

Corporate Data









Selected Financial Data

T&D HOLDINGS

¥ millions

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

¥ millions

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

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

¥ millions

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

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

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

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

TAIYO LIFE

¥ millions

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

¥ millions

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

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

¥ millions

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

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

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

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

Selected Financial Data

DAIDO LIFE

¥ millions

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

¥ millions

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

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

¥ millions

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

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

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

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

T&D FINANCIAL LIFE

¥ millions

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

¥ millions

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

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

¥ millions

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

* The total of individual insurance and individual annuities.

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

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

Consolidated Financial Statements

Consolidated Balance Sheet

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

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

See notes to consolidated financial statements.

Consolidated Statement of Operation

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

(continued)

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

Consolidated Statement of Comprehensive Income

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

See notes to consolidated financial statements.

Consolidated Statement of Changes in Net Assets

¥ millions

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

¥ millions

Year ended March 31, 2019	Shareholders' equity					Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains (losses) on hedging instruments	Land revaluation	Foreign currency translation adjustments	Total accumulated other comprehensive income			
Balance at the beginning of the year	**¥207,111**	**¥156,785**	**¥516,585**	**¥(46,703)**	**¥833,779**	**¥353,590**	**¥(4,320)**	**¥(35,637)**	**¥11**	**¥313,645**	**¥1,216**	**¥4,395**	**¥1,153,036**
Changes in the period:													
Dividends			**(24,699)**		**(24,699)**								**(24,699)**
Profit attributable to owners of parent			**72,825**		**72,825**								**72,825**
Purchase of treasury shares				**(18,348)**	**(18,348)**								**(18,348)**
Disposal of treasury shares		**(45)**		**188**	**143**								**143**
Reversal of land revaluation			**232**		**232**								**232**
Net changes of items other than shareholders' equity						**(25,570)**	**1,332**	**(232)**	**7**	**(24,463)**	**(135)**	**996**	**(23,601)**
Total changes in the period		**(45)**	**48,358**	**(18,159)**	**30,153**	**(25,570)**	**1,332**	**(232)**	**7**	**(24,463)**	**(135)**	**996**	**6,552**
Balance at the end of the year	**¥207,111**	**¥156,740**	**¥564,944**	**¥(64,863)**	**¥863,933**	**¥328,020**	**¥(2,987)**	**¥(35,869)**	**¥18**	**¥289,181**	**¥1,081**	**¥5,391**	**¥1,159,588**

US$ thousands

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

Consolidated Statement of Cash Flows

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

(continued)

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

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Note 1 Notes on Going-Concern Assumption

Not applicable.

Note 2 Summary of Significant Accounting Policies

(1) Basis of presentation

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

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

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

The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of the readers and have been made, as a matter of arithmetical computation only, at the rate of 1 U.S. dollar = 110.99 Japanese yen, which was the approximate rate prevailing at the end of March, 2019. The translations should not be construed as representations that such yen amounts have been, could have been or could in the future be converted into U.S. dollars at that or any other rate.

Amounts of less than one million Japanese yen and one thousand U.S. dollars have been eliminated. As a result, Japanese yen and U.S. dollar totals shown herein do not necessarily agree with the sum of the individual amounts.

(2) Principles of consolidation

a. Matters related to the scope of consolidation
   (i) Number of consolidated subsidiaries: 16
   Names of main consolidated subsidiaries are stated in "Group Companies" of the Annual Report.
   (ii) Names of main non-consolidated subsidiaries, etc.: none

b. Matters related to the application of the equity method
   (i) Number of non-consolidated subsidiaries accounted for under the equity method: none
   (ii) Number of affiliates accounted for under the equity method: 3
   The affiliates accounted for under the equity method are Alternative Investment Capital Limited, Thuriya Ace Technology Company Limited and one other company.
   (iii) Names of non-consolidated subsidiaries and affiliates not accounted for under the equity method, etc.: none
   (iv) For the companies accounted for under the equity method for which the closing date is different from the consolidated closing date, the financial statements of each company's fiscal year are used.

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

(3) Foreign currency translation

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

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

(4) Accounting policy for measuring significant assets

a. Evaluation criteria and evaluation method for securities (including cash and deposits/monetary claims purchased which are equivalent to securities and securities invested as trust properties in monetary trusts)

(i) Trading securities
- Fair value method (costs of securities sold are calculated based on the moving average method)

(ii) Held-to-maturity bonds
- Amortized cost method based on the moving average method (straight-line method)

(iii) Policy-reserve-matching bonds
- Amortized cost method based on the moving average method (straight-line method)

(iv) Available-for-sale securities
- Securities with market value are valued by the fair value method (costs of securities sold are calculated based on the moving average method) based on the market price, etc., of the last day of the consolidated fiscal year
- Securities deemed extremely difficult to determine market value, which are public and corporate bonds (including foreign bonds), for which the difference between the purchase price and face value is recognized as an interest rate adjustment are valued by the amortized cost method based on the moving average method (straight-line method)
- Securities other than the above are valued by the cost method based on the moving average method

Valuation differences on available-for-sale securities are included in net assets.

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

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

[Taiyo Life]

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

Taking into account this investment policy and based on the "Temporary Treatment of Accounting and Auditing Concerning Policy-Reserve-Matching Bonds within the Insurance Industry" (JICPA, Industry Audit Committee Report No. 21), the following insurance policies are identified and classified as a sub-segment.
- All policies except for group insurance products segment, other insurance product segment, non-participating currency specific-type single-premium individual annuity insurance, etc., in the general asset segment
- All non-participating currency specific-type single-premium individual annuity insurance policies by currency in the general asset segment
- All defined contribution corporate pension insurance policies and all group pure endowment insurance in the group annuity insurance asset segment
- All insurance policies in the single-premium whole life/annuity insurance asset segment

[Daido Life]

Managed by setting the investment policy fully considering the characteristics and the risk tolerance of insurance products in order to ensure the fulfillment of future obligations.

Based on this investment policy, sub-segments in accordance with the characteristics of the insurance products are set and bonds held in the attempt to control the duration within each sub-segment are classified as policy-reserve-matching bonds. The sub-segments are set as follows:
- Individual insurance/individual annuity insurance in the general asset segment
- Individual insurance/individual annuity insurance in the non-participating insurance asset segment (subjects are the cash flows likely to occur in the period of over 5 years and within 30 years in the future)
- Group annuity insurance in the group annuity insurance asset segment

[T&D Financial Life]

Sub-segments are set in accordance with the characteristics of the insurance products and the asset management policy is formulated considering each sub-segment in order to manage interest rate risk appropriately. Further, the matching of the duration of policy reserves and policy-reserve-matching bonds within constant width are verified regularly. The sub-segments are set as follows:
- Individual insurance (the portion of the future payout at the certain attained age and above of the subject insurance type)
- Accumulation rate type individual insurance
- Accumulation rate type fixed annuity insurance

Note that some insurance types and benefits are excluded.

b. Evaluation criteria and evaluation method of derivative transactions

Evaluation of derivative transactions is processed based on the fair value method.

(5) Processing method for deferred assets

Bond issuance costs are processed as expenses in full amount when incurred.

(6) Reserve for possible loan losses

The reserve for possible loan losses of the Three Life Insurance Companies is allocated in accordance with the self-assessment criteria and amortization/provision criteria of assets in order to provide for losses due to irrecoverable credits, as follows:

For loans to borrowers who are in a state of legal/formal bankruptcy such as bankruptcy and civil rehabilitation, or in a state of substantial bankruptcy, the remaining amount of the loan after directly deducting the amount stated below, less the estimated amount collectible from collateral and guarantees is recorded.

For loans to borrowers who are not yet bankrupt but highly likely to fall into bankruptcy, the amount deemed necessary from the overall assessment of the borrowers' solvency is recorded from the remaining amount of the loan after deducting the estimated amount collectible from collateral and guarantees.

For loans other than the above (performing loans and doubtful loans), historical loan-loss ratio calculated from the loan losses from the fixed period in the past, multiplied by the loan amount, etc., is recorded.

All loans are subject to asset assessment by the related division based on the self-assessment criteria of the assets. The reserve mentioned above is implemented based on the assessment results, after the asset auditing division independent from the related division audits the assessment results.

For collateralized or guaranteed loans to borrowers subject to bankruptcy or substantial bankruptcy, the amount of loans exceeding the estimated value of collateral or guarantees, which were deemed uncollectible, was directly deducted from the amount of loans in the amounts of ¥379 million and ¥372 million [$3,358 thousand] for the years ended March 31, 2018 and 2019, respectively.

Consolidated subsidiaries other than the Three Life Insurance Companies allocate reserves for possible loan losses, in accordance with criteria equivalent to the above, based on the results of the assessment which is implemented in the scope deemed necessary considering the importance.

(7) Allocation method for reserve for price fluctuations

Reserves for price fluctuations of the Three Life Insurance Companies are allocated in order to provide for losses due to price fluctuations, which is pursuant to requirements under Article 115 of the Insurance Business Act.

(8) Funding method for policy reserve

Policy reserves of the Three Life Insurance Companies are reserves pursuant to requirements under Article 116 of the Insurance Business Act. The premium reserve is calculated based on the following methods.

– For policies subject to standard policy reserve, the method established by the Commissioner of the Financial Services Agency (Notification No. 48 of the Ministry of Finance (1996))
– For policies not subject to standard policy reserve, net level premium method

In addition, Daido Life is funding additional policy reserves in accordance with Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act, for certain individual annuity insurance for which the annuity payment has been initiated.

(9) Provision for bonuses to directors and audit & supervisory board members

To provide for payment of bonuses to directors and audit & supervisory board members, a provision for the directors' and audit & supervisory board members' bonuses is recorded based on the expected amount to be paid in the year ended March 31, 2019.

(10) Provision for share-based remuneration

To provide for delivery of stock of the Company to directors and audit & supervisory board members, the estimated amount of share benefit obligations based on the internal rules of the Company and Three Life Insurance Companies is recorded in provision for share-based remuneration.

(11) Provision for directors' and audit & supervisory board members' retirement benefits

To provide for directors' and audit & supervisory board members' retirement benefits, the Company sets up a provision for directors' and audit & supervisory board members' retirement benefits based on the internal rules of certain consolidated subsidiaries, which is recorded in the amount recognized to have accrued as of March 31, 2019.

(12) Accounting method for employees' retirement benefits

For the calculation of retirement benefit obligations, the method for attributing the expected retirement benefit amount to each period up to the current fiscal year-end is based on the benefit formula standard.

Actuarial gains and losses, past service costs and losses relating to changes in accounting policies are expensed in the fiscal year which they accrue.

(13) Depreciation method for significant depreciation assets

a. Tangible fixed assets (except for lease assets)
Depreciation of tangible fixed assets (except for lease assets) is mainly calculated under the declining-balance method. Depreciation of buildings (except for building and accessories, and structures) acquired on and after April 1, 1998, and building and accessories, and structures acquired on and after April 1, 2016, is calculated under the straight-line method. The main durable years are as follows:
– Buildings, building and accessories, and structures: 2-50 years
– Furniture and fixtures: 2-20 years

b. Intangible fixed assets (except for lease assets)
Depreciation of software used in-house is calculated under the straight-line method over a useful life of five years.

c. Lease assets
For the depreciation of lease assets, lease assets with respect to ownership-transfer finance leases are calculated under the same method for self-owned tangible fixed assets, and lease assets with respect to non-ownership-transfer finance leases are calculated under the straight-line method over the lease period.

(14) Land revaluation

Taiyo Life revalued its land for operating purposes based on Act on Revaluation of Land (Act No. 34 of 1998). Regarding the valuation differences between the previous and the revalued amounts, the tax equivalent to this valuation differences has been recorded in Liabilities section as "Deferred tax liabilities on land revaluation" and the amount after deducting the tax equivalent from the valuation differences is recorded in Net Assets as "Land revaluation."

– The method of revaluation provided for in Article 3, Paragraph 3 of the same law
The amount is rationally adjusted and calculated based on the listed land price value as prescribed in Article 2, Item 1 of the Order for Enforcement of the Act on Revaluation of Land (Act No. 119 of 1998), the benchmark land price as prescribed in Article 2, Item 2 of the same, and an appraisal by the real estate appraisers as prescribed in Article 2, Item 5 of the same, etc.
– Date of revaluation: March 31, 2002

(15) Method for significant hedge accounting

a. Hedge accounting method for Taiyo Life
(i) Method for hedge accounting
Deferral hedge treatment and fair value hedge treatment are used in hedge accounting. Special treatment is applied for interest rate swap transactions qualifying for special treatment, and allocation treatment is applied for currency swap transactions qualifying for allocation treatment.
(ii) Hedging instrument and hedged item
1) Hedging instrument: interest rate swap
Hedged item: loans and bonds
2) Hedging instrument: currency swap
Hedged item: foreign currency-denominated loans
3) Hedging instrument: foreign exchange contract
Hedged item: foreign currency-denominated assets
4) Hedging instrument: option
Hedged item: domestic and foreign stocks, domestic and foreign-listed investment trusts, domestic bonds
5) Hedging instrument: credit transaction
Hedged item: domestic and foreign stocks, domestic and foreign-listed investment trusts
6) Hedging instrument: forward contract
Hedged item: domestic and foreign stocks, domestic and foreign-listed investment trusts
(iii) Hedging policy
Based on internal rules, etc., in accordance with the risk management policy concerning asset management, cash flow and price fluctuation risks related to hedged items are hedged within a certain range.
(iv) Evaluation method for hedge effectiveness
Hedge effectiveness is evaluated semi-annually by methods such as ratio analysis which compares the cumulative total of market fluctuations or cash flow fluctuations of hedged items and hedging instruments. However, evaluation of hedge effectiveness is omitted for interest rate swap transactions under special treatment, etc., currency swap transactions under allocation treatment, contracts in which both the hedged item and the hedging instrument are denominated in the same currency, option transactions in which hedged items are domestic/foreign stocks and domestic/foreign-listed investment trusts, credit transactions and forward contracts, and option transactions in which domestic bonds are the hedged item.

b. Hedge accounting method for Daido Life
(i) Method for hedge accounting
Fair value hedge treatment is adopted for the method for hedge accounting. Allocation treatment is adopted for foreign exchange contract transactions hedging foreign currency fixed deposits qualifying for allocation treatment.

(ii) Hedging instrument and hedged item
Hedging instrument: foreign exchange contract
Hedged item: foreign currency-denominated available-for-sale securities and fixed deposits

(iii) Hedging policy
Based on internal rules, etc., concerning asset management, foreign exchange fluctuation risks of hedged items are hedged within a certain range.

(iv) Evaluation method for hedge effectiveness
Hedge effectiveness is evaluated by ratio analysis which mainly compares the fair value fluctuation of hedged items and hedging instruments.

However, the evaluation is omitted if the material conditions of the hedged item and the hedging instrument are the same and hedge effectiveness is high.

(16) Accounting treatment for consumption taxes

The accounting treatment of consumption tax and local consumption tax is based on the tax exclusion method. However, non-deductible consumption tax on assets, etc., which is prescribed in the tax law as deferred consumption tax, etc., is recorded in other assets and amortized over a 5-year period on a straight-line basis, whereas tax other than deferred consumption tax is expensed in the fiscal year in which it accrues.

(17) Scope of cash and cash equivalents in the consolidated statements of cash flows

Cash and cash equivalents in the consolidated statements of cash flows consist of cash, deposits withdrawable at any time and readily convertible into cash, and short-term investments (term deposits, call loans, commercial paper, treasury discount bills, etc.) with insignificant risk of price fluctuations and with a maturity of 3 months or less at the time of acquisition.

(18) Unadopted accounting standards, etc.

[Accounting Standard for Revenue Recognition, etc.]
– "Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 29, issued on March 30, 2018)
– "Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30, issued on March 30, 2018)

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

b. Scheduled date of application
Scheduled to be applied from the beginning of the fiscal year starting April 1, 2021.

c. Effect of the application of the accounting standards
The amount of the impact is under evaluation at the time of preparing the consolidated financial statements for the consolidated fiscal year ended March 31, 2019.

[Additional information]
The Company has introduced a trust type stock compensation system(the "System"), the Board Incentive Plan (BIP) Trust, which uses a trust to deliver the Company's shares, etc. to directors (excluding those who are part-time directors such as outside directors and non-residents in Japan) and executive officers (excluding those who are non-residents in Japan, and together with directors, referred to as "Directors") of the Company and Three Life Insurance Companies, with an aim to enhance the motivation of Directors to contribute to improving business performance and enhancing corporate value over the medium-to long-term.

The accounting treatment of the System is based on "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts" (ASBJ Practical Issues Task Force (PITF) No. 30, March 26, 2015)

a. Summary
Based on the internal rules of the Company and Three Life Insurance Companies, the points are granted to Director and they are delivered and provided through a trust of the Company's shares equivalent to accumulated points upon retirement and a monetary equivalent of the substitution value of the Company's shares. The Company's shares to be delivered to Directors will be acquired in advance by money in trust by the Company.

b. The Company's shares remaining in BIP Trust
For the Company's shares remaining in BIP Trust, the carrying value in the trust is recorded as the treasury share in net asset (excluding ancillary expenses). The carrying value and the number of treasury share in the Trust as of March 31, 2019 was ¥1,322 million [$11,913 thousand] and 827,900 shares respectively.

Note 3 Loans

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

		¥ millions	US$ thousands
As of March 31,	2018	2019	2019
Loans to bankrupt companies	¥ 194	¥ 138	$ 1,250
Past due loans	384	287	2,591
Loans overdue for three months or more	2,178	1,738	15,667
Restructured loans	21	21	191
Total	¥2,779	¥2,186	$19,700

Loans to bankrupt companies are loans to borrowers that are subject to bankruptcy, corporate reorganization or rehabilitation or other similar proceedings on which the Company and its consolidated subsidiaries have stopped accruing interest after determining that collection or repayment of principal or interest is unlikely due to a significant delay in payment of principal or interest or for some other reason.

Past due loans are loans, other than those categorized as loans to bankrupt companies and loans for which due dates for interest payments have been rescheduled for purposes of restructuring or supporting the borrower, on which the Company and its consolidated subsidiaries have stopped accruing interest based on self-assessment.

Loans overdue for three months or more are loans other than those categorized as loans to bankrupt companies or past due loans for which principal and/or interest are overdue for three months or more beginning the day after the agreed due date.

Restructured loans are loans other than those categorized as loans to bankrupt companies, past due loans or loans overdue for three months or more for which agreements have been made between the relevant parties to provide a concessionary interest rate, rescheduling of due dates for interest and/or principal payments, waiver of claims and/or other terms in favor of the borrower for purposes of restructuring or supporting the borrower.

The direct write-downs of estimated uncollectable loans are as follows:

		¥ millions	US$ thousands
As of March 31,	2018	2019	2019
Loans to bankrupt companies	¥ 74	¥ 72	$655
Past due loans	101	103	933

Note 4 Accumulated Depreciation of Tangible Fixed Assets

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

		¥ millions	US$ thousands
Years ended March 31,	2018	2019	2019
Accumulated depreciation of tangible fixed assets	¥236,200	¥235,919	$2,125,594

Note 5 Separate Account Assets

The amounts of separate account assets as provided in Article 118, Paragraph 1 of the Insurance Business Act are as follows. The amounts of liabilities are equal to the amounts of assets.

		¥ millions	US$ thousands
Years ended March 31,	2018	2019	2019
Separate account assets as provided in Article 118, Paragraph 1 of the Insurance Business Act	¥64,224	¥50,994	$459,448

Note 6 Reserve for Policyholder Dividends

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

		¥ millions	US$ thousands
Years ended March 31,	2018	2019	2019
Balance at the beginning of the year	¥ 92,942	¥ 88,889	$ 800,880
Policyholder dividends	(34,469)	(33,435)	(301,250)
Increase in interest	19	18	165
Increase due to other reasons	65	46	421
Provision for reserve for policyholder dividends	30,331	27,144	244,566
Balance at the end of the year	¥ 88,889	¥ 82,663	$ 744,783

Note 7 Unused Loan Balance under Loan Commitments

The unused loan balance under loan commitments is as follows:

		¥ millions	US$ thousands
Years ended March 31,	2018	2019	2019
Total amount of loan commitments	¥24,143	¥31,301	$282,022
Balance of loans outstanding	6,800	10,975	98,884
Balance	¥17,342	¥20,326	$183,138

Note 8 Lending Securities for Loan Agreements

The lending securities for loan agreements are as follows:

		¥ millions	US$ thousands
Years ended March 31,	2018	2019	2019
Lending securities for loan agreement	¥449,505	¥746,444	$6,725,333

Note 9 Bonds

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

		¥ millions	US$ thousands
Years ended March 31,	2018	2019	2019
Subordinated bonds	¥57,000	¥87,000	$783,854

Note 10 Other Liabilities

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

		¥ millions	US$ thousands
Years ended March 31,	2018	2019	2019
Subordinated borrowings	¥43,000	¥13,000	$117,127

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

The amounts of the Three Life Insurance Companies' future contributions to the Life Insurance Policyholders Protection Corporation of Japan, which are estimated in accordance with Article 259 of the Insurance Business Act, are as follows. The contributions are recorded on the consolidated statement of operation as an operating expense when contributed.

		¥ millions	US$ thousands
Years ended March 31,	2018	2019	2019
Contributions to the Life Insurance Policyholders Protection Corporation	¥21,597	¥20,685	$186,375

Note 12 Organizational Change Surplus

The amounts of the organizational change surplus prescribed in Article 91 of the Insurance Business Act, are as follows:

		¥ millions	US$ thousands
Years ended March 31,	2018	2019	2019
Taiyo Life Insurance Company	¥63,158	¥63,158	$569,045
Daido Life Insurance Company	10,836	10,836	97,633

Note 13 Stocks of Affiliated Companies

Stocks of affiliated companies included in securities are as follows:

		¥ millions	US$ thousands
Years ended March 31,	2018	2019	2019
Stocks of affiliated companies	¥410	¥615	$5,548

Note 14 Assets Pledged as Collateral and Secured Debts

Assets pledged as collateral are as follows:

		¥ millions	US$ thousands
Years ended March 31,	2018	**2019**	**2019**
Securities (Japanese government bonds)	¥140,025	**¥256,056**	**$2,307,021**
Securities (Corporate bonds)	—	**21,670**	**195,244**
Securities (Foreign securities)	370,941	**567,489**	**5,112,977**
Cash collateral pledged for financial instruments	871	**125**	**1,126**
Balance	¥511,837	**¥845,340**	**$7,616,369**

Of these assets, securities are mainly pledged as a substitute for the overdraft limit of the exclusive account of real-time gross settlement of government bonds with the Bank of Japan, bond-lending transactions secured by securities, and margin for futures contracts, etc.

Secured debts

		¥ millions	US$ thousands
Years ended March 31,	2018	**2019**	**2019**
Cash collateral received for bond-lending transactions	¥109,943	**¥161,672**	**$1,456,636**

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

		¥ millions	US$ thousands
Years ended March 31,	2018	**2019**	**2019**
Financial Assets Received as Collateral with Free Right of Disposal	¥70,441	**¥34,988**	**$315,236**

Note 16 Impairment Losses on Fixed Assets

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

(1) Grouping of assets

The Three Life Insurance Companies' group real estate owned for insurance operations, etc., as a single asset group and other assets such as rental property and unused real estate are grouped separately by each property.

Each of the consolidated subsidiaries other than the Company and the Three Life Insurance Companies, groups real estate held for its own operations as a single category.

(2) Circumstances which led to the recognition of impairment losses

For some rental properties, etc., carrying amount was reduced to the recoverable amount and the reduced amount was recorded in extraordinary losses as impairment losses because of a significant drop in the market price and a decline in profitability due to the stagnant rental income level, etc.

(3) Impairment losses recognized by asset group and the breakdown of the amounts of impairment losses by fixed asset type

Year ended March 31, 2018				¥ millions
Asset	Location	Land	Buildings, etc.	Total
Rental properties, etc.	Inazawa City, Aichi Prefecture, etc. (16 assets)	¥509	¥234	¥744

Year ended March 31, 2019				¥ millions	US$ thousands
Asset	Location	Land	Buildings, etc.	Total	Total
Rental properties, etc.	Tokushima City, Tokushima Prefecture, etc. (29 assets)	**¥1,359**	**¥753**	**¥2,113**	**$19,039**

(4) Method for calculating the recoverable amount

The recoverable amount is based on the value in use or net realizable value for rental properties, etc.

The value in use for real estate owned for rental properties, etc., is calculated by discounting future cash flows by 5.30% for the fiscal year 2018. In principle, the net realizable value for real estate owned for rental properties is calculated by subtracting the estimated costs of disposal from the appraisal value calculated in accordance with the real estate appraisal standard.

Note 17 Consolidated Statement of Comprehensive Income

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

		¥ millions	US$ thousands
Years ended March 31,	2018	2019	2019
Valuation difference on available-for-sale securities:			
Amount occurred during the year	¥ 67,882	¥ 33,929	$ 305,698
Reclassification adjustments	(47,131)	(67,100)	(604,565)
Amount before tax effect	20,751	(33,171)	(298,867)
Tax effect	(5,987)	7,580	68,300
Valuation difference on available-for-sale securities	14,764	(25,590)	(230,566)
Deferred gains (losses) on hedging instruments:			
Amount occurred during the year	—	—	—
Reclassification adjustments	1,226	1,850	16,673
Amount before tax effect	1,226	1,850	16,673
Tax effect	(343)	(518)	(4,668)
Deferred gains (losses) on hedging instruments	883	1,332	12,005
Foreign currency translation adjustments:			
Amount occurred during the year	(0)	(0)	(0)
Share of other comprehensive income of associates accounted for using the equity method:			
Amount occurred during the year	(6)	5	52
Total other comprehensive income	¥ 15,640	¥(24,252)	$(218,509)

Note 18 Consolidated Statement of Changes in Net Assets

For the year ended March 31, 2018

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

Year ended March 31, 2018	Number of shares at the beginning of the fiscal year	Number of shares increased in the fiscal year	Number of shares decreased in the fiscal year	Number of shares at the end of the fiscal year
Issued shares:				
Common stock	681,480,000	—	26,480,000	655,000,000
Treasury shares:				
Common stock	48,925,774	10,623,176	26,746,490	32,802,460

Notes:
1. Issued shares of common stock decreased due to the following reason:
   – Retirement of treasury shares based on the resolution made at a board of directors meeting held on August 9, 2017: 26,480,000 shares
2. Treasury shares of common stock increased due to the following reasons:
   – Purchase of treasury shares based on the resolution made at a board of directors meeting held on May 15, 2017: 10,612,300 shares
   – Purchase of odd-lot shares: 10,876 shares
3. Treasury shares of common stock decreased due to the following reasons:
   – Retirement of treasury shares based on the resolution made at a board of directors meeting held on August 9, 2017: 26,480,000 shares
   – Exercise of stock option: 266,400 shares
   – Purchase request of odd-lot shares: 90 shares

(2) Subscription rights to shares

Category	Breakdown of subscription rights to shares	Balance at the end of the fiscal year
		¥ millions
The Company	Share subscription rights as stock options	¥1,216

(3) Shareholder dividends

a. Shareholder dividends paid

Date of resolution	Type of shares	Amount of shareholder dividends	Shareholder dividends per share	Record date	Effective date
		¥ millions	¥		
Ordinary General Meeting of Shareholders held on June 28, 2017	Common stock	¥11,069	¥17.5	March 31, 2017	June 29, 2017
Board of directors meeting held on November 13, 2017	Common stock	¥10,888	¥17.5	September 30, 2017	December 5, 2017

b. Shareholder dividends whose record date was in the fiscal year ended March 31, 2018, while their effective date is in the fiscal year ending March 31, 2019

Date of resolution	Type of shares	Amount of shareholder dividends	Underlying assets	Shareholder dividends per share	Record date	Effective date
		¥ millions		¥		
Ordinary General Meeting of Shareholders held on June 27, 2018	Common stock	¥12,443	Retained earnings	¥20.0	March 31, 2018	June 28, 2018

For the year ended March 31, 2019

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

Year ended March 31, 2019	Number of shares at the beginning of the fiscal year	Number of shares increased in the fiscal year	Number of shares decreased in the fiscal year	Number of shares at the end of the fiscal year
Issued shares:				
Common stock	**655,000,000**	**—**	**—**	**655,000,000**
Treasury shares:				
Common stock	**32,802,460**	**10,366,001**	**126,770**	**43,041,691**

Notes:
1. Treasury shares of common stock increased due to the following reasons:
   – Purchase of treasury shares based on the resolution made at a board of directors meeting held on May 15, 2018: 9,522,000 shares
   – Purchase of odd-lot shares: 11,301 shares
   – Purchase by the BIP (Board Incentive Plan) Trust: 832,700 shares
2. Treasury shares of common stock decreased due to the following reasons:
   – Exercise of stock option: 121,700 shares
   – Purchase request of odd-lot shares: 270 shares
   – Decrease by the BIP Trust: 4,800 shares
3. The number of treasury shares of common stock includes 827,900 shares of the Company's treasury share owned by the BIP Trust as of the end of the fiscal year. (0 share as of beginning of the fiscal year)

(2) Subscription rights to shares

Category	Breakdown of subscription rights to shares	Balance at the end of the fiscal year	
		¥ millions	US$ thousands
The Company	Share subscription rights as stock options	**¥1,081**	**$9,742**

(3) Shareholder dividends

a. Shareholder dividends paid

Date of resolution	Type of shares	Amount of shareholder dividends		Shareholder dividends per share		Record date	Effective date
		¥ millions	US$ thousands	¥	US$		
Ordinary General Meeting of Shareholders held on June 27, 2018	Common stock	**¥12,443**	**$112,117**	**¥20.0**	**$0.18**	March 31, 2018	June 28, 2018
Board of directors meeting held on November 14, 2018	Common stock	**¥12,255**	**$110,422**	**¥20.0**	**$0.18**	September 30, 2018	December 7, 2018

Note: The total amount of shareholder dividends, which based on the resolution made at the board of directors held on November 14, 2018, includes ¥16 million of the dividends for the Company's treasury share owned by the BIP Trust.

b. Shareholder dividends whose record date is in the fiscal year ended March 31, 2019, while their effective date is in the fiscal year ending March 31, 2020

Date of resolution	Type of shares	Amount of shareholder dividends		Underlying assets	Shareholder dividends per share		Record date	Effective date
		¥ millions	US$ thousands		¥	US$		
Ordinary General Meeting of Shareholders held on June 26, 2019	Common stock	**¥13,481**	**$121,464**	Retained earnings	**¥22.0**	**$0.19**	March 31, 2019	June 27, 2019

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

Note 19 Consolidated Statement of Cash Flows

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

		¥ millions	US$ thousands
As of March 31,	2018	**2019**	**2019**
Cash and deposits	¥ 776,510	**¥ 824,241**	**$ 7,426,263**
Less: deposits with an original maturity of more than three months	(4,510)	**(4,910)**	**(44,238)**
Call loans	10,539	**1,037**	**9,343**
Monetary claims purchased	117,578	**126,905**	**1,143,391**
Less: monetary claims purchased other than cash equivalents	(101,578)	**(101,905)**	**(918,149)**
Monetary trusts	685,819	**765,481**	**6,896,849**
Less: monetary trusts other than cash equivalents	(685,819)	**(756,791)**	**(6,818,559)**
Cash and cash equivalents	¥ 798,538	**¥ 854,057**	**$ 7,694,901**

Note 20 Lease Transactions

[As lessee]

(1) Finance leases

a. Ownership-transfer finance leases

(i) Details of lease assets

– Intangible fixed assets: software

(ii) Depreciation method for lease assets

The same depreciation method applied to self-owned fixed assets is applied.

b. Non-ownership-transfer finance leases

(i) Details of lease assets

– Tangible fixed assets: office appliances such as computer servers

– Intangible fixed assets: software

(ii) Depreciation method for lease assets

Straight-line method over the lease period is applied.

(2) Operating leases

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

		¥ millions	US$ thousands
As of March 31,	2018	**2019**	**2019**
Due within one year	¥6	**¥3**	**$35**
Due after one year	1	**1**	**16**
Total	¥8	**¥5**	**$52**

[As lessor]

(1) Details of lease investment assets

Other assets

		¥ millions	US$ thousands
As of March 31,	2018	**2019**	**2019**
Other:			
Lease income receivables	¥34,681	**¥39,081**	**$352,120**
Estimated residual value	473	**83**	**756**
Interest income	(2,837)	**(3,115)**	**(28,070)**
Total lease investment assets	¥32,318	**¥36,050**	**$324,805**

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

Other assets

		¥ millions
As of March 31, 2018	Lease receivables	Lease investment assets
Due within one year	¥1,762	¥8,758
Due after one year through two years	1,515	7,282
Due after two years through three years	1,200	5,913
Due after three years through four years	882	4,605
Due after four years through five years	631	3,233
Due after five years	1,060	4,887

	¥ millions		US$ thousands	
As of March 31, 2019	Lease receivables	Lease investment assets	Lease receivables	Lease investment assets
Due within one year	**¥1,759**	**¥9,436**	**$15,852**	**$85,024**
Due after one year through two years	**1,441**	**8,016**	**12,989**	**72,227**
Due after two years through three years	**1,110**	**6,672**	**10,009**	**60,115**
Due after three years through four years	**850**	**5,277**	**7,667**	**47,552**
Due after four years through five years	**614**	**3,924**	**5,538**	**35,355**
Due after five years	**1,052**	**5,754**	**9,484**	**51,845**

Note 21 Tax-Effect Accounting

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

		¥ millions	US$ thousands
As of March 31,	2018	**2019**	**2019**
Deferred tax assets:			
Reserve for price fluctuations	¥ 61,432	**¥ 65,736**	**$ 592,274**
Policy reserves	63,984	**63,913**	**575,853**
Net defined benefit liability	29,897	**29,968**	**270,013**
Devaluation losses on securities	15,355	**14,881**	**134,076**
Deferred losses on disposal of fixed assets	5,485	**5,335**	**48,070**
Provision for bonuses	2,120	**2,284**	**20,580**
Tax loss carry-forward	1,257	**1,121**	**10,100**
Reserve for possible loan losses	464	**464**	**4,186**
Others	13,835	**12,731**	**114,708**
Subtotal	193,835	**196,437**	**1,769,866**
Valuation allowance	(16,535)	**(16,179)**	**(145,770)**
Total deferred tax assets	177,300	**180,258**	**1,624,096**
Deferred tax liabilities:			
Valuation difference on available-for-sale securities	(128,756)	**(121,175)**	**(1,091,769)**
Accrued dividend income	(2,262)	**(2,599)**	**(23,424)**
Deferred gain on reduction of carrying amount of real estate	(624)	**(715)**	**(6,445)**
Others	(916)	**(857)**	**(7,728)**
Total deferred tax liabilities	(132,560)	**(125,348)**	**(1,129,367)**
Net deferred tax assets (liabilities)	¥ 44,739	**¥ 54,910**	**$ 494,729**

(2) Breakdown of important differences between the statutory effective tax rate and the corporate tax rate, etc., after applying tax-effect accounting by main item of the causes

Years ended March 31,	2018	**2019**
Statutory tax rate	28.2%	**28.0%**
(Adjustments)		
Valuation allowance	(0.0)	**(0.2)**
Permanent non-deductible items including entertainment expense, etc.	0.6	**0.4**
Others	0.4	**0.3**
Effective tax rate	29.2%	**28.5%**

Note 22 Financial Instruments

(1) Matters related to the condition of financial instruments

a. Policy for handling financial instruments

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

In order to efficiently invest the insurance premiums 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 obligations involved in life insurance policies, based on the concept of ERM which integrally manages capital, profit, and risk, and at the same time, paying adequate attention to the soundness and public nature of the investments.

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

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

b. Details and risks of financial instruments

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

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

Loans here include policy loans for policyholders and commercial loans (non-policy loans) provided mainly to domestic businesses and individuals. Commercial loans, though intended to ensure stable returns, are exposed to credit risks of borrowers' default. A policy loan is provided within the surrender value of each insurance policy, thus its credit risk is minimal.

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

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

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

c. Risk management system for financial instruments

(i) Overall risk management system

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

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

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

implementation of the internal audits by the Internal Auditing Department.

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

(ii) Management of market risk

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

(iii) Management of credit risk

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

(iv) Management of liquidity risk

Liquidity risks are managed by ensuring a constant amount of liquidity based on the Risk Management Department's precise understanding of the latest risk information, including the share of highly liquid assets, cash flow situation, trends of the general financial/securities markets and the status of individual financial instruments, as well as by developing a management structure that enables smooth liquidation of assets for financing.

d. Supplementary notes concerning the matters related to fair value, etc., of financial instruments

Fair value is based on market price or rationally estimated fair value if the market price is not readily available.

Estimation of fair value requires the use of certain assumptions, etc. Therefore, the use of different assumptions, etc. may lead to a different value.

In addition, notional amounts of derivative financial instruments shown in "(2) Matters related to fair value, etc., of financial instruments" do not represent exposure to market risks.

(2) Matters related to fair value, etc., of financial instruments

The following tables show consolidated balance sheet amounts, fair values and differences. Financial instruments deemed extremely difficult to determine fair value are not included. (See Annotation 2.)

¥ millions

As of March 31, 2018	Consolidated balance sheet amount	Fair value	Difference
Cash and deposits	¥ 776,510	¥ 776,510	¥ —
Treated as securities	18,000	18,000	—
Available-for-sale securities	18,000	18,000	—
Others	758,510	758,510	—
Call loans	10,539	10,539	—
Monetary claims purchased	117,578	120,140	2,561
Treated as securities	116,405	118,799	2,393
Held-to-maturity bonds	33,332	35,726	2,393
Available-for-sale securities	83,072	83,072	—
Others	1,172	1,340	167
Monetary trusts	685,819	723,322	37,502
Monetary trusts for trading purposes	5,312	5,312	—
Monetary trusts for held-to-maturity purposes	38,291	38,443	151
Monetary trusts for policy reserve-matching purposes	605,469	642,820	37,351
Monetary trusts for other than trading, held-to-maturity or policy reserve-matching purposes	36,745	36,745	—
Securities	11,194,328	11,874,881	680,553
Trading securities	64,079	64,079	—
Held-to-maturity bonds	1,253,563	1,458,766	205,203
Policy reserve-matching bonds	2,930,644	3,405,994	475,350
Available-for-sale securities	6,946,040	6,946,040	—
Loans	1,647,361	1,700,288	52,926
Policy loans*1	122,143	136,005	13,869
Commercial loans*1	1,526,456	1,564,282	39,056
Reserve for possible loan losses*2	(1,238)	—	—
Total assets	14,432,137	15,205,681	773,544
Short-term debentures	6,000	6,000	—
Bonds	87,065	87,882	817
Cash collateral received for bond-lending transactions within other liabilities	109,943	109,943	—
Borrowings within other liabilities	75,072	75,244	172
Total liabilities	278,081	279,070	989
Derivative financial instruments*3:			
Hedge accounting not applied	8,723	8,723	—
Hedge accounting applied	33,438	34,331	892
Total derivative financial instruments	¥ 42,162	¥ 43,054	¥ 892

*1. Difference indicates the difference between the amount after deducting the reserve for possible loan losses recorded in the consolidated balance sheet and its current fair value.
*2. Reserve for possible loan losses for loans is deducted.
*3. Assets and liabilities arising from derivative transactions are shown at net value. In the case of net liabilities, amounts are shown in parentheses.

¥ millions

As of March 31, 2019	Consolidated balance sheet amount	Fair value	Difference
Cash and deposits	¥ 824,241	¥ 824,241	¥ —
Treated as securities	33,000	33,000	—
Available-for-sale securities	33,000	33,000	—
Others	791,241	791,241	—
Call loans	1,037	1,037	—
Monetary claims purchased	126,905	129,326	2,421
Treated as securities	125,789	128,041	2,251
Held-to-maturity bonds	33,182	35,434	2,251
Available-for-sale securities	92,607	92,607	—
Others	1,115	1,284	169
Monetary trusts	765,481	831,445	65,963
Monetary trusts for trading purposes	5,161	5,161	—
Monetary trusts for held-to-maturity purposes	29,867	31,357	1,490
Monetary trusts for policy reserve-matching purposes	669,708	734,182	64,473
Monetary trusts for other than trading, held-to-maturity or policy reserve-matching purposes	60,744	60,744	—
Securities	11,547,017	12,327,376	780,359
Trading securities	50,204	50,204	—
Held-to-maturity bonds	1,235,192	1,453,594	218,402
Policy reserve-matching bonds	3,152,683	3,714,640	561,957
Available-for-sale securities	7,108,936	7,108,936	—
Loans	1,668,798	1,722,734	53,935
Policy loans*1	118,989	132,528	13,547
Commercial loans*1	1,550,999	1,590,205	40,388
Reserve for possible loan losses*2	(1,190)	—	—
Total assets	14,933,480	15,836,160	902,680
Short-term debentures	6,000	6,000	—
Bonds	117,035	117,704	669
Cash collateral received for bond-lending transactions within other liabilities	161,672	161,672	—
Borrowings within other liabilities	45,644	45,766	121
Total liabilities	330,352	331,143	791
Derivative financial instruments*3:			
Hedge accounting not applied	11,942	11,942	—
Hedge accounting applied	7,804	8,676	872
Total derivative financial instruments	¥ 19,747	¥ 20,619	¥ 872

*1. Difference indicates the difference between the amount after deducting the reserve for possible loan losses recorded in the consolidated balance sheet and its current fair value.
*2. Reserve for possible loan losses for loans is deducted.
*3. Assets and liabilities arising from derivative transactions are shown at net value. In the case of net liabilities, amounts are shown in parentheses.

US$ thousands

As of March 31, 2019	Consolidated balance sheet amount	Fair value	Difference
Cash and deposits	$ 7,426,263	$ 7,426,263	$ —
Treated as securities	297,324	297,324	—
Available-for-sale securities	297,324	297,324	—
Others	7,128,939	7,128,939	—
Call loans	9,343	9,343	—
Monetary claims purchased	1,143,391	1,165,206	21,814
Treated as securities	1,133,343	1,153,630	20,286
Held-to-maturity bonds	298,968	319,255	20,286
Available-for-sale securities	834,374	834,374	—
Others	10,048	11,575	1,527
Monetary trusts	6,896,849	7,491,172	594,323
Monetary trusts for trading purposes	46,501	46,501	—
Monetary trusts for held-to-maturity purposes	269,097	282,524	13,427
Monetary trusts for policy reserve-matching purposes	6,033,952	6,614,848	580,895
Monetary trusts for other than trading, held-to-maturity or policy reserve-matching purposes	547,298	547,298	—
Securities	104,036,555	111,067,453	7,030,898
Trading securities	452,330	452,330	—
Held-to-maturity bonds	11,128,862	13,096,627	1,967,765
Policy reserve-matching bonds	28,405,115	33,468,248	5,063,133
Available-for-sale securities	64,050,246	64,050,246	—
Loans	15,035,577	15,521,527	485,949
Policy loans*1	1,072,073	1,194,061	122,056
Commercial loans*1	13,974,229	14,327,465	363,892
Reserve for possible loan losses*2	(10,726)	—	—
Total assets	134,547,981	142,680,966	8,132,985
Short-term debentures	54,058	54,058	—
Bonds	1,054,464	1,060,496	6,031
Cash collateral received for bond-lending transactions within other liabilities	1,456,636	1,456,636	—
Borrowings within other liabilities	411,252	412,350	1,097
Total liabilities	2,976,412	2,983,542	7,129
Derivative financial instruments*3:			
Hedge accounting not applied	107,603	107,603	—
Hedge accounting applied	70,315	78,174	7,858
Total derivative financial instruments	$ 177,919	$ 185,778	$ 7,858

*1. Difference indicates the difference between the amount after deducting the reserve for possible loan losses recorded in the consolidated balance sheet and its current fair value.
*2. Reserve for possible loan losses for loans is deducted.
*3. Assets and liabilities arising from derivative transactions are shown at net value. In the case of net liabilities, amounts are shown in parentheses.

Annotation 1

Matters relating to the calculation method for the fair value of financial instruments as well as securities and derivative transactions.

Assets

a. Cash and deposits: mainly recorded in carrying amounts as their fair values are proximate to the carrying amounts.

b. Call loans: recorded in carrying amounts as these are settled in a short period, thus their fair values are proximate to the carrying amounts.

c. Monetary claims purchased: Those which are deemed appropriate to treat as securities are recorded in the same way as securities, while others which are deemed appropriate to treat as loan receivable are recorded in the same way as loans.

d. Monetary trusts: Monetary trusts which are mainly invested in securities are recorded in the same way as securities, while monetary trusts which have similar nature with cash and deposits are recorded in carrying amounts. In addition, currency options and stock index option contracts, etc., are used in monetary trusts where their fair values are calculated based on prices quoted by the counterparty financial institutions.

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

See "Note 23 Securities" for notes related to securities by holding purposes.

f. Loans:

(i) Policy loans: Fair value is calculated by discounting the expected future cash flow derived from the repayment rate based on the past actual repayment performance by the risk-free rate.

(ii) Commercial loans: A variable interest rate loan reflects the market interest rate in a short period. Therefore, it is basically recorded at carrying amount as its fair value is proximate to the carrying amount unless the borrower's credit standing significantly changes after the loan is provided.

Fair value of fixed interest rate loans is calculated by discounting the total of principal and interest by risk-free rates weighted by credit risks involved.

For loans to bankrupt companies, loans to effectively bankrupt companies and loans to potentially bankrupt companies, since estimated uncollectable amounts are calculated based on the present value of the estimated future cash flows or estimated amounts recoverable through pledge or guarantee, fair values are proximate to consolidated balance sheet amounts less uncollectable amounts at the consolidated closing date. These values are recorded as fair values.

However, for compound financial instruments, fair values are based on their prices quoted by the underwriting financial institutions.

Liabilities

a. Short-term debentures: Fair values are recorded in carrying amounts. Fair values are proximate to carrying amounts because these are settled in a short period.

b. Bonds: Fair values are based on the statistics for reference published by the Japan Securities Dealers Association or on the prices quoted by the underwriting financial institutions or calculated by discounting the total of principal and interest by risk-free rates weighted by credit risks involved.

c. Cash collateral received for bond-lending transactions: Fair values are recorded in carrying amounts. Fair values are proximate to carrying amounts because these are short-term transactions.

d. Borrowings: Fair values are calculated by discounting the total of principal and interest by risk-free rates weighted by credit risks involved.

Derivative transactions: see "Note 25 Derivative Transactions."

Annotation 2

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

		¥ millions	US$ thousands
As of March 31,	2018	**2019**	**2019**
Investments in affiliates	¥ 410	**¥ 615**	**$ 5,548**
Available-for-sale securities	182,294	**187,750**	**1,691,602**
Unlisted stocks *1, *2	19,523	**16,820**	**151,554**
Foreign securities *1, *2, *3	145,140	**149,110**	**1,343,463**
Other securities *2, *3	17,630	**21,818**	**196,584**

*1. Unlisted stocks are exempt from disclosure of fair value because fair value is considered extremely difficult to obtain due to the lack of market value.

*2. Impairment losses:

– For the year ended March 31, 2018: foreign securities of ¥5,818 million and other securities of ¥369 million.

– For the year ended March 31, 2019: foreign securities of ¥932 million [$8,402 thousand], other securities of ¥200 million [$1,802 thousand] and unlisted stocks of ¥0 million [$0 thousand].

*3. Investment in capital of partnership is exempt from disclosure of fair value because the partnership assets comprise financial instruments deemed extremely difficult to determine fair value such as unlisted stocks.

Annotation 3

Scheduled redemption amounts after the consolidated closing date for monetary claims and fixed-maturity securities are as follows:

¥ millions

As of March 31, 2018	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Deposits	¥776,310	¥ —	¥ —	¥ —
Call loans	10,539	—	—	—
Monetary claims purchased	16,057	950	293	93,395
Securities:				
Held-to-maturity bonds:				
Government bonds	19,256	456,563	45,916	551,771
Municipal bonds	—	13,495	4,564	25,502
Corporate bonds	1,631	36,265	20,595	95,560
Policy reserve-matching bonds:				
Government bonds	59,153	34,772	263,734	1,580,414
Municipal bonds	9,036	6,710	41,200	137,530
Corporate bonds	26,160	71,580	94,230	567,100
Foreign securities	—	—	6,250	8,835
Available-for-sale fixed maturity securities:				
Government bonds	100	75,390	77,204	434,943
Municipal bonds	32,775	53,200	18,555	22,524
Corporate bonds	156,468	340,236	254,725	215,053
Foreign securities	83,395	637,355	1,302,771	533,654
Other securities	1	3	1	—
Loans	183,036	615,172	534,666	193,358

* Securities without contractual maturity dates in the amount of ¥ 868,722 million are not included. In addition, loans without contractual maturity dates such as policy loans in the amount of ¥ 122,321 million are not included.

¥ millions

As of March 31, 2019	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Deposits	**¥824,100**	**¥ —**	**¥ —**	**¥ —**
Call loans	**1,037**	**—**	**—**	**—**
Monetary claims purchased	**25,486**	**235**	**4,293**	**90,230**
Securities:				
Held-to-maturity bonds:				
Government bonds	**183,063**	**290,504**	**37,863**	**543,846**
Municipal bonds	**13,495**	**664**	**3,510**	**25,844**
Corporate bonds	**2,600**	**54,260**	**—**	**96,207**
Policy reserve-matching bonds:				
Government bonds	**8,583**	**115,110**	**252,842**	**1,639,056**
Municipal bonds	**2,800**	**14,193**	**36,766**	**160,190**
Corporate bonds	**16,800**	**99,680**	**110,501**	**638,100**
Foreign securities	**—**	**1,043**	**19,669**	**12,550**
Available-for-sale fixed maturity securities:				
Government bonds	**—**	**90,390**	**52,566**	**388,844**
Municipal bonds	**42,684**	**17,397**	**21,601**	**16,006**
Corporate bonds	**122,084**	**340,245**	**312,892**	**199,898**
Foreign securities	**107,298**	**830,354**	**1,092,135**	**461,693**
Other securities	**—**	**7**	**1**	**—**
Loans	**169,024**	**615,230**	**536,497**	**220,338**

US$ thousands

As of March 31, 2019	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Deposits	$7,424,994	$ —	$ —	$ —
Call loans	9,343	—	—	—
Monetary claims purchased	229,627	2,118	38,681	812,959
Securities:				
Held-to-maturity bonds:				
Government bonds	1,649,364	2,617,396	341,144	4,899,962
Municipal bonds	121,595	5,985	31,624	232,854
Corporate bonds	23,425	488,877	—	866,813
Policy reserve-matching bonds:				
Government bonds	77,331	1,037,120	2,278,061	14,767,600
Municipal bonds	25,227	127,879	331,260	1,443,284
Corporate bonds	151,364	898,098	995,602	5,749,166
Foreign securities	—	9,400	177,216	113,074
Available-for-sale fixed maturity securities:				
Government bonds	—	814,397	473,611	3,503,420
Municipal bonds	384,575	156,751	194,628	144,214
Corporate bonds	1,099,958	3,065,547	2,819,102	1,801,046
Foreign securities	966,738	7,481,345	9,839,948	4,159,772
Other securities	—	66	11	—
Loans	1,522,882	5,543,117	4,833,743	1,985,209

* Securities without contractual maturity dates in the amount of ¥ 1,096,334 million [$9,877,778 thousand] are not included. In addition, loans without contractual maturity dates such as policy loans in the amount of ¥ 129,083 million [$1,163,021 thousand] are not included.

Annotation 4

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

¥ millions

As of March 31, 2018	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Short-term debenture	¥ 6,000	¥ —	¥ —	¥ —	¥ —	¥ —
Bonds	—	—	30,000	—	—	57,000
Cash collateral received for bond-lending transactions within other liabilities	109,943	—	—	—	—	—
Borrowings within other liabilities	11,175	8,933	5,838	3,159	1,447	44,520

¥ millions

As of March 31, 2019	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Short-term debenture	¥ 6,000	¥ —	¥ —	¥ —	¥ —	¥ —
Bonds	—	30,000	—	—	—	87,000
Cash collateral received for bond-lending transactions within other liabilities	161,672	—	—	—	—	—
Borrowings within other liabilities	11,283	8,113	5,384	3,497	2,237	15,128

US$ thousands

As of March 31, 2019	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Short-term debenture	$ 54,058	$ —	$ —	$ —	$ —	$ —
Bonds	—	270,294	—	—	—	783,854
Cash collateral received for bond-lending transactions within other liabilities	1,456,636	—	—	—	—	—
Borrowings within other liabilities	101,662	73,100	48,513	31,511	20,159	136,305

Note 23 Securities

(1) Trading securities

		¥ millions	US$ thousands
As of March 31,	2018	**2019**	**2019**
Valuation difference included in earnings (losses) of the consolidated fiscal year	¥(2,651)	**¥(4,940)**	**$(44,514)**

(2) Held-to-maturity bonds

¥ millions

As of March 31, 2018	Consolidated balance sheet amount	Fair value	Difference
Fair value exceeding consolidated balance sheet amount:			
Domestic bonds	¥1,249,167	¥1,454,655	¥205,487
Government bonds	1,050,936	1,221,587	170,650
Municipal bonds	44,013	51,881	7,868
Corporate bonds	154,217	181,186	26,968
Other securities	33,332	35,726	2,393
Total	1,282,500	1,490,382	207,881
Fair value not exceeding consolidated balance sheet amount:			
Domestic bonds	4,395	4,111	(284)
Government bonds	4,395	4,111	(284)
Municipal bonds	—	—	—
Corporate bonds	—	—	—
Other securities	—	—	—
Total	4,395	4,111	(284)
Grand total	¥1,286,895	¥1,494,493	¥207,597

Note: Other securities include beneficiary trust certificates (consolidated balance sheet amount of ¥33,332 million) which are represented as monetary claims purchased in the consolidated balance sheet.

¥ millions

As of March 31, 2019	Consolidated balance sheet amount	Fair value	Difference
Fair value exceeding consolidated balance sheet amount:			
Domestic bonds	**¥1,233,526**	**¥1,452,021**	**¥218,495**
Government bonds	**1,036,381**	**1,217,484**	**181,102**
Municipal bonds	**43,926**	**52,422**	**8,496**
Corporate bonds	**153,217**	**182,114**	**28,897**
Other securities	**33,182**	**35,434**	**2,251**
Total	**1,266,708**	**1,487,455**	**220,746**
Fair value not exceeding consolidated balance sheet amount:			
Domestic bonds	**1,666**	**1,573**	**(93)**
Government bonds	**1,666**	**1,573**	**(93)**
Municipal bonds	**—**	**—**	**—**
Corporate bonds	**—**	**—**	**—**
Other securities	**—**	**—**	**—**
Total	**1,666**	**1,573**	**(93)**
Grand total	**¥1,268,374**	**¥1,489,028**	**¥220,653**

US$ thousands

As of March 31, 2019	Consolidated balance sheet amount	Fair value	Difference
Fair value exceeding consolidated balance sheet amount:			
Domestic bonds	**$11,113,850**	**$13,082,454**	**$1,968,603**
Government bonds	**9,337,615**	**10,969,314**	**1,631,699**
Municipal bonds	**395,772**	**472,320**	**76,547**
Corporate bonds	**1,380,462**	**1,640,819**	**260,356**
Other securities	**298,968**	**319,255**	**20,286**
Total	**11,412,819**	**13,401,710**	**1,988,890**
Fair value not exceeding consolidated balance sheet amount:			
Domestic bonds	**15,011**	**14,173**	**(838)**
Government bonds	**15,011**	**14,173**	**(838)**
Municipal bonds	**—**	**—**	**—**
Corporate bonds	**—**	**—**	**—**
Other securities	**—**	**—**	**—**
Total	**15,011**	**14,173**	**(838)**
Grand total	**$11,427,831**	**$13,415,883**	**$1,988,052**

Note: Other securities include beneficiary trust certificates (consolidated balance sheet amount of ¥33,182 million [$298,968 thousand]) which are represented as monetary claims purchased in the consolidated balance sheet.

(3) Policy reserve-matching bonds

¥ millions

As of March 31, 2018	Consolidated balance sheet amount	Fair value	Difference
Fair value exceeding consolidated balance sheet amount:			
Domestic bonds	¥2,748,210	¥3,235,719	¥487,509
Government bonds	1,913,755	2,262,255	348,499
Municipal bonds	169,333	195,120	25,787
Corporate bonds	665,121	778,343	113,222
Foreign securities	4,956	5,008	52
Foreign bonds	4,956	5,008	52
Total	2,753,166	3,240,727	487,561
Fair value not exceeding consolidated balance sheet amount:			
Domestic bonds	165,583	153,690	(11,893)
Government bonds	41,764	39,030	(2,733)
Municipal bonds	25,317	23,055	(2,261)
Corporate bonds	98,501	91,603	(6,898)
Foreign securities	11,895	11,577	(317)
Foreign bonds	11,895	11,577	(317)
Total	177,478	165,267	(12,211)
Grand total	¥2,930,644	¥3,405,994	¥475,350

¥ millions

As of March 31, 2019	Consolidated balance sheet amount	Fair value	Difference
Fair value exceeding consolidated balance sheet amount:			
Domestic bonds	¥3,010,248	¥3,574,433	¥564,185
Government bonds	1,997,598	2,399,162	401,564
Municipal bonds	197,457	227,815	30,357
Corporate bonds	815,191	947,455	132,263
Foreign securities	30,618	31,971	1,352
Foreign bonds	30,618	31,971	1,352
Total	3,040,866	3,606,405	565,538
Fair value not exceeding consolidated balance sheet amount:			
Domestic bonds	106,240	102,688	(3,551)
Government bonds	33,210	32,729	(481)
Municipal bonds	17,328	16,469	(858)
Corporate bonds	55,701	53,489	(2,212)
Foreign securities	5,577	5,547	(29)
Foreign bonds	5,577	5,547	(29)
Total	111,817	108,235	(3,581)
Grand total	¥3,152,683	¥3,714,640	¥561,957

US$ thousands

As of March 31, 2019	Consolidated balance sheet amount	Fair value	Difference
Fair value exceeding consolidated balance sheet amount:			
Domestic bonds	$27,121,795	$32,205,008	$5,083,213
Government bonds	17,998,006	21,616,027	3,618,021
Municipal bonds	1,779,060	2,052,578	273,517
Corporate bonds	7,344,728	8,536,402	1,191,674
Foreign securities	275,863	288,053	12,189
Foreign bonds	275,863	288,053	12,189
Total	27,397,659	32,493,062	5,095,403
Fair value not exceeding consolidated balance sheet amount:			
Domestic bonds	957,207	925,206	(32,000)
Government bonds	299,220	294,886	(4,333)
Municipal bonds	156,123	148,388	(7,734)
Corporate bonds	501,862	481,930	(19,931)
Foreign securities	50,248	49,979	(269)
Foreign bonds	50,248	49,979	(269)
Total	1,007,456	975,186	(32,269)
Grand total	$28,405,115	$33,468,248	$5,063,133

(4) Available-for-sale securities

¥ millions

As of March 31, 2018	Consolidated balance sheet amount	Acquisition cost	Difference
Consolidated balance sheet amount exceeding acquisition cost:			
Domestic bonds	¥1,473,666	¥1,374,322	¥ 99,343
Government bonds	316,322	275,741	40,580
Municipal bonds	124,319	116,024	8,294
Corporate bonds	1,033,024	982,555	50,468
Domestic equities	779,252	434,490	344,761
Foreign securities	1,472,951	1,380,250	92,700
Foreign bonds	1,031,284	967,819	63,465
Foreign equities	8,012	7,244	768
Foreign other securities	433,654	405,186	28,467
Other securities	357,148	302,412	54,736
Total	4,083,017	3,491,475	591,542
Consolidated balance sheet amount not exceeding acquisition cost:			
Domestic bonds	590,219	619,818	(29,598)
Government bonds	340,763	357,961	(17,198)
Municipal bonds	10,469	11,497	(1,028)
Corporate bonds	238,987	250,359	(11,371)
Domestic equities	27,159	29,693	(2,533)
Foreign securities	2,286,982	2,399,934	(112,952)
Foreign bonds	1,697,972	1,795,296	(97,323)
Foreign equities	17,023	17,761	(738)
Foreign other securities	571,986	586,876	(14,890)
Other securities	59,734	60,567	(833)
Total	2,964,096	3,110,014	(145,917)
Grand total	¥7,047,113	¥6,601,489	¥ 445,624

Note: Other securities include certificates of deposit (consolidated balance sheet amount of ¥18,000 million) which are represented as cash and deposits, commercial paper (consolidated balance sheet amount of ¥15,999 million) and beneficiary trust certificates (consolidated balance sheet amount of ¥67,073 million) which are represented as monetary claims purchased in the consolidated balance sheet.

¥ millions

As of March 31, 2019	Consolidated balance sheet amount	Acquisition cost	Difference
Consolidated balance sheet amount exceeding acquisition cost:			
Domestic bonds	**¥1,640,657**	**¥1,558,632**	**¥ 82,024**
Government bonds	**393,375**	**364,191**	**29,184**
Municipal bonds	**91,700**	**86,359**	**5,341**
Corporate bonds	**1,155,581**	**1,108,082**	**47,499**
Domestic equities	**613,820**	**366,806**	**247,013**
Foreign securities	**2,761,123**	**2,628,793**	**132,330**
Foreign bonds	**1,691,049**	**1,605,881**	**85,168**
Foreign equities	**2**	**1**	**0**
Foreign other securities	**1,070,071**	**1,022,910**	**47,161**
Other securities	**242,924**	**211,237**	**31,686**
Total	**5,258,526**	**4,765,470**	**493,055**
Consolidated balance sheet amount not exceeding acquisition cost:			
Domestic bonds	**394,703**	**407,473**	**(12,770)**
Government bonds	**205,167**	**211,926**	**(6,759)**
Municipal bonds	**10,937**	**11,601**	**(663)**
Corporate bonds	**178,598**	**183,945**	**(5,347)**
Domestic equities	**105,693**	**117,426**	**(11,733)**
Foreign securities	**1,277,237**	**1,329,233**	**(51,995)**
Foreign bonds	**1,014,024**	**1,059,768**	**(45,744)**
Foreign equities	**16,811**	**17,472**	**(661)**
Foreign other securities	**246,402**	**251,993**	**(5,590)**
Other securities	**198,383**	**204,238**	**(5,854)**
Total	**1,976,017**	**2,058,372**	**(82,354)**
Grand total	**¥7,234,544**	**¥6,823,842**	**¥410,701**

US$ thousands

As of March 31, 2019	Consolidated balance sheet amount	Acquisition cost	Difference
Consolidated balance sheet amount exceeding acquisition cost:			
Domestic bonds	$14,782,029	$14,043,002	$ 739,027
Government bonds	3,544,239	3,281,295	262,943
Municipal bonds	826,206	778,081	48,125
Corporate bonds	10,411,583	9,983,625	427,958
Domestic equities	5,530,415	3,304,865	2,225,550
Foreign securities	24,877,227	23,684,953	1,192,274
Foreign bonds	15,236,051	14,468,700	767,351
Foreign equities	20	15	5
Foreign other securities	9,641,155	9,216,237	424,917
Other securities	2,188,707	1,903,213	285,493
Total	47,378,380	42,936,035	4,442,345
Consolidated balance sheet amount not exceeding acquisition cost:			
Domestic bonds	3,556,205	3,671,263	(115,057)
Government bonds	1,848,520	1,909,421	(60,900)
Municipal bonds	98,547	104,523	(5,975)
Corporate bonds	1,609,137	1,657,318	(48,181)
Domestic equities	952,275	1,057,992	(105,717)
Foreign securities	11,507,684	11,976,156	(468,471)
Foreign bonds	9,136,174	9,548,321	(412,146)
Foreign equities	151,464	157,421	(5,957)
Foreign other securities	2,220,046	2,270,414	(50,368)
Other securities	1,787,399	1,840,151	(52,751)
Total	17,803,564	18,545,563	(741,998)
Grand total	$65,181,945	$61,481,598	$3,700,346

Note: Other securities include certificates of deposit (consolidated balance sheet amount of ¥33,000 million [$297,324 thousand]) which are represented as cash and deposits, commercial paper (consolidated balance sheet amount of ¥24,999 million [$225,242 thousand]) and beneficiary trust certificates (consolidated balance sheet amount of ¥67,607 million [$609,131 thousand]) which are represented as monetary claims purchased in the consolidated balance sheet.

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

¥ millions

As of March 31, 2018	Cost of sales	Proceeds of sales	Gross gains	Gross losses
Domestic bonds	¥8,263	¥11,109	¥2,845	¥—
Government bonds	8,263	11,109	2,845	—
Municipal bonds	—	—	—	—
Corporate bonds	—	—	—	—
Total	¥8,263	¥11,109	¥2,845	¥—

Reason for the sales: At Taiyo Life Insurance Company, investment policy was changed from the ALM standpoint considering that a certain period had passed since the suspension of sales of single-premium individual annuity insurance which belongs to single-premium whole life/annuity insurance asset segment. As a result, some of held-to-maturity bonds in this asset segment were sold before their maturity dates.

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

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

¥ millions

Year ended March 31, 2018	Proceeds of sales	Gross gains	Gross losses
Domestic bonds	¥27,075	¥4,250	¥12
Government bonds	20,985	3,156	12
Municipal bonds	—	—	—
Corporate bonds	6,089	1,094	—
Total	¥27,075	¥4,250	¥12

¥ millions

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

US$ thousands

Year ended March 31, 2019	Proceeds of sales	Gross gains	Gross losses
Domestic bonds	**$404,842**	**$28,161**	**$85**
Government bonds	**343,464**	**23,618**	**85**
Municipal bonds	**13,279**	**968**	**—**
Corporate bonds	**48,098**	**3,574**	**—**
Total	**$404,842**	**$28,161**	**$85**

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

¥ millions

Year ended March 31, 2018	Proceeds of sales	Gross gains	Gross losses
Domestic bonds	¥ 89,834	¥ 5,455	¥ 948
Government bonds	66,621	4,608	838
Municipal bonds	503	0	—
Corporate bonds	22,709	846	109
Domestic equities	91,521	35,048	1,195
Foreign securities	502,277	21,595	15,926
Foreign bonds	453,942	17,199	15,775
Foreign equities	253	1	7
Foreign other securities	48,081	4,395	142
Other securities	60,908	9,290	14
Total	¥744,541	¥71,390	¥18,084

¥ millions

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

US$ thousands

Year ended March 31, 2019	Proceeds of sales	Gross gains	Gross losses
Domestic bonds	**$1,053,678**	**$220,645**	**$ 16**
Government bonds	**720,576**	**140,186**	**—**
Municipal bonds	**87,912**	**19,652**	**—**
Corporate bonds	**245,189**	**60,806**	**16**
Domestic equities	**644,579**	**305,265**	**1,561**
Foreign securities	**6,231,436**	**147,862**	**150,544**
Foreign bonds	**5,342,790**	**57,657**	**131,974**
Foreign equities	**80,938**	**10,241**	**38**
Foreign other securities	**807,707**	**79,962**	**18,531**
Other securities	**407,951**	**99,019**	**4**
Total	**$8,337,645**	**$772,792**	**$152,126**

(8) Impairment of securities

The Company and its consolidated subsidiaries recognized ¥5 million and ¥1,996 million [$17,984 thousand] as impairment losses for the available-for-sale securities with fair value for the fiscal years ended March 31, 2018 and 2019, respectively.

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

Note 24 Monetary Trusts

(1) Monetary trusts for trading purposes

		¥ millions	US$ thousands
As of March 31,	2018	**2019**	**2019**
Valuation difference included in earnings (losses) of the consolidated fiscal year	¥720	**¥840**	**$7,572**

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

¥ millions

As of March 31, 2018	Consolidated balance sheet amount	Fair value	Difference
Monetary trusts	¥38,291	¥38,443	¥151

¥ millions

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

US$ thousands

As of March 31, 2019	Consolidated balance sheet amount	Fair value	Difference
Monetary trusts	**$269,097**	**$282,524**	**$13,427**

(3) Monetary trusts for policy reserve-matching purposes

¥ millions

As of March 31, 2018	Consolidated balance sheet amount	Fair value	Difference
Monetary trusts	¥605,469	¥642,820	¥37,351

¥ millions

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

US$ thousands

As of March 31, 2019	Consolidated balance sheet amount	Fair value	Difference
Monetary trusts	**$6,033,952**	**$6,614,848**	**$580,895**

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

¥ millions

As of March 31, 2018	Consolidated balance sheet amount	Acquisition cost	Difference
Monetary trusts	¥36,745	¥37,609	¥(863)

¥ millions

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

US$ thousands

As of March 31, 2019	Consolidated balance sheet amount	Acquisition cost	Difference
Monetary trusts	**$547,298**	**$547,971**	**$(673)**

Note 25 Derivative Transactions

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

a. Currency-related transactions

¥ millions

As of March 31, 2018	Notional amount		Fair value	Valuation gains (losses)
	Total	Over one year		
Over-the-counter transactions:				
Foreign exchange contracts:				
Sold	¥50,147	¥—	¥ 697	¥ 697
U.S. dollar	30,576	—	314	314
Euro	12,597	—	138	138
British pound	4,541	—	78	78
Canadian dollar	289	—	22	22
Australian dollar	2,141	—	143	143
Bought	5,331	—	(6)	(6)
U.S. dollar	3,797	—	(3)	(3)
Euro	1,497	—	(3)	(3)
Australian dollar	35	—	(0)	(0)
Currency swaps:				
Receive yen/pay foreign currency	1,860	—	1	1
Brazilian real	1,860	—	1	1
Receive foreign currency/pay yen	18,765	—	(931)	(931)
U.S. dollar	735	—	(38)	(38)
Australian dollar	18,030	—	(893)	(893)
Total				¥(239)

Notes:
1. Calculation method of fair value
   Forward exchange rates are used for the consolidated fiscal year-end foreign exchange rates.
   Currency swaps are carried out using management trusts and the fair value is calculated based on the price obtained from the trustee companies.
2. Assets and liabilities denominated in foreign currencies, which have fixed settlement amounts in yen under forward exchange contracts and are disclosed in yen amounts in the consolidated balance sheet, are not subject to this disclosure.

¥ millions

As of March 31, 2019	Notional amount		Fair value	Valuation gains (losses)
	Total	Over one year		
Over-the-counter transactions:				
Foreign exchange contracts:				
Sold	**¥90,962**	**¥ —**	**¥ 84**	**¥ 84**
U.S. dollar	**53,087**	**—**	**55**	**55**
Euro	**15,200**	**—**	**132**	**132**
British pound	**4,253**	**—**	**(52)**	**(52)**
Canadian dollar	**716**	**—**	**27**	**27**
Australian dollar	**17,703**	**—**	**(78)**	**(78)**
Bought	**7,442**	**—**	**31**	**31**
U.S. dollar	**383**	**—**	**0**	**0**
Euro	**10**	**—**	**0**	**0**
Australian dollar	**7,048**	**—**	**30**	**30**
Currency options:				
Bought				
Put	**9,657**	**—**		
	[20]	**[—]**	**10**	**(10)**
Euro	**9,657**	**—**		
	[20]	**[—]**	**10**	**(10)**
Currency swaps:				
Receive yen/pay foreign currency	**14,944**	**—**	**516**	**516**
Brazilian real	**9,634**	**—**	**681**	**681**
Indian rupee	**5,310**	**—**	**(165)**	**(165)**
Receive foreign currency/pay yen	**16,579**	**—**	**(261)**	**(261)**
U.S. dollar	**714**	**—**	**(5)**	**(5)**
Australian dollar	**15,864**	**—**	**(256)**	**(256)**
Total				**¥ 360**

US$ thousands

As of March 31, 2019	Notional amount Total	Notional amount Over one year	Fair value	Valuation gains (losses)
Over-the-counter transactions:				
Foreign exchange contracts:				
Sold	$819,555	$ —	$ 759	$ 759
U.S. dollar	478,312	—	498	498
Euro	136,957	—	1,190	1,190
British pound	38,327	—	(472)	(472)
Canadian dollar	6,454	—	246	246
Australian dollar	159,503	—	(703)	(703)
Bought	67,051	—	282	282
U.S. dollar	3,455	—	5	5
Euro	91	—	0	0
Australian dollar	63,504	—	276	276
Currency options:				
Bought				
Put	87,013	—		
	[184]	[—]	94	(90)
Euro	87,013	—		
	[184]	[—]	94	(90)
Currency swaps:				
Receive yen/pay foreign currency	134,651	—	4,652	4,652
Brazilian real	86,802	—	6,140	6,140
Indian rupee	47,848	—	(1,488)	(1,488)
Receive foreign currency/pay yen	149,378	—	(2,358)	(2,358)
U.S. dollar	6,440	—	(45)	(45)
Australian dollar	142,937	—	(2,312)	(2,312)
Total				$ 3,245

Notes:
1. Calculation method of fair value
   Forward exchange rates are used for the consolidated fiscal year-end foreign exchange rates.
   Currency options are calculated based on prices obtained from counterparty financial institutions.
   Currency swaps are carried out using management trusts and the fair value is calculated based on the price obtained from the trustee companies.
2. Assets and liabilities denominated in foreign currencies, which have fixed settlement amounts in yen under forward exchange contracts and are disclosed in yen amounts in the consolidated balance sheet, are not subject to this disclosure.
3. Figures in square brackets for "Notional amount" represent option premiums that are reported on the consolidated balance sheet.

b. Interest-related transactions

¥ millions

As of March 31, 2018	Notional amount Total	Notional amount Over one year	Fair value	Valuation gains (losses)
Over-the-counter transactions:				
Interest rate swaps:				
Receive fixed/pay floating	¥17,731	¥16,778	¥8,962	¥8,962
Total				¥8,962

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

¥ millions

As of March 31, 2019	Notional amount Total	Notional amount Over one year	Fair value	Valuation gains (losses)
Over-the-counter transactions:				
Interest rate swaps:				
Receive fixed/pay floating	¥16,213	¥15,317	¥11,561	¥11,561
Total				¥11,561

US$ thousands

As of March 31, 2019	Notional amount Total	Notional amount Over one year	Fair value	Valuation gains (losses)
Over-the-counter transactions:				
Interest rate swaps:				
Receive fixed/pay floating	$146,076	$138,010	$104,166	$104,166
Total				$104,166

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

c. Stock-related transactions

The Company held no stock-related derivative instruments as of March 31, 2018.

¥ millions

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

US$ thousands

As of March 31, 2019	Notional amount		Fair value	Valuation gains (losses)
	Total	Over one year		
Market transactions:				
Stock exchange transactions				
Bought:				
Put	**$93,535**	**$ —**		
	[307]	**[—]**	**6**	**(300)**
Total				**$(300)**

Notes:
1. Calculation method of fair value
   Fair value is based on prices obtained from counterparty financial institutions.
2. Figures in square brackets for "Notional amount" represent option premiums that are reported on the consolidated balance sheet.

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

¥ millions

As of March 31, 2018	Notional amount		Fair value	Valuation gains (losses)
	Total	Over one year		
Over-the-counter transactions:				
Currency options:				
Bought:				
Put	2,636	1,985		
	[651]	[505]	228	(422)
U.S. dollar	1,505	1,128		
	[403]	[313]	163	(240)
Euro	1,130	857		
	[247]	[192]	65	(181)
Stock-related transactions:				
Stock index options:				
Bought:				
Call	56	32		
	[18]	[10]	53	35
Put	13,675	10,321		
	[3,541]	[2,646]	301	(3,239)
Total				¥(3,626)

Notes:
1. Calculation method of fair value
   Fair value is based on the price obtained from counterparty financial institutions.
2. Figures in square brackets for "Notional amount" represent option premiums that are reported on the consolidated balance sheet.

¥ millions

As of March 31, 2019	Notional amount		Fair value	Valuation gains (losses)
	Total	Over one year		
Over-the-counter transactions:				
Currency options:				
Bought:				
Put	1,985	1,438		
	[505]	[371]	147	(357)
U.S. dollar	1,128	786		
	[313]	[223]	89	(223)
Euro	857	652		
	[192]	[148]	58	(133)
Stock-related transactions:				
Stock index options:				
Bought:				
Call	32	10		
	[10]	[2]	31	21
Put	10,321	2,845		
	[2,646]	[604]	190	(2,456)
Total				¥(2,792)

US$ thousands

As of March 31, 2019	Notional amount		Fair value	Valuation gains (losses)
	Total	Over one year		
Over-the-counter transactions:				
Currency options:				
Bought:				
Put	17,891	12,958		
	[4,553]	[3,350]	1,330	(3,222)
U.S. dollar	10,167	7,084		
	[2,823]	[2,015]	807	(2,016)
Euro	7,723	5,874		
	[1,730]	[1,335]	523	(1,206)
Stock-related transactions:				
Stock index options:				
Bought:				
Call	288	90		
	[92]	[25]	284	191
Put	92,992	25,640		
	[23,847]	[5,445]	1,719	(22,128)
Total				$(25,159)

Notes:
1. Calculation method of fair value
   Fair value is based on prices obtained from counterparty financial institutions.
2. Figures in square brackets for "Notional amount" represent option premiums that are reported on the consolidated balance sheet.

(2) Derivative financial instruments for which hedge accounting is applied

a. Currency-related transactions

¥ millions

As of March 31, 2018	Hedged item	Notional amount Total	Over one year	Fair value
Recognition of valuation gains/losses on hedged items:				
Foreign exchange contracts:	Foreign currency-denominated assets			
Sold		¥2,811,894	¥ —	¥30,986
U.S. dollar		1,877,531	—	16,849
Euro		542,632	—	6,554
British pound		181,572	—	1,504
Canadian dollar		121,750	—	4,442
Australian dollar		59,671	—	1,606
Mexican peso		1,702	—	(20)
New Zealand dollar		22,014	—	(116)
Polish zloty		5,019	—	166
Bought		13,258	—	(3)
U.S. dollar		13,258	—	(3)
Allocation treatment for foreign exchange contracts, etc.:				
Foreign exchange contracts:	Certificates of deposit in foreign currencies			
Sold		50,000	—	—
U.S. dollar		5,000	—	—
Australian dollar		45,000	—	—
Currency swaps:	Foreign currency-denominated loans			
Receive yen/pay foreign currency		32,297	32,297	—
U.S. dollar		32,297	32,297	—
Total				¥30,983

Notes:
1. Calculation method of fair value
   Forward exchange rates are used for the consolidated fiscal year-end foreign exchange rates.
2. Fair value of foreign exchange contracts, etc., with allocation treatments are included in the relevant certificates of deposit in foreign currencies and foreign currency-denominated loans because they are the hedged assets for each of these contracts and the assets are treated as a unit.

¥ millions

As of March 31, 2019	Hedged item	Notional amount Total	Over one year	Fair value
Recognition of valuation gains/losses on hedged items:				
Foreign exchange contracts:	Foreign currency-denominated assets			
Sold		**¥3,352,034**	**¥ —**	**¥ 7,785**
U.S. dollar		**2,247,783**	**—**	**(9,394)**
Euro		**729,658**	**—**	**15,119**
British pound		**146,229**	**—**	**667**
Canadian dollar		**97,428**	**—**	**(98)**
Australian dollar		**114,012**	**—**	**1,352**
New Zealand dollar		**14,027**	**—**	**136**
Polish zloty		**767**	**—**	**1**
Danish krone		**1,644**	**—**	**2**
Singapore dollar		**483**	**—**	**(1)**
Bought		**227,620**	**—**	**178**
U.S. dollar		**227,620**	**—**	**178**
Allocation treatment for foreign exchange contracts, etc.:				
Foreign exchange contracts:	Certificates of deposit in foreign currencies			
Sold		**40,000**	**—**	**—**
U.S. dollar		**10,000**	**—**	**—**
Australian dollar		**30,000**	**—**	**—**
Currency swaps:	Foreign currency-denominated loans			
Receive yen/pay foreign currency		**37,937**	**37,937**	**—**
U.S. dollar		**37,937**	**37,937**	**—**
Total				**¥ 7,964**

US$ thousands

As of March 31, 2019	Hedged item	Notional amount Total	Over one year	Fair value
Recognition of valuation gains/losses on hedged items:				
Foreign exchange contracts:	Foreign currency-denominated assets			
Sold		**$30,201,228**	**$ —**	**$ 70,147**
U.S. dollar		**20,252,127**	**—**	**(84,645)**
Euro		**6,574,088**	**—**	**136,223**
British pound		**1,317,501**	**—**	**6,018**
Canadian dollar		**877,813**	**—**	**(886)**
Australian dollar		**1,027,233**	**—**	**12,186**
New Zealand dollar		**126,382**	**—**	**1,233**
Polish zloty		**6,912**	**—**	**9**
Danish krone		**14,813**	**—**	**21**
Singapore dollar		**4,355**	**—**	**(13)**
Bought		**2,050,823**	**—**	**1,612**
U.S. dollar		**2,050,823**	**—**	**1,612**
Allocation treatment for foreign exchange contracts, etc.:				
Foreign exchange contracts:	Certificates of deposit in foreign currencies			
Sold		**360,392**	**—**	**—**
U.S. dollar		**90,098**	**—**	**—**
Australian dollar		**270,294**	**—**	**—**
Currency swaps:	Foreign currency-denominated loans			
Receive yen/pay foreign currency		**341,809**	**341,809**	**—**
U.S. dollar		**341,809**	**341,809**	**—**
Total				**$ 71,759**

Notes:
1. Calculation method of fair value
   Forward exchange rates are used for the consolidated fiscal year-end foreign exchange rates.
2. Fair value of foreign exchange contracts, etc., with allocation treatments are included in the relevant certificates of deposit in foreign currencies and foreign currency-denominated loans because they are the hedged assets for each of these contracts and the assets are treated as a unit.

b. Interest-related transactions

¥ millions

As of March 31, 2018	Hedged item	Notional amount Total	Over one year	Fair value
Special treatment for interest rate swaps:				
Interest rate swaps:				
Receive fixed/pay floating	Loans	¥49,960	¥45,298	¥892
Total				¥892

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

¥ millions

As of March 31, 2019	Hedged item	Notional amount Total	Over one year	Fair value
Special treatment for interest rate swaps:				
Interest rate swaps:				
Receive fixed/pay floating	Loans	**¥44,987**	**¥33,137**	**¥872**
Total				**¥872**

US$ thousands

As of March 31, 2019	Hedged item	Notional amount Total	Over one year	Fair value
Special treatment for interest rate swaps:				
Interest rate swaps:				
Receive fixed/pay floating	Loans	**$405,332**	**$298,566**	**$7,858**
Total				**$7,858**

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

c. Stock-related transactions

¥ millions

As of March 31, 2018	Hedged item	Notional amount Total	Notional amount Over one year	Fair value
Recognition of valuation gains/losses on hedged items:				
Forward contracts:				
Sold	Domestic equities	¥45,100	¥—	¥2,455
Total				¥2,455

Note: Calculation method of fair value
Fair value is calculated based on prices obtained from counterparty financial institutions.

¥ millions

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

US$ thousands

As of March 31, 2019	Hedged item	Notional amount Total	Notional amount Over one year	Fair value
Recognition of valuation gains/losses on hedged items:				
Forward contracts:				
Sold	Domestic equities	**$401,965**	**$—**	**$(1,443)**
Total				**$(1,443)**

Note: Calculation method of fair value
Fair value is calculated based on prices obtained from counterparty financial institutions.

Note 26 Employees' Retirement Benefits

(1) Overview of the retirement benefit plan adopted by the T&D Insurance Group

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

(2) Defined benefit retirement plan

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

Years ended March 31,	2018	¥ millions 2019	US$ thousands 2019
Balance at the beginning of the year	¥155,716	**¥154,239**	**$1,389,671**
Service cost	6,369	**6,361**	**57,317**
Interest cost	876	**800**	**7,216**
Actuarial gains and losses	1,959	**3,136**	**28,261**
Retirement benefit paid	(7,172)	**(7,437)**	**(67,013)**
Accrual of past service costs	(3,510)	**—**	**—**
Balance at the end of the year	¥154,239	**¥157,101**	**$1,415,452**

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

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

		¥ millions	US$ thousands
Years ended March 31,	2018	2019	2019
Balance at the beginning of the year	¥ 99,168	¥103,475	$932,292
Expected return on plan assets	920	1,121	10,103
Net actuarial gains and losses	1,347	1,154	10,398
Employer contribution	7,440	6,000	54,059
Benefit obligation paid	(5,402)	(5,688)	(51,252)
Balance at the end of the year	¥103,475	¥106,062	$955,602

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

		¥ millions	US$ thousands
As of March 31,	2018	2019	2019
Retirement benefit obligations for funded plans	¥ 127,383	¥ 130,463	$1,175,450
Plan assets	(103,475)	(106,062)	(955,602)
Employee pension trusts	[(62,124)]	[(63,321)]	[(570,518)]
	23,907	24,400	219,847
Retirement benefit obligations for unfunded plans	26,856	26,637	240,002
Net amount of defined benefit liability and defined benefit asset stated in the consolidated balance sheet	50,764	51,038	459,849
Defined benefit liability	50,764	51,038	459,849
Defined benefit asset	—	—	—
Net amount of defined benefit liability and defined benefit asset stated in the consolidated balance sheet	¥ 50,764	¥ 51,038	$ 459,849

d. Components of retirement benefit expense are as follows:

		¥ millions	US$ thousands
Years ended March 31,	2018	2019	2019
Service cost	¥ 6,369	¥ 6,361	$ 57,317
Interest cost	876	800	7,216
Expected return on plan assets	(920)	(1,121)	(10,103)
Recognized actuarial gains and losses	612	1,982	17,862
Recognized past service costs	(3,510)	—	—
Retirement benefit expense relating to defined benefit retirement plan	¥ 3,427	¥ 8,023	$ 72,291

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

e. Matters related to pension plan assets

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

As of March 31,	2018	2019
Bonds	72.8%	72.0%
General account	11.2%	11.4%
Foreign securities	8.4%	8.0%
Stocks	5.3%	4.8%
Cash and deposits	1.5%	2.8%
Joint assets	0.7%	0.9%
Others	0.0%	0.0%
Total	100.0%	100.0%

Note: The total includes 60.0% and 59.7% of employee pension trusts set up for corporate pension plans for the fiscal years ended March 31, 2018 and 2019, respectively.

(ii) The setting method for long-term expected rate of return

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

f. Matters related to actuarial basis

Years ended March 31,	2018	2019
Discount rate	0.11%–0.80%	(0.01)%–0.80%
Expected long-term rate of return on plan assets	0.26%–2.11%	0.24%–3.46%

(3) Defined contribution retirement plan

The required contribution for the defined contribution retirement plan of the Company and its consolidated subsidiaries amounted to ¥267 million and ¥268 million [$2,418 thousand] for the fiscal years ended March 31, 2018 and 2019, respectively.

Note 27 Stock Options

(1) Amount of expenses related to stock options

		¥ millions	US$ thousands
Years ended March 31,	2018	2019	2019
Operating expenses	¥309	¥—	$—

(2) Details, size and status of stock options

a. Details of stock options

	T&D Holdings, Inc. stock subscription rights (1st series)
Title and number of grantees	Directors (excluding outside directors) and executive officers of the Company: 7 Directors (excluding outside directors) and executive officers of subsidiaries of the Company: 40
Number of stock options by class*	Common stock: 449,600 shares
Grant date	July 31, 2012
Conditions for vesting	Stock options are vested on the grant date.
Requisite service period	Not applicable
Exercise period	August 1, 2012 to July 31, 2042

* Translated to the number of common stock.

	T&D Holdings, Inc. stock subscription rights (2nd series)
Title and number of grantees	Directors (excluding outside directors) and executive officers of the Company: 7 Directors (excluding outside directors) and executive officers of subsidiaries of the Company: 39
Number of stock options by class*	Common stock: 235,500 shares
Grant date	August 1, 2013
Conditions for vesting	Stock options are vested on the grant date.
Requisite service period	Not applicable
Exercise period	August 2, 2013 to August 1, 2043

* Translated to the number of common stock.

	T&D Holdings, Inc. stock subscription rights (3rd series)
Title and number of grantees	Directors (excluding outside directors) and executive officers of the Company: 6 Directors (excluding outside directors) and executive officers of subsidiaries of the Company: 41
Number of stock options by class*	Common stock: 231,300 shares
Grant date	August 1, 2014
Conditions for vesting	Stock options are vested on the grant date.
Requisite service period	Not applicable
Exercise period	August 2, 2014 to August 1, 2044

* Translated to the number of common stock.

	T&D Holdings, Inc. stock subscription rights (4th series)
Title and number of grantees	Directors (excluding outside directors) and executive officers of the Company: 15 Directors (excluding outside directors) and executive officers of subsidiaries of the Company: 43
Number of stock options by class*	Common stock: 170,700 shares
Grant date	August 3, 2015
Conditions for vesting	Stock options are vested on the grant date.
Requisite service period	Not applicable
Exercise period	August 4, 2015 to August 3, 2045

* Translated to the number of common stock.

	T&D Holdings, Inc. stock subscription rights (5th series)
Title and number of grantees	Directors (excluding outside directors) and executive officers of the Company: 10 Directors (excluding outside directors) and executive officers of subsidiaries of the Company: 48
Number of stock options by class*	Common stock: 379,800 shares
Grant date	August 1, 2016
Conditions for vesting	Stock options are vested on the grant date.
Requisite service period	Not applicable
Exercise period	August 2, 2016 to August 1, 2046

* Translated to the number of common stock.

	T&D Holdings, Inc. stock subscription rights (6th series)
Title and number of grantees	Directors (excluding outside directors) and executive officers of the Company: 10 Directors (excluding outside directors) and executive officers of subsidiaries of the Company: 47
Number of stock options by class*	Common stock: 208,200 shares
Grant date	August 1, 2017
Conditions for vesting	Stock options are vested on the grant date.
Requisite service period	Not applicable
Exercise period	August 2, 2017 to August 1, 2047

* Translated to the number of common stock.

b. Size and status of stock options

For stock options which existed during the consolidated fiscal year ended March 31, 2019, the number of stock options is translated to the number of common stock.

(i) Number of stock options

	T&D Holdings, Inc. stock subscription rights (1st series)	T&D Holdings, Inc. stock subscription rights (2nd series)	T&D Holdings, Inc. stock subscription rights (3rd series)
Before vesting:			
At the end of previous fiscal year	—	—	—
Granted	—	—	—
Forfeited	—	—	—
Vested	—	—	—
Outstanding	—	—	—
After vesting:			
At the end of previous fiscal year	181,600 shares	120,000 shares	144,400 shares
Vested	—	—	—
Exercised	24,400 shares	17,400 shares	20,600 shares
Forfeited	—	—	—
Exercisable	157,200 shares	102,600 shares	123,800 shares

	T&D Holdings, Inc. stock subscription rights (4th series)	T&D Holdings, Inc. stock subscription rights (5th series)	T&D Holdings, Inc. stock subscription rights (6th series)
Before vesting:			
At the end of previous fiscal year	—	—	—
Granted	—	—	—
Forfeited	—	—	—
Vested	—	—	—
Outstanding	—	—	—
After vesting:			
At the end of previous fiscal year	121,700 shares	298,900 shares	206,100 shares
Vested	—	—	—
Exercised	12,400 shares	28,500 shares	18,400 shares
Forfeited	—	—	—
Exercisable	109,300 shares	270,400 shares	187,700 shares

(ii) Unit price information

	T&D Holdings, Inc. stock subscription rights (1st series)	T&D Holdings, Inc. stock subscription rights (2nd series)	T&D Holdings, Inc. stock subscription rights (3rd series)
Exercise price	1 yen	1 yen	1 yen
Average stock price at the time of exercise	1,441 yen	1,511 yen	1,457 yen
Fair value at the granted date	685 yen	1,143 yen	1,153 yen

	T&D Holdings, Inc. stock subscription rights (4th series)	T&D Holdings, Inc. stock subscription rights (5th series)	T&D Holdings, Inc. stock subscription rights (6th series)
Exercise price	1 yen	1 yen	1 yen
Average stock price at the time of exercise	1,403 yen	1,651 yen	1,739 yen
Fair value at the granted date	1,708 yen	918 yen	1,485 yen

(3) Method for estimating the number of stock options vested

Only the actual number of forfeited stock options is reflected because it is difficult to rationally estimate the actual number of stock options that will be forfeited in the future.

Note 28 Asset Retirement Obligations

Asset retirement obligations recorded in the consolidated balance sheet are as follows:

(1) Overview of the asset retirement obligations

Asbestos removal obligations for office buildings and rental properties are recorded as asset retirement obligations.

(2) Calculation method for the amount of the asset retirement obligations

For the estimation of the present value of asset retirement obligations, 50 years from the acquisition of buildings is used as an estimated period before the cost will accrue and 2.11% as a discount rate.

(3) Increase or decrease of the total amount of the asset retirement obligations

		¥ millions	US$ thousands
Years ended March 31,	2018	**2019**	**2019**
Balance at the beginning of the year	¥1,957	**¥1,998**	**$18,008**
Time progress adjustment	41	**42**	**380**
Balance at the end of the year	¥1,998	**¥2,041**	**$18,389**

Note 29 Real Estate for Rent

Some subsidiaries own real estate for rent, consisting mainly of office buildings in major cities in Japan. Their balance sheet amount, net increase or decrease and fair value at the end of the year are as follows:

		¥ millions	US$ thousands
Years ended March 31,	2018	**2019**	**2019**
Balance sheet amount:			
Balance at the beginning of the year	¥202,753	**¥248,005**	**$2,234,488**
Net increase (decrease)	45,252	**8,229**	**74,147**
Balance at the end of the year	248,005	**256,235**	**2,308,636**
Fair value at the end of the year	¥307,523	**¥335,797**	**$3,025,472**

Notes:

1. Balance sheet amount represents acquisition cost less accumulated depreciation and accumulated impairment losses. Balances at the end of the year for the years ended March 31, 2018 and 2019 include amounts related to asset retirement obligations of ¥113 million and ¥79 million [$718 thousand], respectively.
2. For the year ended March 31, 2018, the increase mainly consisted of purchase of real estate totaling ¥ 45,926 million and the decrease mainly consisted of depreciation totaling ¥4,285 million. For the year ended March 31, 2019, the increase mainly consisted of purchase of real estate totaling ¥ 13,947 million [$125,664 thousand] and the decrease mainly consisted of depreciation totaling ¥5,502 million [$49,575 thousand].
3. Fair value at the end of the year of major properties is calculated based on their appraisal value by external real estate appraisers. The value of other properties is calculated in-house based on the posted price.

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

		¥ millions	US$ thousands
Years ended March 31,	2018	**2019**	**2019**
Ordinary revenues	¥15,719	**¥17,568**	**$158,288**
Ordinary expenses	10,245	**11,926**	**107,453**
Ordinary profit	5,474	**5,642**	**50,834**
Other losses	(474)	**(550)**	**(4,960)**

Notes:

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 recorded in investment income and investment expenses.
2. Other losses were mainly losses on disposal of fixed assets for the year ended March 31, 2018, and impairment losses for the year ended March 31, 2019. These amounts are recorded in extraordinary losses.

Note 30 Segment Information

(1) Overview of reportable segments

The reportable segments of the Company are components of the Company for which separate financial information is available. These segments are subject to regular review by the Company's Board of Directors to determine the allocation of business resources and evaluate business performances.

The Company is a holding company which manages life insurance companies and other subsidiaries in accordance with the Insurance Business Act. Under the Company, the Three Life Insurance Companies, with unique product strategies and sales strategies, operate life insurance business which is the Group's core business.

The Company's operations are therefore segmented by each of the life insurance companies and the Company's three reportable segments are the Taiyo Life Insurance Company segment, the Daido Life Insurance Company segment and the T&D Financial Life Insurance Company segment.

Each of the Three Life Insurance Companies focuses on different markets. Taiyo Life focuses on the households market, Daido Life focuses on the small and medium enterprises market and T&D Financial Life focuses on independent insurance agents market and each company has different products under its unique marketing strategy.

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

The method for the accounting treatment of the reportable segments is the same as described in "Note 2. Summary of Significant Accounting Policies."

(3) Information on ordinary revenues, income or loss, assets and liabilities, and others by reportable segment

¥ millions

	Reportable segments							
Year ended March 31, 2018	Taiyo Life	Daido Life	T&D Financial Life	Subtotal	Others	Total	Adjustments	Amount on consolidated financial statements
Ordinary revenues	¥ 737,487	¥ 987,614	¥ 196,492	¥ 1,921,593	¥ 31,766	¥ 1,953,360	¥ (25,000)	¥ 1,928,359
Intersegment transfers	1,229	456	—	1,685	69,300	70,986	(70,986)	—
Total	738,716	988,070	196,492	1,923,279	101,066	2,024,346	(95,986)	1,928,359
Segment income (loss)	62,790	89,397	2,543	154,732	47,895	202,627	(46,152)	156,475
Segment assets	7,219,463	6,573,924	1,365,878	15,159,267	921,034	16,080,302	(817,903)	15,262,398
Segment liabilities	6,810,776	5,913,402	1,292,955	14,017,134	148,847	14,165,982	(56,619)	14,109,362
Others:								
Depreciation of real estate for rent	2,648	2,407	—	5,056	—	5,056	(28)	5,027
Depreciation	6,033	4,070	54	10,158	644	10,803	(40)	10,762
Provision for (reversal of) policy reserve	(20,409)	232,722	50,164	262,476	398	262,874	—	262,874
Provision for (reversal of) reserve for policyholder dividends	15,664	14,668	(1)	30,331	—	30,331	—	30,331
Interest, dividends and income from real estate for rent	137,721	141,840	7,409	286,971	46,099	333,070	(47,573)	285,496
Interest expenses	638	16	0	656	31	687	(49)	637
Equity in earnings (losses) of affiliates	—	—	—	—	—	—	72	72
Extraordinary gains	26	55	—	82	15	97	(68)	28
Extraordinary losses	4,280	11,754	461	16,496	17	16,513	(0)	16,513
Impairment losses	744	—	—	744	—	744	—	744
Provision for reserve for price fluctuations	3,251	11,089	459	14,800	—	14,800	—	14,800
Taxes	12,390	18,458	494	31,343	724	32,068	(6)	32,061
Investments in affiliated companies	49	100	—	149	—	149	—	149
Increase in tangible fixed assets and intangible fixed assets	¥ 46,298	¥ 16,370	¥ 1,065	¥ 63,734	¥ 531	¥ 64,266	¥ (117)	¥ 64,148

Notes:
1. Ordinary revenues instead of net sales are presented here.
2. Adjustments are as follows:
   (1) The adjustment of ¥(25,000 million) to ordinary revenues is the transferred amount which mainly consists of reversal of policy reserve of ¥20,409 million and provision for retirement benefits of ¥3,627 million which are included in ordinary expenses of the consolidated statement of operation as provision for policy reserves and reversal of provision for retirement benefits, respectively.
   (2) The adjustment of ¥(46,152 million) to segment income (loss) is mainly due to the elimination of dividends from subsidiaries and affiliates.
   (3) The adjustment of ¥(817,903 million) to segment assets is mainly due to the elimination of investments in stocks of subsidiaries and affiliates.
   (4) The adjustment of ¥(56,619 million) to segment liabilities is mainly due to the elimination of intersegment receivables and payables.
3. Segment income (loss) is adjusted to align with the ordinary revenues set forth in the consolidated statement of operation.

¥ millions

Year ended March 31, 2019	Reportable segments				Others	Total	Adjustments	Amount on consolidated financial statements
	Taiyo Life	Daido Life	T&D Financial Life	Subtotal				
Ordinary revenues	¥ 916,451	¥1,044,933	¥ 150,758	¥ 2,112,143	¥ 32,616	¥ 2,144,759	¥ (4,597)	¥ 2,140,162
Intersegment transfers	1,158	627	—	1,786	59,684	61,471	(61,471)	—
Total	917,610	1,045,561	150,758	2,113,929	92,301	2,206,231	(66,068)	2,140,162
Segment income (loss)	54,196	89,270	2,064	145,531	36,478	182,009	(35,060)	146,949
Segment assets	7,411,864	6,843,179	1,438,819	15,693,864	976,507	16,670,371	(875,659)	15,794,711
Segment liabilities	6,996,551	6,180,746	1,361,498	14,538,796	207,081	14,745,878	(110,754)	14,635,123
Others:								
Depreciation of real estate for rent	3,594	2,653	—	6,247	—	6,247	(28)	6,219
Depreciation	6,787	4,216	256	11,260	675	11,935	(43)	11,892
Provision for (reversal of) policy reserve	182,709	258,111	26,791	467,612	180	467,792	—	467,792
Provision for (reversal of) reserve for policyholder dividends	13,138	14,005	0	27,144	—	27,144	—	27,144
Interest, dividends and income from real estate for rent	143,579	145,486	8,322	297,388	35,299	332,688	(36,830)	295,858
Interest expenses	934	16	2	953	323	1,277	(369)	907
Equity in earnings (losses) of affiliates	—	—	—	—	—	—	(24)	(24)
Extraordinary gains	152	497	—	650	48	699	—	699
Extraordinary losses	5,522	12,454	552	18,529	50	18,580	9	18,589
Impairment losses	1,574	538	—	2,113	—	2,113	—	2,113
Provision for reserve for price fluctuations	3,606	11,244	552	15,402	—	15,402	—	15,402
Taxes	10,140	17,779	500	28,420	639	29,059	6	29,066
Investments in affiliated companies	94	365	—	459	—	459	—	459
Increase in tangible fixed assets and intangible fixed assets	¥ 14,425	¥ 13,817	¥ 938	¥ 29,181	¥ 552	¥ 29,733	¥ (124)	¥ 29,608

US$ thousands

Year ended March 31, 2019	Reportable segments				Others	Total	Adjustments	Amount on consolidated financial statements
	Taiyo Life	Daido Life	T&D Financial Life	Subtotal				
Ordinary revenues	$ 8,257,060	$ 9,414,664	$ 1,358,305	$ 19,030,030	$ 293,871	$ 19,323,902	$ (41,419)	$ 19,282,482
Intersegment transfers	10,441	5,656	—	16,098	537,745	553,844	(553,844)	—
Total	8,267,502	9,420,321	1,358,305	19,046,129	831,617	19,877,747	(595,264)	19,282,482
Segment income (loss)	488,298	804,315	18,598	1,311,212	328,662	1,639,875	(315,885)	1,323,990
Segment assets	66,779,570	61,655,821	12,963,509	141,398,902	8,798,154	150,197,056	(7,889,534)	142,307,522
Segment liabilities	63,037,678	55,687,414	12,266,857	130,991,951	1,865,766	132,857,717	(997,877)	131,859,840
Others:								
Depreciation of real estate for rent	32,384	23,903	—	56,288	—	56,288	(254)	56,033
Depreciation	61,156	37,988	2,311	101,456	6,083	107,539	(389)	107,149
Provision for (reversal of) policy reserve	1,646,177	2,325,541	241,388	4,213,107	1,623	4,214,730	—	4,214,730
Provision for (reversal of) reserve for policyholder dividends	118,374	126,189	3	244,566	—	244,566	—	244,566
Interest, dividends and income from real estate for rent	1,293,627	1,310,805	74,985	2,679,418	318,043	2,997,462	(331,833)	2,665,628
Interest expenses	8,419	147	25	8,592	2,918	11,511	(3,331)	8,180
Equity in earnings (losses) of affiliates	—	—	—	—	—	—	(218)	(218)
Extraordinary gains	1,374	4,486	—	5,860	441	6,301	—	6,301
Extraordinary losses	49,760	112,215	4,975	166,950	455	167,405	82	167,488
Impairment losses	14,189	4,849	—	19,039	—	19,039	—	19,039
Provision for reserve for price fluctuations	32,489	101,312	4,975	138,777	—	138,777	—	138,777
Taxes	91,363	160,191	4,505	256,060	5,763	261,823	60	261,884
Investments in affiliated companies	849	3,292	—	4,141	—	4,141	—	4,141
Increase in tangible fixed assets and intangible fixed assets	$ 129,968	$ 124,496	$ 8,451	$ 262,916	$ 4,975	$ 267,891	$ (1,124)	$ 266,766

Notes:
1. Ordinary revenues instead of net sales are presented here.
2. Adjustments are as follows:
   (1) The adjustment of ¥ (4,597 million) [$(41,419 thousand)] to ordinary revenues is the transferred amount which mainly consists of gains from derivatives, net of ¥2,286 million [$20,603 thousand], reversal of provision for retirement benefits of ¥1,254 million [$11,304 thousand] and foreign exchange gains, net of ¥854 million [$ 7,701 thousand] which is included in ordinary expenses of the consolidated statement of operation as losses from derivatives, net, provision for retirement benefits and foreign exchange losses, net, respectively.
   (2) The adjustment of ¥ (35,060 million) [$(315,885 thousand)] to segment income (loss) is mainly due to the elimination of dividends from subsidiaries and affiliates.
   (3) The adjustment of ¥ (875,659 million) [$(7,889,534 thousand)] to segment assets is mainly due to the elimination of investments in stocks of subsidiaries and affiliates.
   (4) The adjustment of ¥ (110,754 million) [$(997,877 thousand)] to segment liabilities is mainly due to the elimination of intersegment receivables and payables.
3. Segment income (loss) is adjusted to align with the ordinary profit set forth in the consolidated statement of operation.

[Related information]

For the year ended March 31, 2018

1. Information by product and service

Sales to external customers

¥ millions

Year ended March 31, 2018	Taiyo Life	Daido Life	T&D Financial Life	Others	Total
Income from insurance premiums	¥511,900	¥790,852	¥176,474	¥4,492	¥1,483,719
Insurance premiums	511,514	789,337	176,158	4,492	1,481,502
Individual insurance and individual annuities	417,790	727,193	175,998	—	1,320,982
Group insurance	31,469	23,897	—	—	55,366
Group annuities	61,048	37,200	138	—	98,386
Others	1,206	1,046	21	4,492	6,767
Ceded reinsurance recoveries	¥ 386	¥ 1,514	¥ 316	¥ —	¥ 2,217

Note: Income from insurance premiums instead of net sales is presented here.

2. Information by geographic area

(1) Net sales

Information by geographic area is omitted, as net sales (ordinary revenues) to external customers in Japan exceed 90% of net sales (ordinary revenues) in the consolidated statement of operation.

(2) Tangible fixed assets

Information by geographic area is omitted, as the amount of tangible fixed assets in Japan exceeds 90% of the amount of tangible fixed assets in the consolidated balance sheet.

3. Information by major customer

Information by major customer is omitted, as there are no customers to whom sales exceed 10% of net sales (ordinary revenues) to external customers in the consolidated statement of operation.

For the year ended March 31, 2019

1. Information by product and service

Sales to external customers

¥ millions

Year ended March 31, 2019	Taiyo Life	Daido Life	T&D Financial Life	Others	Total
Income from insurance premiums	**¥715,120**	**¥828,003**	**¥127,853**	**¥5,206**	**¥1,676,184**
Insurance premiums	**714,627**	**826,576**	**127,765**	**5,206**	**1,674,175**
Individual insurance and individual annuities	**606,517**	**767,359**	**127,611**	**—**	**1,501,487**
Group insurance	**29,781**	**22,211**	**—**	**—**	**51,992**
Group annuities	**77,139**	**35,936**	**134**	**—**	**113,210**
Others	**1,189**	**1,069**	**19**	**5,206**	**7,485**
Ceded reinsurance recoveries	**¥ 493**	**¥ 1,427**	**¥ 87**	**¥ —**	**¥ 2,008**

US$ thousands

Year ended March 31, 2019	Taiyo Life	Daido Life	T&D Financial Life	Others	Total
Income from insurance premiums	**$6,443,109**	**$7,460,167**	**$1,151,934**	**$46,910**	**$15,102,122**
Insurance premiums	**6,438,663**	**7,447,305**	**1,151,143**	**46,910**	**15,084,023**
Individual insurance and individual annuities	**5,464,611**	**6,913,768**	**1,149,753**	**—**	**13,528,133**
Group insurance	**268,323**	**200,119**	**—**	**—**	**468,443**
Group annuities	**695,010**	**323,784**	**1,210**	**—**	**1,020,005**
Others	**10,717**	**9,632**	**179**	**46,910**	**67,440**
Ceded reinsurance recoveries	**$ 4,446**	**$ 12,861**	**$ 790**	**$ —**	**$ 18,099**

Note: Income from insurance premiums instead of net sales is presented here.

2. Information by geographic area

(1) Net sales

Information by geographic area is omitted, as net sales (ordinary revenues) to external customers in Japan exceed 90% of net sales (ordinary revenues) in the consolidated statement of operation.

(2) Tangible fixed assets

Information by geographic area is omitted, as the amount of tangible fixed assets in Japan exceeds 90% of the amount of tangible fixed assets in the consolidated balance sheet.

3. Information by major customer

Information by major customer is omitted, as there are no customers to whom sales exceed 10% of net sales (ordinary revenues) to external customers in the consolidated statement of operation.

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

For the years ended March 31, 2018 and 2019

Information on impairment losses on fixed assets by reportable segment is disclosed in "Note 30. Segment information."

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

For the years ended March 31, 2018 and 2019: Not applicable.

[Information on gains on negative goodwill by reportable segment]

For the years ended March 31, 2018 and 2019: Not applicable.

[Related party information]

1. Related party transactions

For the years ended March 31, 2018 and 2019: Not applicable.

2. Notes on the parent company or any important affiliated company

For the years ended March 31, 2018 and 2019: Not applicable.

Note 31 Per Share Information

		¥	US$
Years ended March 31,	2018	**2019**	**2019**
Net assets per share	¥1,844.15	**¥1,884.30**	**$16.97**
Net income per share	124.23	**118.50**	**1.06**
Net income per share (fully diluted)	121.81	**116.16**	**1.04**

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

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

		¥ millions	US$ thousands
Years ended March 31,	2018	**2019**	**2019**
Net income per share:			
Profit attributable to owners of parent	¥77,577	**¥72,825**	**$656,148**
Amount not attributable to common shareholders	—	**—**	**—**
Profit attributable to owners of parent attributable to common shareholders	¥77,577	**¥72,825**	**$656,148**

		Shares
Weighted-average number of common stocks outstanding	624,468,759	**614,581,825**

		¥ millions	US$ thousands
Years ended March 31,	2018	**2019**	**2019**
Net income per share (fully diluted):			
Adjusted profit attributable to owners of parent	¥(20)	**¥(20)**	**$(187)**
Amortization of bond premium (after tax)	¥(20)	**¥(20)**	**$(187)**

		Shares
Increase in common stock	12,215,498	**12,206,787**
Convertible Bond	11,152,830	**11,230,066**
Subscription rights to shares	1,062,668	**976,721**
Summary of potential shares that are not included in computation of net income per share (fully diluted) due to lack of dilution effect	—	**—**

(2) Net assets per share

		¥ millions	US$ thousands
As of March 31,	2018	**2019**	**2019**
Net assets	¥1,153,036	**¥1,159,588**	**$10,447,682**
Deduction from net assets	5,611	**6,473**	**58,322**
Subscription rights to shares	1,216	**1,081**	**9,742**
Non-controlling interests	4,395	**5,391**	**48,579**
Net assets available to common shareholders	¥1,147,424	**¥1,153,115**	**$10,389,359**

		Shares
The number of common stock outstanding	622,197,540	**611,958,309**

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

Accordingly, the average number of shares of the treasury shares deducted for calculation of net income per share and net income per share (fully diluted) is 479,035 for the year ended March 31, 2019 and the number of year-end shares of the treasury shares deducted for calculation of net assets per share is 827,900 for the year ended March 31, 2019.

Note 32 Significant Subsequent Events

The Company has resolved at its board of directors meeting held on May 15, 2019, the purchase of treasury shares under the provision in Article 156 of the Companies Act of Japan, as applied pursuant to Article 165, Paragraph 3 of the same.

(1) Reasons for the purchase of treasury shares

To enhance shareholder return and improve capital efficiency.

(2) Details of the purchase

a. Type of shares to be purchased : Shares of common stock
b. Number of shares to be purchased : Up to 16,000,000 shares
c. Total amount of purchase : Up to ¥13,000 million [$117,127 thousand]
d. Period of purchase : From May 16, 2019 to August 30, 2019
e. Method of purchase : Open-market repurchase by the trust method

(3) Results of the purchase

a. Total number of purchased shares : 11,469,900 shares
b. Total cost of purchase : ¥12,999 million [$117,118 thousand]
c. Period of purchase : From May 16, 2019 to June 4, 2019, on the basis of execution date

Independent Auditor's Report

Ernst & Young ShinNihon LLC
Hibiya Mitsui Tower, Tokyo Midtown Hibiya
1-1-2 Yurakucho, Chiyoda-ku
Tokyo 100-0006, Japan

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Fax: +81 3 3503 1197
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Building a better working world

Independent Auditor's Report

The Board of Directors
T&D Holdings, Inc.

We have audited the accompanying consolidated financial statements of T&D Holdings, Inc. and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2019, and the consolidated statements of operations, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of T&D Holdings, Inc. and its consolidated subsidiaries as at March 31, 2019, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 2.

Ernst & Young ShinNihon LLC

June 26, 2019

A member firm of Ernst & Young Global Limited

Stock Information

As of March 31, 2019

BASIC INFORMATION

Stock Exchange Listings	Tokyo Stock Exchange
Industry and Security Code	Insurance, 8795
Trading Unit	100 shares
Number of Shares of Common Stock	Authorized: 1,932,000,000 Issued: 655,000,000
Fiscal Year-End	March 31 every year
Ordinary General Meeting of Shareholders	June every year
Date of Record	Ordinary General Meeting of Shareholders March 31 every year Dividends March 31 every year (interim dividend, when paid, on September 30)
Public Notice	• Electronic public notice (Japanese only) • URL: https://www.td-holdings.co.jp/information/public.html/ • If the Company is unable to issue an electronic public notice due to an accident or any other unavoidable reason, a public notice will be issued in the *Nihon Keizai Shimbun* (daily newspaper).
Transfer Agent	Mitsubishi UFJ Trust and Banking Corporation 4-5, Marunouchi 1-Chome, Chiyoda-ku, Tokyo, Japan URL: https://www.tr.mufg.jp/english/
Number of Shareholders	224,311

PRINCIPAL SHAREHOLDERS

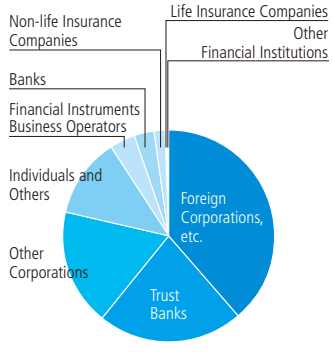
Thousand Shares, %

Name of Shareholders	Number of Shares Held	Percentage of Total Shares Outstanding
The Master Trust Bank of Japan, Ltd. (Trust Account)	37,343	6.09
Japan Trustee Services Bank, Ltd. (Trust Account)	34,709	5.66
SSBTC CLIENT OMNIBUS ACCOUNT	13,334	2.18
Japan Trustee Services Bank, Ltd. (Trust Account5)	11,966	1.95
Japan Trustee Services Bank, Ltd. (Trust Account7)	11,751	1.92
Japan Trustee Services Bank, Ltd. (Trust Account9)	11,434	1.87
MUFG Bank, Ltd.	10,325	1.68
STATE STREET BANK WEST CLIENT – TREATY 505234	9,117	1.49
JP MORGAN CHASE BANK 385151	8,628	1.41
Japan Trustee Services Bank, Ltd. (Trust Account1)	7,994	1.30

Note: In addition to the above, the Company holds 42,213 thousands of shares in treasury shares, which are excluded from the principal shareholders stated above.
Further, the percentage of total shares outstanding is calculated after deducting the treasury shares.

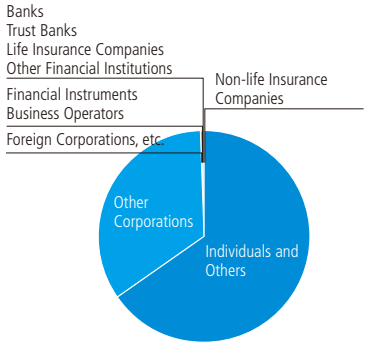
COMPOSITION OF SHAREHOLDERS AND SHARES

Proportion of Shares Held (%)



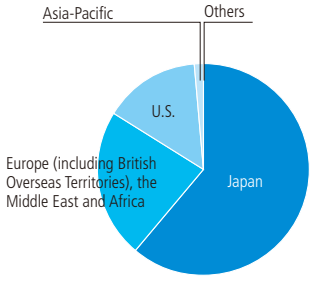
Foreign Corporations, etc.	38.88
Trust Banks	22.22
Other Corporations	17.67
Individuals and Others	12.10
Financial Instruments Business Operators	3.86
Banks	3.23
Non-life Insurance Companies	1.68
Life Insurance Companies	0.28
Other Financial Institutions	0.08
Governments and Local Public Bodies	—

Composition of Shareholders (%)



Individuals and Others	65.29
Other Corporations	34.34
Foreign Corporations, etc.	0.31
Financial Instruments Business Operators	0.02
Banks	0.01
Trust Banks	0.01
Life Insurance Companies	0.01
Other Financial Institutions	0.01
Non-life Insurance Companies	0.00
Governments and Local Public Bodies	—

Regional Distribution of Shares Held (%)



Japan	61.12
Europe (including British Overseas Territories), the Middle East and Africa	22.77
U.S.	14.90
Asia-Pacific	1.21
Others	0.00

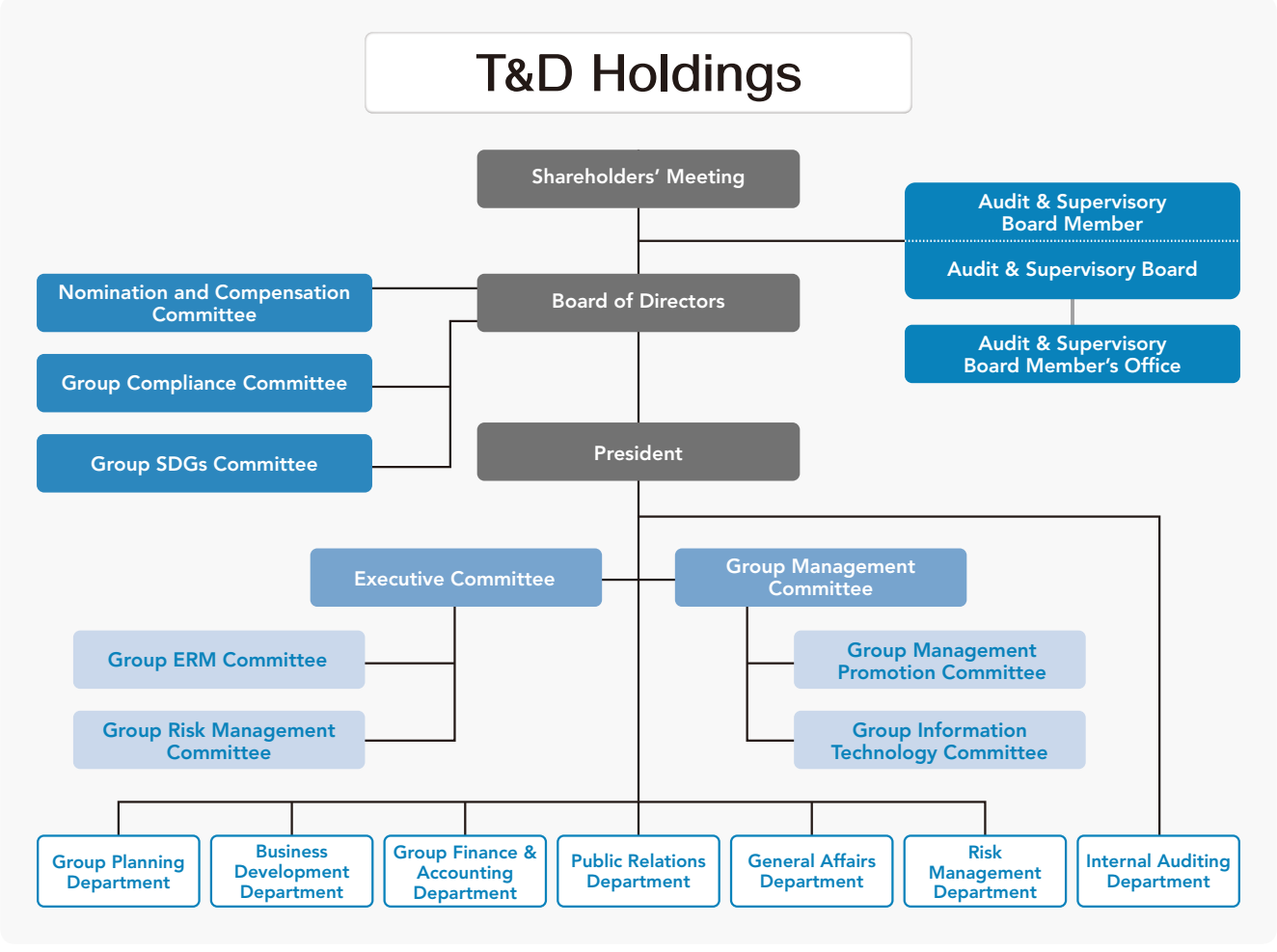
Corporate Overview

As of March 31, 2019

Company Name	T&D Holdings, Inc.
Date of Establishment	April 1, 2004
Location of Headquarters	2-7-1, Nihonbashi, Chuo-ku, Tokyo 103-6031, Japan Tel: +81-(0)3-3272-6110 Fax: +81-(0)3-3272-6552
Type of Business	Management control of life insurance subsidiaries under the Insurance Business Act of Japan and other laws and regulations, and other businesses associated with the above
Paid-in Capital	207,111.86 million yen
Security Code	8795
Stock Exchange Listings	Tokyo Stock Exchange (First Section)
Number of Common Stocks Issued	655,000,000 shares
Number of Employees	107

Organizational Structure

As of April 1, 2019

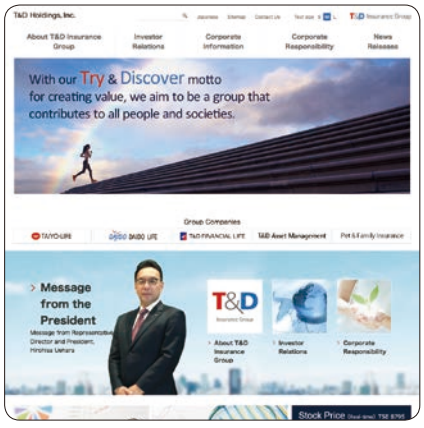


Websites

For more detailed information on the contents of this report, please see the Company's websites.

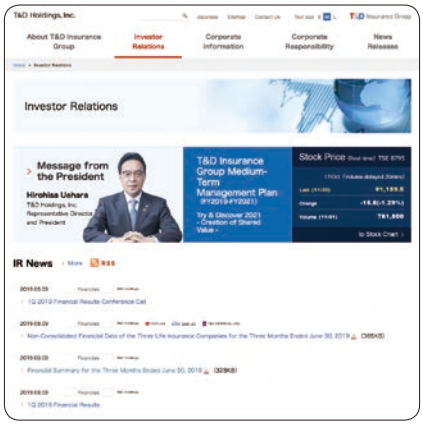
Website of T&D Holdings, Inc.

https://www.td-holdings.co.jp/en/



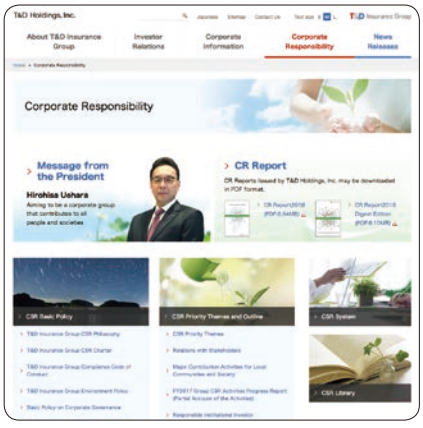
Investor Relations

https://www.td-holdings.co.jp/en/ir/



Corporate Responsibility

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



Forward-looking Statements

This report contains forward-looking statements about T&D Holdings' future revenue plan, strategy, philosophy, and earnings forecasts which involve factors of risk and uncertainty. Such statements are based on the Company's current expectations which could cause actual results to differ materially from those described in the forward-looking statements. Factors which could influence the actual results include, but are not limited to, (I) general economic conditions, in particular, conditions in the life insurance market on which the T&D Insurance Group centers, (II) financial market trends, (III) levels and trends in mortality rate and morbidity rate, (IV) persistency rate, (V) interest rate levels, (VI) fluctuation in currency exchange rates, (VII) other general competitive factors, (VIII) changes in laws and regulations, including the tax treatment of insurance premiums, and (IX) changes in the policies of the government and/or regulatory authorities. The Company, therefore, wishes to caution readers not to place undue reliance on these forward-looking statements. Furthermore, the Company undertakes no obligation to update any forward-looking statements as a result of new information, future events, or other developments.

Contact: T&D Holdings, Inc. Group Planning Department
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