

# Selected Financial Data

## T&D HOLDINGS

Years ended March 31	2016	2017	2018	2019	¥ millions 2020
<b>Statement of Operation Data:</b>					
<b>Ordinary revenues:</b>					
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
<b>Total ordinary revenues</b>	<b>2,025,925</b>	<b>1,975,784</b>	<b>1,928,359</b>	<b>2,140,162</b>	<b>2,197,928</b>
<b>Ordinary expenses:</b>					
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
<b>Total ordinary expenses</b>	<b>1,854,490</b>	<b>1,818,556</b>	<b>1,771,884</b>	<b>1,993,213</b>	<b>2,072,506</b>
<b>Ordinary profit</b>	<b>171,434</b>	<b>157,227</b>	<b>156,475</b>	<b>146,949</b>	<b>125,422</b>
<b>Net extraordinary gains (losses)</b>	<b>(29,274)</b>	<b>(35,067)</b>	<b>(16,485)</b>	<b>(17,890)</b>	<b>(6,055)</b>
<b>Provision for reserve for policyholder dividends</b>	<b>31,920</b>	<b>25,374</b>	<b>30,331</b>	<b>27,144</b>	<b>21,883</b>
<b>Income before income taxes</b>	<b>110,239</b>	<b>96,786</b>	<b>109,657</b>	<b>101,915</b>	<b>97,483</b>
<b>Income taxes:</b>					
Current	46,075	33,316	34,106	32,383	31,768
Deferred	(8,561)	(11,895)	(2,044)	(3,316)	(1,425)
<b>Total income taxes</b>	<b>37,513</b>	<b>21,421</b>	<b>32,061</b>	<b>29,066</b>	<b>30,343</b>
<b>Profit attributable to non-controlling interests</b>	<b>179</b>	<b>177</b>	<b>19</b>	<b>22</b>	<b>36</b>
<b>Profit attributable to owners of parent</b>	<b>¥ 72,547</b>	<b>¥ 75,187</b>	<b>¥ 77,577</b>	<b>¥ 72,825</b>	<b>¥ 67,103</b>

As of March 31	2016	2017	2018	2019	¥ millions 2020
<b>Balance Sheet Data:</b>					
<b>Assets:</b>					
<b>Total assets</b>	<b>¥14,674,207</b>	<b>¥14,891,167</b>	<b>¥15,262,398</b>	<b>¥15,794,711</b>	<b>¥16,520,137</b>
<b>Liabilities:</b>					
Policy reserves	12,892,482	13,139,218	13,395,725	13,859,097	14,282,219
<b>Total liabilities</b>	<b>13,460,145</b>	<b>13,794,395</b>	<b>14,109,362</b>	<b>14,635,123</b>	<b>15,396,987</b>
<b>Net assets:</b>					
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
<b>Total net assets</b>	<b>¥ 1,214,061</b>	<b>¥ 1,096,772</b>	<b>¥ 1,153,036</b>	<b>¥ 1,159,588</b>	<b>¥ 1,123,149</b>

\* 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
<b>Policy Results *:</b>					
<b>Policy amount in force</b>	<b>¥62,998,174</b>	<b>¥64,612,813</b>	<b>¥66,010,749</b>	<b>¥69,264,639</b>	<b>¥67,362,978</b>
<b>New policy amount</b>	<b>6,685,973</b>	<b>7,441,437</b>	<b>7,273,000</b>	<b>9,985,762</b>	<b>4,711,892</b>
<b>Surrender and lapse amount</b>	<b>3,789,522</b>	<b>3,837,734</b>	<b>3,884,453</b>	<b>4,625,021</b>	<b>4,206,148</b>

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

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

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

## TAIYO LIFE

Years ended March 31	2016	2017	2018	2019	¥ millions
<b>2020</b>					
<b>Statement of Operation Data:</b>					
<b>Ordinary revenues:</b>					
Income from insurance premiums	¥657,185	¥654,379	¥511,900	¥715,120	<b>¥593,679</b>
Investment income	202,909	228,058	189,495	190,444	<b>196,911</b>
Other ordinary income	13,792	15,517	37,319	12,044	<b>11,947</b>
<b>Total ordinary revenues</b>	<b>873,887</b>	<b>897,955</b>	<b>738,716</b>	<b>917,610</b>	<b>802,538</b>
<b>Ordinary expenses:</b>					
Insurance claims and other payments	604,261	535,387	522,746	521,457	<b>542,912</b>
Provision for policy and other reserves	39,860	99,991	885	183,693	<b>43,421</b>
Investment expenses	36,540	83,109	45,292	52,386	<b>76,173</b>
Operating expenses	76,424	77,189	76,698	76,730	<b>75,077</b>
Other ordinary expenses	37,676	35,635	30,301	29,147	<b>28,171</b>
<b>Total ordinary expenses</b>	<b>794,763</b>	<b>831,312</b>	<b>675,925</b>	<b>863,413</b>	<b>765,756</b>
<b>Ordinary profit</b>	<b>79,124</b>	<b>66,642</b>	<b>62,790</b>	<b>54,196</b>	<b>36,782</b>
<b>Net extraordinary gains (losses)</b>	<b>(20,251)</b>	<b>(18,995)</b>	<b>(4,254)</b>	<b>(5,370)</b>	<b>(1,594)</b>
<b>Provision for reserve for policyholder dividends</b>	<b>18,135</b>	<b>11,738</b>	<b>15,664</b>	<b>13,138</b>	<b>10,197</b>
<b>Income before income taxes</b>	<b>40,736</b>	<b>35,909</b>	<b>42,870</b>	<b>35,687</b>	<b>24,990</b>
<b>Income taxes:</b>					
Current	17,624	11,120	10,238	10,798	<b>10,391</b>
Deferred	(3,722)	(4,178)	2,151	(657)	<b>(1,218)</b>
<b>Total income taxes</b>	<b>13,902</b>	<b>6,941</b>	<b>12,390</b>	<b>10,140</b>	<b>9,172</b>
<b>Net income</b>	<b>¥ 26,834</b>	<b>¥ 28,967</b>	<b>¥ 30,480</b>	<b>¥ 25,547</b>	<b>¥ 15,817</b>
<b>2020</b>					
<b>Balance Sheet Data:</b>					
<b>Assets:</b>					
<b>Total assets</b>	<b>¥7,084,800</b>	<b>¥7,188,371</b>	<b>¥7,219,463</b>	<b>¥7,411,864</b>	<b>¥7,660,474</b>
<b>Liabilities:</b>					
Policy reserves	6,318,824	6,410,781	6,389,235	6,569,075	<b>6,608,629</b>
<b>Total liabilities</b>	<b>6,603,082</b>	<b>6,807,381</b>	<b>6,810,776</b>	<b>6,996,551</b>	<b>7,269,351</b>
<b>Net assets:</b>					
Total shareholders' equity	279,336	279,765	290,945	304,203	<b>303,647</b>
Total valuation and translation adjustment	202,382	101,224	117,742	111,109	<b>87,476</b>
<b>Total net assets</b>	<b>¥ 481,718</b>	<b>¥ 380,989</b>	<b>¥ 408,687</b>	<b>¥ 415,312</b>	<b>¥ 391,123</b>
* The above figures are calculated based on the prevailing accounting standards of each fiscal year.					
<b>2020</b>					
<b>Policy Results *:</b>					
<b>Policy amount in force</b>	<b>¥21,983,504</b>	<b>¥21,741,191</b>	<b>¥21,154,486</b>	<b>¥19,945,620</b>	<b>¥18,023,246</b>
<b>New policy amount</b>	<b>2,134,199</b>	<b>2,084,818</b>	<b>1,686,796</b>	<b>1,196,690</b>	<b>540,573</b>
<b>Surrender and lapse amount</b>	<b>1,255,956</b>	<b>1,255,824</b>	<b>1,236,078</b>	<b>1,240,097</b>	<b>1,149,490</b>
<b>Surrender and lapse rate</b>	<b>5.67%</b>	<b>5.71%</b>	<b>5.69%</b>	<b>5.86%</b>	<b>5.76%</b>
* The total of individual insurance and individual annuities. The new policy amounts include net increases from conversions.					
<b>Other Data:</b>					
<b>Core profit</b>	<b>¥ 53,812</b>	<b>¥ 53,464</b>	<b>¥ 48,547</b>	<b>¥ 51,859</b>	<b>¥ 54,387</b>
<b>MCEV *</b>	<b>725,700</b>	<b>777,500</b>	<b>825,000</b>	<b>856,200</b>	<b>895,800</b>
<b>Solvency margin ratio</b>	<b>890.6%</b>	<b>848.6%</b>	<b>835.1%</b>	<b>849.7%</b>	<b>805.5%</b>
<b>Number of in-house sales representatives</b>	<b>8,631</b>	<b>8,902</b>	<b>8,942</b>	<b>8,440</b>	<b>8,071</b>
* MCEV is shown in terms of hundreds of millions of yen. Based on Ultimate Forward Rate since fiscal 2019.					

# Selected Financial Data

## DAIDO LIFE

Years ended March 31	2016	2017	2018	2019	¥ millions 2020
<b>Statement of Operation Data:</b>					
<b>Ordinary revenues:</b>					
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
<b>Total ordinary revenues</b>	<b>935,739</b>	<b>944,431</b>	<b>988,070</b>	<b>1,045,561</b>	<b>1,015,124</b>
<b>Ordinary expenses:</b>					
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
<b>Total ordinary expenses</b>	<b>845,431</b>	<b>861,736</b>	<b>898,672</b>	<b>956,290</b>	<b>928,967</b>
<b>Ordinary profit</b>	<b>90,307</b>	<b>82,695</b>	<b>89,397</b>	<b>89,270</b>	<b>86,157</b>
<b>Net extraordinary gains (losses)</b>	<b>4,413</b>	<b>(12,450)</b>	<b>(11,698)</b>	<b>(11,956)</b>	<b>(3,703)</b>
<b>Provision for reserve for policyholder dividends</b>	<b>13,788</b>	<b>13,636</b>	<b>14,668</b>	<b>14,005</b>	<b>11,687</b>
<b>Income before income taxes</b>	<b>80,932</b>	<b>56,608</b>	<b>63,031</b>	<b>63,308</b>	<b>70,766</b>
<b>Income taxes:</b>					
Current	29,351	20,777	22,854	21,414	21,646
Deferred	(2,896)	(7,286)	(4,396)	(3,634)	(1,330)
<b>Total income taxes</b>	<b>26,455</b>	<b>13,491</b>	<b>18,458</b>	<b>17,779</b>	<b>20,315</b>
<b>Net income</b>	<b>¥ 54,476</b>	<b>¥ 43,116</b>	<b>¥ 44,572</b>	<b>¥ 45,528</b>	<b>¥ 50,450</b>

As of March 31	2016	2017	2018	2019	¥ millions 2020
<b>Balance Sheet Data:</b>					
<b>Assets:</b>					
<b>Total assets</b>	<b>¥6,152,026</b>	<b>¥6,298,188</b>	<b>¥6,573,924</b>	<b>¥6,843,179</b>	<b>¥7,037,507</b>
<b>Liabilities:</b>					
Policy reserves	5,301,162	5,501,639	5,729,754	5,986,450	6,195,363
<b>Total liabilities</b>	<b>5,488,203</b>	<b>5,654,175</b>	<b>5,913,402</b>	<b>6,180,746</b>	<b>6,393,649</b>
<b>Net assets:</b>					
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
<b>Total net assets</b>	<b>¥ 663,823</b>	<b>¥ 644,013</b>	<b>¥ 660,521</b>	<b>¥ 662,433</b>	<b>¥ 643,858</b>

\* 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
<b>Policy Results *:</b>					
<b>Policy amount in force</b>	<b>¥39,205,952</b>	<b>¥40,992,241</b>	<b>¥42,803,504</b>	<b>¥47,146,055</b>	<b>¥46,947,214</b>
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
<b>New policy amount</b>	<b>4,315,542</b>	<b>5,121,169</b>	<b>5,231,498</b>	<b>8,474,888</b>	<b>3,724,420</b>
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
<b>Surrender and lapse amount</b>	<b>2,472,006</b>	<b>2,525,540</b>	<b>2,582,199</b>	<b>3,295,771</b>	<b>2,976,811</b>
<b>Surrender and lapse rate</b>	<b>6.48%</b>	<b>6.44%</b>	<b>6.30%</b>	<b>7.70%</b>	<b>6.31%</b>

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

### Other Data:

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

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

## T&D FINANCIAL LIFE

Years ended March 31	2016	2017	2018	2019	¥ millions 2020
<b>Statement of Operation Data:</b>					
<b>Ordinary revenues:</b>					
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
<b>Total ordinary revenues</b>	<b>218,035</b>	<b>155,834</b>	<b>196,492</b>	<b>150,758</b>	<b>354,495</b>
<b>Ordinary expenses:</b>					
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
<b>Total ordinary expenses</b>	<b>216,822</b>	<b>149,634</b>	<b>193,948</b>	<b>148,694</b>	<b>352,249</b>
<b>Ordinary profit</b>	<b>1,212</b>	<b>6,199</b>	<b>2,543</b>	<b>2,064</b>	<b>2,246</b>
<b>Net extraordinary gains (losses)</b>	<b>(621)</b>	<b>(3,612)</b>	<b>(461)</b>	<b>(552)</b>	<b>(756)</b>
<b>Provision for (Reversal of) reserve for policyholder dividends</b>	<b>(3)</b>	<b>(1)</b>	<b>(1)</b>	<b>0</b>	<b>(0)</b>
<b>Income before income taxes</b>	<b>593</b>	<b>2,587</b>	<b>2,083</b>	<b>1,511</b>	<b>1,490</b>
<b>Income taxes:</b>					
Current	(1,735)	874	199	(456)	(754)
Deferred	1,837	(427)	295	956	1,178
<b>Total income taxes</b>	<b>101</b>	<b>446</b>	<b>494</b>	<b>500</b>	<b>424</b>
<b>Net income</b>	<b>¥ 492</b>	<b>¥ 2,141</b>	<b>¥ 1,588</b>	<b>¥ 1,011</b>	<b>¥ 1,065</b>
¥ millions					
As of March 31	2016	2017	2018	2019	2020
<b>Balance Sheet Data:</b>					
<b>Assets:</b>					
<b>Total assets</b>	<b>¥1,359,879</b>	<b>¥1,313,747</b>	<b>¥1,365,878</b>	<b>¥1,438,819</b>	<b>¥1,645,401</b>
<b>Liabilities:</b>					
Policy reserves	1,270,904	1,224,914	1,274,376	1,300,935	1,475,204
<b>Total liabilities</b>	<b>1,289,619</b>	<b>1,242,846</b>	<b>1,292,955</b>	<b>1,361,498</b>	<b>1,564,466</b>
<b>Net assets:</b>					
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
<b>Total net assets</b>	<b>¥ 70,260</b>	<b>¥ 70,901</b>	<b>¥ 72,922</b>	<b>¥ 77,321</b>	<b>¥ 80,934</b>
* 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
<b>Policy Results *:</b>					
<b>Policy amount in force</b>	<b>¥1,808,717</b>	<b>¥1,879,380</b>	<b>¥2,052,758</b>	<b>¥2,172,963</b>	<b>¥2,392,518</b>
Sales through independent insurance agents	1,156,568	1,280,606	1,506,435	1,676,228	1,936,200
<b>New policy amount</b>	<b>236,231</b>	<b>235,449</b>	<b>354,705</b>	<b>314,183</b>	<b>446,898</b>
<b>Surrender and lapse amount</b>	<b>61,559</b>	<b>56,368</b>	<b>66,174</b>	<b>89,152</b>	<b>79,846</b>
<b>Surrender and lapse rate</b>	<b>3.41%</b>	<b>3.12%</b>	<b>3.52%</b>	<b>4.34%</b>	<b>3.67%</b>
* The total of individual insurance and individual annuities.					
<b>Other Data:</b>					
<b>Core profit (loss)</b>	<b>¥ (5,545)</b>	<b>¥ 843</b>	<b>¥ (863)</b>	<b>¥ (1,466)</b>	<b>¥ (5,063)</b>
<b>MCEV *</b>	<b>93,400</b>	<b>97,400</b>	<b>102,600</b>	<b>98,500</b>	<b>66,500</b>
<b>Solvency margin ratio</b>	<b>1,260.7%</b>	<b>1,295.6%</b>	<b>1,258.3%</b>	<b>1,101.7%</b>	<b>1,033.6%</b>
* MCEV is shown in terms of hundreds of millions of yen. Based on Ultimate Forward Rate since fiscal 2019.					

# Consolidated Financial Statements

## Consolidated Balance Sheet

As of March 31,	2019	¥ millions 2020	US\$ thousands 2020
<b>Assets:</b>			
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)
<b>Total assets</b>	<b>¥15,794,711</b>	<b>¥16,520,137</b>	<b>\$151,797,644</b>

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

See notes to consolidated financial statements.

## Consolidated Statement of Operation

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

(continued)

Years ended March 31,	2019	¥ millions	US\$ thousands
		2020	2020
<b>Extraordinary gains</b>	¥ 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	—	—
<b>Extraordinary losses</b>	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
<b>Provision for reserve for policyholder dividends</b>	27,144	21,883	201,084
<b>Income before income taxes</b>	101,915	97,483	895,737
Income taxes (current)	32,383	31,768	291,913
Income taxes (deferred)	(3,316)	(1,425)	(13,100)
<b>Total income taxes</b>	29,066	30,343	278,813
<b>Profit</b>	72,848	67,139	616,924
<b>Profit attributable to non-controlling interests</b>	22	36	336
<b>Profit attributable to owners of parent</b>	¥ 72,825	¥67,103	\$616,587

## Consolidated Statement of Comprehensive Income

Years ended March 31,	2019	¥ millions	US\$ thousands
		2020	2020
<b>Profit</b>	¥ 72,848	¥ 67,139	\$ 616,924
<b>Other comprehensive income:</b>			
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
<b>Total other comprehensive income (Note 17)</b>	(24,252)	(64,798)	(595,406)
<b>Comprehensive income</b>	¥ 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
<b>Cash flows from operating activities:</b>			
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
<b>Subtotal</b>	<b>342,056</b>	<b>344,934</b>	<b>3,169,482</b>
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)
<b>Net cash provided by (used in) operating activities</b>	<b>¥ 576,958</b>	<b>¥ 591,097</b>	<b>\$ 5,431,380</b>

(continued)

Years ended March 31,	2019	¥ millions	US\$ thousands
		2020	2020
<b>Cash flows from investing activities:</b>			
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)
<b>Net cash provided by (used in) investing activities</b>	<b>(478,684)</b>	<b>(560,134)</b>	<b>(5,146,876)</b>
<b>Cash flows from financing activities:</b>			
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
<b>Net cash provided by (used in) financing activities</b>	<b>(41,846)</b>	<b>33,893</b>	<b>311,437</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(908)</b>	<b>(973)</b>	<b>(8,943)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>55,518</b>	<b>63,882</b>	<b>586,997</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>798,538</b>	<b>854,057</b>	<b>7,847,625</b>
<b>Cash and cash equivalents at the end of the year (Note 19)</b>	<b>¥ 854,057</b>	<b>¥ 917,940</b>	<b>\$ 8,434,623</b>

See notes to consolidated financial statements.

# Notes to Consolidated Financial Statements

## Note 1 Notes on Going-Concern Assumption

Not applicable.

## Note 2 Summary of Significant Accounting Policies

### (1) Basis of presentation

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

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

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

The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of the readers and have been made, as a matter of arithmetical computation only, at the rate of 1 U.S. dollar = 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	<b>¥13,232</b>	<b>\$121,590</b>	Retained earnings	<b>¥22.0</b>	<b>\$0.20</b>	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	<b>¥ 861,770</b>	<b>\$ 7,918,501</b>
Less: deposits with an original maturity of more than three months	(4,910)	<b>(10,210)</b>	<b>(93,816)</b>
Call loans	1,037	<b>35,669</b>	<b>327,749</b>
Monetary claims purchased	126,905	<b>135,313</b>	<b>1,243,348</b>
Less: monetary claims purchased other than cash equivalents	(101,905)	<b>(115,313)</b>	<b>(1,059,578)</b>
Monetary trusts	765,481	<b>970,622</b>	<b>8,918,704</b>
Less: monetary trusts other than cash equivalents	(756,791)	<b>(959,911)</b>	<b>(8,820,287)</b>
Cash and cash equivalents	¥ 854,057	<b>¥ 917,940</b>	<b>\$ 8,434,623</b>

## Note 20 Lease Transactions

### [As lessee]

#### (1) Finance leases

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

#### (2) Operating leases

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

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

## [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* <sup>1</sup>	118,989	132,528	13,547
Commercial loans* <sup>1</sup>	1,550,999	1,590,205	40,388
Reserve for possible loan losses* <sup>2</sup>	(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* <sup>3</sup> :			
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* <sup>1</sup>	1,166,275	1,291,467	125,273
Commercial loans* <sup>1</sup>	14,431,806	14,684,667	263,727
Reserve for possible loan losses* <sup>2</sup>	(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* <sup>3</sup> :			
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,	¥ millions		US\$ thousands
	2019	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	<b>¥861,634</b>	<b>¥ —</b>	<b>¥ —</b>	<b>¥ —</b>
Call loans	<b>35,669</b>	<b>—</b>	<b>—</b>	<b>—</b>
Monetary claims purchased	<b>20,132</b>	<b>1,870</b>	<b>1,383</b>	<b>105,881</b>
Securities:				
Held-to-maturity bonds:				
Government bonds	<b>57,702</b>	<b>237,047</b>	<b>41,589</b>	<b>535,875</b>
Municipal bonds	<b>—</b>	<b>664</b>	<b>3,120</b>	<b>27,586</b>
Corporate bonds	<b>11,604</b>	<b>42,656</b>	<b>—</b>	<b>101,214</b>
Foreign securities	<b>—</b>	<b>—</b>	<b>—</b>	<b>4,542</b>
Policy reserve-matching bonds:				
Government bonds	<b>3,183</b>	<b>158,950</b>	<b>208,517</b>	<b>1,908,648</b>
Municipal bonds	<b>—</b>	<b>14,161</b>	<b>44,974</b>	<b>214,972</b>
Corporate bonds	<b>11,000</b>	<b>120,330</b>	<b>149,245</b>	<b>769,312</b>
Foreign securities	<b>—</b>	<b>3,444</b>	<b>21,112</b>	<b>11,458</b>
Available-for-sale fixed maturity securities:				
Government bonds	<b>11,171</b>	<b>85,565</b>	<b>45,030</b>	<b>385,748</b>
Municipal bonds	<b>6,119</b>	<b>12,316</b>	<b>21,630</b>	<b>16,384</b>
Corporate bonds	<b>91,647</b>	<b>313,060</b>	<b>297,606</b>	<b>182,938</b>
Foreign securities	<b>236,968</b>	<b>736,246</b>	<b>892,218</b>	<b>577,428</b>
Other securities	<b>—</b>	<b>20</b>	<b>2</b>	<b>—</b>
Loans	<b>169,722</b>	<b>644,052</b>	<b>513,644</b>	<b>227,254</b>

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	US\$ thousands
		2020	2020
Valuation difference included in earnings (losses) of the consolidated fiscal year	¥(4,940)	<b>¥(10,115)</b>	<b>\$(92,946)</b>

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

As of March 31, 2019	¥ millions		
	Consolidated balance sheet amount	Fair value	Difference
Fair value exceeding consolidated balance sheet amount:			
Domestic bonds	¥1,233,526	¥1,452,021	¥218,495
Government bonds	1,036,381	1,217,484	181,102
Municipal bonds	43,926	52,422	8,496
Corporate bonds	153,217	182,114	28,897
Other securities	33,182	35,434	2,251
Total	1,266,708	1,487,455	220,746
Fair value not exceeding consolidated balance sheet amount:			
Domestic bonds	1,666	1,573	(93)
Government bonds	1,666	1,573	(93)
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	¥ millions		
	Consolidated balance sheet amount	Fair value	Difference
Fair value exceeding consolidated balance sheet amount:			
Domestic bonds	<b>¥1,040,049</b>	<b>¥1,243,100</b>	<b>¥203,051</b>
Government bonds	<b>854,917</b>	<b>1,022,633</b>	<b>167,715</b>
Municipal bonds	<b>30,750</b>	<b>38,976</b>	<b>8,225</b>
Corporate bonds	<b>154,381</b>	<b>181,491</b>	<b>27,110</b>
Foreign securities	<b>4,695</b>	<b>4,785</b>	<b>90</b>
Foreign bonds	<b>4,695</b>	<b>4,785</b>	<b>90</b>
Other securities	<b>42,811</b>	<b>45,022</b>	<b>2,210</b>
Total	<b>1,087,557</b>	<b>1,292,909</b>	<b>205,351</b>
Fair value not exceeding consolidated balance sheet amount:			
Domestic bonds	<b>3,383</b>	<b>3,278</b>	<b>(104)</b>
Government bonds	<b>1,083</b>	<b>1,019</b>	<b>(64)</b>
Municipal bonds	<b>1,000</b>	<b>993</b>	<b>(6)</b>
Corporate bonds	<b>1,300</b>	<b>1,265</b>	<b>(34)</b>
Other securities	<b>6,374</b>	<b>6,312</b>	<b>(61)</b>
Total	<b>9,757</b>	<b>9,591</b>	<b>(166)</b>
Grand total	<b>¥1,097,314</b>	<b>¥1,302,500</b>	<b>¥205,185</b>

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

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

	¥ millions		
Year ended March 31, 2019	Proceeds of sales	Gross gains	Gross losses
Domestic bonds	¥44,933	¥3,125	¥9
Government bonds	38,121	2,621	9
Municipal bonds	1,473	107	—
Corporate bonds	5,338	396	—
Total	¥44,933	¥3,125	¥9

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

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

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

	¥ millions		
Year ended March 31, 2019	Proceeds of sales	Gross gains	Gross losses
Domestic bonds	¥116,947	¥24,489	¥ 1
Government bonds	79,976	15,559	—
Municipal bonds	9,757	2,181	—
Corporate bonds	27,213	6,748	1
Domestic equities	71,541	33,881	173
Foreign securities	691,627	16,411	16,708
Foreign bonds	592,996	6,399	14,647
Foreign equities	8,983	1,136	4
Foreign other securities	89,647	8,875	2,056
Other securities	45,278	10,990	0
Total	¥925,395	¥85,772	¥16,884

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



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	<b>¥615,739</b>	<b>¥703,090</b>	<b>¥87,351</b>

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

### (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	<b>¥319,687</b>	<b>¥319,114</b>	<b>¥573</b>

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

**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)
<b>Total</b>				<b>¥ 360</b>

## 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	<b>¥186,448</b>	<b>¥—</b>	<b>¥2,452</b>	<b>¥ 2,452</b>
Euro	<b>76,327</b>	—	<b>(105)</b>	<b>(105)</b>
British pound	<b>55,724</b>	—	<b>164</b>	<b>164</b>
Canadian dollar	<b>13,412</b>	—	<b>475</b>	<b>475</b>
Australian dollar	<b>771</b>	—	<b>42</b>	<b>42</b>
Swiss franc	<b>39,537</b>	—	<b>1,880</b>	<b>1,880</b>
	<b>674</b>	—	<b>(4)</b>	<b>(4)</b>
Bought				
U.S. dollar	<b>29,235</b>	—	<b>(427)</b>	<b>(427)</b>
Euro	<b>7,869</b>	—	<b>(8)</b>	<b>(8)</b>
British pound	<b>1,456</b>	—	<b>0</b>	<b>0</b>
Australian dollar	<b>3,593</b>	—	<b>(1)</b>	<b>(1)</b>
	<b>16,316</b>	—	<b>(417)</b>	<b>(417)</b>
Currency swaps:				
Receive yen/pay foreign currency				
Brazilian real	<b>13,916</b>	—	<b>2,615</b>	<b>2,615</b>
Receive foreign currency/pay yen	<b>13,916</b>	—	<b>2,615</b>	<b>2,615</b>
U.S. dollar	<b>14,252</b>	—	<b>(1,217)</b>	<b>(1,217)</b>
Australian dollar	<b>674</b>	—	<b>0</b>	<b>0</b>
	<b>13,577</b>	—	<b>(1,218)</b>	<b>(1,218)</b>
<b>Total</b>				<b>¥ 3,422</b>

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)
<b>Total</b>				<b>¥(33)</b>

## Notes:

1. Calculation method of fair value

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

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

¥ 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
<b>Total</b>				<b>¥(2,027)</b>

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
<b>Total</b>				<b>\$(18,630)</b>

## Notes:

1. Calculation method of fair value

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

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

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)
<b>Total</b>				<b>¥(2,792)</b>

Notes:

1. Calculation method of fair value

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

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

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

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		
	[3,416]	[2,702]	985	(2,431)
Euro	7,225	5,825		
	[2,055]	[1,678]	490	(1,564)
	5,991	4,415		
	[1,361]	[1,024]	494	(867)
Stock-related transactions:				
Stock index options:				
Bought:				
Call	91	—		
	[25]	[—]	89	64
Put	26,149	20,739		
	[5,553]	[4,468]	2,272	(3,281)
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,	2019	¥ millions		US\$ thousands
		2020	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,	2019	¥ millions		US\$ thousands
		2020	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,	2019	¥ millions		US\$ thousands
		2020	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,	2019	¥ millions		US\$ thousands
		2020	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)	—
<b>Total</b>	<b>917,610</b>	<b>1,045,561</b>	<b>150,758</b>	<b>2,113,929</b>	<b>92,301</b>	<b>2,206,231</b>	<b>(66,068)</b>	<b>2,140,162</b>
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	<b>¥593,679</b>	<b>¥818,070</b>	<b>¥335,910</b>	<b>¥5,847</b>	<b>¥1,753,508</b>
Insurance premiums	<b>593,475</b>	<b>816,488</b>	<b>323,017</b>	<b>5,847</b>	<b>1,738,828</b>
Individual insurance and individual annuities	<b>493,402</b>	<b>760,119</b>	<b>322,833</b>	—	<b>1,576,355</b>
Group insurance	<b>27,682</b>	<b>20,622</b>	—	—	<b>48,304</b>
Group annuities	<b>71,232</b>	<b>34,633</b>	<b>164</b>	—	<b>106,030</b>
Others	<b>1,158</b>	<b>1,112</b>	<b>19</b>	<b>5,847</b>	<b>8,137</b>
Ceded reinsurance recoveries	<b>¥ 204</b>	<b>¥ 1,581</b>	<b>¥ 12,893</b>	<b>¥ —</b>	<b>¥ 14,679</b>

Year ended March 31, 2020	US\$ thousands				
	Taiyo Life	Daido Life	T&D Financial Life	Others	Total
Income from insurance premiums	<b>\$5,455,111</b>	<b>\$7,516,957</b>	<b>\$3,086,564</b>	<b>\$53,727</b>	<b>\$16,112,360</b>
Insurance premiums	<b>5,453,232</b>	<b>7,502,422</b>	<b>2,968,092</b>	<b>53,727</b>	<b>15,977,474</b>
Individual insurance and individual annuities	<b>4,533,694</b>	<b>6,984,467</b>	<b>2,966,405</b>	—	<b>14,484,568</b>
Group insurance	<b>254,360</b>	<b>189,494</b>	—	—	<b>443,854</b>
Group annuities	<b>654,532</b>	<b>318,236</b>	<b>1,509</b>	—	<b>974,278</b>
Others	<b>10,643</b>	<b>10,224</b>	<b>177</b>	<b>53,727</b>	<b>74,772</b>
Ceded reinsurance recoveries	<b>\$ 1,878</b>	<b>\$ 14,535</b>	<b>\$ 118,472</b>	<b>\$ —</b>	<b>\$ 134,886</b>

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

Years ended March 31,	2019	¥ 2020	US\$ 2020
Net assets per share	¥1,884.30	<b>¥1,857.77</b>	<b>\$17.07</b>
Net income per share	118.50	<b>111.31</b>	<b>1.02</b>
Net income per share (fully diluted)	116.16	<b>109.07</b>	<b>1.00</b>

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

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

Years ended March 31,	2019	¥ millions 2020	US\$ thousands 2020
Net income per share:			
Profit attributable to owners of parent	¥72,825	<b>¥67,103</b>	<b>\$616,587</b>
Amount not attributable to common shareholders	—	<b>—</b>	<b>—</b>
Profit attributable to owners of parent attributable to common shareholders	¥72,825	<b>¥67,103</b>	<b>\$616,587</b>

		Shares
Weighted-average number of common stocks outstanding	614,581,825	<b>602,854,887</b>

Years ended March 31,	2019	¥ millions 2020	US\$ thousands 2020
Net income per share (fully diluted):			
Adjusted profit attributable to owners of parent	¥(20)	<b>¥(20)</b>	<b>\$(191)</b>
Amortization of bond premium (after tax)	¥(20)	<b>¥(20)</b>	<b>\$(191)</b>

		Shares
Increase in common stock	12,206,787	<b>12,168,016</b>
Convertible Bond	11,230,066	<b>11,375,701</b>
Subscription rights to shares	976,721	<b>792,315</b>
Summary of potential shares that are not included in computation of net income per share (fully diluted) due to lack of dilution effect	—	<b>—</b>

## (2) Net assets per share

As of March 31,	2019	¥ millions 2020	US\$ thousands 2020
Net assets	¥1,159,588	<b>¥1,123,149</b>	<b>\$10,320,224</b>
Deduction from net assets	6,473	<b>7,208</b>	<b>66,237</b>
Subscription rights to shares	1,081	<b>876</b>	<b>8,052</b>
Non-controlling interests	5,391	<b>6,332</b>	<b>58,184</b>
Net assets available to common shareholders	¥1,153,115	<b>¥1,115,941</b>	<b>\$10,253,986</b>

		Shares
The number of common stock outstanding	611,958,309	<b>600,688,559</b>

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

Accordingly, the average number of treasury shares to be

deducted in calculation of net income per share and net income per share (fully diluted) is 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"> <li>• Electronic public notice (Japanese only)</li> <li>• URL: <a href="https://www.td-holdings.co.jp/information/public.html/">https://www.td-holdings.co.jp/information/public.html/</a></li> <li>• If the Company is unable to issue an electronic public notice due to an accident or any other unavoidable reason, a public notice will be issued in the <i>Nihon Keizai Shimbun</i> (daily newspaper).</li> </ul>
Transfer Agent	Mitsubishi UFJ Trust and Banking Corporation 4-5, Marunouchi 1-Chome, Chiyoda-ku, Tokyo, Japan URL: <a href="https://www.tr.mufg.jp/english/">https://www.tr.mufg.jp/english/</a>
Number of Shareholders	220,668

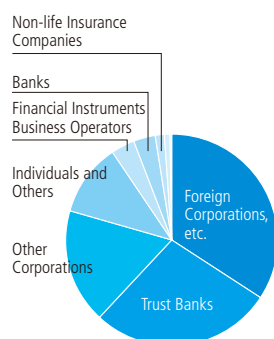
## PRINCIPAL SHAREHOLDERS

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.

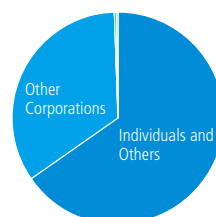
## COMPOSITION OF SHAREHOLDERS AND SHARES

Proportion of Shares Held (%)



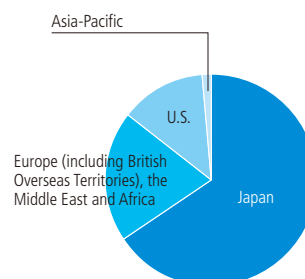
Foreign Corporations, etc.	34.22
Trust Banks	27.89
Other Corporations	17.43
Individuals and Others	11.18
Financial Instruments Business Operators	3.54
Banks	3.35
Non-life Insurance Companies	1.44
Life Insurance Companies	0.24
Other Financial Institutions	0.71
Governments and Local Public Bodies	0.00

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.

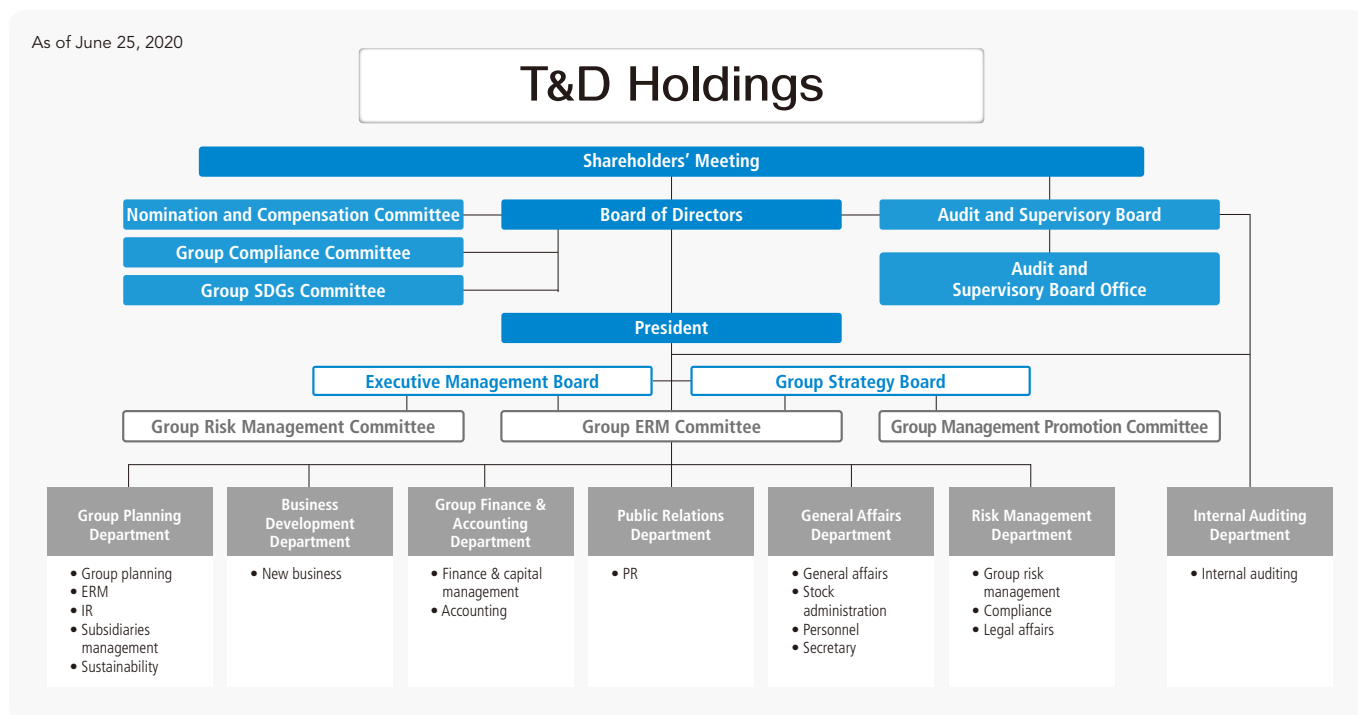
# Corporate Overview

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/>

