

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, through 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 Life 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 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 ¥112.68 = U.S.\$1, which was the approximate rate prevailing at March 31, 2016. 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 yen and one thousand U.S. dollars have been eliminated. As a result, yen and U.S. dollar totals shown herein do not necessarily agree with the sum of the individual amounts.

(2) Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Company and its consolidated subsidiaries. All material intercompany balances and transactions are eliminated. The number of consolidated subsidiaries for the year ended March 31, 2016 was 15.

Investments in affiliates are accounted for under the equity method. The number of affiliated companies accounted for under the equity method for the year ended March 31, 2016 was two.

There are no affiliated companies which are accounted for under the cost method.

The financial statements of subsidiaries located outside Japan for the year ended December 31 are consolidated. Appropriate adjustments have been made for material transactions between December 31 and March 31, the closing date of the Company's consolidated financial statements.

(3) Foreign currency translation

Foreign currency assets and liabilities are translated into 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 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) Investments in securities other than those of subsidiaries and affiliates

Investments in securities other than those of subsidiaries and affiliates are classified as trading, held-to-maturity, available-for-sale securities or policy reserve-matching bonds. Available-for-sale securities with readily obtainable fair value ("marketable available-for-sale securities") and trading securities are stated at fair value. Unrealized gains and losses on trading securities are reported in the consolidated statement of operation. Unrealized gains and losses on marketable available-for-sale securities are reported in a separate component of net assets, net of income taxes, unless the decline of the fair value of any particular available-for-sale securities is considered to be a permanent impairment, in which case such declines are recorded as devaluation (impairment) losses and recorded on the statement of operation. Held-to-maturity and available-for-sale securities without readily

obtainable fair value are stated at amortized cost. Policy reserve-matching bonds are not stated at fair market value but are stated at amortized cost. For the purpose of computing realized gains and losses, the cost is determined using the moving-average method.

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 as “net unrealized gains (losses)” and the remaining differences as “foreign exchange gains (losses), net.”

The following is an overview of the risk management policies over policy reserve-matching bonds:

For Taiyo Life, the risk is managed by minimizing the risks of the portfolio as a whole with an asset mix, and establishing an investment policy based on balanced-type ALM aiming at exceeding medium- and long-term liability cost. In consideration of this kind of investment policy, the following insurance policies are identified and classified as a subcategory in accordance with “Temporary Treatment of Accounting and Auditing Concerning Policy Reserve-Matching Bonds within the Insurance Industry” (JICPA, the Industry Audit Committee Report No. 21): (1) all policies except for group insurance policies and other insurance policies with respect to general assets, (2) all policies for defined contribution corporate pension insurance and group pure endowment insurance with respect to group annuity insurance assets, (3) all policies with respect to single premium whole life insurance and single premium annuity insurance assets and (4) all policies with respect to non-participating single premium endowment insurance assets.

For Daido Life, of the bonds corresponding to the subcategory established in respect of the classes of insurance policies as follows, those held with the purpose to control durations of liabilities are classified as policy reserve-matching bonds, in accordance with “Temporary Treatment of Accounting and Auditing Concerning Policy Reserve-Matching Bonds within the Insurance Industry” (JICPA, the Industry Audit Committee Report No. 21): individual insurance and individual annuities with respect to general assets, and individual insurance and individual annuities in the non-participating insurance assets (capturing the cash flows likely to arise in the period after 5 years but within 30 years from now).

For T&D Financial Life, in order to appropriately manage interest rate risk by setting subcategories according to the features of insurance products, investment policies are developed in line with each subcategory. In addition, regular testing is performed to ensure that the durations of policy reserve and that of policy reserve-matching bonds are synchronized within a certain margin of error. The subcategories are classified as follows: (1) individual insurance (capturing the

portion of the future spending for insurance policies falling under this subcategory that is used for policyholders of predetermined age or above), (2) accumulation rate type individual insurance and (3) accumulation rate type fixed annuity insurance. Note that certain types of insurance policies and benefits are excluded.

(5) Treatment method of deferred assets

The full amount of bond issuance cost is treated as cost at the time of disbursement.

(6) Reserve for possible loan losses

The reserve for possible loan losses is established in accordance with the Three Life Insurance Companies’ Self-Assessment Guidelines. With respect to loans to borrowers subject to bankruptcy and similar proceedings, the Three Life Insurance Companies provide specific reserves in the amount of the loan balance less amounts collectible from collateral, guarantees and by other means. For loans to borrowers who are not yet bankrupt but highly likely to fall into bankruptcy, management determines and provides for the necessary specific reserve amount based on an overall assessment of the borrowers’ ability to pay after subtracting the amount collectible from collateral, guarantees and by other means. With respect to other loans, the Three Life Insurance Companies provide for a general reserve by applying the historical loan-loss ratio determined over a fixed period. Each loan is subject to asset assessment by the business-related division in accordance with the Three Life Insurance Companies’ Self-Assessment Guidelines, and the results of the assessment are reviewed by the internal auditing division, which is independent from the business-related division, before the reserve amount is finally determined.

For collateralized or guaranteed loans to borrowers subject to bankruptcy and similar proceedings, the amounts of loans exceeding the estimated value of collateral or guarantees, which is deemed uncollectible, has been directly deducted from the amount of loans and the amount was ¥395 million (\$3,506 thousand) and ¥403 million for the years ended March 31, 2016 and 2015, respectively.

Other consolidated subsidiaries also establish reserves for possible loan losses using procedures in a similar manner as the Three Life Insurance Companies. The provision of the reserve is based on the results of self-assessment procedures and also provides for an amount, if the management considers it necessary, by applying the historical loan-loss ratio determined over a fixed period.

(7) Reserve for price fluctuations

Pursuant to requirements under Article 115 of the Insurance Business

Act, the Three Life Insurance Companies maintain a reserve for price fluctuations primarily related to stocks, bonds and foreign currency-denominated assets which are exposed to losses due to market price fluctuations. This reserve may only be used to reduce net losses arising from price fluctuations on those assets.

(8) Policy reserve

Pursuant to requirements under Article 116 of the Insurance Business Act, the Three Life Insurance Companies maintain a policy reserve for the fulfillment of future obligations under life insurance contracts. The reserve of the accompanying consolidated financial statements is established pursuant to the net level premium method. The reserves for policies subject to the standard policy reserve rules are calculated using interest and mortality rates set by the Financial Services Agency.

In addition to the above, to provide for any extraordinary risks which might arise in the future, the Three Life Insurance Companies are required to maintain a contingency reserve at an amount determined based on requirements under the Insurance Business Act.

[Additional information]

Since fiscal year 2013, in accordance with Article 69 Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act, Daido Life has provided an additional policy reserve for certain types of individual annuity insurance policies for which annuity payments have already commenced. Daido Life will provide this additional policy reserve in a phased manner over 3 years.

The amount of the policy reserve provided for the years ended March 31, 2016 and 2015 was ¥15,941 million (\$141,479 thousand) and ¥12,993 million, respectively.

(9) Reserve for bonus to directors and audit & supervisory board members

To provide for payment of the bonus to directors and audit & supervisory board members, a reserve for the directors' and audit & supervisory board members' bonus is recorded based on the expected amount to be paid in the year ended March 31, 2016.

(10) Reserve for directors' and audit & supervisory board members' retirement benefits

To provide for the directors' and audit & supervisory board members' retirement benefits, the Company sets up a reserve 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, 2016.

(11) Accounting method for employees' retirement benefits

For the calculation of retirement benefit obligations, the Company uses a method based on the benefit formula to attribute the expected benefit amounts to each period. Actuarial gains and losses, past service costs and losses relating to changes in accounting policies are recognized in profit or loss in the period when they arose.

(12) Income taxes

The Company applies the consolidated corporate tax system. The consolidated corporate tax system allows companies to pay taxes based on the combined profits or losses of a parent company and its wholly owned domestic subsidiaries.

The provision for income taxes is based on income recognized for financial statement purposes, which includes deferred income taxes representing the effects of temporary differences between income recognized for financial reporting purposes and income tax purposes. Deferred tax assets and liabilities are determined based on the difference between assets and liabilities for financial reporting purposes and tax purposes using the statutory tax rate.

(13) Tangible fixed assets

Tangible fixed assets, except for lease assets, are stated at cost less accumulated depreciation. Depreciation is computed by the straight-line method for buildings acquired on and after April 1, 1998 and by the declining-balance method for other property and equipment, based on estimated useful lives ranging from 3 to 50 years for buildings and improvements and from 2 to 20 years for equipment.

Lease assets with respect to ownership-transfer finance leases are amortized under the same method as is applied to tangible fixed assets owned by the Company, and lease assets with respect to non-ownership-transfer finance leases are amortized under the straight-line method over the lease term.

(14) Intangible fixed assets

Development costs for internal-use software are capitalized and amortized under the straight-line method over its estimated useful life of 5 years.

Lease assets are amortized under the straight-line method over the lease term.

(15) Land revaluation

Taiyo Life revalued its land for operating purposes as of March 31, 2002, as permitted by the Land Revaluation Act, which became effective in 1998. In accordance with provisions under this act and related

ordinances, the revaluation is a one-time event and subsequent valuation gains or losses after the initial revaluation are not reflected in the consolidated financial statements but are disclosed if additional valuation losses arise subsequent to the initial revaluation. Net revaluation gains or losses are not recorded on the statement of operation but as a separate component of net assets, net of income taxes. In the event that the Company sells a part of such revalued land, related revaluation gains or losses are transferred to retained earnings.

(16) Derivative financial instruments

Changes in the fair value of derivative instruments designated as fair value hedges are recognized in the consolidated statement of operation, whereas those designated as deferral hedges are reported in the net assets section of the consolidated balance sheet. However, if derivative instruments qualify for the special treatment, the Company applies that treatment in which changes in the fair value of derivative instruments are not recognized.

Taiyo Life applies deferral hedge accounting and fair value hedge accounting. Taiyo Life also applies the special treatment for interest rate swap agreements and allocation treatment for currency swap agreements in cases where the requirements for each treatment are met. The hedging instruments and hedged items for Taiyo Life are as follows:

- | | |
|------------------------|--|
| a. Hedging instrument: | Interest rate swap |
| Hedged item: | Loan receivable, bonds |
| b. Hedging instrument: | Currency swap |
| Hedged item: | Foreign currency-denominated loans |
| c. Hedging instrument: | Foreign exchange contract |
| Hedged item: | Foreign currency-denominated assets |
| d. Hedging instrument: | Option |
| Hedged item: | Domestic and foreign stocks, domestic and foreign-listed investment trusts, domestic bonds |
| e. Hedging instrument: | Credit transaction |
| Hedged item: | Domestic and foreign stocks, domestic and foreign-listed investment trusts |
| f. Hedging instrument: | Forward contract |
| Hedged item: | Domestic and foreign stocks, domestic and foreign-listed investment trusts |

Taiyo Life's hedging policy is based on the internal rules and regulations developed under Taiyo Life's risk management policy concerning asset operations, and the cash flow and price fluctuation risks concerning hedged items are hedged within a certain scope. Taiyo Life

measures effectiveness of hedging activities for each half-year period by performing a ratio analysis and other methods comparing the market movements or accumulated cash flow movements of the hedged items and the market movements or accumulated cash flow movements of the hedging instruments. However, evaluation of hedging effectiveness is omitted for interest rate swap agreements under the special treatment, etc., exchange contracts in which both the hedged items and the hedging instruments are denominated in the same currency, options hedging domestic and foreign stocks as well as domestic and foreign-listed investment trusts and options hedging credit transactions, forward contracts and domestic bonds.

Daido Life applies fair value hedge accounting. Daido Life also applies the allocation treatment for foreign exchange contract transactions hedging foreign currency deposits in cases where the requirements for the allocation treatment are met. The hedging instrument and hedged item for Daido Life are as follows:

- | | |
|---------------------|---|
| Hedging instrument: | Foreign exchange contract |
| Hedged item: | Foreign currency-denominated available-for-sale securities and fixed deposits |

Daido Life's hedging policy is based on the internal rules and regulations concerning asset operations, and foreign exchange fluctuation risks of hedged items are hedged within a certain scope. Daido Life measures effectiveness of hedging activities by performing a ratio analysis of market value movement comparisons between the hedging instruments and the hedged items.

(17) Accounting for consumption taxes

Consumption taxes received or paid by the Company and its domestic consolidated subsidiaries are not included in income and expenses. The net of consumption taxes received and paid are separately recorded on the consolidated balance sheet. Where consumption taxes paid are not fully credited against consumption taxes received, the non-credited portion is charged as an expense in the period in which the consumption taxes are paid. However, certain non-credited portions of consumption taxes paid, such as for the purchase of property and equipment, are not charged to expense but are deferred as prepaid expenses and amortized against income over a five-year period on a straight-line basis.

(18) Cash and cash equivalents

Cash equivalents consist of highly liquid investments without significant market risk, such as demand deposits and short-term investments with an original maturity of three months or less.

(19) Changes in accounting standards, etc.

From the beginning of the subject fiscal year, T&D Holdings, Inc. (the "Company") has applied accounting standards such as "Revised Accounting Standard for Business Combinations" (ASBJ Statement No. 21, September 13, 2013, hereafter "Business Combinations Accounting Standard"), "Revised Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, September 13, 2013, hereafter "Consolidation Accounting Standard"), and "Revised Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, September 13, 2013, hereafter "Business Divestitures Accounting Standard"), recording as capital surplus the variance on changes in equity interests in subsidiaries where the Company retains control, and changing the method for recording acquisition-related expenses as expenses for the consolidated fiscal year.

In addition, for business combinations conducted from the beginning of the subject fiscal year, the Company has changed to a method to reflect the revisions to the allocated amount of acquisition cost determined by provisional accounting treatment in the consolidated financial statements for the fiscal year of the date of the business combination. In addition, the Company has made changes to the presentation of account titles such as net income, and changed the presentation of minority interests to non-controlling interests. The consolidated financial statements for the previous fiscal year have been reclassified to reflect the subject changes in presentation.

For the application of the Business Combinations Accounting Standard and other standards, the Company follows the transitional treatment prescribed by Article 58-2 (4) of the Business Combinations Accounting Standard, Article 44-5 (4) of the Consolidation Accounting Standard, and Article 57-4 (4) of the Business Divestitures Accounting Standard, applying such from the beginning of the subject fiscal year and going forward.

Regarding the Consolidated Statement of Cash Flows for the fiscal year, the method has been changed so that cash flow related to the acquisition and/or sales of shares in subsidiaries not accompanied by a change in the scope of consolidation will be presented in the "Cash

flows from financing activities" segment, and cash flows pertaining to expenses related to the acquisition of shares in subsidiaries accompanied by a change in the scope of consolidation, or the expenses incurred in relation to the acquisition and/or sales of shares in subsidiaries not accompanied by a change in the scope of consolidation, will be presented in the "Cash flow from operating activities" segment.

There is no effect on the consolidated financial statements as a result of these changes.

(20) Unadopted accounting standards, etc.

– "Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26, issued on March 28, 2016)

a. Summary

With regards to the recoverability of deferred tax assets, certain changes have been made to the following treatments, where the framework of categorizing the entities in five categories and estimating the recording amount of the deferred tax assets according to the relevant category is basically continued to be applied, which is the framework of Auditing Guidance No. 66, Auditing Treatment for Judgment of Recoverability of Deferred Assets, issued by the JICPA.

- (i) Treatment of entities which do not meet any of the category criteria pertaining to Category 1 to Category 5.
- (ii) Category criteria pertaining to Category 2 and Category 3.
- (iii) Treatment for unscheduled deductible temporary differences of entities which correspond to Category 2.
- (iv) Treatment for rational estimable period of taxable income before addition and subtraction of unscheduled deductible temporary differences, etc., of entities which correspond to Category 3.
- (v) Treatment of entities which meet the category criteria of Category 4 which also correspond to Category 2 or Category 3.

b. Scheduled date of application

Scheduled to be applied from the beginning of the fiscal year starting April 1, 2016.

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, 2016.

Note 3 >> Loans

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

	¥ millions		US\$ thousands
	2016	2015	2016
As of March 31,			
Loans to bankrupt companies	¥ 256	¥ 268	\$ 2,273
Past due loans	744	825	6,609
Loans overdue for three months or more	2,835	3,222	25,165
Restructured loans	30	32	271
Total	¥3,867	¥4,347	\$34,320

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 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.

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.

With respect to loans to bankrupt companies and past due loans that are covered by collateral and guarantees, the Company and its consolidated subsidiaries write off the portion of such loans that is not collectible from collateral and guarantees, and charge such amounts to the reserve for possible loan losses.

The amounts of write-offs relating to bankrupt companies and past due loans are as follows:

	¥ millions		US\$ thousands
	2016	2015	2016
As of March 31,			
Loans to bankrupt companies	¥ 74	¥ 72	\$ 663
Past due loans	119	132	1,059

Note 4 >> Accumulated Depreciation of Tangible Fixed Assets

The amounts of accumulated depreciation of tangible fixed assets are as follows:

	¥ millions		US\$ thousands
	2016	2015	2016
Years ended March 31,			
Accumulated depreciation of tangible fixed assets	¥228,781	¥225,078	\$2,030,367

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 the liabilities are equal to the amounts of assets.

	¥ millions		US\$ thousands
	2016	2015	2016
Years ended March 31,			
Separate account assets as provided in Article 118, Paragraph 1 of the Insurance Business Act	¥130,793	¥250,334	\$1,160,751

Note 6 Reserve for Policyholder Dividends

The changes in reserve for policyholder dividends included in policy reserves are as follows:

Years ended March 31,	¥ millions		US\$ thousands
	2016	2015	2016
Balance at the beginning of the year	¥109,920	¥113,781	\$ 975,507
Policyholder dividends	(36,625)	(36,530)	(325,043)
Increase in interest	65	108	582
Increase due to other reasons	31	5	281
Provision for reserve for policyholder dividends	31,920	32,555	283,281
Balance at the end of the year	¥105,311	¥109,920	\$ 934,610

Note 7 Unused Loan Balance under Loan Commitments

The unused loan balance under loan commitments is as follows:

Years ended March 31,	¥ millions		US\$ thousands
	2016	2015	2016
Total amount of loan commitments	¥6,500	¥6,800	\$57,685
Balance of loans outstanding	1,874	2,237	16,636
Balance	¥4,625	¥4,562	\$41,049

Note 8 Lending Securities for Loan Agreement

The lending securities for loan agreements are as follows:

Years ended March 31,	¥ millions		US\$ thousands
	2016	2015	2016
Lending securities for loan agreement	¥95,073	¥—	\$843,749

Note 9 Bonds

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

Years ended March 31,	¥ millions		US\$ thousands
	2016	2015	2016
Subordinated bonds	¥20,000	¥51,100	\$177,493

Note 10 Other Liabilities

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

Years ended March 31,	¥ millions		US\$ thousands
	2016	2015	2016
Subordinated borrowings	¥30,000	¥47,500	\$266,240

Note 11 Future Contributions to the Life Insurance Policyholders Protection Corporation of Japan

The amounts of 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 statement of operation as an operating expense when paid.

Years ended March 31,	¥ millions		US\$ thousands
	2016	2015	2016
Contributions to the Policyholder Protection Corporation	¥24,922	¥24,611	\$221,180

Note 12 Organizational Change Surplus

The amounts of the organizational change surplus, which is the portion of net assets attributable to contributions by past policyholders as of the date of the demutualization of Taiyo Life and Daido Life and whose distribution is restricted by Article 91 of the Insurance Business Act, are as follows:

Years ended March 31,	¥ millions		US\$ thousands
	2016	2015	2016
Taiyo Life Insurance Company	¥63,158	¥63,158	\$560,511
Daido Life Insurance Company	10,836	10,836	96,169

Note 13 Stocks of Affiliated Companies

Stocks of affiliated companies included in securities are as follows:

Years ended March 31,	¥ millions		US\$ thousands
	2016	2015	2016
Stocks of affiliated companies	¥317	¥306	\$2,818

Note 14 Assets Pledged as Collateral

The amounts of the Three Life Insurance Companies' investments in securities which are mainly pledged as collateral 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 as a substitution of collateral for margin for futures contracts are as follows:

Years ended March 31,	¥ millions		US\$ thousands
	2016	2015	2016
Japanese government bonds	¥121,630	¥153,050	\$1,079,428
Foreign securities	95,073	—	843,749
Balance	¥216,703	¥153,050	\$1,923,178

Note 15 Impairment Losses on Fixed Assets

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

(1) Categorization of assets

The Three Life Insurance Companies categorize real estate owned for insurance operations as a single asset group. Other assets such as rental property and unused real estate are categorized separately. Each of the other consolidated subsidiaries categorizes real estate held for its own operations as a single category.

(2) Background of impairment losses

Impairment losses were recognized for the difference between the book value and the recoverable amount and reported in extraordinary losses as impairment losses due to the decreases in fair market value and rental income for some rental properties.

(3) Impairment losses by asset group

Year ended March 31, 2016		¥ millions			US\$ thousands
Asset	Location, etc.	Land	Buildings	Total	Total
Rental properties	11 assets (Matsumoto City, Nagano Prefecture, etc.)	¥2,701	¥1,502	¥4,203	\$37,307

Year ended March 31, 2015		¥ millions		
Asset	Location, etc.	Land	Buildings	Total
Rental properties	11 assets (Osaka City, Osaka Prefecture, etc.)	¥1,327	¥668	¥1,995

(4) Method of calculating recoverable amount

The recoverable amount is based on the value in use or net realizable value for rental properties. The value in use for real estate owned for rental properties is calculated by discounting future cash flows by

5.50%–5.85%. In principle, the net realizable value is calculated by subtracting the estimated costs of disposal from appraisal value calculated in accordance with the real estate appraisal standard.

Note 16 Consolidated Statement of Comprehensive Income

Reclassification adjustments and tax effect regarding other comprehensive income are as follows:

Years ended March 31,	¥ millions		US\$ thousands
	2016	2015	2016
Net unrealized gains on securities:			
Net unrealized gains during the year	¥(176,994)	¥380,677	\$(1,570,771)
Reclassification adjustments	(55,206)	(27,996)	(489,939)
Amount before tax effect	(232,200)	352,680	(2,060,711)
Tax effect	69,691	(90,730)	618,486
Net unrealized gains on securities	(162,509)	261,950	(1,442,224)
Deferred gains (losses) on hedging instruments:			
Deferred gains (losses) during the year	1,233	(8,284)	10,947
Reclassification adjustments	6,119	908	54,310
Amount before tax effect	7,353	(7,375)	65,258
Tax effect	(2,213)	1,897	(19,642)
Deferred gains (losses) on hedging instruments	5,139	(5,478)	45,615
Land revaluation:			
Tax effect	155	369	1,377
Land revaluation	155	369	1,377
Foreign currency translation adjustments:			
Translation adjustments during the year	0	0	0
Share of other comprehensive income of associates accounted for using the equity method:			
Share of other comprehensive income during the year	(4)	9	(41)
Total other comprehensive income	¥(157,219)	¥256,851	\$(1,395,272)

Note 17 Consolidated Statement of Changes in Net Assets

For the year ended March 31, 2016

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

Year ended March 31, 2016	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
Shares issued:				
Common stock	681,480,000	—	—	681,480,000
Treasury stock:				
Common stock	16,632,735	16,210,557	120,270	32,723,022

Note 1. Treasury stock increased due to the following reasons: 16,201,400 shares by the acquisition of treasury stock based on the resolution made at the board of directors meeting held on May 20, 2015, and 9,157 shares by purchasing odd-lot shares.

2. Treasury stock decreased due to the following reasons: 120,000 shares by exercising stock options and, 270 shares by accepting requests for the purchase of odd-lot shares.

(2) Information of 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	¥926	\$8,221

(3) Information of shareholder dividends

The amount of shareholder dividends.

Date of resolution	Type of shares	Amount of shareholder dividends		Shareholder dividends per share		Record date	Effective date
		¥ millions	US\$ thousands	¥	US\$		
Ordinary Shareholders' Meeting held on June 25, 2015	Common stock	¥16,621	\$147,507	¥25.00	\$0.22	March 31, 2015	June 26, 2015

The amount of shareholder dividends that is affected in the year ending March 31, 2017 while its record date is in the year ended March 31, 2016.

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 Shareholders' Meeting held on June 28, 2016	Common stock	¥19,462	\$172,725	Retained earnings	¥30.00	\$0.26	March 31, 2016	June 29, 2016

For the year ended March 31, 2015

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

Year ended March 31, 2015	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
Shares issued:				
Common stock	681,480,000	—	—	681,480,000
Treasury stock:				
Common stock	9,212,294	7,469,421	48,980	16,632,735

Note 1. Treasury stock increased due to the following reasons: 7,461,900 shares by the acquisition of treasury stock based on the resolution made at the board of directors meeting held on May 15, 2014, and 7,521 shares by purchasing odd-lot shares.

2. Treasury stock decreased due to the following reasons: 48,800 shares by exercising stock options and 180 shares by accepting requests for the purchase of odd-lot shares.

(2) Information of 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	¥746

(3) Information of shareholder dividends

The amount of shareholder dividends.

Date of resolution	Type of shares	Amount of shareholder dividends		Shareholder dividends per share		Record date	Effective date
		¥ millions		¥			
Ordinary Shareholders' Meeting held on June 26, 2014	Common stock	¥16,806		¥25.00		March 31, 2014	June 27, 2014

The amount of shareholder dividends that is affected in the year ending March 31, 2016 while its record date is in the year ended March 31, 2015.

Date of resolution	Type of shares	Amount of shareholder dividends		Underlying assets	Shareholder dividends per share		Record date	Effective date
		¥ millions			¥			
Ordinary shareholders' Meeting held on June 25, 2015	Common stock	¥16,621	Retained earnings	¥25.00		March 31, 2015	June 26, 2015	

Note 18 Consolidated Statement of Cash Flows

The following table provides a reconciliation of cash and cash equivalents in the consolidated statement of cash flows to cash and cash deposits as stated in the consolidated balance sheet:

	¥ millions		US\$ thousands
As of March 31,	2016	2015	2016
Cash and deposits	¥ 1,024,692	¥ 334,191	\$ 9,093,831
Less: deposits with an original maturity of more than three months	(4,260)	(5,460)	(37,806)
Call loans	2,673	329,876	23,722
Monetary claims purchased	269,668	339,927	2,393,227
Less: monetary claims purchased other than cash and cash equivalents	(167,852)	(196,385)	(1,489,640)
Securities	10,492,605	10,847,399	93,118,617
Less: securities other than cash and cash equivalents	(10,492,605)	(10,750,024)	(93,118,617)
Cash and cash equivalents	¥ 1,124,922	¥ 899,524	\$ 9,983,334

Note 19 Lease Transactions

(1) As lessee

a. Finance leases (nonownership-transfer finance leases)

- (i) Tangible fixed assets: office appliances such as computer servers
- (ii) Intangible fixed assets: software

These assets are amortized under the straight-line method over the lease term.

b. Operating leases

Future minimum lease payments under noncancellable operating leases are as follows:

	¥ millions		US\$ thousands
As of March 31,	2016	2015	2016
Due within one year	¥ 9	¥ 7	\$ 87
Due after one year	13	14	119
Total	¥23	¥21	\$206

(2) As lessor

a. Lease investment assets

- (i) Other assets

	¥ millions		US\$ thousands
As of March 31,	2016	2015	2016
Other:			
Lease income receivables	¥32,151	¥32,812	\$285,332
Estimated residual value	362	303	3,214
Interest income	(2,693)	(2,831)	(23,902)
Total lease investment assets	¥29,820	¥30,283	\$264,644

b. Projected collection amounts of lease income receivables related to lease receivables and lease investment assets after the consolidated closing dates are summarized as follows:

As of March 31, 2016	¥ millions		US\$ thousands	
	Lease receivables	Lease investment assets	Lease receivables	Lease investment assets
Due within one year	¥1,632	¥8,475	\$14,489	\$75,213
Due after one year through two years	1,434	7,078	12,729	62,818
Due after two years through three years	1,185	5,644	10,518	50,090
Due after three years through four years	951	4,112	8,442	36,497
Due after four years through five years	655	2,721	5,816	24,151
Due after five years	1,087	4,119	9,650	36,561

As of March 31, 2015	¥ millions	
	Lease receivables	Lease investment assets
Due within one year	¥1,525	¥8,716
Due after one year through two years	1,313	7,218
Due after two years through three years	1,121	5,793
Due after three years through four years	886	4,352
Due after four years through five years	662	2,854
Due after five years	1,024	3,876

Note 20 >> Related Party Transactions

There are no applicable transactions with related parties or notes on the parent company and affiliated companies for the years ended March 31, 2016 and 2015.

Note 21 >> Income Taxes

The Company and its domestic consolidated subsidiaries are subject to corporate (national) and inhabitants (local) taxes based on income. A reconciliation between the statutory tax rate and the effective tax rate is as follows:

Years ended March 31,	2016	2015
(Adjustments)		
Statutory tax rate	28.8%	30.7%
Valuation allowance	0.4	(1.2)
Permanent difference items including entertainment expense, etc.	0.6	0.4
Adjustment of deferred tax assets due to the changes in statutory tax rate	3.7	6.7
Others, net	0.5	(0.2)
Effective tax rate	34.0%	36.4%

Adjustment of deferred tax assets and liabilities due to the changes in the statutory tax rate:

Following the enactment of the Act on Partial Revision of the Income Tax Act, etc., and the Act on Partial Revision of the Local Tax Act, etc., at the national diet on March 29, 2016, the statutory tax rates used for the calculation of deferred tax assets and liabilities for the fiscal year ended March 31, 2016 (but limited to the assets and liabilities which will be realized on and after April 1, 2016), have been changed from 28.8% to 28.2% for which the estimated collection/payment period is

from April 1, 2016 to March 31, 2018, and 28.0% for which the estimated collection/payment period is from April 1, 2018, respectively.

As a result, deferred income taxes increased by ¥4,177 million (\$37,073 thousand), profit attributable to owners of parent decreased by ¥4,176 million (\$37,068 thousand). Further, deferred tax liabilities decreased by ¥1,273 million (\$11,304 thousand) and unrealized gains on available-for-sale securities increased by ¥5,314 million (\$47,168 thousand).

Significant components of deferred tax assets and liabilities of the Company and consolidated subsidiaries are summarized as follows:

As of March 31,	¥ millions		US\$ thousands
	2016	2015	2016
Deferred tax assets:			
Policy reserves	¥ 66,193	¥ 65,641	\$ 587,444
Reserve for price fluctuations	49,148	44,672	436,179
Net defined benefit liability	31,733	30,077	281,624
Devaluation losses on securities	14,219	14,138	126,192
Deferred losses on disposal of fixed assets	5,368	4,112	47,643
Reserve for bonus payments	2,118	2,211	18,804
Tax loss carryforward	1,537	1,234	13,641
Reserve for possible loan losses	584	621	5,183
Others	15,731	17,955	139,614
Subtotal	186,636	180,665	1,656,338
Valuation allowance	(21,147)	(21,652)	(187,674)
Total deferred tax assets	165,488	159,012	1,468,663
Deferred tax liabilities:			
Unrealized gains on available-for-sale securities	(180,632)	(250,322)	(1,603,053)
Accrued dividend income	(2,018)	(1,786)	(17,911)
Deferred gain on reduction of book value of real estate	(642)	(667)	(5,698)
Others	(1,487)	(1,558)	(13,205)
Total deferred tax liabilities	(184,780)	(254,335)	(1,639,868)
Net deferred tax assets (liabilities)	¥ (19,291)	¥ (95,322)	\$ (171,205)

Note 22 Financial Instruments

Being primarily focused on life insurance business, the T&D Life 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 trusted 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 long-term obligations involved in life insurance policies, based on the concept of ERM which integrally manages profit, risk, and capital, and at the same time, paying adequate attention to the soundness and public welfare 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).

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 nature, underlying assets 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 market values of the hedged items and hedging instruments.

The Group, in consideration of the social and public nature of the life insurance business which is its core business, defines precise identification and management of risks as one of the crucial management tasks for ensuring the soundness and adequacy of management, where the Company, as the Group's holding company, has developed a "Group Risk Management Policy" which sets out the basic risk management philosophy within the Group and provides the risk management structure according to business characteristics and risk profiles at each of the Three Life Insurance Companies. Under such a context, the Group Risk Management Committee is in place for the purpose of coordinated management of risks within the Group, and has a clear understanding of the status of various risks at each of the Three Life Insurance Companies, through reports prepared on a regular or as-needed basis at each company using the unified risk management criteria. Meanwhile, the Company, by providing guidance and advice as appropriate to the Three Life Insurance Companies, is tackling the enhancement of risk management at each company as well as across the Group. 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, risks are managed integrally with profit and capital on an economic value basis by a committee in charge of ERM. Through the promotion and enhancement of ERM, the Group aims for steady and sustainable growth in its corporate value.

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").

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.

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 status of individual financial instruments, as well as developing a management structure that enables smooth liquidation of assets for financing.

The fair value amounts were based on market prices. If market prices were not readily available, management estimated a fair value

using certain valuation methodologies. Estimation of fair value requires the use of certain assumptions and valuation methodologies. The use of different assumptions and valuation methodologies may have a significant effect on the derived fair value amounts. In addition, notional amounts of derivative financial instruments shown in the following table do not represent exposure to market risks.

The following tables show carrying amounts, fair value amounts and differences for financial instruments. Financial instruments without readily obtainable fair value are not included.

As of March 31, 2016	Carrying amount	Fair value	Difference
	¥ millions		
Cash and deposits:			
Treated as securities	¥ 92,000	¥ 92,000	¥ —
Available-for-sale securities	92,000	92,000	—
Others	932,692	932,692	—
Total cash and deposits	1,024,692	1,024,692	—
Call loans	2,673	2,673	—
Monetary claims purchased:			
Treated as securities	268,376	275,009	6,632
Held-to-maturity bonds	70,609	77,241	6,632
Available-for-sale securities	197,767	197,767	—
Others	1,292	1,497	205
Total monetary claims purchased	269,668	276,506	6,838
Monetary trusts:			
Monetary trusts for trading purposes	9,465	9,465	—
Monetary trusts for held-to-maturity purposes	39,439	41,067	1,627
Monetary trusts for policy reserve-matching purposes	447,346	493,093	45,746
Monetary trusts for other than trading, held-to-maturity or policy reserve-matching purposes	29,650	29,650	—
Total monetary trusts	525,902	573,276	47,373
Securities:			
Trading securities	179,419	179,419	—
Held-to-maturity bonds	1,438,625	1,737,393	298,767
Policy reserve-matching bonds	2,618,412	3,201,769	583,356
Available-for-sale securities	6,063,181	6,063,181	—
Total securities	10,299,639	11,181,763	882,123
Loans:			
Policy loans *1	134,160	150,718	16,565
Commercial loans *1	1,633,730	1,698,719	66,572
Reserve for possible loan losses *2	(1,591)	—	—
Total loans	1,766,300	1,849,437	83,137
Total assets	13,888,877	14,908,350	1,019,473
Short-term debentures	2,999	2,999	—
Bonds	50,125	49,596	(528)
Borrowings within other liabilities	65,052	65,648	596
Total liabilities	118,177	118,245	67
Derivative financial instruments *3:			
Hedge accounting not applied	11,647	11,647	—
Hedge accounting applied	41,829	43,516	1,686
Total derivative financial instruments	¥ 53,477	¥ 55,163	¥ 1,686

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

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

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

As of March 31, 2016	US\$ thousands		
	Carrying amount	Fair value	Difference
Cash and deposits:			
Treated as securities	\$ 816,471	\$ 816,471	\$ —
Available-for-sale securities	816,471	816,471	—
Others	8,277,360	8,277,360	—
Total cash and deposits	9,093,831	9,093,831	—
Call loans	23,722	23,722	—
Monetary claims purchased:			
Treated as securities	2,381,759	2,440,621	58,862
Held-to-maturity bonds	626,634	685,497	58,862
Available-for-sale securities	1,755,124	1,755,124	—
Others	11,467	13,291	1,823
Total monetary claims purchased	2,393,227	2,453,912	60,685
Monetary trusts:			
Monetary trusts for trading purposes	84,004	84,004	—
Monetary trusts for held-to-maturity purposes	350,016	364,459	14,442
Monetary trusts for policy reserve-matching purposes	3,970,065	4,376,050	405,984
Monetary trusts for other than trading, held-to-maturity or policy reserve-matching purposes	263,135	263,135	—
Total monetary trusts	4,667,221	5,087,649	420,427
Securities:			
Trading securities	1,592,291	1,592,291	—
Held-to-maturity bonds	12,767,357	15,418,826	2,651,469
Policy reserve-matching bonds	23,237,601	28,414,705	5,177,104
Available-for-sale securities	53,808,855	53,808,855	—
Total securities	91,406,105	99,234,678	7,828,573
Loans:			
Policy loans *1	1,190,636	1,337,576	147,011
Commercial loans *1	14,498,850	15,075,608	590,809
Reserve for possible loan losses *2	(14,123)	—	—
Total loans	15,675,363	16,413,184	737,820
Total assets	123,259,471	132,306,979	9,047,507
Short-term debentures	26,623	26,623	—
Bonds	444,843	440,151	(4,692)
Borrowings within other liabilities	577,320	582,613	5,292
Total liabilities	1,048,787	1,049,387	600
Derivative financial instruments *3:			
Hedge accounting not applied	103,372	103,372	—
Hedge accounting applied	371,226	386,190	14,964
Total derivative financial instruments	\$ 474,598	\$ 489,563	\$ 14,964

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

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

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

As of March 31, 2015	Carrying amount	Fair value	Y millions Difference
Cash and deposits:			
Treated as securities	¥ 56,400	¥ 56,400	¥ —
Available-for-sale securities	56,400	56,400	—
Others	277,791	277,791	—
Total cash and deposits	334,191	334,191	—
Call loans			
	329,876	329,876	—
Monetary claims purchased:			
Treated as securities	338,576	344,488	5,911
Held-to-maturity bonds	82,471	88,383	5,911
Available-for-sale securities	256,104	256,104	—
Others	1,350	1,481	130
Total monetary claims purchased	339,927	345,969	6,042
Monetary trusts:			
Monetary trusts for trading purposes	9,260	9,260	—
Monetary trusts for held-to-maturity purposes	22,610	22,595	(14)
Monetary trusts for policy reserve-matching purposes	396,372	408,590	12,218
Monetary trusts for other than trading, held-to-maturity or policy reserve-matching purposes	9,379	9,379	—
Total monetary trusts	437,622	449,825	12,203
Securities:			
Trading securities	339,849	339,849	—
Held-to-maturity bonds	1,540,385	1,711,373	170,987
Policy reserve-matching bonds	2,687,767	3,001,339	313,572
Available-for-sale securities	6,062,467	6,062,467	—
Total securities	10,630,470	11,115,030	484,559
Loans:			
Policy loans *1	139,295	154,470	15,183
Commercial loans *1	1,724,542	1,775,315	52,553
Reserve for possible loan losses *2	(1,788)	—	—
Total loans	1,862,049	1,929,785	67,736
Total assets	13,934,137	14,504,679	570,541
Short-term debentures	2,999	2,999	—
Bonds	51,100	51,392	292
Borrowings within other liabilities	81,198	81,679	481
Total liabilities	135,297	136,071	773
Derivative financial instruments *3:			
Hedge accounting not applied	9,502	9,502	—
Hedge accounting applied	(40,495)	(39,683)	812
Total derivative financial instruments	¥ (30,993)	¥ (30,180)	¥ 812

*1. Difference indicates the difference between the amount after deducting the reserve for possible loan losses recorded in 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.)

The following methods and assumptions are used to estimate the fair value of financial instruments.

Cash and deposits: mainly recorded in book values as their market values are proximate to the book values.

Call loans: recorded in book values as these are settled in a short period of time, thus their market values are proximate to the book values.

Monetary claims purchased: those that are reasonably deemed appropriate to treat as securities are recorded in the same way as securities, while others that are reasonably deemed appropriate to

treat as loan receivable are recorded in the same way as loans.

Monetary trusts: monetary trusts which are mainly invested in securities are recorded in the same way as securities. In addition, foreign exchange contracts, currency options and stock index option contracts, etc., are used in monetary trusts where the market values for foreign exchange contracts are obtained from trustee companies, and the market values for currency options and stock index option contracts, etc., are calculated based on prices quoted by the counterparty financial institutions.

Securities: market values of securities are mainly based on their prices quoted on the stock exchange concerned, while those of bonds are based either on the statistics for reference published by the Japan Securities Dealers Association, or on the prices quoted by the underwriting financial institutions. Market values of investment trusts are based on the published base values.

Loans: for policy loans, market values are calculated by discounting by risk-free rate, the expected future cash flow derived from the repayment rate based on the past actual repayment performance. Commercial loans are basically recorded at book values as their market values are proximate to the book values, unless borrowers' credit standings significantly change after loans were provided. Market values of loans provided at fixed rates are calculated by discounting principal and interest by risk-free rates weighted by credit risks involved. Since estimated bad debts associated with loans to Bankrupt Debtors, loans to Effectively

Bankrupt Debtors and loans to Potentially Bankrupt Debtors, are calculated based on the present value of the estimated future cash flows, or estimated amounts recoverable through pledge or guarantee, their market values are proximate to consolidated balance sheet amounts less estimated bad debts as at the balance sheet date, which are recorded as market values. However, compound financial instruments are based on their prices quoted by the underwriting financial institutions.

Short term debentures: recorded in book values as these are settled in a short period of time, thus their market values are proximate to the book values.

Bonds: market values are based on the price provided from the counterparty financial institutions or calculated by discounting principal and interest by risk-free rates weighted by credit risks involved.

Borrowings: market values are calculated by discounting principal and interest by risk-free rates weighted by credit risks involved.

The carrying amounts of financial instruments without readily obtainable fair value are summarized as follows:

As of March 31,	¥ millions		US\$ thousands
	2016	2015	2016
Investments in affiliates	¥ 317	¥ 306	\$ 2,818
Available-for-sale securities:			
Unlisted stocks	24,514	16,570	217,558
Foreign securities	155,632	187,004	1,381,192
Other securities	12,500	13,047	110,942
Total available-for-sale securities	¥192,648	¥216,621	\$1,709,693

Note: Impairment losses with respect to the unlisted stocks without readily obtainable fair value for the years ended March 31, 2016 and 2015 were ¥3,569 million (\$31,675 thousand) and ¥1,047 million, respectively, and were charged to expenses.

The carrying amounts or principal amounts of monetary claims and fixed maturity securities by contractual maturity date after the consolidated closing date are as follows:

As of March 31, 2016	¥ millions			
	Due in one year or less	Due after one year through five years	Due after five years through 10 years	Due after 10 years
Deposits	¥1,024,317	¥ —	¥ —	¥ —
Call loans	2,673	—	—	—
Monetary claims purchased	101,876	5,519	293	151,556
Securities:				
Held-to-maturity bonds				
Government bonds	31,752	278,000	246,177	609,568
Municipal bonds	—	13,595	700	38,648
Corporate bonds	9,104	17,335	43,981	177,289
Policy reserve-matching bonds				
Government bonds	2,399	82,588	243,565	1,408,460
Municipal bonds	22,470	13,286	31,410	95,830
Corporate bonds	64,834	67,860	111,810	465,200
Available-for-sale fixed maturity securities				
Government bonds	29,950	29,871	109,582	120,049
Municipal bonds	35,915	132,683	10,476	20,502
Corporate bonds	146,789	536,196	210,355	159,564
Foreign securities	148,948	552,024	1,355,241	401,367
Other securities	26	1	8	—
Loans	225,545	693,036	510,139	184,645

As of March 31, 2016	US\$ thousands			
	Due in one year or less	Due after one year through five years	Due after five years through 10 years	Due after 10 years
Deposits	\$9,090,496	\$ —	\$ —	\$ —
Call loans	23,722	—	—	—
Monetary claims purchased	904,120	48,985	2,602	1,345,014
Securities:				
Held-to-maturity bonds				
Government bonds	281,789	2,467,163	2,184,749	5,409,727
Municipal bonds	—	120,659	6,212	342,996
Corporate bonds	80,795	153,842	390,317	1,573,386
Policy reserve-matching bonds				
Government bonds	21,290	732,942	2,161,563	12,499,645
Municipal bonds	199,414	117,909	278,753	850,461
Corporate bonds	575,381	602,236	992,279	4,128,505
Available-for-sale fixed maturity securities				
Government bonds	265,796	265,095	972,506	1,065,398
Municipal bonds	318,738	1,177,528	92,975	181,948
Corporate bonds	1,302,712	4,758,576	1,866,836	1,416,086
Foreign securities	1,321,870	4,899,042	12,027,348	3,562,010
Other securities	239	12	72	—
Loans	2,001,645	6,150,486	4,527,333	1,638,668

Note: Securities without contractual maturity date in the amount of ¥561,516 million (\$4,983,281 thousand) are not included. In addition, loans without contractual maturity date such as policy loans in the amount of ¥154,490 million (\$1,371,058 thousand) are not included.

As of March 31, 2015	¥ millions			
	Due in one year or less	Due after one year through five years	Due after five years through 10 years	Due after 10 years
Deposits	¥333,718	¥ 100	¥ —	¥ —
Call loans	329,876	—	—	—
Monetary claims purchased	143,606	5,806	293	180,556
Securities:				
Held-to-maturity bonds				
Government bonds	101,435	242,904	290,953	609,170
Municipal bonds	—	13,595	700	39,196
Corporate bonds	14,616	14,835	55,585	184,383
Policy reserve-matching bonds				
Government bonds	22,176	81,444	205,780	1,447,075
Municipal bonds	23,061	47,163	14,110	99,230
Corporate bonds	59,280	117,694	107,380	451,630
Available-for-sale fixed maturity securities				
Government bonds	125,803	35,150	94,992	187,037
Municipal bonds	47,056	155,154	8,869	22,266
Corporate bonds	102,550	588,561	234,006	152,899
Foreign securities	104,021	564,183	1,334,715	336,993
Other securities	—	25	21	—
Loans	253,687	762,957	466,683	215,698

Note: Securities without contractual maturity date in the amount of ¥543,671 million are not included. In addition, loans without contractual maturity date such as policy loans in the amount of ¥164,772 million are not included.

The carrying amounts of bonds and borrowings by contractual maturity date after the consolidated closing date are as follows:

							¥ millions
As of March 31, 2016	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	¥ 3,000	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
Bonds	—	—	—	—	30,000	20,000	
Borrowings within other liabilities	11,252	9,486	7,117	4,875	1,830	30,492	

							US\$ thousands
As of March 31, 2016	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	\$26,624	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Bonds	—	—	—	—	266,240	177,493	
Borrowings within other liabilities	99,858	84,185	63,161	43,264	16,240	270,611	

							¥ millions
As of March 31, 2015	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	¥ 3,000	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
Bonds	—	—	—	—	—	51,100	
Borrowings within other liabilities	11,104	8,560	6,794	4,425	2,183	48,132	

Note 23 Investments in Securities

Investments in securities held by the Company and its consolidated subsidiaries are summarized as follows:

(1) Trading securities

	2016	2015	2016
	¥ millions	¥ millions	US\$ thousands
As of March 31	2016	2015	2016
Valuation difference charged to earnings (losses)	¥(41,072)	¥(5,595)	\$(364,507)

(2) Held-to-maturity bonds

				¥ millions
As of March 31, 2016	Carrying amount	Fair value	Difference	
Items with fair value exceeding carrying amount:				
Domestic bonds:				
Government bonds	¥1,143,791	¥1,376,026	¥232,234	
Municipal bonds	53,561	65,645	12,084	
Corporate bonds	240,338	294,823	54,484	
Total domestic bonds	1,437,691	1,736,495	298,803	
Other securities	70,609	77,241	6,632	
Total	1,508,301	1,813,737	305,436	
Items with fair value not exceeding carrying amount:				
Domestic bonds:				
Government bonds	933	897	(36)	
Municipal bonds	—	—	—	
Corporate bonds	—	—	—	
Total domestic bonds	933	897	(36)	
Other securities	—	—	—	
Total	933	897	(36)	
Grand total	¥1,509,235	¥1,814,635	¥305,400	

As of March 31, 2016	US\$ thousands		
	Carrying amount	Fair value	Difference
Items with fair value exceeding carrying amount:			
Domestic bonds:			
Government bonds	\$10,150,797	\$12,211,806	\$2,061,008
Municipal bonds	475,337	582,583	107,245
Corporate bonds	2,132,933	2,616,467	483,534
Total domestic bonds	12,759,068	15,410,857	2,651,788
Other securities	626,634	685,497	58,862
Total	13,385,703	16,096,354	2,710,651
Items with fair value not exceeding carrying amount:			
Domestic bonds:			
Government bonds	8,288	7,968	(319)
Municipal bonds	—	—	—
Corporate bonds	—	—	—
Total domestic bonds	8,288	7,968	(319)
Other securities	—	—	—
Total	8,288	7,968	(319)
Grand total	\$13,393,992	\$16,104,323	\$2,710,331

Note: Other securities include beneficiary trust certificates amounting to ¥70,609 million (\$626,634 thousand) that are represented as monetary claims purchased in the consolidated balance sheet.

As of March 31, 2015	¥ millions		
	Carrying amount	Fair value	Difference
Items with fair value exceeding carrying amount:			
Domestic bonds:			
Government bonds	¥1,158,829	¥1,290,582	¥131,753
Municipal bonds	54,156	60,861	6,704
Corporate bonds	261,935	294,512	32,577
Total domestic bonds	1,474,921	1,645,956	171,035
Other securities	82,471	88,383	5,911
Total	1,557,392	1,734,340	176,947
Items with fair value not exceeding carrying amount:			
Domestic bonds:			
Government bonds	65,464	65,416	(48)
Municipal bonds	—	—	—
Corporate bonds	—	—	—
Total domestic bonds	65,464	65,416	(48)
Other securities	—	—	—
Total	65,464	65,416	(48)
Grand total	¥1,622,857	¥1,799,756	¥176,899

Note: Other securities include beneficiary trust certificates amounting to ¥82,471 million that are represented as monetary claims purchased in the consolidated balance sheet.

(3) Policy reserve-matching bonds

			¥ millions
As of March 31, 2016	Carrying amount	Fair value	Difference
Items with fair value exceeding carrying amount:			
Domestic bonds:			
Government bonds	¥1,744,055	¥2,160,080	¥416,024
Municipal bonds	162,595	192,975	30,379
Corporate bonds	702,993	839,989	136,996
Total	2,609,644	3,193,045	583,400
Items with fair value not exceeding carrying amount:			
Domestic bonds:			
Government bonds	994	992	(2)
Municipal bonds	400	399	(0)
Corporate bonds	7,373	7,331	(41)
Total	8,768	8,723	(44)
Grand total	¥2,618,412	¥3,201,769	¥583,356

			US\$ thousands
As of March 31, 2016	Carrying amount	Fair value	Difference
Items with fair value exceeding carrying amount:			
Domestic bonds:			
Government bonds	\$15,477,951	\$19,170,041	\$3,692,089
Municipal bonds	1,442,987	1,712,597	269,610
Corporate bonds	6,238,845	7,454,645	1,215,799
Total	23,159,784	28,337,283	5,177,499
Items with fair value not exceeding carrying amount:			
Domestic bonds:			
Government bonds	8,829	8,807	(22)
Municipal bonds	3,549	3,547	(2)
Corporate bonds	65,437	65,067	(369)
Total	77,816	77,422	(394)
Grand total	\$23,237,601	\$28,414,705	\$5,177,104

			¥ millions
As of March 31, 2015	Carrying amount	Fair value	Difference
Items with fair value exceeding carrying amount:			
Domestic bonds:			
Government bonds	¥1,743,670	¥1,959,031	¥215,360
Municipal bonds	183,367	202,535	19,167
Corporate bonds	693,401	772,540	79,138
Total	2,620,440	2,934,107	313,667
Items with fair value not exceeding carrying amount:			
Domestic bonds:			
Government bonds	24,007	23,922	(84)
Municipal bonds	—	—	—
Corporate bonds	43,319	43,309	(10)
Total	67,326	67,231	(95)
Grand total	¥2,687,767	¥3,001,339	¥313,572

(4) Available-for-sale securities

As of March 31, 2016	Carrying amount	Acquisition cost	¥ millions Difference
Items with carrying amount exceeding acquisition cost:			
Domestic bonds:			
Government bonds	¥ 347,485	¥ 292,569	¥ 54,916
Municipal bonds	204,949	193,808	11,141
Corporate bonds	1,115,445	1,068,307	47,137
Total domestic bonds	1,667,881	1,554,685	113,195
Domestic equities	615,573	313,383	302,190
Foreign securities:			
Foreign bonds	2,411,565	2,206,486	205,079
Foreign equities	8,684	7,626	1,058
Foreign other securities	407,437	381,118	26,318
Total foreign securities	2,827,688	2,595,232	232,455
Other securities	214,793	182,178	32,614
Total	5,325,936	4,645,479	680,456
Items with carrying amount not exceeding acquisition cost:			
Domestic bonds:			
Government bonds	—	—	—
Municipal bonds	6,354	6,396	(41)
Corporate bonds	67,435	69,165	(1,730)
Total domestic bonds	73,789	75,561	(1,771)
Domestic equities	70,472	77,622	(7,150)
Foreign securities:			
Foreign bonds	418,518	440,371	(21,853)
Foreign equities	14,199	16,318	(2,119)
Foreign other securities	158,050	164,589	(6,538)
Total foreign securities	590,767	621,279	(30,511)
Other securities	291,983	305,038	(13,055)
Total	1,027,013	1,079,501	(52,488)
Grand total	¥6,352,949	¥5,724,981	¥627,967

As of March 31, 2016	US\$ thousands		
	Carrying amount	Acquisition cost	Difference
Items with carrying amount exceeding acquisition cost:			
Domestic bonds:			
Government bonds	\$ 3,083,828	\$ 2,596,463	\$ 487,365
Municipal bonds	1,818,866	1,719,987	98,878
Corporate bonds	9,899,235	9,480,900	418,334
Total domestic bonds	14,801,930	13,797,351	1,004,579
Domestic equities	5,463,021	2,781,177	2,681,843
Foreign securities:			
Foreign bonds	21,401,899	19,581,885	1,820,013
Foreign equities	77,072	67,681	9,390
Foreign other securities	3,615,882	3,382,312	233,570
Total foreign securities	25,094,854	23,031,879	2,062,974
Other securities	1,906,223	1,616,779	289,444
Total	47,266,029	41,227,188	6,038,841
Items with carrying amount not exceeding acquisition cost:			
Domestic bonds:			
Government bonds	—	—	—
Municipal bonds	56,395	56,766	(370)
Corporate bonds	598,464	613,818	(15,353)
Total domestic bonds	654,860	670,584	(15,724)
Domestic equities	625,421	688,878	(63,457)
Foreign securities:			
Foreign bonds	3,714,218	3,908,160	(193,941)
Foreign equities	126,011	144,818	(18,806)
Foreign other securities	1,402,649	1,460,680	(58,030)
Total foreign securities	5,242,880	5,513,659	(270,778)
Other securities	2,591,259	2,707,121	(115,862)
Total	9,114,422	9,580,244	(465,822)
Grand total	\$56,380,451	\$50,807,432	\$5,573,018

Note: Other securities include certificates of deposit amounting to ¥92,000 million (\$816,471 thousand) that are represented as cash and deposits, commercial paper amounting to ¥101,816 million (\$903,586 thousand) and beneficiary trust certificates amounting to ¥95,951 million (\$851,537 thousand) that are represented as monetary claims purchased in the consolidated balance sheet.

As of March 31, 2015	Carrying amount	Acquisition cost	¥ millions Difference
Items with carrying amount exceeding acquisition cost:			
Domestic bonds:			
Government bonds	¥ 439,470	¥ 395,753	¥ 43,716
Municipal bonds	244,095	232,260	11,835
Corporate bonds	1,062,582	1,013,352	49,229
Total domestic bonds	1,746,148	1,641,366	104,781
Domestic equities	737,744	339,545	398,198
Foreign securities:			
Foreign bonds	2,558,836	2,315,650	243,185
Foreign equities	17,775	15,600	2,174
Foreign other securities	525,095	469,961	55,134
Total foreign securities	3,101,707	2,801,212	300,495
Other securities	243,884	198,780	45,103
Total	5,829,484	4,980,905	848,579
Items with carrying amount not exceeding acquisition cost:			
Domestic bonds:			
Government bonds	50,320	50,325	(4)
Municipal bonds	1,678	1,678	(0)
Corporate bonds	87,511	87,703	(192)
Total domestic bonds	139,510	139,708	(197)
Domestic equities	3,121	3,330	(209)
Foreign securities:			
Foreign bonds	139,836	145,291	(5,455)
Foreign equities	1,657	1,717	(60)
Foreign other securities	27,991	28,790	(798)
Total foreign securities	169,485	175,799	(6,314)
Other securities	233,369	234,978	(1,608)
Total	545,487	553,816	(8,328)
Grand total	¥6,374,972	¥5,534,721	¥840,250

Note: Other securities include certificates of deposit amounting to ¥56,400 million that are represented as cash and deposits, commercial paper amounting to ¥143,541 million and beneficiary trust certificates amounting to ¥112,562 million that are represented as monetary claims purchased in the consolidated balance sheet.

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

There were no sales of securities classified as held-to-maturity bonds for the years ended March 31, 2016 and 2015.

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

	¥ millions		
Year ended March 31, 2016	Proceeds on sales	Gross gains	Gross losses
Domestic bonds:			
Government bonds	¥47,591	¥4,656	¥—
Municipal bonds	11,443	41	—
Corporate bonds	1,003	2	—
Total	¥60,038	¥4,700	¥—

	US\$ thousands		
Year ended March 31, 2016	Proceeds on sales	Gross gains	Gross losses
Domestic bonds:			
Government bonds	\$422,359	\$41,326	\$—
Municipal bonds	101,556	365	—
Corporate bonds	8,904	25	—
Total	\$532,820	\$41,717	\$—

	¥ millions		
Year ended March 31, 2015	Proceeds on sales	Gross gains	Gross losses
Domestic bonds:			
Government bonds	¥12,687	¥360	¥0
Municipal bonds	—	—	—
Corporate bonds	—	—	—
Total	¥12,687	¥360	¥0

(7) The sales of securities classified as available-for-sale securities

	¥ millions		
Year ended March 31, 2016	Proceeds on sales	Gross gains	Gross losses
Domestic bonds:			
Government bonds	¥ 224,903	¥ 6,837	¥ 2,148
Municipal bonds	—	—	—
Corporate bonds	2,590	81	—
Total domestic bonds	227,494	6,919	2,148
Domestic equities	121,273	30,275	4,782
Foreign securities:			
Foreign bonds	829,399	19,741	7,799
Foreign equities	5,344	1,136	182
Foreign other securities	49,082	11,062	406
Total foreign securities	883,826	31,941	8,388
Other securities	46,204	3,566	1,038
Total	¥1,278,798	¥72,702	¥16,357

Year ended March 31, 2016	US\$ thousands		
	Proceeds on sales	Gross gains	Gross losses
Domestic bonds:			
Government bonds	\$ 1,995,950	\$ 60,683	\$ 19,066
Municipal bonds	—	—	—
Corporate bonds	22,988	727	—
Total domestic bonds	2,018,939	61,411	19,066
Domestic equities	1,076,267	268,684	42,443
Foreign securities:			
Foreign bonds	7,360,661	175,199	69,219
Foreign equities	47,431	10,087	1,617
Foreign other securities	435,594	98,180	3,604
Total foreign securities	7,843,687	283,467	74,441
Other securities	410,047	31,650	9,214
Total	\$11,348,941	\$645,213	\$145,165

Year ended March 31, 2015	¥ millions		
	Proceeds on sales	Gross gains	Gross losses
Domestic bonds:			
Government bonds	¥ 17,488	¥ 21	¥ 256
Municipal bonds	—	—	—
Corporate bonds	16,318	1,528	89
Total domestic bonds	33,806	1,550	345
Domestic equities	83,557	5,340	549
Foreign securities:			
Foreign bonds	420,667	18,175	5,350
Foreign equities	8,896	1,838	23
Foreign other securities	30,146	5,416	685
Total foreign securities	459,710	25,429	6,059
Other securities	24,241	1,751	18
Total	¥601,315	¥34,072	¥6,972

(8) Impairment of securities

The Company and its consolidated subsidiaries recognized ¥532 million (\$4,726 thousand) and ¥18 million as impairment losses for the available-for-sale securities with readily obtainable fair value for the fiscal years ended March 31, 2016 and 2015, respectively.

The Company and its consolidated subsidiaries recognize impairment losses on securities if fair value as of the end of the fiscal year declines by 30% or more from their acquisition cost.

Note 24 Investments in Monetary Trusts

Monetary trusts held by the Company and its consolidated subsidiaries for trading purposes are summarized as follows:

	¥ millions		US\$ thousands
As of March 31,	2016	2015	2016
Valuation difference charged to earnings (losses)	¥4,237	¥5,198	\$37,609

Monetary trusts held by the Company and its consolidated subsidiaries for held-to-maturity purposes are summarized as follows:

	¥ millions		
As of March 31, 2016	Carrying amount	Fair value	Difference
Monetary trusts	¥39,439	¥41,067	¥1,627

	US\$ thousands		
As of March 31, 2016	Carrying amount	Fair value	Difference
Monetary trusts	\$350,016	\$364,459	\$14,442

	¥ millions		
As of March 31, 2015	Carrying amount	Fair value	Difference
Monetary trusts	¥22,610	¥22,595	¥(14)

Monetary trusts held by the Company and its consolidated subsidiaries for policy reserve-matching purpose are summarized as follows:

	¥ millions		
As of March 31, 2016	Carrying amount	Fair value	Difference
Monetary trusts	¥447,346	¥493,093	¥45,746

	US\$ thousands		
As of March 31, 2016	Carrying amount	Fair value	Difference
Monetary trusts	\$3,970,065	\$4,376,050	\$405,984

	¥ millions		
As of March 31, 2015	Carrying amount	Fair value	Difference
Monetary trusts	¥396,372	¥408,590	¥12,218

Monetary trusts other than trading, held-to-maturity or policy reserve-matching purposes are summarized as follows:

	¥ millions		
As of March 31, 2016	Carrying amount	Acquisition cost	Difference
Monetary trusts	¥29,650	¥28,476	¥1,173

	US\$ thousands		
As of March 31, 2016	Carrying amount	Acquisition cost	Difference
Monetary trusts	\$263,135	\$252,722	\$10,412

	¥ millions		
As of March 31, 2015	Carrying amount	Acquisition cost	Difference
Monetary trusts	¥9,379	¥9,151	¥228

Note 25 Derivative Financial Instruments

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

a. Currency-related transactions

As of March 31, 2016	Notional amount		Fair value	Valuation gains (losses)
	Total	Over one year		
¥ millions				
Over-the-counter transactions:				
Foreign exchange contracts:				
Sold	¥122,324	¥ —	¥ 360	¥ 360
U.S. dollar	90,962	—	994	994
Euro	11,953	—	(330)	(330)
Canadian dollar	3,899	—	(42)	(42)
Australian dollar	15,508	—	(262)	(262)
Bought	20,558	—	62	62
U.S. dollar	19,346	—	61	61
Euro	1,212	—	1	1
Currency options:				
Sold				
Call	40,120	—		
U.S. dollar	[352]	[—]	11	341
Bought				
Put	64,640	—		
U.S. dollar	[722]	[—]	593	(129)
U.S. dollar	64,640	—		
	[722]	[—]	593	(129)
Currency swaps:				
Receive foreign, pay yen	67,046	—	(159)	(159)
U.S. dollar	10,501	—	(495)	(495)
Australian dollar	56,544	—	335	335
Total				¥ 474

				US\$ thousands
As of March 31, 2016	Notional amount		Fair value	Valuation gains (losses)
	Total	Over one year		
Over-the-counter transactions:				
Foreign exchange contracts:				
Sold	\$1,085,591	\$ —	\$ 3,196	\$ 3,196
U.S. dollar	807,261	—	8,829	8,829
Euro	106,086	—	(2,930)	(2,930)
Canadian dollar	34,609	—	(376)	(376)
Australian dollar	137,633	—	(2,326)	(2,326)
Bought	182,449	—	551	551
U.S. dollar	171,692	—	542	542
Euro	10,757	—	9	9
Currency options:				
Sold				
Call	356,060	—		
	[3,129]	[—]	100	3,029
U.S. dollar	356,060	—		
	[3,129]	[—]	100	3,029
Bought				
Put	573,659	—		
	[6,413]	[—]	5,263	(1,150)
U.S. dollar	573,659	—		
	[6,413]	[—]	5,263	(1,150)
Currency swaps:				
Receive foreign, pay yen	595,016	—	(1,419)	(1,419)
U.S. dollar	93,198	—	(4,396)	(4,396)
Australian dollar	501,817	—	2,976	2,976
Total				\$ 4,207

- Note 1. Forward exchange rates are used for the consolidated fiscal year-end foreign exchange rates. Fair value of currency options is calculated based on the price obtained from the counterparty financial institutions. Fair value of currency swaps used in management trusts 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 parentheses indicates the option premiums recognized in the consolidated balance sheet.

				¥ millions
As of March 31, 2015	Notional amount		Fair value	Valuation gains (losses)
	Total	Over one year		
Over-the-counter transactions:				
Foreign exchange contracts:				
Sold	¥155,094	¥—	¥1,889	¥1,889
U.S. dollar	138,857	—	1,435	1,435
Euro	11,972	—	242	242
Australian dollar	4,264	—	212	212
Bought	1,824	—	8	8
U.S. dollar	826	—	3	3
Euro	998	—	4	4
Currency swaps:				
Receive foreign, pay yen	45,808	—	(692)	(692)
U.S. dollar	6,068	—	73	73
Australian dollar	39,739	—	(766)	(766)
Total				¥1,205

- Note 1. Forward exchange rates are used for the consolidated fiscal year-end foreign exchange rates. Fair value of currency swaps used in management trusts 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

As of March 31, 2016	Notional amount		Fair value	Valuation gains (losses)
	Total	Over one year		
Over-the-counter transactions:				
Interest rate swaps:				
Receive fixed, pay floating	¥52,935	¥50,091	¥10,884	¥10,884
Total				¥10,884

As of March 31, 2016	Notional amount		Fair value	Valuation gains (losses)
	Total	Over one year		
Over-the-counter transactions:				
Interest rate swaps:				
Receive fixed, pay floating	\$469,787	\$444,549	\$96,595	\$96,595
Total				\$96,595

Note: 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.

As of March 31, 2015	Notional amount		Fair value	Valuation gains (losses)
	Total	Over one year		
Over-the-counter transactions:				
Interest rate swaps:				
Receive fixed, pay floating	¥44,841	¥42,581	¥8,620	¥8,620
Total				¥8,620

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

c. Stock-related transactions

As of March 31, 2016	Notional amount		Fair value	Valuation gains (losses)
	Total	Over one year		
Over-the-counter transactions:				
Stock index options:				
Sold				
Call	¥ 9,919	¥ —		
	[51]	[—]	¥2	¥ 49
Bought				
Put	28,445	—		
	[345]	[—]	2	(343)
Total				¥(293)

As of March 31, 2016	Notional amount		Fair value	US\$ thousands
	Total	Over one year		Valuation gains (losses)
Over-the-counter transactions:				
Stock index options:				
Sold				
Call	\$ 88,031	\$ —		
	[458]	[—]	\$19	\$ 438
Bought				
Put	252,440	—		
	[3,063]	[—]	19	(3,044)
Total				\$ (2,605)

Note 1. Fair value of stock index options is calculated based on the closing price on major exchanges or price obtained from the counterparty financial institutions.
 Note 2. Figures in brackets represent option premiums that are reported on the consolidated balance sheet.

The Company held no stock-related derivative instruments as of March 31, 2015.

d. Others

As of March 31, 2016	Notional amount		Fair value	¥ millions
	Total	Over one year		Valuation gains (losses)
Over-the-counter transactions:				
Compound financial instruments	¥3,000	¥—	¥2,919	¥(80)
Total				¥(80)

As of March 31, 2015	Notional amount		Fair value	US\$ thousands
	Total	Over one year		Valuation gains (losses)
Over-the-counter transactions:				
Compound financial instruments	\$26,624	\$—	\$25,910	\$(713)
Total				\$(713)

Note 1. Fair value of compound financial instruments is calculated based on the price obtained from the counterparty financial institutions.
 Note 2. Compound financial instruments are those of which embedded derivatives are not rationally separated from compound financial instruments.
 Note 3. Contracted value or notional principal amount indicates purchase amount of compound financial instruments.

As of March 31, 2015	Notional amount		Fair value	¥ millions
	Total	Over one year		Valuation gains (losses)
Over-the-counter transactions:				
Compound financial instruments	¥3,000	¥3,000	¥2,675	¥(324)
Total				¥(324)

Note 1. Fair value of compound financial instruments is calculated based on the price obtained from the counterparty financial institutions.
 Note 2. Compound financial instruments are those of which embedded derivatives are not rationally separated from compound financial instruments.
 Note 3. Contracted value or notional principal amount indicates purchase amount of compound financial instruments.

T&D Financial Life uses monetary trusts to execute derivative transactions. The following tables show a summary of the notional amounts and fair values of derivative financial instruments.

As of March 31, 2016	Notional amount		Fair value	¥ millions
	Total	Over one year		Valuation gains (losses)
Over-the-counter transactions:				
Currency-related transactions:				
Foreign exchange contracts:				
Sold	¥ 3,762	¥ —	¥ (78)	¥ (78)
U.S. dollar	634	—	3	3
Australian dollar	3,127	—	(81)	(81)
Currency options:				
Bought:				
Put	4,777	3,508		
	[1,083]	[836]	393	(690)
U.S. dollar	2,731	1,974		
	[677]	[513]	213	(463)
Euro	2,046	1,534		
	[406]	[322]	179	(226)
Stock-related transactions:				
Stock index options:				
Bought:				
Call	102	78		
	[34]	[26]	83	48
Put	29,295	19,605		
	[6,545]	[4,787]	2,109	(4,435)
Total				¥(5,155)

As of March 31, 2016	Notional amount		Fair value	US\$ thousands
	Total	Over one year		Valuation gains (losses)
Over-the-counter transactions:				
Foreign exchange contracts:				
Sold	\$ 33,387	\$ —	\$ (692)	\$ (692)
U.S. dollar	5,635	—	29	29
Australian dollar	27,751	—	(722)	(722)
Currency-related transactions:				
Currency options:				
Bought:				
Put	42,401	31,140		
	[9,619]	[7,422]	3,489	(6,129)
U.S. dollar	24,243	17,519		
	[6,009]	[4,557]	1,892	(4,116)
Euro	18,157	13,620		
	[3,610]	[2,864]	1,597	(2,012)
Stock-related transactions:				
Stock index options:				
Bought:				
Call	906	693		
	[306]	[231]	739	432
Put	259,990	173,992		
	[58,084]	[42,486]	18,719	(39,364)
Total				\$(45,754)

Note 1. Fair value is based on prices obtained from counterparty financial institutions.

2. Figures in brackets represent option premiums that are reported on the consolidated balance sheet.

As of March 31, 2015	Notional amount		Fair value	¥ millions
	Total	Over one year		Valuation gains (losses)
Over-the-counter transactions:				
Currency-related transactions:				
Currency options:				
Bought:				
Put	¥ 6,682	¥ 4,777		
	[1,421]	[1,083]	¥ 438	¥ (983)
U.S. dollar	3,748	2,731		
	[879]	[677]	202	(677)
Euro	2,933	2,046		
	[542]	[406]	236	(306)
Stock-related transactions:				
Stock index options:				
Bought:				
Call	126	102		
	[42]	[34]	109	66
Put	48,534	31,485		
	[10,188]	[7,124]	2,018	(8,170)
Total				¥(9,087)

Note 1. Fair value is based on prices obtained from counterparty financial institutions.

2. Figures in brackets 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, 2016	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	¥2,543,856	¥ —	¥43,176	
U.S. dollar		1,735,277	—	42,855	
Euro		442,319	—	(2,134)	
British pound		203,120	—	7,177	
Canadian dollar		113,798	—	(1,694)	
Australian dollar		38,332	—	(2,286)	
Mexican peso		11,008	—	(741)	
Allocation treatment for foreign exchange contracts, etc.:					
Foreign exchange contracts:					
Sold	Certificates of deposit in foreign currencies	70,000	—	—	
U.S. dollar		35,000	—	—	
Australian dollar		35,000	—	—	
Currency swaps:					
Receive yen, pay foreign currency		6,163	6,163	—	
U.S. dollar	Foreign currency-denominated loans	6,163	6,163	—	
Total				¥43,176	

					US\$ thousands
As of March 31, 2016	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	\$22,575,933	\$ —	\$383,176	
U.S. dollar		15,400,045	—	380,332	
Euro		3,925,445	—	(18,945)	
British pound		1,802,632	—	63,699	
Canadian dollar		1,009,927	—	(15,040)	
Australian dollar		340,189	—	(20,292)	
Mexican peso		97,692	—	(6,577)	
Allocation treatment for foreign exchange contracts, etc.:					
Foreign exchange contracts:					
Sold	Certificates of deposit in foreign currencies	621,228	—	—	
U.S. dollar		310,614	—	—	
Australian dollar		310,614	—	—	
Currency swaps:					
Receive yen, pay foreign currency		54,699	54,699	—	
U.S. dollar	Foreign currency-denominated loans	54,699	54,699	—	
Total				\$383,176	

Note 1. Forward exchange rates are used for the consolidated fiscal year-end foreign exchange rates.

Note 2. Fair value of foreign exchange contracts, etc., with allocation treatment is included in the relevant certificates of deposit in foreign currencies and foreign currency-denominated loans which are the hedged assets for each of these contracts and assets are treated as a unit.

				¥ millions
As of March 31, 2015	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	¥2,317,781	¥—	¥(41,105)
U.S. dollar		1,702,995	—	(64,743)
Euro		457,389	—	20,569
British pound		98,671	—	2,402
Canadian dollar		25,521	—	(9)
Australian dollar		30,170	—	678
Mexican peso		3,033	—	(3)
Bought		29,633	—	388
U.S. dollar		29,633	—	388
Allocation treatment for foreign exchange contracts, etc.:				
Foreign exchange contracts:				
Sold	Certificates of deposit in foreign currencies	70,000	—	—
U.S. dollar		35,000	—	—
Australian dollar		35,000	—	—
Total				¥(40,716)

Note 1. Forward exchange rates are used for the consolidated fiscal year-end foreign exchange rates.

2. Fair value of foreign exchange contracts, etc., with allocation treatment is included in the relevant certificates of deposit in foreign currencies which are the hedged assets for each of these contracts and assets are treated as a unit.

b. Interest-related transactions

				¥ millions
As of March 31, 2016	Hedged item	Notional amount		Fair value
		Total	Over one year	
Special treatment for interest rate swaps:				
Interest rate swaps:				
Receive fixed, pay floating	Loans	¥76,883	¥68,968	¥1,686
Total				¥1,686

				US\$ thousands
As of March 31, 2016	Hedged item	Notional amount		Fair value
		Total	Over one year	
Special treatment for interest rate swaps:				
Interest rate swaps:				
Receive fixed, pay floating	Loans	\$682,319	\$612,076	\$14,964
Total				\$14,964

Note: 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, 2015	Hedged item	Notional amount		Fair value
		Total	Over one year	
Special treatment for interest rate swaps:				
Interest rate swaps:				
Receive fixed, pay floating	Loans	¥90,830	¥73,187	¥812
Total				¥812

Note: 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
		Notional amount		
As of March 31, 2016	Hedged item	Total	Over one year	Fair value
Recognition of valuation gains/losses on hedged items:				
Forward contracts:				
Sold	Domestic equities	¥16,779	¥—	¥(1,346)
Total				¥(1,346)

				US\$ thousands
		Notional amount		
As of March 31, 2016	Hedged item	Total	Over one year	Fair value
Recognition of valuation gains/losses on hedged items:				
Forward contracts:				
Sold	Domestic equities	\$148,910	\$—	\$(11,950)
Total				\$(11,950)

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

				¥ millions
		Notional amount		
As of March 31, 2015	Hedged item	Total	Over one year	Fair value
Recognition of valuation gains/losses on hedged items:				
Forward contracts:				
Sold	Domestic equities	¥54,647	¥—	¥1,212
Total				¥1,212

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

d. Bond-related transactions

The Company held no bond-related derivative instruments as of March 31, 2016.

				¥ millions
		Notional amount		
As of March 31, 2015	Hedged item	Total	Over one year	Fair value
Deferral hedge:				
Bond options:				
Sold:	Domestic bonds			
Call		¥146,507	¥—	
		[1,554]	[—]	¥2,395
Bought:				
Put		146,507	—	
		[2,210]	[—]	1,404
Total				¥3,799

Note 1. Fair value is calculated based on closing prices on major exchanges.

2. Figures in brackets represent option premiums that are reported on the consolidated balance sheet.

Note 26 Employees' Retirement Benefits

(1) Outline of the retirement benefit plan adopted by the T&D Life 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. Changes in the balance of retirement benefit obligations are as follows:

Years ended March 31,	¥ millions		US\$ thousands
	2016	2015	2016
Balance at the beginning of the year	¥143,661	¥141,071	\$1,274,953
Service cost	5,952	5,911	52,825
Interest cost	1,566	1,800	13,905
Actuarial gains and losses	14,775	3,416	131,124
Retirement benefit paid	(8,136)	(8,537)	(72,209)
Balance at the end of the year	¥157,819	¥143,661	\$1,400,599

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

b. Changes in the balance of plan assets are as follows:

Years ended March 31,	¥ millions		US\$ thousands
	2016	2015	2016
Balance at the beginning of the year	¥93,390	¥89,415	\$828,812
Expected return on plan assets	989	1,034	8,780
Net actuarial gains and losses	3,456	3,783	30,676
Employer contribution	6,208	5,256	55,095
Benefit obligation paid	(5,956)	(6,098)	(52,858)
Balance at the end of the year	¥98,088	¥93,390	\$870,507

c. A reconciliation of retirement benefit obligation and plan assets to net defined benefit liability and net defined benefit asset stated in the consolidated balance sheet is as follows:

As of March 31,	¥ millions		US\$ thousands
	2016	2015	2016
Retirement benefit obligations for funded plans	¥130,088	¥116,893	\$1,154,495
Plan assets	(98,088)	(93,390)	(870,507)
Employee pension trusts	[(61,114)]	[(57,591)]	[(542,376)]
	31,999	23,503	283,988
Retirement benefit obligations for unfunded plans	27,731	26,767	246,104
Net amount of defined benefit liability and defined benefit asset stated in the consolidated balance sheet	59,730	50,271	530,092
Defined benefit liability	59,730	50,271	530,092
Defined benefit asset	—	—	—
Net value for defined benefit liability and defined benefit asset stated in the consolidated balance sheet	¥ 59,730	¥ 50,271	\$ 530,092

d. The components of retirement benefit expense are as follows:

Years ended March 31,	¥ millions		US\$ thousands
	2016	2015	2016
Service cost	¥ 5,952	¥ 5,911	\$ 52,825
Interest cost	1,566	1,800	13,905
Expected return on plan assets	(989)	(1,034)	(8,780)
Recognized actuarial gains and losses	11,318	(366)	100,447
Others	8	8	73
Retirement benefit expense relating to defined benefit retirement plan	¥17,856	¥ 6,318	\$158,471

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

e. The components of plan assets are as follows:

As of March 31,	2016	2015
Bonds	73.1%	71.8%
General account	11.4	15.6
Foreign securities	7.0	6.6
Stocks	5.0	5.1
Cash and deposits	2.6	0.0
Joint assets	0.9	0.8
Others	0.0	0.0
Total	100.0%	100.0%

Note: The total includes 62.3% and 61.7% of employee pension trusts set up for corporate pension plans for the fiscal years ended March 31, 2016 and 2015, respectively.

The long-term expected rate of return on plan assets is set by considering the present and the prospective asset allocation for plan assets, as well as the present and the expected long-term rate of return arising from various assets that comprise the plan assets.

Assumptions used in accounting for the plan assets were as follows:

Years ended March 31,	2016	2015
Discount rate	(0.07%) – 0.80%	0.32% – 1.60%
Expected long-term rate of return on plan assets	0.57% – 1.90%	0.80% – 1.81%

(3) Defined contribution retirement plans

The required contribution for the defined contribution retirement plan of the T&D Life Group amounted to ¥258 million (\$2,290 thousand) and ¥229 million for the fiscal years ended March 31, 2016 and 2015, respectively.

Note 27 Stock Options

(1) Amount of expenses related to stock options

Years ended March 31,	2016	¥ millions	2015	US\$ thousands
Operating expenses	¥291		¥266	\$2,587

(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.

b. Size and status of stock options

For stock options which existed during the consolidated fiscal year ended March 31, 2016 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	340,700 shares	217,800 shares	228,700 shares
Vested	—	—	—
Exercised	60,200 shares	37,800 shares	19,500 shares
Forfeited	—	—	—
Exercisable	280,500 shares	180,000 shares	209,200 shares

	T&D Holdings, Inc. stock subscription rights (4th series)
Before vesting:	
At the end of previous fiscal year	—
Granted	170,700 shares
Forfeited	—
Vested	170,700 shares
Outstanding	—
After vesting:	
At the end of previous fiscal year	—
Vested	170,700 shares
Exercised	2,500 shares
Forfeited	—
Exercisable	168,200 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	1.00 yen	1.00 yen	1.00 yen
Average stock price at the time of exercise	1,424.00 yen	1,590.00 yen	1,638.00 yen
Fair value at the granted date	685.00 yen	1,143.00 yen	1,153.00 yen

	T&D Holdings, Inc. stock subscription rights (4th series)
Exercise price	1.00 yen
Average stock price at the time of exercise	1,415.00 yen
Fair value at the granted date	1,708.00 yen

(3) Method for estimating fair value of stock options

The method for estimating fair value of stock options granted during the consolidated fiscal year ended March 31, 2016 is as follows:

a. Valuation method

Black-Scholes model

b. Principal parameters used and their estimation method

	T&D Holdings, Inc. stock subscription rights (4th series)
Stock price volatility (Note 1)	35.60%
Expected remaining period (Note 2)	6.21 years
Expected dividends (Note 3)	25.00 yen
Risk-free interest rate (Note 4)	0.126%

Note 1. Calculated based on the daily closing price of the Company's common stock in regular transactions from May 20, 2009 to August 3, 2015.

2. A period from the grant date to the average time when options are expected to be exercised is applied.

3. Calculated based on the actual dividends for the fiscal year ended March 31, 2015.

4. Based on Japanese government bond yield with a maturity corresponding to the expected remaining period.

(4) 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:

Asbestos removal obligations for our office buildings and rental properties are classified as asset retirement obligations. For the estimation of the present value of asset retirement obligations, 50 years from the acquisition of buildings is used as the estimated period before the cost to be incurred and 2.11% as the discount rate.

Years ended March 31,	¥ millions		US\$ thousands
	2016	2015	2016
Balance at the beginning of the year	¥1,877	¥1,838	\$16,659
Time progress adjustment	39	38	352
Balance at the end of the year	¥1,916	¥1,877	\$17,011

Note 29 >> Real Estate for Rent

The Company and certain consolidated subsidiaries own real estate for rent, consisting mainly of office buildings in major cities in Japan. Their carrying amount, net increase/decrease and fair value are as follows:

Years ended March 31,	¥ millions		US\$ thousands
	2016	2015	2016
Carrying amount:			
Balance at the beginning of the year	¥195,166	¥188,392	\$1,732,045
Net increase (decrease)	1,778	6,774	15,781
Balance at the end of the year	196,945	195,166	1,747,827
Fair value at the end of the year	¥229,389	¥225,957	\$2,035,756

Note 1. The carrying amount represents acquisition cost less accumulated depreciation and accumulated impairment loss. Balances at the end of the year for the years ended March 31, 2016 and 2015 include amounts related to asset retirement obligations of ¥196 million (\$1,742 thousand) and ¥247 million, respectively.

2. For the year ended March 31, 2016, the net increase mainly consisted of purchase of real estate totaling ¥15,707 million (\$139,396 thousand) and the net decrease mainly consisted of sales of real estate, depreciation and impairment losses totaling ¥4,936 million (\$43,809 thousand), ¥4,208 million (\$37,345 thousand) and ¥3,449 million (\$30,615 thousand), respectively.

For the year ended March 31, 2015, the net increase mainly consisted of purchase of real estate totaling ¥9,047 million and the net decrease mainly consisted of depreciation totaling ¥4,479 million.

3. Fair value of major properties is calculated based on their appraisal value. Fair value of other properties is calculated based on the posted price.

Gains (losses) on real estate for rent are as follows:

Years ended March 31,	¥ millions		US\$ thousands
	2016	2015	2016
Ordinary revenues	¥14,662	¥14,278	\$130,124
Ordinary expenses	9,756	9,921	86,582
Ordinary profit	4,906	4,356	43,542
Other losses	(3,886)	(2,155)	(34,494)

Note 1. Ordinary revenues and ordinary expenses constitute income from lease and corresponding expenses, such as depreciation, repair expenses, insurance expenses and taxes. These amounts are reported in investment income and investment expenses.

2. Other losses are reported in extraordinary losses. These are mainly impairment losses for the year ended March 31, 2016 and 2015.

Note 30 Segment Information

(1) Overview of reportable segments

The reportable segments of the Company are components of the Company about which separate financial information is available. These segments are subject to periodic review to enable the Company's Board of Directors to decide on allocation of business resources and evaluate business performance.

The Company is a holding company which manages life insurance companies and other subsidiaries and affiliated companies in accordance with the Insurance Business Act. The Three Life Insurance Companies, with unique product strategies and sales strategies under the Company, operate life insurance business as 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 retail households market, Daido Life focuses on the small- and medium-sized entities market and T&D Financial Life focuses on over-the-counter sales at financial institutions and other agents, etc. Each company also has different products under its unique marketing strategy.

(2) Method of calculating ordinary revenues, income or loss, assets and liabilities and others by reportable segment

The method of accounting for the reportable segments is the same as that described in "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, 2016	Reportable segment						Adjustments	Amount on consolidated financial statements
	Taiyo Life	Daido Life	T&D Financial Life	Subtotal	Others	Total		
Ordinary revenues	¥ 872,714	¥ 935,264	¥ 218,035	¥ 2,026,014	¥ 28,287	¥ 2,054,301	¥ (28,376)	¥ 2,025,925
Intergroup transfers	1,173	474	—	1,647	42,362	44,010	(44,010)	—
Total	873,887	935,739	218,035	2,027,662	70,649	2,098,312	(72,386)	2,025,925
Segment income (loss)	79,124	90,307	1,212	170,644	18,437	189,081	(17,647)	171,434
Segment assets	7,084,800	6,152,026	1,359,879	14,596,707	919,556	15,516,263	(842,055)	14,674,207
Segment liabilities	6,603,082	5,488,203	1,289,619	13,380,904	161,685	13,542,589	(82,443)	13,460,145
Others								
Depreciation of real estate for rent	2,354	2,658	—	5,012	—	5,012	(21)	4,991
Depreciation	5,708	3,903	136	9,748	702	10,451	(196)	10,254
Provision for (reversal of) policy reserve	39,665	181,309	(26,902)	194,071	250	194,321	—	194,321
Provision for (reversal of) reserve for policyholder dividends	18,135	13,788	(3)	31,920	—	31,920	—	31,920
Interest, dividends and income from real estate for rent	148,103	136,624	7,425	292,153	16,716	308,869	(18,144)	290,725
Interest expenses	871	32	3	908	29	937	(27)	909
Equity in net income of affiliated companies	—	—	—	—	—	—	46	46
Extraordinary gains	3	13,202	1	13,207	108	13,316	(13,152)	163
Extraordinary losses	20,255	8,789	623	29,667	663	30,331	(892)	29,438
Impairment losses	265	3,938	—	4,203	—	4,203	—	4,203
Provision for reserve for price fluctuations	17,831	2,547	189	20,568	—	20,568	—	20,568
Taxes	13,902	26,455	101	40,459	678	41,138	(3,625)	37,513
Investments in affiliated companies	—	100	—	100	—	100	—	100
Increase in tangible fixed assets and intangible fixed assets	¥ 34,903	¥ 17,915	¥ 1,757	¥ 54,576	¥ 1,815	¥ 56,392	¥ (18,183)	¥ 38,208

Year ended March 31, 2016	Reportable segment					Others	Total	Adjustments	US\$ thousands
	Taiyo Life	Daido Life	T&D Financial Life	Subtotal	Amount on consolidated financial statements				
Ordinary revenues	\$ 7,745,072	\$ 8,300,181	\$ 1,934,994	\$ 17,980,248	\$ 251,040	\$ 18,231,289	\$ (251,831)	\$ 17,979,458	
Intergroup transfers	10,411	4,213	—	14,624	375,953	390,577	(390,577)	—	
Total	7,755,483	8,304,394	1,934,994	17,994,873	626,994	18,621,867	(642,409)	17,979,458	
Segment income (loss)	702,203	801,449	10,760	1,514,412	163,628	1,678,041	(156,614)	1,521,427	
Segment assets	62,875,407	54,597,328	12,068,508	129,541,244	8,160,774	137,702,019	(7,472,982)	130,229,036	
Segment liabilities	58,600,302	48,706,098	11,444,969	118,751,371	1,434,904	120,186,275	(731,661)	119,454,614	
Others									
Depreciation of real estate for rent	20,891	23,593	—	44,485	—	44,485	(187)	44,297	
Depreciation	50,658	34,639	1,215	86,513	6,237	92,751	(1,742)	91,008	
Provision for (reversal of) policy reserve	352,016	1,609,062	(238,754)	1,722,324	2,221	1,724,545	—	1,724,545	
Provision for (reversal of) reserve for policy holder dividends	160,946	122,364	(29)	283,281	—	283,281	—	283,281	
Interest, dividends and income from real estate for rent	1,314,373	1,212,503	65,895	2,592,772	148,350	2,741,122	(161,027)	2,580,094	
Interest expenses	7,735	291	31	8,058	257	8,316	(246)	8,069	
Equity in net income of affiliated companies	—	—	—	—	—	—	413	413	
Extraordinary gains	33	117,167	9	117,210	966	118,176	(116,723)	1,453	
Extraordinary losses	179,763	78,001	5,529	263,294	5,885	269,180	(7,923)	261,257	
Impairment losses	2,357	34,949	—	37,307	—	37,307	—	37,307	
Provision for reserve for price fluctuations	158,253	22,605	1,681	182,540	—	182,540	—	182,540	
Taxes	123,378	234,785	902	359,066	6,025	365,092	(32,173)	332,918	
Investments in affiliated companies	—	887	—	887	—	887	—	887	
Increase in tangible fixed assets and intangible fixed assets	\$ 309,761	\$ 158,990	\$ 15,599	\$ 484,351	\$ 16,110	\$ 500,461	\$ (161,376)	\$ 339,084	

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

2. Adjustments are as follows:

- (1) The downward adjustment of ¥28,376 million (\$251,831 thousand) to ordinary revenues is the transferred amount which mainly consists of reversal of policy reserve of ¥26,902 million (\$238,754 thousand) of ordinary revenues which is included in ordinary expenses of the consolidated statement of operation as provision for policy reserves.
- (2) The downward adjustment of ¥17,647 million (\$156,614 thousand) to segment income (loss) is mainly due to the elimination of dividends from subsidiaries and affiliates.
- (3) The downward adjustment of ¥842,055 million (\$7,472,982 thousand) to segment assets is mainly due to the elimination of investments in stocks of subsidiaries and affiliates.
- (4) The downward adjustment of ¥82,443 million (\$731,661 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 revenues set forth in the consolidated statement of operation.

Year ended March 31, 2015	Reportable segments						Adjustments	¥ millions
	Taiyo Life	Daido Life	T&D Financial Life	Subtotal	Others	Total		Amount on consolidated financial statements
Ordinary revenues	¥1,060,084	¥ 980,700	¥ 382,110	¥ 2,422,896	¥ 28,298	¥ 2,451,195	¥ (39,029)	¥ 2,412,165
Intergroup transfers	1,062	351	—	1,414	48,492	49,906	(49,906)	—
Total	1,061,146	981,052	382,110	2,424,310	76,790	2,501,101	(88,935)	2,412,165
Segment income (loss)	67,606	97,464	22,457	187,528	28,333	215,861	(26,918)	188,943
Segment assets	7,217,901	5,977,975	1,387,624	14,583,500	901,070	15,484,571	(819,865)	14,664,705
Segment liabilities	6,658,543	5,297,596	1,319,425	13,275,565	113,837	13,389,402	(69,647)	13,319,755
Others								
Depreciation of real estate for rent	2,285	2,891	—	5,176	—	5,176	—	5,176
Depreciation	5,808	3,910	47	9,766	730	10,497	(191)	10,305
Provision for (reversal of) policy reserve	281,957	229,805	(29,349)	482,413	193	482,607	—	482,607
Provision for (reversal of) reserve for policy holder dividends	18,093	14,462	(0)	32,555	—	32,555	—	32,555
Interest, dividends and income from real estate for rent	151,768	130,291	7,184	289,243	26,880	316,124	(28,158)	287,966
Interest expenses	1,813	19	2	1,835	29	1,865	(24)	1,841
Equity in net income of affiliated companies	—	—	—	—	—	—	38	38
Extraordinary gains	170	—	—	170	61	231	(5)	225
Extraordinary losses	5,419	2,653	174	8,247	83	8,331	—	8,331
Impairment losses	1,995	—	—	1,995	—	1,995	—	1,995
Provision for reserve for price fluctuations	2,747	2,263	139	5,150	—	5,150	—	5,150
Taxes	16,309	29,168	7,636	53,114	727	53,842	60	53,903
Investments in affiliated companies	—	100	—	100	—	100	—	100
Increase in tangible fixed assets and intangible fixed assets	¥ 15,990	¥ 7,399	¥ 407	¥ 23,797	¥ 269	¥ 24,067	¥ (119)	¥ 23,948

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

2. Adjustments are as follows:

- (1) The downward adjustment of ¥39,029 million to ordinary revenues is the transferred amount which mainly consists of reversal of policy reserve of ¥29,349 million and gains from derivatives, net of ¥6,151 million of ordinary revenues which is included in ordinary expenses in the consolidated statement of operation as provision for policy reserves and losses from derivatives, net, respectively.
- (2) The downward adjustment of ¥26,918 million to segment income (loss) is mainly due to the elimination of dividends from subsidiaries and affiliates.
- (3) The downward adjustment of ¥819,865 million to segment assets is mainly due to the elimination of investments in stocks of subsidiaries and affiliates.
- (4) The downward adjustment of ¥69,647 million to segment liabilities is mainly due to the elimination of intersegment receivables and payables.

3. Segment income (loss) is adjusted to align with the ordinary revenues set forth in the consolidated statement of operation.

[Related information]

For the year ended March 31, 2016

1. Information by product and service

Sales to external customers

Year ended March 31, 2016	¥ millions				
	Taiyo Life	Daido Life	T&D Financial Life	Others	Total
Income from insurance premiums	¥657,185	¥748,914	¥165,436	¥2,969	¥1,574,506
Insurance premiums	656,909	747,740	165,300	2,969	1,572,919
Individual insurance and individual annuities	508,608	675,827	165,129	—	1,349,565
Group insurance	32,589	26,523	—	—	59,113
Group annuities	114,370	44,392	147	—	158,910
Others	1,341	996	23	2,969	5,330
Ceded reinsurance recoveries	¥ 276	¥ 1,174	¥ 135	¥ —	¥ 1,586

Year ended March 31, 2016	US\$ thousands				
	Taiyo Life	Daido Life	T&D Financial Life	Others	Total
Income from insurance premiums	\$5,832,317	\$6,646,386	\$1,468,198	\$26,350	\$13,973,252
Insurance premiums	5,829,867	6,635,962	1,466,992	26,350	13,959,173
Individual insurance and individual annuities	4,513,738	5,997,760	1,465,474	—	11,976,973
Group insurance	289,222	235,387	—	—	524,609
Group annuities	1,015,002	393,971	1,308	—	1,410,281
Others	11,904	8,843	210	26,350	47,308
Ceded reinsurance recoveries	\$ 2,449	\$ 10,424	\$ 1,205	\$ —	\$ 14,078

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) in the consolidated statement of operation.

For the year ended March 31, 2015

1. Information by product and service

Sales to external customers

Year ended March 31, 2015	¥ millions				
	Taiyo Life	Daido Life	T&D Financial Life	Others	Total
Income from insurance premiums	¥865,232	¥792,715	¥297,755	¥2,352	¥1,958,055
Insurance premiums	864,995	791,738	297,664	2,352	1,956,751
Individual insurance and individual annuities	708,776	718,944	297,485	—	1,725,206
Group insurance	32,762	27,370	—	—	60,132
Group annuities	122,115	44,454	154	—	166,724
Others	1,340	969	24	2,352	4,687
Ceded reinsurance recoveries	¥ 236	¥ 977	¥ 90	¥ —	¥ 1,304

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) in the consolidated statement of operation.

[Information on impairment losses on fixed assets by reportable segment]

For the years ended March 31, 2016 and 2015

Information on impairment losses on fixed assets by reportable segment is disclosed in "Segment information."

[Information on amortization of goodwill and unamortized balance of goodwill by reportable segment]

For the years ended March 31, 2016 and 2015

Not applicable.

[Information on gains on negative goodwill by reportable segment]

For the years ended March 31, 2016 and 2015

Not applicable.

Note 31 Per Share Information

Years ended March 31,	¥		US\$
	2016	2015	2016
Net assets per share	¥1,865.94	¥2,018.12	\$16.55
Net income per share	111.00	141.35	0.98
Net income per share (fully diluted)	109.32	141.18	0.97

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

Years ended March 31,	¥ millions		US\$ thousands
	2016	2015	2016
Net income per share:			
Profit attributable to owners of parent	¥72,547	¥94,215	\$643,833
Amount not attributable to common stockholders	—	—	—
Profit attributable to owners of parent pertaining to common stock	¥72,547	¥94,215	\$643,833

	Shares	
Weighted-average number of common stocks outstanding	653,556,609	666,540,650

		¥ millions	US\$ thousands
Years ended March 31,	2016	2015	2016
Net income per share (fully diluted):			
Adjusted net income attributable to owners of parent	¥(16)	¥—	\$(148)
Amortization of bond premium (after tax)	¥(16)	¥—	\$(148)

		Shares
Increase in common stock	9,884,916	795,192
Convertible bond	9,094,039	—
Subscription rights to shares	790,877	795,192
Summary of potential shares that are not included in computation of net income per share (fully diluted) due to lack of dilution effect	—	—

A summary of the net assets per share computations is as follows:

		¥ millions	US\$ thousands
As of March 31,	2016	2015	2016
Net assets	¥1,214,061	¥1,344,950	\$10,774,422
Deduction from net assets	3,521	3,211	31,253
Subscription rights to shares	926	746	8,221
Non-controlling interests	2,595	2,465	23,031
Net assets available to common stockholders	¥1,210,540	¥1,341,738	\$10,743,169

		Shares
The number of common stock outstanding	648,756,978	664,847,265

Note 32 Subsequent Events

(1) Acquisition of treasury stock

The Company has resolved at its board of directors meeting held on May 13, 2016, the acquisition of treasury stock under the provision Article 156 of the Companies Act of Japan, as applied pursuant to Article 165, Paragraph 3 of the same.

a. Reasons for acquisition of treasury stock

To enhance shareholder return and improve capital efficiency.

b. Details of acquisition

- (i) Type of shares to be acquired: Shares of common stock
- (ii) Number of shares to be acquired: Up to 16,000,000 shares
- (iii) Total amount of acquisition: Up to ¥14,000 million (\$124,245 thousand)
- (iv) Period of acquisition: From May 16, 2016 to July 15, 2016
- (v) Method of acquisition: Open-market repurchase by the trust method

c. Results of acquisition

- (i) Total number of acquired shares: 13,525,600 shares
- (ii) Total cost of acquisition: ¥13,999 million (\$124,245 thousand)
- (iii) Period of acquisition: From May 19, 2016 to June 16, 2016, on the basis of execution date