

T&D Insurance Group

Try & Discover

T&D Holdings
**INTEGRATED
REPORT
2020**

(Year ended March 31, 2020)





Try & Discover

Brand Message

Towards a

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 the T&D Insurance Group
can surely achieve it.

T&D Insurance Group's Corporate Philosophy

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

New Dimension of Insurance.



T&D Insurance Group's Management Vision

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.

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Editorial Policy

The purpose of this report is to give a clear briefing, from the ESG (Environment, Society, Governance) perspective, about how the T&D Insurance Group's business and actions are linked to the Group's medium to long-term growth, and to value creation for all our stakeholders.

Specifically, it reports the progress of the Group's medium-term management plan "Try & Discover 2021 — Creation of Shared Value —," which began in April 2019, and on the specific business strategies, corporate governance, and action on society and the environment, of each company on the basis of the plan.

Reporting period:

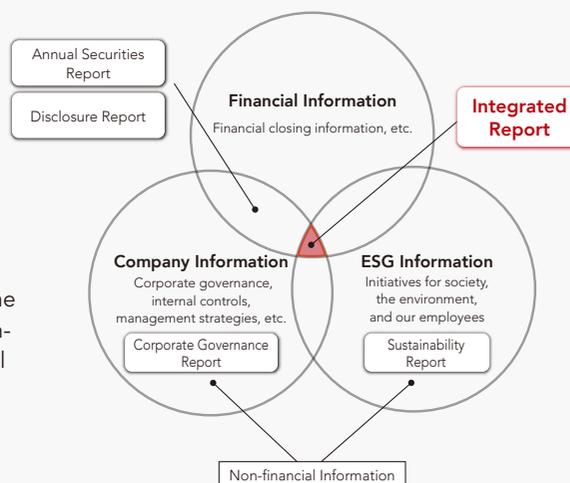
April 1, 2019 – March 31, 2020 (Some information on periods outside this range is included)

Scope of reporting:

T&D Holdings, Inc. and its subsidiaries and affiliated companies

Reference guidelines:

"The International Integrated Reporting Framework" by the International Integrated Reporting Council (IIRC), and "Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation" and "GRI Standard" by the Ministry of Economy, Trade and Industry of Japan.



The Positioning of the Integrated Report 2020

The Integrated Report is intended to foster understanding of the T&D Insurance Group among shareholders and investors, by encapsulating important information on elements such as financial information, company information, and ESG information.

ESG Index Status

As of July 1, 2020

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



2020 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX

2020 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)

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.

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

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 as the fourth oldest 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.

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.

Change in social issues and needs, and the business environment

Meeting the diversifying needs of individuals and SMEs.

Initiatives in the Japanese life insurance market

2008

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

Building a global network and revenue base aimed at further growth.

Initiatives with overseas life insurance companies etc.

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

Ensuring financial soundness
recovery of earnings
Establishment of ERM framework

Full implementation of ERM

Period for strengthening business platform
Medium-term management plan
FY2014 - 2015

Three years for expanding growth areas

Medium-term management plan
FY2016 - 2018

Creation of shared value

Medium-term management plan
FY2019 - 2021

Pet & Family Insurance

Became a subsidiary in 2007 (Transitioned from a small-amount short-term insurance provider to a non-life insurance company in April 2019)

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



Established in 2019



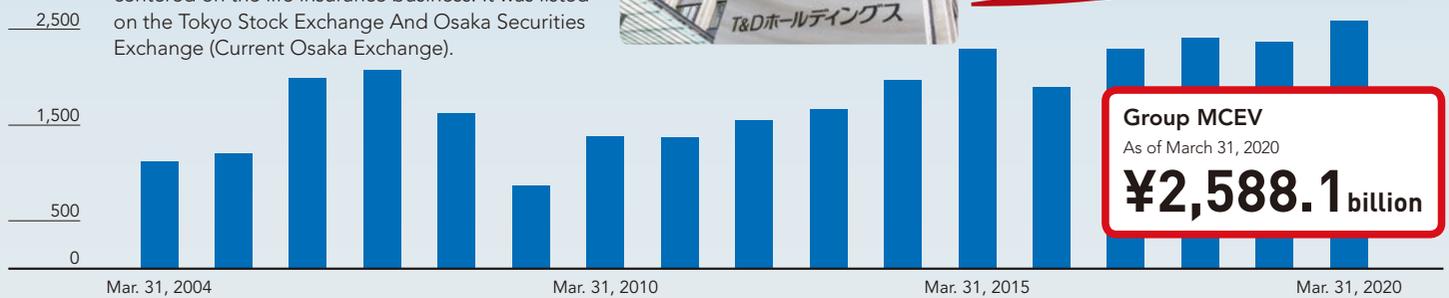
Establishment of T&D Holdings, Inc.

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.

(¥ billions)



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. Ultimate Forward Rate (UFR) is applied to the MCEV calculation from March 31, 2020.

Creation of shared value at the T&D Insurance Group

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)
Launch of *HAL Plus Tokuyaku*

* 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. "Health and Productivity Management" is a registered trademark of the Workshop for the Management of Health on Company and Employee, a non-profit organization.

2018

- Taiyo Life** October
Launch of *Himawari Dementia Prevention Insurance*

2019

- Taiyo Life** October
Start of *Sma-Hoken* fully-online insurance

2020

- Taiyo Life** **Daido Life**
T&D Financial Life March
Started special treatment (the grace period for payment of premiums, exemption from interest on policy loans, etc.) as a response to COVID-19 pandemic.

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. Collaboration was undertaken to advance the domestic life insurance business by utilizing health care-related digital technology and infrastructure.

- 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.

2019

- T&D Holdings** June
Establishment of T&D United Capital with aims which include building an effective and efficient investment system.

- Taiyo Life** August
Burmese life insurance company Capital Taiyo Life made into an affiliated company.

- T&D Holdings**
T&D United Capital September
Capital and business alliance agreement concluded with the French asset management and investment company Tikehau Capital.

2019

- T&D Holdings**
T&D United Capital November
Agreement concluded to acquire a proprietary interest in the US reinsurance company Fortitude.

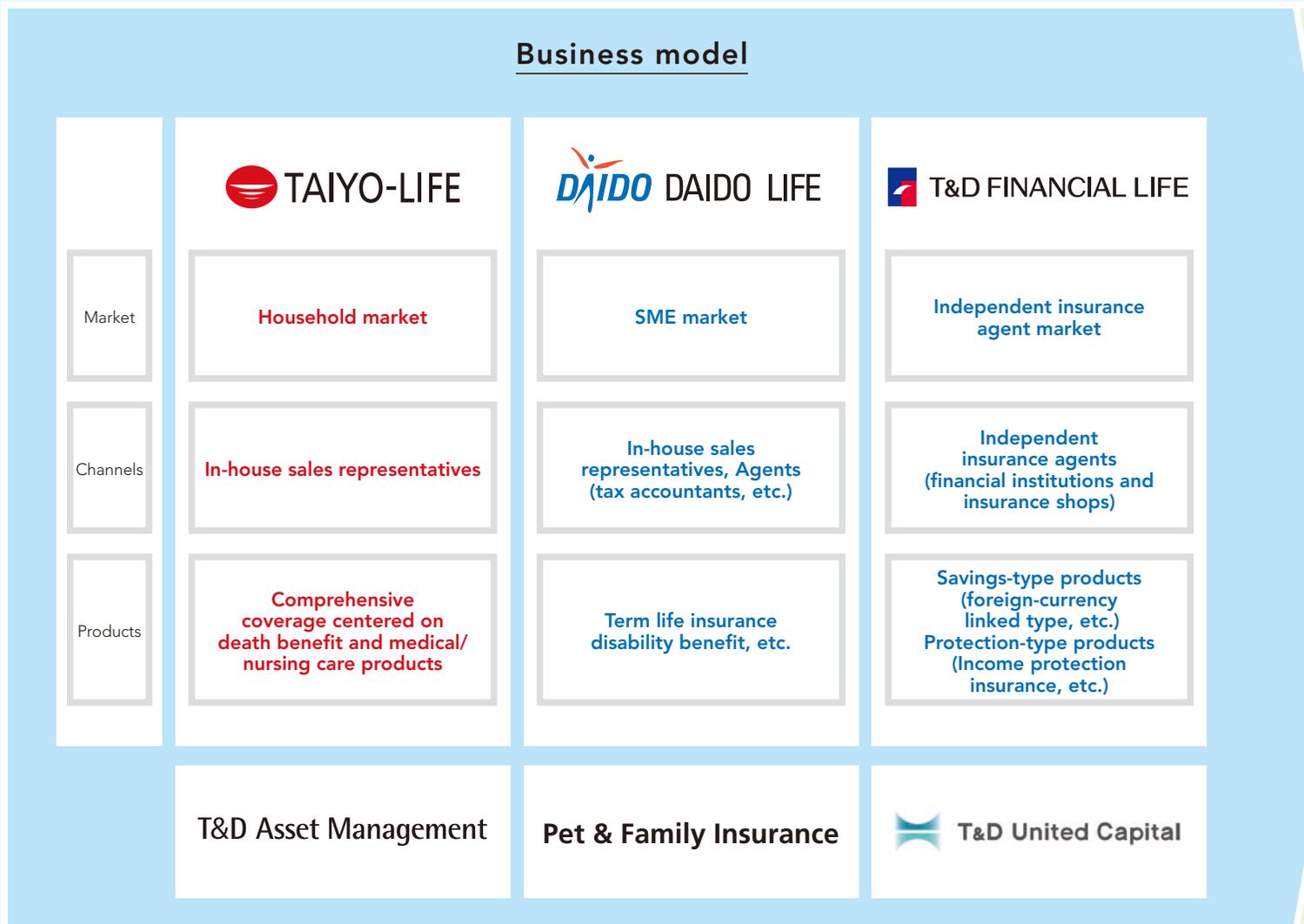
* Completed proprietary interest acquisition in June 2020.

2020

- T&D United Capital** February
Establishment of its US entity in New York.
* Established in New York City, New York State. This was originally scheduled to open in April 2020, but it started operations in Tokyo, due to the impact of COVID-19.

Characteristics of T&D Insurance Group

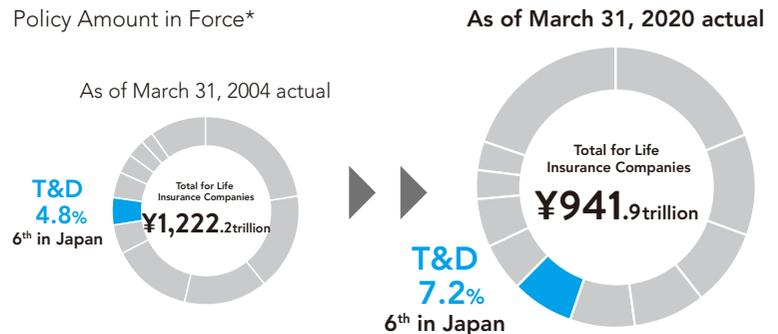
At T&D Insurance Group, our core business is life insurance in Japan in pursuit of our market-specialized strategy, augmented with business components with affinities for life insurance, such as closed book business, asset management, and pet insurance. Life insurance business has a significant public relevance, and we aspire to be an insurance group that constantly shares value with, and grows together with, society.



T&D Insurance Group's Industry Position

Steadily Increased Market Share of the T&D Insurance Group

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, 2020. 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 issued by 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 (critical illness insurance) and T-type product (disability protection insurance), the nursing-care insurance amounts of Kaigo Relief Alpha, and so forth of Daido Life.



Four sustainability priority themes to tackle

Sustainability priority theme 1

Promote healthy and abundant lives for all people



Sustainability priority theme 2

Provide workplace environments that enable all people to participate actively



Sustainability priority theme 3

Help mitigate and adapt to climate change



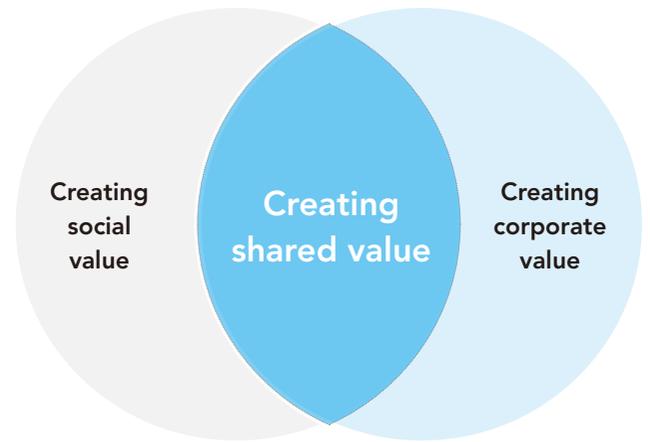
Sustainability priority theme 4

Invest to help build a sustainable society



Realizing value creation/Goals

SUSTAINABLE DEVELOPMENT GOALS

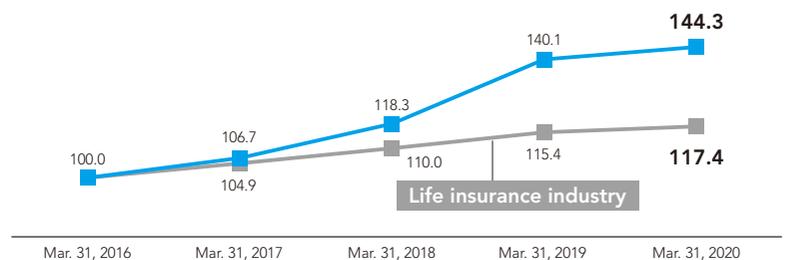


Try & Discover

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

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

Third Sector Annualized Premiums of Total Policies in Force*



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

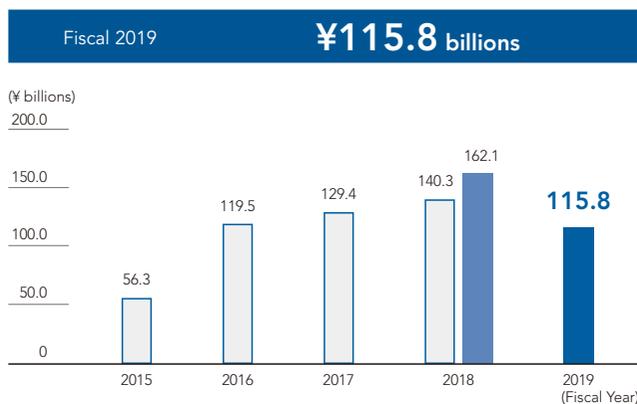
* The Annualized premiums of total policies in force for the year ended March 31, 2016 in the third sector are assumed to be 100.0 (base year).

Financial Highlights

In the settlement for fiscal 2019, which is the first year of the medium-term management plan, the value of new business was down from the previous fiscal year, due to reduction in sales volume, but adjusted net income exceeded the initial forecast.

Key Performance Indicators

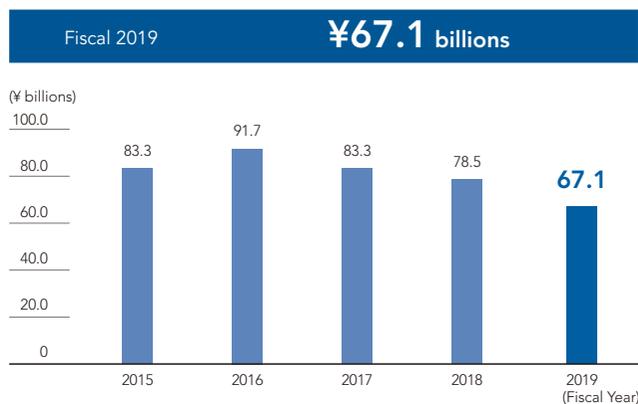
Value of New Business*



* Please see page 77 for more details on the value of new business.

In fiscal 2019, the value of new business dropped by ¥46.3 billion from the previous fiscal year, to ¥115.8 billion, mainly due to reduction in sales volume.

Adjusted Net Income*



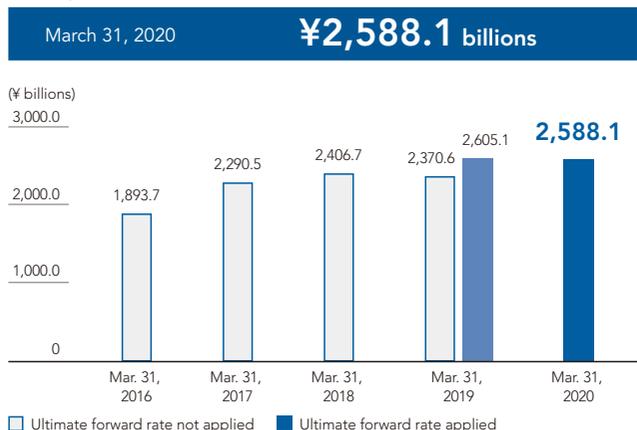
* "Adjusted net income" is calculated by adding net income and additional internal reserves in excess of the legal standard requirements related to reserves for contingency and price fluctuations (after taxes).

In fiscal 2019, adjusted net income was ¥67.1 billion, 104.8% of the forecast for the term, which was ¥64.0 billion. From fiscal 2020, "Group adjusted profit*" will be introduced in place of adjusted net income.

* Please see page 16 for more details on Group adjusted profit.

Embedded Value

Group MCEV*



* Please see page 79 for more details on embedded value (EV).

As of March 31, 2020, the Group MCEV was ¥2,588.1 billion, which represents a decrease of ¥17.0 billion from the previous fiscal year-end. This was mainly due to falls in internal and external stock prices, despite an accumulation of value of new business.

Return to Shareholders



In fiscal 2019, the Company paid a cash dividend of ¥44.0 per share, which is an increase of ¥2 from the previous fiscal year, and represents an increase in dividends for five consecutive terms. Decisions on conducting share buyback will be made after checking the impact of the COVID-19 pandemic.

Consolidated Results of Operations

Ordinary Revenues

Fiscal 2019

¥2,197.9 billions

Ordinary Profit

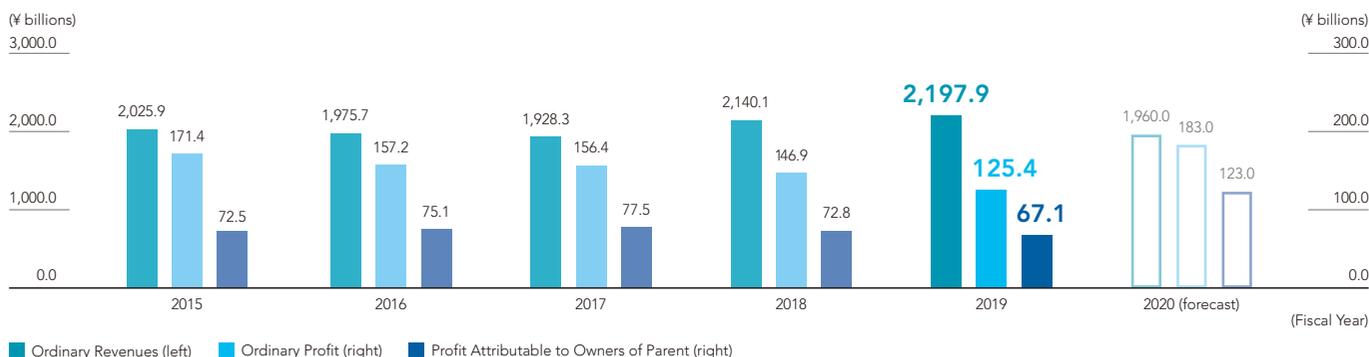
Fiscal 2019

¥125.4 billions

Profit Attributable to Owners of Parent

Fiscal 2019

¥67.1 billions



[Consolidated Results of Operations] Ordinary profit decreased by ¥21.5 billion to ¥125.4 billion, due to reduced gains on sales of securities and increased devaluation losses on securities. Profit attributable to owners of parent was ¥67.1 billion, surpassing the earnings forecast for the term (¥64.0 billion), despite reduced profit.

[Full-year Earnings Forecasts] We expect the COVID-19 pandemic to have impacts, centered on sales activities, and therefore we anticipate reduced earnings. On June 2, 2020, we acquired a 25% stake in Fortitude Group Holdings, LLC (hereinafter, "Fortitude"), a specialist closed book insurance company, and made Fortitude into an affiliated company. Accordingly, we anticipate increased profit due to recording Fortitude's profits as equity in earnings of affiliates.

The profits of Fortitude include temporary unrealized gains and losses due to market fluctuations, and that is a factor in the major increase in ordinary profit and profit attributable to owners of parent in the consolidated performance forecast for fiscal 2020.

The Group is introducing Group adjusted profit as one indicator to express the Group's management status. It partially adjusts for factors such as temporary appraisal profit and loss accounted due to market fluctuations of this kind.

Fiscal 2020 Full-year Earnings Forecasts [Three Life Insurance Companies]

(¥billions)

	Taiyo Life		Daido Life		T&D Financial Life	
	Fiscal 2019 (actual)	Fiscal 2020 (forecasts)	Fiscal 2019 (actual)	Fiscal 2020 (forecasts)	Fiscal 2019 (actual)	Fiscal 2020 (forecasts)
Ordinary revenues	802.5	720.0	1,015.1	950.0	354.4	280.0
Ordinary profit	36.7	36.0	86.1	87.0	2.2	(4.0)
Net income	15.8	14.0	50.4	48.0	1.0	(4.0)
Core profit	54.3	49.0	116.9	99.0	(5.0)	(5.0)
Positive spread	28.7	28.0	34.8	12.0	(2.9)	(4.0)

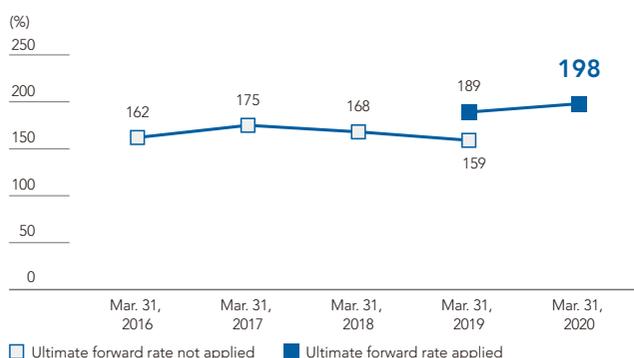
The value of new business for the three life insurance companies in fiscal 2020 is estimated at around 80% of the corresponding figure in fiscal 2019.

Financial Soundness

ESR*

March 31, 2020

198%



* Please see page 79 for more details on ESR.

The economic solvency ratio, which represents capital adequacy based on economic value, increased by 9 percentage points from the previous fiscal year-end to 198%, due to addition of a surplus of ¥70.0 billion of subordinated debt obtained in January 2020.

Rating*/Solvency margin ratio

	Rating Agencies			Solvency margin ratio
	Japan Credit Rating Agency, Ltd. (JCR)	Rating and Investment Information, Inc. (R&I)	Standard & Poor's (S&P)	
T&D Holdings	AA-	—	—	1,107.0%
Taiyo Life	AA-	AA-	A	805.5%
Daido Life	AA-	AA-	A	1,335.3%
T&D Financial Life	AA-	AA-	—	1,033.6%

As of January 29, 2020
Solvency margin ratio is as of March 31, 2020

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

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

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

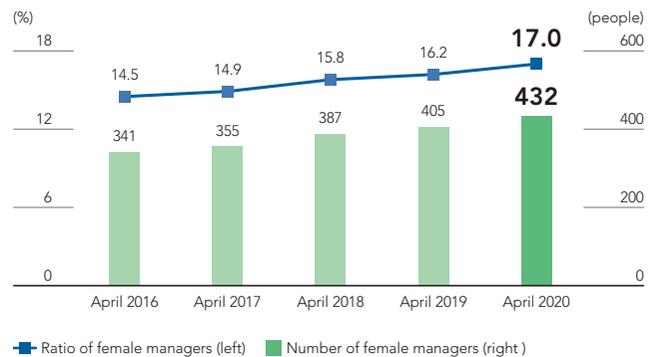
compensation systems, as well as introducing various support systems to enhance work-life balance.

We are working to promote the employment of people with disabilities through actions such as introducing specialized PC and other equipment and considering commuting routes, in order to create workplaces which are easy for employees with disabilities to work in.

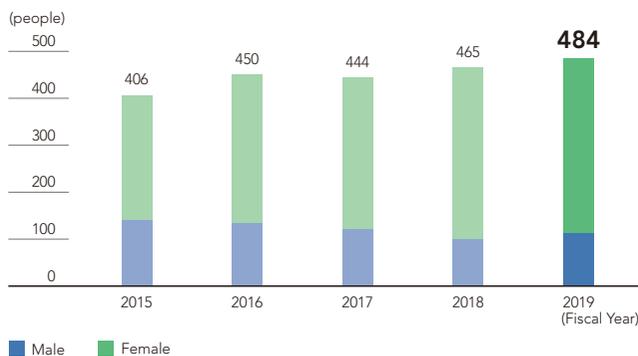
Number of employees



Ratio/number of female managers



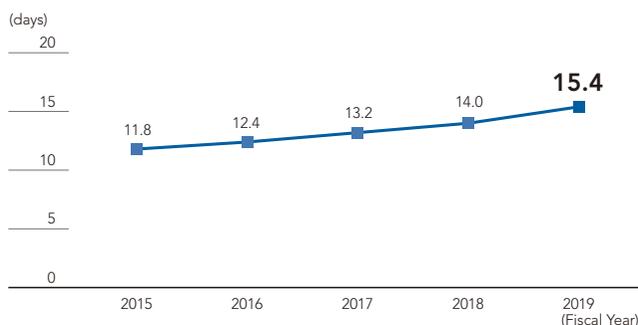
No. of employees taking child care leave



Ratio/number of employees with disabilities



Average number of days of paid leave taken



* The above data are for the total of three life insurance companies. Data for the ratio of female managers are as of April 1, the day following each fiscal year end.

Awards received for action on employee career formation



Award for excellence to T&D Holdings, 2nd Platinum Career Awards

At the 2nd Platinum Career Award (held by Toyo Keizai Inc., supported by Ministry of Health, Labour and Welfare and Tokyo Stock Exchange), T&D Holdings, representing the companies of the T&D Insurance Group, won the Excellence Award for the second consecutive year, from among 194 entrant companies.

As we enter an era of the 100-year life, Taiyo Life, Daido Life, and T&D Financial Life, the members of T&D Insurance Group, have each earned praise for their efforts to foster the personal growth of each of their employees.

Initiatives on Customer-Oriented Services

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

Awards received for initiatives on customer service

Taiyo Life

- The UCDA Award 2019 "10th Anniversary Commemorative Special Award"
- Received the highest rank of "3 Star" for HDI-Japan's "Help Desk/Web Support Rating"

Daido Life

- The UCDA Award 2019 "10th Anniversary Commemorative Special Award"
- Received the highest rank of "3 Star" for HDI-Japan's "Help Desk Rating"

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

Assessments of our policy on customer-oriented operations (FY2019)

Taiyo Life	Daido Life	T&D Financial Life
Overall satisfaction level	Overall satisfaction level	Satisfaction level at the contract signing stage
90.8%	80.0%	96.9%

* Survey implementation methods differ for each company.
https://www.td-holdings.co.jp/information/business_operations.html (Japanese only)

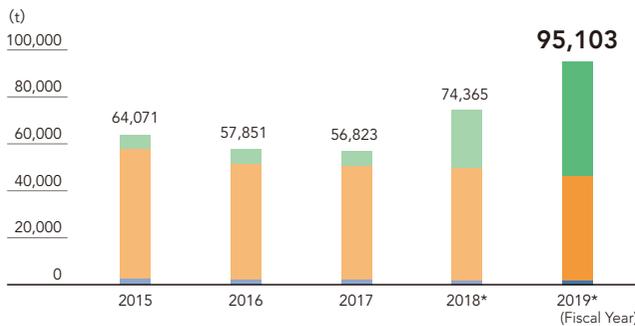
Environmental Initiatives

As more than 90% of the CO₂ emissions (Scope 1 + 2) derives from electricity use at the T&D Insurance Group, we have set targets for electricity use, and are taking actions to cut our energy consumption.

The Group is also engaged in initiatives to lessen the environmental impact 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.

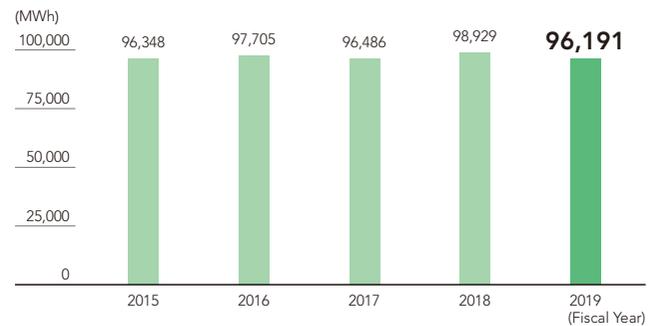
CO₂ emission volume



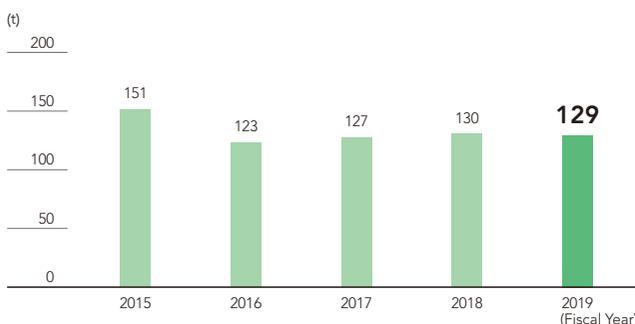
■ Scope1 (Direct emissions) ■ Scope2 (Indirect emissions) ■ Scope3 (Other emissions)

* Emission has greatly increased since fiscal 2018, because of the addition of categories 1, 2, and 7 to Scope3.

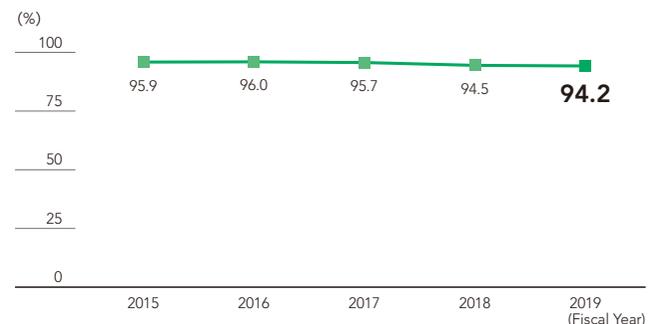
Electricity Consumption



Office Paper Consumption



Green Purchasing Ratio



Message from the President





Try & Discover

Innovating in the face of the COVID-19 crisis

Hirohisa Uehara

Representative Director and President

Message from the President

Tackling COVID-19 head-on

In 2020, humanity was threatened by the COVID-19 pandemic, which wreaked havoc on the world over. I once again express my heartfelt sympathy to the many people who have been affected.

As a member of society, we are determined to do our bit on a daily basis in the fight against the pandemic.

In taking measures to combat the spread of COVID-19, we have placed top priority on ensuring the safety of customers and employees and keeping our business going to meet the needs of society as a life insurance company. More specifically, from the perspective of preventing infections, we refrained from actively engaging in sales activities during the government's declared state of emergency and we limited the number of employees commuting to work to around 20%, which was enough to keep essential services running, such as the payment of insurance benefits and call center operations.

Also during this time, we discussed what we could do as an insurance group. We therefore made changes to the requirements for payment of hospitalization benefits and paid out accidental death benefits to provide some peace of mind to customers and their families infected by COVID-19. We also extended the grace period for the payment of premiums and offered interest-free loans to policyholders so that customers impacted by the COVID-19 pandemic in some way or another could continue to receive insurance coverage. SME customers of Daido Life have been particularly hard hit by economic activity coming to a temporary standstill due to the pandemic, but they are making good use of our telephone-based consulting service regarding the government's employment adjustment subsidies that are intended to support employment stability at SMEs, as well as our labor and social security attorney referral service.

Considering that a company is a public entity of society, the issue of social sustainability is synonymous with corporate sustainability. Sound corporate management is not possible without a sound society. With society currently facing unprecedented adversity, I think now is the very time that we must consider what we can do as an insurance group and take action with a sense of urgency.

Societies and economies are already feeling the effects of COVID-19 and I believe our business too will be affected on multiple fronts. Financial markets fluctuated wildly when the virus spread globally from mid-February onwards. They have since regained their composure, but there is no telling when the COVID-19 crisis is likely to end, so we can expect the markets to experience some instability once again going forward. Our Group has long implemented stringent risk management practices with the use of [ERM](#) to sufficiently guarantee financial soundness, however, it is possible that fluctuations in the financial markets will have an impact to some degree on our near-term earnings. In terms of insurance policy sales, a decline to a certain extent will be unavoidable this fiscal year since we stopped engaging in sales activities during the government's declared state of emergency. Also, we will need to keep a close eye on how the deterioration in business sentiment in the SME market affects insurance policy sales up ahead. That said, in addition to chasing after near-term policy sales, I think gaining the trust of our customers by extending our support to SME management through various initiatives is key to achieving medium- to long-term growth.

▼ P.60
ERM

• As digital transformation gathers momentum

We must address structural changes when considering the impacts of COVID-19 with more of a medium-term perspective. Innovation in technology had already progressed prior to the onset of the pandemic, but changes in social activity caused by COVID-19 triggered new behaviors and the adoption of digital technology among people of all ages, not just the younger generation. At the same time, the pace of technological innovation is expected to quicken even more in response to new social needs. In the midst of such major changes in society, companies nowadays are required to quickly identify the needs of customers and the issues faced by society and engage in a style of management that stays ahead of this rapid pace of change.

In our life insurance business, working out how to maintain contact with our customers, even when refraining from sales activities during the declared state of emergency, presented a challenge. With society concurrently changing to embrace digital technology at present, the use of online non-face-to-face channels is an effective way of staying in touch with customers and it is probable that such internet-based insurance will grow in popularity to some extent in the future.

At the same time, when it comes to life insurance, it is important that we offer suitable consulting to meet the needs of each and every customer. As such, I believe the need for face-to-face consulting will be reevaluated as a consequence of the changes in how we lead our lives because of COVID-19. Up ahead, it will be crucial that we establish a new sales style that combines the convenience of online procedures with face-to-face hospitality. Taiyo Life developed a sales scheme known as *Sma-Hoken*, through which customers can subscribe to insurance and even receive benefit payments completely online. This scheme has enabled Taiyo Life to diversify how it engages with customers and combine face-to-face and non-face-to-face channels. Even though customers fill out forms online, a sales representative provides follow-up services. I believe the merging of channels will become the standard for insurance solicitation in society in the future and our Group will aim to go one step further with a view to deploying a new style of insurance sales in a post COVID-19 world.

• Issues elucidated by COVID-19

Having our employees work remotely after COVID-19 took hold highlighted some occupational issues related to infrastructure and systems. Thus far, our operational framework has been centered on the office environment, but in light of the fact that coexisting with COVID-19 will be unavoidable, we will look to develop and overhaul our infrastructure and systems with the aim of implementing and embedding new working styles such as telecommuting. We will also endeavor to improve productivity by leveraging digital technology to transform the way we work and review operational processes. At the same time, we will set about building a suitable cost structure with a view to business administration in a post COVID-19 environment.

Even though we are unable to predict when the COVID-19 crisis might end, new problems are piling up, so there is no time to waste in coming up with a strategy for the “new normal” in a post COVID-19 world. The Group as a whole will work together with great enthusiasm to turn this difficult situation into an opportunity.

▼ P.36
Enhancing Future Vitality with
Digital Innovation

Message from the President

Progress of Try & Discover 2021 — Creation of Shared Value —

In April 2019 we kicked off our three-year medium-term management plan “Try & Discover 2021 — Creation of Shared Value —”. We see the three-year period of the plan as a time for transformation and realization. Thus, by tackling the three priority issues of strengthening core businesses, diversifying our business portfolio, and promoting integrated Group management, we will aim to become an insurance group that grows in lockstep with society by helping solve the ever-changing issues faced by people and society.

In strengthening our core businesses, the Group’s three life insurers are expanding their operations with the goal of building an industry-leading brand in their respective target markets. The SME market environment has undergone some major changes of late, most notable of which was the [revisions to the tax treatment](#) of corporate policies. Nevertheless, the development of the industry’s first made-to-order term life insurance and rapid build-out of a sales structure enabled Daido Life to chalk up policy sales in line with its target. In light of the fact that a sound competitive environment has returned to the SME market, I believe that the growth of Daido Life is now more sure-footed with the promotion of protection-type products, a key strength of the company.

Taiyo Life has expanded its presence in the household market with products that are supportive of life coverage and the extension of healthy life expectancy so that it can address the fragmented needs of the senior customer segment. Dementia-related products currently command a lot of attention and it is in this field that Taiyo Life has a leg up on the competition by continuously offering pioneer products, for example, incorporating prevention features into dementia products.

In the independent insurance agent market, T&D Financial Life has achieved product differentiation and competitive yields thanks to timely product launches. As a result, sales at banks have grown considerably.

All up, we achieved somewhat favorable results in the first year of the medium-term management plan because each of the Group’s three life insurers never let up on taking steps to hone their strengths in their respective markets.

As part of the diversification of our business portfolio—the second pillar in our growth strategy—in June 2019 we established the subsidiary T&D United Capital and set about developing three businesses ([closed book](#), asset management, and digital insurance) with a strong affinity with the life insurance business that can be expected to contribute to Group consolidated profits and generate high profit growth in the future. The senior market, a core focus for the Group’s three life insurance companies, is expected to expand up ahead. But from an ultra-long-term perspective, there is a possibility for the domestic market to shrink and digital technology will continue to evolve at an accelerated pace. Based on the recognition of these factors, increasing the scope of our business portfolio is one major strategy in our current medium-term management plan.

Revisions to tax treatment

In June 2019, the National Tax Agency partially revised one of its directives on legal interpretation, entitled “Establishment of the Fundamental Directive of Corporation Income Tax.” Accordingly, changes were made to the tax treatment of insurance premiums for term life insurance. The new tax treatment took effect for policies with a policy date on or after July 8, 2019.

▼ P.25

Special Feature
Diversification of Business
Portfolio

Key Performance Indicators	FY2019 Result	FY2020 Forecast	Medium-Term Management Plan targets
Value of new business	115.8 billion yen (85.8% vs. full-year forecast)	(around 80% YoY)	FY2021 At least 170.0 billion yen (Core ROEV*1: 5% and above for three years)
Group adjusted profit*2	Net income 67.1 billion yen (104.8% vs. full-year forecast)	70.0 billion yen	FY2021 (FY2018 levels) 73.0 billion yen or higher

*1 Core ROEV = (Embedded Value of new business + Expected existing business contribution from risk free rate) / Average of EV

*2 Group adjusted profit = net income ± (1) unrealized gains/losses caused by discrepancy of accounting treatment of assets and liabilities + (2) additional internal reserves in excess of the legal standard requirements

Net income shown for FY2019 and Group adjusted profit for FY2020 and thereafter



In fiscal 2019, the first year of the medium-term management plan, we made progress in all three business domains, but particularly in the closed book business did we make significant headway. In November 2019, we reached an agreement on acquiring a 25% equity stake in the US-based reinsurance holding company Fortitude. We closed the transaction in June 2020, thus making it an equity-method affiliate. The investment of approximately ¥76.8 billion is the Group's biggest to date. Our objectives for this investment go beyond simply boosting Group consolidated profits. By gaining and accumulating know-how in the closed book business, we plan to take the initiative on fulfilling certain roles in the future when the closed book business gathers momentum in Japan.

As for numerical targets for the medium-term management plan, we adopted value of new business and net income as key performance indicators (KPIs) and set targets for the period of the medium-term management plan, based on the view that we intend to drive forward a style of management that balances economic value with financial accounting. In fiscal 2019, the first year of the plan, value of new business got off to a slow start, dipping below the year-earlier level mainly because of lower sales volume owing to the revisions to the tax treatment of term life insurance in the SME market. In contrast, even though we initially expected net income to decline because of the clouded outlook for the financial markets, it came in higher than our initial forecast even despite the major upheaval in the financial markets stemming from the impacts of COVID-19. As we turn our attention to results in the second year of the plan and beyond, as mentioned above, earnings are already being affected to some extent by our decision to suspend sales activities during the COVID-19 crisis. There are no indications that the situation will be resolved any time soon and the mood of uncertainty is currently worsening, mainly with regard to the anticipated effects on sales activities and asset management. We intend to carefully examine our targets in the medium-term management plan in light of the aforementioned factors and disclose new growth targets going forward.

Message from the President

Promoting integrated Group management to further strengthen corporate governance

Sixteen years have elapsed since the establishment of T&D Holdings, but during that period the environment surrounding the Company's management has changed considerably. For example, lower interest rates worldwide, global economic uncertainty, advancements in FinTech, and higher expectations of stakeholders. I have realized that we must further strengthen our holding company functions in order to efficiently formulate a Group-wide strategy with which we can expeditiously respond to such circumstantial changes.

Based on this recognition and to further propel the integrated management of the Group, in June of this year we transitioned to a company with an Audit and Supervisory Board for the purpose of separating oversight functions from the execution of business, which will strengthen the Board of Directors' management and oversight functions and enhance the speed and efficiency of business execution. This institutional design change will avail us the opportunity to review the hitherto roles and functions of our Group-wide committees and transform our corporate governance structure so that we can discuss Group-wide growth strategies with a higher level of effectiveness. To cite an example, there is currently a pile of issues the Group needs to collectively address, such as a new marketing strategy in this age of digital transformation, enhancing asset management capabilities for the Group's life insurance, and new working styles in the post COVID-19 era.

Going forward, we will keep enhancing the sustained corporate value of the Group by making corporate management more sophisticated and expediting integrated Group management activities.

▼ P.47

Promotion of Integrated Group Management

Towards the realization of a sustainable world

Aside from the COVID-19 pandemic, there are many other social issues that governments and corporations around the world ought to cooperate on addressing. The frequent occurrence of and widespread damage wrought by natural disasters stemming from climate change, such as powerful typhoons and torrential rain, is a cause for concern for not just Japan, but many other parts of the world. And there are numerous other social challenges recognized worldwide, such as various human rights issues, widening social and economic disparity, new types of disparities and changes in employment brought on by technological innovation, and the plethora of challenges posed by the continued graying of societies in many developed countries.

In 2015 the Group signed onto the United Nations Global Compact, a framework for cooperation between businesses and the United Nations with the goal of achieving sustainable growth. On behalf of the T&D Holdings Group, we signed a letter addressed to the UN Secretary-General in support of the 10 principles in the four areas of human rights, labor, the environment, and anti-corruption. Based on this, the Group participates in activities to demonstrate responsible business practices.

Further, in 2007 Taiyo Life was the first Japanese life insurer to sign onto the Principles for Responsible Investment (PRI), a UN code of conduct that encourages institutional investors to take environmental, social, and governance (ESG) themes into consideration when making investments. T&D Asset Management and Daido Life became signatories in 2012 and 2016, respectively, and the Group as a whole is working towards contributing to the realization of a sustainable world in the field of ESG investment.

Based on the Paris Agreement, under which the international community agrees to work together on mitigating and adapting to climate, we continue to take measures to reduce greenhouse gas emissions generated by our broad range of business activities, and as an institutional investor, we are doing our utmost

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)

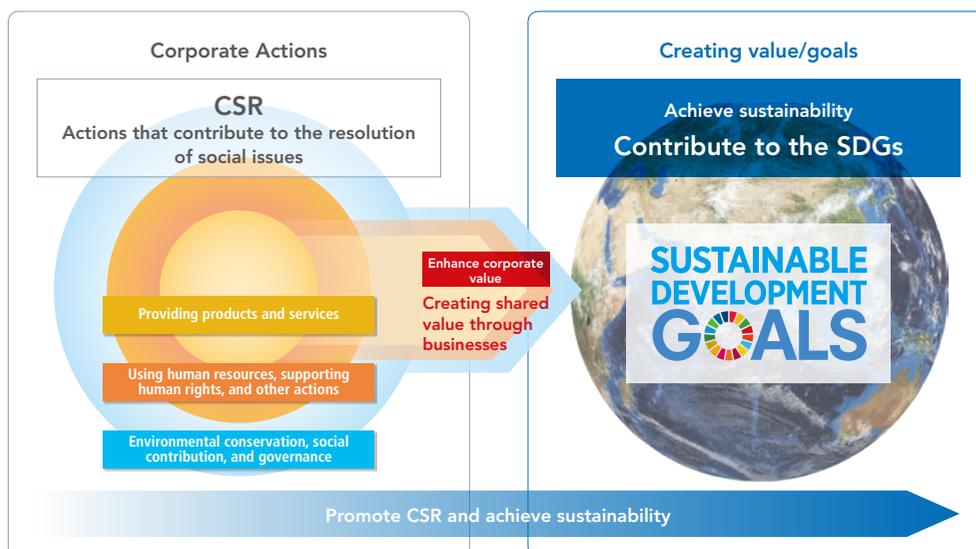
A set of six investment principles unveiled in 2005 by the United Nations and signed by participating institutional investors that aim to address basic issues concerning ESG topics in investment portfolios.

to help mitigate and adapt to climate change. Furthermore, we support the recommendations of the [Task Force on Climate-related Financial Disclosures \(TCFD\)](#), which was set up by the Financial Stability Board (FSB), and actively engage in the disclosure of easy-to-understand climate-related financial information.

On the topic of human rights, our Group CSR Charter expresses our respect for all human rights and we have always respected the individuality and diversity of all employees and strived to create a workplace environment that guarantees health and safety for all. In July 2020, we established the [T&D Insurance Group Human Rights Policy](#) to express our views on respect for human rights in line with the Guiding Principles on Business and Human Rights, a code of behavior developed by the UN Human Rights Council for all states and business enterprises to abide by. Also, considering that our Group has a majority of female employees, giving scope to the capabilities of women in the Company is a key management issue for the purpose of sustainably enhancing corporate value. We continue to implement multifaceted initiatives that support the empowerment of women in the workplace. For example, we have overhauled our personnel and compensation systems, encouraged work-life balance, and supported personal skills development.

▼ P.64
Contribution to Climate Change Mitigation and Adaptation
— Action for the TCFD —

▼ P.69
Enacting the T&D Insurance Group Human Rights Policy



In conclusion

In the world today, society as a whole currently faces uncertain and challenging times triggered by a pandemic that nobody saw coming.

Nonetheless, the very reason that we are experiencing such trying times is why society must adopt an approach that focuses on how new value can be created by identifying and solving issues. And thoroughly imagining what the world will be like in the “new normal” will be even more important. As the criteria for measuring a company’s value continues to change, the T&D Insurance Group will work together on providing value to society and being a corporation needed by society based on the theme of creating shared value.

I look forward to your continued support up ahead.

COVID-19

Response to COVID-19

The life insurance and other financial businesses run by the T&D Insurance Group have a social mission that is closely linked to the stability and improvement of people’s lives, economic development, and the realization of a sustainable society. The Group is engaged in a variety of initiatives in response to COVID-19. The Group will work as one with the hope the situation is resolved as soon as possible.

Initiatives of the T&D Insurance Group

The T&D Insurance Group has established Crisis Management Headquarters for the Group and each operating company, and is implementing the following initiatives.

Support for customers

In order to provide customers with peace of mind amidst the COVID-19 pandemic, we have kept the system to provide stable financial services that are indispensable to our customers, including the payment of claims and benefits in our life insurance

business. In addition, we are responding to the individual needs of our customers, for example by providing interest-free loans to policyholders and extending the policy renewal period.

Response to date

- ✓ **Extension of the grace period for payment of premiums and the period for policy renewal procedures**
- ✓ **Simple and rapid payment of claims, benefits and policy loans**
- ✓ **Payment of hospitalization benefits based on certain conditions even in cases where treatment was received at home or in other facilities due to circumstances of medical institutions**
- ✓ **Payment of accidental death benefits in the event of death due to COVID-19**
- ✓ **Exemption from interest on policy loans (initial loans)**

Support for employees

From the perspective of preventing the spread of COVID-19, we are taking measures such as encouraging employees to work from home. In addition, we are maintaining employment and

providing compensation for earnings of in-house sales representatives who had to cut back their sales activities out of concern for the safety of our customers.

Efforts to date

- ✓ **Measures to prevent infection of employees**
 - Promotion of work from home (teleworking, etc.), promotion of staggered working hours, and avoidance of the “three Cs” through the utilization of teleconferencing and videoconferencing, etc.
- ✓ **Maintaining employment and providing compensation for earnings of in-house sales representatives**



Support for society

In addition to continuing insurance claim payment operations and call center operations, we are also providing services essential for society such as telephone consultations on employment adjustment subsidies aimed at supporting stable employment in SMEs.



Response to date

- ✓ Continuation of operations essential for society (insurance claim payment operations, call center operations, etc.)
- ✓ Implementation of telephone consultation and labor and social attorney referral services to apply for employment adjustment subsidies aimed at supporting stable employment in SMEs (Daido Life)
- ✓ Donations to medical organizations that are fighting infectious diseases

TOPIC

Taiyo Life launches new product that also covers COVID-19

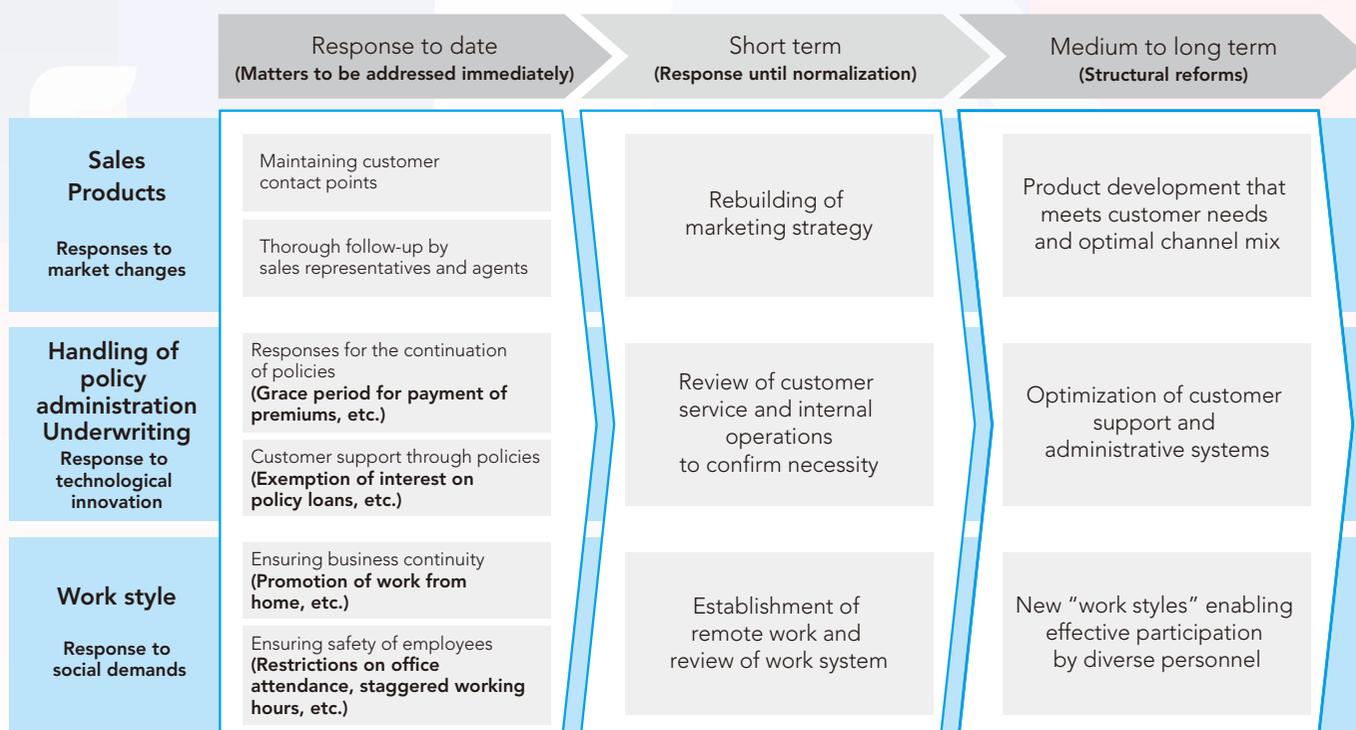
感染症プラス入院一時金保険

In September 2020, before any other company, Taiyo Life launched *Infectious disease plus hospitalization insurance (Lump-sum payment type)*, a product that provides generous coverage for COVID-19. The product was developed as a way to give customers peace of mind and support for good health and longevity in an era of coexistence with COVID-19.

Customers can receive a lump sum payment if they are hospitalized with a prescribed infectious disease, including COVID-19, to support their daily lives against the impact of treatment costs and loss of income due to hospitalization and other concerns.

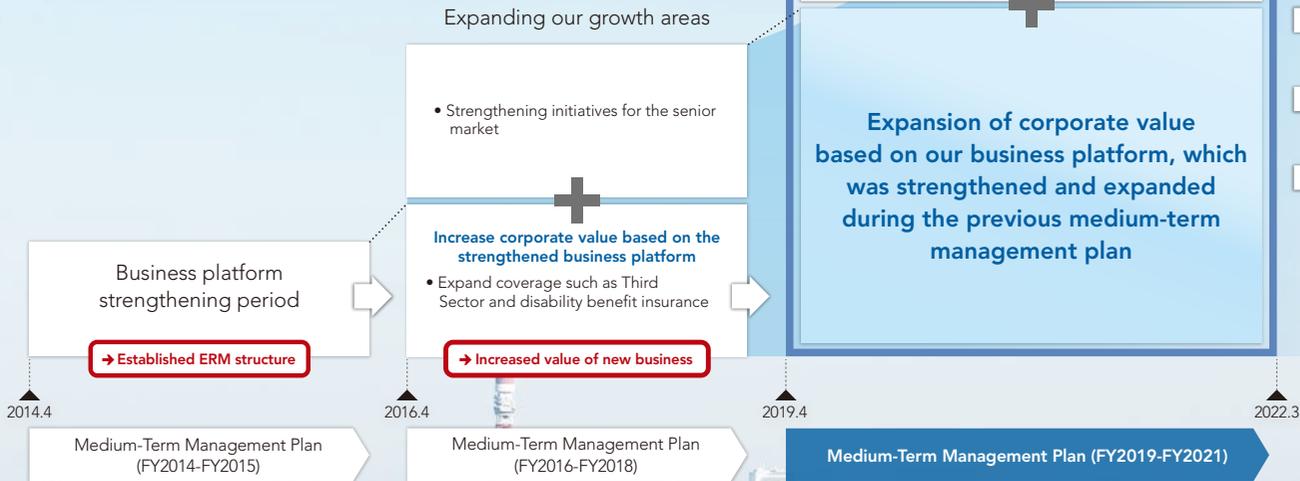
Responding to the world after COVID-19

The T&D Insurance Group is examining the direction of the Group's strategy in anticipation of the "new normal" after COVID-19.



Progress on Medium-Term Management Plan “Try & Discover 2021 — Creation of Shared Value —”

We are steadily executing the strategies in our medium-term management plan with the aim of sharing our values with society and being an insurance group that grows sustainably.



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

Realizing Our Vision with Four Basic Strategies

We aim to be an insurance group that grows sustainably by driving the creation of shared values that generate value for society and value for the company.

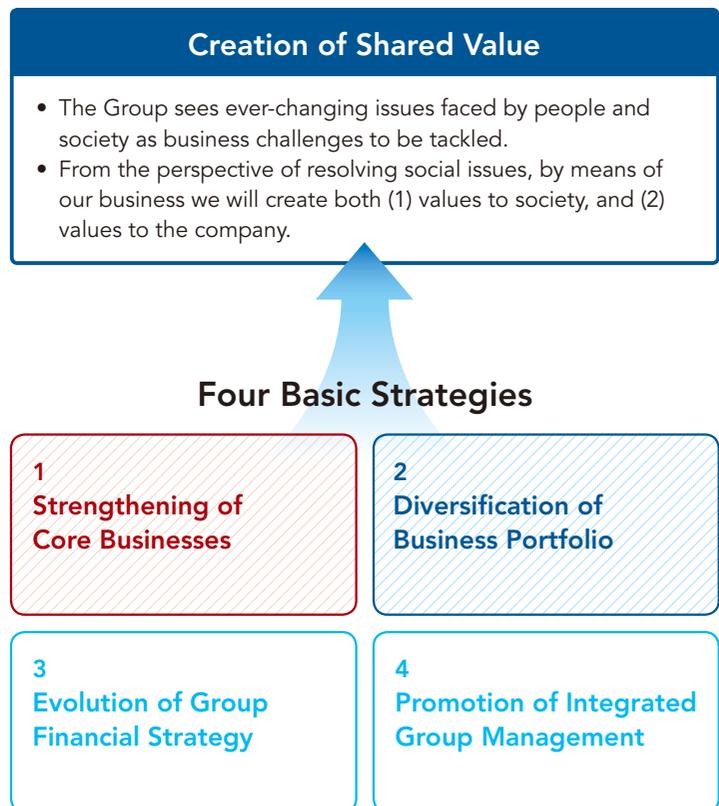
Under our medium-term management plan, we aim to realize our group vision by executing four basic strategies (shown on the right).

In our core business, we aim to establish ourselves as a leading brand. For achieving that vision, our three life insurance companies provide products and services in their respective specialized markets to meet the needs of our customers. For example, Daido Life Insurance introduced products that quickly addressed changes in the tax handling of term insurance and the like for the SME market.

Since we diversify our business portfolio, we are making progress on a handful of projects, most notably the acquisition of the US-based reinsurance company Fortitude Group Holdings as an equity-method affiliate.

And the Company has been reorganized into a company with an Audit and Supervisory Board as part of promotion of integrated Group management.

As mentioned above, measures are being steadily implemented for each strategy.

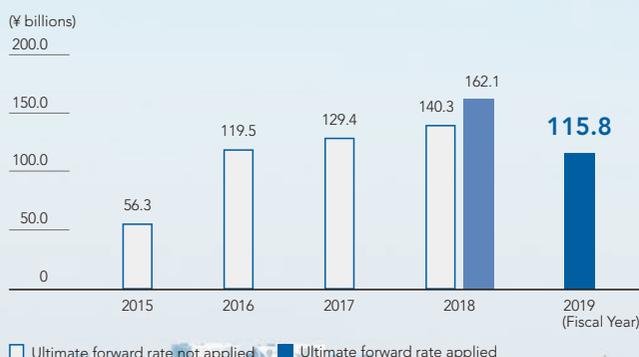


Progress of Key Performance Indicators

In the fiscal year ended March 31, 2020—the first year of the medium-term management plan—the value of new business declined year on year due to lower sales volume, but adjusted net income still came in higher than our initial forecast.

Going forward, we aim to boost corporate value (Group MCEV) by steadily executing our four basic strategies.

Value of New Business



Adjusted Net Income*

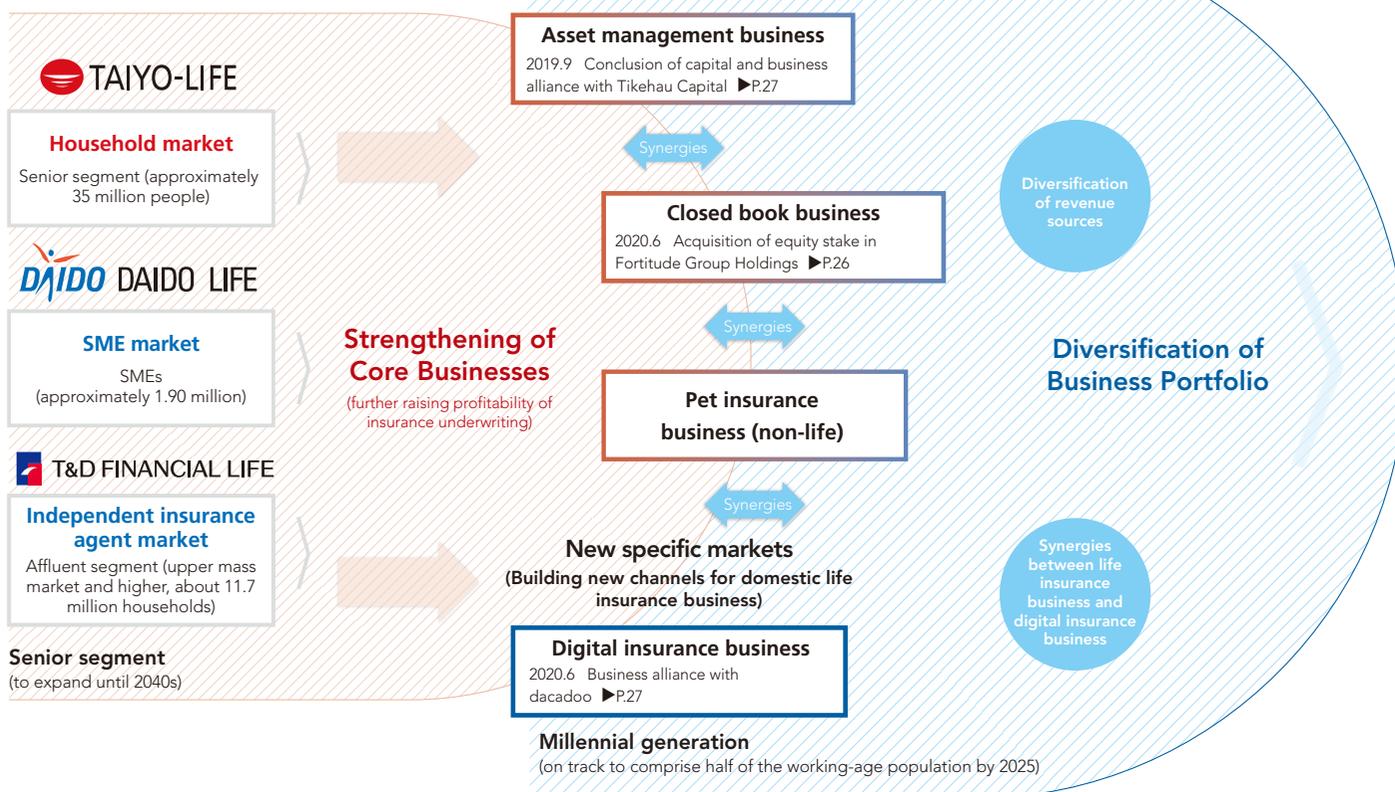


* From the fiscal year ending March 31, 2021, we introduced "Group adjusted profit" to replace Adjusted net income

Medium- to Long-Term Target Group MCEV



Strategic Map of Medium-Term Management Plan



Special Feature

Diversification of Business Portfolio

While the senior market is expected to expand up ahead in our current medium-term management plan, from an ultra-long-term perspective the domestic market will likely shrink and digital technology will continue to develop at an accelerated pace. Based on the recognition of these factors, increasing the scope of our business portfolio is one major strategy.

Purpose of business portfolio diversification

Recognition of issues

- › The senior market on which the three core life insurance companies are focusing is an area of growth that is expected to expand going forward. Conversely, on an ultra-long-term perspective, it is likely that the domestic market will shrink.
- › New digital technologies develop at an accelerated pace.



Our approach to new business areas

- › Giving top priority to synergies with the life insurance business, leveraging the strengths of the Group
- › Business large enough to contribute to consolidated Group profits
- › Bring together Group management resources, and build an effective and efficient investment structure

Action policies during the current medium-term management plan

Closed book business

- › Capture various opportunities for external growth, not limited to M&As with overseas life insurance companies.
- › Pursue synergy with domestic life insurance business. (Diversification of insurance underwriting risk, etc.)

Asset management business

- › Strengthen asset management capabilities as a group.
- › Further strengthen asset management capabilities through collaboration with overseas asset management companies.

Digital life insurance business

- › Meet the insurance needs of millennials and build new specialized markets using digital platforms.
- › Promotion of integrated life and non-life insurance sales. (Strengthening the business platform of the pet insurance)

Establishment of T&D United Capital

T&D United Capital was established in June 2019 with the aim of building an effective and efficient Group-wide investment framework.

Purpose of establishment

Strategic aim

Establishment of the profit center alongside the domestic life insurance business.

Expertise

Construction of a framework (decision making/specialist personnel, etc.) optimized for business fields that differ from the domestic life insurance business.

Independence

Limiting the spread of risk throughout the Group.

Basic Strategy

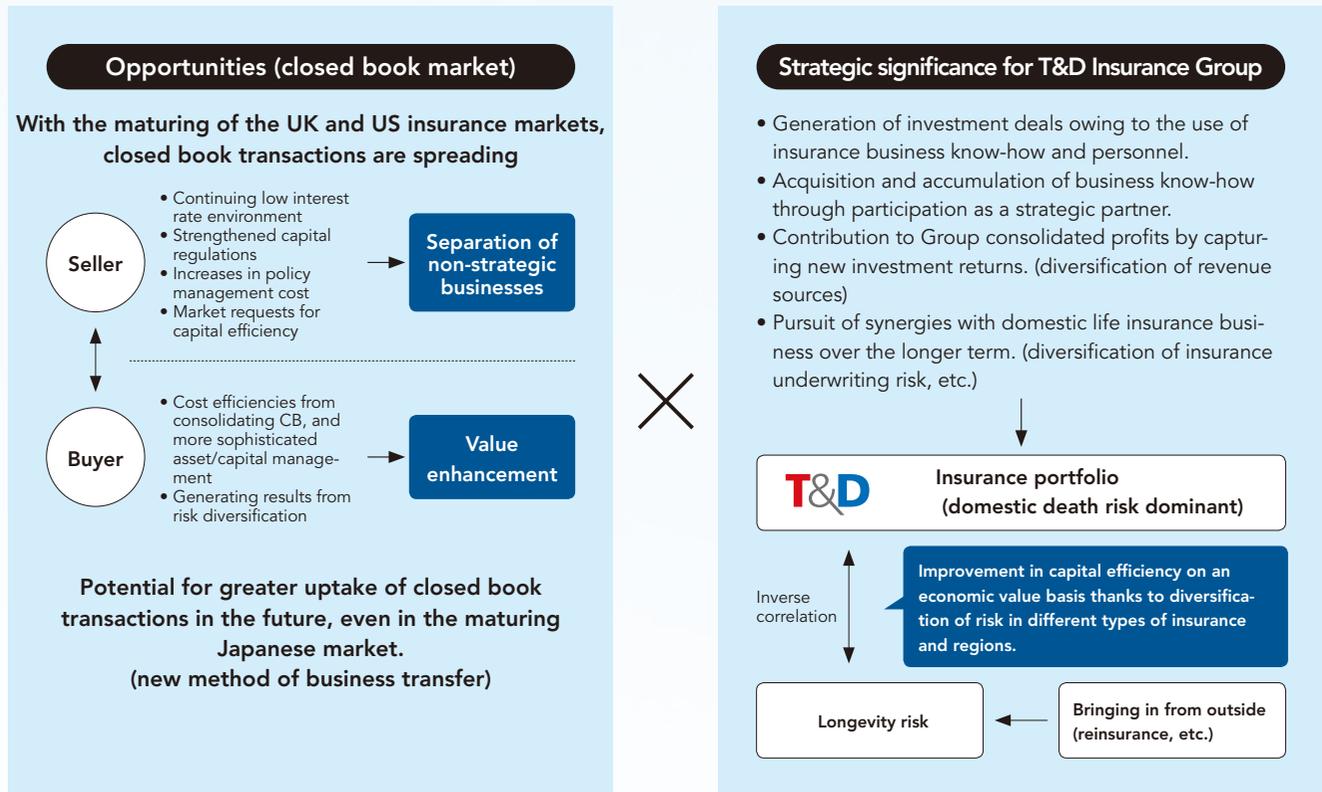
Promoting investments in closed book business and asset management business as strategic areas



Closed book business

Rationale for investing in the closed book business

The closed book business domain has growth potential in Japan and overseas and by strategically investing in insurance companies that boast strengths in this field, we expect to contribute to Group consolidated profits by way of diversifying revenue sources. We will also seek to benefit from strategic advantages of acquiring and amassing know-how through our participation in the management of investee companies.



Closed book business

The closed book business is a business model that acquires and consolidate closed books carved out from other insurers, and generates income by enhancing values of the closed book acquired from other insurers

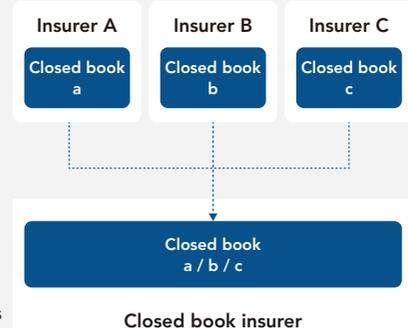
- ▶ Closed book is a block of in force policies for products that are no longer sold (run-off) by an insurer.
- ▶ In Western countries (especially in the UK and the US), there has been an increase in the number of closed books separated as a part of revisions of the business strategy and the product portfolio according to changes in the business environment.

Challenges

Lower capital efficiency and profitability, and increase in policy management costs due to reduced scale

Value-up process (varies by insurer)

- Cost efficiency through economies of scale
- Improvement of investment returns
- Risk diversification within in-force books
- More efficient structural set-up

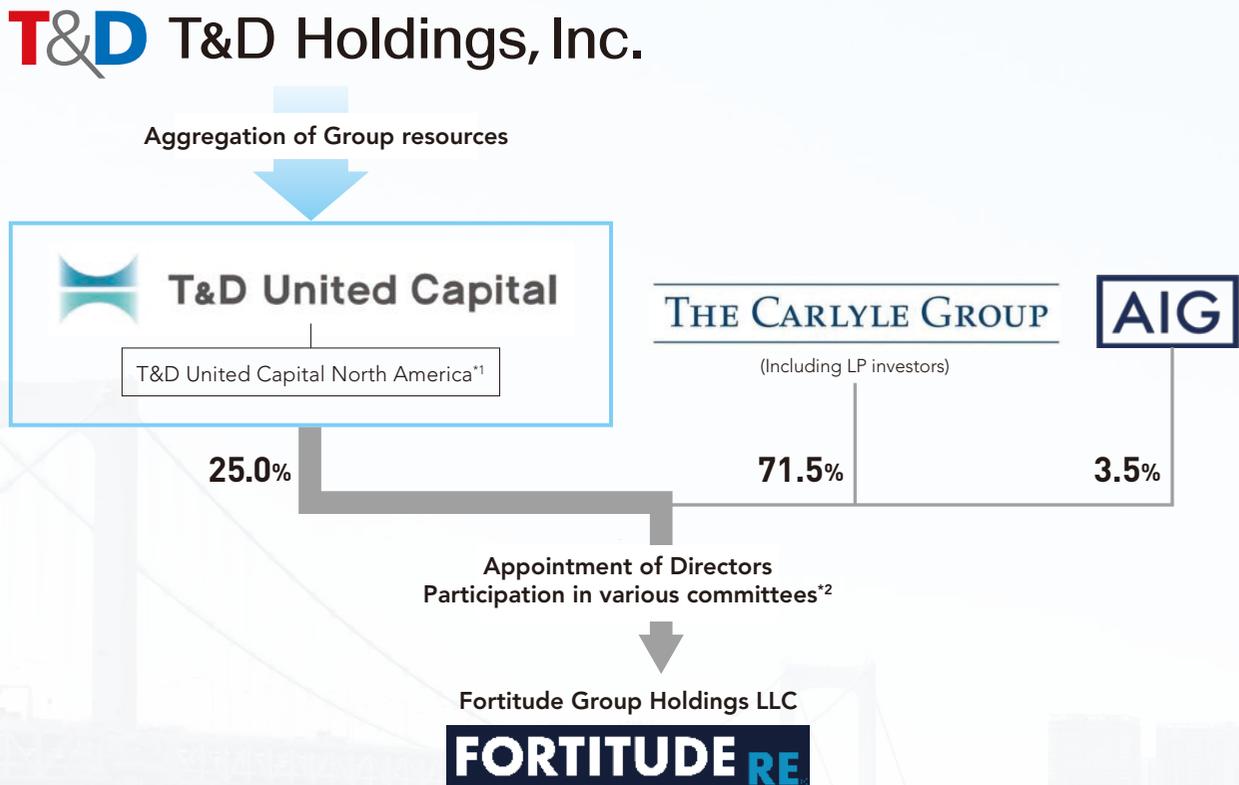


Diversification of Business Portfolio

Closed book business

Making Fortitude an equity-method affiliate

In June 2020, through T&D United Capital, we acquired from American International Group, Inc. a 25% equity stake in the dedicated closed book insurer Fortitude, thus making it an equity-method affiliate. We intend to play a role in the management of Fortitude by dispatching directors and sitting in on various committee meetings. We also aim to ramp up our efforts to acquire and accumulate know-how in the closed book business.



*1 Founded in New York, NY. Initially planned to commence operations in April 2020 however started operations in Tokyo due to the COVID-19 situation.

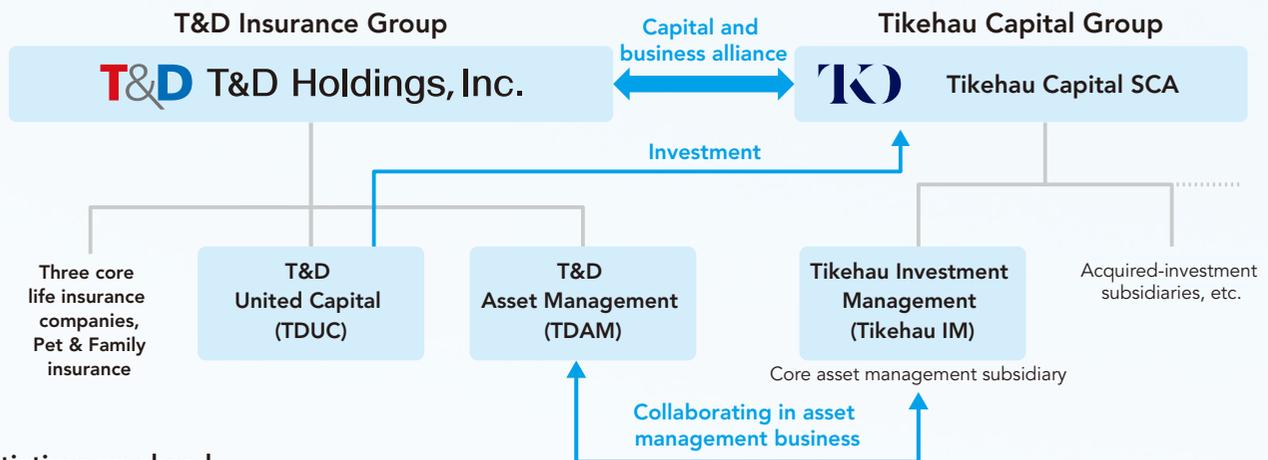
*2 T&D to participate in Fortitude's business management through various committees and by dispatching liaison trainees in addition to the appointment of two directors.

Initiatives up ahead

In the closed book business, we will seek to reap economic (equity-method income) and strategic (know-how and cooperation, etc.) benefits by extending investee management to Fortitude and pursue new investment opportunities and synergies with the domestic life insurance business (incorporating external risks mainly through reinsurance and streamlining the Group's liabilities, etc.).

Asset management business

In September 2019 we entered into a capital and business alliance agreement with France-based asset manager, Tikehau Capital SCA.



Initiatives up ahead

Whilst we intend to drive forward our business tie-up with Tikehau Capital, we will also continue to reinforce the asset management business through alliances with, and investments in, overseas asset managers, and set our sights on enhancing and streamlining asset management for the Group's life insurance.

Digital insurance business

Anchored by a health-promoting app, we aim to build out a new insurance business targeting the millennial generation based on the theme of staying healthy.

In June 2020 we signed a business alliance with Switzerland-based digital healthcare firm, dacadoo AG.



dacadoo
 It's all about you.



Initiatives up ahead

In addition to furthering our business alliance with dacadoo, considering that digitalization and non-face-to-face channels continue to gain momentum, we will look at opportunities for working with external IT firms that can help us establish contact points with the millennial generation.

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

[Identifying important social issues]

We identify the social issues to be addressed through our businesses by examining the SDGs, social changes, technological innovation, our Group business models, and other sources.



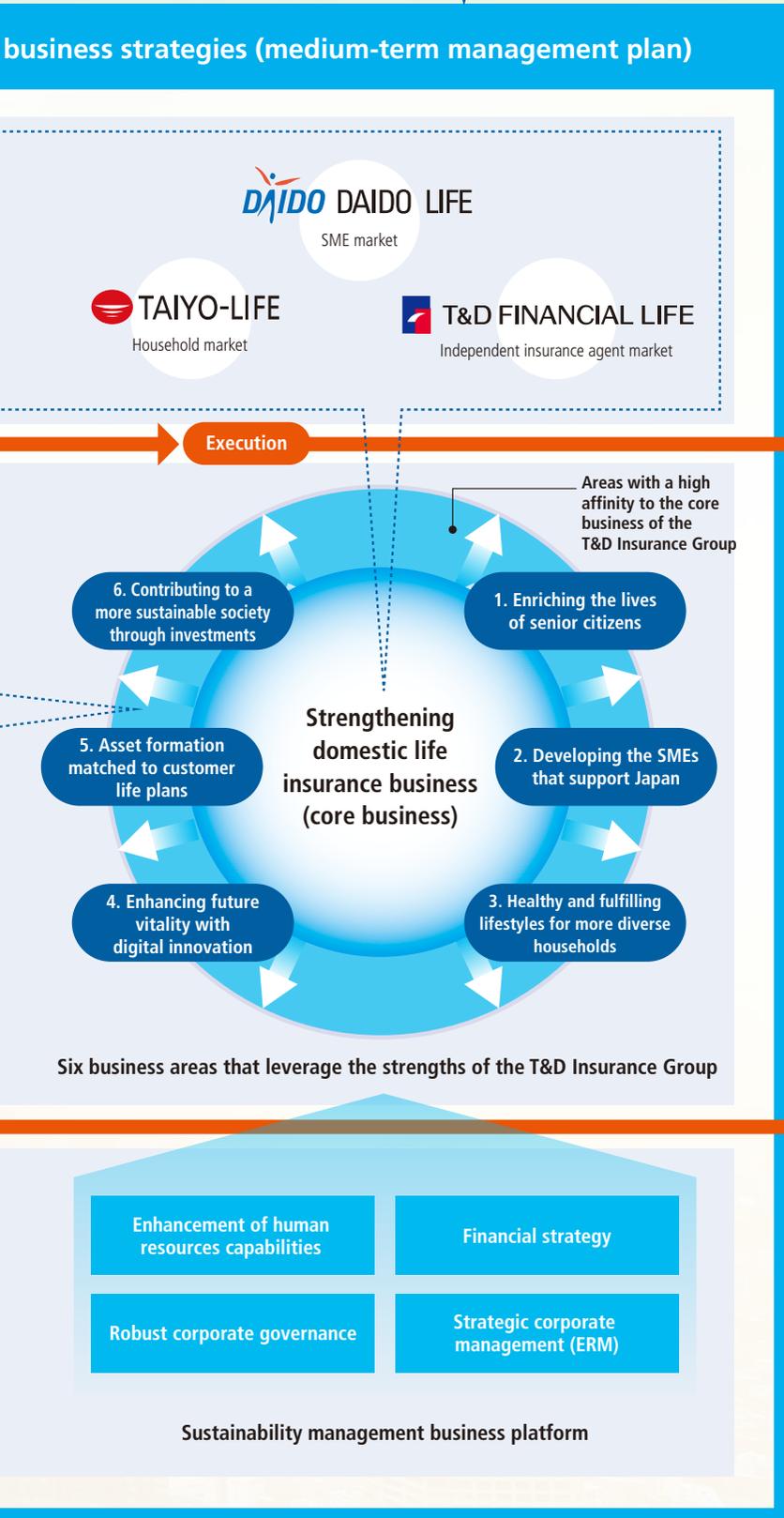
* Numerical figures denote social issues derived from the SDGs
 Alphabet letters denote social issues derived from the T&D Insurance Group CSR Charter

[Efforts to address important social issues]

We have based our business strategies on actions that contribute to solving important social issues and create value for society. We will work to create social and economic value through our activities in our core businesses, the business areas into which we are expanding, and our sustainability management business platform.

[Creating shared value]

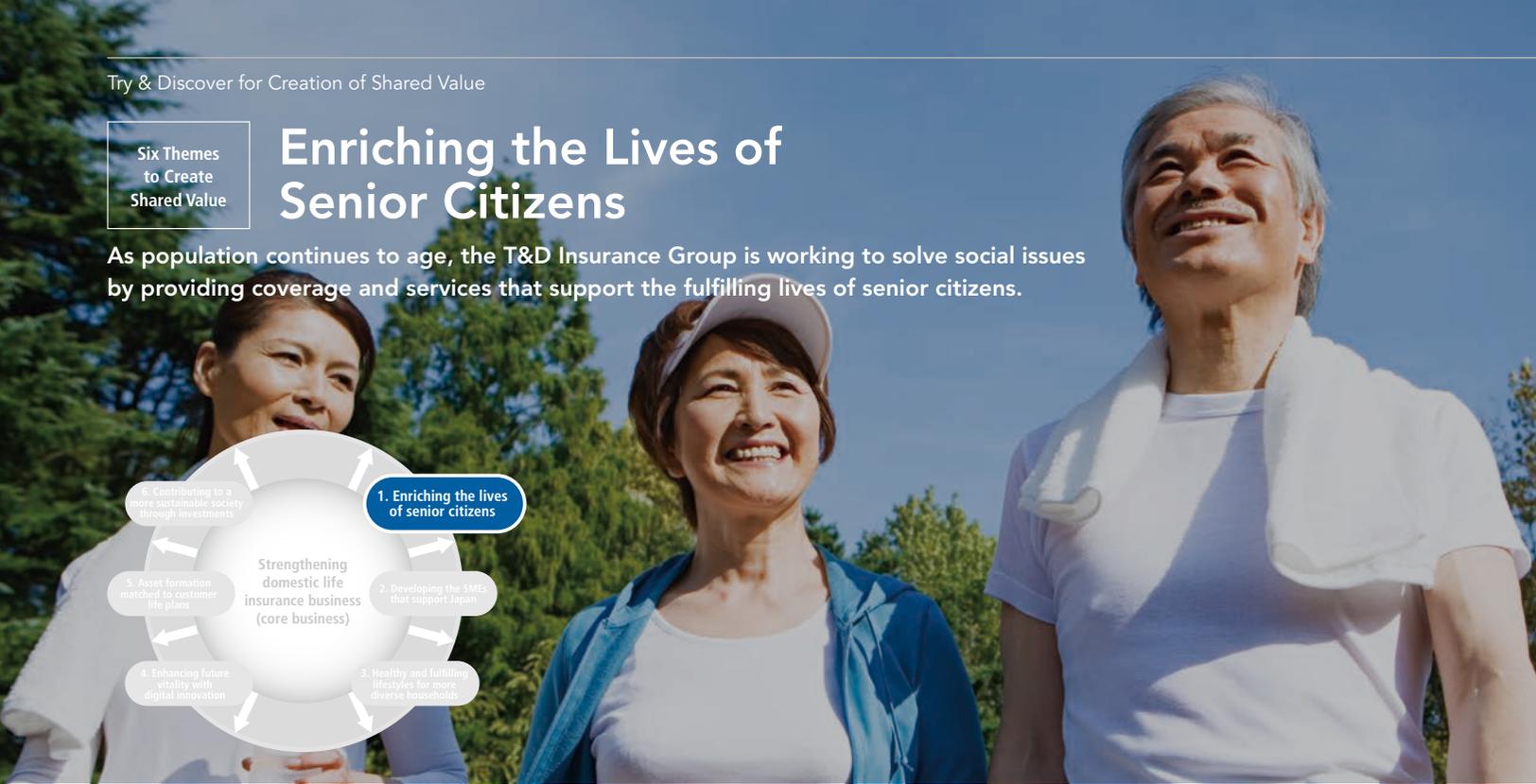
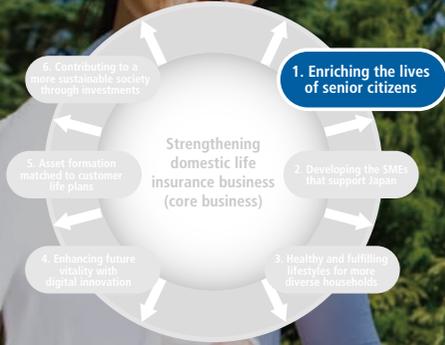
We have established sustainability priority themes that create shared value. By continuously executing the activities and assessing their results, we aim to create shared value.



Six Themes
to Create
Shared Value

Enriching the Lives of Senior Citizens

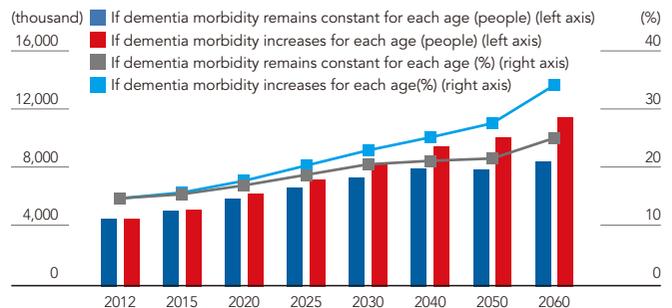
As population continues to age, the T&D Insurance Group is working to solve social issues by providing coverage and services that support the fulfilling lives of senior citizens.



The Needs of an Aging Society

Japan's population continues to be transformed by an aging population and a declining birthrate—it has been estimated that by the year 2036, one in three people will be aged 65 or older. Average life expectancies are also expected to increase, which in turn will lead to an extension in healthy life expectancy and bring about challenges for society such as aged care and dementia. Especially it is said that by 2025 one in five people over the age of 65 will be at risk of developing dementia. To support the fulfilling lives of senior citizens, the T&D Insurance Group offers products and services designed to address these social issues.

Estimated Future Number of Dementia Patients and Morbidity above the Age of 65

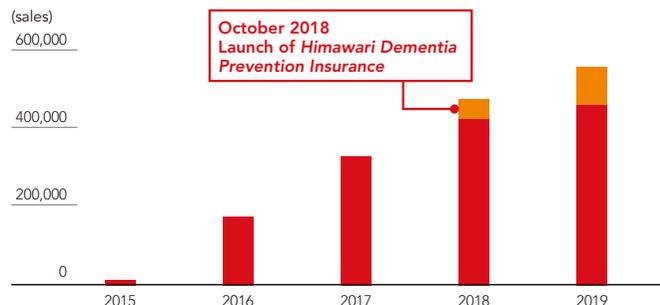


Source: Compiled by T&D Insurance Group, based on Cabinet Office 2016 Annual Report on the Aging Society

Supporting the Prevention of Dementia as Well

Taiyo Life has been selling dementia insurance and offering peace of mind to its customers far longer than any other insurance companies in Japan. In 2018, Taiyo Life launched *Himawari Dementia Prevention Insurance*, which not only provides coverage for dementia patients but provides prevention service as well. In addition to the provision of insurance coverage after the onset of dementia, Taiyo Life can refer the customer to certain dementia prevention services, including MCI screening with a simple blood test that checks for signs of MCI—a known pre-dementia stage—and a tour experience known as Kurort Health Walking that demonstrates disease-prevention and health-promotion benefits.

Cumulative number of sales of dementia-related products*



* Total of *Himawari Dementia Treatment Insurance*, *Himawari Dementia Prevention Insurance* and *Dementia Treatment Insurance*, etc.

Providing Various Services Aimed at Enhancing Senior Customer Satisfaction

The T&D Insurance Group implements initiatives for the purpose of offering senior customer-oriented services.

Main initiatives at Taiyo Life

In aiming to be the most considerate life insurance company for its senior customers, Taiyo Life launched the *Best Senior Service* in fiscal 2014. It has since overhauled and made numerous developments and improvements to its products, services, systems, forms, hospitality, and multiple other aspects of the business from a senior customer standpoint with the goal of enhancing senior customer satisfaction.

- Providing procedural and follow-up services such as *Kaketsuke-Tai Service* and the *Senior Visit Service*; development of, and amendments to, easy-to-read and easy-to-understand customer forms, etc.

Main initiatives at Daido Life

Daido Life is driving its *Best Senior Service* on a company-wide basis so that it can deliver easy-to-understand and highly convenient services to its senior customers.

Daido Life gives due consideration to the individual circumstances of every senior customer and implements various initiatives over the entire duration of an insurance policy, from subscription through to payment, so that it can pay insurance claims and benefits smoothly and appropriately.

- Regular confirmation of customer circumstances, improvements to product disclosure statements, etc.

* Initiatives aimed at enhancing senior customer convenience and satisfaction at both Taiyo Life and Daido Life are called *Best Senior Service*

Main initiatives at T&D Financial Life

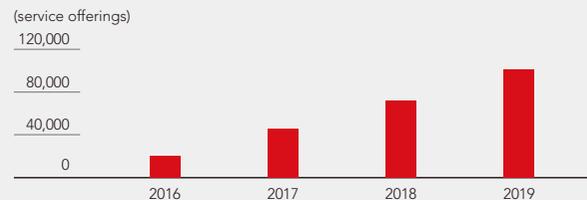
T&D Financial Life is working to improve administrative services whilst considering the needs of senior customers and endeavoring to further enhance call center capabilities and other customer services.

- Adult guardianship system referral service, medical certificate acquirement service, designated proxy application rider, etc.

Kaketsuke-Tai Service

For the purpose of facilitating swift and secure payments of insurance claims and benefits, Taiyo Life rolled out its *Kaketsuke-Tai Service* in 2016. This service sees highly knowledgeable Taiyo Life employees visit customers and their families in person to provide in-depth support. Currently, sales representatives can also complete billing procedures on site with the use of tablet devices. This service has been favorably received by not only seniors, but many customers of all ages.

Cumulative number of *Kaketsuke-Tai Service*



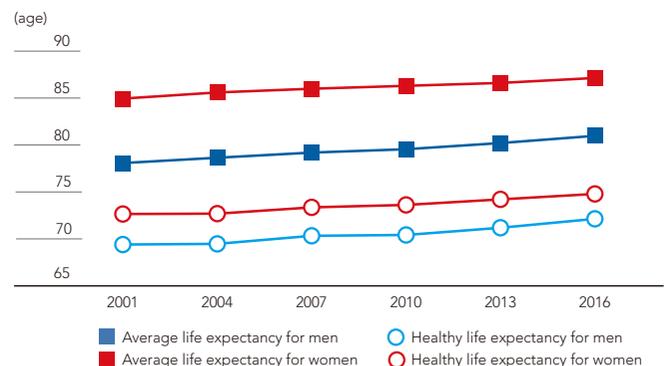
Establishment of Taiyo Life Aging Society Institute

To further develop measures that help solve social issues such as a declining birthrate and the extension of healthy life expectancy, on April 1, 2020 Taiyo Life established the Taiyo Life Aging Society Institute as a wholly-owned subsidiary of Taiyo Life.

The institute will chiefly undertake joint research with mainly academic institutions and leverage big data with a focus on the prevention and early detection and treatment of diseases. The institute aims to contribute to society by broadly publishing its results, and by reflecting the findings of its joint research into insurance products and services, it will look to develop products and services that help customers live longer and more energetic lives.

Taiyo Life has also set up an advisory board comprising external experts and specialists in the fields of healthcare in an effort to improve the quality of research by garnering advice and information about studies and research.

Average life expectancies and healthy life expectancies

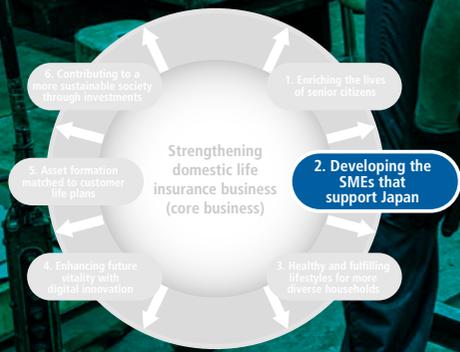


Source: Compiled by T&D Insurance Group, based on Cabinet Office 2019 Annual Report on the Aging Society

Six Themes to Create Shared Value

Developing the SMEs that Support Japan

In Japan, around 99% of all companies are small and medium enterprises (SMEs) and it could be said that the endeavors of each and every one of these companies are what props up the massive Japanese economy. The T&D Insurance Group contributes to the continual development of SMEs through the provision of our products and services.

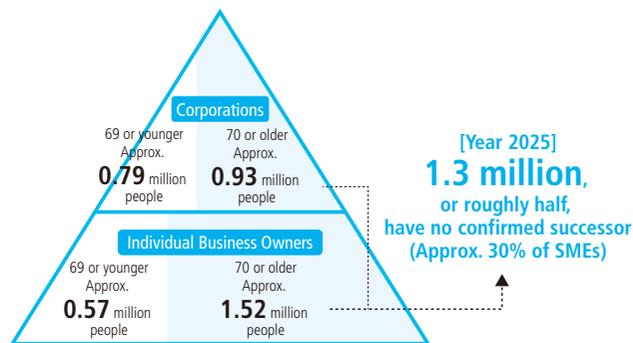


Environment Surrounding SME Owners

SME owners undertake all sorts of roles singlehandedly and the scope of their duties is extensive, covering sales, accounting, human resources, and product development, just to name a few. There is a risk that SME owners will be unable to protect the people important to them in the event of some kind of accident that might lead to changes in terms of transactions with business partners or banks, the loss of key personnel because salaries can no longer be paid, or the inability to sustain their family's livelihood.

On top of this, the business challenges of SMEs are diversifying. For example, the aging of owners and business succession, labor shortages, the proliferation of IT, and the impact of COVID-19, etc.

Estimated aging of SME owners and lack of successors

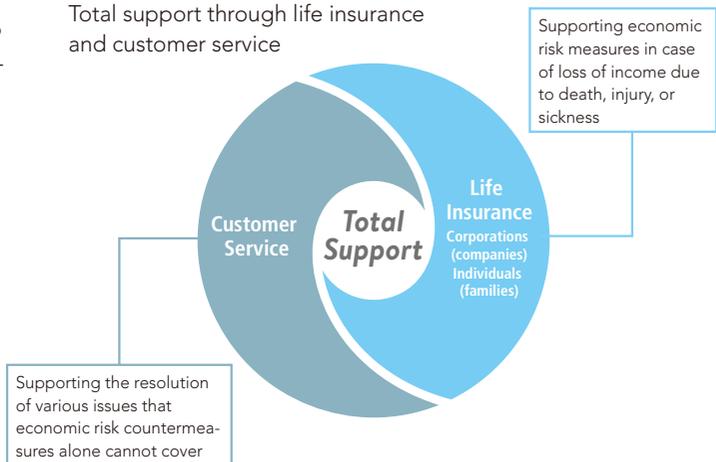


Source: Compiled by T&D Holdings based on the report on improving productivity of SMEs and micro enterprises of the Ministry of Economy, Trade and Industry

Initiatives of T&D Insurance Group to Support Development of SMEs

In light of these social issues that envelop SMEs, Daido Life, the T&D Insurance Group's specialist in the SME market, has hitherto strengthened its core strategy of providing a full-range of protection integrating both corporations and individuals. Underpinned by the unified reform of products, services, and sales channels, as well as co-creation efforts with various partners, Daido Life contributes to the continual development of SMEs by offering products and services that better meet the changing needs and issues of SMEs and their owners in an age of 100-year life.

Total support through life insurance and customer service



A Full-Range of Protection that Protects SMEs from Risk

SME Owners are responsible for protecting their own company, but as the head of the household and the main breadwinner, they are also responsible for protecting individuals (their family members). Daido Life calculates how much money would be required to protect the company and families from economic losses (risks) in the event the owner dies or is unable to work and provides reasonable coverage (full-range of protection) integrating both corporations and individuals.

Based on the fact that company owners are now working longer than before as a result of mainly population aging and advancements made in medical technology, Daido Life has continued to expand its lineup of disability benefit insurance and complement its conventional death benefit coverage with the sale of *J-type* insurance to provide coverage against the three major diseases, *T-type* insurance that covers serious physical disabilities, and *M-type* insurance for hospitalization and surgery coverage.

In order to better meet the diverse needs of its customers, in July last year Daido Life launched the industry's first made-to-order insurance products known as *L-type Alpha*, *J-type Alpha*, and *T-type Alpha*. Not only can the policyholder freely decide on the policy amount and term, they can also customize the balance of premiums and surrender value.

The company is also working on enhancing its products for individual business owners with *Shunyu Relief* and *Kaigo Relief Alpha*. These products broadly cover situations in which nursing care is required, especially as dementia-related problems continue to emerge in society nowadays with more people living to the age of 100.

Corporate and individual risks and funds required



Main lineup of products offering a full-range of protection

Product	Features
<i>R-type</i>	Preparation for risk of death during a certain period
<i>L-type Alpha</i>	Preparation for risk of death over the long term
<i>J-type, J-type Alpha</i>	Preparation for risk of being unable to work due to critical illness (cancer, acute myocardial infarction, cerebral stroke)
<i>T-type, T-type Alpha</i>	Preparation for risk of being unable to work due to serious physical disability owing to illness or accident
<i>M-type</i>	Preparation for mainly the risk of decreased revenue in the event of an owner's temporary absence due to hospitalization or surgery
<i>Kaigo Relief Alpha</i>	Preparation for nursing care expenses in the event nursing care is required due to the onset of dementia or other illness
<i>Shunyu Relief</i>	Preparation for decline in income owing to death or the need for nursing care

Services to Meet the Varied Management Issues of SMEs

The impact of COVID-19 pandemic on SME revenue and cash flow is gradually worsening and Daido Life is extending special interest-free loans to policyholders and extending the grace period for payment of premiums. Also, to support the ongoing employment of employees, the company started a service that provides consulting over the telephone regarding the government's employment adjustment subsidies, as well as a social insurance labor consultant referral service (during the period the government implements special COVID-19 measures) in April 2020.

Daido Life is also further enhancing its ancillary services to help SMEs resolve issues. As part of this, it started providing information about information security-related services in December 2019 and launched a new power bidding support service in January 2020.

Moreover, Daido Life provides a *Safety Confirmation System* that can be used to confirm the status of employees during disasters, as well as a *M&A Support Service* that companies can utilize for business succession or M&A deals.

The company will endeavor to improve its services up ahead so that it can address customer needs that are changing with the environment that envelops SMEs.

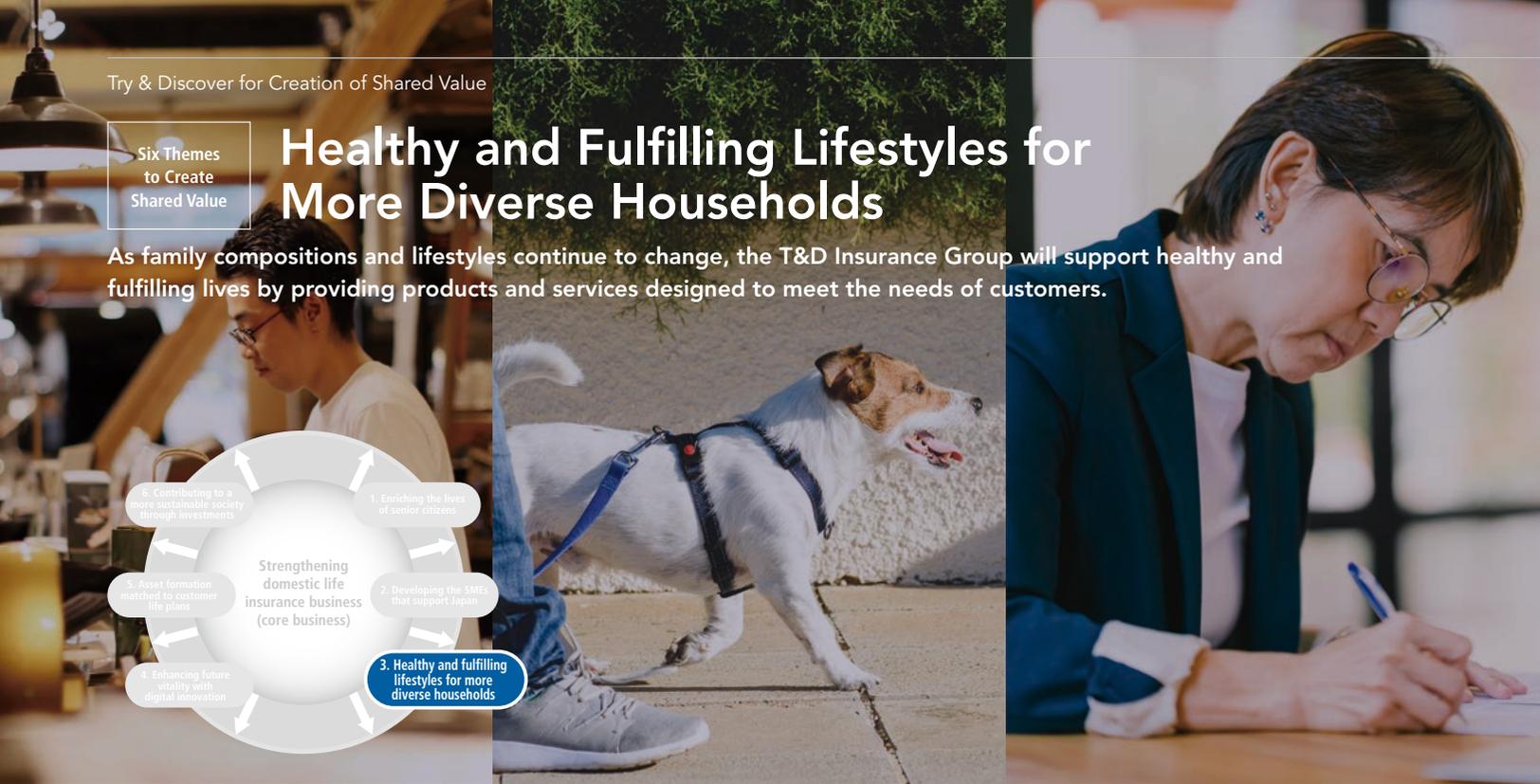
Main management support services

	Cost reductions <i>New power bidding support service</i>	Japan JP Organization obtains and presents the results of bidding from multiple new power companies
	Cyber-attacks arising from the increased uptake of IT Information security-related services	Referral to information security-related services for SMEs provided by the Information-technology Promotion Agency (IPA)
	Development of corporate systems Complimentary assessment for receiving public subsidies	A social insurance labor consultant assesses free of charge which of the roughly 40 different public subsidy schemes the customer is eligible for
	No confirmed business successor <i>M&A Support Service</i>	An expert provides the company with comprehensive support, from M&A consulting right through to counterparty identification and transaction procedures, which may be difficult to deal with on its own
	Disaster response and employee protection <i>Safety Confirmation System</i>	This system is used to confirm the safety of employees when a disaster strikes by automatically sending out safety confirmation messages, among other functions

Six Themes to Create Shared Value

Healthy and Fulfilling Lifestyles for More Diverse Households

As family compositions and lifestyles continue to change, the T&D Insurance Group will support healthy and fulfilling lives by providing products and services designed to meet the needs of customers.

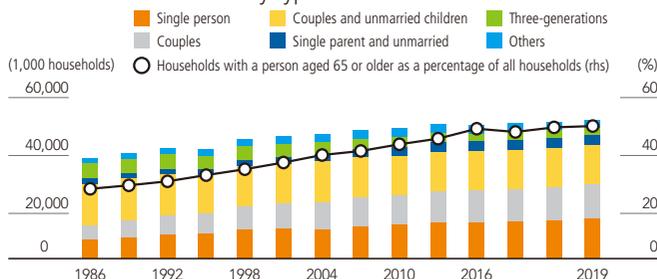


Change in Family Structure and Diversification of Lifestyles

The makeup of Japanese households is rapidly changing and the shape of families is diversifying, mainly owing to an increase in single-person households. On top of this, urbanization and an increasingly information-oriented society are driving changes in lifestyles and the diversification of customer needs.

To support healthy and fulfilling lives, the T&D Insurance Group offers products and services capable of addressing the broad-ranging needs of customers.

Number of households by type



Source: Compiled by T&D Insurance Group, based on MHLW Comprehensive Survey of Living Conditions

Note: Data for 1995 excludes Hyogo Prefecture; data for 2016 excludes Kumamoto Prefecture

Coverage that Protects One's Livelihood upon Loss of Income

There are many people who feel insecure about the possibility of losing income or struggling to pay living expenses in the event they are unable to work because of illness or injury. In addition to insurance coverage in the event of death, demand is also increasing for insurance protection in the event of one's own survival to cover costs associated with nursing care or a specific disease. The life insurance companies in the T&D Insurance Group sell various types of insurance to address these needs.

Given the rising number of people taking out disability benefit insurance to protect against the possibility of the head of the household being unable to engage in work, T&D Financial Life offers income protection insurance and income protection insurance in the event of specific diseases. Since 2012 it has offered *Kakei Ni Yasashii Shunyuhosho*, a type of insurance with which extra coverage for specific diseases can be added on to the death and serious disability benefits. Since 2015 it has offered *Hataraku*

Anata Ni Yasashii Hoken, insurance that has no death benefit but covers living expenses in the event the insured person has contracted a specified disease and has limitations on employment or is unable to work. Both of these insurance products were revised in 2016 to meet an even broader range of needs.

Since 2008 Taiyo Life has offered *Hoken Kumikyoku Best*, a product with which policyholders can freely combine the coverage they need with insurance to protect against loss of income or hospitalization insurance. In 2019, Taiyo Life amended its lump-sum payment-type hospitalization insurance to better meet the changing needs of shorter hospital stays etc.

Daido Life's lineup of disability benefit insurance includes *J-Type*, *T-Type*, *Shunyu Relief*, and *Kaigo Relief Alpha*. In addition to coverage for corporations, these products also meet the individual coverage needs of mainly management and sole traders.

Services Supporting Healthy and Fulfilling Lives

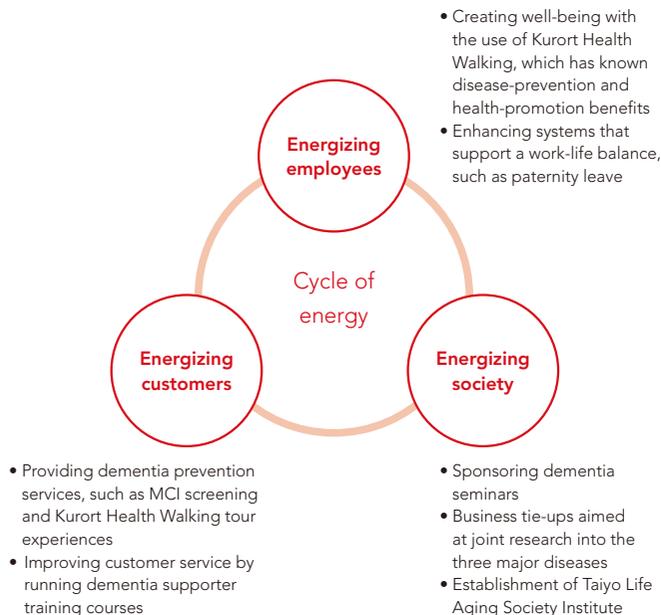
The T&D Insurance Group provides customers with more than just insurance coverage—we implement various initiatives and offer services geared towards supporting people’s healthy and fulfilling lives.

Taiyo’s GENKI Project

With the goal of addressing the social issue of extending healthy life expectancy, the Taiyo’s GENKI Project is an initiative of Taiyo Life that aims to energize employees, customers, and society.

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

Initiatives of Taiyo’s GENKI Project



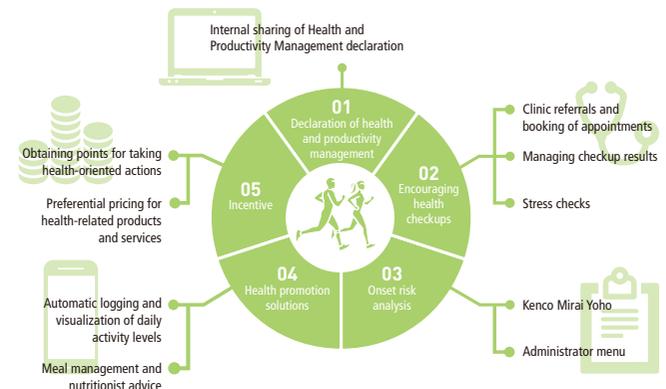
KENCO SUPPORT PROGRAM

Daido Life extends the KENCO SUPPORT PROGRAM to SMEs to support their efforts in implementing health and productivity management.

The program can deliver consistent support on the PDCA cycle required to implement health and productivity management. For example, the in-house sharing of a Health and Productivity Management declaration by management, encouraging employees to undergo health checkups, the analysis of health risks, and the provision of incentives.

By providing this program, Daido Life aims to contribute to the creation of a society in which SMEs and their employees can thrive, and help solve the issues faced by Japan’s aging society.

Overview of Daido Life KENCO SUPPORT PROGRAM

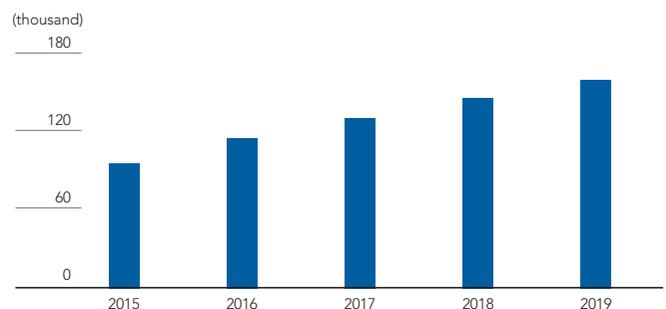


Support for Pets as Lifelong Family Members

In the midst of a declining birthrate and aging population, the idea that pets are a part of the family is becoming more prevalent. At the same time, pets are now living longer lives and veterinary care is becoming increasingly sophisticated and more expensive. This has given rise to the recognition that pets too require insurance coverage.

Pet & Family Insurance helps people live with their pets for the full duration of their life by selling products that broadly compensate the costs associated with pet (cat or dog) injury or illness, including surgery, hospitalization, and even ambulatory treatment, the most common type of payment.

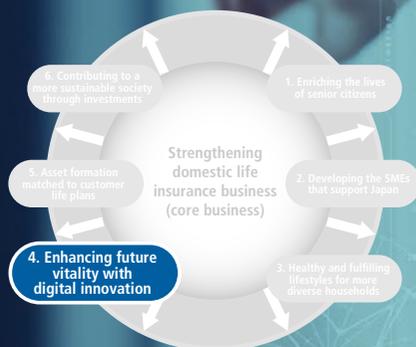
Number of policies in force at Pet & Family Insurance



Six Themes
to Create
Shared Value

Enhancing Future Vitality with Digital Innovation

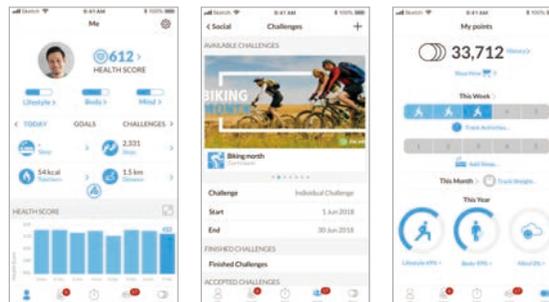
In recent years, digital technologies and services based on such technologies have been advancing with unprecedented speed, and changing how people behave in various situations in their lives. T&D Insurance Group is applying digital technology to advance actions that deliver new value to our customers.



Digital Insurance Business to Support Health Engagement

Partnership with dacadoo

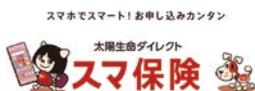
T&D Insurance Group is working with dacadoo towards offering a health-promoting app, scheduled for fiscal 2021. We are considering broadening use of the app among health-conscious users by working with companies which provide wellness-related products and services. We will also employ the app in our insurance businesses, to assist users on enhancing their health.



Rollout of Products and Services Using New Schemes

Sma-Hoken, Taiyo Life My Page

Taiyo Life integrates Internet-based insurance estimates and applications, which customers can process when and where they like, with its long-standing attentive service by personal contact. In October 2019, this combination allowed the company to start *Sma-Hoken*, an unprecedented new insurance scheme that delivers fully-online insurance together with after-sales services. On *Taiyo Life My Page*, customer-oriented Internet service, the company has built a system which handles everything from benefit claims to payment. Taiyo Life is advancing the use of digital technologies to better serve the needs of its customers, whether it is face-to-face or remotely.



Adaptation to Digital Currencies and Blockchain Technology

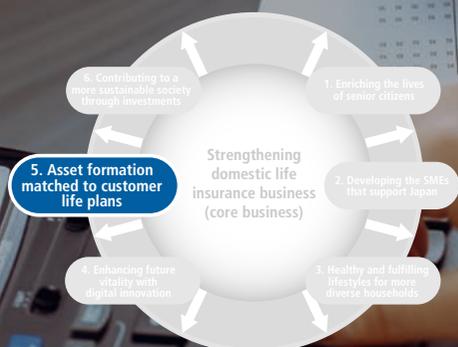
In collaboration with DeCurret Inc., Daido Life started a demonstration project in July 2020 to issue its own digital currency. Participants within the company are demonstrating the applicability of digital currency and blockchain technology to life insurance businesses, through activities such as payments from a smartphone app and automated savings based on smart contracts. By applying digital technologies and other technical innovations, Daido Life aspires to make life insurance more convenient.



Six Themes
to Create
Shared Value

Asset Formation Matched to Customer Life Plans

Having already transitioned to a phase of decline, Japan's overall population continues to grow older year by year. An aged society the likes of which we have never seen before is now imminent and people are now referring to these times as the age of centenarians. Partly owing to a substantial decline in public pension payments and retirement benefits, more and more people currently harbor concerns about post-retirement finances, which is why the creation of wealth is becoming such an important issue.



Wealth Creation through Insurance

T&D Financial Life offers savings-type products to meet the ever-changing needs of its customers. The *Shogai Premium World 5* launched in July 2019 is a non-participating foreign currency linked whole life insurance product that leverages overseas interest rates and foreign exchange rates to secure capital for the customer's personal use, as well as money that can be put aside for family members. No currency fees or initial setup costs are required and a rider can be added that guarantees a death benefit in Japanese yen for a certain period of time for the same amount as the single premium. In addition to providing coverage, T&D Financial Life supports its customers' efforts to create wealth by offering these kinds of insurance products.



Shogai Premium World 5



Shogai Premium Japan 5

Wealth Creation through Investment Trusts

T&D Asset Management offers a broad range of investment trusts that can help customers create wealth over the medium to long term.

Moreover, in May 2020 the company set up multiple social media accounts and started distributing fund data and useful investment information to various types of investors.

Going forward, T&D Asset Management will step up its initiatives on developing and offering products suited to investment from a medium- to long-term perspective and make every effort to distribute easy-to-understand information about the significance of wealth creation and the features of investment trusts.



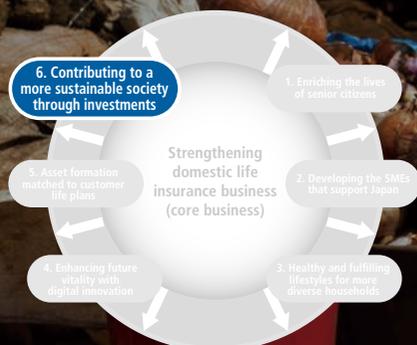
T&D Asset Management's social media account (Facebook)

Six Themes
to Create
Shared Value

Contributing to a More Sustainable Society through Investments

The world has seen the emergence of numerous problems in recent years—for example, climate change driven by global warming and the lack of infrastructure development in emerging regions.

As an institutional investor mainly engaged in life insurance—a business that serves society and the public interest—the T&D Insurance Group contributes to the achievement of a sustainable society by taking environmental, social, and governance (ESG) themes into consideration when making investments.



Endorsing Initiatives and the Exercise of Voting Rights

Taiyo Life, Daido Life, and T&D Asset Management fully endorse the Principles for Responsible Investment (PRI) and the Principles for Responsible Institutional Investors (the Japanese version of the Stewardship Code). In addition, the three companies' investment behavior reflects the Sustainable Development Goals (SDGs) advocated by the United Nations.

In exercising voting rights, the companies make every effort to solve problems through purposeful dialogue with the goal of contributing to the sustained growth of investee companies. If a problem cannot be solved even through dialogue, their policy is to vote against the agenda item in question.

Each company's activities in accordance with the initiatives and details of the exercise of voting rights are disclosed on their respective websites.



<https://www.unpri.org/transparency-reports-2020/6051.article>



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

Taiyo Life

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

Daido Life

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

T&D Asset Management

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

Investments Geared towards Solving Issues

The Group as a whole has hitherto focused its investments on aiming to solve issues. For example, in 2015 T&D Asset Management set up a fund through which selectively invest in companies that have made outstanding efforts in the area of ESG. And Taiyo Life and Daido Life invested in the fund.

More recently, we have invested in green bonds that support business projects expected to reduce CO₂ emissions, as well as social bonds that aid public health services and COVID-19 response measures in Latin America and the Caribbean nations.

As an institutional investor that manages entrusted funds over the long term, the T&D Insurance Group will continue to help achieve a sustainable society in the future.

Contributing to the improvement of environmental problems

- Green bonds
- Investing in funds for solar power generation projects, etc.



Contributing to economic and social development and improving people's lives in emerging regions/countries and Japan.

- Social bonds
- Extending loans to the government of Togo



As a group engaged in life insurance, a business that has high social and public interest value, we at T&D Insurance Group pursue activities such as those described below, in addition to the business activities we tackle under our medium-term management plan, as we strive to create shared value.

Special sponsorship of the Nikkei Social Business Contest

— Contributions to social businesses

T&D Insurance Group is a special sponsor of the Nikkei Social Business Contest, which is organized by Nikkei Inc. This contest is intended to promote the sound development and deeper understanding of social business, and to increase the number of players moving into that field. By sponsoring the contest, we support the next-generation leaders who want to tackle society's problems and create value in society, so that we can work together in contributing to the development of a sustainable society.



Organizing seminars on SME management Further support for business succession

Since its centenary in 2002, Daido Life has been continuously organizing open, donation-supported seminars at universities and elsewhere around Japan, to provide the managers of SMEs with places to gain management and business skills.

In 2019, Daido Life started sponsoring a general incorporated association called "Take over as startup," which supports the creation of environments that allow young successors, taking on new challenges for the continuation of family businesses, to learn and act for themselves. It also supports SMEs facing business succession problems.



Hosting the Ishinomaki Marché (Ishinomaki Specialty Products Fair) in Nihonbashi

— Contribution to recovery from the Great East Japan Earthquake

Since the Great East Japan Earthquake, Taiyo Life has continuously supported Ishinomaki City, Miyagi Prefecture, by such as encouraging its employees to buy local products from Ishinomaki and hosting fairs of such products. While the restoration of homes and railways is making progress, fisheries and marine product processing, the main industries along the coast, still have a long way to go. Since 2015, Taiyo Life has been supporting those industries with a specialty product fair held in the plaza in front of its headquarters.



Sponsorship of sports tournaments and other events

— Contribution to the sound advancement of society

The companies of the T&D Insurance Group support sports tournaments and the activities of players. For example, Taiyo Life is an ongoing sponsor of the Japan Junior High School Rugby Football Tournament, as is Daido Life for the National Sports Festival for People with Disabilities, and T&D Financial Life for the Japan Deaf Football Association. We also support the activities of players of ice hockey, para archery, and deaf futsal.



The Domestic Life Insurance Business



Taiyo Life Insurance Company



Naoki Soejima
Representative Director
and President

Healthy, Long Life, Taiyo Life

Becoming a life insurance company that supports secure and fulfilling lives

As a life insurance company that stays close to households in every age, Taiyo Life delivers products and services with a close eye on changing times.

The company will go on assisting ever more customers in leading healthy and long lives, by evolving its products to stay ahead of the needs of the centenarian age, and applying IT for stronger sales capabilities.



Daido Life Insurance Company



Minoru Kudo
Representative Director
and President

Leading a New Era of Corporate Coverage

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.



T&D Financial Life Insurance Company



Masafumi Itasaka
Representative Director
and President

Aiming for sustainable growth by capturing increasingly diverse customer needs

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.

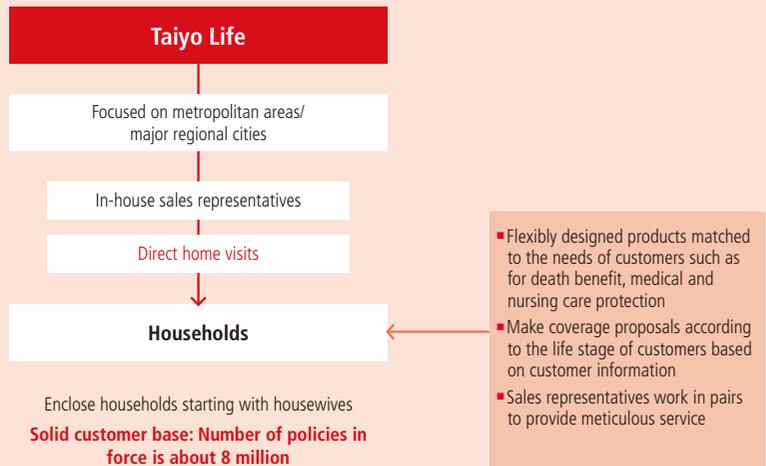


BUSINESS MODEL

Taiyo Life's 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.



BUSINESS MODEL

Daido Life's 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.

Daido Life's unique business model sets its core business as the delivery of products and services developed in collaboration with SME-related organizations and tax accountants' groups according to their characteristics (partner-specific products). The company delivers this core business through the twin sales channels of in-house sales representatives and agents, as a welfare system for SMEs.



BUSINESS MODEL

T&D Financial Life's 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.



The Domestic Life Insurance Business

Strengths of Taiyo Life

- Solid foundation in the household market built by the continual development of new customers through “Combination Activity” where in-house 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

Growth Opportunities

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

Taiyo Life’s Strategies

- Action to enhance survival benefits, such as medical care and nursing care benefits, and to expand prevention insurance and services against dementia and other diseases
- Reinforcement of sales capability from IT aspects, such as more advanced sales support tools
- Provision of products tailored to the market environment and the characteristics of financial institutions, while capturing customer needs
- Provision of new welfare systems that are based on the centenarian age and work style reforms

Strengths of Daido Life

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

Growth 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

Daido Life’s Strategies

- Development of 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
- Construction of a new collaborative scheme that integrates the strengths of its in-house sales representatives and agent channels, and development of a new channel for banks and financial institution agents
- Development of new markets by strengthening responses to the needs of the senior segment

Strengths of T&D Financial Life

- 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

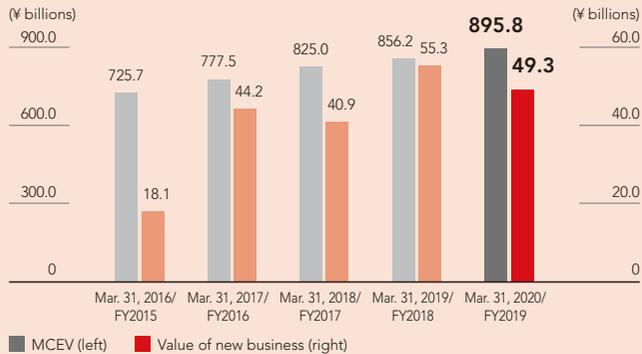
Growth Opportunities

- 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

T&D Financial Life’s Strategies

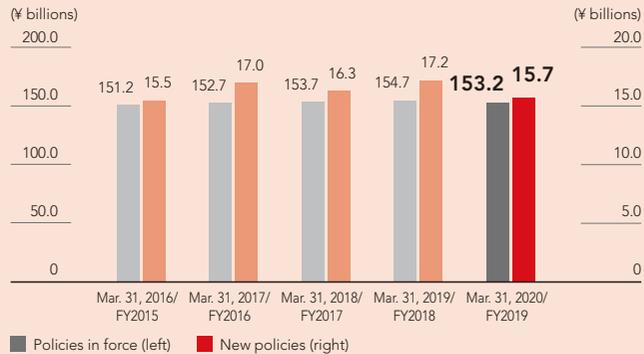
- Product development responding to diversifying needs and channel expansion
- Improvement of convenience through the use of IT, from a customer-oriented perspective
- Development and expansion of T&D Financial Life’s agents through products that combine a certain level of price competitiveness with differentiated characteristics.

MCEV* / Value of New Business*



* The company applies ultimate forward rate (UFR) from FY2019/Mar. 31, 2020.

Protection-type Annualized Premiums

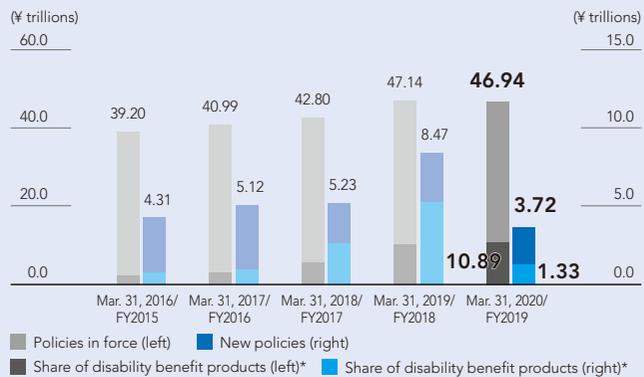


MCEV* / Value of New Business*



* The company applies ultimate forward rate (UFR) from FY2019/Mar. 31, 2020.

Policy Amount



* Disability benefit products include "J-type," "T-type," and "Kaigo Relief Alpha" and so forth.

MCEV* / Value of New Business*



* The company applies ultimate forward rate (UFR) from FY2019/Mar. 31, 2020.

Annualized Premiums



Group Companies

T&D Asset Management

One Step Forward, Together with Our Clients

T&D Asset Management operates an investment trust business by offering investment trusts through financial institutions, as well as an investment advisory business by managing funds for pension funds and institutional investors.

Competition in the investment trust and investment advisory industries remains fierce and the company expects this tough competitive environment to continue up ahead. Nevertheless, these markets can be said to hold future promise, mainly highlighted by the growing need for asset

management services in preparation for retirement as Japan's population continues to age.

In this environment, in line with its principles of "Try & Discover" and "Make a Difference," T&D Asset Management will aim to strengthen its capacity to develop characteristic products and work on expanding business through collaboration and cooperation with other Group companies. Going forward, the company will endeavor to provide products and services that satisfy its customers.



Pet & Family Insurance

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

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

It is now becoming commonplace that people recognize pets are part of their family to live with them for the full duration of their life. For this reason, there is growing interest in pet healthcare and measures for covering such costs. The company believes it is its social mission to meet the needs of pet owners by popu-

larizing pet insurance.

Given that many people take out pet insurance when they buy their pet at a pet shop, it is working together with mainstay pet shop agencies to increase insurance coverage when pets are sold.

The company will continue to provide insurance products that meet customer needs and improve its services so that both pets and their owners can lead healthy and affluent lives.



T&D United Capital

Realizing Dreams Together

As the driving force behind the Group's aim to diversify its business portfolio, T&D United Capital is working to expand medium- to long-term Group earnings by investing in new business areas that have a strong affinity with the life insurance business.

In fiscal 2019, the company took an equity

stake in French asset management and investment company Tikehau Capital SCA, and in fiscal 2020 it made the US-based reinsurance holding company Fortitude Group Holdings, LLC an equity-method affiliate.



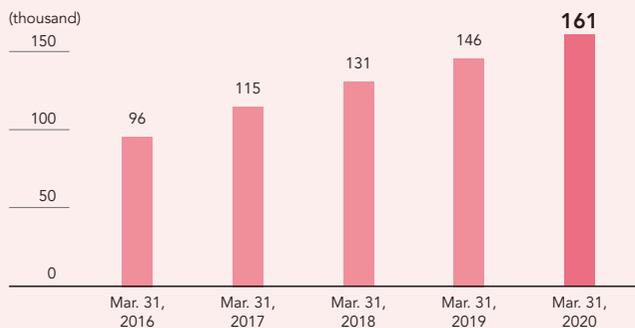
Adjusted Operating Income (by Business)



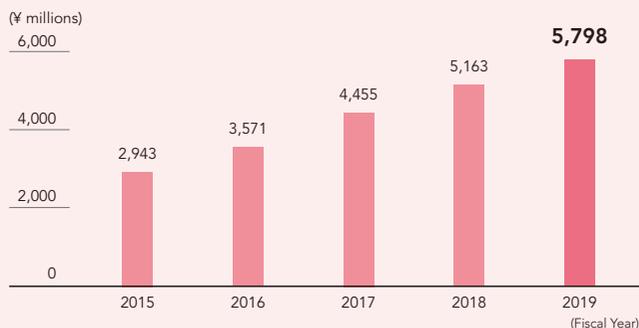
Investment Trust AUM



Number of Policies in Force



Net Premium Income (Pet Insurance)



Equity acquisition of the US-based reinsurance holding company, Fortitude Group Holdings, LLC

FORTITUDE RE Characteristics of Fortitude Group Holdings, LLC

- Fortitude Group Holdings is a US reinsurance holding company that owns Fortitude Re, a Bermuda-based reinsurer.
- Fortitude Re underwrites reinsurance for some in-force policies no longer sold by AIG.

Aims of T&D United Capital

- By taking an equity stake in Fortitude as a strategic partner alongside Carlyle and AIG, T&D United Capital aims to diversify the Group's sources of revenue and create synergies over the medium- to long-term with the domestic life insurance business.

* For more details, please refer to the special feature Diversification of Business Portfolio.

Capital and business alliance agreement with French asset management and investment company Tikehau Capital SCA

TIKEHAU Characteristics of Tikehau Capital SCA

- Offers various alternative investments to institutional and individual investors through its subsidiaries.
(management of mainly private debt, real estate, and private equity)

Aims of T&D United Capital

- Provide private debt products to mainly Japanese pension funds through collaboration between T&D Asset Management and Tikehau Capital SCA
- Explore the possibility of engaging in joint marketing also for other managed products in Japan

* For more details, please refer to the special feature Diversification of Business Portfolio.

Audit and Supervisory Board chair

Message from outside director Seiji Higaki

Following our transition to a company with an Audit and Supervisory Board in June 2020, this is a message from the chair of the Audit and Supervisory Board.



Transition to a company with an Audit and Supervisory Board

T&D Holdings was established 16 years ago, but we expect the management of insurance companies to become much more difficult in future, as aging population with fewer children, globalization, and other factors are expected to produce a long-term decline in customer numbers. It is the unanimous perception of all the members of the Board of Directors that carrying on with business as usual won't work if we are to practice the kind of management that can win through such a situation and meet the expectations of shareholders. That was a major motivation for the recent change in our governance system.

Discussion in the Board of Directors

We, outside directors, discussed whether the motivations and objectives of the change in governance system were sound, and how the Company should operate in future to follow such objectives. We were keenly aware that changing the form of a company does not automatically change its content, so we focused our discussion on how to make the content follow the change.

Transitioning to a company with an Audit and Supervisory Board makes a clear distinction between supervision and execution. The change underlines the importance of expediting management decision-making and the Board's proper involvement in medium to long-term management decisions such as strategy formulation.

I think the utmost difficulty for the Board of Directors is to select what really must be discussed right now, and that is also the most important role for the Board. The Company has discussed a considerable number of proposals in its Board of Directors, but I think the current transition will make the Board of Directors into more of a forum for discussion focusing on a medium to long-term perspective.

For example, in June 2020, we acquired a 25% stake in Fortitude, an American reinsurance holding company.

It was the first time our Group had taken such action, and it was preceded by some robust argument, as well as many reports and preliminary briefings. The auditor and other outside directors under the Company with Board of Auditors system all had the idea that we must not shirk from what is not business as usual, and we reached the decision to go forward after a process of careful debate that addressed all concerns. From now on, more matters will be entrusted to the Executive Management Board and matters to be discussed by the Board of Directors will be narrowed down and focused to forward-looking discussions enabling more depth and speed in decision-making process.

As Audit and Supervisory Board chair

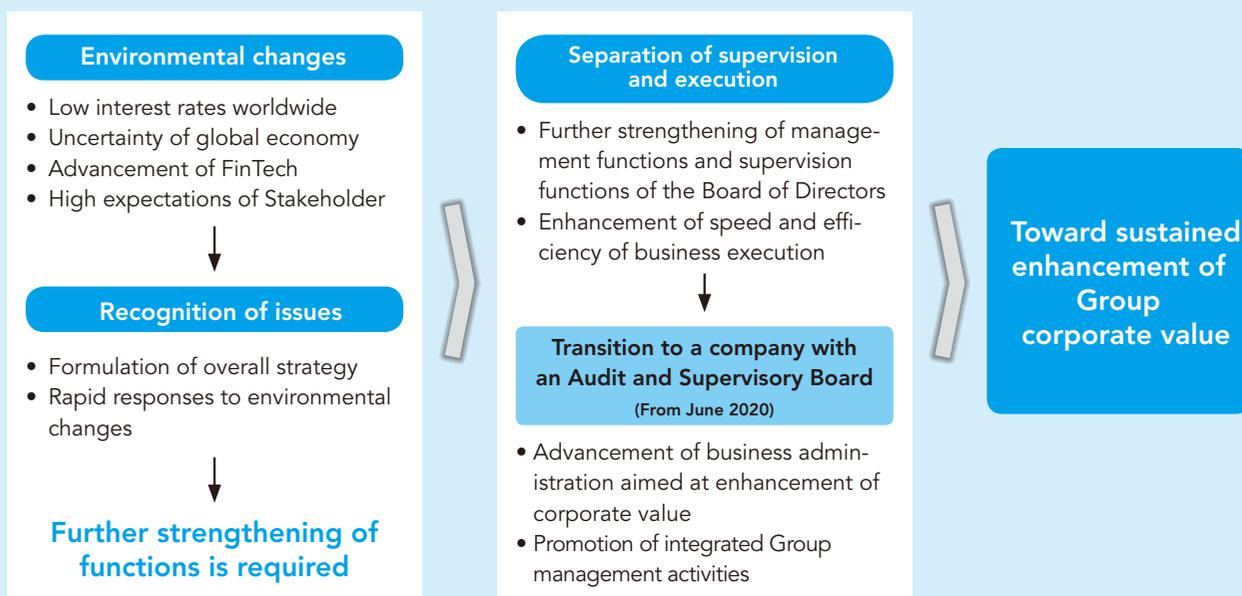
I think the essential difference between an Audit and Supervisory Board and an auditor is that a Board acts as an organization. In our case, I think the most important thing is for the five Audit and Supervisory Board members to discuss using the same information and facing the same direction to some degree, so as Board chair, I would like to work to ensure that kind of operation. Having seen a variety of companies, I think the common characteristic of growing companies is that they are organizations with good internal communication. Our Audit and Supervisory Board is a gathering of people with different opinions and careers, so once we've confirmed that we're on the same page, I would like the Board to be a forum that respects the opinions and career of each member, and fosters unreserved exchange of views.

Promotion of Integrated Group Management

Sixteen years have now passed since the establishment of T&D Holdings, but during that time, the operating environment surrounding the Group has continued to change. In particular, interest rates worldwide have trended lower, while FinTech has evolved even further.

Considering the need to further enhance the capabilities of the Group in order to steadily grow corporate value in this business environment, one of the basic strategies in our medium-term management plan is promoting integrated Group management. To this end, we are working to bring together the Group's managerial resources, demonstrate synergies within the Group, and drive home the Group's corporate culture.

Strengthen corporate governance to further promote integrated Group management.



› Transition to a company with an Audit and Supervisory Board

Especially in the last few years, the pace of change in the business environment has accelerated. It therefore became necessary that we further reinforced the Group's functions in order to formulate an overall strategy and swiftly respond to environmental changes. In June 2020 we transitioned to a company with an Audit and Supervisory Board with the goal of separating management/oversight from business execution, strengthening the Board of Directors' management and oversight functions, and enhancing the flexibility and efficiency of business execution.

Themes of Integrated Group Management Measures

› New marketing strategy for the DX era

- Merging of face-to-face and non-face-to-face, and development of new customers among the millennial generation

› Strengthening of asset management capabilities of the Group life insurance companies

- Seeking enhancement and improvement of efficiency of alternative investment

› New work styles in the post-COVID-19 era

- Realizing diverse work styles that are effective and efficient, and improve productivity



Tripartite talk between outside directors

Three outside directors came together to discuss corporate governance issues that T&D Holdings faces, the role of outside directors, management in a post COVID-19 world, and more.

Working for a new level of growth by applying our new form of governance.



Outside director
Kensaku Watanabe

On taking the position of outside director

Yamada Belonging to an audit company, I have been auditing mega banks for over 10 years. I would like to contribute by applying my experience in auditing financial institutions. My impression of the T&D Insurance Group is that it is built around a core of life insurance companies with history and tradition, but it also is a lively corporate group that aims for a new dimension in insurance, by creating value through its approach of “Try & Discover,” contributing to the SDGs, and engaging in ESG investment.

Watanabe I used to be with T&D Financial Life as an outside auditor for four years.

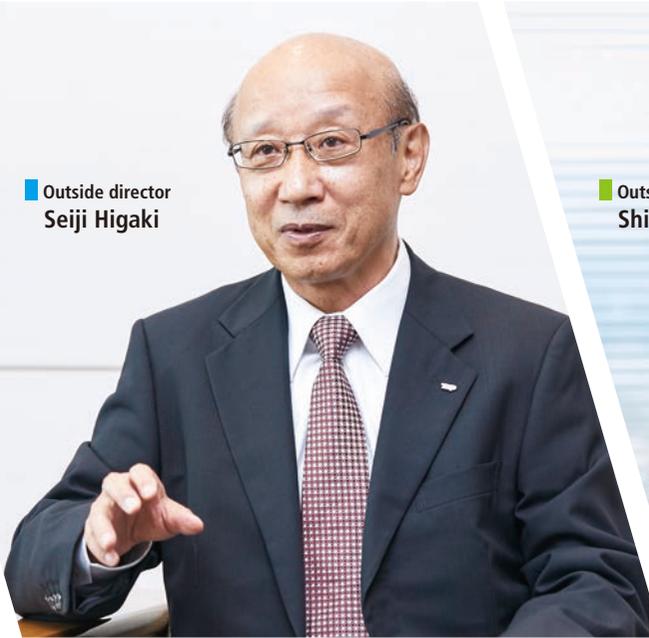
The T&D Insurance Group holds roundtable discussions with the outside officers of each core company which I have participated on a number of occasions. Originally I saw my role as an outside auditor supervising T&D Financial Life, a life insurance company centered on over the counter sales in banks, but by participating in the Group’s study groups, I came to have a broader awareness of integrated Group management. In taking the position of outside director for T&D Holdings now, I would like to bring such an approach to a next level.

Challenges and changes in T&D governance

Higaki I think the Company is rather weak in its integrated management as a Group. The three life insurance companies came together through Group integration, but the result has come out only as 1+1+1=3, or maybe about 3.1. The market is looking for 1+1+1=4 or 4.5. In that sense, I had a strong feeling

that the Group wasn’t fully utilizing its valuable management resources, and I have been mentioning this concern to the Board of Directors.

I have been in the Board of Directors for two years, and I’ve been heartened to see that the Board engages in spirited de-



■ Outside director
Seiji Higaki



■ Outside director
Shinnosuke Yamada

bate, and that the outside directors, including myself, express some harsh opinions. The insurance industry has entered a harsh environment, and in a situation such as today's, which calls for new growth, I think there is a strong awareness, par-

ticularly among the outside directors, questioning whether we can go on without changing. As a result, I see diverse opinions expressed by the internal directors too.

The role demanded of outside directors in a company with an Audit and Supervisory Board

Yamada "Company with an Audit and Supervisory Board" includes supervision, and that covers what is called appropriateness auditing, not just auditing for legal compliance in auditor auditing. I think we are expected to exert our supervisory functions fully over all aspects of management.

From the perspective of those audit functions, I think it's important to start by getting to know the T&D Insurance Group.

Watanabe I agree with the point that we must have a mindset of monitoring execution. From my own position as a lawyer, it's easier to have opinions about risks, but if we talk about the risks of every little thing, there is little room left for any discussion. The outside directors are facing in the same direction of aiming to enhance corporate value. I want to thoroughly understand the content of the Company's business, and raise more specific opinions so that discussions can be more stimulated.

Yamada I believe our stakeholders also expect that the outside directors serve to stimulate debate in the Board of Directors.

For example, the question of which standards to choose among accounting systems contains elements of the individual company's strategy. On such points, I want to use my knowledge of accounting to provide advice that will foster the sustainable growth of the T&D Insurance Group, and enhance its corporate value in the medium to long-term.

Tripartite talk between outside directors

Expectations of T&D Holdings President Uehara

Higaki I believe Mr. Uehara has settled ideas on things like his sound sense of crisis and his vision for the future, and I would like to give him my active support. I'm having high expectations of Mr. Uehara to use his sound sense of crisis to create many ambitious followers, and to flesh out the details of that sense. He actually has many supporting followers, so I want him to manage this Group as the leader of those people.

Yamada When I consider what the most important thing for improving corporate governance is, I think the attitude at the top is vital. Earlier, Mr. Higaki talked about integrated Group management, and I think it's very important for all the personnel of the T&D Insurance Group to face the same direction, with common management philosophy and vision, and work together to enhance corporate value.

I think adopting a new Group brand message themed on a progressive and innovative spirit is one expression of that. I would like Mr. Uehara to stand in the vanguard of the Group,

exerting dynamism and centripetal force, and to meet the expectations of stakeholders by aiming for a highly efficient and transparent management organization.

Watanabe When we discuss governance, depending on the corporate culture, I also think the message from the leader is vitally important.

I think that in the end, the personal message from the leader is hugely important in setting the direction of the personnel's mindset and raising their motivation. There are now endless problems including responses to COVID-19, and I'd like to see a strong message going out, that also touches on those aspects as well.

Management in a post COVID-19 world

Yamada I think the unprecedented situation of COVID-19 highlights the vital importance of risk management. In the Company too, it needs to carefully observe risk in many aspects, such as sales activities, underwriting insurance, and asset management.

The Group needs to discuss how to evaluate risk, and how to prepare for such risk.

Higaki I think the spread of COVID-19 infection will cause a variety of changes in society. In that kind of context, I think the question is whether leaders can provide the employees with proper management.

For example, as the infection spreads, employees are taking a risk in commuting, or going out on sales visits, so is that ac-

ceptable and appropriate? I think what's asked of us now is not to just follow how the world is shifting, but rather, how detailed and precisely we can counteract to the changes in society.

Watanabe For sales activities too, in these COVID-19 times we must revisit the customer-oriented approach the Group has been putting importance on until now. I see this as a good opportunity to think about what methods are positive for the customers too, and generate value for them. In the spirit of "Try & Discover," I want the whole Group to put its wisdom together and do its utmost to get through this difficult time.



Towards further growth of the T&D Insurance Group

Yamada I think this transition to a company with an Audit and Supervisory Board has built a more highly transparent management organization. The Audit and Supervisory Board, in which I and the other outside directors are the majority, has a neutral and independent position as it monitors whether the Board of Directors' decision making on business execution is appropriate and efficient. Also, the Audit and Supervisory Board members are in close liaison with the Internal Audit Department and the accounting auditor, as we strive to fully exert our management monitoring functions. Through these measures, we aim to achieve an insurance group that grows sustainably, together with society.

Watanabe The new organization is in place, so the next thing is for the participating members to have a stronger awareness of soundness and transparency in governance as they tackle operations. I think that kind of mindset will ultimately lead to higher corporate value enhancement and growth.

Higaki I want to make the most of the new form of governance to work for higher corporate value and stepped-up growth, as a corporation that can contribute to society. It's not that things have been bad until now, but they weren't earning full marks either. I want us to aim to level up in our actions for all stakeholders, including society and employees, as was mentioned earlier, rather than just focusing on corporate value.

Corporate Governance

T&D Holdings 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, which applies to listed companies, and has established the Basic Policy on Corporate Governance* as an initiative in response to the major principles.

* Please refer to the Company's website for more details of the Basic Policy on Corporate Governance.
<https://www.td-holdings.co.jp/en/company/governance/>

Promoting Group Management

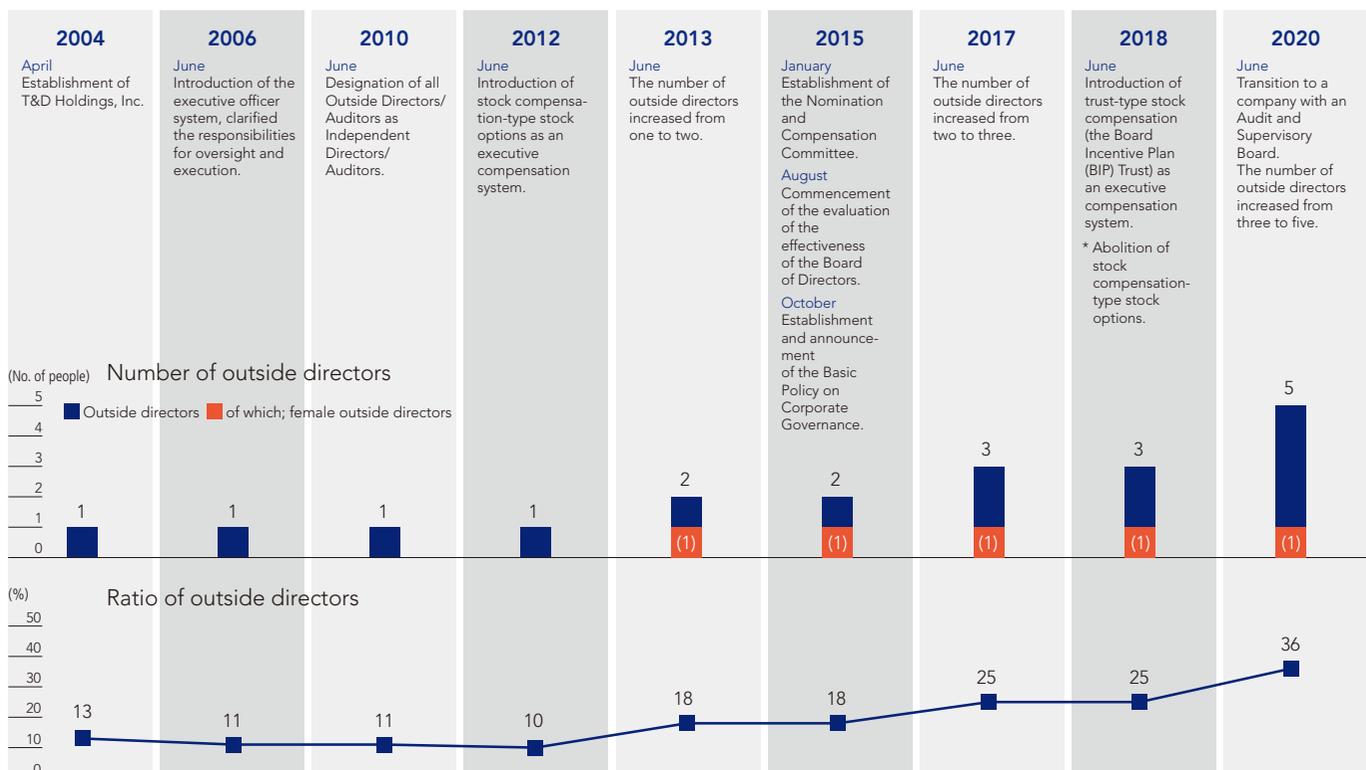
T&D Holdings, as a holding company, fulfills the roles of deciding on the strategy of the T&D Insurance Group (the "Group"), appropriately allocating the Group's business resources and formulating capital strategies. Along with this, the Company shall strive to establish a Group business management system 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 Asset Management, Pet & Family Insurance

and T&D United Capital.

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

Our general shareholders' meeting on June 25, 2020 resolved to change our Articles of Incorporation, to transition to a company with an Audit and Supervisory Board.

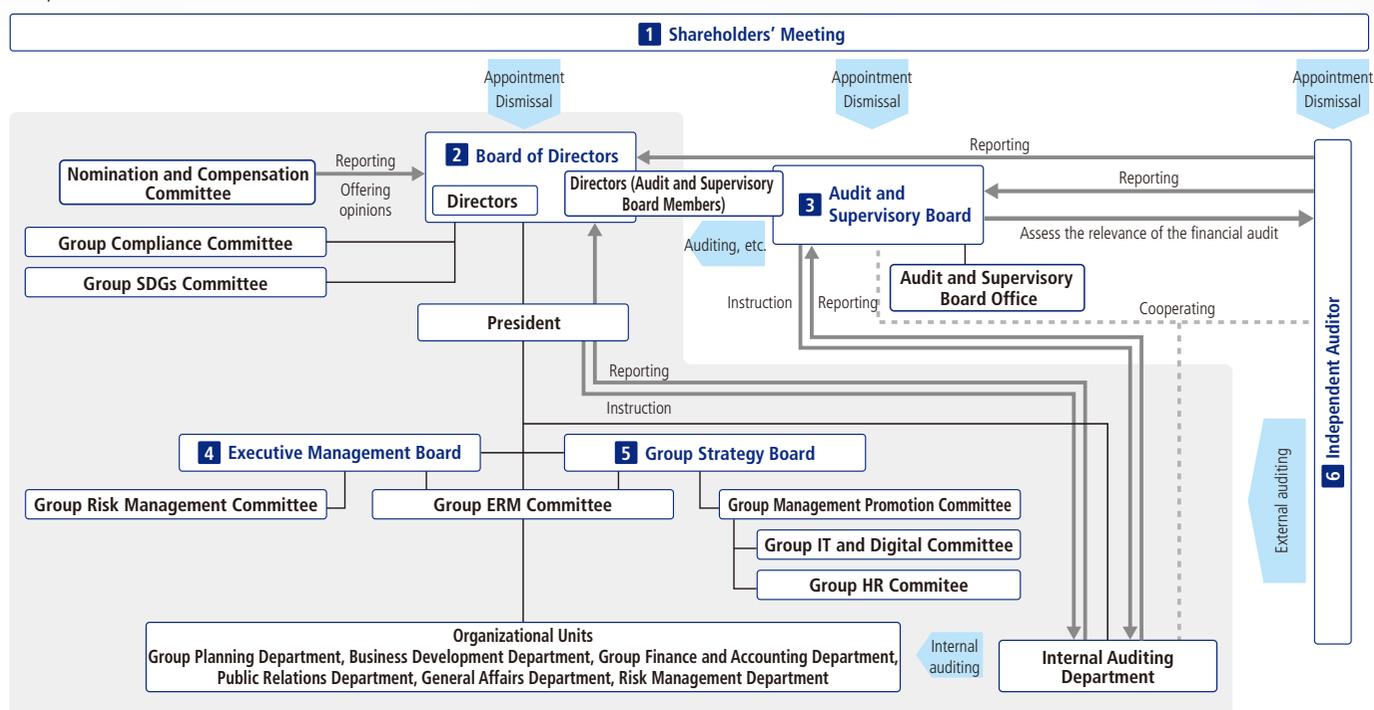
The objectives of this transition are to greatly strengthen the managerial functions (determining management policies and overall strategy) and oversight functions of the Board of Directors, and to further raise the agility and efficiency of business execution.

The Audit and Supervisory Board, which includes a majority of outside directors, will audit business execution. In addition, it will exert highly independent auditing and oversight functions, because members of the Audit and Supervisory Board, who are not involved in business execution, have voting rights on the Board

of Directors. Furthermore, by clarifying the functions and roles of various meeting bodies, and performing swift and effective scrutiny etc. based on the roles of each body, the Board of Directors focuses its efforts on the oversight of business execution, to greatly strengthen the corporate governance of the Group as a whole.

Since 2015, the Company has also had the Nomination and Compensation Committee as an advisory body to the Board of Directors. The purpose of this committee is to scrutinize the fairness and appropriateness with which directors are appointed and dismissed, and of directors' compensation and other matters, in order to ensure transparency and enhance accountability in management.

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	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 and Supervisory Board	The Audit and Supervisory Board, which is comprised of a majority of outside directors as members, audits the performance of directors' (excluding directors that are also Audit and Supervisory Board members) duties from a neutral and independent standpoint.
4 Executive Management Board	The Executive Management Board deliberates and passes resolutions on important matters concerning the Company's management and the corporate management of the Group.
5 Group Strategy Board	The Group Strategy Board deliberates on items mainly concerning Group growth strategies and important matters pertaining to those items from a Group-wide perspective in order to achieve sustained improvement in the Group's corporate value.
Committees	Committees discuss the strategies and matters of the Company or those common to the Group.

6 Information related to the Independent Auditor (FY2019)	Category	Remuneration for audit certification services (¥ millions)	Remuneration for non-audit services (¥ millions)
	Submitting company	188	16
	Consolidated subsidiaries	226	13
	Total	414	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.

Owing to our transition to a company with an Audit and Supervisory Board and in accordance with the provisions of the Articles of Incorporation, decisions on some important business execu-

tions are delegated from the Board of Directors to the directors themselves pursuant to a resolution of the Board of Directors. This separates management oversight from business execution, thereby further strengthening the management functions (deciding on management policies and overall strategy) and oversight functions of the Board of Directors. It also drives improvement in the flexibility and efficiency of business execution.

Composition of the Board of Directors

The Articles of Incorporation stipulate that the Board of Directors shall have no more than nine members (excluding directors that are also Audit and Supervisory Board members) and no more than five directors that are also Audit and Supervisory Board members. The personnel that make up the Board of Directors are equipped with the right balance of knowledge, experience, and capabilities, as well as diversity, well-suited to the wide range of business domains in the life insurance business, the core business of the Group.

Also, to facilitate sufficient communication and swift decision-making throughout the Group, and from the viewpoint of

strengthening corporate governance, we appoint presidents from our three life insurance companies and directors (excluding directors that also serve as Audit and Supervisory Board members) who concurrently serve subsidiaries and the Company.

Furthermore we appoint five outside directors in order to suitably reflect into the Group’s management policies, internal controls, and business execution oversight, the opinions of individuals from outside the Company who hold extensive experience and insight, such as corporate managers, legal experts, and accounting professionals.



Role of Audit and Supervisory Board

As an independent organization tasked with carrying out the mandate of the Company’s shareholders, the Audit and Supervisory Board is responsible for monitoring the execution of directors’ duties in accordance with the provisions set forth in laws, regulations, the Articles of Incorporation, and Company rules.

Composition of the Audit and Supervisory Board

The Articles of Incorporation stipulate that the Audit and Supervisory Board shall have no more than five members, the majority of which shall be outside Audit and Supervisory Board members. The members also possess adequate knowledge of finance and accounting. To further enhance independence, the Board chair is selected from among the external Audit and Supervisory Board members.

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 this effectiveness evaluation and in light of our transition to a company with an Audit and Supervisory Board, we will work on further enhancing the oversight functions of the Board of Directors and the decision-making process.

Summary of the evaluation of the effectiveness of the Board of Directors as a whole in fiscal 2019

1. Evaluation procedures	Based on mainly self-evaluations (questionnaire) of directors and Audit & Supervisory Board members, as well as interviews, we analyzed and evaluated the overall effectiveness of the Board of Directors in fiscal 2019 (including the voluntary Nomination and Compensation Committee).				
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	The items recognized as issues in the fiscal 2018 evaluation have, for the most part, been improved. Those items included the strengthening of monitoring functions in Group management in order to bolster governance, as well as improvement of explanations concerning the discussions of the Nomination and Compensation Committee and further improvement of materials and explanations to deepen and invigorate deliberations at Board of Directors meetings.				
5. Issues and initiatives going forward	<table border="0"> <tr> <td>Issues</td> <td>Regarding the development of a framework for enhancing the effectiveness of the Board of Directors, the Company continues to recognize the necessity for improvement.</td> </tr> <tr> <td>Initiatives</td> <td> <ul style="list-style-type: none"> • Further enhancement of discussions concerning mainly Group management strategies from the view point of Group-wide management • Further examination of discussion items by the Nomination and Compensation Committee • Development of concise and easy-to-understand materials and improved explanations </td> </tr> </table>	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"> • Further enhancement of discussions concerning mainly Group management strategies from the view point of Group-wide management • Further examination of discussion items by the Nomination and Compensation Committee • Development of concise and easy-to-understand materials and improved explanations
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Nomination and Compensation Committee

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, Audit and Supervisory Board members, and executive officers among other related issues, as well as for ensuring the transparency of

management and enhancing accountability.

This Committee consists of the President and Outside Directors, and the majority of the members are assigned from Outside Directors to ensure independence and neutrality. Furthermore, the chair of the Committee is chosen out of Outside Directors by mutual vote of the Committee's members.

Nomination and Compensation Committee — Main topics of discussion/reporting in fiscal 2019

Main topics of discussion/reporting	
1st	<ul style="list-style-type: none"> • Selection and appointment of director candidates and substitute Audit & Supervisory Board member candidate • Selection and appointment of director candidates, Audit & Supervisory Board member candidates, and executive officers at direct subsidiaries
2nd	<ul style="list-style-type: none"> • Results of fiscal 2018 evaluation of directors and executive officers • Results of fiscal 2018 evaluation of representative directors of direct subsidiaries • Selection and appointment of director candidates, Audit & Supervisory Board member candidates, and executive officers for soon-to-be established subsidiaries • Company officer regulations concerning executive benefits at directly owned subsidiaries
3rd	<ul style="list-style-type: none"> • Executive compensation for directors for soon-to-be established subsidiaries • Company officer regulations concerning executive compensation for soon-to-be established subsidiaries
4th	<ul style="list-style-type: none"> • Succession plan
5th	<ul style="list-style-type: none"> • Sorting out points of discussion concerning the strengthening of governance frameworks
6th	<ul style="list-style-type: none"> • Selection and appointment of executive officers • Selection and appointment of executive officers at direct subsidiaries
7th	<ul style="list-style-type: none"> • Amendment to company officer regulations concerning executive benefits

Corporate Governance

Determination of compensation

▣ Policies on determining compensation

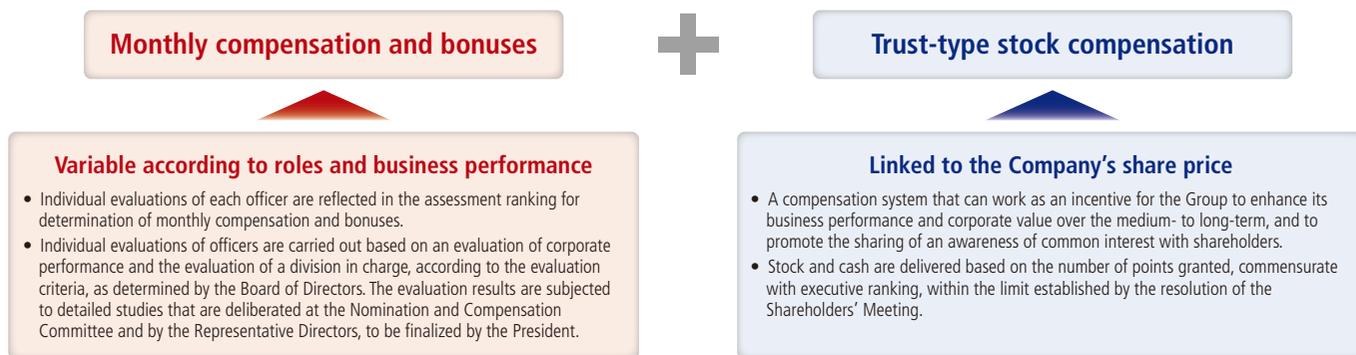
The Company's policy on executive compensation is set out in our Basic Policy on Corporate Governance.

Composition of executive compensation

Our executive compensation system is designed to function as a sound incentive geared towards boosting the Group's medium- to long-term earnings and enhancing corporate value.

Compensation for directors (excluding outside directors and part-time directors) has three components: (1) monthly com-

pensation, (2) bonuses, and (3) trust-type stock compensation (non-residents of Japan are excluded). Both (1) and (2) vary depending on role and performance, while (3) utilizes a trust scheme. Compensation for part-time directors, including outside directors, is comprised of monthly fixed compensation.



Individual officer evaluations

Individual evaluations of officers are based on an assessment of the Company's performance and an evaluation of the division the officer is in charge of, in accordance with the evaluation criteria decided on by the Board of Directors.

▣ Calculation method

Assessment of Company performance

- To clarify the assessment according to how much progress has been made on achieving Company targets, total shareholder return (TSR) is used as a benchmark to assess the Company's performance, alongside a number of other performance indicators outlined in the Group's Medium-Term Management Plan.
- For performance indicators, a coefficient according to the achievement rate for each item is multiplied to yield a score.
- For TSR, the score is calculated based on the rate of divergence between the Company's figure and those of listed life insurance companies set as the benchmark.

Evaluation of the division the officer is in charge of

- An evaluation of business execution in each division compared to its execution plan is carried out to calculate a score for the division the officer is in charge of, based on how much progress has been made on achieving divisional targets.

A weighted average is taken for the scores for both the Company performance assessment and the evaluation of the division the officer is in charge of, based on evaluation weightings set according to responsibilities for each role. Note that the representative director's evaluation weighting for the Company performance assessment is 100%.

The individual evaluations of each officer, as calculated above, are discussed by the Nomination and Compensation Committee and finalized by the president following consultation with the representative directors.

Key performance indicators of Company performance (FY 2019)

	Actual	Target	Achievement ratio
Value of new business	¥ 115.8 billion	¥ 135.0 billion	85.8%
Consolidated adjusted net income (Note)	¥ 67.1 billion	¥ 64.0 billion	104.8%

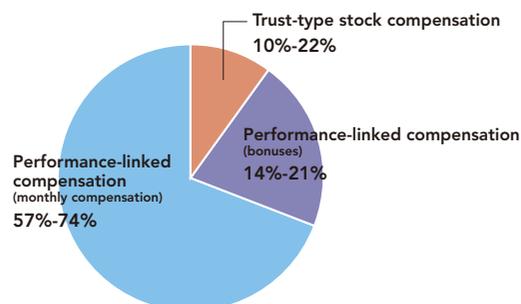
(Note) Consolidated adjusted net income is calculated by adding net income and additional internal reserves in excess of the legal standard requirements related to reserves for contingency and price fluctuations (after taxes).

Payment ratios by type of compensation

In terms of the compensation structure for directors, we assign ratios to performance-linked compensation (monthly and bonuses) and the trust-type stock compensation so the system can function as a sound incentive geared towards boosting the Group's medium- to long-term earnings and enhancing corporate value.

For monthly compensation, the ratio fluctuates either negatively or positively by roughly 5% on the basis of a standard assessment according to the individual officer evaluation. For bonuses, the ratio fluctuates either negatively or positively by roughly 40%

on the basis of a standard assessment according to the individual officer evaluation.



■ Total amounts of compensation by officer category and compensation type (FY 2019)

Category	Monthly compensation		Reserve for bonuses		Trust-type stock compensation, the Board Incentive Plan (BIP) Trust		Total compensation	
	Persons receiving compensation	Amount (¥ millions)	Persons receiving compensation	Amount (¥ millions)	Persons receiving compensation	Amount (¥ millions)	Persons receiving compensation	Amount (¥ millions)
Directors (excluding outside directors)	11	190	6	62	6	62	11	315
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	2	54	0	—	0	—	2	54
Outside directors	3	28	0	—	0	—	3	28
Outside Audit & Supervisory Board members	2	19	0	—	0	—	2	19
Total	18	292	6	62	6	62	18	418

(Notes) 1. The abovementioned payments include portions for two directors who stepped down from their posts, as of the close of the fifteenth Ordinary General Meeting of Shareholders held on June 26, 2019. As of March 31, 2020, the Group had 12 directors and four Audit & Supervisory Board members.
2. Compensation for individual officers is not stated because no officer received total consolidated compensation of ¥100 million or more.

Process for determining compensation

The Nomination and Compensation Committee discusses important decisions and changes concerning benefits and the like for officers of the Company and its directly owned subsidiaries, reports the results of those discussions to the Board of Directors, and offers its opinions when necessary. For monthly compensation and bonuses, an individual evaluation based on the

assessment of Company performance and the evaluation of the division the officer is in charge of is carried out to determine the individual amounts, which are based on a compensation table decided on by the Board of Directors following discussion by the Nomination and Compensation Committee.

Executive compensation after transition to a company with an Audit and Supervisory Board

Compensation for directors not serving as Audit and Supervisory Board members

Compensation for directors (excluding outside directors and part-time directors) not serving as Audit and Supervisory Board members is the same as that described above from "Composition of executive compensation" through to "Payment ratios by type of compensation." However, at the Ordinary General Meeting of Shareholders held on June 25, 2020, it was decided that considering the duties of directors not serving as Audit and Supervisory Board members, as well as various other circumstances such as the recent economic situation, the amount of annual compensation for directors that are not Audit and Supervisory Board members will be limited to ¥450 million (of which, the amount for outside directors shall be no more than ¥40 million). Outside directors (including part-time directors) that do not serve as Audit and Supervisory Board members are independent of the Company's business

execution and therefore receive a fixed monthly amount as compensation linked to Company performance would not be suitable.

Compensation for directors serving as Audit and Supervisory Board members

At the Ordinary General Meeting of Shareholders held on June 25, 2020, it was decided that considering the duties of directors serving as Audit and Supervisory Board members, as well as various other circumstances such as the recent economic situation, the amount of annual compensation for directors that are also Audit and Supervisory Board members will be limited to ¥150 million.

Compensation for directors that serve as Audit and Supervisory Board members is a fixed monthly amount because they are independent of the Company's business execution and compensation linked to Company performance would not be suitable.

Corporate Governance

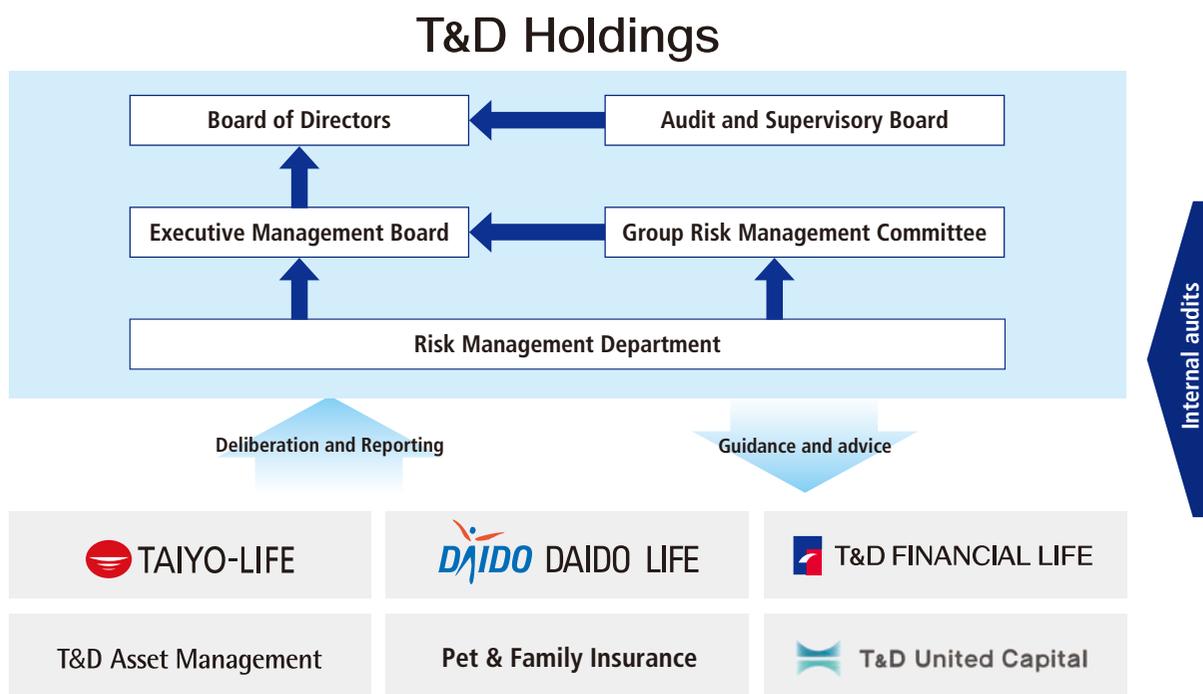
Risk Management

Basic concept for risk management

At the T&D Insurance Group, T&D Holdings has formulated a Group Risk Management Policy setting forth the Group's basic approach to risk management and, based on this policy, the direct subsidiaries have developed their risk management system that covers their affiliates as well.

T&D Holdings has established a Group Risk Management Committee and manages risks within the Group. The Committee receives reports, regularly and as required, on risks assessed

using uniform economic value-based risk management indicators, from the direct subsidiaries, in order to identify and manage the various types of risks faced by Group companies. Based on the report received, T&D Holdings reports on these risks to the Board of Directors and provides guidance and advice to the Group companies as necessary, thereby ensuring that proper risk control is implemented at each company and strengthening the risk management system for the entire Group.



As of June 25, 2020

Risk management

In light of the social and public nature of the life insurance business, the T&D Insurance Group views risk management as a key priority issue in order to ensure sound and adequate business management. Under overall control by the holding company, T&D Holdings, each Group company implements the necessary risk management suited to their respective business model based on the principle of self-responsibility.

The T&D Insurance Group classifies major management risks as shown below. Risk management policies have been established for each of these risks, and efforts are made to prevent these risks from occurring or to confine them within certain acceptable levels.

The risks we see as important in connection with our Group's business are as follows:

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

Business risks

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

* Operational risks are classified into sub-categories, i.e. administrative risk (including personal information leakage risks), system risk, legal risk, labor and personnel risk, and hazard risk, and are managed separately.

▣ Risk awareness and assessment (risk profile)

The T&D Insurance Group uses a risk profile* to comprehensively categorize risks surrounding the Group, in order to respond to increasingly diverse and complex risks. We comprehensively identify risks by category, ascertain and assess them, and use them to prioritize initiatives in light of comprehensive factors including severity, impact, and the degree to which they are under control. The risks are reflected in management planning as necessary. As a rule, we review our risk profiles twice a year in order to accurately recognize and ascertain emerging severe risks, as well as major changes to previously recognized risks and the gap between in-house/ the industry's customs and the world. We report our findings to the Group Risk Management Committee and Board of Directors.

* Risk profile is a general risk management tool to characterize risks from various factors such as nature and magnitude.

▣ Cyber security initiatives

The T&D Insurance Group recognizes that one of the important tasks of management is properly protecting and managing information assets in compliance with laws and regulations. This specifically involves protecting information assets from increasingly sophisticated cyber threats. To fulfill our social responsibilities as a company engaged in life insurance business, we have formulated our Group Information Security Policy and Rules on the Group's Cyber Security Management and made engagement in

cyber security mandatory for all executives and employees. Cyber attacks etc. have the potential to stop systems and impede our operations, and to cause leakage of important information.

In particular, in order to provide even safer services to customers, we utilize security tools to conduct round-the-clock monitoring of cyber threats that target financial institutions, which have increased in recent years in both frequency and sophistication. We have also established the cross-organization Group Computer Security Incident Response Team (CSIRT) along with company-level CSIRT teams, which collect information, conduct analysis and implement measures in connection with cyber attacks. In addition, we conduct Group- and company-level drills and participate in industry-wide drills and training. Issues identified through these drills are reflected in our response procedures and manuals to strengthen our practical responsiveness.

Along with conducting multi-layered security measures (entrance, exit, and internal), we regularly receive diagnostic security evaluations from independent institutions and promptly implement the necessary measures.

Executives and employees also receive training on information security and cyber security and drills are continually conducted on handling suspicious email in order to further raise security literacy.

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 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 policies to block relationships with 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.

* T&D Insurance Group Basic Policy for Responding to Antisocial Forces

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

▣ 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.

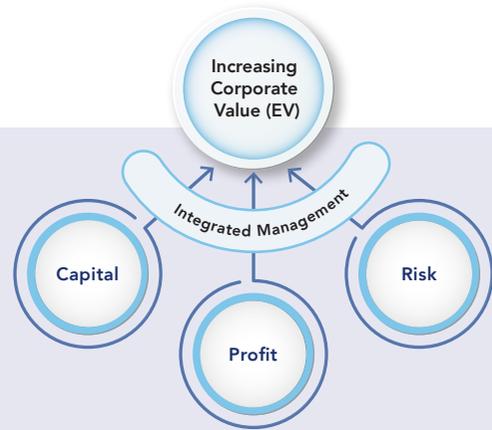
In specific terms, the Company strives to provide easy-to-understand disclosure based on the fair disclosure rules of timeliness, fairness and accuracy in order to maintain and reinforce trust among all of its stakeholders, including customers, shareholders, employees, insurance agents, business partners,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

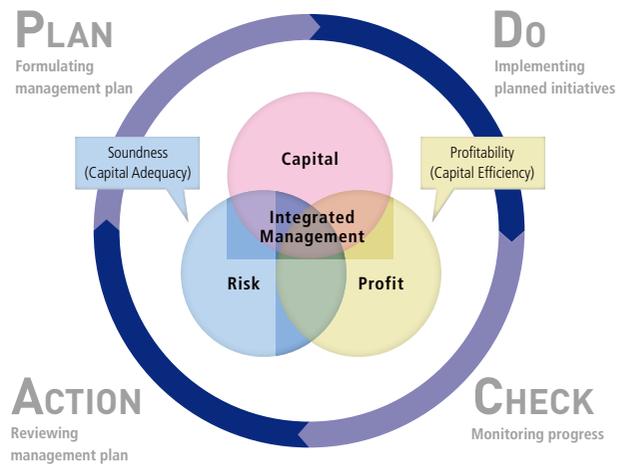
The Group has organized the Group ERM Committee to conduct ERM on a Groupwide basis. The committee leads efforts to promote ERM throughout the Group, aiming to improve its soundness while achieving stable and sustainable increases in corporate value.



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 preference standards

Soundness	Required level of ESR	At least 133%
Profitability	Neutral level of ESR	Around 185%
	ROEV	At least 7.5% in the medium to long term
	Core ROEV	At least 5.0% in the medium to long term

* Starting with this Mid-term Plan period, Ultimate Forward Rate is applied to the ESR Measurement Model and to MCEV Calculation.
 * ESR = surplus (capital) ÷ EC (risk)
 * ROEV = Amount of EV increase (excluding increases or decreases in capital etc.) ÷ Average EV balance (Group basis)
 * Core ROEV = (value of new business + expected earnings on the risk free rate) ÷ Average EV balance (total of three life insurance companies)

Action on Integrated Risk Management

Our Group categorizes and quantifies various risks that surround the Group, and identifies the impact of loss. It also practices appropriate control of risks in the business as a whole, including unquantified risks, in order to tackle integrated risk management that leads to attainment of management goals.

1. Risk quantification

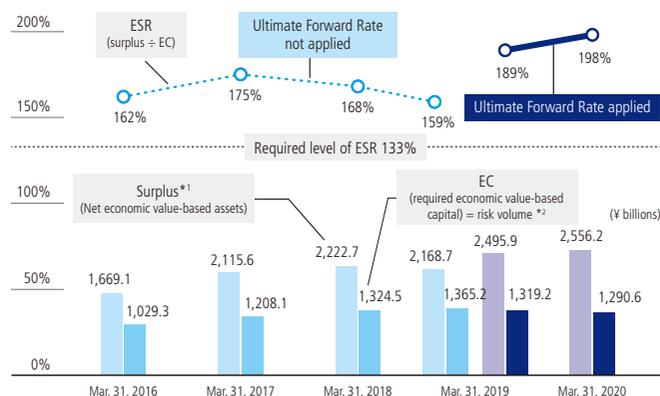
Our Group employs internal models to gauge asset management risks, insurance underwriting risks, and operational risks. Specifically, we use "value at risk" as an indicator for these risks, and

with a measurement period of one year and a confidence level of 99.5%, we calculate the loss value which is considered as the risk volume.

2. Risk control

We ensure financial soundness and capital adequacy by controlling the risks quantified as above (economic capital) within a certain range of the net assets (surplus) found by subtracting liabilities from economic value-based assets, while also applying then current finance supervision system concerning soundness.

The required level of ESR 133% is necessary to cover the risk volume of 99.93% confidence level.



*1 Difference between assets, evaluated on an economic value basis, and liabilities. Evaluation of assets and liabilities is calculated using basically the same assumptions as for MCEV. The capital cost rate used as the risk margin is set as 5% since the end of March 2017, with reference to the insurance capital standard (ICS) which is being studied by the IAIS (International Association of Insurance Supervisors). In addition to applying the Ultimate Forward Rate since the end of March 2019, subordinated debt is added into the surplus (¥170 billion at the end of March 2020).

*2 The economic value based risk volume (after diversification effect) calculated by the internal model (measurement period 1 year, VaR 99.5%). Necessary capital for MCEV is evaluated by the same internal model.

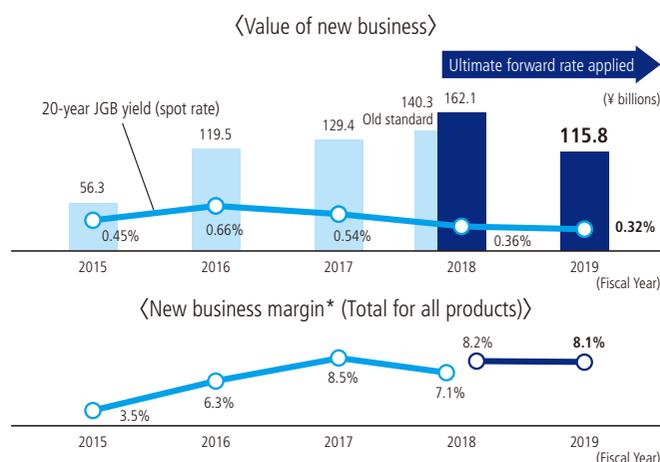
3. Stress test implementation

We strive to keep track of a wide range of risks, to make sure we can also handle risks not fully grasped by quantification, while also controlling quantified risks. We run stress tests to check the impacts of widely identified risks, and of severe shocks which exceed expectations, such as major worsening of financial

markets or large-scale disasters. We analyze the results of stress tests and check our countermeasures etc. in advance, and we build a framework that can maintain our soundness in all kinds of situations.

Results of ERM Management: Maintaining high level of new business margin with product portfolio reforms

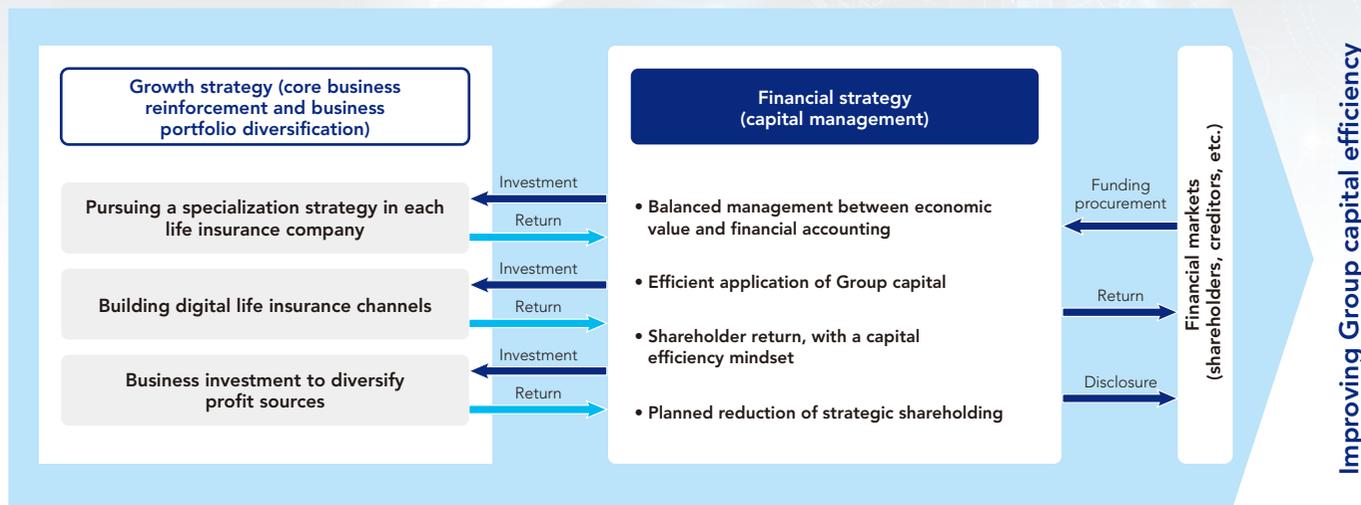
As the external environment changes, such as diversification of customer needs and revision of the standard yield rate and standard mortality table, we strategically utilized ERM to flexibly manage capital, profit and risk for the Group as a whole. Although the value of new business decreased year on year pertaining mainly to sales reduction, the new business margin was maintained at a high level even in a low interest rate environment.



* New business margin = value of new business ÷ present value of new business premiums

Financial Strategy

T&D Insurance Group promotes ERM across the whole group, and practices business operation that positions Embedded Value (EV) expansion as fundamental while balancing it against financial accounting. We make efficient use of capital through the combination of use of Group capital and optimum selections of external capital, to advance business portfolio diversification.



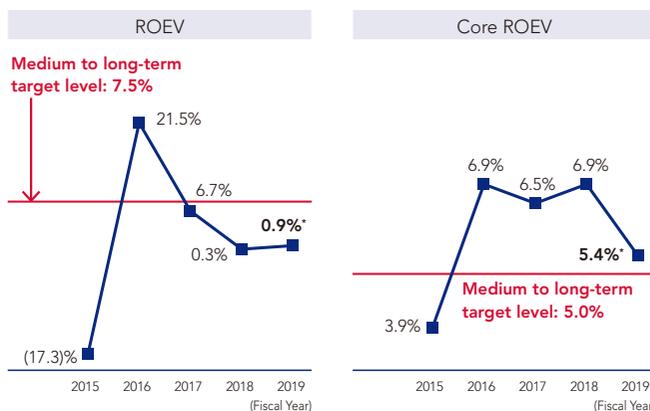
Securing Profitability

Profitability indices: ROEV, core ROEV, adjusted ROE

As indices of profitability (capital efficiency), we manage ROEV (Return on Embedded Value), core ROEV which takes as its numerator the increase within EV attributable to new contracts, and adjusted ROE* (adjusted profit ÷ shareholder's equity) which is based on profit in financial accounting.

* Movements in our adjusted ROE are shown on the next page.

Profitability (capital efficiency) indices



* Ultimate Forward Rate is applied from fiscal 2019.

Strategic Shareholding

Our Group has strategic shareholdings that are mainly held by Taiyo Life and Daido Life. The balance of such holdings at the end of March 2020 is ¥204.3 billion in 40 stocks held by Taiyo Life and ¥216.6 billion in 170 stocks held by Daido Life. We are working on a planned and ongoing reduction of strategic shareholdings. We will continue that reduction process, with reference to stock market conditions and other factors.

Purpose of strategic shareholding

- The maintenance and expansion of stable trading relationships that are profitable in the long term.
- The maintenance and reinforcement of business partnerships
- Earnings in the medium to long-term through equity value appreciation and the receipt of dividends etc.

Validation of the appropriateness of strategic shareholding

The Board of Directors of T&D Holdings and those of Group companies which have strategic shareholdings engage in specific study, on an annual basis, of (1) the appropriateness of the purpose of holding the shares, (2) whether the benefits and risks of the shareholdings are proportionate to the capital cost, and other issues, concerning each individual strategic shareholding, to validate the appropriateness of such holdings.

In fiscal 2019, we sold or partially sold our holdings of 21

stocks, on the basis of validation findings. We will continue to consider the sale of strategic shareholdings held by the Group which the Board of Directors deems lacking in significance.

* Taiyo Life and Daido Life exercise voting rights associated with strategic shareholdings in the same way as for shares held purely as investments, in line with the Japanese Stewardship Code.

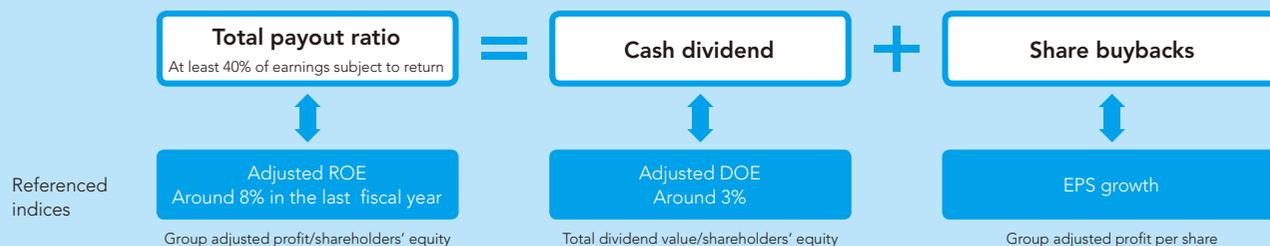
Policies on Return to Shareholders

T&D Insurance Group's basic policy is to strive to raise shareholder value and provide stable profit returns, while maintaining neces-

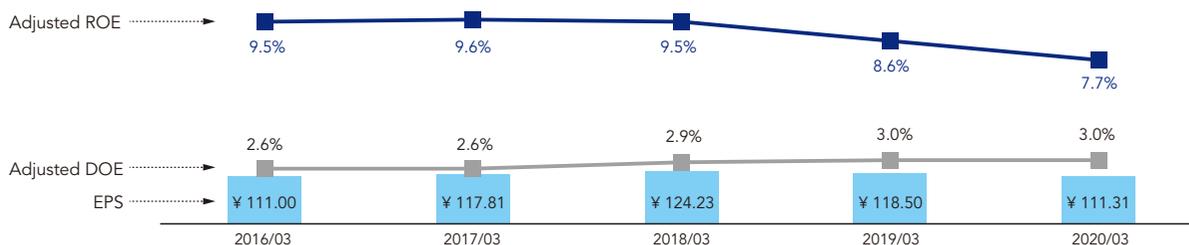
sary internal reserves for the Group, with reference to maintaining the sound management of the Company and Group companies.

- We determine total payout ratio flexibly, on the basis of capital efficiency (Adjusted ROE). (However, we maintain a level of at least 40% of earnings subject to return)
- We aim for stable, continuing increase in cash dividends, taking Adjusted DOE as our guideline.
- We determine the value of share buybacks on the basis of total payout, while taking the level of EPS into account.

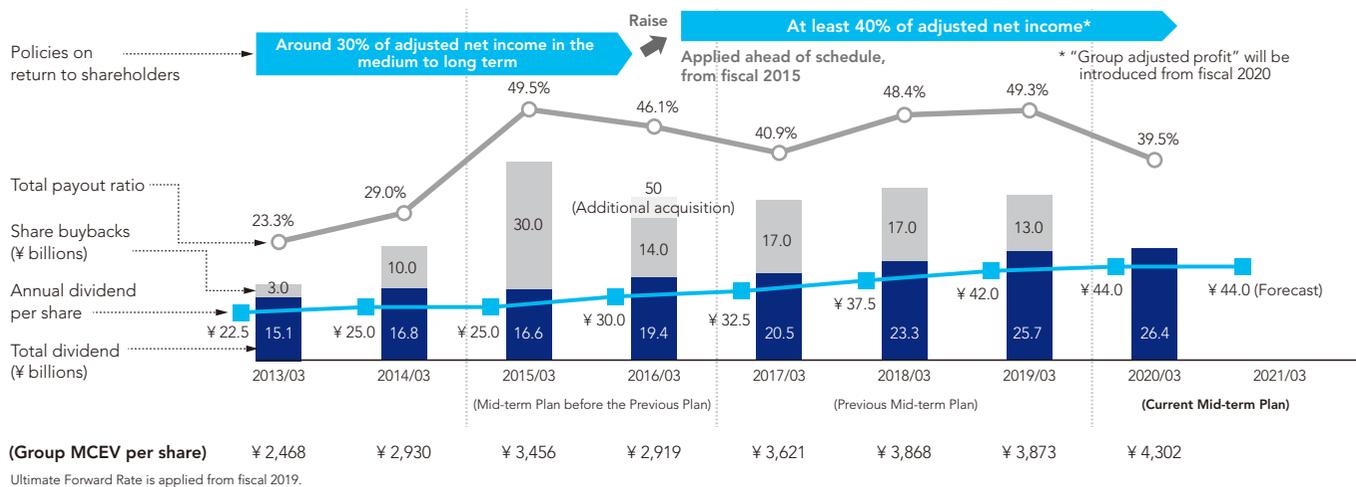
Our basic approach



Referenced indices



Shareholder return performance



Contribution to Climate Change Mitigation and Adaptation — Action for the TCFD —

The T&D Insurance Group has enacted “T&D Insurance Group Environmental Policy,” and we are well aware of the importance of environmental issues in all our corporate activities. We also make sure all our executives and employees behave with concern for protection of the global environment. We have endorsed the declaration of the Task Force on Climate-related Financial Disclosures (TCFD), and we are keen to take action on disclosure of clear environment-related financial information.

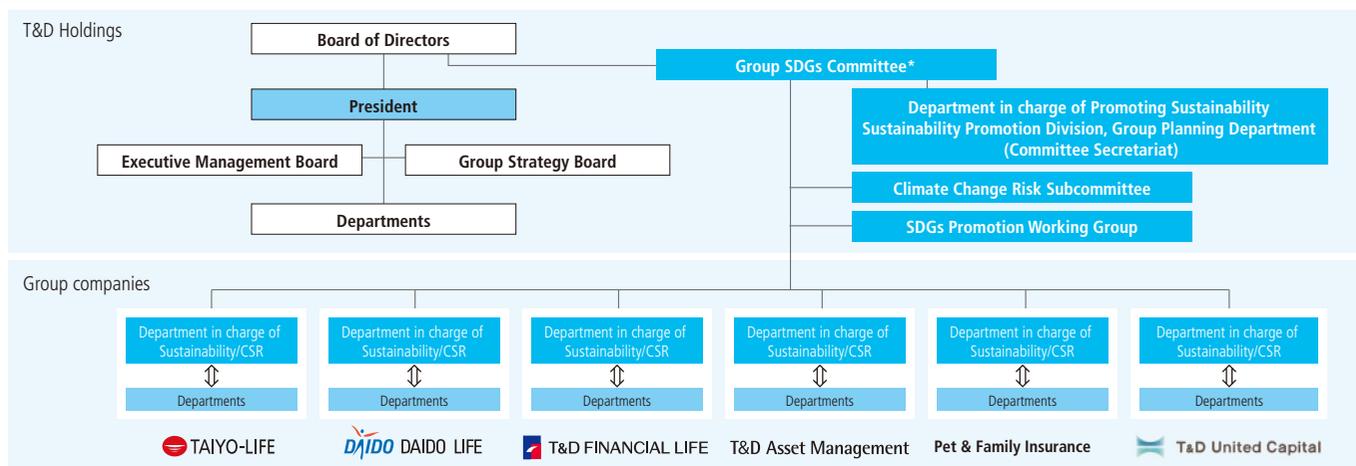
* Please refer to our Sustainability Report for details.

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

Governance

The Board of Directors has established the Group SDGs Committee, as a subordinate organ to the Board, with the mission of deliberating on and considering basic policies related to the SDGs and CSR, and on measures related to the global environ-

ment and social issues. The Group SDGs Committee has established the Climate Change Risk Subcommittee, as a subordinate organ. The organization can be summarized as follows:



* The Group SDGs Committee is chaired by the Representative Director and President, and vice-chaired by the Representative Director and Executive Vice President (Executive Officer in charge of Sustainability).

Strategies

The Group has the following perceptions of the risks and opportunities brought by climate change.

[Risks]

We expect climate change to bring physical risks ^{*1} and transition risks ^{*2}. We perform scenario analysis to validate these impacts. Please refer to our Sustainability Report 2020 for details of scenario analysis.

^{*1} Business risks associated with natural disasters caused by extreme weather such as typhoons and floods, and those associated with phenomena such as an increase in the average temperature and a rise in the sea level

^{*2} Business risks arising from the behavior of governments, corporations, and consumers in the process to carry out the transition to a low carbon society (through a significant reduction of greenhouse gas emissions)

[Opportunities]

- Opportunities to expand insurance earnings by providing and expanding the scope of coverage
If global warming causes changes in disease incidence rates and average lifespans, we expect that to generate needs for coverage (death, pension, medical treatment) against new risks.

- Opportunities to raise the value of investment assets and expand investment returns stably in the long term
As the reduction of greenhouse gas emissions progresses, the Group, as an institutional investor, expects to finance and invest in expanding clean energy developers and energy-saving operators, and to own and operate realty (office buildings etc.) of superior environmental performance.
- Opportunities to extend our business fields and expand earnings
In our own operations, rather than as an institutional investor, we expect to open up or join new business fields that suppress or adapt to climate change.

Risk Management

[Risk identification and assessment process]

Our Group uses risk profiles to comprehensively examine the risks affecting the Group. We register risks related to climate change into risk profiles, then identify, grasp, and assess all risks which impact any aspect of our operations, including insurance underwriting risks, asset management risks, operational risks, and reputational risks.

[Risk management process]

In order to reliably recognize and grasp the emergence of new important risks and changes in previously recognized risks, we update our risk profiles on a semi-annual basis, and report to the Board of Directors and other bodies.

○ Management of climate change-related risks

(1) Physical risks

- Together with large-scale disaster risks (insurance underwriting risks), we consider measures such as use of reinsurance to mitigate deterioration in our insurance bottom line.
- We monitor our existing products, and take appropriate measures, such as product revisions.

(2) Transition risks

- We practice investment and financing with consideration of climate change-related risks, based on the Principles for Responsible Investment (PRI).
- We monitor variations and trends in economic policies and legal regulations etc., and share information with the whole Group, in the Group SDGs Committee and elsewhere. We take action to make sure our Group's responses do not fall short of the level expected of a listed company.

[Integrated risk management]

Our Group practices ERM (Enterprise Risk Management) for integrated risk management, for unified management of capital, earnings, and risks. We have set ESR (Economic Solvency Ratio), which is an economic value-based risk management indicator, as a specific, quantitative indicator for setting our levels of risk preference and tolerance.

* For details, please refer to the ERM (Enterprise Risk Management) page.

Metrics and Targets

The T&D Insurance Group sets goals related to environmental protection, and takes action during its everyday business activities towards reaching those goals. The three goals are "reduce electricity consumption," "reduce office paper consumption," and "improve the green purchasing ratio." We measure the results semi-annually and disclose them in reports and on the website.

• Electricity consumption reduction goal

We reached our five-year goal from fiscal 2008 and fiscal 2013, and are now working towards our ten-year goal, which we newly set in fiscal 2018.

• Office paper consumption reduction goal

We reached our five-year goal from fiscal 2014, and are now working towards the five-year goal which we newly set in fiscal 2019.

• CO₂ emission volume

We constantly measure and disclose Scope 1 (our own direct emissions), Scope 2 (indirect emissions from electricity and other purchased energy), and Scope 3 (raw material procurement, transportation, disposal, and other indirect emissions).

TOPIC Action on environmental issues

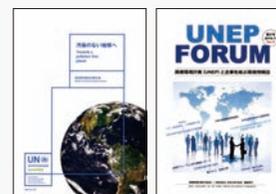
Forest conservation activities

As a life insurance company which uses a variety of paper in our business, for pamphlets, policy provisions, etc., Taiyo Life has established "Taiyo Seimei no Mori" (the Forests of Taiyo Life) in Nasu Shiobara City in Tochigi prefecture and Takashima City in Shiga prefecture. These forests are intended to recycle forest resources and conserve vegetation.



Environmental communications and educational activities

T&D Holdings endorses the activities of the Japan UNEP Association which produces the Japanese edition of *UNEP FORUM — Environmental Magazine Tying UNEP to Enterprises*, published by the United Nations Environment Programme (UNEP). This publication is distributed to all companies in the T&D Insurance Group as well as to local elementary and junior and senior high schools, public libraries, and other parties to raise awareness of environmental issues.



Providing Workplace Environments that Enable All People to Participate Actively

In our effort to provide workplace environments that enable all people to participate actively, the T&D Insurance Group respects the dignity and diversity of all people. We also see the necessity of healthful and safe workplace environments, and we are working in various ways to create them.

Action for Diversity

Active participation of women

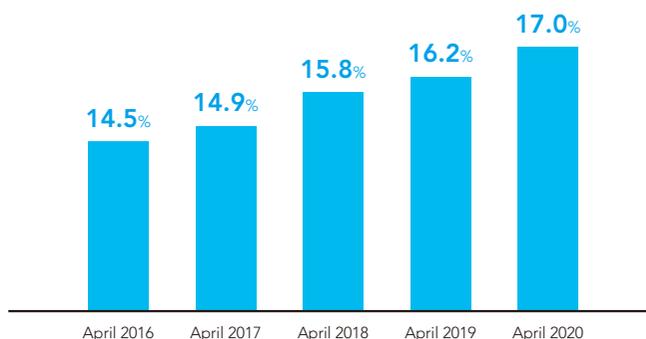
The Group's three life insurance companies are working to revise their respective personnel and compensation systems, as well as introducing various support systems to enhance the work-life balance. By fostering Group-wide collaboration to reduce total working hours and encourage male employees to take childcare leave, we are promoting the creation of work-

place environments where everybody is motivated to play an active role. To steadily advance these measures to promote the active participation of female employees, the Group's three life insurance companies formulated their action plans based on their respective business models.

Action plans

	Targets for promotion of female employees to management positions	Ratio of female managers (attainment deadline) ↓
[Action measures] → Planned development and promotion to management positions → Enhanced support for career formation and work-life balance → Promoting mindset change in management positions	TAIYO-LIFE Planned development and promotion of female employees with ambition and ability	At least 20% (Attained)
	DAIDO DAIDO LIFE Promotion of diverse work styles and support for new challenges	Maintain over 15% (March 2022)
	T&D FINANCIAL LIFE Becoming a company in which female employees can work to their full ability with peace of mind	At least 15% (April 2022)

Ratio of female managers (total of the three life insurance companies)



Employment of persons with disabilities

To create workplaces which are easy for persons with disabilities to work in, we advise them to attend interviews with a job-seeking support worker, so that they can go into the screening process with confidence. We also run workplace inspection sessions to prevent mismatches before and after people join the company. After persons with disabilities enter the company, we continue developing the workplace environ-

ment to facilitate their work, with measures such as installing special PC equipment and considering commuting routes. We bring in specialized job coaches who provide support, and superiors hold three-person interviews with the employee and a job-seeking support worker in attendance to provide advice. These efforts are taken throughout the company to help persons with disabilities find jobs.

Empowerment of Seniors

Each of our three life insurance companies has introduced a re-hiring system for people of retirement age. From the standpoint of work-style reform, the Group is working to promote the empowerment of older workers and we are introducing various

systems adapted to each company's circumstances.

Taiyo Life and Daido Life organize life planning seminars for workers nearing retirement age, as an opportunity for them to think about how they will live and work in future.

LGBT-friendly

In our Group Human Rights Policy, T&D Insurance Group clearly states our basic approach to respecting human rights, by which we strive to develop workplace environments where every employee can exert their abilities to the full. Each Group company

is working to support LGBT people too, with measures such as providing training and establishing consultation desks, with a view to promoting diversity.

Utilization and Development of Personnel

Since the group's foundation, T&D Insurance Group has promoted "Nurture a corporate culture where diverse human resources can feel job satisfaction and reach their potential." Each of the companies under our corporate umbrella is formulating its own unique education and training plans and working to develop and improve employee capabilities. This is in line with the Group policy that aims to raise each company's corporate value by making the most of the originality and expertise of its business strategy.

▣ Action to provide growth opportunities

The three life insurance companies provide education and training, based on the main pillars of OJT (on-the-job training), group training, and support for personal development. The companies provide enthusiastic support for acquiring qualifications, and they offer diverse curricula via distance education, e-learning,

and other methods, which help each individual employee to autonomously build their career. The companies also practice planned reassignment (rotation) so that, as each employee accumulates diverse work experience, they raise their ability to complete their work with a company-wide perspective.

▣ To provide better services

The Group's three life insurance companies are working to enhance the skills of their customer service staff based on a basic knowledge of life insurance, specialist knowledge and compliance essential to increase customer satisfaction. The three life insurance companies have diverse staff members such as sales representatives, customer service staff, agents and wholesalers

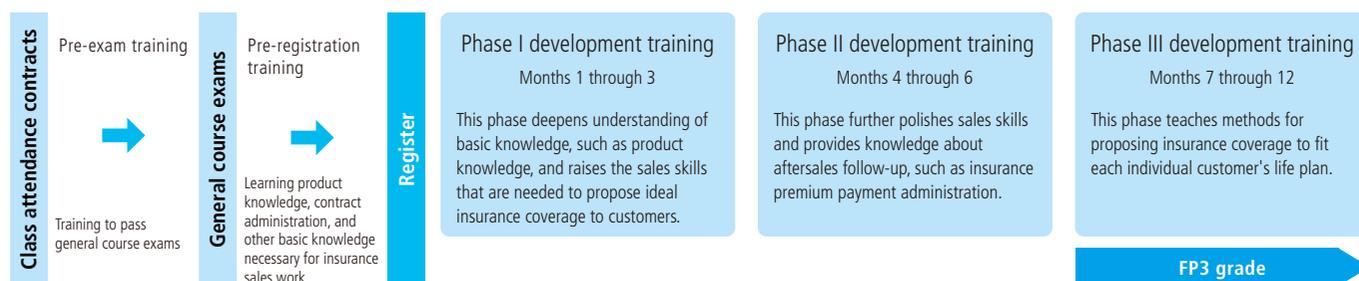
who are engaged in duties to provide the most suitable services to customers depending upon each individual business model. The companies have developed human capital training programs for such diverse staff, and always work to provide their staff members with the best educational and training opportunities.

[New staff education programs (Taiyo Life)]

Sales staff at Taiyo Life learn about products, taxation, and FP (financial planning) through internal training and acquisition of qualifications. This training enables them to design and sell the ideal life insurance to suit the needs of each individual customer

(family composition, occupation and income, children's education plans, insurance subscriptions, etc.), in order to raise customer satisfaction.

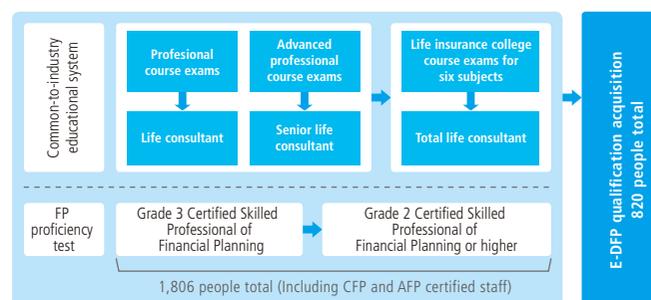
Education systems for newly-hired sales staff (New staff education, FP education)



[E-DFP system (Daido Life)]

Daido Life has established its own E-DFP (Executive Daido Financial Planner) system, which teaches sales staff a wide range of specialist knowledge, including taxation, finances, and financial products. This system is intended to enable staff to accurately grasp ever more advanced and diverse customer needs and practice high-quality consulting sales. The E-DFP qualification is accredited for those who have passed all courses in life insurance College Course Exams (six subjects) and for those who have passed grade 2 Certified Skilled Professional of Financial Planning (can also apply to AFP (Affiliated Financial Planner) and CFP (Certified Financial Planner)).

E-DFP system (As of March 2020)



Initiatives for Health and Productivity Management

Each company in the T&D Insurance Group aims to create workplace environments according to the principles of health and productivity management, in which all employees can work vigorously, both mentally and physically.

Initiatives by Taiyo Life

Taiyo Life is advancing Taiyo's GENKI Project*, an effort to make all employees, customers, and society energized and healthy. The project provides various support measures to promote employee health, including Kurort Health Walking using the Kaminoyama Onsen Kurort (health resort) Program in partnership with Kaminoyama City in Yamagata Prefecture, Smart Life Stay (accommodation packages that incorporate the government's specified health guidance), and internal anti-smoking campaigns. Since 2017, Taiyo Life has been working on health management with measures such as increasing the value of the company subsidy for cancer screening, and providing "MCI screening testing," which diagnoses dementia risk, together with health checkups.

* The Taiyo's GENKI Project is promoted by an organization that has the company president as its leader and all operating officers as members.

Initiatives by Daido Life

Daido Life has introduced the KENCO SUPPORT PROGRAM for its personnel, which provides wearable devices that can measure pulse, step count, and other aspects of everyday activities. It has also totally banned smoking within the company, and organizes lectures and other events on health. These efforts are intended to promote employees' health and raise their health literacy. Daido Life is also trying to shorten working hours from conventional lengths, and stepping up its measures for disease prevention and mental health. These efforts are elements in a program called Daido KOKO KARA, which aims to develop within the company and nurture a corporate culture as a company that practices health management.

Initiatives by T&D Financial Life

Having set "Building workplaces for job satisfaction" as a management policy, T&D Financial Life is working to shorten working hours with methods such as "no overtime day" and "go home early day," and automatic shutdowns on work PCs. It performs health checkups on all personnel, runs stress checks to prevent mental health problems, abolished smoking areas in the company and banned smoking during work hours, and subsidizes sports-related costs for club activities in the company. These and other measures are used to promote employee health.

In collaboration with the health insurance society, the company is also working on specified medical check-ups and health guidance based on Data Health Plans.

Certified Health and Productivity Management Organization: White 500

Taiyo Life and Daido Life have been approved as "Certified Health and Productivity Management Organization (White 500)" for four consecutive years in the large company category, under a certification system organized by the Ministry of Economy, Trade and Industry (METI), for companies which practice health and productivity management for employee health promotion.

By promoting Taiyo's GENKI Project at Taiyo Life and Daido KOKO KARA at Daido Life, we implement various measures to promote employee health, aiming to create workplaces where all employees can work vigorously, both mentally and physically.



Enacting the T&D Insurance Group Human Rights Policy

Our Group declares “respect for human rights” in the T&D Insurance Group CSR Charter, and we are advancing project activities that respect the human rights of all the Group’s personnel and stakeholders.

Recently, we have enacted the “T&D Insurance Group Human Rights Policy” to clearly state our Group’s philosophy on respect for human rights, in line with the “Guiding Principles on Business and Human Rights” which the United Nations Human Rights Council sets as a code of conduct for all nations and companies.

* Please refer to our website for details of the T&D Insurance Group Human Rights Policy.

<https://www.td-holdings.co.jp/en/csr/csr-policy/human-right-policy.html>

Implementation of human rights due diligence

In advance of the enactment of the T&D Insurance Group Human Rights Policy, we implemented human rights due diligence in the Company and all our direct subsidiaries.

This human rights due diligence did not find any human rights issues requiring correction in this Group’s business activities.

In future, we will run an ongoing process of human rights due diligence to validate the state of our response to human rights issues in our Group’s business activities, and to check for any such issues. The results of this due diligence will be reported annually to the Group SDGs Committee. The content of the report

to the committee will also be reported to the Board of Directors of T&D Holdings, and passed to the Group Compliance Committee.

In the event that any human rights issue is found by this due diligence, we will take action to solve the problem.



Human Rights Management System (human rights due diligence)



*1 Results of human rights due diligence are also reported to the Group Compliance Committee.

*2 Results of each company's human rights due diligence are reported to the board of directors of each company.

Management Organization

Board of Directors (as of June 25, 2020)



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)



Representative Director and Executive Vice President

Kanaya Morinaka

Personal history

Apr 1984 Joined Daido Life
 Apr 2010 Executive Officer of Daido Life
 Apr 2013 Managing Executive Officer of Daido Life
 Jun 2015 Director and Managing Executive Officer of Daido Life
 Apr 2017 Director and Senior Managing Executive Officer of Daido Life
 Jun 2019 Representative Director and Senior Managing Executive Officer of Daido Life
 Apr 2020 Director of Daido Life (current)
 Executive Vice President of T&D Holdings
 Jun 2020 Representative Director and Executive Vice President of T&D Holdings (current)

Significant concurrent positions
 Director of Daido Life

Reasons for selection

Mr. Kanaya Morinaka has business experience in the Group mainly in sales, products, planning, and human resources. He is expected to fulfill the roles mainly of supervising key management decisions and the execution of business by utilizing his extensive management knowledge and experience in the Group's holding company and insurance company, which includes being in charge of corporate planning units.



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
 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
 Apr 2020 Director and Senior Managing Executive Officer of Daido Life (current)

Significant concurrent positions

Director and Senior Managing Executive Officer of Daido Life
 Director of T&D Financial Life



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 Taiyo Life
 Director of T&D Financial Life
 Director of T&D United Capital



Director (outside officer, part-time)

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



Director (outside officer, part-time)

Kensaku Watanabe

Personal history

Mar 1997 Registered as an Attorney
 Apr 1997 Joined Okazaki, Ohashi & Maeda (current Tokei Partners)
 Jan 2006 Partner of Tokei Partners (current)
 Jun 2016 Audit & Supervisory Board Member of T&D Financial Life
 Jun 2020 Director of T&D Holdings (current)

Significant concurrent positions

Attorney

Reasons for selection

Mr. Kensaku Watanabe possesses significant expertise and extensive insight as an attorney at law specialized in corporate legal affairs. He is expected to fulfill the roles mainly of supervising key management decisions and the execution of business from the perspective of protecting general shareholders by utilizing this knowledge and experience.



Director (part-time)

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



Director (part-time)

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.



Director (part-time)

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

Directors serving as Audit and Supervisory Board members are on the next page

Number of Company shares held and attendance at meetings of Board of Directors/Audit & Supervisory Board

			Number of the Company's share held*1	Attendance to the Board of Directors' meetings*2	Attendance to Audit & Supervisory Board meetings*2
Board of Directors	Internal	Hirohisa Uehara	42,551	24 / 24	
		Kanaya Morinaka	22,860	—	
		Mitsuhiro Nagata	21,079	24 / 24	
		Yoshihisa Tanaka	6,356	19 / 19	
	Outside	Naoki Ohgo	1,649	24 / 24	
		Kensaku Watanabe	0	—	
	Internal	Naoki Soejima	17,687	19 / 19	
		Minoru Kudo	49,528	24 / 24	
		Masafumi Itasaka	5,378	24 / 24	
Directors who are Audit and Supervisory Board Members	Internal	Junichi Yanai	6,485	24 / 24	19 / 19
		Yasuo Teraoka	20,964	24 / 24	19 / 19
	Outside	Haruka Matsuyama	3,043	23 / 24	
		Seiji Higaki	939	24 / 24	
		Shinnosuke Yamada	0	—	

*1 As of May 31, 2020
 *2 FY2019

Management Organization

Directors who are Audit and Supervisory Board Members (As of June 25, 2020)



Director (Audit and Supervisory Board Member (Full-Time))

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
 Jun 2020 Director (Audit and Supervisory Board Member (Full-Time)) of T&D Holdings (current)

Significant concurrent positions

Audit & Supervisory Board Member of Taiyo Life

Reasons for selection

Mr. Junichi Yanai has experience in the Group mainly in asset management and planning, and possesses financial and accounting knowledge. He is expected to fulfill the roles mainly of auditing and supervising key management decisions and the performance of duties by directors not serving as Audit and Supervisory Board members by utilizing his extensive business knowledge and experience in the Group's holding company and insurance company, etc., which includes audit duties as a full-time Audit and Supervisory Board Member at the Company.



Director (Audit and Supervisory Board Member (Full-Time))

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)
 Jun 2018 Audit & Supervisory Board Member of T&D Holdings
 Jul 2019 Audit & Supervisory Board Member of T&D United Capital (current)
 Jun 2020 Director (Audit and Supervisory Board Member (Full-Time)) of T&D Holdings (current)

Significant concurrent positions

Audit & Supervisory Board Member of Daido Life
 Audit & Supervisory Board Member of T&D United Capital

Reasons for selection

Mr. Yasuo Teraoka has experience in the Group mainly in asset management and business investment, and possesses financial and accounting knowledge. He is expected to fulfill the roles mainly of auditing and supervising key management decisions and the performance of duties by directors not serving as Audit and Supervisory Board members by utilizing his extensive business knowledge and experience in the Group's holding company and insurance company, etc., which includes audit duties as a full-time Audit and Supervisory Board Member and being in charge of business investment units at the Company.



Director (Audit and Supervisory Board Member (outside officer, part-time))

Haruka Matsuyama

Personal history

Apr 1995 Assistant Judge to the Tokyo District Court
 Jul 2000 Registered as an Attorney
 Jul 2000 Joined Hibiya Park Law Offices
 Jan 2002 Partner of Hibiya Park Law Offices (current)
 Jun 2013 Director of T&D Holdings
 Jun 2020 Director (Audit and Supervisory Board Member) 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 is expected to fulfill the roles mainly of auditing and supervising key management decisions and the performance of duties by directors not serving as Audit and Supervisory Board members from the perspective of protecting general shareholders by utilizing this knowledge and experience.



Director (Audit and Supervisory Board Member (outside officer, part-time))

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
 Jun 2020 Director (Audit and Supervisory Board Member) of T&D Holdings (current)

Reasons for selection

Having served as a director, president and representative executive officer of a bank holding company and as a representative director and executive officer of a bank, Mr. Seiji Higaki has a wealth of knowledge and experience in corporate management. He is expected to fulfill the roles mainly of auditing and supervising key management decisions and the performance of duties by directors not serving as Audit and Supervisory Board members from the perspective of protecting general shareholders by utilizing this knowledge and experience.



Director (Audit and Supervisory Board Member (outside officer, part-time))

Shinnosuke Yamada

Personal history

Oct 1983 Joined Asahi Accounting Company (current KPMG AZSA LLC)
 Mar 1987 Registered as a Certified Public Accountant
 Jul 2010 Partner of KPMG AZSA LLC
 Jul 2010 Executive Board Member of The Japanese Institute of Certified Public Accountants
 Jun 2020 Director (Audit and Supervisory Board Member) of T&D Holdings (current)

Significant concurrent positions

Certified public accountant
 Director (independent auditor) of Kyowa Exeo Corporation

Reasons for selection

Mr. Shinnosuke Yamada possesses significant expertise and extensive insight as a certified public accountant. He is expected to fulfill the roles mainly of auditing and supervising key management decisions and the performance of duties by directors not serving as Audit and Supervisory Board members from the perspective of protecting general shareholders by utilizing this knowledge and experience.

IR Activities

T&D Holdings, Inc. 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 fiscal 2019 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 FY2019

Financial results meetings for institutional investors and analysts	2
Financial results telephone conferences for institutional investors and analysts	4
Conferences sponsored by securities firms	1
One-on-one meetings	Total 172
Information meetings for individual investors	2

Evaluations by External Assessment Organizations

* The number of evaluated companies differs depending on the timing of surveys, etc.

2019 Internet IR Award (Daiwa Investor Relations Co. Ltd.)



Evaluated 3,838 listed companies*

Selected as one of 108 winners of the Commendation Award

FY2019 All Japanese Listed Companies' Website Ranking (Nikko Investor Relations Co., Ltd.)

Evaluated all 3,807 listed companies*

Selected as one of 173 companies with grade AAA websites in the Overall Ranking for the third consecutive year

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.
- Integrated 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 holding IR meetings.

Overview of the Life Insurance Market

1. Market Scale

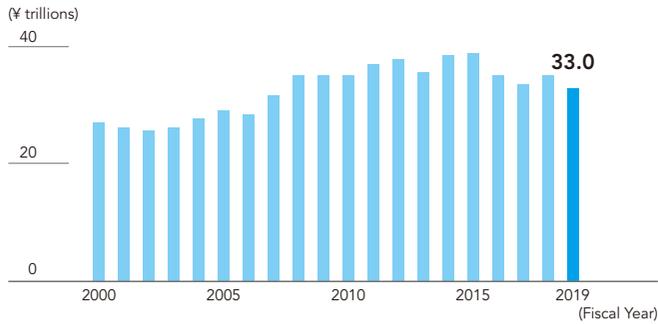
Income from insurance premiums in fiscal 2019 for Japan's life insurers* totaled ¥33 trillion. It had continued to gradually increase from fiscal 2002, but has recently turned downward.

Moreover, Japan's life insurance industry boasts the 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 42 Japanese life insurance companies. (As of March 31, 2020)

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.

Domestic share of premium income (Year 2019)

Rank	Country	Premium income (100 millions USD)	Share
1	United States	6,285	21.55 %
2	Japan	3,413	11.70 %
3	China	3,294	11.30 %
4	United Kingdom	2,642	9.06 %
5	France	1,675	5.75 %
6	Italy	1,241	4.26 %
7	Germany	1,015	3.48 %
8	Taiwan	974	3.34 %
9	Korea	944	3.24 %
10	India	796	2.73 %
	Others	6,883	23.60 %
	World total	29,162	100.00 %

Source: Compiled by T&D Holdings based on Swiss Re, Sigma 4/2020 WORLD insurance riding out the 2020 pandemic storm

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 ¥829 trillion in fiscal 2019, 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 187.48 million in fiscal 2019, marking the 12th straight year of increase.

Number of Policies in Force for Individual Insurance 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 2019. The number of policies has also increased 2.8 times, from 22.79 million to 65.84 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	Total
2000*1	35% 39.00 million	20% 22.79 million	10% 11.25 million	14% 15.62 million	21% 24.04 million	112.71 million
2019	27% 50.48 million	35% 65.84 million	14% 26.62 million	7% 12.27 million	17% 32.24 million	187.48 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

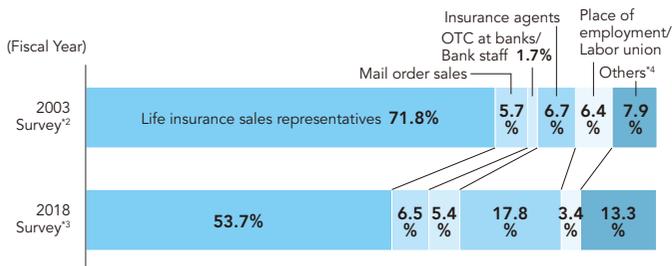
*1 Excluding the numerical value for former postal life insurance in fiscal 2000.

*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.

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.

Sales channels of private life insurers*1



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.

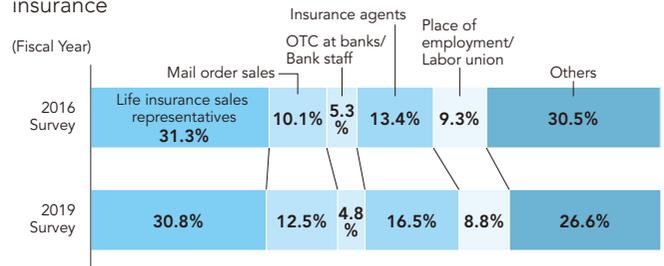
*2 Policies taken out during 1998-2003.

*3 Policies taken out during 2013-2018.

*4 Including those policies through indistinct channels.

The results of a fiscal 2019 survey revealed that customers are even more likely to purchase insurance in the future via mail order channels such as insurance sales agents and the internet. It is possible that sales channel diversification and channel mixing (i.e., combination of both face and non-face-to-face) will develop even further as a result of mainly the increase in non-face-to-face sales due to the COVID-19 pandemic.

Channels through which customers are most likely to purchase insurance



Source: Compiled by T&D Holdings based on Survey on Life Protection (Quick Report Version) (FY2019) of Japan Institute of Life Insurance.

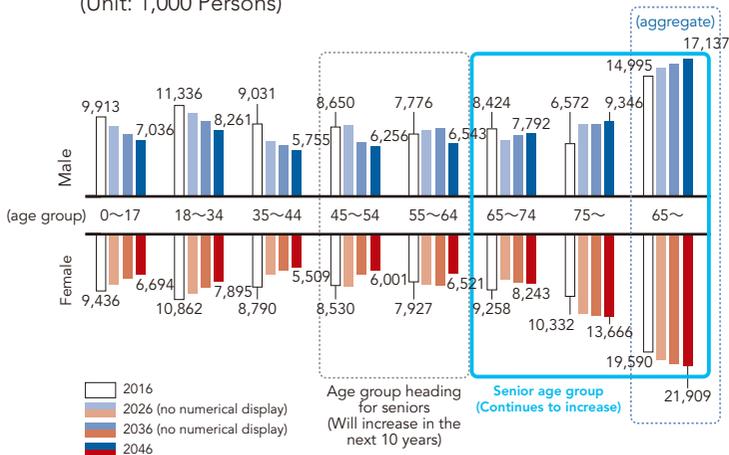
4. The Future of the Japanese Life Insurance Market

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.

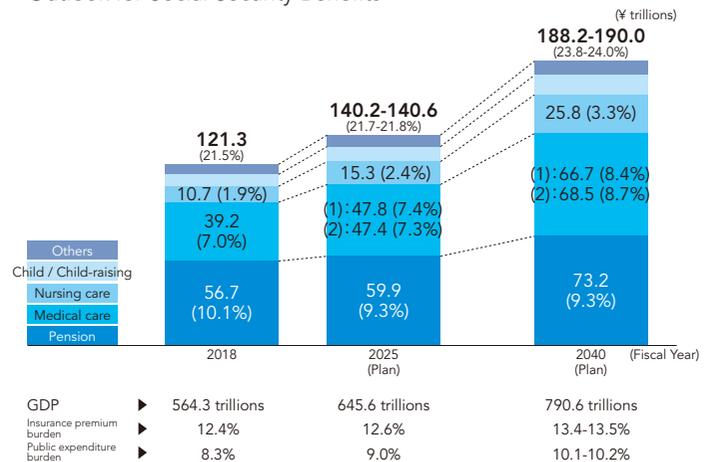
Meanwhile, as the social insurance premium burden is expected to increase as the number of young people declines, the inclusion of young people has become an important issue for life insurance companies.

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.

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.

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.

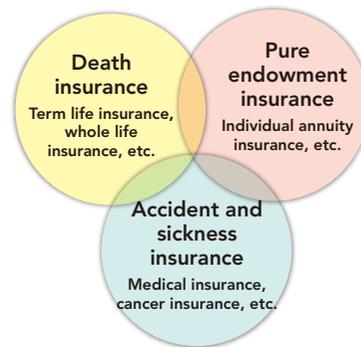
In single fiscal year accounting, profits decline due to increased costs when sales results are good, while profits increase due to decreased costs when results are not good.

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.

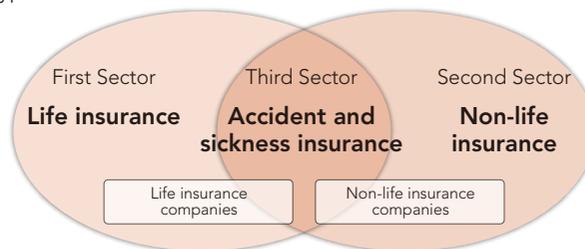
Accordingly, as life insurance accounting has special characteristics, we use economic values such as Embedded Value (EV*) when representing life insurance company corporate value.

* Please see page 77 for more details on Embedded Value (EV).

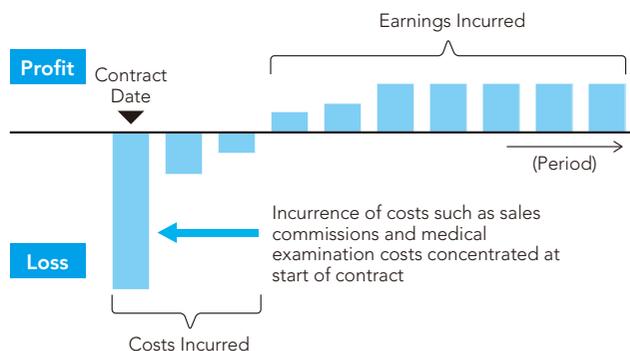
Types of life insurance



Types of insurance



Typical Life Insurance Earnings Image



Glossary

A

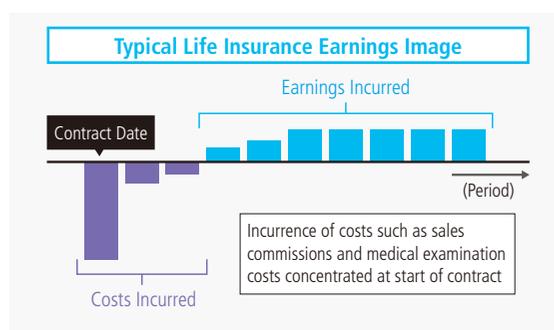
Annualized premiums	An adjusted figure for premiums paid using monthly, annual, or lump-sum payment methods showing total premiums paid on an annual basis.
Assumed business expense rate	One of the forecast rates used in the calculation of insurance premiums. It is the rate used to include business expenses 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

Closed book business	A business model in which an insurance company generates profit by obtaining and consolidating blocks of policies in force for products that are no longer sold (closed book) and enhancing their value. In Western countries, there has been an increase in the number of closed books separated as a part of revisions of the business strategy and the product portfolio according to changes in the business environment.
Contingency reserve	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. Contingency reserve can be classified into: Contingency reserve I Corresponds to insurance risk Contingency reserve II Corresponds to assumed investment yield risk Contingency reserve III Corresponds to minimum guarantee risk relating to variable annuity and others Contingency reserve IV Corresponds to insurance risk of Third Sector insurance
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)	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. <Specific nature of life insurance accounting> 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.



Glossary

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.
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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.
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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.
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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.
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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.
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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."
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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.
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Positive spread/Negative spread	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.
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Positive spread (Negative spread denoted in bracket) =
 $(\text{Investment yield on core profit} - \text{Average assumed investment yield}) \times \text{Policy reserve in general account}$

- "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.

Policy reserve in general account =
 $(\text{Policy reserve at beginning of fiscal year} + \text{Policy reserve at the end of fiscal year} - \text{Assumed interest}) \times 1/2$

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.
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 life 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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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 (hereinafter "non-pure investment stocks"). The purpose of holding non-pure investment stocks is to maintain and expand long-term, stable business relationships, to maintain and strengthen business partnerships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth.

The Group has formulated a plan and is continuously working to reduce non-pure investment stocks.

Going forward, the Group will continue to make reductions in light of stock market and other conditions.

II. Taiyo Life Insurance Company's stock holding status

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. Investment stocks for which the holding purpose is other than pure investment

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 cost, 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	35	201,479

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

	The number of stocks	Total of acquisition cost 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	1	2,805	For additional purchase in expectation of the quantitative effectiveness of holding the stocks such as development of products and services and opening up channels in the insurance field and peripheral businesses 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	0	—

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, 2019	Year ended March 31, 2020	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 of 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 information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	¥ 41,913	¥ 37,458		
SHIMADZU CORPORATION	7,411,520	7,411,520	The purpose of 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. There is joint development of services in the insurance field. The figures on the effect of holdings have not been disclosed as it contains information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	23,716	21,085		
TOKYU CORPORATION	9,566,559	9,566,559	The purpose of 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 information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	18,492	16,263		
Daiwa Securities Group Inc.	31,140,000	37,980,400	The purpose of 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 information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs. The number of stocks has been increased in expectation to receive high effect of holding benefits such as development of products and services and opening up channels in the insurance field and peripheral businesses through the reinforcement with the long-term and stable business relationships.	Y
	16,784	15,921		
Mitsui Fudosan Co., Ltd.	8,096,575	8,096,575	The purpose of 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 information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	22,528	15,144		
Mitsubishi Estate Co., Ltd.	7,700,000	7,700,000	The purpose of 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 information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	15,442	12,281		
MITSUI & CO., LTD.	8,160,800	8,160,800	The purpose of 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 information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	14,024	12,269		
Mitsubishi Chemical Holdings Corporation	18,838,372	18,838,372	The purpose of 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 information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	N *Note 1
	14,682	12,109		
Sompo Holdings, Inc.	2,661,820	2,661,820	The purpose of holding the stocks is to maintain and strengthen business partnerships in insurance field, 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 information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	N *Note 2
	10,908	8,898		
Tsubakimoto Chain Co.	3,559,663	3,559,663	The purpose of 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 information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	14,060	8,756		
Mitsubishi UFJ Financial Group, Inc.	15,220,718	15,220,718	The purpose of 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 information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	N *Note 3
	8,371	6,133		
Obayashi Corporation	5,486,400	5,486,400	The purpose of 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 information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	6,111	5,080		

Status of Stock Holdings

Stocks	Year ended March 31, 2019	Year ended March 31, 2020	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			
Kuraray Co., Ltd.	3,282,010	3,282,010	The purpose of 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 information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	4,621	3,583		
TS TECH Co., Ltd.	1,400,000	1,400,000	The purpose of 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 information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	4,459	3,581		
RAITO KOGYO CO., LTD.	2,734,500	2,734,500	The purpose of 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 information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	4,079	3,355		
Tsukishima Kikai Co., Ltd	1,885,000	1,885,000	The purpose of 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 information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	2,599	2,554		
Electric Power Development Co., Ltd. (J-POWER)	1,085,040	1,085,040	The purpose of 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 information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	2,925	2,363		
Kurimoto, Ltd.	1,209,075	1,209,075	The purpose of 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 information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	1,760	2,291		
Sotetsu Holdings Co., Ltd.	760,000	760,000	The purpose of 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 information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	2,587	2,107		
Tsubakimoto Kogyo Co., Ltd.	573,805	573,805	The purpose of 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 information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	2,168	2,065		
Showa Denko K.K.	700,000	700,000	The purpose of 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 information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	2,723	1,565		
Taikisha Ltd.	422,029	422,029	The purpose of 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 information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	1,420	1,320		
Hokuetsu Corporation	2,817,987	2,817,987	The purpose of 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 information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	1,823	1,138		
Takasago Thermal Engineering Co., Ltd.	678,347	678,347	The purpose of 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 information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	1,208	1,126		
Toppan Printing CO., LTD.	474,544	474,544	The purpose of 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 information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	792	785		
Advance Create Co., Ltd.	365,500	365,500	The purpose of holding the stocks is to maintain strengthen business partnerships in insurance field, 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 information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	N
	671	614		

Stocks	Year ended March 31, 2019	Year ended March 31, 2020	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			
Daiwa Motor Transportation Co.,Ltd.	375,000	375,000	The purpose of 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 information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	389	320		
TOYO WHARF&WAREHOUSE CO.,LTD.	200,643	200,643	The purpose of 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 information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	298	261		
Sanwa Holdings Corporation	260,000	260,000	The purpose of 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 information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	342	219		
MAEZAWA KASEI INDUSTRIES CO., LTD.	216,800	216,800	The purpose of 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 information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	222	215		
Meito Sangyo Co.,Ltd..	150,000	150,000	The purpose of 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 information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	228	200		
MEIWA INDUSTRY CO., LTD.	210,120	210,120	The purpose of 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 information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	225	188		
San ju San Financial Group, Inc.	50,000	50,000	The purpose of 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 information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	N *Note 4
	77	74		
Mitsubishi Paper Mills Limited	205,220	205,220	The purpose of 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 information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	114	72		
NKK SWITCHES CO., LTD.	22,584	22,584	The purpose of 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 information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	102	68		
Mitsubishi Electric Corporation	14,350,000	—	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 dividends and so forth.	N
	20,412	—		

*Note 1 The subsidiary Mitsubishi Chemical Corporation holds stocks.

*Note 2 The subsidiary Sampo Japan Insurance Inc. holds stocks.

*Note 3 The subsidiary MUFG Bank, Ltd. holds stocks.

*Note 4 The subsidiary THE MIE BANK,LTD. holds stocks.

*Note 5 The "—" symbol indicates that the relevant stock is not held.

Regarded as Holding Shares

Not applicable.

Status of Stock Holdings

2. Stocks for which the holding purpose is pure investment

	Fiscal 2018		Fiscal 2019	
	The number of stocks	Total of balance sheet amount (¥ millions)	The number of stocks	Total of balance sheet amount (¥ millions)
Unlisted stocks	42	¥ 19,200	40	¥ 18,666
Stocks other than unlisted stocks	20	181,362	19	133,726

	Fiscal 2019 (¥ millions)			
	Total dividends received	Total gains (losses) on sales	Total of valuation gains (losses)	
			Net unrealized gains (losses)	Valuation losses
Unlisted stocks	¥ 159	¥ 1,113	¥ 1,419	¥ —
Stocks other than unlisted stocks	6,508	(584)	529	2,277

3. Change in investment purpose during fiscal 2019

a. Stocks of which the holding purpose has been changed from pure investment to other than pure investment

Not applicable.

b. Stocks of which the holding purpose has been changed from other than pure investment to pure investment

Stock	The number of shares	Balance sheet amount ¥ millions
Mitsubishi Electric Corporation	14,350,000	¥ 19,157

III. Daido Life Insurance Company's stock holding status

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. Investment stocks for which the holding purpose is other than pure investment

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 cost, 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	¥ 9,598
Stocks other than unlisted stocks	72	207,094

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

	The number of stocks	Total of acquisition cost related to the increase in the number of shares (¥ millions)	The reasons for increasing the number of shares
Unlisted stocks	3	¥ 4,793	For new and additional purchase as the purpose of further enhancement on business relationships
Stocks other than unlisted stocks	0	—	

(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	3	¥ 46
Stocks other than unlisted stocks	21	5,289

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, 2019	Year ended March 31, 2020	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 of holding the stocks is to maintain and expand long-term and stable business relationships in a wide range of fields such as insurance 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 information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks to hold stocks that have been commensurate with the capital costs.	N *Note 1
	¥ 35,292	¥ 25,860		
ONO PHARMACEUTICAL CO., LTD.	6,549,500	6,549,500	The purpose of 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 information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	14,205	16,282		
Ezaki Glico Co., Ltd.	3,500,400	3,500,400	The purpose of 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 information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	20,372	15,891		
Kansai Paint Co., Ltd.	7,607,000	7,607,000	The purpose of 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 information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	16,058	15,655		
SMC Corporation	313,700	313,700	The purpose of 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 information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	13,027	14,351		
Daiwa House Industry Co., Ltd.	5,000,000	5,000,000	The purpose of 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 information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	17,595	13,387		
Nuernberger Beteiligungs-Aktiengesellschaft	1,727,036	1,727,036	The purpose of holding the stocks is to maintain and strengthen business partnerships in insurance products/services, asset management, and technology fields such as information systems, 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 information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	15,165	13,213		
TKC Corporation	2,569,046	2,569,046	The purpose of holding the stocks is to maintain and strengthen partnerships to support the continuation and development of small and medium-sized 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 disclosed as it contains information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	10,391	12,472		
FUJI CORPORATION	6,684,000	6,280,500	The purpose of 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 information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	9,852	10,362		
Resona Holdings, Inc.	28,590,000	28,590,000	The purpose of holding the stocks is to maintain and strengthen business partnerships in the sales field for solving management issues of small and medium-sized enterprises such as "health and productivity management" and "inheritance and business succession," 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 information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	N *Note 2
	13,714	9,297		
The Kansai Electric Power Company, Incorporated	3,656,550	3,656,550	The purpose of 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 information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	5,967	4,400		
Electric Power Development Co., Ltd. (J-POWER)	1,993,680	1,993,680	The purpose of 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 information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	5,374	4,342		

Stocks	Year ended March 31, 2019	Year ended March 31, 2020	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			
KONICA MINOLTA, INC.	9,040,518	9,040,518	The purpose of 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 information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	9,845	3,968		
Mitsubishi Pencil Co., Ltd.	2,344,000	2,344,000	The purpose of 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 information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	5,027	3,330		
Keihan Holdings Co., Ltd.	633,800	633,800	The purpose of 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 information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	2,950	3,042		
OKASAN SECURITIES GROUP INC.	8,660,000	8,660,000	The purpose of 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 information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	3,559	2,961		
MEISEI INDUSTRIAL CO., LTD.	4,032,700	4,032,700	The purpose of 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 information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	3,012	2,960		
Tsukishima Kikai Co., Ltd	2,115,700	2,115,700	The purpose of 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 information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	2,917	2,866		
THE SHIZUOKA BANK, LTD.	3,824,000	3,824,000	The purpose of 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 information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	3,223	2,512		
Sekisui House, Ltd.	1,400,000	1,400,000	The purpose of 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 information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	2,564	2,498		
Mitsui Fudosan Co., Ltd.	1,000,000	*	The purpose of 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 information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
	2,782	*		
Sompo Holdings, Inc.	618,525	*	The purpose of 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 information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	N *Note 3
	2,534	*		
Daishi Hokuetsu Financial Group, Inc.	705,600	*	The purpose of 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 information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	N *Note 4
	2,205	*		
MOS FOOD SERVICES, INC.	790,760	—	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 dividends and so forth.	N
	2,127	—		

*Note 1 The subsidiary MUFG Bank, Ltd. holds stocks.

*Note 2 The subsidiary Resona Bank, Limited. holds stocks.

*Note 3 The subsidiary Sompo Japan Insurance Inc. holds stocks.

*Note 4 The subsidiary The Daishi Bank, Ltd. holds stocks.

*Note 5 The "-" symbol indicates that the relevant stock is not held.

Note 6 The "" symbol indicates that the statement is omitted because the amount on the balance sheet of the issue is less than 1/100 of the capital amount.

Regarded as Holding Shares
Not applicable.

2. Stocks for which the holding purpose is pure investment

	Fiscal 2018		Fiscal 2019	
	The number of stocks	Total of balance sheet amount (¥ millions)	The number of stocks	Total of balance sheet amount (¥ millions)
Unlisted stocks	13	¥ 4,826	12	¥ 4,826
Stocks other than unlisted stocks	23	41,013	75	54,911

	Fiscal 2019 (¥millions)			
	Total dividends received	Total gains (losses) on sales	Total of valuation gains (losses)	
			Net unrealized gains (losses)	Valuation losses
Unlisted stocks	¥ 1,102	¥ —	¥ (89)	¥665
Stocks other than unlisted stocks	681	(629)	8,383	828

3. Change in investment purpose during fiscal 2019

Stocks of which the holding purpose has been changed from pure investment to other than pure investment

Not applicable.

Stocks of which the holding purpose has been changed from other than pure investment to pure investment

Not applicable.

IV. T&D Holdings, Inc.

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

1. Investment stocks for which the holding purpose is other than pure investment

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 2019

Stocks of which the holding purpose has been changed from pure investment to other than pure investment

Not applicable.

Stocks of which the holding purpose has been changed from other than pure investment to pure investment

Not applicable.

Selected Financial Data

T&D HOLDINGS

Years ended March 31	2016	2017	2018	2019	¥ millions 2020
Statement of Operation Data:					
Ordinary revenues:					
Income from insurance premiums	¥1,574,506	¥1,505,234	¥1,483,719	¥1,676,184	¥1,753,508
Investment income	379,707	402,709	372,753	393,901	369,419
Other ordinary income	71,665	67,838	71,813	70,076	75,001
Total ordinary revenues	2,025,925	1,975,784	1,928,359	2,140,162	2,197,928
Ordinary expenses:					
Insurance claims and other payments	1,302,899	1,160,357	1,146,175	1,141,636	1,193,510
Provision for policy and other reserves	194,387	259,134	262,894	469,615	431,011
Investment expenses	77,477	130,277	96,288	112,285	164,819
Operating expenses	198,999	197,600	202,366	201,563	212,453
Other ordinary expenses	80,727	71,186	64,159	68,086	70,424
Total ordinary expenses	1,854,490	1,818,556	1,771,884	1,993,213	2,072,506
Ordinary profit	171,434	157,227	156,475	146,949	125,422
Net extraordinary gains (losses)	(29,274)	(35,067)	(16,485)	(17,890)	(6,055)
Provision for reserve for policyholder dividends	31,920	25,374	30,331	27,144	21,883
Income before income taxes	110,239	96,786	109,657	101,915	97,483
Income taxes:					
Current	46,075	33,316	34,106	32,383	31,768
Deferred	(8,561)	(11,895)	(2,044)	(3,316)	(1,425)
Total income taxes	37,513	21,421	32,061	29,066	30,343
Profit attributable to non-controlling interests	179	177	19	22	36
Profit attributable to owners of parent	¥ 72,547	¥ 75,187	¥ 77,577	¥ 72,825	¥ 67,103

As of March 31	2016	2017	2018	2019	¥ millions 2020
Balance Sheet Data:					
Assets:					
Total assets	¥14,674,207	¥14,891,167	¥15,262,398	¥15,794,711	¥16,520,137
Liabilities:					
Policy reserves	12,892,482	13,139,218	13,395,725	13,859,097	14,282,219
Total liabilities	13,460,145	13,794,395	14,109,362	14,635,123	15,396,987
Net assets:					
Total shareholders' equity	775,208	794,554	833,779	863,933	889,817
Total accumulated other comprehensive income	435,331	298,302	313,645	289,181	226,124
Total net assets	¥ 1,214,061	¥ 1,096,772	¥ 1,153,036	¥ 1,159,588	¥ 1,123,149

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

Years ended March 31	2016	2017	2018	2019	¥ millions 2020
Policy Results *:					
Policy amount in force	¥62,998,174	¥64,612,813	¥66,010,749	¥69,264,639	¥67,362,978
New policy amount	6,685,973	7,441,437	7,273,000	9,985,762	4,711,892
Surrender and lapse amount	3,789,522	3,837,734	3,884,453	4,625,021	4,206,148

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

Other Data:					
Core profit	¥ 153,097	¥ 159,985	¥ 148,466	¥ 149,638	¥ 166,227
Group MCEV *	1,893,700	2,290,500	2,406,700	2,370,600	2,588,100
Consolidated solvency margin ratio	1,155.8%	1,105.1%	1,061.8%	1,093.1%	1,107.0%

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

TAIYO LIFE

¥ millions

Years ended March 31	2016	2017	2018	2019	2020
Statement of Operation Data:					
Ordinary revenues:					
Income from insurance premiums	¥657,185	¥654,379	¥511,900	¥715,120	¥593,679
Investment income	202,909	228,058	189,495	190,444	196,911
Other ordinary income	13,792	15,517	37,319	12,044	11,947
Total ordinary revenues	873,887	897,955	738,716	917,610	802,538
Ordinary expenses:					
Insurance claims and other payments	604,261	535,387	522,746	521,457	542,912
Provision for policy and other reserves	39,860	99,991	885	183,693	43,421
Investment expenses	36,540	83,109	45,292	52,386	76,173
Operating expenses	76,424	77,189	76,698	76,730	75,077
Other ordinary expenses	37,676	35,635	30,301	29,147	28,171
Total ordinary expenses	794,763	831,312	675,925	863,413	765,756
Ordinary profit	79,124	66,642	62,790	54,196	36,782
Net extraordinary gains (losses)	(20,251)	(18,995)	(4,254)	(5,370)	(1,594)
Provision for reserve for policyholder dividends	18,135	11,738	15,664	13,138	10,197
Income before income taxes	40,736	35,909	42,870	35,687	24,990
Income taxes:					
Current	17,624	11,120	10,238	10,798	10,391
Deferred	(3,722)	(4,178)	2,151	(657)	(1,218)
Total income taxes	13,902	6,941	12,390	10,140	9,172
Net income	¥ 26,834	¥ 28,967	¥ 30,480	¥ 25,547	¥ 15,817
Balance Sheet Data:					
Assets:					
Total assets	¥7,084,800	¥7,188,371	¥7,219,463	¥7,411,864	¥7,660,474
Liabilities:					
Policy reserves	6,318,824	6,410,781	6,389,235	6,569,075	6,608,629
Total liabilities	6,603,082	6,807,381	6,810,776	6,996,551	7,269,351
Net assets:					
Total shareholders' equity	279,336	279,765	290,945	304,203	303,647
Total valuation and translation adjustment	202,382	101,224	117,742	111,109	87,476
Total net assets	¥ 481,718	¥ 380,989	¥ 408,687	¥ 415,312	¥ 391,123

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

¥ millions

Years ended March 31	2016	2017	2018	2019	2020
Policy Results *:					
Policy amount in force	¥21,983,504	¥21,741,191	¥21,154,486	¥19,945,620	¥18,023,246
New policy amount	2,134,199	2,084,818	1,686,796	1,196,690	540,573
Surrender and lapse amount	1,255,956	1,255,824	1,236,078	1,240,097	1,149,490
Surrender and lapse rate	5.67%	5.71%	5.69%	5.86%	5.76%

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

Other Data:					
Core profit	¥ 53,812	¥ 53,464	¥ 48,547	¥ 51,859	¥ 54,387
MCEV *	725,700	777,500	825,000	856,200	895,800
Solvency margin ratio	890.6%	848.6%	835.1%	849.7%	805.5%
Number of in-house sales representatives	8,631	8,902	8,942	8,440	8,071

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

Selected Financial Data

DAIDO LIFE

Years ended March 31	2016	2017	2018	2019	¥ millions 2020
Statement of Operation Data:					
Ordinary revenues:					
Income from insurance premiums	¥748,914	¥766,336	¥790,852	¥ 828,003	¥ 818,070
Investment income	165,153	154,066	171,830	191,065	165,137
Other ordinary income	21,671	24,029	25,387	26,492	31,916
Total ordinary revenues	935,739	944,431	988,070	1,045,561	1,015,124
Ordinary expenses:					
Insurance claims and other payments	502,896	484,881	496,329	510,573	522,146
Provision for policy and other reserves	181,357	204,770	232,739	259,032	214,775
Investment expenses	34,443	48,244	46,233	61,342	61,569
Operating expenses	102,531	103,099	103,602	103,883	107,649
Other ordinary expenses	24,203	20,739	19,767	21,458	22,826
Total ordinary expenses	845,431	861,736	898,672	956,290	928,967
Ordinary profit	90,307	82,695	89,397	89,270	86,157
Net extraordinary gains (losses)	4,413	(12,450)	(11,698)	(11,956)	(3,703)
Provision for reserve for policyholder dividends	13,788	13,636	14,668	14,005	11,687
Income before income taxes	80,932	56,608	63,031	63,308	70,766
Income taxes:					
Current	29,351	20,777	22,854	21,414	21,646
Deferred	(2,896)	(7,286)	(4,396)	(3,634)	(1,330)
Total income taxes	26,455	13,491	18,458	17,779	20,315
Net income	¥ 54,476	¥ 43,116	¥ 44,572	¥ 45,528	¥ 50,450

As of March 31	2016	2017	2018	2019	¥ millions 2020
Balance Sheet Data:					
Assets:					
Total assets	¥6,152,026	¥6,298,188	¥6,573,924	¥6,843,179	¥7,037,507
Liabilities:					
Policy reserves	5,301,162	5,501,639	5,729,754	5,986,450	6,195,363
Total liabilities	5,488,203	5,654,175	5,913,402	6,180,746	6,393,649
Net assets:					
Total shareholders' equity	433,499	448,016	466,141	489,267	513,114
Total valuation and translation adjustment	230,323	195,996	194,380	173,165	130,743
Total net assets	¥ 663,823	¥ 644,013	¥ 660,521	¥ 662,433	¥ 643,858

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

Years ended March 31	2016	2017	2018	2019	¥ millions 2020
Policy Results *:					
Policy amount in force	¥39,205,952	¥40,992,241	¥42,803,504	¥47,146,055	¥46,947,214
Individual term life insurance	33,673,604	34,772,475	34,724,011	35,305,536	34,688,890
<i>J-type product, T-type product, Kaigo Relief and Kaigo Teiki Hoken</i>	2,415,881	3,166,600	5,426,922	10,057,448	10,514,377
New policy amount	4,315,542	5,121,169	5,231,498	8,474,888	3,724,420
Individual term life insurance	3,426,632	4,088,485	2,944,065	4,128,641	2,460,009
<i>J-type product, T-type product, Kaigo Relief and Kaigo Teiki Hoken</i>	786,609	934,940	2,523,252	5,085,094	1,224,617
Surrender and lapse amount	2,472,006	2,525,540	2,582,199	3,295,771	2,976,811
Surrender and lapse rate	6.48%	6.44%	6.30%	7.70%	6.31%

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

Other Data:

Core profit	¥ 104,829	¥ 105,677	¥ 100,781	¥ 99,245	¥ 116,903
MCEV *	1,078,000	1,417,400	1,473,200	1,417,700	1,626,000
Solvency margin ratio	1,341.9%	1,252.6%	1,206.2%	1,271.9%	1,335.3%
Number of in-house sales representatives	3,867	3,843	3,714	3,786	3,746
Number of agents	13,793	13,878	13,992	14,132	14,413

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

T&D FINANCIAL LIFE

Years ended March 31	2016	2017	2018	2019	¥ millions 2020
Statement of Operation Data:					
Ordinary revenues:					
Income from insurance premiums	¥165,436	¥ 80,918	¥176,474	¥127,853	¥335,910
Investment income	14,232	23,041	12,982	17,221	11,924
Other ordinary income	38,365	51,874	7,036	5,683	6,660
Total ordinary revenues	218,035	155,834	196,492	150,758	354,495
Ordinary expenses:					
Insurance claims and other payments	194,324	138,311	124,953	106,894	125,135
Provision for policy and other reserves	2	0	50,164	26,791	174,312
Investment expenses	7,950	213	4,888	1,941	30,117
Operating expenses	12,705	9,745	12,349	11,453	19,373
Other ordinary expenses	1,840	1,363	1,592	1,612	3,309
Total ordinary expenses	216,822	149,634	193,948	148,694	352,249
Ordinary profit	1,212	6,199	2,543	2,064	2,246
Net extraordinary gains (losses)	(621)	(3,612)	(461)	(552)	(756)
Provision for (Reversal of) reserve for policyholder dividends	(3)	(1)	(1)	0	(0)
Income before income taxes	593	2,587	2,083	1,511	1,490
Income taxes:					
Current	(1,735)	874	199	(456)	(754)
Deferred	1,837	(427)	295	956	1,178
Total income taxes	101	446	494	500	424
Net income	¥ 492	¥ 2,141	¥ 1,588	¥ 1,011	¥ 1,065
¥ millions					
As of March 31	2016	2017	2018	2019	2020
Balance Sheet Data:					
Assets:					
Total assets	¥1,359,879	¥1,313,747	¥1,365,878	¥1,438,819	¥1,645,401
Liabilities:					
Policy reserves	1,270,904	1,224,914	1,274,376	1,300,935	1,475,204
Total liabilities	1,289,619	1,242,846	1,292,955	1,361,498	1,564,466
Net assets:					
Total shareholders' equity	67,886	70,027	71,616	72,627	73,693
Total valuation and translation adjustment	2,373	874	1,306	4,693	7,240
Total net assets	¥ 70,260	¥ 70,901	¥ 72,922	¥ 77,321	¥ 80,934
* The above figures are calculated based on the prevailing accounting standards of each fiscal year.					
¥ millions					
Years ended March 31	2016	2017	2018	2019	2020
Policy Results *:					
Policy amount in force	¥1,808,717	¥1,879,380	¥2,052,758	¥2,172,963	¥2,392,518
Sales through independent insurance agents	1,156,568	1,280,606	1,506,435	1,676,228	1,936,200
New policy amount	236,231	235,449	354,705	314,183	446,898
Surrender and lapse amount	61,559	56,368	66,174	89,152	79,846
Surrender and lapse rate	3.41%	3.12%	3.52%	4.34%	3.67%
* The total of individual insurance and individual annuities.					
Other Data:					
Core profit (loss)	¥ (5,545)	¥ 843	¥ (863)	¥ (1,466)	¥ (5,063)
MCEV *	93,400	97,400	102,600	98,500	66,500
Solvency margin ratio	1,260.7%	1,295.6%	1,258.3%	1,101.7%	1,033.6%
* MCEV is shown in terms of hundreds of millions of yen. Based on Ultimate Forward Rate since fiscal 2019.					

Consolidated Financial Statements

Consolidated Balance Sheet

As of March 31,	2019	¥ millions 2020	US\$ thousands 2020
Assets:			
Cash and deposits	¥ 824,241	¥ 861,770	\$ 7,918,501
Call loans	1,037	35,669	327,749
Monetary claims purchased	126,905	135,313	1,243,348
Monetary trusts	765,481	970,622	8,918,704
Securities (Notes 8, 13 and 14)	11,735,384	12,021,505	110,461,319
Loans (Notes 3 and 7)	1,669,989	1,697,539	15,598,082
Tangible fixed assets (Note 4)	369,465	380,633	3,497,506
Land (Note 2 (14))	207,148	214,604	1,971,927
Buildings	149,916	158,460	1,456,040
Lease assets	435	1,232	11,326
Construction in progress	6,655	1,737	15,964
Other tangible fixed assets	5,309	4,597	42,248
Intangible fixed assets	28,467	30,789	282,912
Software	27,080	29,447	270,580
Lease assets	221	172	1,582
Other intangible fixed assets	1,166	1,169	10,749
Due from agencies	691	666	6,125
Due from reinsurers	2,271	12,310	113,118
Other assets (Note 14)	217,452	297,373	2,732,461
Deferred tax assets	54,925	78,022	716,921
Reserve for possible loan losses	(1,599)	(2,079)	(19,107)
Total assets	¥15,794,711	¥16,520,137	\$151,797,644

As of March 31,	2019	¥ millions	US\$ thousands
		2020	2020
Liabilities:			
Policy reserves	¥13,859,097	¥14,282,219	\$131,234,216
Reserve for outstanding claims	69,554	67,765	622,676
Policy reserve	13,706,879	14,137,872	129,907,857
Reserve for policyholder dividends(Note 6)	82,663	76,581	703,682
Due to agencies	408	1,136	10,443
Due to reinsurers	1,432	7,462	68,569
Short-term debentures	6,000	5,999	55,125
Bonds (Note 9)	117,035	187,005	1,718,322
Other liabilities (Notes 10 and 14)	359,214	615,062	5,651,591
Provision for bonuses to directors and audit & supervisory board members	273	281	2,589
Provision for share-based remuneration	336	633	5,824
Net defined benefit liability	51,038	49,156	451,678
Provision for directors' and audit & supervisory board members' retirement benefits	65	59	543
Reserves under the special laws	235,098	243,014	2,232,973
Reserve for price fluctuations	235,098	243,014	2,232,973
Deferred tax liabilities	15	56	522
Deferred tax liabilities on land revaluation (Note 2 (14))	5,106	4,899	45,019
Total liabilities	14,635,123	15,396,987	141,477,420
Net assets:			
Capital stock	207,111	207,111	1,903,076
Capital surplus	156,740	125,316	1,151,484
Retained earnings	564,944	603,589	5,546,169
Treasury shares	(64,863)	(46,200)	(424,518)
Total shareholders' equity	863,933	889,817	8,176,212
Valuation difference on available-for-sale securities	328,020	262,593	2,412,879
Deferred gains (losses) on hedging instruments	(2,987)	(2,381)	(21,879)
Land revaluation (Note 2 (14))	(35,869)	(34,125)	(313,570)
Foreign currency translation adjustments	18	37	344
Total accumulated other comprehensive income	289,181	226,124	2,077,774
Subscription rights to shares	1,081	876	8,052
Non-controlling interests	5,391	6,332	58,184
Total net assets	1,159,588	1,123,149	10,320,224
Total liabilities and net assets	¥15,794,711	¥16,520,137	\$151,797,644

See notes to consolidated financial statements.

Consolidated Statement of Operation

Years ended March 31,	2019	¥ millions	US\$ thousands
		2020	2020
Ordinary revenues	¥2,140,162	¥2,197,928	\$20,195,982
Income from insurance premiums	1,676,184	1,753,508	16,112,360
Investment income	393,901	369,419	3,394,461
Interest, dividends and income from real estate for rent	295,858	299,763	2,754,421
Gains from monetary trusts, net	5,240	—	—
Gains on investments in trading securities, net	25	—	—
Gains on sales of securities	88,897	67,162	617,135
Gains on redemption of securities	1,168	—	—
Other investment income	2,452	2,492	22,904
Gains on separate accounts, net	258	—	—
Other ordinary income	70,076	75,001	689,160
Ordinary expenses	1,993,213	2,072,506	19,043,521
Insurance claims and other payments	1,141,636	1,193,510	10,966,739
Insurance claims	326,575	363,062	3,336,051
Annuity payments	271,440	273,580	2,513,832
Insurance benefits	147,057	150,066	1,378,903
Surrender payments	340,505	339,448	3,119,074
Other payments	56,056	67,352	618,878
Provision for policy and other reserves	469,615	431,011	3,960,407
Provision for reserve for outstanding claims	1,804	—	—
Provision for policy reserve	467,792	430,993	3,960,241
Interest portion of reserve for policyholder dividends	18	18	165
Investment expenses	112,285	164,819	1,514,470
Interest expenses	907	1,027	9,445
Losses from monetary trusts, net	—	21,386	196,514
Losses on investments in trading securities, net	—	257	2,366
Losses on sales of securities	16,894	27,507	252,756
Devaluation losses on securities	3,128	14,880	136,731
Losses from derivatives, net	65,619	58,172	534,529
Foreign Exchange losses, net	1,775	17,343	159,359
Provision for reserve for possible loan losses	36	481	4,425
Write-off of loans	9	34	316
Depreciation of real estate for rent	6,219	6,149	56,506
Other investment expenses	17,694	17,020	156,396
Losses on separate accounts, net	—	557	5,121
Operating expenses	201,563	212,453	1,952,161
Other ordinary expenses	68,086	70,424	647,103
Equity in losses of affiliates	24	287	2,638
Ordinary profit	¥ 146,949	¥ 125,422	\$ 1,152,461

(continued)

Years ended March 31,	2019	¥ millions	US\$ thousands
		2020	2020
Extraordinary gains	¥ 699	¥ 4,038	\$ 37,108
Gains on disposal of fixed assets	650	3,392	31,169
State subsidy	42	646	5,938
Other extraordinary gains	6	—	—
Extraordinary losses	18,589	10,093	92,748
Losses on disposal of fixed assets	870	672	6,179
Impairment losses (Note 16)	2,113	803	7,380
Provision for reserve for price fluctuations	15,402	7,916	72,740
Other extraordinary losses	202	701	6,448
Provision for reserve for policyholder dividends	27,144	21,883	201,084
Income before income taxes	101,915	97,483	895,737
Income taxes (current)	32,383	31,768	291,913
Income taxes (deferred)	(3,316)	(1,425)	(13,100)
Total income taxes	29,066	30,343	278,813
Profit	72,848	67,139	616,924
Profit attributable to non-controlling interests	22	36	336
Profit attributable to owners of parent	¥ 72,825	¥67,103	\$616,587

Consolidated Statement of Comprehensive Income

Years ended March 31,	2019	¥ millions	US\$ thousands
		2020	2020
Profit	¥ 72,848	¥ 67,139	\$ 616,924
Other comprehensive income:			
Valuation difference on available-for-sale securities	(25,590)	(65,424)	(601,159)
Deferred gains (losses) on hedging instruments	1,332	606	5,573
Foreign currency translation adjustments	(0)	0	2
Share of other comprehensive income of associates accounted for using the equity method	5	19	177
Total other comprehensive income (Note 17)	(24,252)	(64,798)	(595,406)
Comprehensive income	¥ 48,596	¥ 2,341	\$ 21,517
(Breakdown)			
Comprehensive income attributable to owners of parent	48,595	2,301	21,150
Comprehensive income attributable to non-controlling interests	1	39	367

See notes to consolidated financial statements.

Consolidated Statement of Changes in Net Assets

¥ millions

Year ended March 31, 2019	Shareholders' equity					Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains (losses) on hedging instruments	Land revaluation	Foreign currency translation adjustments	Total accumulated other comprehensive income			
Balance at the beginning of the year	¥207,111	¥156,785	¥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

¥ millions

Year ended March 31, 2020	Shareholders' equity					Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains (losses) on hedging instruments	Land revaluation	Foreign currency translation adjustments	Total accumulated other comprehensive income			
Balance at the beginning of the year	¥207,111	¥156,740	¥564,944	¥(64,863)	¥863,933	¥328,020	¥(2,987)	¥(35,869)	¥18	¥289,181	¥1,081	¥5,391	¥1,159,588
Changes in the period													
Dividends			(26,714)		(26,714)								(26,714)
Profit attributable to owners of parent			67,103		67,103								67,103
Purchase of treasury shares				(13,014)	(13,014)								(13,014)
Disposal of treasury shares		(60)		313	252								252
Retirement of treasury shares		(31,363)		31,363	—								—
Reversal of land revaluation			(1,743)		(1,743)								(1,743)
Net changes of items other than shareholders' equity						(65,426)	606	1,743	18	(63,057)	(204)	940	(62,322)
Total changes in the period	—	(31,424)	38,645	18,663	25,883	(65,426)	606	1,743	18	(63,057)	(204)	940	(36,438)
Balance at the end of the year	¥207,111	¥125,316	¥603,589	¥(46,200)	¥889,817	¥262,593	¥(2,381)	¥(34,125)	¥37	¥226,124	¥ 876	¥6,332	¥1,123,149

US\$ thousands

Year ended March 31, 2020	Shareholders' equity					Accumulated other comprehensive income							Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains (losses) on hedging instruments	Land revaluation	Foreign currency translation adjustments	Total accumulated other comprehensive income	Subscription rights to shares	Non-controlling interests	
Balance at the beginning of the year	\$1,903,076	\$1,440,233	\$5,191,073	\$(596,008)	\$7,938,375	\$3,014,061	\$(27,452)	\$(329,595)	\$172	\$2,657,186	\$9,936	\$49,543	\$10,655,042
Changes in the period													
Dividends			(245,466)		(245,466)								(245,466)
Profit attributable to owners of parent			616,587		616,587								616,587
Purchase of treasury shares				(119,583)	(119,583)								(119,583)
Disposal of treasury shares		(558)		2,882	2,323								2,323
Retirement of treasury shares		(288,190)		288,190	—								—
Reversal of land revaluation			(16,024)		(16,024)								(16,024)
Net changes of items other than shareholders' equity						(601,182)	5,573	16,024	171	(579,412)	(1,883)	8,640	(572,655)
Total changes in the period	—	(288,749)	355,096	171,490	237,836	(601,182)	5,573	16,024	171	(579,412)	(1,883)	8,640	(334,818)
Balance at the end of the year	\$1,903,076	\$1,151,484	\$5,546,169	\$(424,518)	\$8,176,212	\$2,412,879	\$(21,879)	\$(313,570)	\$344	\$2,077,774	\$8,052	\$58,184	\$10,320,224

Consolidated Statement of Cash Flows

Years ended March 31,		¥ millions	US\$ thousands
	2019	2020	2020
Cash flows from operating activities:			
Income before income taxes	¥ 101,915	¥ 97,483	\$ 895,737
Depreciation of real estate for rent	6,219	6,149	56,506
Depreciation	11,892	12,497	114,830
Impairment losses	2,113	803	7,380
Increase (decrease) in reserve for outstanding claims	1,804	(1,788)	(16,435)
Increase (decrease) in policy reserve	467,792	430,993	3,960,241
Interest portion of reserve for policyholder dividends	18	18	165
Provision for (reversal of) reserve for policyholder dividends	27,144	21,883	201,084
Increase (decrease) in reserve for possible loan losses	18	479	4,408
Increase (decrease) in provision for bonuses to directors and audit & supervisory board members	(2)	7	73
Increase (decrease) in provision for share-based remuneration	336	297	2,729
Increase (decrease) in net defined benefit liability	274	(1,882)	(17,298)
Increase (decrease) in provision for directors' and audit & supervisory board members' retirement benefits	9	(6)	(62)
Increase (decrease) in reserve for price fluctuations	15,402	7,916	72,740
Interest, dividends and income from real estate for rent	(295,858)	(299,763)	(2,754,421)
Losses (gains) on investment securities	(70,327)	(23,959)	(220,159)
Interest expenses	907	1,027	9,445
Foreign exchange losses (gains)	1,174	15,066	138,440
Losses (gains) on disposal of tangible fixed assets	(193)	(2,207)	(20,284)
Equity in losses (income) of affiliated companies	24	287	2,638
Decrease (increase) in amount due from agencies	48	25	230
Decrease (increase) in amount due from reinsurers	858	(10,029)	(92,157)
Decrease (increase) in other assets (excluding investment activities-related and financing activities-related)	(12,223)	(9,323)	(85,670)
Increase (decrease) in amount due to agencies	(249)	727	6,685
Increase (decrease) in amount due to reinsurers	(106)	6,029	55,407
Increase (decrease) in other liabilities (excluding investment activities-related and financing activities-related)	7,266	(2,048)	(18,821)
Others, net	75,796	94,251	866,047
Subtotal	342,056	344,934	3,169,482
Interest, dividends and income from real estate for rent received	303,888	308,195	2,831,902
Interest paid	(912)	(927)	(8,521)
Policyholder dividends	(33,435)	(28,009)	(257,366)
Others, net	(1,948)	2,108	19,372
Income taxes paid	(32,690)	(35,205)	(323,489)
Net cash provided by (used in) operating activities	¥ 576,958	¥ 591,097	\$ 5,431,380

(continued)

Years ended March 31,	2019	¥ millions	US\$ thousands
		2020	2020
Cash flows from investing activities:			
Net decrease (increase) in cash and deposits	¥ (400)	¥ (5,300)	\$ (48,699)
Investments in monetary claims purchased	(14,440)	(29,523)	(271,278)
Proceeds from sales and redemption of monetary claims purchased	13,728	15,585	143,206
Investments in monetary trusts	(92,532)	(255,989)	(2,352,196)
Proceeds from monetary trusts	10,157	34,800	319,764
Purchase of securities	(1,826,000)	(1,984,103)	(18,231,217)
Proceeds from sales and redemption of securities	1,509,010	1,443,996	13,268,366
Investments in loans	(370,968)	(367,123)	(3,373,367)
Collection of loans	350,823	335,345	3,081,365
Others, net	(39,418)	271,496	2,494,687
Subtotal	(460,040)	(540,816)	(4,969,367)
Total of net cash provided by (used in) operating activities and investment transactions as above	116,918	50,280	462,012
Purchase of tangible fixed assets	(19,914)	(23,836)	(219,025)
Proceeds from disposal of tangible fixed assets	1,570	4,732	43,484
Others, net	(300)	(214)	(1,967)
Net cash provided by (used in) investing activities	(478,684)	(560,134)	(5,146,876)
Cash flows from financing activities:			
Net increase (decrease) in short-term debenture	—	(0)	(6)
Proceeds from issuance of debt	12,500	15,430	141,780
Repayments of debt	(41,927)	(12,117)	(111,340)
Proceeds from issuance of bonds	50,000	70,000	643,204
Redemption of bonds	(20,000)	—	—
Proceeds from share issuance to non-controlling shareholders	1,040	1,024	9,411
Repayments to non-controlling shareholders	—	(79)	(732)
Payment of lease obligations	(450)	(685)	(6,299)
Purchase of treasury shares	(18,348)	(13,014)	(119,583)
Proceeds from disposal of treasury shares	5	9	91
Dividends paid	(24,622)	(26,629)	(244,684)
Dividends paid to non-controlling interests	(44)	(44)	(405)
Others, net	0	0	1
Net cash provided by (used in) financing activities	(41,846)	33,893	311,437
Effect of exchange rate changes on cash and cash equivalents	(908)	(973)	(8,943)
Net increase (decrease) in cash and cash equivalents	55,518	63,882	586,997
Cash and cash equivalents at the beginning of the year	798,538	854,057	7,847,625
Cash and cash equivalents at the end of the year (Note 19)	¥ 854,057	¥ 917,940	\$ 8,434,623

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 = 108.83 Japanese yen, which was the approximate rate prevailing at the end of March, 2020. 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: 18
Names of main consolidated subsidiaries are stated in "Group Companies" of the Annual Report.
T&D United Capital Co., Ltd. ("TDUC") was established in the consolidated fiscal year ended March 31, 2020. TDUC is included in the scope of consolidated subsidiaries.
T&D United Capital North America Inc. was established by TDUC in the consolidated fiscal year ended March 31, 2020. It is included in the scope of consolidated subsidiaries.
In addition, Pet & Family Small-amount Short-term Insurance Company converted to nonlife insurance company on April 1, 2019 and renamed to Pet & Family Insurance Co., Ltd.
 - (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: 4
The affiliates accounted for under the equity method are Alternative Investment Capital Limited, Thuriya Ace Technology Company Limited, Capital Taiyo Life Insurance, Ltd. and one other company.
Capital Taiyo Life Insurance, Ltd. is included in the scope of affiliates accounted for under the equity method, because Taiyo Life acquired its stocks issued through third-party share issuance on August 22, 2019.
 - (iii) Names of non-consolidated subsidiaries and affiliates not accounted for under the equity method, etc.: none
 - (iv) For the companies accounted for under the equity method for which the closing date is different from the consolidated closing date, the financial statements of each company's fiscal year are used. In addition, for some of the companies accounted for under the equity method, financial statements, based on provisional settlement of accounts implemented on other record date, are used.

- c. Matters related to the fiscal year of consolidated subsidiaries, etc. The closing date of some consolidated subsidiaries is December 31. In preparing the consolidated financial statements, financial statements as of that date are used and necessary adjustments are made on consolidation to reflect significant transactions that occurred between the closing date and the consolidated closing date.

(3) Foreign currency translation

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

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

(4) Accounting policy for measuring significant assets

- a. Evaluation criteria and evaluation method for securities (including cash and deposits/monetary claims purchased which are equivalent to securities and securities invested as trust properties in monetary trusts)
- (i) Trading securities
 - Fair value method (costs of securities sold are calculated based on the moving average method)
 - (ii) Held-to-maturity bonds
 - Amortized cost method based on the moving average method (straight-line method)
 - (iii) Policy-reserve-matching bonds
 - Amortized cost method based on the moving average method (straight-line method)
 - (iv) Available-for-sale securities
 - Securities with market value are valued by the fair value method (costs of securities sold are calculated based on the moving average method) based on the market price, etc., of the last day of the consolidated fiscal year
 - Securities deemed extremely difficult to determine market value, which are public and corporate bonds (including foreign bonds), for which the difference between the purchase price and face value is recognized as an interest rate adjustment are valued by the amortized cost method based on the moving average method (straight-line method)
 - Securities other than the above are valued by the cost method based on the moving average method
- Valuation differences on available-for-sale securities are included in net assets.

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

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

[Taiyo Life]

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

Taking into account this investment policy and based on the “Temporary Treatment of Accounting and Auditing Concerning Policy-Reserve-Matching Bonds within the Insurance Industry” (JICPA, Industry Audit Committee Report No. 21), the following insurance policies are identified and classified as a sub-segment.

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

[Additional information]

As for the policies of following insurance products which were launched in the consolidated fiscal year ended March 31, 2020, following sub-segments are set in order to implement risk management in accordance with the cash flow characteristics of liabilities.

- Non-participating currency designation type special endowment insurance with living benefit is included in the existing sub-segment of non-participating currency designation type single-premium individual annuity insurance. The sub-segment is set by currency.
- A new sub-segment is set for non-participating variable interest

rate type single-premium whole life survival benefit nursing care annuity insurance.

In addition, these changes does not have an impact on the consolidated balance sheet and statement of operation as of the end of the consolidated fiscal year ended March 31, 2020.

[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 ¥372 million and ¥365 million [\$3,360 thousand] for the years ended March 31, 2019 and 2020, 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, 2020.

(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, 2020.

(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 depreciable assets

- a. Tangible fixed assets (except for lease assets)**
Depreciation of tangible fixed assets (except for lease assets) is mainly calculated under the declining-balance method. Depreciation of buildings (except for building and accessories, and structures) acquired on and after April 1, 1998, and building and accessories, and structures acquired on and after April 1, 2016, is calculated under the straight-line method. The main durable years are as follows:
 - Buildings, building and accessories, and structures: 2-50 years
 - Furniture and fixtures: 2-20 years
- b. Intangible fixed assets (except for lease assets)**
Depreciation of software used in-house is calculated under the straight-line method over a useful life of five years.
- c. Lease assets**
For the depreciation of lease assets, lease assets with respect to ownership-transfer finance leases are calculated under the same method for self-owned tangible fixed assets, and lease assets with respect to non-ownership-transfer finance leases are calculated under the straight-line method over the lease period.

(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.
- c. Hedge accounting method for T&D United Capital
- (i) Method for hedge accounting
Deferral hedge treatment is adopted for the method for hedge accounting. Furthermore, allocation treatment is adopted for the method, because of qualifying for allocation treatment.
 - (ii) Hedging instrument and hedged item
Hedging instrument: foreign exchange contract
Hedged item: foreign currency-denominated stocks (forecasted transaction)
 - (iii) Hedging policy
Based on a resolution made at a board of directors meeting concerning acquisition of foreign currency-denominated stocks, foreign exchange fluctuation risks of hedged items are hedged within a certain range.
 - (iv) Evaluation method for hedge effectiveness
The evaluation for hedge effectiveness is omitted because 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, expenses of the nonlife insurance subsidiary such as loss adjustment expenses, sales and administrative expenses, etc. are treated based on the tax inclusion method. Furthermore, non-deductible consumption tax on assets, etc., which is prescribed in the tax law as deferred consumption tax, etc., is recorded in other assets and amortized over a 5-year period on a straight-line basis, whereas tax other than deferred consumption tax is expensed in the fiscal year in which it accrues.

(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) Application of consolidated taxation system

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

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

The Company and some of its consolidated subsidiaries have calculated the amount of deferred tax assets and deferred tax liabilities according to the tax acts before amended based on the treatment of Paragraph 3 of "Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (ASBJ Practical Issues Task Force No. 39, March 31, 2020) instead of applying the provision on Paragraph 44 of "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28, February 16, 2018), regarding the transition to group tax sharing system established in "Act for Partial Amendment of the Income Tax Act, etc." (Act No. 8 of 2020), and items for which the non-consolidated taxation system has been reviewed in line with the transition to the group tax sharing system.

(20) Unadopted accounting standards, etc.

[Accounting Standard for Revenue Recognition, etc.]

- "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, issued on March 31, 2020)
- "Implementation Guidance on Accounting Standard for

Revenue Recognition" (ASBJ Guidance No. 30, issued on March 31, 2020)

- a. Summary
 - A comprehensive accounting standard for revenue recognition. Revenue will be recognized applying the following five steps.
 - Step 1: Identify the contract with a customer.
 - Step 2: Identify the performance obligations of the contract.
 - Step 3: Calculate the transaction price.
 - Step 4: Allocate the transaction price to the performance obligations of the contract.
 - Step 5: Recognize the revenue at the time when the performance obligations are fulfilled or as the performance obligations is being fulfilled.
- b. Scheduled date of 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, 2020.

[Accounting Standard for Fair Value Measurement, etc.]

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

- a. Summary
 - In order to improve the comparability of domestic and international accounting standard, "Accounting Standard for Fair Value Measurement" and "Implementation Guidance on Accounting Standard for Fair Value Measurement" ("accounting standard for fair value measurement, etc.") were developed, and the guidance for fair value measurement, etc. were enacted. Accounting standard for fair value measurement, etc. are adopted to the fair values of following items.
 - Financial instruments defined in "Accounting Standard for Financial Instruments"
 - Inventories held for trading purpose defined in "Accounting Standard for Measurement of Inventories"

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

- b. Scheduled date of 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, 2020.

[Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections]

– "Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections" (ASBJ Statement No. 24, issued on March 31, 2020)

- a. Summary
The purpose of the accounting standard is to indicate the summary of principle and procedure of adapted accounting treatment if the rules of relating accounting standards are unclear.
- b. Scheduled date of application
Scheduled to be applied from the fiscal year ending March 31, 2021 onward.

[Accounting Standard for Disclosure of Accounting Estimates]
– "Accounting Standard for Disclosure of Accounting Estimates" (ASBJ Statement No. 31, issued on March 31, 2020)

- a. Summary
The purpose of the accounting standard is to disclose information contributes to understanding of financial statements users. The information is about the accounting estimates of items which are suspected to have considerable impact on the financial statements for next fiscal year, if the amounts recorded on the financial statements for this fiscal year are accounting estimates.
- b. Scheduled date of application
Scheduled to be applied from the fiscal year ending March 31, 2021 onward.

[Additional information]

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

The Company has introduced a trust type stock compensation system(the "System"), the Board Incentive Plan (BIP) Trust, which uses a trust to deliver the Company's shares, etc. to directors

(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 Directors 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 of treasury share in the Trust was ¥1,322 million, and the number of treasury share in the Trust was 827,900 shares for the fiscal year ended March 31, 2019. Also, as of the end of the fiscal year ended March 31, 2020, the carrying value of treasury share in the Trust is ¥1,275 million [\$11,717 thousand], and the number of treasury share in the Trust is 798,400 shares.

[Accounting Estimates of Effect of COVID-19]

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

Note 3 **Loans**

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

		¥ millions	US\$ thousands
As of March 31,	2019	2020	2020
Loans to bankrupt companies	¥ 138	¥ 118	\$ 1,092
Past due loans	287	449	4,133
Loans overdue for three months or more	1,738	1,747	16,053
Restructured loans	21	21	194
Total	¥2,186	¥2,336	\$21,473

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,	2019	2020	2020
Loans to bankrupt companies	¥ 72	¥ 72	\$ 668
Past due loans	103	120	1,107

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,	2019	2020	2020
Accumulated depreciation of tangible fixed assets	¥235,919	¥241,486	\$2,218,930

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,	2019	2020	2020
Separate account assets as provided in Article 118, Paragraph 1 of the Insurance Business Act	¥50,994	¥27,022	\$248,297

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,	2019	2020	2020
Balance at the beginning of the year	¥ 88,889	¥ 82,663	\$ 759,565
Policyholder dividends	(33,435)	(28,009)	(257,366)
Increase in interest	18	18	165
Increase due to other reasons	46	25	233
Provision for reserve for policyholder dividends	27,144	21,883	201,084
Balance at the end of the year	¥ 82,663	¥ 76,581	\$ 703,682

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,	2019	2020	2020
Total amount of loan commitments	¥31,301	¥52,144	\$479,137
Balance of loans outstanding	10,975	13,737	126,225
Balance	¥20,326	¥38,407	\$352,911

Note 8 Lending Securities for Loan Agreements

The lending securities for loan agreements are as follows:

		¥ millions	US\$ thousands
Years ended March 31,	2019	2020	2020
Lending securities for loan agreement	¥746,444	¥1,541,284	\$14,162,312

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,	2019	2020	2020
Subordinated bonds	¥87,000	¥157,000	\$1,442,616

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,	2019	2020	2020
Subordinated borrowings	¥13,000	¥13,000	\$119,452

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,	2019	2020	2020
Contributions to the Life Insurance Policyholders Protection Corporation	¥20,685	¥20,771	\$190,864

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,	2019	2020	2020
Taiyo Life Insurance Company	¥63,158	¥63,158	\$580,336
Daido Life Insurance Company	10,836	10,836	99,568

Note 13 Stocks of Affiliated Companies

Stocks of affiliated companies included in securities are as follows:

		¥ millions	US\$ thousands
Years ended March 31,	2019	2020	2020
Stocks of affiliated companies	¥615	¥1,087	\$9,995

Note 14 Assets Pledged as Collateral and Secured Debts

Assets pledged as collateral are as follows:

Years ended March 31,	2019	¥ millions	US\$ thousands
		2020	2020
Securities (Japanese government bonds)	¥256,056	¥ 788,254	\$ 7,242,985
Securities (Corporate bonds)	21,670	—	—
Securities (Foreign securities)	567,489	783,493	7,199,239
Cash collateral pledged for financial instruments	125	1,516	13,929
Balance	¥845,340	¥1,573,263	\$14,456,155

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,	2019	¥ millions	US\$ thousands
		2020	2020
Cash collateral received for bond-lending transactions	¥161,672	¥389,338	\$3,577,493

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

Years ended March 31,	2019	¥ millions	US\$ thousands
		2020	2020
Financial Assets Received as Collateral with Free Right of Disposal	¥34,988	¥130,643	\$1,200,432

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, 2019		¥ millions		
Asset	Location	Land	Buildings, etc.	Total
Rental properties, etc.	Tokushima City, Tokushima Prefecture, etc. (29 assets)	¥1,359	¥753	¥2,113

Year ended March 31, 2020		¥ millions			US\$ thousands
Asset	Location	Land	Buildings, etc.	Total	Total
Rental properties, etc.	Niigata City, Niigata Prefecture, etc. (15 assets)	¥449	¥353	¥803	\$7,380

(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. In the consolidated fiscal year ended March 31, 2020, net realizable value is adopted for the method.

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,	2019	¥ millions 2020	US\$ thousands 2020
Valuation difference on available-for-sale securities:			
Amount occurred during the year	¥ 33,929	¥(88,206)	\$(810,498)
Reclassification adjustments	(67,100)	685	6,297
Amount before tax effect	(33,171)	(87,521)	(804,200)
Tax effect	7,580	22,096	203,040
Valuation difference on available-for-sale securities	(25,590)	(65,424)	(601,159)
Deferred gains (losses) on hedging instruments:			
Amount occurred during the year	—	653	6,003
Reclassification adjustments	1,850	212	1,955
Amount before tax effect	1,850	866	7,959
Tax effect	(518)	(259)	(2,385)
Deferred gains (losses) on hedging instruments	1,332	606	5,573
Foreign currency translation adjustments:			
Amount occurred during the year	(0)	0	2
Share of other comprehensive income of associates accounted for using the equity method:			
Amount occurred during the year	5	19	177
Total other comprehensive income	¥(24,252)	¥(64,798)	\$(595,406)

Note 18 Consolidated Statement of Changes in Net Assets

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
The Company	Share subscription rights as stock options	¥1,081

(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 27, 2018	Common stock	¥12,443		¥20.0	March 31, 2018	June 28, 2018
Board of directors meeting held on November 14, 2018	Common stock	¥12,255		¥20.0	September 30, 2018	December 7, 2018

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 was 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	¥				
Ordinary General Meeting of Shareholders held on June 26, 2019	Common stock	¥13,481		Retained earnings	¥22.0	March 31, 2019	June 27, 2019

Note: The total amount of shareholder dividends includes ¥18 million of the dividends for the Company's treasury share owned by the BIP Trust.

For the year ended March 31, 2020

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

Year ended March 31, 2020	Number of shares at the beginning of the fiscal year	Number of shares increased in the fiscal year	Number of shares decreased in the fiscal year	Number of shares at the end of the fiscal year
Issued shares:				
Common stock	655,000,000	—	22,000,000	633,000,000
Treasury shares:				
Common stock	43,041,691	11,481,980	22,212,230	32,311,441

Notes:

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

(2) Subscription rights to shares

Category	Breakdown of subscription rights to shares	Balance at the end of the fiscal year	
		¥ millions	US\$ thousands
The Company	Share subscription rights as stock options	¥876	\$8,052

(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 26 2019	Common stock	¥13,481	\$123,874	¥22.0	\$0.20	March 31, 2019	June 27, 2019
Board of directors meeting held on November 14, 2019	Common stock	¥13,232	\$121,591	¥22.0	\$0.20	September 30, 2019	December 6, 2019

Notes:

- The total amount of shareholder dividends, which based on the resolution made at the ordinary general meeting of shareholders held on June 26, 2019, includes ¥18 million of the dividends for the Company's treasury share owned by the BIP Trust.
- The total amount of shareholder dividends, which based on the resolution made at the board of directors held on November 14, 2019, includes ¥17 million of the dividends for the Company's treasury share owned by the BIP Trust.

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

Date of resolution	Type of shares	Amount of shareholder dividends		Underlying assets	Shareholder dividends per share		Record date	Effective date
		¥ millions	US\$ thousands		¥	US\$		
Ordinary General Meeting of Shareholders held on June 25, 2020	Common stock	¥13,232	\$121,590	Retained earnings	¥22.0	\$0.20	March 31, 2020	June 26, 2020

Notes:

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

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.

	2019	¥ millions 2020	US\$ thousands 2020
As of March 31,			
Cash and deposits	¥ 824,241	¥ 861,770	\$ 7,918,501
Less: deposits with an original maturity of more than three months	(4,910)	(10,210)	(93,816)
Call loans	1,037	35,669	327,749
Monetary claims purchased	126,905	135,313	1,243,348
Less: monetary claims purchased other than cash equivalents	(101,905)	(115,313)	(1,059,578)
Monetary trusts	765,481	970,622	8,918,704
Less: monetary trusts other than cash equivalents	(756,791)	(959,911)	(8,820,287)
Cash and cash equivalents	¥ 854,057	¥ 917,940	\$ 8,434,623

Note 20 Lease Transactions

[As lessee]

(1) Finance leases

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

(2) Operating leases

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

	2019	¥ millions 2020	US\$ thousands 2020
As of March 31,			
Due within one year	¥3	¥5	\$50
Due after one year	1	4	39
Total	¥5	¥9	\$89

[As lessor]

(1) Details of Lease investment assets

Other assets

As of March 31,	2019	¥ millions	US\$ thousands
		2020	2020
Other:			
Lease income receivables	¥39,081	¥41,994	\$385,869
Estimated residual value	83	106	976
Interest income	(3,115)	(3,459)	(31,790)
Total lease investment assets	¥36,050	¥38,640	\$355,055

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

Other assets

As of March 31, 2019	¥ millions	
	Lease receivables	Lease investment assets
Due within one year	¥1,759	¥9,436
Due after one year through two years	1,441	8,016
Due after two years through three years	1,110	6,672
Due after three years through four years	850	5,277
Due after four years through five years	614	3,924
Due after five years	1,052	5,754

As of March 31, 2020	¥ millions		US\$ thousands	
	Lease receivables	Lease investment assets	Lease receivables	Lease investment assets
Due within one year	¥1,744	¥10,041	\$16,029	\$92,264
Due after one year through two years	1,410	8,687	12,958	79,830
Due after two years through three years	1,139	7,282	10,473	66,916
Due after three years through four years	894	5,871	8,216	53,954
Due after four years through five years	670	4,116	6,160	37,824
Due after five years	1,280	5,994	11,763	55,078

Note 21 Tax-Effect Accounting

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

As of March 31,	2019	¥ millions	US\$ thousands
		2020	2020
Deferred tax assets:			
Reserve for price fluctuations	¥ 65,736	¥ 67,950	\$ 624,369
Policy reserves	63,913	62,278	572,256
Net defined benefit liability	29,968	29,915	274,885
Devaluation losses on securities	14,881	17,911	164,583
Losses on disposal of fixed assets	5,335	5,361	49,263
Provision for bonuses	2,284	2,243	20,610
Tax loss carry-forward	1,121	754	6,929
Reserve for possible loan losses	464	609	5,599
Others	12,731	12,757	117,223
Subtotal	196,437	199,781	1,835,721
Valuation allowance	(16,179)	(18,262)	(167,805)
Total deferred tax assets	180,258	181,519	1,667,916
Deferred tax liabilities:			
Valuation difference on available-for-sale securities	(121,175)	(99,076)	(910,379)
Accrued dividend income	(2,599)	(2,617)	(24,055)
Deferred gain on reduction of carrying amount of real estate	(715)	(709)	(6,517)
Others	(857)	(1,150)	(10,566)
Total deferred tax liabilities	(125,348)	(103,553)	(951,518)
Net deferred tax assets (liabilities)	¥ 54,910	¥ 77,965	\$ 716,398

(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,	2019	2020
Statutory effective tax rate	28.0%	28.0%
(Adjustments)		
Valuation allowance	(0.2)	2.6
Permanent non-deductible items including entertainment expense, etc.	0.4	0.5
Others	0.3	0.0
Corporate tax rate, etc., after applying tax-effect accounting	28.5%	31.1%

Note 22 Financial Instruments

(1) Matters related to the condition of financial instruments

a. Policy for handling financial instruments

T&D Insurance Group's main business is life insurance business. The Group underwrites various classes of life insurance and invests the money collected as insurance premiums in financial assets including securities and loans.

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

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

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

b. Details and risks of financial instruments

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

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

Loans here include policy loans for policyholders and commercial loans (non-policy loans) provided mainly to domestic businesses and individuals. Commercial loans, though intended to ensure stable returns, are exposed to credit risks of borrowers' default. A policy loan is provided

within the surrender value of each insurance policy, thus its credit risk is minimal.

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

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

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

c. Risk management system for financial instruments

(i) Overall risk management system

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

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

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

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

(ii) Management of market risk

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

(iii) Management of credit risk

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

(iv) Management of liquidity risk

Liquidity risks are 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, 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.

¥ millions

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

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

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

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

US\$ thousands

As of March 31, 2020	Consolidated balance sheet amount	Fair value	Difference
Cash and deposits	\$ 7,918,501	\$ 7,918,501	\$ —
Treated as securities	601,856	601,856	—
Available-for-sale securities	601,856	601,856	—
Others	7,316,645	7,316,645	—
Call loans	327,749	327,749	—
Monetary claims purchased	1,243,348	1,264,358	21,009
Treated as securities	1,210,663	1,230,407	19,744
Held-to-maturity bonds	451,955	471,699	19,744
Available-for-sale securities	758,707	758,707	—
Others	32,685	33,950	1,265
Monetary trusts	8,918,704	9,737,384	818,679
Monetary trusts for trading purposes	47,535	47,535	—
Monetary trusts for held-to-maturity purposes	275,864	291,900	16,035
Monetary trusts for policy reserve-matching purposes	5,657,807	6,460,451	802,644
Monetary trusts for other than trading, held-to-maturity or policy reserve-matching purposes	2,937,496	2,937,496	—
Securities	108,428,002	115,048,886	6,620,883
Trading securities	242,757	242,757	—
Held-to-maturity bonds	9,630,879	11,496,511	1,865,632
Policy reserve-matching bonds	33,759,566	38,514,817	4,755,251
Available-for-sale securities	64,794,798	64,794,798	—
Loans	15,587,134	15,976,135	389,000
Policy loans* ¹	1,166,275	1,291,467	125,273
Commercial loans* ¹	14,431,806	14,684,667	263,727
Reserve for possible loan losses* ²	(10,948)	—	—
Total assets	142,423,441	150,273,015	7,849,574
Short-term debentures	55,125	55,125	—
Bonds	1,718,322	1,713,386	(4,936)
Cash collateral received for bond-lending transactions within other liabilities	3,577,493	3,577,493	—
Borrowings within other liabilities	449,854	450,121	266
Total liabilities	5,800,795	5,796,126	(4,669)
Derivative financial instruments* ³ :			
Hedge accounting not applied	156,184	156,184	—
Hedge accounting applied	(74,807)	(68,868)	5,938
Total derivative financial instruments	\$ 81,376	\$ 87,315	\$ 5,938

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

Derivative transactions: see "Note 25 Derivative Transactions."

Annotation 2

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

As of March 31,	2019	¥ millions	US\$ thousands
		2020	2020
Investments in affiliates	¥ 615	¥ 1,087	\$ 9,995
Available-for-sale securities	187,750	220,198	2,023,321
Unlisted stocks *1, *2	16,820	17,071	156,863
Foreign securities *1, *2, *3	149,110	176,102	1,618,144
Other securities *2, *3	21,818	27,023	248,313

*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, 2019: foreign securities of ¥932 million, other securities of ¥200 million and unlisted stocks of ¥0 million.

– For the year ended March 31, 2020: foreign securities of ¥1,390 million [\$12,772 thousand], other securities of ¥105 million [\$964 thousand] and unlisted stocks of ¥6 million [\$56 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, 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

* Securities without contractual maturity dates in the amount of ¥ 1,096,334 million are not included. In addition, loans without contractual maturity dates such as policy loans in the amount of ¥ 129,083 million are not included.

	¥ millions			
As of March 31, 2020	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Deposits	¥861,634	¥ —	¥ —	¥ —
Call loans	35,669	—	—	—
Monetary claims purchased	20,132	1,870	1,383	105,881
Securities:				
Held-to-maturity bonds:				
Government bonds	57,702	237,047	41,589	535,875
Municipal bonds	—	664	3,120	27,586
Corporate bonds	11,604	42,656	—	101,214
Foreign securities	—	—	—	4,542
Policy reserve-matching bonds:				
Government bonds	3,183	158,950	208,517	1,908,648
Municipal bonds	—	14,161	44,974	214,972
Corporate bonds	11,000	120,330	149,245	769,312
Foreign securities	—	3,444	21,112	11,458
Available-for-sale fixed maturity securities:				
Government bonds	11,171	85,565	45,030	385,748
Municipal bonds	6,119	12,316	21,630	16,384
Corporate bonds	91,647	313,060	297,606	182,938
Foreign securities	236,968	736,246	892,218	577,428
Other securities	—	20	2	—
Loans	169,722	644,052	513,644	227,254

US\$ thousands

As of March 31, 2020	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Deposits	\$7,917,249	\$ —	\$ —	\$ —
Call loans	327,749	—	—	—
Monetary claims purchased	184,993	17,183	12,715	972,908
Securities:				
Held-to-maturity bonds:				
Government bonds	530,205	2,178,148	382,150	4,923,969
Municipal bonds	—	6,104	28,668	253,484
Corporate bonds	106,625	391,955	—	930,027
Foreign securities	—	—	—	41,739
Policy reserve-matching bonds:				
Government bonds	29,247	1,460,534	1,915,988	17,537,884
Municipal bonds	—	130,127	413,250	1,975,305
Corporate bonds	101,075	1,105,672	1,371,367	7,068,937
Foreign securities	—	31,650	193,995	105,290
Available-for-sale fixed maturity securities:				
Government bonds	102,646	786,226	413,765	3,544,506
Municipal bonds	56,229	113,175	198,754	150,551
Corporate bonds	842,112	2,876,599	2,734,604	1,680,957
Foreign securities	2,177,419	6,765,103	8,198,275	5,305,786
Other securities	—	185	23	—
Loans	1,559,521	5,917,966	4,719,695	2,088,156

* Securities without contractual maturity dates in the amount of ¥ 1,153,825 million [\$10,602,094 thousand] are not included. In addition, loans without contractual maturity dates such as policy loans in the amount of ¥ 143,051 million [\$1,314,448 thousand] are not included.

Annotation 4

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

¥ millions

As of March 31, 2019	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Short-term debenture	¥ 6,000	¥ —	¥ —	¥ —	¥ —	¥ —
Bonds	—	30,000	—	—	—	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

¥ millions

As of March 31, 2020	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Short-term debenture	¥ 5,999	¥ —	¥ —	¥ —	¥ —	¥ —
Bonds	30,000	—	—	—	—	157,000
Cash collateral received for bond-lending transactions within other liabilities	389,338	—	—	—	—	—
Borrowings within other liabilities	10,792	8,063	6,176	4,916	3,546	15,463

US\$ thousands

As of March 31, 2020	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Short-term debenture	\$ 55,125	\$ —	\$ —	\$ —	\$ —	\$ —
Bonds	275,659	—	—	—	—	1,442,616
Cash collateral received for bond-lending transactions within other liabilities	3,577,493	—	—	—	—	—
Borrowings within other liabilities	99,164	74,088	56,749	45,171	32,591	142,089

Note 23 Securities

(1) Trading securities

As of March 31,	2019	¥ millions 2020	US\$ thousands 2020
Valuation difference included in earnings (losses) of the consolidated fiscal year	¥(4,940)	¥(10,115)	\$(92,946)

(2) Held-to-maturity bonds

As of March 31, 2019	Consolidated balance sheet amount	Fair value	¥ millions 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)
Total	1,666	1,573	(93)
Grand total	¥1,268,374	¥1,489,028	¥220,653

Note: Other securities include beneficiary trust certificates (consolidated balance sheet amount of ¥33,182 million) which are represented as monetary claims purchased in the consolidated balance sheet.

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

US\$ thousands

As of March 31, 2020	Consolidated balance sheet amount	Fair value	Difference
Fair value exceeding consolidated balance sheet amount:			
Domestic bonds	\$ 9,556,644	\$11,422,408	\$1,865,763
Government bonds	7,855,531	9,396,611	1,541,079
Municipal bonds	282,558	358,138	75,579
Corporate bonds	1,418,553	1,667,658	249,104
Foreign securities	43,147	43,975	827
Foreign bonds	43,147	43,975	827
Other securities	393,383	413,695	20,312
Total	9,993,176	11,880,080	1,886,903
Fair value not exceeding consolidated balance sheet amount:			
Domestic bonds	31,086	30,127	(959)
Government bonds	9,953	9,364	(589)
Municipal bonds	9,188	9,132	(56)
Corporate bonds	11,945	11,630	(314)
Other securities	58,571	58,003	(567)
Total	89,658	88,131	(1,527)
Grand total	\$10,082,835	\$11,968,211	\$1,885,376

Note: Other securities include beneficiary trust certificates (consolidated balance sheet amount of ¥49,186 million [\$451,955 thousand]) which are represented as monetary claims purchased in the consolidated balance sheet.

(3) Policy reserve-matching bonds

¥ 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

¥ millions

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

US\$ thousands

As of March 31, 2020	Consolidated balance sheet amount	Fair value	Difference
Fair value exceeding consolidated balance sheet amount:			
Domestic bonds	\$28,231,239	\$33,033,557	\$4,802,317
Government bonds	18,136,555	21,465,937	3,329,382
Municipal bonds	1,999,393	2,277,009	277,616
Corporate bonds	8,095,291	9,290,609	1,195,318
Foreign securities	340,175	395,051	54,875
Foreign bonds	340,175	395,051	54,875
Total	28,571,415	33,428,608	4,857,193
Fair value not exceeding consolidated balance sheet amount:			
Domestic bonds	5,172,981	5,071,333	(101,648)
Government bonds	3,003,743	2,950,623	(53,120)
Municipal bonds	532,086	518,835	(13,251)
Corporate bonds	1,637,151	1,601,874	(35,276)
Foreign securities	15,169	14,875	(293)
Foreign bonds	15,169	14,875	(293)
Total	5,188,150	5,086,208	(101,941)
Grand total	\$33,759,566	\$38,514,817	\$4,755,251

(4) Available-for-sale securities

¥ 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

Note: Other securities include certificates of deposit (consolidated balance sheet amount of ¥33,000 million) which are represented as cash and deposits, commercial paper (consolidated balance sheet amount of ¥24,999 million) and beneficiary trust certificates (consolidated balance sheet amount of ¥67,607 million) which are represented as monetary claims purchased in the consolidated balance sheet.

¥ millions

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

US\$ thousands

As of March 31, 2020	Consolidated balance sheet amount	Acquisition cost	Difference
Consolidated balance sheet amount exceeding acquisition cost:			
Domestic bonds	\$14,103,351	\$13,415,458	\$ 687,893
Government bonds	3,503,001	3,289,879	213,121
Municipal bonds	450,965	408,771	42,194
Corporate bonds	10,149,384	9,716,807	432,577
Domestic equities	3,252,089	1,726,093	1,525,995
Foreign securities	26,114,549	24,373,175	1,741,374
Foreign bonds	20,778,112	19,258,906	1,519,205
Foreign equities	16	15	0
Foreign other securities	5,336,421	5,114,253	222,168
Other securities	1,566,221	1,348,425	217,796
Total	45,036,212	40,863,153	4,173,059
Consolidated balance sheet amount not exceeding acquisition cost:			
Domestic bonds	4,097,571	4,185,760	(88,188)
Government bonds	1,886,117	1,939,275	(53,158)
Municipal bonds	108,062	112,640	(4,577)
Corporate bonds	2,103,391	2,133,844	(30,452)
Domestic equities	2,114,998	2,432,693	(317,694)
Foreign securities	12,344,086	13,042,118	(698,032)
Foreign bonds	4,676,632	4,944,985	(268,353)
Foreign equities	158,382	176,199	(17,817)
Foreign other securities	7,509,071	7,920,933	(411,861)
Other securities	2,562,494	2,761,701	(199,207)
Total	21,119,150	22,422,273	(1,303,122)
Grand total	\$66,155,362	\$63,285,426	\$ 2,869,936

Note: Other securities include certificates of deposit (consolidated balance sheet amount of ¥65,500 million [\$601,856 thousand]) which are represented as cash and deposits, commercial paper (consolidated balance sheet amount of ¥19,999 million [\$183,770 thousand]) and beneficiary trust certificates (consolidated balance sheet amount of ¥62,570 million [\$574,937 thousand]) which are represented as monetary claims purchased in the consolidated balance sheet.

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

- There were no sales of securities classified as held-to-maturity bonds for the year ended March 31, 2019.
- There were no sales of securities classified as held-to-maturity bonds for the year ended March 31, 2020.

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

Year ended March 31, 2019	¥ millions		
	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

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

Year ended March 31, 2020	US\$ thousands		
	Proceeds of sales	Gross gains	Gross losses
Domestic bonds	\$1,117,066	\$224,802	\$ 0
Government bonds	1,087,967	220,568	0
Corporate bonds	29,099	4,233	—
Total	\$1,117,066	\$224,802	\$ 0

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

Year ended March 31, 2019	¥ millions		
	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, 2020	¥ millions		
	Proceeds of sales	Gross gains	Gross losses
Domestic bonds	¥ 43,233	¥ 8,244	¥ 0
Government bonds	5,206	761	—
Corporate bonds	38,026	7,482	0
Domestic equities	48,039	8,756	7,564
Foreign securities	617,712	24,064	17,265
Foreign bonds	542,889	18,541	12,462
Foreign equities	307	5	4
Foreign other securities	74,515	5,517	4,798
Other securities	24,395	1,633	2,676
Total	¥733,381	¥42,697	¥27,507

Year ended March 31, 2020	US\$ thousands		
	Proceeds of sales	Gross gains	Gross losses
Domestic bonds	\$ 397,259	\$ 75,754	\$ 0
Government bonds	47,843	6,997	—
Corporate bonds	349,415	68,757	0
Domestic equities	441,417	80,456	69,512
Foreign securities	5,675,941	221,116	158,649
Foreign bonds	4,988,417	170,367	114,509
Foreign equities	2,826	47	45
Foreign other securities	684,697	50,700	44,095
Other securities	224,159	15,005	24,594
Total	\$6,738,777	\$392,332	\$252,756

(8) Impairment of securities

The Company and its consolidated subsidiaries recognized ¥1,996 million and ¥13,379 million [\$122,937 thousand] as impairment losses for the available-for-sale securities with fair value

for the fiscal years ended March 31, 2019 and 2020, 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

		¥ millions	US\$ thousands
As of March 31,	2019	2020	2020
Valuation difference included in earnings (losses) of the consolidated fiscal year	¥840	¥2,125	\$19,531

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

	¥ millions		
As of March 31, 2019	Consolidated balance sheet amount	Fair value	Difference
Monetary trusts	¥29,867	¥31,357	¥1,490

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

	US\$ thousands		
As of March 31, 2020	Consolidated balance sheet amount	Fair value	Difference
Monetary trusts	\$275,864	\$291,900	\$16,035

(3) Monetary trusts for policy reserve-matching purposes

	¥ millions		
As of March 31, 2019	Consolidated balance sheet amount	Fair value	Difference
Monetary trusts	¥669,708	¥734,182	¥64,473

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

	US\$ thousands		
As of March 31, 2020	Consolidated balance sheet amount	Fair value	Difference
Monetary trusts	\$5,657,807	\$6,460,451	\$802,644

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

	¥ millions		
As of March 31, 2019	Consolidated balance sheet amount	Acquisition cost	Difference
Monetary trusts	¥60,744	¥60,819	¥(74)

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

	US\$ thousands		
As of March 31, 2020	Consolidated balance sheet amount	Acquisition cost	Difference
Monetary trusts	\$2,937,496	\$2,932,226	\$5,270

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

a. Currency-related transactions

As of March 31, 2019	Notional amount		Fair value	Valuation gains (losses)
	Total	Over one year		
¥ millions				
Over-the-counter transactions:				
Foreign exchange contracts:				
Sold				
U.S. dollar	¥90,962	¥ —	¥ 84	¥ 84
Euro	53,087	—	55	55
British pound	15,200	—	132	132
Canadian dollar	4,253	—	(52)	(52)
Australian dollar	716	—	27	27
Bought				
U.S. dollar	17,703	—	(78)	(78)
Euro	7,442	—	31	31
Australian dollar	383	—	0	0
	10	—	0	0
	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				
Brazilian real	14,944	—	516	516
Indian rupee	9,634	—	681	681
Receive foreign currency/pay yen	5,310	—	(165)	(165)
U.S. dollar	16,579	—	(261)	(261)
Australian dollar	714	—	(5)	(5)
	15,864	—	(256)	(256)
Total				¥ 360

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.

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

US\$ thousands

As of March 31, 2020	Notional amount		Fair value	Valuation gains (losses)
	Total	Over one year		
Over-the-counter transactions:				
Foreign exchange contracts:				
Sold	\$1,713,205	\$ —	\$ 22,535	\$ 22,535
U.S. dollar	701,344	—	(973)	(973)
Euro	512,031	—	1,515	1,515
British pound	123,241	—	4,368	4,368
Canadian dollar	7,090	—	386	386
Australian dollar	363,296	—	17,278	17,278
Swiss franc	6,201	—	(39)	(39)
Bought	268,638	—	(3,927)	(3,927)
U.S. dollar	72,308	—	(78)	(78)
Euro	13,383	—	7	7
British pound	33,016	—	(17)	(17)
Australian dollar	149,929	—	(3,838)	(3,838)
Currency swaps:				
Receive yen/pay foreign currency	127,874	—	24,029	24,029
Brazilian real	127,874	—	24,029	24,029
Receive foreign currency/pay yen	130,960	—	(11,186)	(11,186)
U.S. dollar	6,199	—	5	5
Australian dollar	124,761	—	(11,192)	(11,192)
Total				\$ 31,451

Notes:

1. Calculation method of fair value

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

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

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

b. Interest-related transactions

¥ millions

As of March 31, 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

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

US\$ thousands

As of March 31, 2020	Notional amount		Fair value	Valuation gains (losses)
	Total	Over one year		
Over-the-counter transactions:				
Interest rate swaps:				
Receive fixed, pay floating	\$119,168	\$112,429	\$134,646	\$134,646
Total				\$134,646

Note: Calculation method of fair value

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

c. Stock-related transactions

¥ millions

As of March 31, 2019	Notional amount		Fair value	Valuation gains (losses)
	Total	Over one year		
Market transactions:				
Stock index options:				
Bought:				
Put	¥10,381	¥ —		
	[34]	[—]	0	(33)
Total				¥(33)

Notes:

1. Calculation method of fair value

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

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

¥ millions

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

US\$ thousands

As of March 31, 2020	Notional amount		Fair value	Valuation gains (losses)
	Total	Over one year		
Market transactions:				
Stock index futures:				
Sold:	\$273,095	\$ —	(19,029)	(19,029)
Stock index options:				
Bought:				
Put	\$332,031	\$ —		
	[8,716]	[—]	9,115	399
Total				\$(18,630)

Notes:

1. Calculation method of fair value

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

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

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, 2019	Notional amount		Fair value	¥ millions
	Total	Over one year		Valuation gains (losses)
Over-the-counter transactions:				
Currency-related 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)

Notes:

1. Calculation method of fair value

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

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

As of March 31, 2020	Notional amount		Fair value	¥ millions
	Total	Over one year		Valuation gains (losses)
Over-the-counter transactions:				
Currency-related transactions:				
Currency options:				
Bought:				
Put	1,438	1,114		
	[371]	[294]	107	(264)
U.S. dollar	786	634		
	[223]	[182]	53	(170)
Euro	652	480		
	[148]	[111]	53	(94)
Stock-related transactions:				
Stock index options:				
Bought:				
Call	10	—		
	[2]	[—]	9	6
Put	2,845	2,257		
	[604]	[486]	247	(357)
Total				¥(614)

US\$ thousands

As of March 31, 2020	Notional amount		Fair value	Valuation gains (losses)
	Total	Over one year		
Over-the-counter transactions:				
Currency-related transactions:				
Currency options:				
Bought:				
Put				
U.S. dollar	13,216	10,241	985	(2,431)
	[3,416]	[2,702]		
Euro	7,225	5,825	490	(1,564)
	[2,055]	[1,678]		
	5,991	4,415	494	(867)
	[1,361]	[1,024]		
Stock-related transactions:				
Stock index options:				
Bought:				
Call	91	—	89	64
	[25]	[—]		
Put	26,149	20,739	2,272	(3,281)
	[5,553]	[4,468]		
Total				\$(5,648)

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, 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

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

US\$ thousands

As of March 31, 2020	Hedged item	Notional amount		Fair value
		Total	Over one year	
Recognition of valuation gains/losses on hedged items:				
Foreign exchange contracts:				
Sold				
	Foreign currency-denominated assets	\$33,536,310	¥ —	\$ (90,086)
	U.S. dollar	22,791,781	—	(209,523)
	Euro	8,293,289	—	33,084
	British pound	1,073,408	—	15,296
	Canadian dollar	760,531	—	45,668
	Australian dollar	547,936	—	24,875
	New Zealand dollar	46,871	—	60
	Polish zloty	3,522	—	226
	Danish krone	14,388	—	70
	Singapore dollar	4,581	—	153
Bought				
	U.S. dollar	3,191,898	—	9,564
	Euro	2,441,166	—	9,073
	Euro	746,435	—	500
	British pound	4,296	—	(9)
Allocation treatment for foreign exchange contracts, etc.:				
Foreign exchange contracts:				
Sold				
	Certificates of deposit in foreign currencies	339,979	—	—
	Australian dollar	339,979	—	—
Bought				
	Foreign currency-denominated stocks (forecasted transaction)	574,687	—	6,003
	U.S. dollar	574,687	—	6,003
Currency swaps:				
Receive yen/pay foreign currency				
	Foreign currency-denominated loans	348,593	348,593	—
	U.S. dollar	348,593	348,593	—
Total				\$ (74,518)

Notes:

1. Calculation method of fair value

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

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

b. Interest-related transactions

¥ 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

Note: Calculation method of fair value

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

¥ millions

As of March 31, 2020	Hedged item	Notional amount		Fair value
		Total	Over one year	
Special treatment for interest rate swaps:				
Interest rate swaps:				
Receive fixed/pay floating	Loans	¥32,731	¥26,584	¥646
Total				¥646

US\$ thousands

As of March 31, 2020	Hedged item	Notional amount		Fair value
		Total	Over one year	
Special treatment for interest rate swaps:				
Interest rate swaps:				
Receive fixed/pay floating	Loans	\$300,755	\$244,270	\$5,938
Total				\$5,938

Note: Calculation method of fair value

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

c. Stock-related transactions

¥ millions

As of March 31, 2019	Hedged item	Notional amount		Fair value
		Total	Over one year	
Recognition of valuation gains/losses on hedged items:				
Forward contracts:				
Sold	Domestic equities	¥44,614	¥—	¥(160)
Total				¥(160)

Note: Calculation method of fair value

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

¥ millions

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

US\$ thousands

As of March 31, 2020	Hedged item	Notional amount		Fair value
		Total	Over one year	
Recognition of valuation gains/losses on hedged items:				
Forward contracts:				
Sold	Domestic equities	\$75,671	\$—	\$(288)
Total				\$(288)

Note: Calculation method of fair value

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

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

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

(2) Defined benefit retirement plan

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

Years ended March 31,	¥ millions		US\$ thousands
	2019	2020	2020
Balance at the beginning of the year	¥154,239	¥157,101	\$1,443,545
Service cost	6,361	6,551	60,197
Interest cost	800	633	5,817
Actuarial gains and losses	3,136	(840)	(7,721)
Retirement benefit paid	(7,437)	(6,833)	(62,792)
Accrual of past service costs	—	83	766
Balance at the end of the year	¥157,101	¥156,694	\$1,439,814

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

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

Years ended March 31,	¥ millions		US\$ thousands
	2019	2020	2020
Balance at the beginning of the year	¥103,475	¥106,062	\$974,569
Expected return on plan assets	1,121	903	8,302
Net actuarial gains and losses	1,154	(1,508)	(13,862)
Employer contribution	6,000	7,281	66,910
Benefit obligation paid	(5,688)	(5,200)	(47,782)
Balance at the end of the year	¥106,062	¥107,538	\$988,135

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

As of March 31,	¥ millions		US\$ thousands
	2019	2020	2020
Retirement benefit obligations for funded plans	¥ 130,463	¥ 129,894	\$1,193,554
Plan assets	(106,062)	(107,538)	(988,135)
Employee pension trusts	[(63,321)]	[(64,580)]	[(593,406)]
	24,400	22,355	205,418
Retirement benefit obligations for unfunded plans	26,637	26,800	246,259
Net amount of defined benefit liability and defined benefit asset stated in the consolidated balance sheet	51,038	49,156	451,678
Defined benefit liability	51,038	49,156	451,678
Defined benefit asset	—	—	—
Net amount of defined benefit liability and defined benefit asset stated in the consolidated balance sheet	¥ 51,038	¥ 49,156	\$ 451,678

d. Components of retirement benefit expense are as follows:

Years ended March 31,	¥ millions		US\$ thousands
	2019	2020	2020
Service cost	¥ 6,361	¥6,551	\$60,197
Interest cost	800	633	5,817
Expected return on plan assets	(1,121)	(903)	(8,302)
Recognized actuarial gains and losses	1,982	668	6,141
Recognized past service costs	—	83	766
Retirement benefit expense relating to defined benefit retirement plan	¥ 8,023	¥7,032	\$64,621

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

e. Matters related to pension plan assets

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

As of March 31,	2019	2020
Bonds	72.0%	71.9%
General account	11.4%	11.9%
Foreign securities	8.0%	8.3%
Cash and deposits	2.8%	3.9%
Stocks	4.8%	3.3%
Joint assets	0.9%	0.7%
Others	0.0%	0.0%
Total	100.0%	100.0%

Note: The total includes 59.7% and 60.1% of employee pension trusts set up for corporate pension plans for the fiscal years ended March 31, 2019 and 2020, 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,	2019	2020
Discount rate	(0.01)% – 0.80%	0.07% – 0.80%
Expected long-term rate of return on plan assets	0.24% – 3.46%	0.10% – 2.13%

(3) Defined contribution retirement plan

The required contribution for the defined contribution retirement plan of the Company and its consolidated subsidiaries amounted to ¥268 million and ¥272 million [\$2,503 thousand] for the fiscal years ended March 31, 2019 and 2020, respectively.

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

There were no operating expenses related to stock options for the fiscal years ended March 31, 2019 and 2020.

(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, 2020, 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	157,200 shares	102,600 shares	123,800 shares
Vested	—	—	—
Exercised	30,900 shares	24,100 shares	28,200 shares
Forfeited	—	—	—
Exercisable	126,300 shares	78,500 shares	95,600 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	109,300 shares	270,400 shares	187,700 shares
Vested	—	—	—
Exercised	21,100 shares	49,400 shares	28,500 shares
Forfeited	—	—	—
Exercisable	88,200 shares	221,000 shares	159,200 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	1,148 yen	1,150 yen	1,149 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	1,151 yen	1,149 yen	1,157 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,	2019	¥ millions 2020	US\$ thousands 2020
Balance at the beginning of the year	¥1,998	¥2,041	\$18,754
Time progress adjustment	42	43	396
Balance at the end of the year	¥2,041	¥2,084	\$19,151

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,	2019	¥ millions 2020	US\$ thousands 2020
Balance sheet amount:			
Balance at the beginning of the year	¥248,005	¥256,235	\$2,354,456
Net increase (decrease)	8,229	13,257	121,814
Balance at the end of the year	256,235	269,492	2,476,270
Fair value at the end of the year	¥335,797	¥366,328	\$3,366,065

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, 2019 and 2020 include amounts related to asset retirement obligations of ¥79 million and ¥50 million [\$462 thousand], respectively.
- For the year ended March 31, 2019, the increase mainly consisted of purchase of real estate totaling ¥13,947 million and the decrease mainly consisted of depreciation totaling ¥5,502 million. For the year ended March 31, 2020, the increase mainly consisted of purchase of real estate totaling ¥18,933 million [\$173,971 thousand] and the decrease mainly consisted of depreciation totaling ¥5,409 million [\$49,703 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,	2019	¥ millions 2020	US\$ thousands 2020
Ordinary revenues	¥17,568	¥19,714	\$181,147
Ordinary expenses	11,926	12,224	112,324
Ordinary profit	5,642	7,489	68,822
Other gains(losses)	(550)	2,674	24,573

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.
- For the year ended March 31, 2019, other losses were mainly impairment losses, and these amounts are recorded in extraordinary losses. For the year ended March 31, 2020, other gains were mainly gains on disposal of fixed assets, and these amounts are recorded in extraordinary gains.

Note 30 Segment Information

(1) Overview of reportable segments

The reportable segments of the Company are components of the Company for which separate financial information is available.

These segments are subject to regular review by the Company's Board of Directors to determine the allocation of business resources and evaluate business performances.

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

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 SME market and T&D Financial Life focuses on independent insurance agents market and each company has different products under its unique marketing strategy.

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

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

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

Year ended March 31, 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

Notes:

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

2. Adjustments are as follows:

(1) The adjustment of ¥ (4,597 million) to ordinary revenues is the transferred amount which mainly consists of gains from derivatives, net of ¥2,286 million, reversal of provision for retirement benefits of ¥1,254 million and foreign exchange gains, net of ¥854 million 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) to segment income (loss) is mainly due to the elimination of dividends from subsidiaries and affiliates.

(3) The adjustment of ¥ (875,659 million) to segment assets is mainly due to the elimination of investments in stocks of subsidiaries and affiliates.

(4) The adjustment of ¥ (110,754 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 profit set forth in the consolidated statement of operation.

¥ millions

Year ended March 31, 2020	Reportable segments							Amount on consolidated financial statements
	Taiyo Life	Daido Life	Financial Life	T&D Subtotal	Others	Total	Adjustments	
Ordinary revenues	¥ 801,020	¥1,014,602	¥ 354,495	¥ 2,170,118	¥ 34,136	¥ 2,204,255	¥ (6,326)	¥ 2,197,928
Intersegment transfers	1,518	522	—	2,040	68,930	70,970	(70,970)	—
Total	802,538	1,015,124	354,495	2,172,158	103,067	2,275,225	(77,297)	2,197,928
Segment income (loss)	36,782	86,157	2,246	125,185	41,846	167,032	(41,609)	125,422
Segment assets	7,660,474	7,037,507	1,645,401	16,343,383	1,122,586	17,465,970	(945,832)	16,520,137
Segment liabilities	7,269,351	6,393,649	1,564,466	15,227,468	338,287	15,565,755	(168,767)	15,396,987
Others:								
Depreciation of real estate for rent	3,559	2,618	—	6,177	—	6,177	(28)	6,149
Depreciation	6,896	4,522	454	11,873	687	12,561	(64)	12,497
Provision for (reversal of) policy reserve	43,419	214,759	172,504	430,684	308	430,993	—	430,993
Provision for (reversal of) reserve for policyholder dividends	10,197	11,687	(0)	21,883	—	21,883	—	21,883
Interest, dividends and income from real estate for rent	149,487	143,525	8,274	301,286	42,009	343,296	(43,532)	299,763
Interest expenses	981	12	6	999	799	1,798	(771)	1,027
Equity in earnings (losses) of affiliates	—	—	—	—	—	—	(287)	(287)
Extraordinary gains	3,380	551	—	3,932	106	4,038	—	4,038
Extraordinary losses	4,975	4,254	756	9,986	107	10,093	0	10,093
Impairment losses	803	—	—	803	—	803	—	803
Provision for reserve for price fluctuations	3,692	3,467	756	7,916	—	7,916	—	7,916
Taxes	9,172	20,315	424	29,913	426	30,340	3	30,343
Investments in affiliated companies	900	365	—	1,265	—	1,265	—	1,265
Increase in tangible fixed assets and intangible fixed assets	¥ 9,173	¥ 24,284	¥ 1,092	¥ 34,551	¥ 855	¥ 35,406	¥ (105)	¥ 35,300

US\$ thousands

Year ended March 31, 2020	Reportable segments							Amount on consolidated financial statements
	Taiyo Life	Daido Life	Financial Life	T&D Subtotal	Others	Total	Adjustments	
Ordinary revenues	\$ 7,360,291	\$ 9,322,821	\$ 3,257,332	\$ 19,940,445	\$ 313,669	\$ 20,254,115	\$ (58,132)	\$ 20,195,982
Intersegment transfers	13,948	4,797	—	18,745	633,376	652,122	(652,122)	—
Total	7,374,239	9,327,618	3,257,332	19,959,191	947,046	20,906,237	(710,254)	20,195,982
Segment income (loss)	337,979	791,668	20,640	1,150,288	384,509	1,534,798	(382,336)	1,152,461
Segment assets	70,389,368	64,665,146	15,119,002	150,173,517	10,315,043	160,488,560	(8,690,915)	151,797,644
Segment liabilities	66,795,474	58,748,964	14,375,327	139,919,766	3,108,401	143,028,167	(1,550,747)	141,477,420
Others:								
Depreciation of real estate for rent	32,710	24,055	—	56,766	—	56,766	(259)	56,506
Depreciation	63,374	41,551	4,176	109,101	6,321	115,423	(592)	114,830
Provision for (reversal of) policy reserve	398,970	1,973,347	1,585,086	3,957,404	2,837	3,960,241	—	3,960,241
Provision for (reversal of) reserve for policyholder dividends	93,698	107,387	(2)	201,084	—	201,084	—	201,084
Interest, dividends and income from real estate for rent	1,373,588	1,318,800	76,028	2,768,417	386,008	3,154,426	(400,004)	2,754,421
Interest expenses	9,017	111	55	9,184	7,345	16,530	(7,084)	9,445
Equity in earnings (losses) of affiliates	—	—	—	—	—	—	(2,638)	(2,638)
Extraordinary gains	31,065	5,066	—	36,131	976	37,108	—	37,108
Extraordinary losses	45,715	39,094	6,948	91,758	985	92,744	4	92,748
Impairment losses	7,380	—	—	7,380	—	7,380	—	7,380
Provision for reserve for price fluctuations	33,930	31,861	6,948	72,740	—	72,740	—	72,740
Taxes	84,286	186,675	3,900	274,862	3,922	278,785	27	278,813
Investments in affiliated companies	8,274	3,357	—	11,632	—	11,632	—	11,632
Increase in tangible fixed assets and intangible fixed assets	\$ 84,293	\$ 223,145	\$ 10,038	\$ 317,477	\$ 7,856	\$ 325,334	\$ (970)	\$ 324,364

Notes:

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

2. Adjustments are as follows:

(1) The adjustment of ¥(6,326 million) [\$ (58,132 thousand)] to ordinary revenues is the transferred amount, which mainly consists of gains from derivatives, net of ¥2,907 million [\$26,717 thousand] of ordinary revenues and reversal of provision for retirement benefits of ¥1,820 million [\$16,723 thousand] of ordinary revenues which are included in ordinary expenses of the consolidated statement of operation as losses from derivatives, net and provision for retirement benefits respectively, and provision for reserve for outstanding claims of ordinary expenses of ¥1,885 million [\$17,327 thousand] of ordinary expenses which is included in ordinary revenues of the consolidated statement of operation as reversal of reserve for outstanding claims.

(2) The adjustment of ¥(41,609 million) [\$ (382,336 thousand)] to segment income (loss) is mainly due to the elimination of dividends from subsidiaries and affiliates.

(3) The adjustment of ¥(945,832 million) [\$ (8,690,915 thousand)] to segment assets is mainly due to the elimination of investments in stocks of subsidiaries and affiliates.

(4) The adjustment of ¥(168,767 million) [\$ (1,550,747 thousand)] to segment liabilities is mainly due to the elimination of intersegment receivables and payables.

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

[Related information]**For the year ended March 31, 2019****1. Information by product and service**

Sales to external customers

Year ended March 31, 2019	¥ millions				
	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

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, 2020**1. Information by product and service**

Sales to external customers

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

Year ended March 31, 2020	US\$ thousands				
	Taiyo Life	Daido Life	T&D Financial Life	Others	Total
Income from insurance premiums	\$5,455,111	\$7,516,957	\$3,086,564	\$53,727	\$16,112,360
Insurance premiums	5,453,232	7,502,422	2,968,092	53,727	15,977,474
Individual insurance and individual annuities	4,533,694	6,984,467	2,966,405	—	14,484,568
Group insurance	254,360	189,494	—	—	443,854
Group annuities	654,532	318,236	1,509	—	974,278
Others	10,643	10,224	177	53,727	74,772
Ceded reinsurance recoveries	\$ 1,878	\$ 14,535	\$ 118,472	\$ —	\$ 134,886

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, 2019 and 2020

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, 2019 and 2020: Not applicable.

[Information on gains on negative goodwill by reportable segment]

For the years ended March 31, 2019 and 2020: Not applicable.

[Related party information]

1. Related party transactions

For the years ended March 31, 2019 and 2020: Not applicable.

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

For the years ended March 31, 2019 and 2020: Not applicable.

Note 31 Per Share Information

		¥	US\$
Years ended March 31,	2019	2020	2020
Net assets per share	¥1,884.30	¥1,857.77	\$17.07
Net income per share	118.50	111.31	1.02
Net income per share (fully diluted)	116.16	109.07	1.00

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,	2019	2020	2020
Net income per share:			
Profit attributable to owners of parent	¥72,825	¥67,103	\$616,587
Amount not attributable to common shareholders	—	—	—
Profit attributable to owners of parent attributable to common shareholders	¥72,825	¥67,103	\$616,587

		Shares
Weighted-average number of common stocks outstanding	614,581,825	602,854,887

		¥ millions	US\$ thousands
Years ended March 31,	2019	2020	2020
Net income per share (fully diluted):			
Adjusted profit attributable to owners of parent	¥(20)	¥(20)	\$(191)
Amortization of bond premium (after tax)	¥(20)	¥(20)	\$(191)

		Shares
Increase in common stock	12,206,787	12,168,016
Convertible Bond	11,230,066	11,375,701
Subscription rights to shares	976,721	792,315
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,	2019	2020	2020
Net assets	¥1,159,588	¥1,123,149	\$10,320,224
Deduction from net assets	6,473	7,208	66,237
Subscription rights to shares	1,081	876	8,052
Non-controlling interests	5,391	6,332	58,184
Net assets available to common shareholders	¥1,153,115	¥1,115,941	\$10,253,986

		Shares
The number of common stock outstanding	611,958,309	600,688,559

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

Accordingly, the average number of treasury shares to be

deducted in calculation of net income per share and net income per share (fully diluted) is 807,343, and the number of treasury shares to be deducted in calculation of net assets per share is 798,400 for the consolidated fiscal year ended March 31, 2020. Also, for the consolidated fiscal year ended March 31, 2019, the average number of treasury shares to be deducted in calculation of net income per share and net income per share (fully diluted) was 479,035, and the number of treasury shares to be deducted in calculation of net assets per share was 827,900.

Note 32 Significant Subsequent Events

Further to the resolution made at a board of directors meeting held on November 25, 2019, the Company has completed its acquisition of a 25.0% ownership interest in Fortitude Group Holdings, LLC ("Fortitude") from American International Group, Inc. ("AIG") through T&D United Capital Co., Ltd. ("TDUC"), a wholly owned subsidiary of the Company, on June 3, 2020 (Japan time), as following.

The transaction was a joint investment with Carlyle FRL, L.P. ("Carlyle Fund"), a newly created investment vehicle managed by The Carlyle Group L.P. ("Carlyle").

(1) Ownership Structure post Transaction

- TDUC: 25.0%
- Carlyle Fund: 71.5% (including 19.9% of Carlyle's existing ownership interest)
- AIG: 3.5%

(2) Transaction Consideration

- \$711 million (approximately ¥ 76.8 billion, at the rate of 1 U.S. dollar = 108 Japanese Yen)

Independent Auditor's Report



Independent Auditor's Report

The Board of Directors
T&D Holdings, Inc.

Opinion

We have audited the accompanying consolidated financial statements of T&D Holdings, Inc. and its consolidated subsidiaries (the Group), which comprise the consolidated balance sheet as at March 31, 2020, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

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

Responsibilities of Management, the Audit and Supervisory Board Member and the Audit and Supervisory Board for the Consolidated Financial Statements

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

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

The Audit and Supervisory Board Member and the Audit and Supervisory Board are responsible for overseeing the Group's financial reporting process.

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

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

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

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

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

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

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

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

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2020 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2 to the consolidated financial statements.

Ernst & Young ShinNihon LLC
Tokyo, Japan

June 25, 2020

臼倉 健司 

Kenji Usukura
Designated Engagement Partner
Certified Public Accountant

羽柴 剛央 

Norio Hashiba
Designated Engagement Partner
Certified Public Accountant

竹澤 正人 

Masato Takezawa
Designated Engagement Partner
Certified Public Accountant

Stock Information

As of March 31, 2020

BASIC INFORMATION

Stock Exchange Listings	Tokyo Stock Exchange
Industry and Security Code	Insurance, 8795
Trading Unit	100 shares
Number of Shares of Common Stock	Authorized: 1,932,000,000 Issued: 633,000,000
Fiscal Year-End	March 31 every year
Ordinary General Meeting of Shareholders	June every year
Date of Record	Ordinary General Meeting of Shareholders March 31 every year Dividends March 31 every year (interim dividend, when paid, on September 30)
Public Notice	<ul style="list-style-type: none"> • 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	220,668

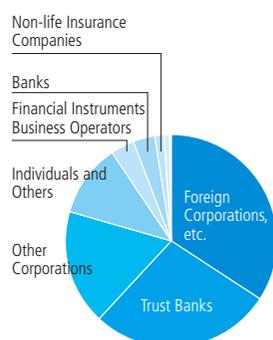
PRINCIPAL SHAREHOLDERS

Name of Shareholders	Number of Shares Held	Percentage of Total Shares Outstanding
The Master Trust Bank of Japan, Ltd. (Trust Account)	46,342	7.70
Japan Trustee Services Bank, Ltd. (Trust Account)	35,235	5.86
Japan Trustee Services Bank, Ltd. (Trust Account9)	21,360	3.55
Japan Trustee Services Bank, Ltd. (Trust Account7)	15,938	2.65
Japan Trustee Services Bank, Ltd. (Trust Account5)	12,008	2.00
MUFG Bank, Ltd.	10,325	1.72
JPMorgan Securities Japan Co., Ltd.	10,223	1.70
JP MORGAN CHASE BANK 385151	9,635	1.60
STATE STREET BANK WEST CLIENT – TREATY 505234	8,456	1.41
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	7,695	1.28

Note: In addition to the above, the Company holds 31,513 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.

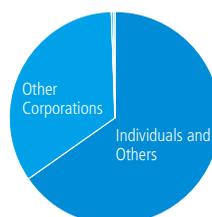
COMPOSITION OF SHAREHOLDERS AND SHARES

Proportion of Shares Held (%)



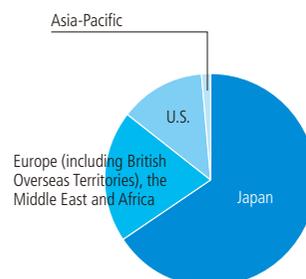
Foreign Corporations, etc.	34.22
Trust Banks	27.89
Other Corporations	17.43
Individuals and Others	11.18
Financial Instruments Business Operators	3.54
Banks	3.35
Non-life Insurance Companies	1.44
Life Insurance Companies	0.24
Other Financial Institutions	0.71
Governments and Local Public Bodies	0.00

Composition of Shareholders (%)



Individuals and Others	65.47
Other Corporations	34.15
Foreign Corporations, etc.	0.32
Financial Instruments Business Operators	0.02
Trust Banks	0.01
Life Insurance Companies	0.01
Banks	0.01
Other Financial Institutions	0.01
Non-life Insurance Companies	0.00
Governments and Local Public Bodies	0.00

Regional Distribution of Shares Held (%)



Japan	65.78
Europe (including British Overseas Territories), the Middle East and Africa	19.91
U.S.	13.12
Asia-Pacific	1.19
Others	0.00

Group Companies

As of September 30, 2020

The T&D Insurance Group comprised the holding company, 19 consolidated subsidiaries, and 6 affiliated companies as of September 30, 2020. Centered on the life insurance business, the T&D Insurance Group's operations are outlined below:

T&D T&D Holdings, Inc.

Insurance & Insurance-related Businesses [11 companies]

Insurance

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

Insurance-related

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

Investment-related Businesses [9 companies]

Investment Management and Advisory, etc.

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

Other Investment-related

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

Administration-related Businesses [5 companies]

Administration-related

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

General Affairs and Calculation-related

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

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

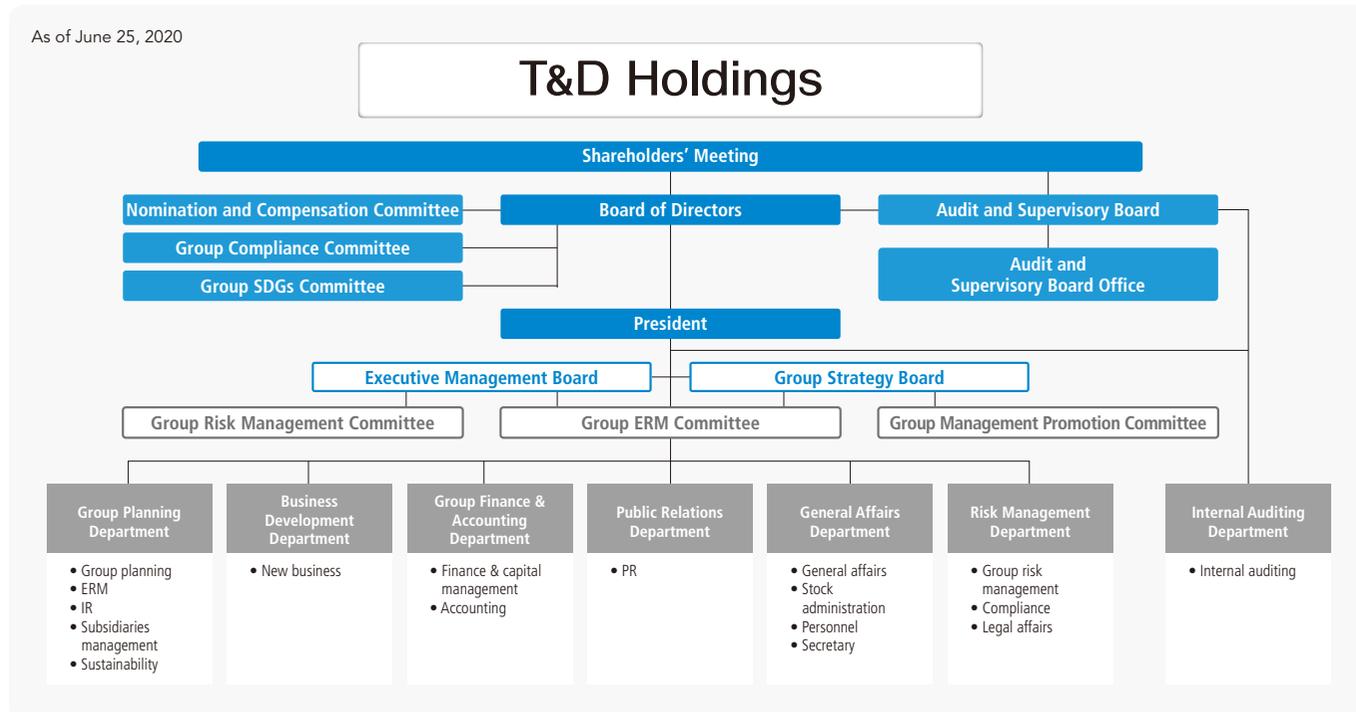
Corporate Overview

As of March 31, 2020

Company Name	T&D Holdings, Inc.
Date of Establishment	April 1, 2004
Location of Headquarters	2-7-1, Nihonbashi, Chuo-ku, Tokyo 103-6031, Japan Tel: +81-(0)3-3272-6110 Fax: +81-(0)3-3272-6552
Type of Business	Management control of life insurance subsidiaries under the Insurance Business Act of Japan and other laws and regulations, and other businesses associated with the above
Paid-in Capital	207,111.86 million yen
Security Code	8795
Stock Exchange Listings	Tokyo Stock Exchange (First Section)
Number of Common Stocks Issued	633,000,000 shares
Number of Employees	114

Organizational Structure

As of June 25, 2020



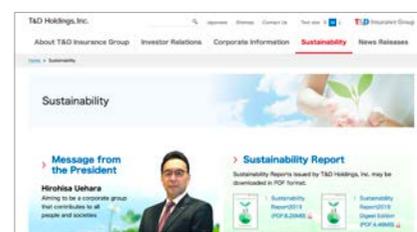
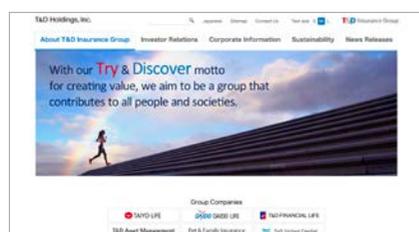
Websites

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

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

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

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



T&D Holdings, Inc.

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Chuo-ku, Tokyo 103-6031, Japan
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<https://www.td-holdings.co.jp/en/>