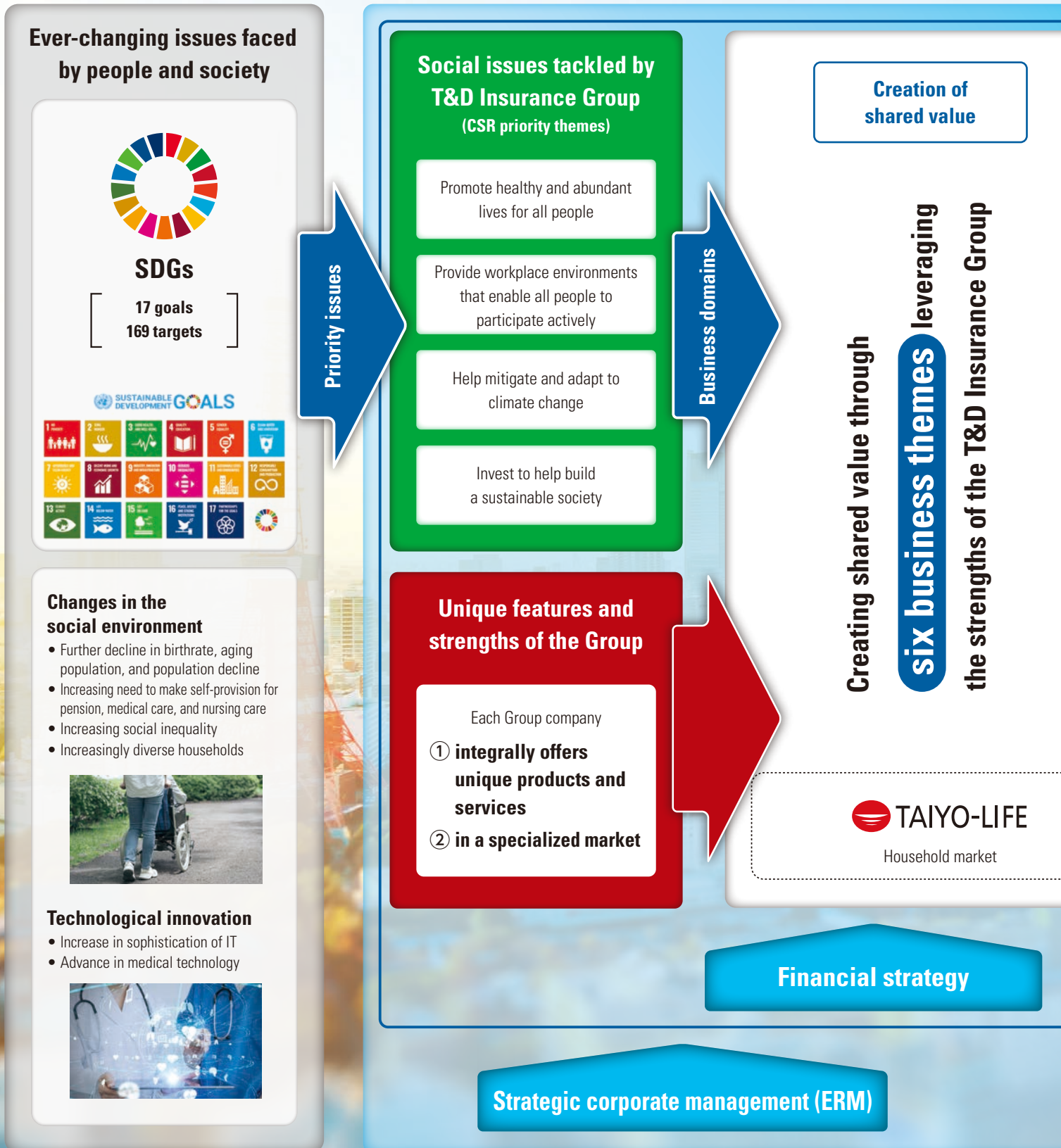
	Rating Agency*			Solvency margin ratio
	Japan Credit Rating Agency, Ltd. (JCR)	Rating and Investment Information, Inc. (R&I)	Standard & Poor's (S&P)	
T&D Holdings	AA-	—	—	1,093.1%
Taiyo Life	AA-	AA-	A	849.7%
Daido Life	AA-	AA-	A	1,271.9%
T&D Financial Life	AA-	AA-	—	1,101.7%

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

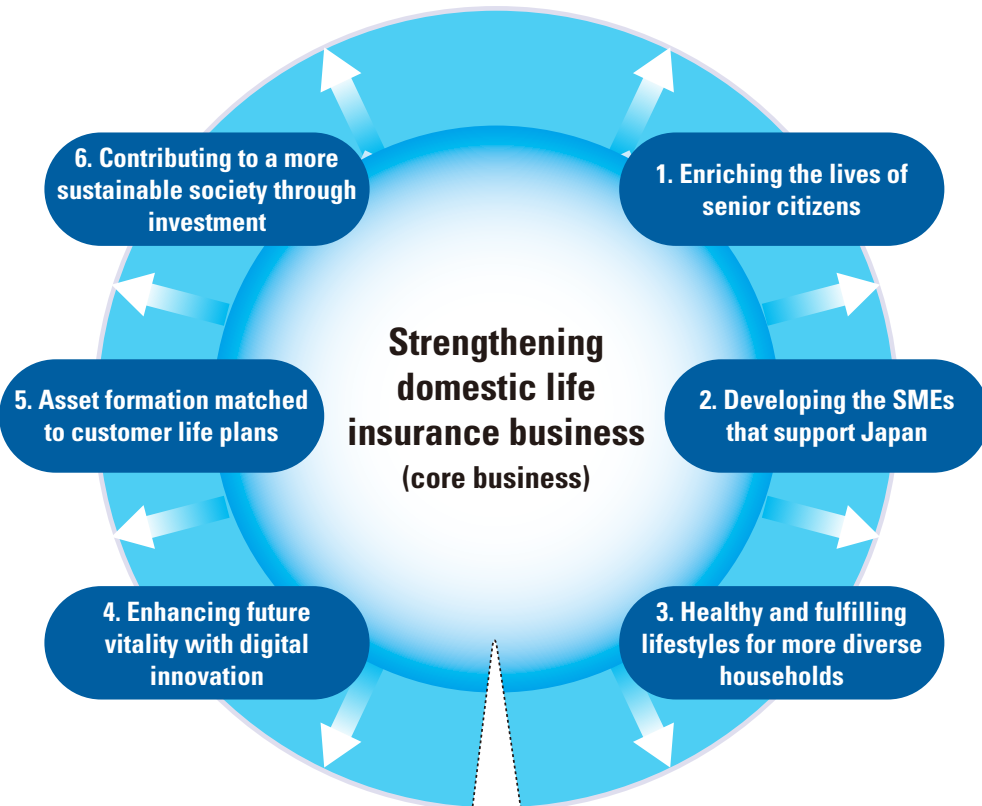
As of February 14, 2019

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



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

Taiyo Life

Full renewal of the *Dementia Prevention APP*

Taiyo Life

Expansion of coverage
Renewal of insurance to protect against loss of income, *Hatarakenakunatta Toki No Hoken*



Taiyo Life

Kaketsuke-Tai Service used more than 50,000 times



The *Kaketsuke-Tai* Service mascot, "Ikana-Cat"

T&D Financial Life

Further enhancement of coverage related to specific diseases
Renewal of *Kakei Ni Yasashii Shunyuho*

T&D Financial Life

Launch of the single-premium annuity, *Choju Premium*

Collaborations and Partnerships

Daido Life

Collaboration initiated with Shinshu University to support Health and Productivity Management for SMEs

Daido Life

Conclusion of capital participation and cooperation agreements with the newly established Australian life insurance company, Integrity Group Holdings Limited

T&D Holdings

Conclusion of a basic agreement on collaboration with the Swiss digital health company, dacadoo AG

Daido Life

Received the Excellence Award at "Best Customer Support of the Year 2018"



Awards and External Evaluation

Other

T&D Holdings

Selected for various indexes



FTSE4Good



FTSE Blossom Japan



October

November

December

January

February

March

Taiyo Life

A first in the life insurance industry
Launch of the *Himawari Dementia Prevention Insurance*



T&D Financial Life

New rates set for "health"
Renewal of *Kakei Ni Yasashii Shushin Iryo*



T&D Financial Life

Industry-first *Currency Diversification Course* added
Renewal of *Minna Ni Yasashii Shushin Hoken*



T&D Holdings

Memorandum signed on cooperation with
the U.S. asset management company,
Payden & Rygel

Taiyo Life

Joint research utilizing walking speed data with
the Tokyo Metropolitan Geriatric Medical Center



Taiyo Life

Research on dementia with Shiga University,
Shiga University of Medical Science, and JMARI*
* Japan Medical Association Research Institute

Daido Life

Agreement on a business alliance in the sales field with Resona Bank

Taiyo Life

The policy application procedure screen of the next generation
portable terminal, *Taiyo Life Concierge* received the Special
Award at the "UCDA Award 2018"



Taiyo Life

Obtained the highest
rating of three stars in the
HDI benchmark assess-
ment under the Customer
Support rating and Web
Support rating categories.



Taiyo Life Daido Life T&D Financial Life

Recognized as a "Certified Health and
Productivity Management Organization" by
the Ministry of Economy,
Trade and Industry

* Taiyo Life/Daido Life have been
recognized three years in a row.



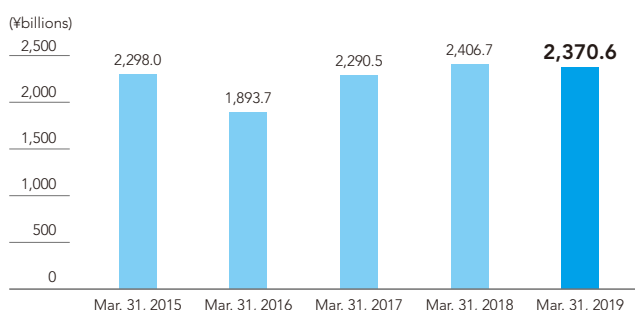
Financial Highlights

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

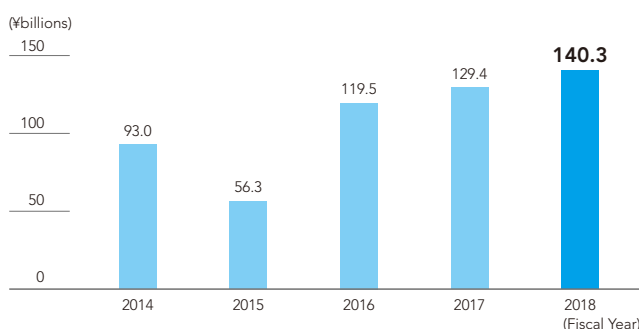


*Please see page 92 for more details on embedded value (EV). Ultimate forward rate is not applied.

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



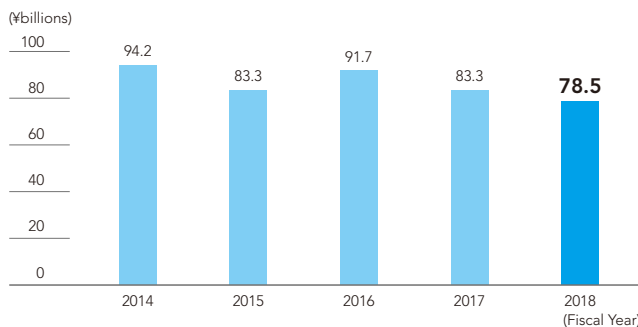
*Please see page 94 for more details on the value of new business. Ultimate forward rate is not applied.

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

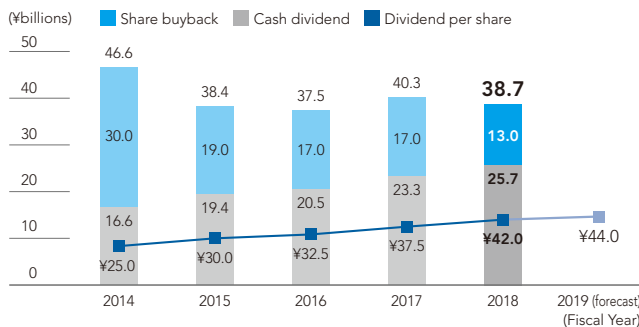


* "Adjusted net income" is calculated by adding net income and additional internal reserves in excess of the legal standard requirements related to reserves for contingency and price fluctuations (after taxes).

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

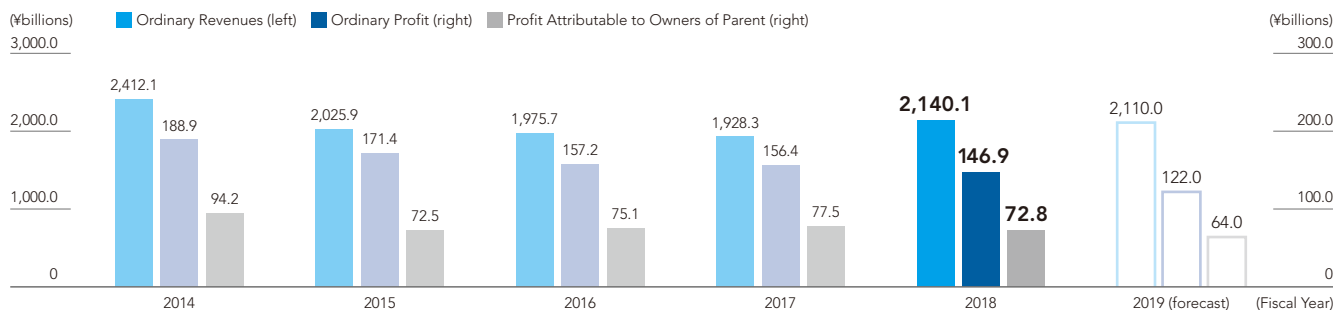
Fiscal 2018 **¥2,140.1** billions

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.

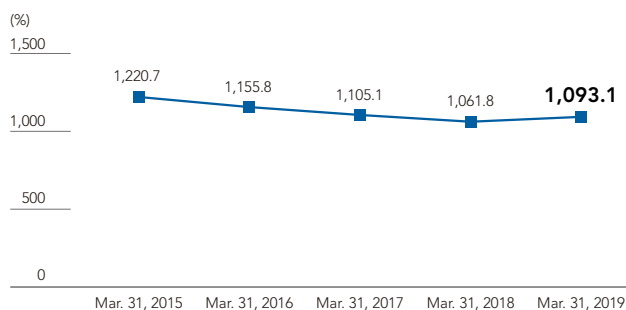
*3 Fiscal 2018(actual) includes the individual insurance and individual annuities, the insurance amounts of J-type product (non-participating critical illness insurance), T-type product (non-participating disability protection insurance) and the nursing-care insurance amounts of Kaigo Relief (non-participating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

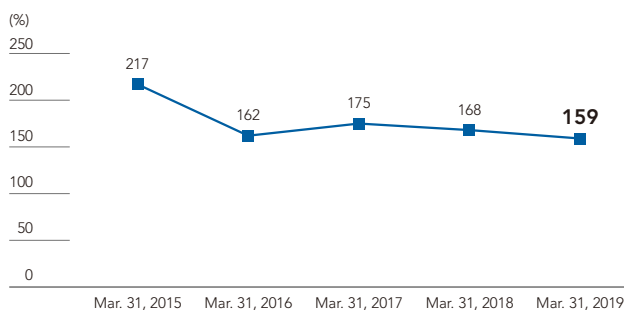


*Please see page 94 for more details on solvency margin ratio.

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.

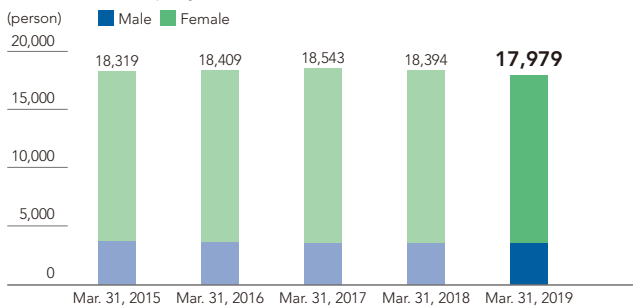
The Group is striving to expand various employment opportunities for persons with disabilities, and is engaged in efforts to build a comfortable workplace. We have implemented initiatives to introduce specialized computers and make considerations regarding commuting routes.

Environmental Initiatives

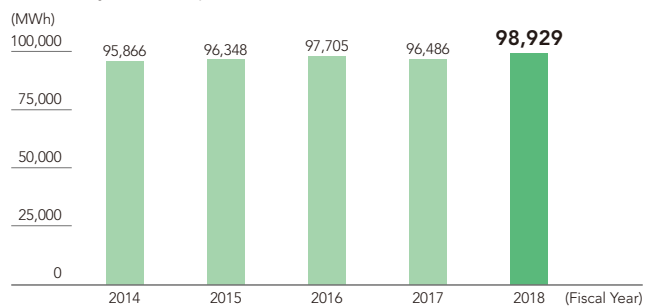
Since most of our CO₂ emissions derive from electricity use at the T&D Insurance Group, the Group has established targets for electricity use, and is striving to reduce energy consumption.

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.

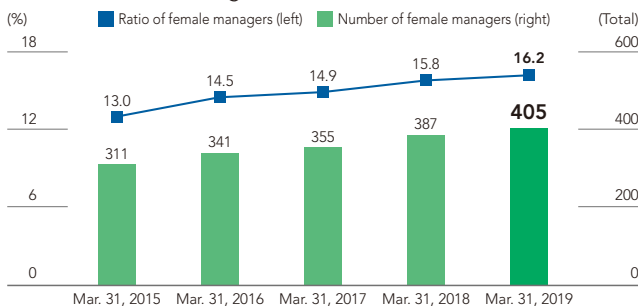
Number of Employees



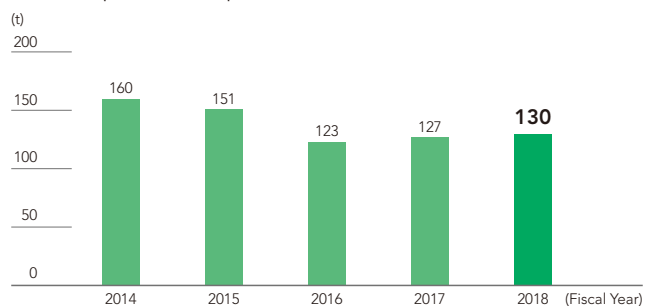
Electricity Consumption



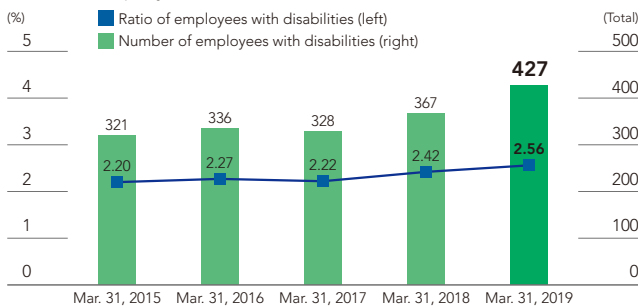
Ratio of Female Managers



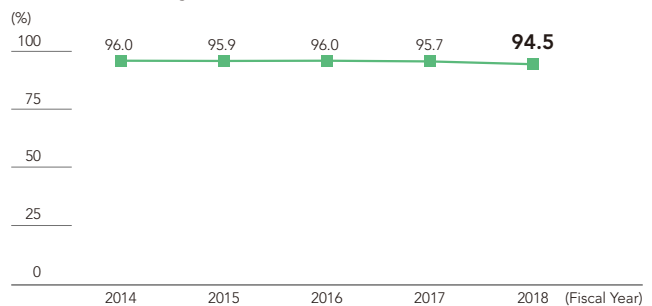
Office Paper Consumption



Ratio of Employees with Disabilities



Green Purchasing Ratio



* 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.