Outside Director Roundtable

Achieving the Group Long-Term Vision

— Expectations for a new T&D Insurance Group —



Outside director
Naoki Ohgo



Outside director
Seiji Higaki



Outside director
Haruka Matsuyama



Outside director
Kensaku Watanabe



Outside director
Shinnosuke Yamada

Formulating the Group Long-Term Vision

Matsuyama

We outside directors were informed of the formulation and the detail of the Group Long-Term Vision from a very early stage, and we also participated in the deliberations and gave our opinions. The emphasis was on strengthening the existing businesses that have always been important to us while incorporating new challenges. For this Group Long-Term Vision, I believe that the T&D Insurance Group has been able to formulate, perhaps for the first time, a growth strategy that is very new. It's a fact that the life insurance business is facing a very difficult environment in the midst of Japan's declining birthrate and aging society. Under such an environment, we will need to identify the areas in which we will take on new challenges in search of new growth. At the same time, we will need to control newly arising risks in those new areas that will require different know-how and risk management than what the life insurance business has faced up to now. As an outside director, I've expressed many opinions on these points.

Ohgo

As Ms. Matsuyama said, I think relying solely on the domestic life insurance business limits what we can achieve. Until now, the T&D Insurance Group has been unable to break its shell to reach new sources of growth. In Group Long-Term Vision, we started an initiative to explore closed book business and new areas utilizing health-related data as new growth opportunities. Each of these new businesses is starting to sprout, and the prospects are looking very good. Especially, what to do with the closed book business was a very big concern. Today, around the world, the industry is taking another look at the life insurance business and considering how to reorganize the liability of insurance and annuities, so it was a good move that we were able to enter the closed book business early enough. In cases where the Group is taking a minority interest, the insurance liabilities are mainly due to life insurance and annuity contracts, which I don't think will fluctuate that much. That being said, I've expressed my opinions on how to look at operational risks and how they may affect the risks of the Group management as a whole.

Higaki

So far, our Group governance has not functioned well enough to achieve the things that Ms. Matsuyama and Mr. Ohgo talked about. In formulating the Group Long-Term Vision, it was a big step forward that we approached governance of the Group as a whole, which is the fundamental issue of the Group. I believe that group governance is about how society, investors, and companies can engage in dialogue to resolve issues that come to light and enact reforms in an organic manner. In that sense, how to improve group governance is the most important point, and I've spoken out on this during the formulation of the Group Long-Term Vision. Because life insurance is a regulated industry and is protected by law in some respects, I expressed my opinion by focusing on how an ordinary business company would think about and approach these issues.

Watanabe

I agree that the whole point is, as a listed company, that the Group has chosen the market and is aiming for growth. Before formulating this Group Long-Term Vision, there was a discussion about whether the interests of policyholders and those of shareholders might conflict in some areas. However, for this Group Long-Term Vision, while keeping this issue in mind, we were able to return the discussion back to the basic starting point, which is the fact that we as a Group have chosen to compete and grow in the stock market.

Matsuyama

The strategies and goals of the T&D Insurance Group do not always coincide with the interests of the individual life insurance companies within the Group. For example, from the perspective of an individual life insurance company, allocating its own management resources, such as its top talent, to some new business of the holding company may appear to be a negative in the short run. However, in the long run, increasing the presence of the T&D Insurance Group as a whole will definitely benefit the businesses of Taiyo Life and Daido Life. In the past, the life insurance companies assumed that developing their own businesses

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The T&D Insurance Group has been able to formulate, perhaps for the first time, a growth strategy that is very new.

Director Matsuyama

would contribute to the Group. However, now we should go one step further and make all executives and employees at the Group's life insurance companies more aware that looking at the Group as a whole will lead to the growth of their own businesses in the long run. I believe this was well emphasized in the formulation of the Group Long-Term Vision this time.

Higaki

The Group is a public company, not a mutual company, so it has shareholders among its stakeholders. A mutual company focuses on providing excellent insurance products and services to policyholders, but a public company must do more than that. We must also provide value to our shareholders. That makes it important to steadily create new sources of revenue. I believe the recognition that more of this needed to be done is what drove President Uehara's sense of urgency to accelerate this shift by transitioning to a Company with an Audit and Supervisory Board. I agree with this idea, which is why I've taken on the role of chairman of the Audit and Supervisory Board. In other words, President Uehara's sense of urgency is appropriate, and it's our mission as outside directors to act on it.

Yamada

Due to the COVID-19 pandemic, uncertainty has increased, and we are now said to be in the era of VUCA, which stands for volatility, uncertainty, complexity, and ambiguity. It's precisely at times like this that it's important for us as a listed company to show all of our stakeholders what the Group should be, and that's why I've been involved in formulating the Group Long-Term Vision. In the life insurance business, which takes a super-long-term perspective, indicators based on economic value are thought to better represent the actual state of a company. On the other hand, it's also true that many companies today tend to focus on corporate accounting profits and believe that a good turnover of capital from the perspective of ROE management is an important indicator for evaluating a company. I thought it was important to show how to strike a balance between both approaches with a future-oriented perspective in the Group Long-Term Vision. We also took into account the increasing importance of demonstrating our commitment to the SDGs and ESG as a member of society. In the Group Long-Term Vision, both financial and non-financial KPIs are presented in concrete numbers, and I believe the fact that we were able to come up with target values for 2025 through repeated discussions within the Group signals a very clear vision to the market.

It is our role to closely monitor and support the progress of capital efficiency, which is a challenge.

Director Ohgo



Changes at the T&D Insurance Group

Ohgo

In the Group Long-Term Vision, the term "capital efficiency" is used, marking the first time we have consciously considered the efficiency of capital. Our performance appraisals too are now focused on capital efficiency, so I think our mindset has changed in this respect. The next challenge is whether we can really reallocate management resources in line with capital efficiency, and our role will be to monitor and encourage progress on this front next year and the year after that.

Yamada

I also agree that it's important to explicitly track the efficiency of capital, especially when that capital is the capital of the T&D Insurance Group. We are a large Group with approximately ¥17 trillion in assets, and I believe increasing the Group's earnings through efficient management will lead to increased corporate value. To that end, it's important for all Group executives and employees to row in the same direction and play an active role in their respective positions.

Watanabe

On this occasion, we also rewrote T&D Insurance Group's management vision. In the story to unpack the vision, there's a line that asks, "Can we really say that today's insurance answers such turbulent change?" Although it says "insurance," in this case "insurance" really means "T&D Insurance Group." In short, this is asking ourselves whether we are responding to the changes in society today. It requires a change in the mindset of executives and employees, including the management team, and if this mindset can be instilled, I've no doubt that even greater transformation can be achieved.

Higaki

It seems that a corporate culture of addressing social issues directly and firmly is taking root, especially among younger employees. I believe that corporate management starts by listening to the voices of a wide range of stakeholders with sincerity. The SDGs are a technical tool for addressing social issues, and if there's no motivation to improve or reform, various initiatives may get implemented but will not go any further. As an outside director, it's my role to supervise this process. From my perspective as a former banker, insurance companies are lucky that, unlike ordinary companies, they get to operate in a regulated industry within the framework of various rules set by the national government. I believe the Company needs to continue to hear outside voices and to understand the differences in awareness with the public that arise from these perspectives.



I thought it was important to show how to strike a balance between the "economic value base" and "financial accounting base" approaches in the Group Long-Term Vision.

— Director Yamada

Matsuyama

Compared to 2013 when I became a director, the mindset of executives and employees has changed considerably. It shows how deeply the sense of urgency has penetrated the Company. Financial institutions are currently facing a serious crisis. Competitors from outside the insurance industry, such as FinTech and InsurTech, have suddenly entered the market. That means today's insurance Group Long-Term Vision be driven out of business in 10 years. For this Group Long-Term Vision, driven by such a sense of urgency, we thought about questions such as how to take up new challenges and how to understand and visualize the T&D Insurance Group. We thought about how to define and grow the corporate value of the T&D Insurance Group while operating in the capital markets as a listed company. If we fail to do so, the Group is in danger of being weeded out by the market sooner or later, so I think our mindset has changed in this regard. It's also important to harness this sense of crisis to accelerate the changes. Mr. Higaki talked about insurance companies

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I think it was a big step forward that we approached governance of the Group as a whole in formulating Group Long-Term Vision.

Director Higaki

being in a regulated industry earlier, and I also believe that there has arisen a big difference between companies that have a sense of crisis and those that do not. Companies that do not have a sense of crisis will not survive the next 10 to 20 years. The Group is fortunate to have established a unique business model which has given us a sense of security until now. However, when we think of the next 10 years, we come to realize there's a high possibility we won't survive if we continue business as usual. As a first step, we have formulated Group Long-Term Vision based on that sense of crisis. Going forward, the important challenge of us will be how to instill this mindset throughout the Group and accelerate the changes at an even faster pace.

Ohgo

Going forward, it will also be important how to utilize digital technology. Our in-house sales representatives account for a significant portion of the added value we provide by directly explaining our products and services to customers through real-world channels. On the other hand, when we consider the fact that customer contact has become more difficult with the COVID-19 pandemic, and the fact that we are trying to improve efficiency, in the future we can expect more opportunities to use digital communication rather than face-to-face visits. Of course, the degree of difficulty of digital transformation varies depending on the nature of the business. Taiyo Life already offers *Sma-Hoken* (internet channel), and how to improve it will be one issue going forward. I also think there are many aspects in *Sma-Hoken* that can be applied to Daido Life's business. Discussions of digital strategy can get overly detailed at times, but it can also be used to address the fundamental issue of what to do with our in-house sales representatives.

Future Challenges and Expectations

Matsuyama

We have identified the challenges we face in the discussion up to now. However, I am pretty sure that the market has doubts about whether the Group can really achieve the Group Long-Term Vision it has set out this time. The questions will be whether the T&D Insurance Group, which has continued without much change for the past 17 years, can really take a bold step forward, and whether the essence of the Group Long-Term Vision can be instilled throughout the organization or not. For example, the market is interested in whether we can really manage in line with capital efficiency. Therefore, it will be important to make steady progress implementing the Group Long-Term Vision. It is above all a basic principle of corporate governance that the Group Long-Term Vision is a commitment to the market, and that it's the mission of management to make this happen. It's a question of not just philosophy but execution. If the vision can't be implemented, the T&D Insurance Group, even with its favorable business model, may not survive. In that sense, I believe it's important for us as outside directors to play a role in conveying this sense of urgency and our outside perspectives on it. We will continue to do so with an expectation that the Group will make this Group Long-Term Vision a reality.

Ohgo

In terms of expectations, as we mentioned earlier, the seeds of new businesses have just begun to sprout. Both Taiyo Life and Daido Life were originally run on very unique business models, but no new businesses emerged for some time. Now that new businesses are sprouting again, I look forward to seeing sustained and continuous progress.

On the other hand, one challenge when creating something new and unique like this is human resources. We need to be a group where employees who are not traditional insurance people can flourish, which is why I believe the next challenge is how to attract and make good use of diverse talent.

Watanabe

The Group Long-Term Vision has been formulated in the expectation that the executives and employees, who are responsible for the reforms, will be excited about executing Group Long-Term Vision and that an atmosphere to make them feel the company is getting better will be fostered eventually.

Yamada

Going forward, since the Group Long-Term Vision was published with specific KPIs, I hope we'll seize the opportunity presented by our IR and SR activities to constructively exchange opinions with more stakeholders and work to achieve the goals of the Group Long-Term Vision while keeping our social responsibilities in mind. I believe this would help us make our presence as a public entity playing an essential role in society.

Higaki

I agree that we should be a company that grows through dialogue with diverse stakeholders and that can show them things that make them say "this is a good company." I feel that now is the beginning of a trend. We're really just getting started, but the fact that we've started is very important. We were able to start because there was a healthy sense of urgency in the business execution departments. Now that we have published a vision as a Group, we need to accomplish it. And we want to value the process, not just the tangible results. As I mentioned earlier, it's important to hone our ability to pick out what needs to be improved from the various opinion surveys we conduct. I believe that if we make it a company oriented towards young people, it will definitely be a good company. It is important to keep an advanced management by promoting regeneration. I want to help make a company where our recruits say, "I want to join the T&D Insurance Group because it's a good company with a good corporate culture."



I think we were able to return the discussion back to the basic starting point, which is the fact that we as a Group have chosen to compete and grow in the stock market.

Director Watanabe



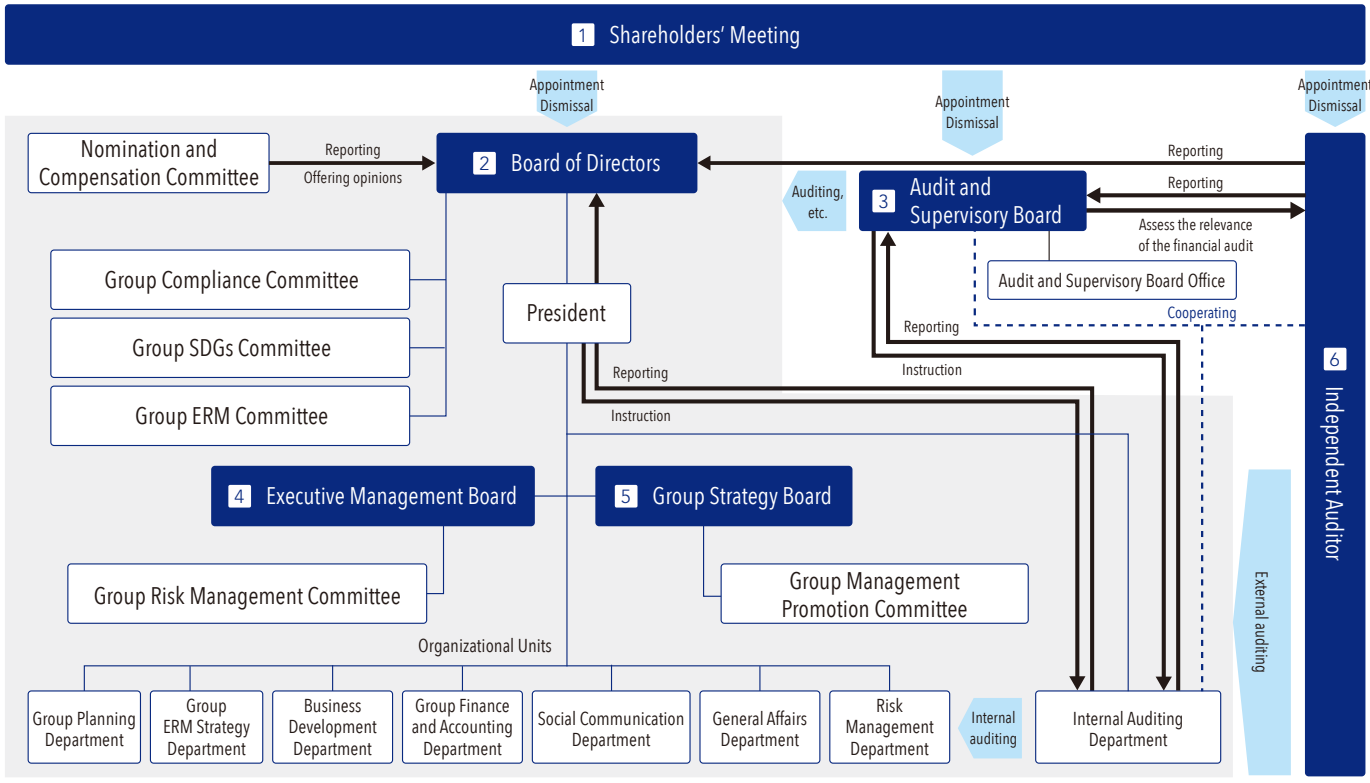
Corporate Governance

T&D Holdings has been enhancing its corporate governance on the basic approach of creating efficient and transparent management systems to facilitate flexible and cohesive group operations.

The Company values the purport of the Japan's Corporate Governance Code, which applies to listed companies, and has established the Basic Policy on Corporate Governance as an initiative in response to the major principles.

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

Corporate Governance Framework



1 Shareholders' Meeting	The Shareholders' Meeting is the highest decision-making entity of the Company. At the meeting, reports are made on the Group's business and consolidated/non-consolidated financial statements, and resolutions are made on important issues, which are stipulated in laws and ordinances and the Articles of Incorporation, such as the appropriation of retained earnings and election of officers. The Ordinary General Meeting of Shareholders is held once a year.
2 Board of Directors	The Board of Directors is composed of all directors and makes important management decisions and oversees the execution of business in accordance with laws and ordinances, the Articles of Incorporation, and the Company's relevant rules. In addition, as a company with an Audit and Supervisory Board, some important business execution decisions are delegated from the Board of Directors to the directors themselves by resolution of the Board of Directors in accordance with the provisions of the Articles of Incorporation.
3 Audit and Supervisory Board	The Audit and Supervisory Board is composed of Audit and Supervisory Board members, the majority of whom are outside directors. As an independent body entrusted by the Company's shareholders, the Audit and Supervisory Board fulfills its roles and responsibilities, including auditing the execution of duties by directors (excluding directors serving as Audit and Supervisory Board members) in accordance with laws and ordinances, the Articles of Incorporation, and the Company's relevant rules.
4 Executive Management Board	The Executive Management Board deliberates and passes resolutions on important matters concerning the Company's management and the corporate management of the Group.
5 Group Strategy Board	The Group Strategy Board deliberates on items mainly concerning Group growth strategies and important matters pertaining to those items from a Group-wide perspective in order to achieve sustained improvement in the Group's corporate value.
Committees	Committees discuss the strategies and matters of the Company or those common to the Group.

6 Information related to the Independent Auditor (FY2020)

Category	Remuneration for audit certification services (¥ millions)	Remuneration for non-audit certification services (¥ millions)
Submitting company	192	10
Consolidated subsidiaries	222	13
Total	415	24

Promoting Group Management

T&D Holdings as a holding company is responsible for making decisions on Group strategies, allocating Group management resources appropriately, and formulating capital strategies. Along with this, the Company accurately grasps the management risks faced by its six Group companies centered on Taiyo Life, Daido Life, and T&D Financial Life, as well as T&D United Capital, T&D Asset Management, and Pet & Family Insurance (the "directly owned subsidiaries") and works to build a Group business management system that ensures thorough risk-return management for the Group as a whole.

The directly owned subsidiaries, with their own unique business strategies, aim to expand the Group's corporate value by maximizing their uniqueness and specialization through determining marketing strategies and operating businesses in line with their strengths.

In this way, the Group is promoting flexible and cohesive group management by clarifying the respective roles and responsibilities of the Company and its directly owned subsidiaries.

Corporate Governance System

As a result of the resolution to amend the Articles of Incorporation at the Ordinary General Meeting of Shareholders held on June 25, 2020, the Company has transitioned to a company with an Audit and Supervisory Board. This transition will further strengthen the managerial functions (determination of management policies and overall strategy) and oversight functions of the Board of Directors, and further enhance the agility and efficiency of business execution.

The Audit and Supervisory Board, which consists of a majority of outside directors, will audit the business execution of the Company, and the Audit and Supervisory Board members, who are not involved in business execution, will have voting rights on the Board of Directors, thereby exercising highly independent audit and oversight functions over the Board of Directors. In addition, the Board of Directors will focus on the oversight of business execution and further strengthen the corporate governance of the entire Group by clarifying the functions and roles of various meeting bodies and conducting prompt and effective deliberations based on their respective roles.

Furthermore, since 2015, the Company has established the Nomination and Compensation Committee as an advisory body to the Board of Directors to deliberate on the fairness and appropriateness of the appointment and dismissal of directors (including succession planning), directors' compensation, and other matters, and to ensure management transparency and improve accountability.

Composition of Directors and the Board of Directors

The number of directors (excluding directors who are Audit and Supervisory Board members) of the Company shall be no more than nine and the number of directors who are Audit and Supervisory Board members shall be no more than five, as stipulated by the Articles of Incorporation. The Board of Directors is made up of individuals representing a balance of knowledge, experience and skills, and having diverse backgrounds as befitting the expansive range of business domains in the life insurance business which is the core business of the Group.

Moreover, the Company appoints two or more directors (excluding directors who are Audit and Supervisory Board members) who concurrently serve at the Company and its directly owned subsidiaries. This shall be done from the standpoint of facilitating adequate communication and rapid decision-making within the Group, along with bolstering Group-wide governance.

Furthermore, the Company appoints five outside directors to appropriately reflect the opinions of individuals with extensive experience and knowledge in their capacity as outside corporate managers, legal experts, accounting specialists and so forth in the Group's management policies and development of internal controls and other systems as well as in the oversight of the execution of business.



Composition of the Audit and Supervisory Board

The number of Audit and Supervisory Board members of the Company is limited to five as stipulated in the Articles of Incorporation, and the majority of them are outside Audit and Supervisory Board members. In addition, members include persons with appropriate knowledge of finance and accounting. The Audit and Supervisory Board consists of all Audit and Supervisory Board members.

Corporate Governance

Details of discussions at the Board of Directors meeting

In accordance with the transition to a company with an Audit and Supervisory Board, some important business execution decisions are delegated from the Board of Directors to the directors by resolution of the Board of Directors pursuant to the provisions of the Articles of Incorporation. By doing so, the Company aims to separate management and oversight from business execution, and further strengthen the management functions (deciding on management policies and overall strategy) and oversight functions of the Board of Directors. As the number of items on the Board of Directors' agenda has been reduced compared to that prior to the transition, the Board of Directors is now able to allocate more time to the deliberation of important agenda items such as the Group's management policies and overall strategy, including the formulation of the Group Long-Term Vision announced in May 2021.

Key themes discussed at the fiscal 2020 Board of Directors meeting

Management Strategy and Growth Strategy	• Formulation of the Group long-term vision • Post-pandemic Group growth strategy • Planning and monitoring of investment in new businesses	• Sustainability Initiatives • Monitoring of the medium-term management plan • Review of strategic shareholdings and reduction policy and plans
Finance and Account Settlement	• Budget planning and monitoring	• Verification of appropriateness of financial results
Shareholder Returns and Dialogue with Shareholders	• Formulation of dividend and share buyback policies • Status of investor relations and shareholder relations activities	• Formulation of operating policies for Shareholders' Meeting
Governance	• Transition to a company with an Audit and Supervisory Board • Matters related to officers (selection of representative directors, appointment of officers of directly owned subsidiaries, etc.)	• Evaluation of the effectiveness of the Board of Directors • Summary of discussions at the Nomination and Compensation Committee
Risk Management	• Impact of the spread of COVID-19 and countermeasures • Operating status of the internal control system	• Internal audit policy and verification of results • Compliance status of the Group

Effectiveness Evaluation of the Board of Directors

To ensure the effectiveness of the Board of Directors as a whole (including the voluntary Nomination and Compensation Committee), the Company conducts an annual performance review of the Board of Directors as a whole based on the self-evaluations of individual directors. The performance review examines whether the Board of Directors is functioning appropriately and producing results, and how the Board of Directors is contributing to increasing the Company's corporate value over the medium- to long term. Based on this effectiveness evaluation, we will work on further enhancing the oversight functions and the decision-making process of the Board of Directors.

Summary of the evaluation of the effectiveness of the Board of Directors as a whole in fiscal 2020

1. Evaluation procedures	Based mainly on self-evaluations (questionnaire) of directors, as well as interviews, we analyzed and evaluated the overall effectiveness of the Board of Directors in fiscal 2020.
2. Evaluation items (5 items)	(i) Function of the Board of Directors (ii) Composition of the Board of Directors (iii) Operation of the Board of Directors (iv) Provision of information to Outside Directors / Audit & Supervisory Board members (v) Overall assessment
3. Overall assessment	The Company considers the Board of Directors of the Company is generally performing its roles and responsibilities effectively as a whole, through the enforcement of advance measures prior to actual discussions at the Board of Directors and the improvement of the operation of the Board of Directors, etc.
4. Improvement status of issues recognized in the previous evaluation	The items recognized as issues in the fiscal 2019 evaluation have, for the most part, been improved. Those items included the further enhancement of discussions mainly on Group management strategies from the perspective of integrated Group management, further examination of discussion items by the Nomination and Compensation Committee, and development of concise and easy-to-understand materials and improved explanations.
5. Issues and initiatives going forward	Issues: Regarding the development of a framework for enhancing the effectiveness of the Board of Directors, the Company continues to recognize the necessity for improvement. Initiatives: • Enhancement of the functions of the Nomination and Compensation Committee • Continual review of the composition of the Board of Directors • Further description of information necessary to deepen discussions at Board of Directors meetings and preparation of easy-to-understand materials that focus on key points • Efficient operation of the Board of Directors, etc.

Nomination and Compensation Committee

The Nomination and Compensation Committee was established in January 2015 as a voluntary advisory body to the Board of Directors to deliberate on the fairness and appropriateness of the appointment, dismissal, and compensation of directors, Audit and Supervisory Board members, and executive officers (including succession planning), as well as to strengthen the corporate governance system of the Company and the Group by ensuring the transparency of management and enhancing accountability.

The Committee consists of the President and at least three outside directors, and a majority of members are assigned from outside directors to enhance independence, objectivity, and accountability. Furthermore, the chair of the Committee is chosen out of outside directors by mutual vote of the Committee's members.

Nomination and Compensation Committee — Main topics of discussion/reporting in fiscal 2020

1st	• Selection and appointment of directors not serving as Audit and Supervisory Board members, directors serving as Audit and Supervisory Board members, and directors serving as substitute Audit and Supervisory Board members, and selection of representative directors and directors with executive titles • Selection and appointment of director candidates, Audit & Supervisory Board member candidates, and executive officers at directly owned subsidiaries • Establishment of maximum amount of compensation for directors not serving as Audit and Supervisory Board members
2nd	• Results of fiscal 2019 evaluation of directors and executive officers • Results of fiscal 2019 evaluation of representative directors of directly owned subsidiaries • Company officer regulations concerning mainly executive benefits
3rd 4th 5th 6th 7th	• Selection of outside directors to serve on the Nomination and Compensation Committee • Selection of the chair of the Nomination and Compensation Committee • Succession plan • Company officer regulations concerning mainly executive benefits at directly owned subsidiaries • Change of president of directly owned subsidiary (Daido Life)
8th	• Selection and appointment of executive officers • Selection and appointment of executive officers at directly owned subsidiaries • Revision of the Basic Policy on Corporate Governance in accordance with the revision of the Companies Act
9th	• Selection and appointment of directors and executive officers at directly owned subsidiaries

Board of Directors Skills Matrix

The Company will ensure a balance of the necessary expertise and experience in terms of the three main functions of the Board of Directors (overall strategy formulation function, oversight function, and business management function) to enable the Board of Directors to further perform its functions.

The Company ensures a balance of expertise and experience on the Board of Directors as a whole. For this reason, we select and appoint outside directors who have experience in corporate management, finance, legal affairs, and other areas outside the Group, and appoint internal directors who have expertise and experience appropriate to the broad business domains of the life insurance business, which is the Group's core business.

	Name	Position at the Company	Nomination and Compensation Committee	Expertise and experience particularly anticipated from the Outside Directors			
				Corporate management	Capital and Financial markets	Finance and accounting	Legal affairs and risk management
Outside Directors	Naoki Ohgo	Director	●	●	●		
	Kensaku Watanabe	Director	●				●
	Haruka Matsuyama	Director (Audit and Supervisory Committee Member)	●				●
	Seiji Higaki	Director (Audit and Supervisory Committee Member)		●	●		
	Shinnosuke Yamada	Director (Audit and Supervisory Committee Member)				●	

	Name	Position at the Company	Nomination and Compensation Committee	Expertise and experience particularly anticipated from the Internal Directors				
				Planning and business strategy	Sales and marketing	Asset management	Finance and accounting	Legal affairs and risk management
Inside Directors	Hirohisa Uehara	Representative Director and President	●	●	●	●		
	Kanaya Morinaka	Representative Director and Executive Vice President		●	●			
	Mitsuhiro Nagata	Director and Senior Managing Executive Officer					●	●
	Naoki Soejima	Director		●	●	●		
	Mutsuro Kitahara	Director		●	●	●		
	Junichi Yanai	Director (Full-time Audit and Supervisory Committee Member)					●	●
	Yasuo Teraoka	Director (Full-time Audit and Supervisory Committee Member)					●	●

* The Company intends to utilize knowledge from outside the Company through such initiatives as inviting talent with expertise and experience in areas other than the above to advisory committees in each field (e.g. digital and SDGs), which will be established, as necessary.

Corporate Governance

Determination of compensation

Policies on determining compensation

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

Composition of executive compensation

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

Compensation for directors (excluding outside directors, part-time directors, and directors serving as Audit and Supervisory Board members) has three components: (1) monthly compensation, (2) bonuses, and (3) trust-type stock compensation (non-residents of Japan are excluded). Both (1) and (2) vary depending on role and performance, while (3) utilizes a trust scheme. Compensation for part-time directors, including outside directors, is comprised of monthly fixed compensation.

Monthly compensation and bonuses + **Trust-type stock compensation**

Variable according to roles and business performance

The Board of Directors has adopted a resolution that the amount of monthly compensation and bonuses are set within the amount determined by the resolution of the Shareholders' Meeting, based on the compensation table determined by the Board of Directors and the amount calculated based on individual officer evaluations, and are finalized by the Director and President after consultation with the representative directors.

Linked to the Company's share price

- A compensation system that can work as an incentive for the Group to enhance its business performance and corporate value over the medium- to long-term, and to promote the sharing of an awareness of common interest with shareholders.
- Stock and cash are delivered based on the number of points granted, commensurate with executive ranking, within the limit established by the resolution of the Shareholders' Meeting.

Individual officer evaluations

Individual evaluations of officers are based on an assessment of the Company's performance and an evaluation of the division the officer is in charge of, in accordance with the evaluation criteria decided on by the Board of Directors. The Nomination and Compensation Committee deliberates on these evaluations, and the Director and President determines the results after consultation with the representative directors.

Calculation method

Assessment of Company performance	• To clarify the assessment according to how much progress has been made on achieving Company targets, total shareholder return (TSR) is used as a benchmark to assess the Company's performance, alongside a number of other performance indicators based on the Company's medium- to long-term management strategy. • For performance indicators, a coefficient according to the achievement rate for each item is multiplied to yield a score. • For TSR, the score is calculated based on the rate of divergence between the Company's figure and those of listed life insurance companies set as the benchmark.
Evaluation of the division the officer is in charge of	• A score is calculated for each division based on how much progress has been made on the achievement of the execution plan for the division the officer is in charge of.

The evaluation weightings of the Company performance assessment and the evaluation of the division the officer is in charge of are set according to the responsibilities of each officer in accordance with the criteria established by the Board of Directors and used to compute a weighted average. Note that the representative director's evaluation weighting for the Company performance assessment is 100%.

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

Key performance indicators of Company performance (FY 2020)

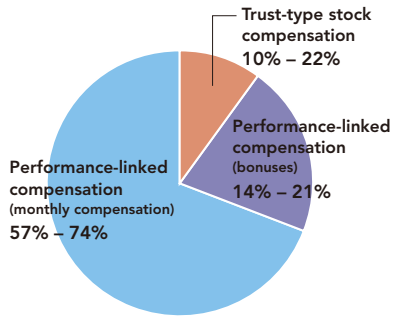
	Target	Actual	Achievement ratio
Value of new business	¥ 86.3 billion	¥ 143.4 billion	166.1%
Corporate value (Group MCEV)	¥2,761.0 billion	¥3,377.6 billion	122.3%
Group adjusted profit	¥ 70.0 billion	¥ 77.9 billion	111.2%

Actual TSR performance for the single fiscal year is 166.5% and 155.1% over five years.

Payment ratios by type of compensation

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

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



Total amounts of compensation by officer category and compensation type (FY 2020)

Category	Monthly compensation		Reserve for bonuses		Trust-type stock compensation, the Board Incentive Plan (BIP) Trust		Total compensation	
	Persons receiving compensation	Amount (¥ millions)	Persons receiving compensation	Amount (¥ millions)	Persons receiving compensation	Amount (¥ millions)	Persons receiving compensation	Amount (¥ millions)
Directors not serving as Audit and Supervisory Board members (excluding outside directors)	10	153	4	42	4	45	10	241
Directors serving as Audit and Supervisory Board members (excluding outside directors)	2	44	0	—	0	—	2	44
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	2	13	0	—	0	—	2	13
Outside directors not serving as Audit and Supervisory Board members	4	22	0	—	0	—	4	22
Outside directors serving as Audit and Supervisory Board members	3	27	0	—	0	—	3	27
Outside Audit & Supervisory Board members	2	4	0	—	0	—	2	4
Total	23	266	4	42	4	45	23	354

1. Monthly compensation and reserve for bonuses for directors (excluding part-time directors including outside directors, and directors serving as Audit and Supervisory Board members) are performance-linked compensation, and trust-type stock compensation is non-monetary compensation. For directors not serving as Audit and Supervisory Board members (excluding part-time directors including outside directors; seven directors), the total amount of performance-linked compensation is ¥167 million, and the total amount of non-monetary compensation is ¥45 million.
2. The Company transitioned from a company with Board of Auditors to a company with an Audit and Supervisory Board on June 25, 2020.
3. The number of persons receiving compensation and the amount of compensation shown above include those for three directors and two Audit & Supervisory Board members who retired at the conclusion of the 16th Ordinary General Meeting of Shareholders held on June 25, 2020. As of March 31, 2021, the Company had nine directors not serving as Audit and Supervisory Board members and five directors serving as Audit and Supervisory Board members.
4. The number of directors not serving as Audit and Supervisory Board members and outside directors not serving as Audit and Supervisory Board members and the amount of their compensation include those who served as directors prior to the transition to a company with an Audit and Supervisory Board.
5. The sum of the number of persons receiving compensation in the table above is the total number of persons receiving compensation.
6. The amount of trust-type stock compensation shows the recorded amount of expenses related to the points granted during the fiscal year ended March 31, 2021 based on the executive compensation system.
7. Compensation for individual officers is not stated because no officer received total consolidated compensation of ¥100 million or more.

Process for determining compensation

The Nomination and Compensation Committee discusses important decisions and changes concerning benefits and the like for officers of the Company and its directly owned subsidiaries, reports the results of those discussions to the Board of Directors, and offers its opinions when necessary. For monthly compensation and bonuses, individual amounts are determined based on individual officer evaluations based on deliberations by the Nomination and Compensation Committee and the compensation table decided on by the Board of Directors.

Appropriateness of compensation levels

The amount of compensation for directors is determined considering the responsibilities of directors as well as various other circumstances such as the recent economic situation.

With regard to the level of compensation, the Company participates in several surveys on executive compensation conducted by external research organizations to verify the appropriateness.

Maximum amount of compensation for directors after the transition to a company with an Audit and Supervisory Board

The maximum amount of compensation for directors was determined at the 16th Ordinary General Meeting of Shareholders held on June 25, 2020, as shown on the right.

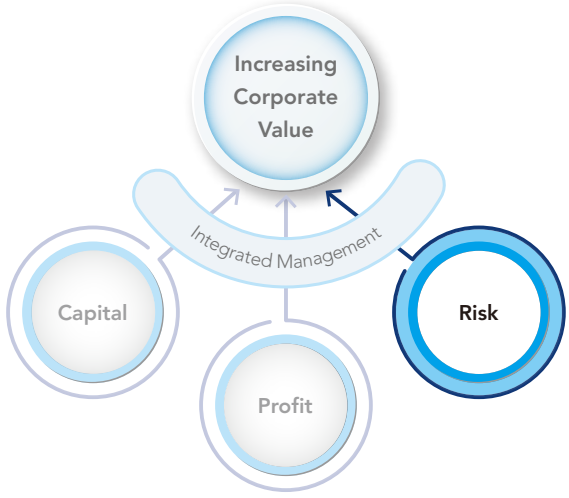
Maximum amount of compensation	Amount	Number of persons*
Directors not serving as Audit and Supervisory Board members	¥450 million per year	9
Of which, outside directors	¥40 million per year	2
Directors serving as Audit and Supervisory Board members	¥150 million per year	5
Maximum amount of funds to be contributed to the trust for trust-type stock compensation (covering the three fiscal years from fiscal 2018 to fiscal 2020)	**Amount**	**Number of persons***
Directors not serving as Audit and Supervisory Board members	¥500 million	4
Total number of points to be granted under trust-type stock compensation	**Points**	**Number of persons***
Directors not serving as Audit and Supervisory Board members	215,000 points per year	4

* Number of eligible directors as of the end of the 16th Ordinary General Meeting of Shareholders

Risk Management

Integrated risk management (ERM)

The T&D Insurance Group has established the ERM structure to integrally manage capital, profit and risk in order to boost stable revenues, while grasping the status of its risks and ensuring management soundness. Among them, the Group manages risks as follows.



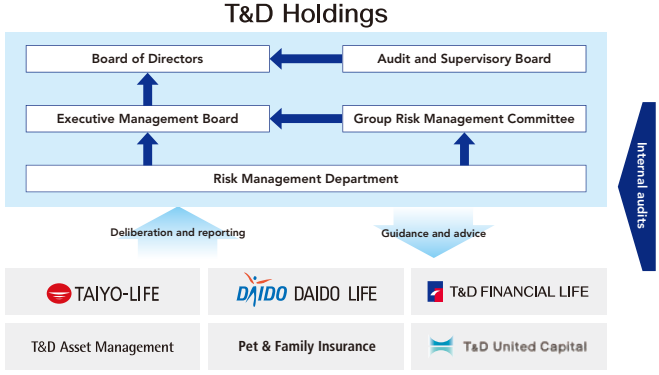
Basic concept for risk management

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

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

Risk management

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



Risk awareness and assessment (risk profile)

The T&D Insurance Group uses a risk profile* to comprehensively categorize risks surrounding the Group, in order to respond to increasingly diverse and complex risks. We comprehensively identify risks, ascertain and assess them, and use them to prioritize initiatives in light of comprehensive factors including severity, impact, and the degree to which they are under control. The risks are reflected in management planning as necessary.

As a rule, we review our risk profiles twice a year in order to accurately recognize and ascertain emerging severe risks, as well as major changes to previously recognized risks and the gap between in-house/ the industry's customs and the world. We report our findings to the Group Risk Management Committee and the Board of Directors.

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

Risk classification and responses

The T&D Insurance Group classifies various management risks as shown below, including disruption in financial markets, large-scale disasters, pandemics, climate change and cyber attacks. Risk management policies have been established for each of these risks, and efforts are made to prevent these risks from occurring or to confine them within certain acceptable levels.

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

• Risks as a holding company

- ✔ Risk related to reliance on the performance of the life insurance business
- ✔ Risk related to dividend income
- ✔ Risk related to expanding scope of operations
- ✔ Risk related to regulatory changes

Examples of efforts

✔ Risk related to reliance on the performance of the life insurance business

The Group is heavily reliant on the performance of its three life insurance companies. Therefore, if the business circumstances of any of the three life insurance companies change, and/or the roles or positions of any of the three life insurance companies change, the Group's performance and financial condition could be adversely affected.

(Responses)

- The Board of Directors gives the necessary advice and support on the performance of the three companies, together with monitoring budget variance management and progress of the management plan.
- The diversification and optimization of business portfolio is promoted as a pillar of the growth strategy in the Group Long-Term Vision.

• Business risks

	Risk taking policies	Risk management policies
(1) Insurance underwriting risk	Based on an awareness of the major impact that the life insurance underwriting of a life insurance company has on business over the long-term, the Group fully analyzes and checks risk profiles, and risk and return characteristics, both of which differ depending on products, formulating product strategies.	Based on an awareness of the major impact that life insurance underwriting has on business over the long-term, the Group determines, analyzes, and assesses the insurance underwriting risk and carries out appropriate controls.
(2) Investment risk	To make sure to pay insurance claims in the future, the Group sufficiently secures assets with optimal characteristics (current maturity, liquidity and others) and develops asset management strategies with a full consideration to liability characteristics and risk tolerance. • Interest rate risks have a significant impact on the change of surplus due to the long-term nature of insurance liabilities; therefore, the Group strives to reduce such risks given their financial accounting-based and economic value-based effects.	Investment risks are classified as market risks (fluctuations in interest rates, share prices and exchange rates), credit risks (deterioration of the financial conditions of an entity to which credit is provided) and real estate investment risks (decrease in profits and price related to real estate). Optimal risk controls are taken in accordance with the characteristics of each asset.
(3) Operational risk	The Group strives to prevent risks from occurring and reducing them not to harm its corporate value.	The system to control operational risks such as administrative and system risks is established.
(4) Affiliate and other entity risk	The Group analyzes and checks the soundness, profitability and risk and return characteristics of the business as well as assesses the appropriateness and reasonableness of investment. Then, the Group develops business investment strategies considering their financial accounting-based and economic value-based effects.	Risks are properly controlled through assessing the income/expenditure situation as well as the potential for the occurrence of various risks at subsidiaries, affiliates, and other business investments.
(5) Liquidity risk	The Group secures a certain level of liquidity and establishes a structure that enables a smooth securitization of assets to respond to liquidity risks.	The status of financing is categorized depending on its severity level. By determining a controlling method according to each category, the Group secures a certain level of liquidity and establishes a structure that enables a smooth securitization of assets for fund preparation.
(6) Reputational risk	The Group strives to prevent risks from occurring and reducing them not to harm its corporate value.	Information related to reputational risks is collected, and responses to reputational risks and a reporting system are clarified.

Action on integrated risk management

The Group categorizes and quantifies various risks that surround the Group, and controls them using the Economic Solvency Ratio (ESR), a risk indicator based on economic value. It also practices appropriate control of risks in the business as a whole, including unquantified risks, in order to tackle integrated risk management that leads to attainment of management goals.

1. Risk quantification

The Group employs internal models to gauge asset management risks, insurance underwriting risks, and operational risks. Specifically, we use "value at risk" as an indicator for these risks, and with a measurement period of one year and a confidence level of 99.5%, we calculate the loss value which is considered as the risk volume.

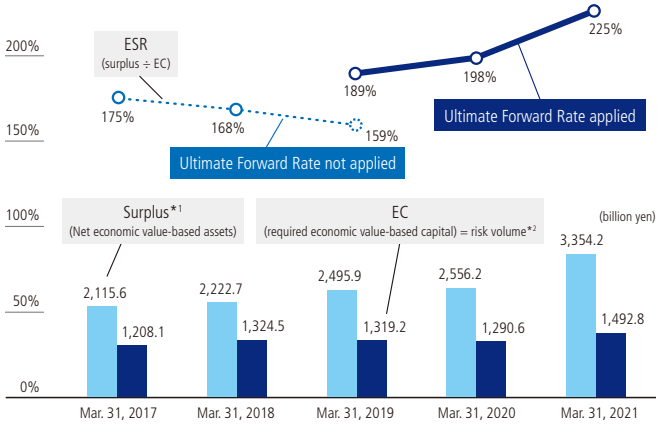
(Unit: billion yen)

	As of March 31, 2020	As of March 31, 2021	Change
Insurance underwriting risk (domestic)	944.0	907.3	(36.7)
Investment risk	1,169.4	1,323.1	+153.7
Insurance underwriting risk (overseas)*1	8.2	188.9	+180.7
Operational risk	85.9	85.5	(0.3)
Affiliate and other entity risk	25.2	27.4	+2.1
Variance effect, etc.	(942.2)	(1,039.5)	(97.3)
Total risk volume*2	1,290.6	1,492.8	+202.2

*1 Records business investment risks including insurance underwriting risks related to overseas insurance companies subject to investments (internally booked as affiliate and other entity risk)
*2 The economic value based risk volume (after variance effect) calculated by the internal model (measurement period 1 year, VaR 99.5%).

2. Risk control

The Economic Solvency Ratio (ESR), a risk indicator based on economic value, is calculated by dividing the net assets (surplus) found by subtracting liabilities from economic value-based assets by the risks quantified as above (economic capital). We ensure financial soundness and capital adequacy by controlling the EC within a certain range of surplus, while also applying the current finance supervision system concerning soundness. The ESR is managed monthly and reported to the Group Risk Management Committee and the Board of Directors along with other risk reviews.



*1 Difference between assets, evaluated on an economic value basis, and liabilities. Evaluation of assets and liabilities is calculated using basically the same assumptions as for MCEV. The capital cost rate used as the risk margin is set as 5%. In addition to applying the Ultimate Forward Rate since the end of March 2019, subordinated debt is added into the surplus (¥170 billion at the end of March 2021).
*2 The economic value based risk volume (after variance effect) calculated by the internal model (measurement period 1 year, VaR 99.5%). Necessary capital for MCEV is evaluated by the same internal model.

3. Stress test implementation

We strive to keep track of a wide range of risks, to make sure we can also handle risks not fully grasped by quantification, while also controlling quantified risks. We run stress tests to check the impacts of widely identified risks, and of severe shocks which exceed expectations, such as major worsening of financial markets or large-scale disasters. We analyze the results of stress tests and check our countermeasures etc. in advance, and we build a framework that can maintain our soundness in all kinds of situations.

Cyber security initiatives

The Group recognizes that one of the important tasks of management is properly protecting and managing information assets in compliance with laws and regulations. This specifically involves protecting information assets from increasingly sophisticated cyber threats. To fulfill our social responsibilities as a company engaged in life insurance business and other businesses, we have formulated our Group Information Security Policy and Rules on the Group's Cyber Security Management and made engagement in cyber security mandatory for all executives and employees. Cyber attacks etc. have the potential to stop systems and impede our operations, and to cause leakage of important information.

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

Along with conducting multi-layered security measures (entrance, exit, and internal), we regularly receive diagnostic security evaluations from independent institutions and promptly implement the necessary measures. In addition, we bring in outside experts to educate group management on the latest trends in cyber security, and are working to raise awareness of cybersecurity risks. Executives and employees also receive training on information security and cyber security and drills are continually conducted on handling suspicious email in order to further raise security literacy.

The Internal Auditing Department verifies whether these systems are functioning effectively and reports the results to the Board of Directors.

Compliance

Basic compliance policies

The Group has formulated the T&D Insurance Group CSR Charter, the T&D Insurance Group Compliance Code of Conduct, and the T&D Insurance Group Basic Policy for Strengthening the Compliance Structure. The Group ensures that executives and employees are conversant with these basic policies and standards to promote rigorous Group-wide compliance efforts.

Please see the Company's website for more detail of the Compliance Promotion System.
https://www.td-holdings.co.jp/en/company/governance/compliance.html

Basic policies to block relationships with antisocial forces

In its Group Compliance Code of Conduct, the Group defines its policy toward antisocial forces as to "reject and stringently respond to any antisocial forces which threaten the order and safety of the civil society." In accordance with this policy, the Group has formulated "T&D Insurance Group Basic Policy for Responding to Antisocial Forces," and has announced this on the Company's website.

T&D Insurance Group Basic Policy for Responding to Antisocial Forces (Japanese only)
https://www.td-holdings.co.jp/information/antisocial-forces.html

Accountability

The Company works to disclose information in line with the basic concept of striving to increase the transparency of management by appropriately and timely disclosing corporate information, including appropriate financial information and non-financial information regarding management strategies, management priorities and other matters.

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

Internal reporting system

The T&D Insurance Group has created a Group-wide internal reporting system, the T&D Group Help Line, which is intended to serve as a conduit for reports from any executive or Group employee on instances of illegal behavior and other compliance infractions that may damage the Group's credibility or reputation. The system helps to forestall if possible the occurrence of such events and quickly assess and remedy the situation if not.

Management Organization

Board of Directors (as of June 25, 2021)



Representative Director and President

Hirohisa Uehara

Personal history
Apr 1984 Joined Taiyo Life
Jan 2005 General Manager of Investment Planning Department of Taiyo Life
Feb 2005 Director of T&D Asset Management
Apr 2007 General Manager of Group Planning Department of T&D Holdings
Apr 2010 Director of T&D Asset Management
Apr 2011 Executive Officer and General Manager of Group Planning Department of T&D Holdings
Apr 2012 Director of T&D Financial Life
Apr 2014 Executive Officer of Taiyo Life
Jun 2014 Director and Executive Officer of Taiyo Life
Apr 2015 Director and Managing Executive Officer of Taiyo Life
Apr 2016 Director and Senior Managing Executive Officer of Taiyo Life
Apr 2017 Director of Taiyo Life
Executive Vice President of T&D Holdings
Jun 2017 Director of T&D Financial Life
Representative Director and Executive Vice President of T&D Holdings
Apr 2018 Representative Director (current)

Number of the Company's shares held*1	46,500
Attendance to the Board of Directors' meetings*2	16 / 16



Representative Director and Executive Vice President

Kanaya Morinaka

Personal history
Apr 1984 Joined Daido Life
Apr 2010 Executive Officer of Daido Life
Apr 2013 Managing Executive Officer of Daido Life
Jun 2015 Director and Managing Executive Officer of Daido Life
Apr 2017 Director and Senior Managing Executive Officer of Daido Life
Jun 2019 Representative Director and Senior Managing Executive Officer of Daido Life
Apr 2020 Director of Daido Life (current)
Executive Vice President of T&D Holdings
Jun 2020 Representative Director and Executive Vice President of T&D Holdings (current)
Jun 2021 Director of T&D Financial Life (current)

Significant concurrent positions
Director of Daido Life
Director of T&D Financial Life

Number of the Company's shares held*1	25,200
Attendance to the Board of Directors' meetings*2	13 / 13



Director and Senior Managing Executive Officer

Mitsuhiro Nagata

Personal history
Apr 1985 Joined Daido Life
Apr 2008 General Manager of Profit Management and Actuarial Department of Daido Life
Apr 2011 Executive Officer of Daido Life
Apr 2015 Managing Executive Officer of Daido Life
Jun 2015 Director and Managing Executive Officer of Daido Life
Apr 2017 Managing Executive Officer of T&D Holdings
Apr 2018 Director of Daido Life
Senior Managing Executive Officer of T&D Holdings
Jun 2018 Director of T&D Financial Life
Director and Senior Managing Executive Officer of T&D Holdings (current)
Jul 2019 Director of T&D United Capital
Apr 2020 Director and Senior Managing Executive Officer of Daido Life (current)

Significant concurrent positions
Director and Senior Managing Executive Officer of Daido Life

Number of the Company's shares held*1	24,300
Attendance to the Board of Directors' meetings*2	15 / 16

Directors who are Audit and Supervisory Board Members (as of June 25, 2021)



Director (part-time)

Mutsurou Kitahara

Personal history
Apr 1982 Joined Daido Life
Apr 2008 General Manager of Planning Department of Daido Life
Apr 2010 Executive Officer of Daido Life
Apr 2013 Managing Executive Officer of Daido Life
Jun 2013 Director and Managing Executive Officer of Daido Life
Apr 2015 Managing Executive Officer of T&D Holdings
Apr 2016 Director and Senior Managing Executive Officer of Daido Life
Apr 2017 Senior Managing Executive Officer of T&D Holdings
Jun 2019 Representative Director and Senior Managing Executive Officer of Daido Life
Apr 2020 Representative Director and Executive Vice President of Daido Life
Apr 2021 Representative Director and President of Daido Life (current)
Jun 2021 Director of T&D Holdings (current)

Significant concurrent positions
Representative Director and President of Daido Life

Reasons for selection
Mr. Mutsurou Kitahara has business experience in the Group mainly in products, planning, and human resources, and is currently serving as Representative Director and President of Daido Life Insurance Company. He is expected to fulfill the roles mainly of supervising key management decisions and the execution of business by utilizing his extensive management knowledge and experience in the Group's holding company and insurance company, which includes being in charge of corporate planning, risk management, and internal auditing units.

Number of the Company's shares held*1	30,600
Attendance to the Board of Directors' meetings*2	—



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

Junichi Yanai

Personal history
Apr 1984 Joined Taiyo Life
Apr 2016 General Manager of Financial Loan Department of Taiyo Life
Jun 2017 Audit & Supervisory Board Member of Taiyo Life (current)
Audit & Supervisory Board Member of T&D Holdings
Jun 2020 Director (Audit and Supervisory Board Member (Full-Time)) of T&D Holdings (current)

Significant concurrent positions
Audit & Supervisory Board Member of Taiyo Life

Number of the Company's shares held*1	9,300
Attendance to the Board of Directors' meetings*2*3	16 / 16
Attendance to Audit and Supervisory Board meetings*2	14 / 14



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

Yasuo Teraoka

Personal history
Oct 2000 Joined Daido Life
Apr 2011 General Manager of Market & Alternative Investment Department of Daido Life
Apr 2013 Executive Officer of Daido Life
Apr 2015 Executive Officer of T&D Holdings
Jun 2018 Audit & Supervisory Board Member of Daido Life (current)
Audit & Supervisory Board Member of T&D Holdings
Jul 2019 Audit & Supervisory Board Member of T&D United Capital (current)
Jun 2020 Director (Audit and Supervisory Board Member (Full-Time)) of T&D Holdings (current)

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

Number of the Company's shares held*1	21,700
Attendance to the Board of Directors' meetings*2*3	16 / 16
Attendance to Audit and Supervisory Board meetings*2	14 / 14

*1 As of March 31, 2021
*2 FY2020
*3 Includes attendance as Audit & Supervisory Board member



Director (outside officer, part-time)

Naoki Ohgo

Personal history
Apr 1985 Joined McKinsey & Company, Inc.
Jul 1999 Partner of McKinsey & Company, Inc.
Jul 2005 Executive Officer of GE Consumer Finance K. K. (current Shinsei Financial Co., Ltd.)
Aug 2008 Representative Director of Root F Co., Ltd. (current)
Jun 2017 Director of T&D Holdings (current)

Significant concurrent positions
Representative Director of Root F Co., Ltd.
Director of Orient Corporation

Reasons for selection
Mr. Naoki Ohgo possesses advanced expertise and a wide range of knowledge gained through his tenure as a partner in a foreign consulting firm, followed by his current position of Representative Director of Root F Co., Ltd. where he utilizes his global perspective and high level of insight to provide consulting services mainly in the financial field. He is expected to fulfill the roles mainly of supervising key management decisions and the execution of business from the perspective of protecting general shareholders by utilizing this knowledge and experience.

Number of the Company's shares held*1	2,400
Attendance to the Board of Directors' meetings*2	15 / 16



Director (outside officer, part-time)

Kensaku Watanabe

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

Significant concurrent positions
Attorney

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

Number of the Company's shares held*1	200
Attendance to the Board of Directors' meetings*2	13 / 13



Director (part-time)

Naoki Soejima

Personal history
Apr 1981 Joined Taiyo Life
Oct 2008 General Manager of Marketing Planning Department of Taiyo Life
Apr 2009 Executive Officer of Taiyo Life
Apr 2011 Managing Executive Officer of Taiyo Life
Jun 2011 Director and Managing Executive Officer of Taiyo Life
Apr 2014 Representative Director and Senior Managing Executive Officer of Taiyo Life
Apr 2016 Representative Director and Executive Vice President of Taiyo Life
Apr 2019 Representative Director and President of Taiyo Life (current)
Jun 2019 Director of T&D Holdings (current)

Significant concurrent positions
Representative Director and President of Taiyo Life

Number of the Company's shares held*1	19,710
Attendance to the Board of Directors' meetings*2	16 / 16



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

Haruka Matsuyama

Personal history
Apr 1995 Assistant Judge to the Tokyo District Court
Jul 2000 Registered as an Attorney
Jul 2000 Joined Hibiya Park Law Offices
Jan 2002 Partner of Hibiya Park Law Offices (current)
Jun 2013 Director of T&D Holdings
Jun 2020 Director (Audit and Supervisory Board Member) of T&D Holdings (current)

Significant concurrent positions
Attorney at law
Audit & Supervisory Board Member of MITSUI & CO., LTD.
Director of Mitsubishi UFJ Financial Group, Inc.*
Director of Restar Holdings Corporation
*Stepped down as of June 29, 2021

Reasons for selection
Ms. Haruka Matsuyama has sophisticated expertise and extensive insight as an attorney at law specialized in corporate legal affairs. She is expected to fulfill the roles mainly of auditing and supervising key management decisions and the performance of duties by directors not serving as Audit and Supervisory Board members from the perspective of protecting general shareholders by utilizing this knowledge and experience.

Number of the Company's shares held*1	3,400
Attendance to the Board of Directors' meetings*2	15 / 16
Attendance to Audit and Supervisory Board meetings*2	14 / 14



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

Seiji Higaki

Personal history
Apr 1975 Joined The Daiwa Bank, Ltd.
Jun 2003 Executive Officer of Resona Bank, Ltd.
Jun 2005 Executive Officer of Resona Holdings, Inc.
Jun 2006 Director of Resona Holdings, Inc.
Jun 2007 Director, President and Representative Executive Officer of Resona Holdings, Inc.
Apr 2009 Representative Director and Executive Officer of Resona Bank, Ltd.
Jun 2011 Director and Vice Chairman of Resona Bank, Ltd.
Apr 2013 Director of Resona Holdings, Inc.
Jun 2013 Chairman of Resona Research Institute Co.,Ltd.
Jun 2018 Director of T&D Holdings
Jun 2020 Director (Audit and Supervisory Board Member) of T&D Holdings (current)

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

Number of the Company's shares held*1	1,300
Attendance to the Board of Directors' meetings*2	16 / 16
Attendance to Audit and Supervisory Board meetings*2	14 / 14



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

Shinnosuke Yamada

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

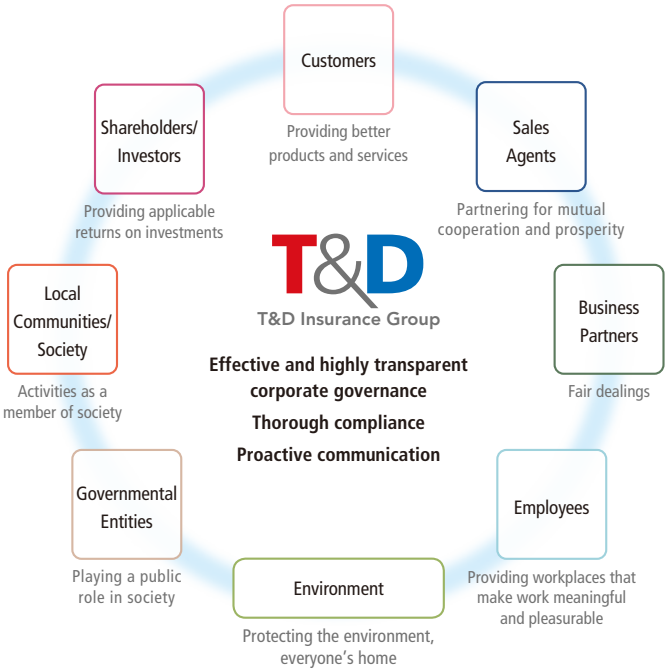
Significant concurrent positions
Certified public accountant
Director (independent auditor) of Kyowa Exeo Corporation

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

Number of the Company's shares held*1	200
Attendance to the Board of Directors' meetings*2	13 / 13
Attendance to Audit and Supervisory Board meetings*2	14 / 14

Stakeholder Engagement

The Group proactively engages in dialogue with stakeholders as set out in the T&D Insurance Group CSR Charter (see "4. Communication"). By taking every possible opportunity to interact, the Company and each Group company collect the opinions of policyholders, sales agents and other stakeholders and reflect them in their respective business management.



For Shareholders and Investors

Shareholders' Meetings, financial results briefings, one-on-one meetings for institutional investors, and publication of shareholder newsletters

T&D Holdings, Inc. conducts highly communicative investor relations (IR) activities, on the principle that its top management is responsible for all IR statements.

In addition to regular financial results meetings for institutional investors and analysts, the Company holds briefings with a focus on the theme of insurance sales and others. The Company holds one-on-one meetings with investors in Japan and overseas, and shares views obtained through dialog broadly with management and employees in the Group.

The Company also publishes corporate information in a timely manner through its IR website, and has been rated highly by external assessment organizations.



▲ Scenes from an IR meeting for institutional investors and analysts

Meetings Held in FY2020

Financial results meetings for institutional investors and analysts	**2**
Financial results telephone conferences for institutional investors and analysts	**4**
Conferences sponsored by securities firms	**3**
One-on-one meetings	**Total 216**

Evaluations by External Assessment Organizations

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

2020 Internet IR Award
(Daiwa Investor Relations Co. Ltd.)

Evaluated 3,883 listed companies*
Selected as one of 116 winners of the Commendation Award

FY2020 All Japanese Listed Companies' Website Ranking
(Nikko Investor Relations Co., Ltd.)

Evaluated all 3,844 listed companies*
Selected as one of 177 companies with grade AAA websites in the Overall Ranking for the fourth consecutive year

For Customers

Customer feedback, customer surveys, customer meetings, Service Quality Improvement Committee, Service Supervision Committee, etc.

The Group has set up many points of contact with its customers, including sales representatives, agents, call centers and the Internet, as well as a new policy procedures survey that focuses on the attitudes of sales representatives and the understandability of application forms and other documents and customer satisfaction surveys, giving the Group access to a wide range of customer feedback. A committee has also been established to improve customer satisfaction, and the Group incorporates the opinions of outside committee members, including attorneys and experts in consumer issues, in its management.

For Agents and Tie-up Organizations

Training program, business partner meetings and proposal of welfare systems for companies and organizations

High-quality support is provided for agents by giving sales agents its own e-learning materials to help them acquire broad knowledge on the compliance and insurance business, as well as by conducting training for sales staff mainly to enhance sales skills and improve presentation skills. The "Business partner meetings" are held with its tie-up organizations and agents to report the latest business developments and to hear their views on the Group's business operations.

For Employees

Education and training, human rights training, employee awareness surveys, dialogues and consultations with labor unions, an internal reporting system, etc.

Education and training are provided through on-the-job training and group training, and through support for self-education efforts. The Group also conducts human rights awareness training that addresses discrimination, harassment and other issues as a way of deepening employees' understanding of the importance of respecting human rights. Awareness surveys are conducted to collect information on employee opinions and requests regarding job satisfaction and enhancing motivation. Through dialogues with its labor unions, the Group has an opportunity to discuss a wide range of subjects, including management policies, wages, working hours, leave, human resource systems and benefits.

For Protecting the Environment and Contributing to Local Communities

Participation in the UN Global Compact (UNGC), Principles for Financial Action for the 21st Century, and the Japan Association for the United Nations Environment Programme (UNEP), support for the Japan Down Syndrome Society, working with the Japan Philanthropic Association, implementing Forests of Taiyo Life activities, supporting activities by The Nature Conservation Society of Japan, etc.



The Group participates in the UN Global Compact, Principles for Financial Action for the 21st Century, and other initiatives. It also exchanges views in a wide range of areas through study groups and dialogues with the participating companies. Furthermore, the Group has opportunities to understand stakeholders' expectations toward enterprises and to explore possibilities of the Group's contribution through support of and participation in the activities of NPOs active in each field.

Overview of the Life Insurance Market

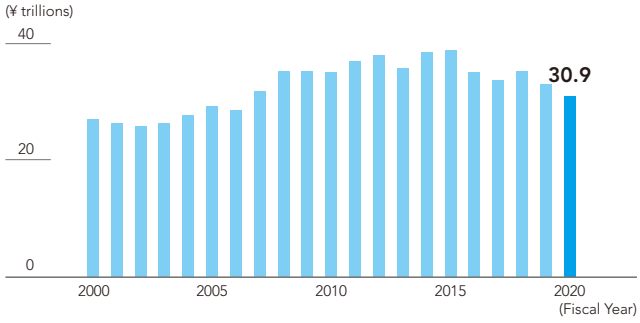
1 Market Scale

Income from insurance premiums in fiscal 2020 for Japan's life insurers* totaled ¥30.9 trillion. It had continued to gradually increase from fiscal 2002, but has recently turned downward.

However, Japan's life insurance industry boasts the third largest market in the world, following those of the U.S. and China. According to the latest research, the life insurance household participation rate is 88.7%, and nine out of ten households have taken out some form of life insurance, making Japan an "insurance superpower."

* There are a total of 42 Japanese life insurance companies. (As of March 31, 2021)

Trend in the income from insurance premiums



Source: Compiled by T&D Holdings based on "The summary of Life Insurance Business in Japan" published by the Life Insurance Association of Japan
Note: Excluding the numerical value of former postal life insurance up to fiscal 2007.

Domestic share of premium income (Year 2020)

Rank	Country	Premium income (100 millions USD)	Share
1	United States	6,326	22.62 %
2	China	3,475	12.42 %
3	**Japan**	**2,944**	**10.53 %**
4	United Kingdom	2,388	8.54 %
5	France	1,366	4.88 %
6	Italy	1,186	4.24 %
7	Germany	1,065	3.81 %
8	Korea	1,061	3.79 %
9	Taiwan	911	3.26 %
10	India	812	2.90 %
	Others	6,434	23.00 %
	World total	27,974	100.00 %

Source: Compiled by T&D Holdings based on Swiss Re, Sigma 3/2021 WORLD insurance the recovery gains pace

2 Diversification of Customers' Life Insurance Needs

Changes in household composition due to such factors as the declining birthrate, aging population, and late marriage have decreased the need for large death benefits aimed at heads of households. Meanwhile, the needs for third sector insurance such as medical and nursing care products are increasing.

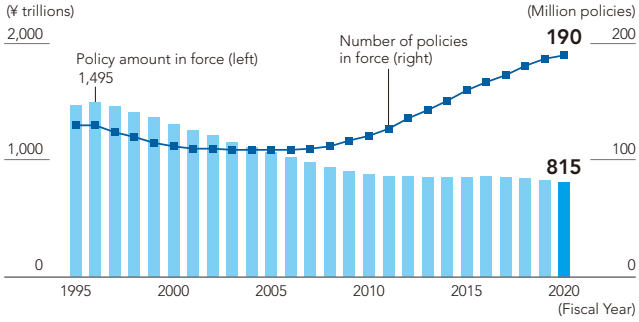
▶ Policy Amount in Force and Number of Policies in Force

The policy amount in force, which is the total death benefit amount of individual insurance policies held by life insurance companies, was ¥815 trillion in fiscal 2020, down from the peak of ¥1,495 trillion in fiscal 1996. Meanwhile, the number of policies in force, which is the number of individual insurance policies held by life insurance companies, was 190.24 million in fiscal 2020, marking the 13th straight year of increase.

▶ Number of Policies in Force for Individual Insurance by Type

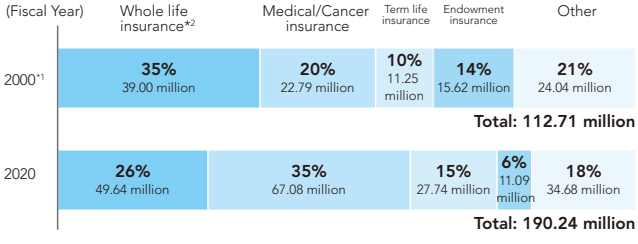
Turning to the breakdown of numbers of policies in force by type, the proportion of policies taken by medical and cancer insurance has increased significantly, from 20% in fiscal 2000 to 35% in fiscal 2020. The number of policies has also increased 2.9 times, from 22.79 million to 67.08 million, indicating increasing customer needs for third sector products.

Trend in the policy amount and the number of policies in force for individual insurance



Source: Compiled by T&D Holdings based on the summary of Life Insurance Business in Japan published by the Life Insurance Association of Japan
Note: Excluding the numerical value of former postal life insurance up to fiscal 2007.

Number of Policies in Force for Individual Insurance by Type



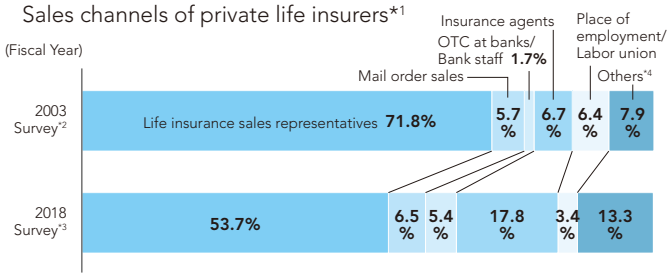
Source: Compiled by T&D Holdings based on the summary of Life Insurance Business in Japan published by the Life Insurance Association of Japan
*1 Excluding the numerical value for former postal life insurance in fiscal 2000.
*2 Whole life insurance is the sum of whole life insurance, fixed-term whole life insurance and variable interest type savings-type whole life insurance.

3 Diversification of Sales Channels

The sales channels of life insurance companies are growing more diverse with, in addition to the in-house sales representative channel, a recently increasing presence of OTC insurance sales at banks, and agent channels including insurance shops.

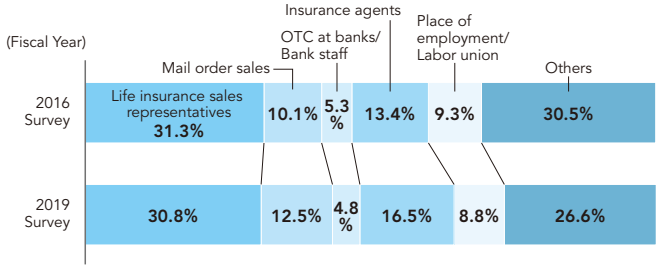
The results of a fiscal 2019 survey revealed that customers are even more likely to purchase insurance in the future via mail order channels such as insurance sales agents and the internet. It is possible that sales channel diversification and channel mixing (i.e., combination of both face and non-face-to-face)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

Sales channels of private life insurers*1



Source: Compiled by T&D Holdings based on the results of the Corporation Sample Survey on Life Insurance (FY2003 and FY2018) of Japan Institute of Life Insurance.
*1 Excluding Japan Post Insurance Co., Ltd.
*2 Policies taken out during 1998-2003.
*3 Policies taken out during 2013-2018.
*4 Including those policies through indistinct channels.

Channels through which customers are most likely to purchase insurance



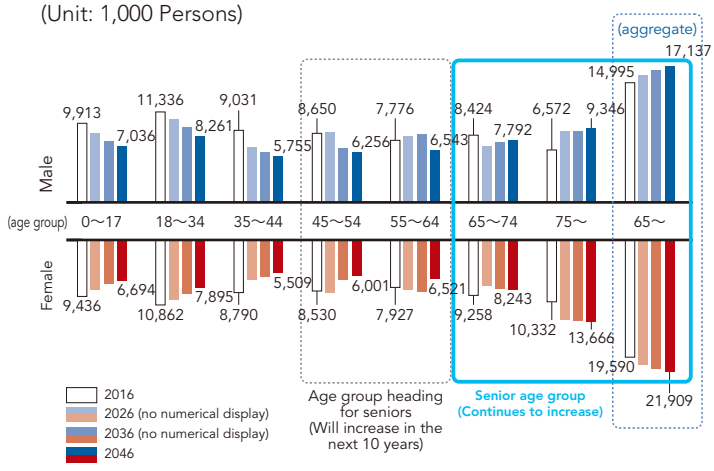
Source: Compiled by T&D Holdings based on Survey on Life Protection (Quick Report Version) (FY2019) of Japan Institute of Life Insurance.

4 The Future of the Japanese Life Insurance Market

In Japan, it is certain that the declining birthrate and aging population will continue to progress, going forward. As the future financial burden of social security will become even greater, it is possible that the role played by private life insurance will increase further in the future, with a focus on seniors, as private security that complements public security.

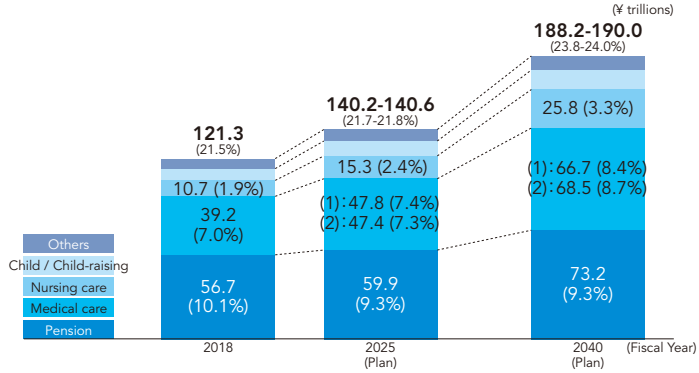
Meanwhile, as the social insurance premium burden is expected to increase as the number of young people declines, the inclusion of young people has become an important issue for life insurance companies.

Estimated Future Population by Gender and Age Group
(Unit: 1,000 Persons)



Source: Compiled by T&D Holdings based on "Estimated Future Population of Japan (2017 Estimates)" (birth median (death median) estimates), by the National Institute of Population and Social Security Research.

Outlook for Social Security Benefits



GDP	564.3 trillions	645.6 trillions	790.6 trillions
Insurance premium burden	12.4%	12.6%	13.4-13.5%
Public expenditure burden	8.3%	9.0%	10.1-10.2%

Note: For medical care, two assumptions regarding unit price growth rates are set, and two benefit costs ((1) and (2)) are indicated.
* Figures inside ( ) are percentages compared to GDP. Insurance premium and public expenditure burdens are each expressed as a percentage compared to GDP.
Source: Compiled by T&D Holdings based on "Environment Surrounding Social Security around 2040" by the Ministry of Health, Labour and Welfare.

Overview of the Life Insurance Market

Reference: Types of Life Insurance

There are three main types of life insurance : death insurance, pure endowment insurance, and accident and sickness insurance.

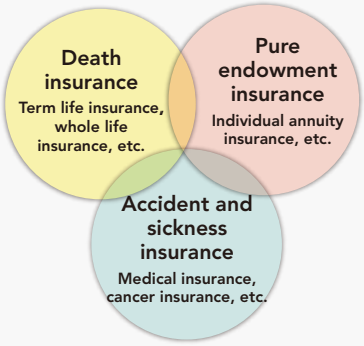
Death insurance	Insurance benefits are paid when the insured individual dies. Typical products include term life insurance and whole life insurance.
Pure endowment insurance	Insurance benefits are paid when the insured individual remains alive after a certain period of time. A typical product is individual annuity insurance.
Accident and sickness insurance	Insurance benefits are paid when the insured individual becomes ill, falls into certain conditions due to diseases or accidents, or dies from an accident. Typical products include medical insurance and cancer insurance.

These insurance are sold not only as single products but in various combinations in accordance with customer needs and so forth.

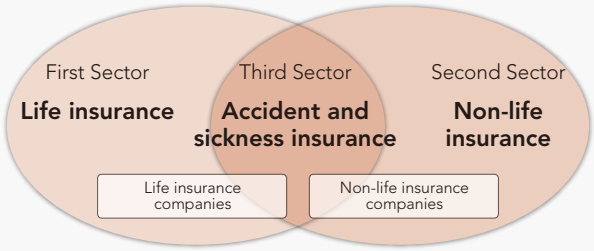
In the Japanese insurance industry, insurance related to a person's life and death are called "First Sector" insurance and only life insurance companies are allowed to sell these products. In contrast, insurance which compensate damages caused by a fortuitous accident are called "Second Sector" insurance and only non-life insurance companies are allowed to sell these products. Death insurance and pure endowment insurance mentioned above are included in the First Sector.

Accident and sickness insurance do not belong to either of the First Sector or Second Sector insurance categories, and are called "Third Sector" insurance. Both life insurance companies and non-life insurance companies can sell Third Sector products. A typical Third Sector insurance product sold by non-life insurance companies is "accident insurance," which insures against injuries.

Types of life insurance



Types of insurance



▶ Special Characteristics of Life Insurance Accounting

Due to the long-term nature of life insurance policies, misalignments in the recognition of revenue and expenses occur, as shown on the right.

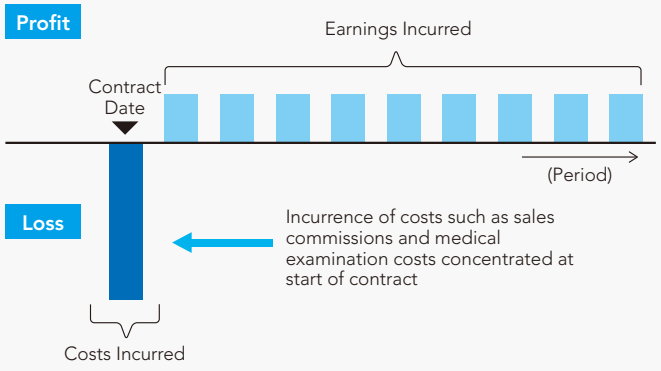
In single fiscal year accounting, profits decline due to increased costs when sales results are good, while profits increase due to decreased costs when results are not good.

Meanwhile, from a long-term perspective, an increase in the policy amount in force leads to an increase in future revenue sources, while a decrease in the policy amount in force is a factor in future profit decline.

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

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

Typical Life Insurance Earnings Image



Glossary

A

A company with an Audit and Supervisory Board	A publicly-listed company with an Audit and Supervisory Board comprised of at least three directors serving as Audit and Supervisory Board members (and outside directors as the majority of its members). The Board audits and supervises the execution of duties by directors not serving as Audit and Supervisory Board members.
Adjusted DOE	Calculated by dividing total dividend value by shareholders' equity on the balance sheet which is exempt of an accumulated amount of unrealized gains/losses caused by discrepancy of accounting treatment of assets and liabilities.
Adjusted ROE	Calculated by dividing Group adjusted profit by average net asset balance.
Annualized premiums	An adjusted figure for premiums paid using monthly, annual, or lump-sum payment methods showing total premiums paid on an annual basis.
Assumed business expense rate	One of the forecast rates used in the calculation of insurance premiums. It is the rate used to include business expenses necessary for administering insurance policies.
Assumed investment yield	One of the forecast rates used in the calculation of insurance premiums. It is the predetermined discount rate based on the expected earnings from the investment of insurance premiums.

C

Closed book business	A business model in which an insurance company generates profit by obtaining and consolidating blocks of policies in force for products that are no longer sold (closed book) and enhancing their value. In Western countries, there has been an increase in the number of closed books separated as a part of revisions of the business strategy and the product portfolio according to changes in the business environment.
Contingency reserve	A reserve included as part of the policy reserve to account for the risk of insurance payment events occurring at a higher-than-expected rate due to higher-than-expected mortality and morbidity rates, and the risk of actual investment yields being lower than the assumed investment yields related to outstanding policies. Contingency reserve can be classified into: Contingency reserve I Corresponds to insurance risk Contingency reserve II Corresponds to assumed investment yield risk Contingency reserve III Corresponds to minimum guarantee risk relating to variable annuity and others Contingency reserve IV Corresponds to insurance risk of Third Sector insurance
Core profit	An indicator showing core period earnings of life insurance companies, made up of insurance income and expenses (which include income from insurance premiums and insurance benefits and business expenses), and investment income and expenses (which include mainly interest, dividends and income from real estate for rent). It is not an item on the Company's statement of operation, but is calculated by deducting capital gains, such as gains (losses) on sales of securities and other one-time gains (losses), from ordinary profit.
Cost of shareholder's capital	Of capital raised by a company, costs required to procure funds from investors. Also can be defined as the rate of return anticipated by an investor on an investment.

E

Economic value-based solvency regulation	The solvency regulation is a rule to enable an insurance company to properly pay insurance benefits in the future. An economic value-based solvency regulation, proposed to be introduced in 2025, stipulates that insurance liabilities shall also be assessed based on the current value.
ERM (Enterprise Risk Management)	A strategic management method used to achieve managerial goals such as raising corporate value and maximizing earnings, through the integrated management of capital, profit and risk.
ESG investment	Selective investments focused on companies that pay adequate attention to the environmental, social and governance factors.
ESR (Economic Solvency Ratio)/ Core ESR	An indicator of capital adequacy based on economic value, calculated by dividing net assets based on economic value (surplus), by the risk volume (economic capital (EC)) quantified using the internal model. An ESR of 100% means that capital and risk are equal. The higher the ESR, the greater the amount of capital secured relative to risk. Although ESR is widely used mainly in Europe, there is no standardized calculation method. Each life insurance company calculates ESR individually based on its internal models. Core ESR means economic value-based capital efficiency and used as an indicator for considering return to shareholders. Differs from ESR in terms of considering the quality of capital (especially availability) and specifically calculated by subtracting subordinated debt, and unrealized gains and losses on insurance liabilities after the application of UFR from surplus and dividing the resulting number by EC.
EV (Embedded Value)	Generally, life insurance policies extend over significantly long durations, resulting in a time gap between the recognition of revenues and expenses. EV is a concept used for measuring the corporate value of a life insurance company in consideration of this gap. EV (embedded value) refers to the amount of net assets after tax, which is considered to be attributable to shareholders, and is the sum of adjusted net assets calculated based on balance sheets, etc., and the value of in-force business calculated based on policies in force. <Specific nature of life insurance accounting> From the perspective of financial accounting, a life insurance company successfully acquiring new business in a year apparently shows a decrease in profit for the corresponding period, due to a heavier burden of initial costs, such as sales commissions. While there is a constant inflow of premiums each year, expenses gradually decrease over time, which results in the accumulation of earnings over longer periods.

Glossary

G	
General account	The aggregate of a life insurer's assets, other than those allocated to separate accounts. General account assets are invested by a company to meet fixed guaranteed rates of return for policyholders, and that company bears the investment risk on such assets.
Group adjusted profit	Calculated by subtracting unrealized gains/losses caused by discrepancy of accounting treatment of assets and liabilities from net income, and then adding additional internal reserves in excess of the legal standard requirements to the resulting number.
J	
Japan's Corporate Governance Code	Guidelines for corporate governance drafted by the Financial Services Agency and the Tokyo Stock Exchange, which indicate a "a structure for transparent, fair, timely and decisive decision-making by companies, with due attention to the needs and perspectives of shareholders and also customers, employees and local communities," in the form of a code of conduct to be observed by a listed company.
Japan's Stewardship Code	Code of conduct for behavior for institutional investors setting out the principles as "responsible institutional investors," designed to prompt sustainable growth of corporations through investment and dialogue.
L	
Level-premium products	A type of insurance where the amount of the premium is constant from inception to the expiry of the premium payment period.
M	
MCEV (Market Consistent EV)	MCEV refers to Market Consistent EV, which is a method for evaluating EV in consistency with financial markets. MCEV is an EV calculated based on the MCEV Principles established in June 2008 by the CFO Forum (an organization of major European insurance companies), whereby a market consistent evaluation method was applied with a view to further unify the calculation standards.
Mortality rate	Rates of death, varying by such parameters as gender, age, and health, used in pricing and computing liabilities for future policyholder benefits for life insurance and annuity products.
N	
Non-participating policy	Policies under which the policyholder receives no policyholder dividends. Non-participating policies generally feature lower premiums than participating or semi-participating policies.
P	
Participating policy	Policies under which the policyholder is eligible to share in the divisible surplus of a company—calculated based on the mortality rate margin, investment yield margin, and business expence margin—through the receipt of annual policyholder dividends.
P/EV ratio	A ratio calculated by dividing an aggregate market value by EV (Embedded Value). An indicator which compares a company's share price to its per-share EV.
Policy amount	Aggregate sum insured by a life insurance company. The total of policy amount at the end of a fiscal year is called the "policy amount in force." The total policy amount of policies (including converted policies) sold in a year is called the "new policy amount."
Policy reserve	A reserve established for the fulfillment of insurance claims and other payments related to a company's outstanding policies that are expected to be paid in the future. The policy reserve consists of a premium reserve, an unearned premium reserve, a repayment reserve, and a contingency reserve. A company uses the net level premium method to calculate the amount it sets aside each year as a policy reserve. The policy reserve is one of the three reserves comprising the reserve for policy and other reserves.
Positive spread/Negative spread	The state in which actual investment earnings exceed the expected return based on the assumed investment yield is referred to as a "positive spread." A "negative spread" is when actual investment earnings are below the expected return. Positive spread (Negative spread denoted in bracket) = (Investment yield on core profit – Average assumed investment yield) × Policy reserve in general account • "Investment yield on core profit" is calculated by dividing the numerator as investment earnings in general account included in core profit less the provision for interest portion of reserve for dividends to policyholder by the denominator as policy reserve in general account. • "Average assumed investment yield" is calculated by dividing the numerator as assumed interest by the denominator as policy reserve in general account. • "Policy reserve in general account" represents the policy reserve in general account less contingency reserve calculated by the following method. Policy reserve in general account = (Policy reserve at beginning of fiscal year + Policy reserve at the end of fiscal year – Assumed interest) × 1/2

R

Reserve for policyholder dividends	A reserve used to fund the payment of policyholder dividends. The reserve for policyholder dividends is one of the three reserves comprising the reserve for policy and other reserves. For a mutual life insurance company, a transfer to reserve for policyholder dividends is treated as a disposition of net surplus. For a joint stock corporation, provision for reserve for policyholder dividends is treated as an expense.
Reserve for price fluctuations	Pursuant to provisions of the Insurance Business Act, companies maintain reserves to cover losses due to price fluctuations in assets subject to market price volatility, particularly investments in domestic and foreign stocks, yen-denominated bonds, and foreign currency-denominated bonds. This reserve may be used only to reduce deficits arising from price fluctuations of those assets.
ROEV/Core ROEV	ROEV stands for Return on Embedded Value, which is an indicator for measuring capital efficiency by assuming an increase in EV as profit in consideration of the specialty of life insurance accounting. Core ROEV is an indicator using an increase in EV mainly through the acquisition of new business.

S

Separate account	Assets related to variable insurance and variable annuity products, as well as some group pension products (including employee pension fund insurance and national pension fund insurance), are managed in a separate account for the purpose of directly returning investment results to policyholders. The investment results, less asset management fees, of the separate account assets are attributable to all policyholders so that the insurance company bears limited or no investment risk on such assets.
Single-premium insurance	A type of insurance where the premium is paid in lump-sum at the conclusion of the policy which covers the entire insurance period.
Social bond	Bond issued to raise funds for contributing to solutions to global social issues, such as support for emerging countries and measures against global warming.
Solvency margin ratio	A risk indicator calculated as the total solvency margin (including net assets, the reserve for price fluctuations, contingency reserve, reserve for possible loan losses, etc.) divided by 1/2 of total risk, which includes such factors as insurance risk due to a major earthquake or other disaster, investment risk, and various other risks. If a life insurance company's solvency margin ratio falls below 200%, the regulatory authorities will require management to introduce corrective measures to quickly return the company to soundness.
Surrender and lapse amount	The total amount of money reimbursed on the surrender or lapse of insurance policies in a given fiscal year. Surrender occurs when policyholders choose to discontinue their policies. Lapse occurs when the deadline for payment of premiums that are in arrears is exceeded.

T

Third sector insurance	In the Japanese insurance industry, life insurance products and non-life insurance products are called "First Sector" and "Second Sector" insurance products, respectively, and insurance products which have intermediate characteristics of both products are called "Third Sector" insurance products. Examples include medical care, cancer, accident, and nursing care insurance.
Total payout ratio	An indicator showing the ratio of return to shareholders. Calculated by dividing the sum of total dividend value and the amount of share buybacks by Group adjusted profit.
Trust-type stock compensation	A stock compensation system under which a Trust established by T&D Holdings through entrusting money, acquires the Company's stocks, and through the Trust, the Company provides eligible directors with its stocks corresponding to the number of points granted to them by the Company.

U

Ultimate Forward Rate (UFR)	A very long-term interest rate level that is thought to be realized macroeconomically. The Group begins interest rate extrapolation from 31 years and sets the convergence point for the ultimate forward rate level at 60 years.

V

Value of new business	The value of distributable earnings to shareholders expected to be generated in the future from insurance policies (including converted policies) sold in a year, converted to a present value as at the valuation date.

Status of Stock Holdings

I. Standards and ways of thinking by category in investments

The Group holds investment stocks for the purpose of pure investment in order to reap earnings by an increase in equity value and by receiving dividends and so forth.

In addition, the Group holds investment stocks for purposes other than pure investment (hereinafter "non-pure investment stocks" or "strategic shareholdings").

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

The Company has set its policies regarding the Group's strategic shareholdings and its standpoint on exercise of the voting rights under the Basic Policy on Corporate Governance Article 20, as per below.

1. When holding strategic shareholdings of listed stocks, the Group shall adhere to the following policies:

a. The purpose of holding strategic shareholdings of listed stocks shall be to maintain and expand long-term, stable business relationships, to maintain and strengthen business partnerships, and to reap medium- to long-term benefits by an increase in equity value and by receiving dividends and so forth.

b. Every year, the Board of Directors of the Company and its Group companies that hold strategic shareholdings shall verify the propriety of holding individual strategic shareholdings by concretely examining the adequacy of the holdings, whether the benefits and risks commensurate with the capital cost, and other factors.

c. If the continued holdings of individual strategic shareholdings were deemed inadequate as a result of verifying the propriety of the holding, such strategic shareholdings shall be subject to sales and the strategic shareholdings shall be reduced.

d. The Group shall disclose its details of the verification of above (b) and (c) annually.

2. The Group believes that the appropriate exercise of the voting rights of strategic shareholdings will encourage the establishment of sound corporate governance systems and sustained growth at counterparty companies. At the same time, the Group believes that the appropriate exercise of these voting rights is a crucial means of helping to bolster shareholder interests. Accordingly, the Group shall exercise the voting rights of its strategic shareholdings.

3. In the course of exercising voting rights as stipulated in the preceding item, the Company shall strive to share a common awareness with the counterparty company by engaging in dialogue and other forms of communication from a medium- to long-term perspective, while respecting the counterparty company's management decisions, rather than making judgments based on formal standards. In cases where it is judged that shareholder interests could be impaired, the Company shall express its position through the appropriate exercise of its voting rights.

In order to validate the appropriateness of strategic shareholdings, the Board of Directors of the Company and those of Group companies examine whether the benefits of each business are proportionate to the capital cost. Moreover, we may sell full or partial amount of strategic shareholdings that was once determined to be held, through thorough communication with the issuer.
In fiscal 2020, we have sold or partially sold our holdings of 32 stocks.

Going forward, the balance of strategic shareholdings will be first proceeded to be reduced to approximately 20% of Group net asset, and furthermore by the end of fiscal 2025.

II. Taiyo Life Insurance Company's stock holding status

Of the Company and its consolidated subsidiaries, Taiyo Life is the consolidated subsidiary with the largest balance of investment stock. The status of Taiyo Life's stock holding is as follows:

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

a. Policies to hold shares, the rationality to hold shares, verification contents at the Board of Directors meetings about the appropriateness to hold individual companies

Every year, the Board of Directors of the Company and Taiyo Life Insurance Company shall verify the propriety of holding individual non-pure investment stocks by concretely examining the adequacy of the holdings, whether the benefits and risks are commensurate with the capital cost, and other factors.

b. The number of stocks and the amounts on Balance Sheets

	The number of stocks	Total of balance sheet amount (¥ millions)
Unlisted stocks	7	¥ 2,897
Stocks other than unlisted stocks	26	235,269

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

	The number of stocks	Total of acquisition cost related to the increase in the number of shares (¥ millions)	The reasons for increasing the number of shares
Unlisted stocks	0	¥ —	
Stocks other than unlisted stocks	1	1,361	For additional purchase in expectation of the quantitative effectiveness of holding the stocks such as development of products and services and opening up channels in the insurance field and peripheral businesses by further enhancement with the long-term and stable business relationships

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

	The number of stocks	Total of sale price related to the decrease in the number of shares (¥ millions)
Unlisted stocks	0	¥ —
Stocks other than unlisted stocks	1	2,818

Status of Stock Holdings

c. The information about the number of the stocks and balance sheet amount for Specified Investment Shares and Regarded as Holding Shares

Specified Investment Shares

Stocks	Year ended March 31, 2021	Year ended March 31, 2020	Holding purposes, quantitative effects to hold stocks, and reasons to increase the number of stocks.	Whether the counterpart company holds the Company's share Y=Yes/N=No
	The number of shares			
	Balance sheet amount ¥millions			
Keio Corporation	5,862,032 ¥ 43,613	5,862,032 ¥ 37,458	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
SHIMADZU CORPORATION	7,411,520 29,683	7,411,520 21,085	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. There is joint development of services in the insurance field. The figures on the effect of holdings have not been disclosed as it contains information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
Daiwa Securities Group Inc.	41,140,000 23,536	37,980,400 15,921	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs. The number of stocks has been increased in expectation to receive high effect of holding benefits such as development of products and services and opening up channels in the insurance field and peripheral businesses through the reinforcement with the long-term and stable business relationships.	Y
Mitsui Fudosan Co., Ltd.	8,096,575 20,350	8,096,575 15,144	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
MITSUI & CO., LTD.	8,160,800 18,786	8,160,800 12,269	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
Mitsubishi Chemical Holdings Corporation	18,838,372 15,633	18,838,372 12,109	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	N *Note 1
Mitsubishi Estate Co., Ltd.	7,700,000 14,880	7,700,000 12,281	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
TOKYU CORPORATION	9,566,559 14,101	9,566,559 16,263	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
Tsubakimoto Chain Co.	3,559,663 10,856	3,559,663 8,756	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
Mitsubishi UFJ Financial Group, Inc.	15,220,718 9,006	15,220,718 6,133	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	N *Note 2
Sompo Holdings, Inc.	1,996,820 8,470	2,661,820 8,898	The purpose of holding the stocks is to maintain and strengthen business partnerships in insurance field, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	N *Note 3
Obayashi Corporation	5,486,400 5,568	5,486,400 5,080	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y

Stocks	Year ended March 31, 2021	Year ended March 31, 2020	Holding purposes, quantitative effects to hold stocks, and reasons to increase the number of stocks.	Whether the counterpart company holds the Company's share Y=Yes/N=No
	The number of shares			
	Balance sheet amount ¥millions			
RAITO KOGYO CO., LTD.	2,734,500 5,140	2,734,500 3,355	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
Tsukishima Kikai Co., Ltd.	1,885,000 2,418	1,885,000 2,554	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
Tsubakimoto Kogyo Co., Ltd.	573,805 2,180	573,805 2,065	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
Kurimoto, Ltd.	1,209,075 2,117	1,209,075 2,291	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
Electric Power Development Co., Ltd. (J-POWER)	1,085,040 2,098	1,085,040 2,363	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
Sotetsu Holdings Co., Ltd.	760,000 1,884	760,000 2,107	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
Taikisha Ltd.	422,029 1,280	422,029 1,320	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
Takasago Thermal Engineering Co., Ltd.	678,347 1,169	678,347 1,126	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
Toppan Printing CO., LTD.	474,544 887	474,544 785	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
Advance Create Co., Ltd. *Note 4	731,000 788	365,500 614	The purpose of holding the stocks is to maintain and strengthen business partnerships in insurance field, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs. The number of stocks has been increased because of the stock split.	N
Daiwa Motor Transportation Co., Ltd.	375,000 331	375,000 320	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
Meito Sangyo Co., Ltd.	150,000 226	150,000 200	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
MEIWA INDUSTRY CO., LTD.	210,120 188	210,120 188	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
San ju San Financial Group, Inc.	50,000 69	50,000 74	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	N *Note 5

Status of Stock Holdings

Stocks	Year ended March 31, 2021	Year ended March 31, 2020	Holding purposes, quantitative effects to hold stocks, and reasons to increase the number of stocks.	Whether the counterpart company holds the Company's share Y=Yes/N=No
	The number of shares			
	Balance sheet amount ¥millions			
Kuraray Co., Ltd.	—	3,282,010	Taiyo Life Insurance Company used to have the stocks to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth.	N
	—	3,583		
TS TECH Co., Ltd.	—	1,400,000	Taiyo Life Insurance Company used to have the stocks to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth.	Y
	—	3,581		
Showa Denko K.K.	—	700,000	Taiyo Life Insurance Company used to have the stocks to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth.	Y
	—	1,565		
Hokuetsu Corporation	—	2,817,987	Taiyo Life Insurance Company used to have the stocks to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth.	Y
	—	1,138		
TOYO WHARF&WAREHOUSE CO.,LTD.	—	200,643	Taiyo Life Insurance Company used to have the stocks to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth.	Y
	—	261		
Sanwa Holdings Corporation	—	260,000	Taiyo Life Insurance Company used to have the stocks to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth.	Y
	—	219		
MAEZAWA KASEI INDUSTRIES CO., LTD.	—	216,800	Taiyo Life Insurance Company used to have the stocks to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth.	Y
	—	215		
Mitsubishi Paper Mills Limited	—	205,220	Taiyo Life Insurance Company used to have the stocks to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth.	Y
	—	72		
NKK SWITCHES CO., LTD.	—	22,584	Taiyo Life Insurance Company used to have the stocks to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth.	Y
	—	68		

*Note 1 The subsidiary Mitsubishi Chemical Corporation holds stocks.
*Note 2 The subsidiary MUFG Bank, Ltd. holds stocks.
*Note 3 The subsidiary Sompo Japan Insurance Inc. holds stocks.
*Note 4 Sold all shares held by the Company in May 2021.
*Note 5 The subsidiary THE MIE BANK, LTD. holds stocks.
*Note 6 The "—" symbol indicates that the relevant stock is not held.

Regarded as Holding Shares

Not applicable.

2. Investment stocks for which the holding purpose is pure investment

	Year ended March 31, 2021		Year ended March 31, 2020	
	The number of stocks	Total of balance sheet amount (¥ millions)	The number of stocks	Total of balance sheet amount (¥ millions)
Unlisted stocks	38	¥ 19,370	40	¥ 18,666
Stocks other than unlisted stocks	29	219,928	19	133,726

	Fiscal 2020 (¥ millions)			
	Total dividends received	Total gains (losses) on sales	Total of valuation gains (losses)	
			Net unrealized gains (losses)	Valuation losses
Unlisted stocks	¥ 231	—	¥ 2,352	¥ —
Stocks other than unlisted stocks	3,976	—	66,666	—

3. Change in investment purpose during fiscal 2020

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

Stock	The number of shares	Balance sheet amount ¥ millions
Toyokosan Ltd.	15,000	¥ 25
MCBI Inc.	200,000	0

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

Stock	The number of shares	Balance sheet amount ¥ millions
TS TECH Co., Ltd.	2,800,000	¥ 4,617
Kuraray Co., Ltd.	3,282,010	4,145
Showa Denko K.K.	700,000	2,205
Hokuetsu Corporation	2,817,987	1,459
Sanwa Holdings Corporation	260,000	376
TOYO WHARF&WAREHOUSE CO.,LTD.	200,643	316
MAEZAWA KASEI INDUSTRIES CO., LTD.	216,800	221
NKK SWITCHES CO., LTD.	22,584	88
Mitsubishi Paper Mills Limited	205,220	77

Status of Stock Holdings

III. Daido Life Insurance Company's stock holding status

Of the Company and its consolidated subsidiaries, Daido Life is the consolidated subsidiary with the second largest balance of investment stock. The status of Daido Life's stock holding is as follows:

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

a. Policies to hold shares, methods to verify the rationality to hold shares, verification contents at the Board of Directors meetings about the appropriateness to hold individual companies

Every year, the Board of Directors of the Company and Daido Life Insurance Company shall verify the propriety of holding individual non-pure investment stocks by concretely examining the adequacy of the holdings, whether the benefits and risks are commensurate with the capital cost, and other factors.

b. The number of stocks and the amounts on Balance Sheets

	The number of stocks	Total of balance sheet amount (¥ millions)
Unlisted stocks	98	¥ 11,029
Stocks other than unlisted stocks	58	255,354

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

	The number of stocks	Total of acquisition cost related to the increase in the number of shares (¥ millions)	The reasons for increasing the number of shares
Unlisted stocks	1	¥ 1,449	For additional purchase as the purpose of maintaining and expanding long-term and stable business relationships in the fields such as insurance.
Stocks other than unlisted stocks	0	—	

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

	The number of stocks	Total of sale price related to the decrease in the number of shares (¥millions)
Unlisted stocks	0	¥ —
Stocks other than unlisted stocks	22	11,207

c. The information about the number of the stocks and balance sheet amount for Specified Investment Shares and Regarded as Holding Shares

Specified Investment Shares

Stocks	Year ended March 31, 2021	Year ended March 31, 2020	Holding purposes, quantitative effects to hold stocks, and reasons to increase the number of stocks.	Whether the counterpart company holds the Company's share Y=Yes/N=No
	The number of shares			
	Balance sheet amount ¥millions			
Mitsubishi UFJ Financial Group, Inc.	64,168,770 37,968	64,168,770 25,860	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships in a wide range of fields such as insurance and asset management, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	N *Note 1
Kansai Paint Co., Ltd.	7,607,000 22,478	7,607,000 15,655	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y

Stocks	Year ended March 31, 2021	Year ended March 31, 2020	Holding purposes, quantitative effects to hold stocks, and reasons to increase the number of stocks.	Whether the counterpart company holds the Company's share Y=Yes/N=No
	The number of shares			
	Balance sheet amount ¥millions			
SMC Corporation	313,700 20,174	313,700 14,351	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
ONO PHARMACEUTICAL CO., LTD.	6,549,500 18,928	6,549,500 16,282	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
TKC Corporation	5,138,092 18,086	2,569,046 12,472	The purpose of holding the stocks is to maintain and strengthen partnerships to support the continuation and development of small and medium enterprises, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs. The number of stocks has been increased because of the stock split.	Y
Nuernberger Beteiligungs-Aktiengesellschaft	1,727,036 17,148	1,727,036 13,213	The purpose of holding the stocks is to maintain and strengthen business partnerships in insurance products/services, asset management, and technology fields such as information systems, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
Daiwa House Industry Co., Ltd.	5,000,000 16,205	5,000,000 13,387	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
Ezaki Glico Co., Ltd.	3,500,400 15,559	3,500,400 15,891	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
FUJI CORPORATION	4,811,200 13,639	6,280,500 10,362	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
Resona Holdings, Inc.	28,590,000 13,288	28,590,000 9,297	The purpose of holding the stocks is to maintain and strengthen business partnerships in the sales field for solving management issues of small and medium enterprises such as "health and productivity management" and "inheritance and business succession," and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	N *Note 2
KONICA MINOLTA, INC.	9,040,518 5,424	9,040,518 3,968	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
The Kansai Electric Power Company, Incorporated	3,656,550 4,380	3,656,550 4,400	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
OKASAN SECURITIES GROUP INC.	8,660,000 3,905	8,660,000 2,961	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
Electric Power Development Co., Ltd. (J-POWER)	1,993,680 3,855	1,993,680 4,342	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
Mitsubishi Pencil Co., Ltd.	2,344,000 3,745	2,344,000 3,330	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
THE SHIZUOKA BANK, LTD.	3,824,000 3,326	3,824,000 2,512	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y

Status of Stock Holdings

Stocks	Year ended March 31, 2021	Year ended March 31, 2020	Holding purposes, quantitative effects to hold stocks, and reasons to increase the number of stocks.	Whether the counterpart company holds the Company's share Y=Yes/N=No
	The number of shares			
	Balance sheet amount ¥millions			
Sekisui House, Ltd.	1,400,000 3,323	1,400,000 2,498	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
Keihan Holdings Co., Ltd.	633,800 2,915	633,800 3,042	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
Tsukishima Kikai Co., Ltd	2,115,700 2,714	2,115,700 2,866	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
MEISEI INDUSTRIAL CO., LTD.	3,472,700 2,691	4,032,700 2,960	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
Mitsui Fudosan Co., Ltd.	1,000,000 2,513	* *	The purpose of holding the stocks is to maintain and expand long-term and stable business relationships, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	Y
Strike Co., Ltd.	498,000 2,198	* *	The purpose of holding the stocks is to maintain and strengthen partnerships in sales fields such as M&A support service, and to reap medium- to long-term earnings by an increase in equity value and by receiving dividends and so forth. The figures on the effect of holdings have not been disclosed as it contains information about individual transactions with the counterpart company. It's been quantitatively and periodically examined whether the effectiveness and risks of holding stocks have been commensurate with the capital costs.	N

*Note 1 The subsidiary MUFG Bank, Ltd. holds stocks.
*Note 2 The subsidiary Resona Bank, Limited. holds stocks.
Note 3 The "" symbol indicates that the statement is omitted because the amount on the balance sheet of the issue is less than 1/100 of the capital amount.

Regarded as Holding Shares

Not applicable.

2. Investment stocks for which the holding purpose is pure investment

	Year ended March 31, 2021		Year ended March 31, 2020	
	The number of stocks	Total of balance sheet amount (¥ millions)	The number of stocks	Total of balance sheet amount (¥ millions)
Unlisted stocks	12	¥ 3,603	12	¥ 3,724
Stocks other than unlisted stocks	71	86,012	75	54,911

	Fiscal 2020 (¥millions)			
	Total dividends received	Total gains (losses) on sales	Total of valuation gains (losses)	
			Net unrealized gains (losses)	Valuation losses
Unlisted stocks	¥ 104	¥ —	¥ (9)	¥ 125
Stocks other than unlisted stocks	845	2,491	32,115	—

3. Change in investment purpose during fiscal 2020

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

Not applicable.

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

Not applicable.

IV. T&D Holdings, Inc.

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

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

a. Policies to hold shares, the rationality to hold shares, verification contents at the Board of Directors meetings about the appropriateness to hold individual companies

Not applicable.

b. The number of Stocks and the amount on Balance Sheets

Not applicable.

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

Not applicable.

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

Not applicable.

c. The information about the number of the stocks and the balance sheet amount for Specified Investment Shares and Regarded as Holding Shares

Specified Investment Shares

Not applicable.

Regarded as Holding Shares

Not applicable.

2. Investment stocks for which the holding purpose is pure investment

Not applicable.

3. Change in investment purpose during fiscal 2020

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

Not applicable.

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

Not applicable.

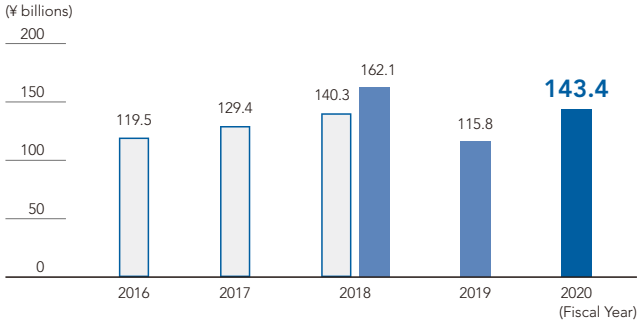
Financial Highlights

In fiscal 2020, the new policy sales results exceeded our initial forecast despite the spread of COVID-19, increasing the value of new business from the previous fiscal year. The Group adjusted profit was higher than that in the previous fiscal year because of the strong performances of the three life insurance companies and the acquisition of equity stake in Fortitude.

Key Performance Indicators

Value of New Business

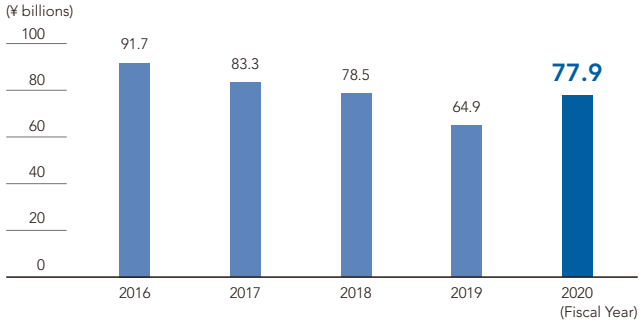
Fiscal 2020 **¥143.4 billions**



In fiscal 2020, the value of new business increased by ¥27.6 billion from the previous fiscal year, to ¥143.4 billion, mainly due to the robust sales of Daido Life's *L-type Alpha*. For the three life insurance companies, the value of new business was ¥50.4 billion for Taiyo Life (compared with ¥49.3 billion in the previous fiscal year), ¥89.3 billion for Daido Life (¥72.4 billion) and ¥3.6 billion (negative ¥5.9 billion) for T&D Financial Life.

Group Adjusted Profit*

Fiscal 2020 **¥77.9 billions**

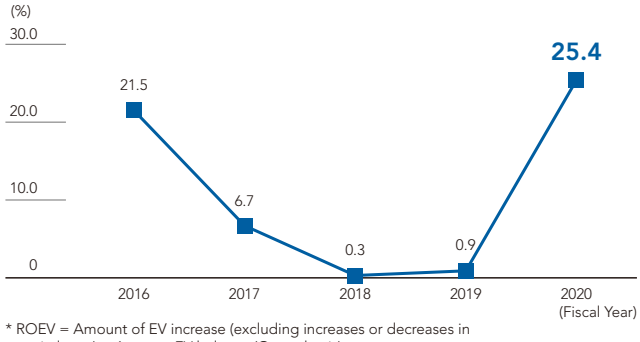


* Group adjusted profit = net income ± valuation gains/losses caused by discrepancy of accounting treatment of assets and liabilities + additional internal reserves in excess of the legal standard requirements
Adjusted net income was described until fiscal 2018.

In fiscal 2020, the Group adjusted profit increased by ¥12.9 billion from the previous fiscal year, to ¥77.9 billion, mainly due to the recognition of the amount of negative good will arising from making Fortitude an affiliated company and an increase in asset management gains and losses at Daido Life.

ROEV*

Fiscal 2020 **25.4 %**

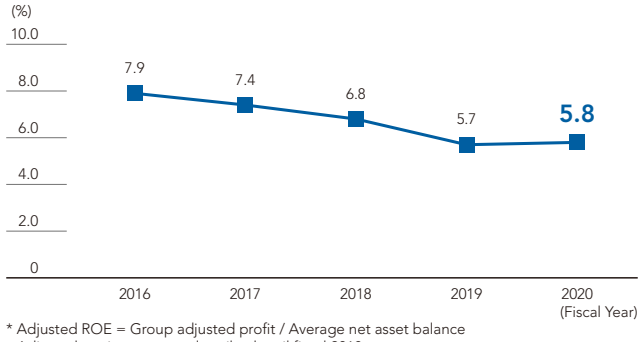


* ROEV = Amount of EV increase (excluding increases or decreases in capital, etc.) ÷ Average EV balance (Group basis)
Base excluding valuation gains/losses, etc. related to Fortitude
Application of UFR from fiscal 2019.

Group MCEV excluding valuation gains/losses, etc. related to Fortitude at the end of March 2021 increased by ¥702.8 billion from the previous fiscal year-end, resulting in ROEV of 25.4%.

Adjusted ROE*

Fiscal 2020 **5.8 %**



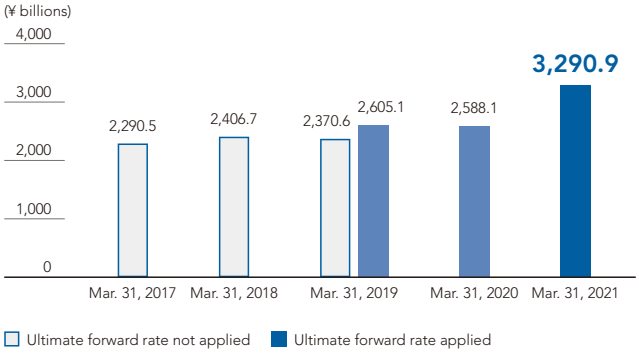
* Adjusted ROE = Group adjusted profit / Average net asset balance
Adjusted net income was described until fiscal 2018.

In recent years, Adjusted ROE has tended to drop due to a decrease in the Group adjusted profit; however, in fiscal 2020, it increased by 5.8% from the previous fiscal year because of an increase in the Group adjusted profit.

Corporate Value

Group MCEV

March 31, 2021 **¥3,290.9 billions**



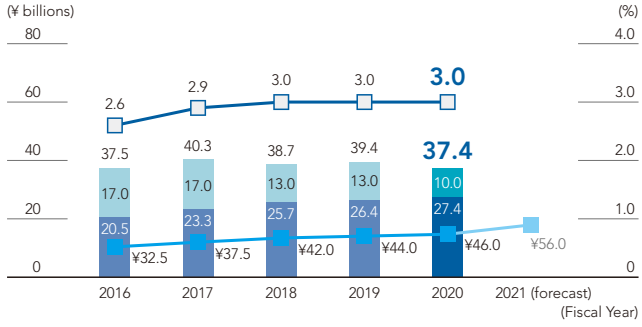
* Base excluding valuation gains/losses, etc. related to Fortitude

As of March 31, 2021, the Group MCEV was ¥3,290.9 billion, which represents an increase of ¥702.8 billion from the previous fiscal year-end. This was mainly due to an increase in long-term interest rates in Japan and rises in internal and external stock prices in addition to an accumulation of value of new business.

Return to Shareholders

Total Return to Shareholders + Adjusted DOE*

Fiscal 2020 Total Return to Shareholders **¥37.4 billions** Adjusted DOE **3.0 %**



* Adjusted DOE = Total dividend value/shareholders' equity (excluding valuation gains/losses caused by discrepancy of accounting treatment of assets and liabilities of Fortitude)

In fiscal 2020, the Company paid a cash dividend of ¥46.0 per share, which is an increase of ¥2 from the previous fiscal year, and represents an increase in dividends for six consecutive terms. In addition, the Company acquired the treasury shares of ¥10.0 billion and returned ¥37.4 billion in total to its shareholders.

Consolidated Results of Operations

Group ordinary profit and net income for fiscal year 2020 is expected to decrease from the previous year. This is due to valuation losses caused by discrepancy of accounting treatment of assets and liabilities in Fortitude's results of January to March 2021, mainly as a result of increased interest rates in the U.S., and we are expecting an equity in losses of affiliates of approximately ¥57.0 billion.

Fiscal 2021 Full-year Earnings Forecasts* [Consolidated and Three Life Insurance Companies]

(¥billions)

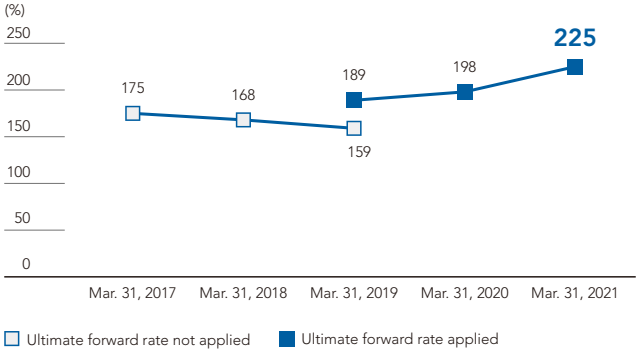
	T&D Holdings		Taiyo Life		Daido Life		T&D Financial Life	
	Fiscal 2020 (actual)	Fiscal 2021 (forecasts)	Fiscal 2020 (actual)	Fiscal 2021 (forecasts)	Fiscal 2020 (actual)	Fiscal 2021 (forecasts)	Fiscal 2020 (actual)	Fiscal 2021 (forecasts)
Ordinary revenues	2,413.9	2,130.0	797.3	760.0	1,022.8	970.0	460.6	360.0
Ordinary profit	228.1	74.0	31.6	37.0	95.9	91.0	(2.9)	(1.0)
Net income	162.3	16.0	10.2	15.0	54.8	54.0	(2.7)	(1.0)
Income from insurance premiums			619.7	600.0	808.1	810.0	348.0	340.0
Core profit			52.7	48.0	111.6	92.0	(3.2)	(5.0)
Positive spread			29.5	33.0	30.9	23.0	(2.4)	(3.0)

* Disclosed on May 14, 2021.

Financial Soundness

ESR

March 31, 2021 **225 %**



The economic solvency ratio, which represents capital adequacy based on economic value, increased by 27 percentage points from the previous fiscal year-end to 225%, due to an increase in surplus, net assets based on economic value, mainly caused by rises in internal and external stock prices.

Rating* / Solvency Margin Ratio

	Rating Agencies			Solvency margin ratio
	Japan Credit Rating Agency, Ltd. (JCR)	Rating and Investment Information, Inc. (R&I)	Standard & Poor's (S&P)	
T&D Holdings	AA-	—	—	1,094.8%
Taiyo Life	AA-	AA-	A	852.8%
Daido Life	AA-	AA-	A	1,293.5%
T&D Financial Life	AA-	AA-	—	826.8%
	Rating is as of January 20, 2021			Solvency margin ratio is as of March 31, 2021

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

As of March 31, 2021, the solvency margin ratio was 1,094.8% on a consolidated basis, 852.8% for Taiyo Life, 1,293.5% for Daido Life and 826.8% for T&D Financial Life. They all indicate sufficient financial soundness.

Non-financial Highlights

Creating a workplace environment where employees reach their potential

The T&D Insurance Group has been promoting to nurture a corporate culture where diverse human resources can feel job satisfaction and reach their potential. Given that women represent the majority of the Group's employees, the active participation of female employees is recognized as a crucial management priority. To this end, each Group company is introducing various support systems to enhance work-life balance. We are working to increase employment opportunities for people with disabilities by creating workplaces which are comfortable for them to work in.

Employee satisfaction survey results (FY2020)

* Five rated evaluation

T&D Holdings	Taiyo Life	Daido Life	T&D Financial Life
Overall satisfaction level	Overall satisfaction level	Overall satisfaction level	Overall satisfaction level
3.84	3.61	3.75	3.55

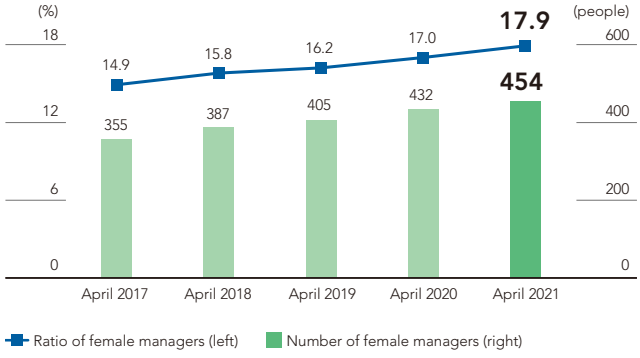
Awards received for action on employee career formation

Award for excellence to T&D Holdings, 3rd Platinum Career Award

At the 3rd Platinum Career Award (held by Toyo Keizai Inc., supported by Ministry of Health, Labour and Welfare and Tokyo Stock Exchange), T&D Holdings, representing the companies of the T&D Insurance Group, won the Excellence Award for the third consecutive year, from among 1,019 entrant companies. Taiyo Life, Daido Life, and T&D Financial Life, the members of the T&D Insurance Group, have each earned praise for their efforts to continue to create an environment that encourages the personal growth of each of their employees.

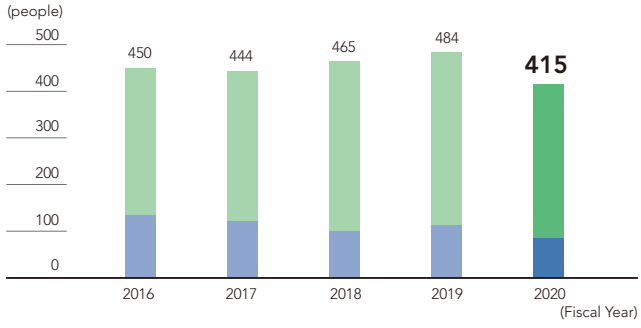
Ratio/number of female managers

April 1, 2021 **17.9% / 454 (people)**



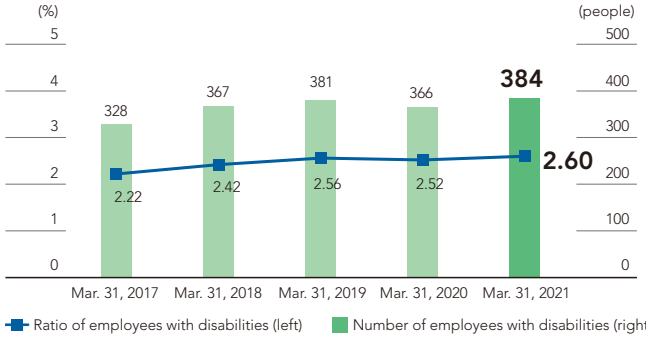
Number of employees taking child care leave

Fiscal 2020 **415 (people)**



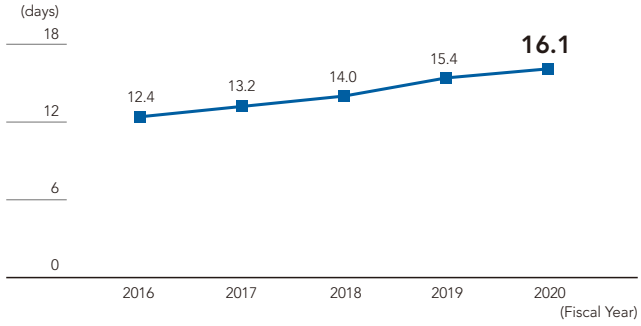
Ratio/number of employees with disabilities

March 31, 2021 **2.60% / 384 (people)**



Average number of paid leave days taken

Fiscal 2020 **16.1 days**



* The above ratio of female managers, number of employees taking child care leave, ratio of employees with disabilities and average number of days of paid leave taken are for the total of three life insurance companies.

Initiatives on customer-oriented services

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

Main awards received for initiatives on customer service

Taiyo Life
- Received the UCDA 2020 "Supreme Excellence" Award and the "Another Voice" Award at the UCDA Award 2020, etc.

Daido Life
- Received the highest rank of "3 Star" for HDI-Japan's "Quality Service" as the first Japanese company to get a full score

T&D Financial Life
- Obtained certification from the UCDA for its *Shogai Premium Japan 5* pamphlet

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

Assessments of the policies of the three life insurance companies on customer-oriented operations (FY2020)

Taiyo Life	Daido Life	T&D Financial Life
Overall satisfaction level	Overall satisfaction level	Satisfaction level at the contract signing stage
91.8%	82.3%	98.1%

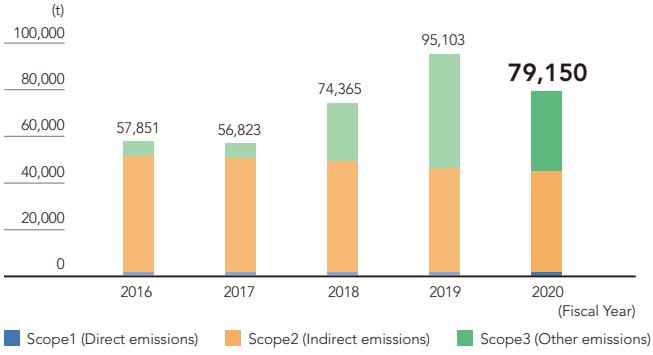
* Survey implementation methods differ for each company.

https://www.td-holdings.co.jp/information/business_operations.html (Japanese only)

Environmental initiatives

The T&D Insurance Group has enacted "T&D Insurance Group Environmental Policy." Recognizing the environmental burden of resource or energy consumption and waste emissions, we are working toward reducing environmental impact by conserving energy or resources, recycling resources, and promoting green purchasing.

CO_2 emissions volume



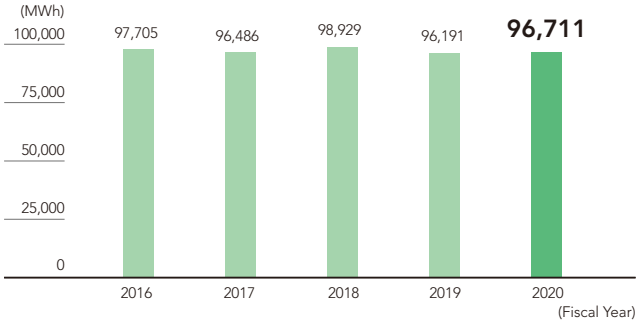
* Emissions have greatly increased since fiscal 2018, because of the addition of categories 1, 2, and 7 to Scope3.

Climate change is an issue that the world should work together and deal with. The T&D Insurance Group has set to "help mitigate and adapt to climate change" as a sustainability priority theme and is working toward reducing environmental impact in its business activities.

As more than 90% of the CO_2 emissions (Scope 1 + 2) derives from electricity use at the Group, we have set targets for reducing electricity use, and are taking actions to cut our energy consumption and CO_2 emissions.

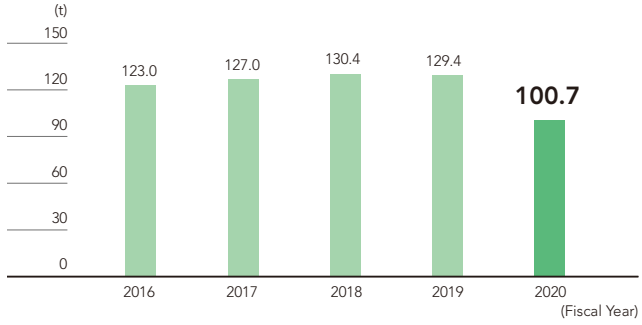
Electricity consumption

Fiscal 2020 **96,711 MWh**



Office paper consumption

Fiscal 2020 **100.7 t**



Selected Financial Data

T&D HOLDINGS

¥ millions

Years ended March 31	2017	2018	2019	2020	2021
Statement of Operation Data:					
Ordinary revenues:					
Income from insurance premiums	¥1,505,234	¥1,483,719	¥1,676,184	¥1,753,508	**¥1,783,369**
Investment income	402,709	372,753	393,901	369,419	**453,706**
Other ordinary income	67,838	71,813	70,076	75,001	**73,963**
Equity in earnings of affiliates	1	72	—	—	**102,914**
Total ordinary revenues	1,975,784	1,928,359	2,140,162	2,197,928	**2,413,953**
Ordinary expenses:					
Insurance claims and other payments	1,160,357	1,146,175	1,141,636	1,193,510	**1,308,157**
Provision for policy and other reserves	259,134	262,894	469,615	431,011	**484,929**
Investment expenses	130,277	96,288	112,285	164,819	**110,235**
Operating expenses	197,600	202,366	201,563	212,453	**214,509**
Other ordinary expenses	71,186	64,159	68,086	70,424	**67,988**
Total ordinary expenses	1,818,556	1,771,884	1,993,213	2,072,506	**2,185,820**
Ordinary profit	157,227	156,475	146,949	125,422	**228,132**
Net extraordinary gains (losses)	(35,067)	(16,485)	(17,890)	(6,055)	**(12,591)**
Provision for reserve for policyholder dividends	25,374	30,331	27,144	21,883	**24,429**
Income before income taxes	96,786	109,657	101,915	97,483	**191,111**
Income taxes:					
Current	33,316	34,106	32,383	31,768	**28,969**
Deferred	(11,895)	(2,044)	(3,316)	(1,425)	**(1,065)**
Total income taxes	21,421	32,061	29,066	30,343	**27,903**
Profit attributable to non-controlling interests	177	19	22	36	**890**
Profit attributable to owners of parent	¥ 75,187	¥ 77,577	¥ 72,825	¥ 67,103	**¥ 162,316**

¥ millions

As of March 31	2017	2018	2019	2020	2021
Balance Sheet Data:					
Assets:					
Total assets	¥14,891,167	¥15,262,398	¥15,794,711	¥16,520,137	**¥17,877,278**
Liabilities:					
Policy reserves	13,139,218	13,395,725	13,859,097	14,282,219	**14,765,300**
Total liabilities	13,794,395	14,109,362	14,635,123	15,396,987	**16,324,121**
Net assets:					
Total shareholders' equity	794,554	833,779	863,933	889,817	**1,013,819**
Total accumulated other comprehensive income	298,302	313,645	289,181	226,124	**531,198**
Total net assets	¥ 1,096,772	¥ 1,153,036	¥ 1,159,588	¥ 1,123,149	**¥ 1,553,157**

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

¥ millions

Years ended March 31	2017	2018	2019	2020	2021
Policy Results *:					
Policy amount in force	¥64,612,813	¥66,010,749	¥69,264,639	¥67,362,978	**¥65,638,037**
New policy amount	7,441,437	7,273,000	9,985,762	4,711,892	**4,220,821**
Surrender and lapse amount	3,837,734	3,884,453	4,625,021	4,206,148	**3,891,199**

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

Other Data:					
Core profit	¥ 159,985	¥ 148,466	¥ 149,638	¥ 166,227	**¥ 161,039**
Group MCEV *	2,290,500	2,406,700	2,370,600	2,588,100	**3,377,600**
Consolidated solvency margin ratio	1,105.1%	1,061.8%	1,093.1%	1,107.0%	**1,094.8%**

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

TAIYO LIFE

¥ millions

Years ended March 31	2017	2018	2019	2020	2021
Statement of Operation Data:					
Ordinary revenues:					
Income from insurance premiums	¥654,379	¥511,900	¥715,120	¥593,679	**¥619,721**
Investment income	228,058	189,495	190,444	196,911	**165,283**
Other ordinary income	15,517	37,319	12,044	11,947	**12,296**
Total ordinary revenues	897,955	738,716	917,610	802,538	**797,301**
Ordinary expenses:					
Insurance claims and other payments	535,387	522,746	521,457	542,912	**569,480**
Provision for policy and other reserves	99,991	885	183,693	43,421	**46,414**
Investment expenses	83,109	45,292	52,386	76,173	**46,919**
Operating expenses	77,189	76,698	76,730	75,077	**76,509**
Other ordinary expenses	35,635	30,301	29,147	28,171	**26,371**
Total ordinary expenses	831,312	675,925	863,413	765,756	**765,695**
Ordinary profit	66,642	62,790	54,196	36,782	**31,606**
Net extraordinary gains (losses)	(18,995)	(4,254)	(5,370)	(1,594)	**(4,592)**
Provision for reserve for policyholder dividends	11,738	15,664	13,138	10,197	**12,574**
Income before income taxes	35,909	42,870	35,687	24,990	**14,440**
Income taxes:					
Current	11,120	10,238	10,798	10,391	**5,956**
Deferred	(4,178)	2,151	(657)	(1,218)	**(1,800)**
Total income taxes	6,941	12,390	10,140	9,172	**4,156**
Net income	¥ 28,967	¥ 30,480	¥ 25,547	¥ 15,817	**¥ 10,284**

¥ millions

As of March 31	2017	2018	2019	2020	2021
Balance Sheet Data:					
Assets:					
Total assets	¥7,188,371	¥7,219,463	¥7,411,864	¥7,660,474	**¥8,235,372**
Liabilities:					
Policy reserves	6,410,781	6,389,235	6,569,075	6,608,629	**6,654,572**
Total liabilities	6,807,381	6,810,776	6,996,551	7,269,351	**7,708,881**
Net assets:					
Total shareholders' equity	279,765	290,945	304,203	303,647	**302,568**
Total valuation and translation adjustment	101,224	117,742	111,109	87,476	**223,923**
Total net assets	¥ 380,989	¥ 408,687	¥ 415,312	¥ 391,123	**¥ 526,491**

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

¥ millions

Years ended March 31	2017	2018	2019	2020	2021
Policy Results *:					
Policy amount in force	¥21,741,191	¥21,154,486	¥19,945,620	¥18,023,246	**¥16,278,405**
New policy amount	2,084,818	1,686,796	1,196,690	540,573	**243,585**
Surrender and lapse amount	1,255,824	1,236,078	1,240,097	1,149,490	**941,331**
Surrender and lapse rate	5.71%	5.69%	5.86%	5.76%	**5.22%**

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

Other Data:					
Core profit	¥ 53,464	¥ 48,547	¥ 51,859	¥ 54,387	**¥ 52,703**
MCEV *	777,500	825,000	856,200	895,800	**1,114,600**
Solvency margin ratio	848.6%	835.1%	849.7%	805.5%	**852.8%**
Number of in-house sales representatives	8,902	8,942	8,440	8,071	**8,473**

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

Selected Financial Data

DAIDO LIFE

¥ millions

Years ended March 31	2017	2018	2019	2020	2021
Statement of Operation Data:					
Ordinary revenues:					
Income from insurance premiums	¥766,336	¥790,852	¥ 828,003	¥ 818,070	**¥ 808,161**
Investment income	154,066	171,830	191,065	165,137	**185,876**
Other ordinary income	24,029	25,387	26,492	31,916	**28,796**
Total ordinary revenues	944,431	988,070	1,045,561	1,015,124	**1,022,834**
Ordinary expenses:					
Insurance claims and other payments	484,881	496,329	510,573	522,146	**511,604**
Provision for policy and other reserves	204,770	232,739	259,032	214,775	**221,616**
Investment expenses	48,244	46,233	61,342	61,569	**66,440**
Operating expenses	103,099	103,602	103,883	107,649	**106,644**
Other ordinary expenses	20,739	19,767	21,458	22,826	**20,622**
Total ordinary expenses	861,736	898,672	956,290	928,967	**926,928**
Ordinary profit	82,695	89,397	89,270	86,157	**95,905**
Net extraordinary gains (losses)	(12,450)	(11,698)	(11,956)	(3,703)	**(7,123)**
Provision for reserve for policyholder dividends	13,636	14,668	14,005	11,687	**11,854**
Income before income taxes	56,608	63,031	63,308	70,766	**76,927**
Income taxes:					
Current	20,777	22,854	21,414	21,646	**25,029**
Deferred	(7,286)	(4,396)	(3,634)	(1,330)	**(2,965)**
Total income taxes	13,491	18,458	17,779	20,315	**22,064**
Net income	¥ 43,116	¥ 44,572	¥ 45,528	¥ 50,450	**¥ 54,863**

¥ millions

As of March 31	2017	2018	2019	2020	2021
Balance Sheet Data:					
Assets:					
Total assets	¥6,298,188	¥6,573,924	¥6,843,179	¥7,037,507	**¥7,554,346**
Liabilities:					
Policy reserves	5,501,639	5,729,754	5,986,450	6,195,363	**6,415,546**
Total liabilities	5,654,175	5,913,402	6,180,746	6,393,649	**6,701,219**
Net assets:					
Total shareholders' equity	448,016	466,141	489,267	513,114	**541,184**
Total valuation and translation adjustment	195,996	194,380	173,165	130,743	**311,942**
Total net assets	¥ 644,013	¥ 660,521	¥ 662,433	¥ 643,858	**¥ 853,127**

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

¥ millions

Years ended March 31	2017	2018	2019	2020	2021
Policy Results *:					
Policy amount in force	¥40,992,241	¥42,803,504	¥47,146,055	¥46,947,214	**¥46,656,071**
Individual term life insurance	34,772,475	34,724,011	35,305,536	34,688,890	**34,301,814**
J-type product, *T-type product*, *Kaigo Relief* and *Kaigo Teiki Hoken*	3,166,600	5,426,922	10,057,448	10,514,377	**10,633,572**
New policy amount	5,121,169	5,231,498	8,474,888	3,724,420	**3,550,612**
Individual term life insurance	4,088,485	2,944,065	4,128,641	2,460,009	**2,474,808**
J-type product, *T-type product*, *Kaigo Relief* and *Kaigo Teiki Hoken*	934,940	2,523,252	5,085,094	1,224,617	**1,039,312**
Surrender and lapse amount	2,525,540	2,582,199	3,295,771	2,976,811	**2,846,020**
Surrender and lapse rate	6.44%	6.30%	7.70%	6.31%	**6.06%**

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

Other Data:					
Core profit	¥ 105,677	¥ 100,781	¥ 99,245	¥ 116,903	**¥ 111,604**
MCEV *	1,417,400	1,473,200	1,417,700	1,626,000	**2,058,800**
Solvency margin ratio	1,252.6%	1,206.2%	1,271.9%	1,335.3%	**1,293.5%**
Number of in-house sales representatives	3,843	3,714	3,786	3,746	**3,766**
Number of agents	13,878	13,992	14,132	14,413	**14,775**

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

T&D FINANCIAL LIFE

¥ millions

Years ended March 31	2017	2018	2019	2020	2021
Statement of Operation Data:					
Ordinary revenues:					
Income from insurance premiums	¥ 80,918	¥176,474	¥127,853	¥335,910	**¥348,020**
Investment income	23,041	12,982	17,221	11,924	**106,851**
Other ordinary income	51,874	7,036	5,683	6,660	**5,789**
Total ordinary revenues	155,834	196,492	150,758	354,495	**460,661**
Ordinary expenses:					
Insurance claims and other payments	138,311	124,953	106,894	125,135	**222,904**
Provision for policy and other reserves	0	50,164	26,791	174,312	**216,631**
Investment expenses	213	4,888	1,941	30,117	**127**
Operating expenses	9,745	12,349	11,453	19,373	**20,216**
Other ordinary expenses	1,363	1,592	1,612	3,309	**3,727**
Total ordinary expenses	149,634	193,948	148,694	352,249	**463,608**
Ordinary Profit (loss)	6,199	2,543	2,064	2,246	**(2,947)**
Net extraordinary gains (losses)	(3,612)	(461)	(552)	(756)	**(868)**
Provision for (Reversal of) reserve for policyholder dividends	(1)	(1)	0	(0)	**0**
Income (loss) before income loss	2,587	2,083	1,511	1,490	**(3,816)**
Income taxes:					
Current	874	199	(456)	(754)	**(2,212)**
Deferred	(427)	295	956	1,178	**1,180**
Total income taxes	446	494	500	424	**(1,031)**
Net income (loss)	¥ 2,141	¥ 1,588	¥ 1,011	¥ 1,065	**¥ (2,784)**

¥ millions

As of March 31	2017	2018	2019	2020	2021
Balance Sheet Data:					
Assets:					
Total assets	¥1,313,747	¥1,365,878	¥1,438,819	¥1,645,401	**¥1,850,918**
Liabilities:					
Policy reserves	1,224,914	1,274,376	1,300,935	1,475,204	**1,691,538**
Total liabilities	1,242,846	1,292,955	1,361,498	1,564,466	**1,782,638**
Net assets:					
Total shareholders' equity	70,027	71,616	72,627	73,693	**70,909**
Total valuation and translation adjustment	874	1,306	4,693	7,240	**(2,628)**
Total net assets	¥ 70,901	¥ 72,922	¥ 77,321	¥ 80,934	**¥ 68,280**

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

¥ millions

Years ended March 31	2017	2018	2019	2020	2021
Policy Results *:					
Policy amount in force	¥1,879,380	¥2,052,758	¥2,172,963	¥2,392,518	**¥2,703,559**
Sales through independent insurance agents	1,280,606	1,506,435	1,676,228	1,936,200	**2,283,802**
New policy amount	235,449	354,705	314,183	446,898	**426,624**
Surrender and lapse amount	56,368	66,174	89,152	79,846	**103,847**
Surrender and lapse rate	3.12%	3.52%	4.34%	3.67%	**4.34%**

* The total of individual insurance and individual annuities.

Other Data:					
Core profit (loss)	¥ 843	¥ (863)	¥ (1,466)	¥ (5,063)	**¥ (3,268)**
MCEV *	97,400	102,600	98,500	66,500	**108,100**
Solvency margin ratio	1,295.6%	1,258.3%	1,101.7%	1,033.6%	**826.8%**

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

Consolidated Financial Statements

Consolidated Balance Sheet

		¥ millions	US$ thousands
As of March 31,	2020	2021	2021
Assets:			
Cash and deposits	¥ 861,770	**¥ 1,020,246**	**$ 9,215,490**
Call loans	35,669	**40,737**	**367,961**
Monetary claims purchased	135,313	**181,191**	**1,636,628**
Monetary trusts	970,622	**1,139,054**	**10,288,631**
Securities (Notes 8, 13 and 14)	12,021,505	**13,032,746**	**117,719,690**
Loans (Notes 3 and 7)	1,697,539	**1,734,678**	**15,668,668**
Tangible fixed assets (Note 4)	380,633	**375,516**	**3,391,896**
Land (Note 2 (13))	214,604	**212,109**	**1,915,900**
Buildings	158,460	**155,906**	**1,408,240**
Lease assets	1,232	**908**	**8,203**
Construction in progress	1,737	**2,244**	**20,275**
Other tangible fixed assets	4,597	**4,348**	**39,275**
Intangible fixed assets	30,789	**32,972**	**297,825**
Software	29,447	**31,728**	**286,594**
Lease assets	172	**82**	**741**
Other intangible fixed assets	1,169	**1,161**	**10,489**
Due from agencies	666	**685**	**6,187**
Due from reinsurers	12,310	**21,024**	**189,906**
Other assets (Note 14)	297,373	**299,993**	**2,709,721**
Net defined benefit asset	—	**1,851**	**16,722**
Deferred tax assets	78,022	**293**	**2,652**
Reserve for possible loan losses	(2,079)	**(3,713)**	**(33,538)**
Total assets	¥16,520,137	**¥17,877,278**	**$161,478,444**

		¥ millions	US$ thousands
As of March 31,	2020	2021	2021
Liabilities:			
Policy reserves	¥14,282,219	**¥14,765,300**	**$133,369,163**
Reserve for outstanding claims	67,765	**70,753**	**639,090**
Policy reserve	14,137,872	**14,619,797**	**132,054,896**
Reserve for policyholder dividends (Note 6)	76,581	**74,748**	**675,176**
Due to agencies	1,136	**2,728**	**24,645**
Due to reinsurers	7,462	**12,103**	**109,327**
Short-term debentures	5,999	**5,999**	**54,193**
Bonds (Note 9)	187,005	**157,000**	**1,418,119**
Other liabilities (Notes 10 and 14)	615,062	**1,041,612**	**9,408,472**
Provision for bonuses to directors and audit & supervisory board members	281	**294**	**2,660**
Provision for share-based remuneration	633	**898**	**8,115**
Net defined benefit liability	49,156	**45,764**	**413,370**
Provision for directors' and audit & supervisory board members' retirement benefits	59	**67**	**612**
Reserves under the special laws	243,014	**251,386**	**2,270,673**
Reserve for price fluctuations	243,014	**251,386**	**2,270,673**
Deferred tax liabilities	56	**36,460**	**329,329**
Deferred tax liabilities on land revaluation (Note 2 (13))	4,899	**4,505**	**40,697**
Total liabilities	15,396,987	**16,324,121**	**147,449,381**
Net assets:			
Capital stock	207,111	**207,111**	**1,870,760**
Capital surplus	125,316	**125,260**	**1,131,430**
Retained earnings	603,589	**740,329**	**6,687,106**
Treasury shares	(46,200)	**(58,882)**	**(531,861)**
Total shareholders' equity	889,817	**1,013,819**	**9,157,436**
Valuation difference on available-for-sale securities	262,593	**574,871**	**5,192,585**
Deferred gains (losses) on hedging instruments	(2,381)	**(2,681)**	**(24,218)**
Land revaluation (Note 2 (13))	(34,125)	**(35,018)**	**(316,304)**
Foreign currency translation adjustments	37	**(5,972)**	**(53,951)**
Total accumulated other comprehensive income	226,124	**531,198**	**4,798,110**
Subscription rights to shares	876	**689**	**6,226**
Non-controlling interests	6,332	**7,449**	**67,288**
Total net assets	1,123,149	**1,553,157**	**14,029,062**
Total liabilities and net assets	¥16,520,137	**¥17,877,278**	**$161,478,444**

See notes to consolidated financial statements.

Consolidated Statement of Operation

		¥ millions	US$ thousands
Years ended March 31,	2020	2021	2021
Ordinary revenues	¥2,197,928	**¥2,413,953**	**$21,804,292**
Income from insurance premiums	1,753,508	**1,783,369**	**16,108,472**
Investment income	369,419	**453,706**	**4,098,148**
Interest, dividends and income from real estate for rent	299,763	**289,927**	**2,618,800**
Gains from monetary trusts, net	—	**83,616**	**755,279**
Gains on sales of securities	67,162	**42,753**	**386,172**
Gains on redemption of securities	—	**215**	**1,944**
Foreign exchange gains, net	—	**25,522**	**230,531**
Other investment income	2,492	**4,283**	**38,690**
Gains on separate accounts, net	—	**7,387**	**66,729**
Other ordinary income	75,001	**73,963**	**668,087**
Equity in earnings of affiliates	—	**102,914**	**929,584**
Ordinary expenses	2,072,506	**2,185,820**	**19,743,662**
Insurance claims and other payments	1,193,510	**1,308,157**	**11,816,071**
Insurance claims	363,062	**401,726**	**3,628,635**
Annuity payments	273,580	**261,437**	**2,361,458**
Insurance benefits	150,066	**146,572**	**1,323,933**
Surrender payments	339,448	**365,062**	**3,297,467**
Other payments	67,352	**133,358**	**1,204,576**
Provision for policy and other reserves	431,011	**484,929**	**4,380,181**
Provision for reserve for outstanding claims	—	**2,987**	**26,987**
Provision for policy reserve	430,993	**481,925**	**4,353,043**
Interest portion of reserve for policyholder dividends	18	**16**	**150**
Investment expenses	164,819	**110,235**	**995,713**
Interest expenses	1,027	**1,553**	**14,034**
Losses from monetary trusts, net	21,386	**—**	**—**
Losses on investments in trading securities, net	257	**95**	**859**
Losses on sales of securities	27,507	**33,139**	**299,336**
Devaluation losses on securities	14,880	**5,635**	**50,905**
Losses from derivatives, net	58,172	**44,311**	**400,247**
Foreign Exchange losses, net	17,343	**—**	**—**
Provision for reserve for possible loan losses	481	**1,634**	**14,767**
Write-off of loans	34	**5**	**50**
Depreciation of real estate for rent	6,149	**6,530**	**58,986**
Other investment expenses	17,020	**17,328**	**156,525**
Losses on separate accounts, net	557	**—**	**—**
Operating expenses	212,453	**214,509**	**1,937,579**
Other ordinary expenses	70,424	**67,988**	**614,115**
Equity in losses of affiliates	287	**—**	**—**
Ordinary profit	¥ 125,422	**¥ 228,132**	**$ 2,060,630**

(continued)

		¥ millions	US$ thousands
Years ended March 31,	2020	2021	2021
Extraordinary gains	¥ 4,038	**¥ 1,708**	**$ 15,430**
Gains on disposal of fixed assets	3,392	**1,187**	**10,723**
State subsidy	646	**490**	**4,426**
Other extraordinary gains	—	**31**	**280**
Extraordinary losses	10,093	**14,300**	**129,166**
Losses on disposal of fixed assets	672	**827**	**7,477**
Impairment losses (Note 16)	803	**2,915**	**26,336**
Provision for reserve for price fluctuations	7,916	**8,371**	**75,618**
Losses from COVID-19	—	**1,695**	**15,315**
Other extraordinary losses	701	**489**	**4,419**
Provision for reserve for policyholder dividends	21,883	**24,429**	**220,659**
Income before income taxes	97,483	**191,111**	**1,726,235**
Income taxes (current)	31,768	**28,969**	**261,671**
Income taxes (deferred)	(1,425)	**(1,065)**	**(9,625)**
Total income taxes	30,343	**27,903**	**252,045**
Profit	67,139	**163,207**	**1,474,189**
Profit attributable to non-controlling interests	36	**890**	**8,045**
Profit attributable to owners of parent	¥ 67,103	**¥162,316**	**$1,466,144**

Consolidated Statement of Comprehensive Income

		¥ millions	US$ thousands
Years ended March 31,	2020	2021	2021
Profit	¥ 67,139	**¥163,207**	**$1,474,189**
Other comprehensive income:			
Valuation difference on available-for-sale securities	(65,424)	**309,551**	**2,796,054**
Deferred gains (losses) on hedging instruments	606	**(300)**	**(2,710)**
Foreign currency translation adjustments	0	**1**	**15**
Share of other comprehensive income of associates accounted for using the equity method	19	**(3,037)**	**(27,440)**
Total other comprehensive income (Note 17)	(64,798)	**306,214**	**2,765,918**
Comprehensive income	¥2,341	**¥469,422**	**$4,240,108**
(Breakdown)			
Comprehensive income attributable to owners of parent	2,301	**468,283**	**4,229,823**
Comprehensive income attributable to non-controlling interests	39	**1,138**	**10,285**

See notes to consolidated financial statements.

Consolidated Statement of Changes in Net Assets

¥ millions

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

¥ millions

Year ended March 31, 2021	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**	**¥125,316**	**¥603,589**	**¥(46,200)**	**¥889,817**	**¥262,593**	**¥(2,381)**	**¥(34,125)**	**¥37**	**¥226,124**	**¥ 876**	**¥6,332**	**¥1,123,149**
Changes in the period													
Dividends			**(26,469)**		**(26,469)**								**(26,469)**
Profit attributable to owners of parent			**162,316**		**162,316**								**162,316**
Purchase of treasury shares				**(13,013)**	**(13,013)**								**(13,013)**
Disposal of treasury shares		**(55)**		**331**	**275**								**275**
Reversal of land revaluation			**892**		**892**								**892**
Net changes of items other than shareholders' equity						**312,277**	**(300)**	**(892)**	**(6,010)**	**305,074**	**(187)**	**1,117**	**306,004**
Total changes in the period	**—**	**(55)**	**136,739**	**(12,682)**	**124,002**	**312,277**	**(300)**	**(892)**	**(6,010)**	**305,074**	**(187)**	**1,117**	**430,007**
Balance at the end of the year	**¥207,111**	**¥125,260**	**¥740,329**	**¥(58,882)**	**¥1,013,819**	**¥574,871**	**¥(2,681)**	**¥(35,018)**	**¥(5,972)**	**¥531,198**	**¥ 689**	**¥7,449**	**¥1,553,157**

US$ thousands

Year ended March 31, 2021	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	$1,870,760	$1,131,930	$5,451,988	$(417,309)	$8,037,370	$2,371,905	$(21,507)	$(308,245)	$ 338	$2,042,490	$ 7,916	$57,196	$10,144,973
Changes in the period													
Dividends			(239,084)		(239,084)								(239,084)
Profit attributable to owners of parent			1,466,144		1,466,144								1,466,144
Purchase of treasury shares				(117,544)	(117,544)								(117,544)
Disposal of treasury shares		(500)		2,992	2,492								2,492
Reversal of land revaluation			8,058		8,058								8,058
Net changes of items other than shareholders' equity						2,820,679	(2,710)	(8,058)	(54,290)	2,755,620	(1,689)	10,092	2,764,022
Total changes in the period	—	(500)	1,235,118	(114,552)	1,120,066	2,820,679	(2,710)	(8,058)	(54,290)	2,755,620	(1,689)	10,092	3,884,089
Balance at the end of the year	$1,870,760	$1,131,430	$6,687,106	$(531,861)	$9,157,436	$5,192,585	$(24,218)	$(316,304)	$(53,951)	$4,798,110	$ 6,226	$67,288	$14,029,062

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

		¥ millions	US$ thousands
Years ended March 31,	2020	2021	2021
Cash flows from operating activities:			
Income before income taxes	¥ 97,483	**¥ 191,111**	**$ 1,726,235**
Depreciation of real estate for rent	6,149	**6,530**	**58,986**
Depreciation	12,497	**13,311**	**120,237**
Impairment losses	803	**2,915**	**26,336**
Increase (decrease) in reserve for outstanding claims	(1,788)	**2,987**	**26,987**
Increase (decrease) in policy reserve	430,993	**481,925**	**4,353,043**
Interest portion of reserve for policyholder dividends	18	**16**	**150**
Provision for reserve for (reversal of) policyholder dividends	21,883	**24,429**	**220,659**
Increase (decrease) in reserve for possible loan losses	479	**1,634**	**14,759**
Increase (decrease) in provision for bonuses to directors and audit & supervisory board members	7	**12**	**115**
Increase (decrease) in provision for share-based remuneration	297	**264**	**2,389**
Decrease (increase) in net defined benefit asset	—	**(1,851)**	**(16,722)**
Increase (decrease) in net defined benefit liability	(1,882)	**(3,391)**	**(30,637)**
Increase (decrease) in provision for directors' and audit & supervisory board members' retirement benefits	(6)	**8**	**78**
Increase (decrease) in reserve for price fluctuations	7,916	**8,371**	**75,618**
Interest, dividends and income from real estate for rent	(299,763)	**(289,927)**	**(2,618,800)**
Losses (gains) on investment securities	(23,959)	**(11,485)**	**(103,745)**
Interest expenses	1,027	**1,553**	**14,034**
Foreign exchange losses (gains), net	15,066	**(29,976)**	**(270,761)**
Losses (gains) on disposal of tangible fixed assets	(2,207)	**(282)**	**(2,549)**
Equity in losses (earnings) of affiliates	287	**(102,914)**	**(929,584)**
Decrease (increase) in amount due from agencies	25	**(18)**	**(165)**
Decrease (increase) in amount due from reinsurers	(10,029)	**(8,001)**	**(72,277)**
Decrease (increase) in other assets (excluding investment activities-related and financing activities-related)	(9,323)	**(9,942)**	**(89,804)**
Increase (decrease) in amount due to agencies	727	**1,592**	**14,380**
Increase (decrease) in amount due to reinsurers	6,029	**4,641**	**41,922**
Increase (decrease) in other liabilities (excluding investment activities-related and financing activities-related)	(2,048)	**3,895**	**35,188**
Others, net	94,251	**(26,100)**	**(235,752)**
Subtotal	344,934	**261,311**	**2,360,322**
Interest, dividends and income from real estate for rent received	308,195	**295,406**	**2,668,295**
Interest paid	(927)	**(1,562)**	**(14,109)**
Policyholder dividends	(28,009)	**(26,273)**	**(237,321)**
Others, net	2,108	**(1,568)**	**(14,171)**
Income taxes paid	(35,205)	**(26,827)**	**(242,322)**
Net cash provided by (used in) operating activities	¥ 591,097	**¥ 500,485**	**$ 4,520,692**

(continued)

		¥ millions	US$ thousands
Years ended March 31,	2020	2021	2021
Cash flows from investing activities:			
Net decrease (increase) in cash and deposits	¥ (5,300)	**¥ (27,100)**	**$ (244,783)**
Investments in monetary claims purchased	(29,523)	**(22,933)**	**(207,152)**
Proceeds from sales and redemption of monetary claims purchased	15,585	**10,772**	**97,301**
Investments in monetary trusts	(255,989)	**(137,439)**	**(1,241,434)**
Proceeds from monetary trusts	34,800	**37,099**	**335,107**
Purchase of securities	(1,984,103)	**(1,898,524)**	**(17,148,631)**
Proceeds from sales and redemption of securities	1,443,996	**1,594,431**	**14,401,873**
Investments in loans	(367,123)	**(364,988)**	**(3,296,795)**
Collection of loans	335,345	**344,196**	**3,108,996**
Others, net	271,496	**211,470**	**1,910,128**
Subtotal	(540,816)	**(253,015)**	**(2,285,390)**
Total of net cash provided by (used in) operating activities and investment transactions as above	50,280	**247,470**	**2,235,302**
Purchase of tangible fixed assets	(23,836)	**(11,082)**	**(100,103)**
Proceeds from disposal of tangible fixed assets	4,732	**2,732**	**24,684**
Others, net	(214)	**(98)**	**(891)**
Net cash provided by (used in) investing activities	(560,134)	**(261,463)**	**(2,361,700)**
Cash flows from financing activities:			
Net increase (decrease) in short-term debenture	(0)	**0**	**3**
Proceeds from issuance of debt	15,430	**11,200**	**101,165**
Repayments of debt	(12,117)	**(13,236)**	**(119,556)**
Proceeds from issuance of bonds	70,000	**—**	**—**
Redemption of bonds	—	**(30,000)**	**(270,978)**
Proceeds from share issuance to non-controlling shareholders	1,024	**1,215**	**10,976**
Repayments to non-controlling shareholders	(79)	**(1,193)**	**(10,780)**
Payment of lease obligations	(685)	**(669)**	**(6,051)**
Purchase of treasury shares	(13,014)	**(13,013)**	**(117,544)**
Proceeds from disposal of treasury shares	9	**24**	**222**
Dividends paid	(26,629)	**(26,409)**	**(238,546)**
Dividends paid to non-controlling interests	(44)	**(43)**	**(388)**
Others, net	0	**0**	**1**
Net cash provided by (used in) financing activities	33,893	**(72,125)**	**(651,477)**
Effect of exchange rate changes on cash and cash equivalents	(973)	**728**	**6,580**
Net increase (decrease) in cash and cash equivalents	63,882	**167,625**	**1,514,094**
Cash and cash equivalents at the beginning of the year	854,057	**917,940**	**8,291,392**
Cash and cash equivalents at the end of the year (Note 19)	¥ 917,940	**¥ 1,085,565**	**$ 9,805,487**

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 = 110.71 Japanese yen, which was the approximate rate prevailing at the end of March, 2021. 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: 19
Names of main consolidated subsidiaries are stated in "Group Companies" of the Integrated Report.
Taiyo Life Aging Society Institute was established by Taiyo Life in the consolidated fiscal year ended March 31, 2021. It is included in the scope of consolidated subsidiaries.

(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: 6
The affiliates accounted for under the equity method are Alternative Investment Capital Limited, Thuriya Ace Technology Co., Ltd., Capital Taiyo Life Insurance, Ltd., Fortitude Group Holdings, LLC, Fortitude Reinsurance Company Ltd. and one other company.
Since T&D United Capital Co., Ltd. acquired equity interest of Fortitude Group Holdings, LLC in the consolidated fiscal year ended March 31, 2021, Fortitude Group Holdings, LLC and Fortitude Reinsurance Company Ltd., a wholly owned subsidiary of Fortitude Group Holdings, LLC, are included in affiliated companies over which the equity method is applied.

(iii) Names of non-consolidated subsidiaries and affiliates not accounted for under the equity method, etc.: none

(iv) For the companies accounted for under the equity method for which the closing date is different from the consolidated closing date, the financial statements of each company's fiscal year are used. In addition, for some of the companies accounted for under the equity method, financial statements, based on provisional settlement of accounts implemented on other record date, are used.

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

(3) Foreign currency translation

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

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

(4) Accounting policy for measuring significant assets

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

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

[Taiyo Life]

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

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

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

[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) 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 ¥365 million and ¥359 million [$3,246 thousand] for the years ended March 31, 2020 and 2021, 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.

(6) 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.

(7) Policy reserve

To prepare for future performance of obligations under insurance policies for which contractual liability have commenced before the fiscal year end, policy reserve is provided by the Three Life Insurance Companies at the amount calculated in accordance with methodologies stipulated in the statement of calculation procedures for insurance premiums and policy reserve (Article 4, Paragraph 2, Item 4 of the Insurance Business Act) based on Article 116, Paragraph 1 of the Insurance Business Act.

Of policy reserve, premium reserve is calculated based on the following methodologies:
– 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

Based on Article 121, Paragraph 1 of the Insurance Business Act and Article 80 of the Ordinance for Enforcement of the Insurance Business Act, policy reserve is reviewed by an appointed actuary whether the policy reserve is properly provided as of the fiscal year end.

Of policy reserve, contingency reserve is provided at the

amount calculated for covering risks which may accrue in the future, so as to secure performance of the future obligations under the insurance policies, based on Article 116 of the Insurance Business Act and Article 69, Paragraph 1, Item 3 of the Ordinance for Enforcement of the Insurance Business Act.

(8) 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, 2021.

(9) 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.

(10) 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, 2021.

(11) 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.

(12) Depreciation method for significant depreciable assets

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

– Buildings, building and accessories, and structures: 2-50 years
– Furniture and fixtures: 2-20 years

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

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

(13) 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

(14) 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.

(15) Accounting treatment for consumption taxes

The accounting treatment of consumption tax and local consumption tax is based on the tax exclusion method. However, expenses of the nonlife insurance subsidiary such as loss adjustment expenses, sales and administrative expenses, etc. are treated based on the tax inclusion method. Furthermore, non-deductible consumption tax on assets, etc., which is prescribed in the tax law as deferred consumption tax, etc., is recorded in other assets and amortized over a 5-year period on a straight-line basis, whereas tax other than deferred consumption tax is expensed in the fiscal year in which it accrues.

(16) 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.

(17) Application of consolidated taxation system

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

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

The Company and some of its consolidated subsidiaries have calculated the amount of deferred tax assets and deferred tax liabilities according to the tax acts before amended based on the treatment of Paragraph 3 of "Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System"(ASBJ Practical Issues Task Force No. 39, March 31, 2020) instead of applying the provision on Paragraph 44 of "Implementation Guidance

on Tax Effect Accounting" (ASBJ Guidance No. 28, February 16, 2018), regarding the transition to group tax sharing system established in "Act for Partial Amendment of the Income Tax Act, etc." (Act No. 8 of 2020), and items for which the non-consolidated taxation system has been reviewed in line with the transition to the group tax sharing system.

(19) Income from insurance premiums

In general, income from insurance premiums (excluding ceded reinsurance recoveries) is recorded by the Three Life Insurance Companies at the amount of premiums received, for insurance policies for which the premiums are received and the contractual liabilities have commenced.

Of premiums received, the amount corresponding to the unexpired period as of the fiscal year end is accounted for as policy reserve in accordance with Article 116 of the Insurance Business Act and Article 69, Paragraph 1, Item 2 of the Ordinance for Enforcement of the Insurance Business Act.

(20) Insurance claims and other payments/ Reserve for outstanding claims

Insurance claims and other payments (excluding reinsurance premiums) are recognized by the Three Life Insurance Companies at the amount of claims calculated and paid based on the policy conditions, for which the insured events provided in the policy conditions have occurred.

Based on Article 117 of the Insurance Business Act and Article 72 of the Ordinance for Enforcement of the Insurance Business Act, reserve for outstanding claims is provided for unpaid insurance proceeds over the contracts for which payment obligations exist as of the fiscal year end or for which insured events have already incurred but not reported.

(21) Significant Accounting Estimates

a. Policy reserve

(i) Amounts recognized on the consolidated financial statements

	¥ millions	US$ thousands
As of March 31,	2021	2021
Policy reserve	¥14,619,797	$132,054,896
Provision for policy reserve	¥ 481,925	$ 4,353,043

(ii) Information on significant accounting estimates in connection with items identified

1) Calculation method

It is stated in "Note 2 (7) Policy reserve."

2) Major assumptions and their effects on the consolidated financial statements of the following fiscal year, etc.

If assumptions (base rates such as assumed incidence rate and assumed interest rate) stated in the statement of calculation procedures for insurance premiums and policy reserve significantly deviate from the latest actual rates and it is found to likely to be insufficient to cover the performance of the future obligations, additional policy reserve must be set aside in accordance with Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act.

b. Accounting treatment for employees' retirement benefits

(i) Amounts recognized on the consolidated financial statements

	¥ millions	US$ thousands
As of March 31,	2021	2021
Net defined benefit asset	¥ 1,851	$ 16,722
Net defined benefit liability	¥45,764	$413,370

(ii) Information on significant accounting estimates in connection with items identified

1) Calculation method

Retirement benefit obligations and retirement benefit expense are calculated based on actuarial assumptions used for calculation of future retirement benefit obligations, expected long-term rate of return on plan assets and others.

The method for attributing the expected retirement benefit amount is stated in "Note 2 (11) Accounting method for employees' retirement benefits"

2) Major assumptions and their effects on the consolidated financial statements of the following fiscal year, etc.

Matters related to actuarial basis are stated in "Note 26 Employees' Retirement Benefits" If any of the major assumptions such as discount rate and expected long-term rate of return on plan assets changes, there may be a significant impact on the net defined benefit asset or liability.

c. Impairment losses on fixed assets

(i) Amounts recognized on the consolidated financial statements

	¥ millions	US$ thousands
As of March 31,	2021	2021
Impairment loss	¥2,915	$26,336

(ii) Information on significant accounting estimates in connection with items identified

1) Calculation method

For the Three Life Insurance Companies, consolidated subsidiaries, real estates, etc. owned for insurance operations, etc., are grouped as a single asset group

(operating assets) and other assets such as rental properties and unused real estates are grouped separately by each property (investment assets).

For the Company and other consolidated subsidiaries, real estates, etc. owned for their own operations are grouped as a single asset group (operating assets).

For an asset group with an indication of impairment, impairment loss is recognized, when the total amount of undiscounted future cash flows is less than the carrying amount of the asset group, at the amount calculated by deducting the recoverable amount (the larger of discounted future cash flows and net realizable value) from the carrying amount.

2) Major assumptions and their effects on the consolidated financial statements of the following fiscal year, etc.

For calculation of undiscounted future cash flows for the purpose of determining impairment recognition, the amounts of future net income from insurance operations on the Mid-Term Management Plan, etc. are used for operating assets, and the track record and future outlook of net income by each property are used for investment assets.

If the future net income from insurance operations and the future outlook of net income, which are the major assumptions, deteriorate and the undiscounted future cash flows change, there may be a possibility to recognize impairment loss.

(22) Unadopted accounting standards, etc.

[Accounting Standard for Revenue Recognition, etc.]

– "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, issued on March 31, 2020)
– "Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30, issued on March 26, 2021)

a. Summary

A comprehensive accounting standard for revenue recognition. Revenue will be recognized applying the following five steps.

Step 1: Identify the contract with a customer.
Step 2: Identify the performance obligations of the contract.
Step 3: Calculate the transaction price.
Step 4: Allocate the transaction price to the performance obligations of the contract.
Step 5: Recognize the revenue at the time when the performance obligations are fulfilled or as the performance obligations is being fulfilled.

b. Scheduled date of adoption

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

c. Effect of the application of the accounting standards

For the fiscal year applied, the effect of the application is immaterial.

[Accounting Standard for Fair Value Measurement, etc.]

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

a. Summary

In order to improve the comparability of domestic and international accounting standard, "Accounting Standard for Fair Value Measurement" and "Implementation Guidance on Accounting Standard for Fair Value Measurement" ("accounting standard for fair value measurement, etc.") were developed, and the guidance for fair value measurement, etc. were enacted. Accounting standard for fair value measurement, etc. are adopted to the fair values of following items.

– Financial instruments defined in "Accounting Standard for Financial Instruments"
– Inventories held for trading purpose defined in "Accounting Standard for Measurement of Inventories"

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

b. Scheduled date of adoption

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

c. Effect of the application of the accounting standards

For the fiscal year applied, the effect of the application is immaterial.

[Changes in presentation]

[Application of Accounting Standard for Disclosure of Accounting Estimates]

Applying "Accounting Standard for Disclosure of Accounting Estimates" (ASBJ Statement No. 31, issued on March 31, 2020) from the end of the consolidated fiscal year ended March 31, 2021, the Company disclosed notes on the consolidated financial statements regarding the significant accounting estimates.

In accordance with the transitional treatment prescribed in the proviso of paragraph 11 of the said accounting standard, comparative information for the consolidated fiscal year ended March 31, 2020 is not disclosed.

[Additional information]

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

The Company has introduced a trust type stock compensation system (the "System"), the Board Incentive Plan (BIP) Trust, which uses a trust to deliver the Company's shares, etc. to directors who are not audit and supervisory board members of the Company (excluding those who are part-time directors such as outside directors and non-residents in Japan) and executive officers of the Company (excluding those who are non-residents in Japan, and together with directors who are not audit and supervisory board members, referred to as "Directors, etc.") and directors of the Three Life Insurance Companies (excluding those who are part-time directors such as outside directors and non-residents in Japan) and executive officers of the Three Life Insurance Companies (excluding those who are non-residents in Japan, and together with Directors, etc., referred to as "Eligible Directors, etc."), 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 Eligible Directors, etc. 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 Eligible Directors, etc. will be acquired in advance by money in trust by the Company.
b. The Company's shares remaining in BIP Trust
   For the Company's shares remaining in BIP Trust, the carrying value in the trust is recorded as the treasury share in net asset (excluding ancillary expenses). The carrying value of treasury share in the Trust was ¥1,275 million, and the number of treasury share in the Trust was 798,400 shares for the fiscal year ended March 31, 2020. Also, as of the end of the fiscal year ended March 31, 2021, the carrying value of treasury share in the Trust is ¥1,186 million [$10,717 thousand], and the number of treasury share in the Trust is 742,900 shares.

[Accounting Estimates of Effect of COVID-19]

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

Note 3 Loans

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

		¥ millions	US$ thousands
As of March 31,	2020	2021	2021
Loans to bankrupt companies	¥ 118	¥ 104	$ 945
Past due loans	449	1,713	15,478
Loans overdue for three months or more	1,747	1,466	13,242
Restructured loans	21	21	190
Total	¥2,336	¥3,305	$29,857

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,	2020	2021	2021
Loans to bankrupt companies	¥ 72	¥72	$657
Past due loans	120	83	756

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,	2020	2021	2021
Accumulated depreciation of tangible fixed assets	¥241,486	¥248,205	$2,241,939

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,	2020	2021	2021
Separate account assets as provided in Article 118, Paragraph 1 of the Insurance Business Act	¥27,022	¥30,471	$275,233

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,	2020	2021	2021
Balance at the beginning of the year	¥ 82,663	¥ 76,581	$ 691,733
Policyholder dividends	(28,009)	(26,273)	(237,321)
Increase in interest	18	16	150
Increase due to other reasons	25	—	—
Decrease due to other reasons	—	5	45
Provision for reserve for policyholder dividends	21,883	24,429	220,659
Balance at the end of the year	¥ 76,581	¥ 74,748	$ 675,176

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,	2020	2021	2021
Total amount of loan commitments	¥52,144	**¥47,304**	**$427,281**
Balance of loans outstanding	13,737	**20,509**	**185,256**
Balance	¥38,407	**¥26,794**	**$242,024**

Note 8 Lending Securities for Loan Agreements

The lending securities for loan agreements are as follows:

		¥ millions	US$ thousands
Years ended March 31,	2020	2021	2021
Lending securities for loan agreement	¥1,541,284	**¥1,856,034**	**$16,764,833**

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,	2020	2021	2021
Subordinated bonds	¥157,000	**¥157,000**	**$1,418,119**

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,	2020	2021	2021
Subordinated borrowings	¥13,000	**¥13,000**	**$117,423**

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,	2020	2021	2021
Contributions to the Life Insurance Policyholders Protection Corporation	¥20,771	**¥20,279**	**$183,173**

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,	2020	2021	2021
Taiyo Life Insurance Company	¥63,158	**¥63,158**	**$570,481**
Daido Life Insurance Company	10,836	**10,836**	**97,877**

Note 13 Stocks of Affiliated Companies

Stocks of affiliated companies included in securities are as follows:

		¥ millions	US$ thousands
Years ended March 31,	2020	2021	2021
Stocks of affiliated companies	¥1,087	**¥179,675**	**$1,622,942**

Note 14 Assets Pledged as Collateral and Secured Debts

Assets pledged as collateral are as follows:

		¥ millions	US$ thousands
Years ended March 31,	2020	2021	2021
Securities (Japanese government bonds)	¥ 788,254	¥1,203,296	$10,868,904
Securities (Foreign securities)	783,493	765,700	6,916,271
Cash collateral pledged for financial instruments	1,516	18,275	165,070
Balance	¥1,573,263	¥1,987,271	$17,950,246

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,	2020	2021	2021
Cash collateral received for bond-lending transactions	¥389,338	¥709,666	$6,410,136

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

		¥ millions	US$ thousands
Years ended March 31,	2020	2021	2021
Financial Assets Received as Collateral with Free Right of Disposal	¥130,643	¥77,815	$702,877

Note 16 Impairment Losses on Fixed Assets

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

(1) Grouping of assets

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

For the Company and the consolidated subsidiaries other than the Three Life Insurance Companies, real estates, etc. owned for their own operations are grouped as a single asset group.

(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, 2020				¥ millions
Asset	Location	Land	Buildings, etc.	Total
Rental properties, etc.	Niigata City, Niigata Prefecture, etc. (15 assets)	¥449	¥353	¥803

Year ended March 31, 2021				¥ millions	US$ thousands
Asset	Location	Land	Buildings, etc.	Total	Total
Rental properties, etc.	Edogawa-ku , Tokyo, etc. (12 assets)	¥2,331	¥584	¥2,915	$26,336

(4) Method for calculating the recoverable amount

The recoverable amount is based on net realizable value for rental properties, etc.

In principle, the net realizable value for rental properties, etc. 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,	2020	2021	2021
Valuation difference on available-for-sale securities:			
Amount occurred during the year	¥(88,206)	¥ 423,436	$ 3,824,731
Reclassification adjustments	685	1,058	9,562
Amount before tax effect	(87,521)	424,494	3,834,294
Tax effect	22,096	(114,943)	(1,038,239)
Valuation difference on available-for-sale securities	(65,424)	309,551	2,796,054
Deferred gains (losses) on hedging instruments:			
Amount occurred during the year	653	(653)	(5,901)
Reclassification adjustments	212	212	1,922
Amount before tax effect	866	(440)	(3,979)
Tax effect	(259)	140	1,268
Deferred gains (losses) on hedging instruments	606	(300)	(2,710)
Foreign currency translation adjustments:			
Amount occurred during the year	0	1	15
Share of other comprehensive income of associates accounted for using the equity method:			
Amount occurred during the year	19	(3,037)	(27,434)
Total other comprehensive income	¥(64,798)	¥ 306,214	$ 2,765,918

Note 18 Consolidated Statement of Changes in Net Assets

For the year ended March 31, 2020

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

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

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

(2) Subscription rights to shares

Category	Breakdown of subscription rights to shares	Balance at the end of the fiscal year
		¥ millions
The Company	Share subscription rights as stock options	¥876

(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 26, 2019	Common stock	¥13,481	¥22.0	March 31, 2019	June 27, 2019
Board of Directors' meeting held on November 14, 2019	Common stock	¥13,232	¥22.0	September 30, 2019	December 6, 2019

Notes:
1. The total amount of shareholder dividends, which based on the resolution made at the Ordinary General Meeting of Shareholders held on June 26, 2019, includes ¥18 million of the dividends for the Company's treasury share owned by the BIP Trust.
2. The total amount of shareholder dividends, which based on the resolution made at the Board of Directors' meeting held on November 14, 2019, includes ¥17 million of the dividends for the Company's treasury share owned by the BIP Trust.

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

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

Notes:
1. It is planned to submit the bill to the Ordinary General Meeting of Shareholders scheduled to be held on June 25, 2020.
2. The total amount of shareholder dividends includes ¥17 million of the dividends for the Company's treasury share owned by the BIP Trust.

For the year ended March 31, 2021

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

Year ended March 31, 2021	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	**633,000,000**	**—**	**—**	**633,000,000**
Treasury shares:				
Common stock	**32,311,441**	**10,552,455**	**225,790**	**42,638,106**

Notes:
1. Treasury shares of common stock increased due to the following reasons:
   – Purchase of treasury shares based on the resolution made at the Board of Directors' meeting held on November 13, 2020: 10,540,600 shares
   – Purchase of odd-lot shares: 11,855 shares
2. Treasury shares of common stock decreased due to the following reasons:
   – Exercise of stock option : 170,200 shares
   – Purchase request of odd-lot shares: 90 shares
   – Decrease by the BIP Trust: 55,500 shares
3. The number of treasury shares of common stock includes 742,900 shares of the Company's treasury share owned by the BIP Trust as of the end of the fiscal year. (798,400 share as of the 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	**¥689**	**$6,226**

(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 25, 2020	Common stock	**¥13,232**	**$119,525**	**¥22.0**	**$0.19**	March 31, 2020	June 26, 2020
Board of Directors' meeting held on November 13, 2020	Common stock	**¥13,236**	**$119,558**	**¥22.0**	**$0.19**	September 30, 2020	December 4, 2020

Notes:
1. The total amount of shareholder dividends, which based on the resolution made at the Ordinary General Meeting of Shareholders held on June 25, 2020, includes ¥17 million of the dividends for the Company's treasury share owned by the BIP Trust.
2. The total amount of shareholder dividends, which based on the resolution made at the Board of Directors' meeting held on November 13, 2020, 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, 2021, while their effective date is in the fiscal year ending March 31, 2022

Date of resolution	Type of shares	Amount of shareholder dividends		Underlying assets	Shareholder dividends per share		Record date	Effective date
		¥ millions	US$ thousands		¥	US$		
Ordinary General Meeting of Shareholders held on June 25, 2021	Common stock	**¥14,186**	**$128,141**	Retained earnings	**¥24.0**	**$0.21**	March 31, 2021	June 28, 2021

Notes:
1. It is planned to submit the bill to the Ordinary General Meeting of Shareholders scheduled to be held on June 25, 2021.
2. The total amount of shareholder dividends includes ¥17 million of the dividends for the Company's treasury share owned by the BIP Trust.

Note 19 Consolidated Statement of Cash Flows

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

		¥ millions	US$ thousands
As of March 31,	2020	**2021**	**2021**
Cash and deposits	¥ 861,770	**¥ 1,020,246**	**$ 9,215,490**
Less: deposits with an original maturity of more than three months	(10,210)	**(37,310)**	**(337,006)**
Call loans	35,669	**40,737**	**367,961**
Monetary claims purchased	135,313	**181,191**	**1,636,628**
Less: monetary claims purchased other than cash equivalents	(115,313)	**(126,192)**	**(1,139,847)**
Monetary trusts	970,622	**1,139,054**	**10,288,631**
Less: monetary trusts other than cash equivalents	(959,911)	**(1,132,161)**	**(10,226,369)**
Cash and cash equivalents	¥ 917,940	**¥ 1,085,565**	**$ 9,805,487**

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,	2020	**2021**	**2021**
Due within one year	¥5	**¥ 4**	**$ 42**
Due after one year	4	**12**	**111**
Total	¥9	**¥17**	**$154**

[As lessor]

(1) Details of Lease investment assets

Other assets

		¥ millions	US$ thousands
As of March 31,	2020	2021	2021
Other:			
Lease income receivables	¥41,994	¥43,217	$390,362
Estimated residual value	106	122	1,109
Interest income	(3,459)	(3,677)	(33,214)
Total lease investment assets	¥38,640	¥39,662	$358,257

(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, 2020	Lease receivables	Lease investment assets
Due within one year	¥1,744	¥10,041
Due after one year through two years	1,410	8,687
Due after two years through three years	1,139	7,282
Due after three years through four years	894	5,871
Due after four years through five years	670	4,116
Due after five years	1,280	5,994

	¥ millions		US$ thousands	
As of March 31, 2021	Lease receivables	Lease investment assets	Lease receivables	Lease investment assets
Due within one year	¥1,715	¥10,464	$15,491	$94,522
Due after one year through two years	1,440	9,068	13,013	81,911
Due after two years through three years	1,182	7,673	10,683	69,309
Due after three years through four years	938	5,914	8,472	53,423
Due after four years through five years	683	4,125	6,174	37,265
Due after five years	1,212	5,970	10,953	53,930

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,	2020	2021	2021
Deferred tax assets:			
Reserve for price fluctuations	¥ 67,950	¥ 70,303	$ 635,019
Policy reserves	62,278	61,746	557,732
Net defined benefit liability	29,915	29,121	263,042
Devaluation losses on securities	17,911	19,067	172,232
Losses on disposal of fixed assets	5,361	6,024	54,417
Valuation difference on available-for-sale securities	0	2,652	23,963
Provision for bonuses	2,243	2,455	22,179
Reserve for possible loan losses	609	1,046	9,452
Tax loss carry-forward	754	836	7,556
Others	12,756	13,228	119,485
Subtotal	199,781	206,483	1,865,082
Valuation allowance	(18,262)	(18,643)	(168,396)
Total deferred tax assets	181,519	187,840	1,696,685
Deferred tax liabilities:			
Valuation difference on available-for-sale securities	(99,076)	(216,450)	(1,955,108)
Accrued dividend income	(2,617)	(2,325)	(21,008)
Deferred gain on reduction of carrying amount of real estate	(709)	(702)	(6,348)
Others	(1,150)	(4,527)	(40,897)
Total deferred tax liabilities	(103,553)	(224,006)	(2,023,362)
Net deferred tax assets (liabilities)	¥ 77,965	¥ (36,166)	$ (326,677)

(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,	2020	2021
Effective statutory tax rate	28.0%	**28.0%**
(Adjustments)		
Valuation allowance	2.6	**0.2**
Permanent non-deductible items including entertainment expense, etc.	0.5	**0.2**
Equity in earnings (losses) of affiliates	0.1	**(16.5)**
Retained earnings of subsidiaries and affiliates	—	**1.3**
Others	(0.1)	**1.4**
Corporate tax rate, etc., after applying tax-effect accounting	31.1%	**14.6%**

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 appropriate risk management structure according to the business characteristics and risk profiles of each of the Company including the Three Life Insurance Companies.

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

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

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

(ii) Management of market risk

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

(iii) Management of credit risk

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

(iv) Management of liquidity risk

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

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

¥ millions

As of March 31, 2021	Consolidated balance sheet amount	Fair value	Difference
Cash and deposits	¥ 1,020,246	¥ 1,020,246	¥ —
Treated as securities	76,000	76,000	—
Available-for-sale securities	76,000	76,000	—
Others	944,246	944,246	—
Call loans	40,737	40,737	—
Monetary claims purchased	181,191	182,600	1,409
Treated as securities	177,830	179,127	1,296
Held-to-maturity bonds	98,207	99,503	1,296
Available-for-sale securities	79,623	79,623	—
Others	3,360	3,472	112
Monetary trusts	1,139,054	1,194,495	55,441
Monetary trusts for trading purposes	4,840	4,840	—
Monetary trusts for held-to-maturity purposes	30,176	30,951	774
Monetary trusts for policy reserve-matching purposes	694,770	749,437	54,666
Monetary trusts for other than trading, held-to-maturity or policy reserve-matching purposes	409,265	409,265	—
Securities	12,585,841	13,123,463	537,622
Trading securities	30,105	30,105	—
Held-to-maturity bonds	1,014,956	1,184,092	169,136
Policy reserve-matching bonds	4,079,227	4,447,712	368,485
Available-for-sale securities	7,461,552	7,461,552	—
Loans	1,731,960	1,761,690	29,730
Policy loans*1	105,944	115,706	9,768
Commercial loans*1	1,628,733	1,645,984	19,961
Reserve for possible loan losses*2	(2,717)	—	—
Total assets	16,699,031	17,323,234	624,202
Short-term debentures	5,999	5,999	—
Bonds	157,000	157,158	158
Cash collateral received for bond-lending transactions within other liabilities	709,666	709,666	—
Borrowings within other liabilities	46,921	46,959	37
Total liabilities	919,587	919,783	195
Derivative financial instruments*3:			
Hedge accounting not applied	6,645	6,645	—
Hedge accounting applied	(113,021)	(112,510)	511
Total derivative financial instruments	¥ (106,375)	¥ (105,864)	¥ 511

US$ thousands

As of March 31, 2021	Consolidated balance sheet amount	Fair value	Difference
Cash and deposits	$ 9,215,490	$ 9,215,490	$ —
Treated as securities	686,478	686,478	—
Available-for-sale securities	686,478	686,478	—
Others	8,529,012	8,529,012	—
Call loans	367,961	367,961	—
Monetary claims purchased	1,636,628	1,649,356	12,728
Treated as securities	1,606,277	1,617,986	11,709
Held-to-maturity bonds	887,066	898,775	11,709
Available-for-sale securities	719,210	719,210	—
Others	30,351	31,369	1,018
Monetary trusts	10,288,631	10,789,413	500,782
Monetary trusts for trading purposes	43,723	43,723	—
Monetary trusts for held-to-maturity purposes	272,576	279,574	6,997
Monetary trusts for policy reserve-matching purposes	6,275,592	6,769,376	493,784
Monetary trusts for other than trading, held-to-maturity or policy reserve-matching purposes	3,696,738	3,696,738	—
Securities	113,682,970	118,539,099	4,856,128
Trading securities	271,930	271,930	—
Held-to-maturity bonds	9,167,699	10,695,446	1,527,747
Policy reserve-matching bonds	36,846,062	40,174,443	3,328,381
Available-for-sale securities	67,397,278	67,397,278	—
Loans	15,644,118	15,912,659	268,540
Policy loans*1	956,959	1,045,129	88,235
Commercial loans*1	14,711,708	14,867,529	180,305
Reserve for possible loan losses*2	(24,549)	—	—
Total assets	150,835,800	156,473,980	5,638,180
Short-term debentures	54,193	54,193	—
Bonds	1,418,119	1,419,546	1,427
Cash collateral received for bond-lending transactions within other liabilities	6,410,136	6,410,136	—
Borrowings within other liabilities	423,823	424,165	341
Total liabilities	8,306,273	8,308,042	1,769
Derivative financial instruments*3:			
Hedge accounting not applied	60,030	60,030	—
Hedge accounting applied	(1,020,880)	(1,016,264)	4,615
Total derivative financial instruments	$ (960,850)	$ (956,234)	$ 4,615

*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 recorded at carrying amount as its fair value is proximate to the carrying amount unless the borrower's credit standing significantly changes after the loan is provided.

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

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

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

Liabilities

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

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

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

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

Derivative transactions: see "Note 25 Derivative Transactions."

Annotation 2

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

		¥ millions	US$ thousands
As of March 31,	2020	**2021**	**2021**
Investments in affiliates	¥ 1,087	**¥179,675**	**$1,622,942**
Available-for-sale securities	220,198	**267,229**	**2,413,777**
Unlisted stocks *1, *2	17,071	**18,126**	**163,726**
Foreign securities *1, *2, *3	176,102	**221,281**	**1,998,744**
Other securities *2, *3	27,023	**27,822**	**251,306**

*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, 2020: foreign securities of ¥1,390 million, other securities of ¥105 million and unlisted stocks of ¥6 million.

– For the year ended March 31, 2021: foreign securities of ¥2,299 million [$20,766 thousand], other securities of ¥694 million [$6,271 thousand] and unlisted stocks of ¥392 million [$3,547 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, 2020	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Deposits	¥861,634	¥ —	¥ —	¥ —
Call loans	35,669	—	—	—
Monetary claims purchased	20,132	1,870	1,383	105,881
Securities:				
Held-to-maturity bonds:				
Government bonds	57,702	237,047	41,589	535,875
Municipal bonds	—	664	3,120	27,586
Corporate bonds	11,604	42,656	—	101,214
Foreign securities	—	—	—	4,542
Policy reserve-matching bonds:				
Government bonds	3,183	158,950	208,517	1,908,648
Municipal bonds	—	14,161	44,974	214,972
Corporate bonds	11,000	120,330	149,245	769,312
Foreign securities	—	3,444	21,112	11,458
Available-for-sale fixed maturity securities:				
Government bonds	11,171	85,565	45,030	385,748
Municipal bonds	6,119	12,316	21,630	16,384
Corporate bonds	91,647	313,060	297,606	182,938
Foreign securities	236,968	736,246	892,218	577,428
Other securities	—	20	2	—
Loans	169,722	644,052	513,644	227,254

* Securities without contractual maturity dates in the amount of ¥1,153,825 million are not included. In addition, loans without contractual maturity dates such as policy loans in the amount of ¥143,051 million are not included.

¥ millions

As of March 31, 2021	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	**¥1,020,132**	**¥ —**	**¥ —**	**¥ —**
Call loans	**40,737**	**—**	**—**	**—**
Monetary claims purchased	**55,166**	**3,188**	**3,781**	**114,293**
Securities:				
Held-to-maturity bonds:				
Government bonds	**133,604**	**112,296**	**235,365**	**353,246**
Municipal bonds	**36**	**811**	**4,493**	**35,105**
Corporate bonds	**17,971**	**24,685**	**10,935**	**97,654**
Foreign securities	**—**	**—**	**—**	**3,536**
Policy reserve-matching bonds:				
Government bonds	**15,828**	**194,166**	**240,679**	**2,139,636**
Municipal bonds	**85**	**31,810**	**30,520**	**230,584**
Corporate bonds	**20,500**	**115,369**	**177,032**	**811,527**
Foreign securities	**—**	**8,123**	**31,685**	**8,608**
Available-for-sale fixed maturity securities:				
Government bonds	**55,400**	**33,525**	**41,870**	**359,848**
Municipal bonds	**3,602**	**12,817**	**19,066**	**16,031**
Corporate bonds	**70,227**	**317,482**	**258,755**	**190,138**
Foreign securities	**83,227**	**929,891**	**693,914**	**671,765**
Other securities	**—**	**6**	**459**	**—**
Loans	**177,942**	**656,817**	**541,091**	**227,456**

US$ thousands

As of March 31, 2021	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	$9,214,461	$ —	$ —	$ —
Call loans	367,961	—	—	—
Monetary claims purchased	498,297	28,800	34,153	1,032,372
Securities:				
Held-to-maturity bonds:				
Government bonds	1,206,794	1,014,331	2,125,966	3,190,735
Municipal bonds	331	7,325	40,584	317,096
Corporate bonds	162,324	222,975	98,774	882,073
Foreign securities	—	—	—	31,947
Policy reserve-matching bonds:				
Government bonds	142,968	1,753,825	2,173,958	19,326,492
Municipal bonds	773	287,327	275,683	2,082,777
Corporate bonds	185,168	1,042,083	1,599,062	7,330,209
Foreign securities	—	73,376	286,200	77,755
Available-for-sale fixed maturity securities:				
Government bonds	500,406	302,818	378,196	3,250,371
Municipal bonds	32,540	115,774	172,219	144,807
Corporate bonds	634,340	2,867,697	2,337,241	1,717,450
Foreign securities	751,763	8,399,349	6,267,860	6,067,796
Other securities	—	57	4,150	—
Loans	1,607,285	5,932,778	4,887,471	2,054,521

* Securities without contractual maturity dates in the amount of ¥1,286,416 million [$11,619,698 thousand] are not included. In addition, loans without contractual maturity dates such as policy loans in the amount of ¥131,526 million [$1,188,031 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, 2020	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Short-term debenture	¥ 5,999	¥ —	¥ —	¥ —	¥ —	¥ —
Bonds	30,000	—	—	—	—	157,000
Cash collateral received for bond-lending transactions within other liabilities	389,338	—	—	—	—	—
Borrowings within other liabilities	10,792	8,063	6,176	4,916	3,546	15,463

¥ millions

As of March 31, 2021	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	—	—	—	—	—	157,000
Cash collateral received for bond-lending transactions within other liabilities	709,666	—	—	—	—	—
Borrowings within other liabilities	9,622	7,735	6,475	5,106	2,723	15,257

US$ thousands

As of March 31, 2021	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	$ 54,195	$ —	$ —	$ —	$ —	$ —
Bonds	—	—	—	—	—	1,418,119
Cash collateral received for bond-lending transactions within other liabilities	6,410,136	—	—	—	—	—
Borrowings within other liabilities	86,917	69,873	58,492	46,125	24,599	137,816

Note 23 Securities

(1) Trading securities

		¥ millions	US$ thousands
As of March 31,	2020	2021	2021
Valuation difference included in earnings (losses) of the consolidated fiscal year	¥(10,115)	¥4,392	$39,671

(2) Held-to-maturity bonds

¥ millions

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

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

¥ millions

As of March 31, 2021	Consolidated balance sheet amount	Fair value	Difference
Fair value exceeding consolidated balance sheet amount:			
Domestic bonds	¥ 960,568	¥1,130,602	¥170,033
Government bonds	796,028	935,574	139,546
Municipal bonds	30,174	37,594	7,419
Corporate bonds	134,365	157,433	23,068
Foreign securities	2,058	2,104	45
Foreign bonds	2,058	2,104	45
Other securities	46,512	48,088	1,575
Total	1,009,139	1,180,795	171,655
Fair value not exceeding consolidated balance sheet amount:			
Domestic bonds	50,785	49,842	(942)
Government bonds	23,060	22,872	(187)
Municipal bonds	10,623	10,531	(92)
Corporate bonds	17,101	16,438	(662)
Foreign securities	1,543	1,543	(0)
Foreign bonds	1,543	1,543	(0)
Other securities	51,694	51,415	(279)
Total	104,023	102,801	(1,222)
Grand total	¥1,113,163	¥1,283,596	¥170,433

US$ thousands

As of March 31, 2021	Consolidated balance sheet amount	Fair value	Difference
Fair value exceeding consolidated balance sheet amount:			
Domestic bonds	**$ 8,676,439**	**$10,212,287**	**$1,535,847**
Government bonds	**7,190,214**	**8,450,678**	**1,260,464**
Municipal bonds	**272,558**	**339,572**	**67,014**
Corporate bonds	**1,213,667**	**1,422,036**	**208,368**
Foreign securities	**18,594**	**19,008**	**414**
Foreign bonds	**18,594**	**19,008**	**414**
Other securities	**420,129**	**434,363**	**14,233**
Total	**9,115,164**	**10,665,659**	**1,550,495**
Fair value not exceeding consolidated balance sheet amount:			
Domestic bonds	**458,725**	**450,211**	**(8,514)**
Government bonds	**208,296**	**206,600**	**(1,696)**
Municipal bonds	**95,956**	**95,124**	**(831)**
Corporate bonds	**154,472**	**148,486**	**(5,985)**
Foreign securities	**13,939**	**13,939**	**(0)**
Foreign bonds	**13,939**	**13,939**	**(0)**
Other securities	**466,936**	**464,412**	**(2,524)**
Total	**939,601**	**928,563**	**(11,038)**
Grand total	**$10,054,765**	**$11,594,222**	**$1,539,456**

Note: Other securities include commercial paper (consolidated balance sheet amount of ¥34,998 million [$316,130 thousand]) and beneficiary trust certificates (consolidated balance sheet amount of ¥63,208 million [$570,935 thousand]) which are represented as monetary claims purchased in the consolidated balance sheet.

(3) Policy reserve-matching bonds

¥ millions

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

¥ millions

As of March 31, 2021	Consolidated balance sheet amount	Fair value	Difference
Fair value exceeding consolidated balance sheet amount:			
Domestic bonds	**¥2,822,710**	**¥3,236,625**	**¥413,915**
Government bonds	**1,881,855**	**2,167,918**	**286,062**
Municipal bonds	**189,352**	**213,897**	**24,544**
Corporate bonds	**751,501**	**854,809**	**103,307**
Foreign securities	**40,159**	**43,751**	**3,591**
Foreign bonds	**40,159**	**43,751**	**3,591**
Total	**2,862,870**	**3,280,377**	**417,506**
Fair value not exceeding consolidated balance sheet amount:			
Domestic bonds	**1,205,313**	**1,156,911**	**(48,401)**
Government bonds	**718,541**	**688,766**	**(29,774)**
Municipal bonds	**105,036**	**100,601**	**(4,435)**
Corporate bonds	**381,735**	**367,543**	**(14,191)**
Foreign securities	**11,043**	**10,423**	**(619)**
Foreign bonds	**11,043**	**10,423**	**(619)**
Total	**1,216,357**	**1,167,335**	**(49,021)**
Grand total	**¥4,079,227**	**¥4,447,712**	**¥368,485**

US$ thousands

As of March 31, 2021	Consolidated balance sheet amount	Fair value	Difference
Fair value exceeding consolidated balance sheet amount:			
Domestic bonds	**$25,496,437**	**$29,235,170**	**$3,738,733**
Government bonds	**16,998,065**	**19,581,957**	**2,583,891**
Municipal bonds	**1,710,350**	**1,932,053**	**221,703**
Corporate bonds	**6,788,021**	**7,721,160**	**933,138**
Foreign securities	**362,746**	**395,189**	**32,442**
Foreign bonds	**362,746**	**395,189**	**32,442**
Total	**25,859,184**	**29,630,360**	**3,771,176**
Fair value not exceeding consolidated balance sheet amount:			
Domestic bonds	**10,887,126**	**10,449,930**	**(437,195)**
Government bonds	**6,490,303**	**6,221,359**	**(268,943)**
Municipal bonds	**948,754**	**908,692**	**(40,061)**
Corporate bonds	**3,448,068**	**3,319,878**	**(128,190)**
Foreign securities	**99,751**	**94,152**	**(5,599)**
Foreign bonds	**99,751**	**94,152**	**(5,599)**
Total	**10,986,878**	**10,544,083**	**(442,794)**
Grand total	**$36,846,062**	**$40,174,443**	**$3,328,381**

(4) Available-for-sale securities

¥ millions

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

Note: Other securities include certificates of deposit (consolidated balance sheet amount of ¥65,500 million) which are represented as cash and deposits, commercial paper (consolidated balance sheet amount of ¥19,999 million) and beneficiary trust certificates (consolidated balance sheet amount of ¥62,570 million) which are represented as monetary claims purchased in the consolidated balance sheet.

¥ millions

As of March 31, 2021	Consolidated balance sheet amount	Acquisition cost	Difference
Consolidated balance sheet amount exceeding acquisition cost:			
Domestic bonds	**¥1,559,072**	**¥1,488,597**	**¥ 70,474**
Government bonds	**341,044**	**321,736**	**19,308**
Municipal bonds	**45,754**	**41,945**	**3,808**
Corporate bonds	**1,172,273**	**1,124,915**	**47,357**
Domestic equities	**732,871**	**416,209**	**316,661**
Foreign securities	**3,643,381**	**3,340,857**	**302,523**
Foreign bonds	**2,028,223**	**1,901,926**	**126,296**
Foreign equities	**21,616**	**19,736**	**1,880**
Foreign other securities	**1,593,541**	**1,419,194**	**174,346**
Other securities	**392,582**	**320,452**	**72,129**
Total	**6,327,907**	**5,566,117**	**761,789**
Consolidated balance sheet amount not exceeding acquisition cost:			
Domestic bonds	**331,465**	**342,121**	**(10,655)**
Government bonds	**196,239**	**204,827**	**(8,587)**
Municipal bonds	**9,174**	**9,761**	**(587)**
Corporate bonds	**126,051**	**127,533**	**(1,481)**
Domestic equities	**47,200**	**51,213**	**(4,012)**
Foreign securities	**758,423**	**775,825**	**(17,402)**
Foreign bonds	**571,554**	**585,459**	**(13,904)**
Foreign equities	**422**	**432**	**(9)**
Foreign other securities	**186,446**	**189,934**	**(3,487)**
Other securities	**152,179**	**153,385**	**(1,206)**
Total	**1,289,269**	**1,322,546**	**(33,277)**
Grand total	**¥7,617,176**	**¥6,888,663**	**¥728,512**

US$ thousands

As of March 31, 2021	Consolidated balance sheet amount	Acquisition cost	Difference
Consolidated balance sheet amount exceeding acquisition cost:			
Domestic bonds	**$14,082,486**	**$13,445,913**	**$ 636,572**
Government bonds	**3,080,522**	**2,906,120**	**174,402**
Municipal bonds	**413,281**	**378,876**	**34,404**
Corporate bonds	**10,588,682**	**10,160,916**	**427,766**
Domestic equities	**6,619,738**	**3,759,457**	**2,860,280**
Foreign securities	**32,909,234**	**30,176,656**	**2,732,578**
Foreign bonds	**18,320,144**	**17,179,356**	**1,140,788**
Foreign equities	**195,256**	**178,273**	**16,982**
Foreign other securities	**14,393,833**	**12,819,026**	**1,574,807**
Other securities	**3,546,042**	**2,894,525**	**651,517**
Total	**57,157,501**	**50,276,552**	**6,880,949**
Consolidated balance sheet amount not exceeding acquisition cost:			
Domestic bonds	**2,994,001**	**3,090,252**	**(96,250)**
Government bonds	**1,772,558**	**1,850,126**	**(77,567)**
Municipal bonds	**82,866**	**88,168**	**(5,302)**
Corporate bonds	**1,138,576**	**1,151,956**	**(13,380)**
Domestic equities	**426,344**	**462,591**	**(36,246)**
Foreign securities	**6,850,541**	**7,007,726**	**(157,185)**
Foreign bonds	**5,162,627**	**5,288,223**	**(125,595)**
Foreign equities	**3,816**	**3,902**	**(85)**
Foreign other securities	**1,684,096**	**1,715,601**	**(31,504)**
Other securities	**1,374,578**	**1,385,474**	**(10,895)**
Total	**11,645,465**	**11,946,044**	**(300,578)**
Grand total	**$68,802,967**	**$62,222,596**	**$6,580,370**

Note: Other securities include certificates of deposit (consolidated balance sheet amount of ¥76,000 million [$686,478 thousand]) which are represented as cash and deposits, commercial paper (consolidated balance sheet amount of ¥19,999 million [$180,649 thousand]) and beneficiary trust certificates (consolidated balance sheet amount of ¥59,624 million [$538,560 thousand]) which are represented as monetary claims purchased in the consolidated balance sheet.

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

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

– There were no sales of securities classified as held-to-maturity bonds for the year ended March 31, 2021.

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

¥ millions

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

¥ millions

Year ended March 31, 2021	Proceeds of sales	Gross gains	Gross losses
Domestic bonds	**¥77,487**	**¥9,329**	**¥1,911**
Government bonds	**72,978**	**9,301**	**1,910**
Corporate bonds	**4,509**	**27**	**0**
Foreign securities	**¥ 172**	**¥ 40**	**¥ —**
Foreign bonds	**172**	**40**	**—**
Total	**¥77,660**	**¥9,370**	**¥1,911**

US$ thousands

Year ended March 31, 2021	Proceeds of sales	Gross gains	Gross losses
Domestic bonds	**$699,917**	**$84,269**	**$17,264**
Government bonds	**659,186**	**84,017**	**17,258**
Corporate bonds	**40,730**	**252**	**6**
Foreign securities	**$ 1,561**	**$ 369**	**$ —**
Foreign bonds	**1,561**	**369**	**—**
Total	**$701,478**	**$84,638**	**$17,264**

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

¥ millions

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

¥ millions

Year ended March 31, 2021	Proceeds of sales	Gross gains	Gross losses
Domestic bonds	**¥ 65,816**	**¥ 286**	**¥ 2,258**
Government bonds	**41,768**	**282**	**1,419**
Municipal bonds	**3,507**	**—**	**92**
Corporate bonds	**20,540**	**3**	**746**
Domestic equities	**30,012**	**11,050**	**1,016**
Foreign securities	**779,646**	**20,601**	**26,217**
Foreign bonds	**725,755**	**15,992**	**23,044**
Foreign equities	**1,344**	**23**	**186**
Foreign other securities	**52,545**	**4,585**	**2,985**
Other securities	**35,838**	**1,445**	**1,736**
Total	**¥911,314**	**¥33,382**	**¥31,228**

US$ thousands

Year ended March 31, 2021	Proceeds of sales	Gross gains	Gross losses
Domestic bonds	**$ 594,498**	**$ 2,586**	**$ 20,398**
Government bonds	**377,275**	**2,552**	**12,818**
Municipal bonds	**31,684**	**—**	**834**
Corporate bonds	**185,538**	**34**	**6,745**
Domestic equities	**271,091**	**99,810**	**9,182**
Foreign securities	**7,042,236**	**186,081**	**236,809**
Foreign bonds	**6,555,468**	**144,451**	**208,154**
Foreign equities	**12,146**	**214**	**1,685**
Foreign other securities	**474,622**	**41,415**	**26,970**
Other securities	**323,718**	**13,054**	**15,681**
Total	**$8,231,544**	**$301,533**	**$282,071**

(8) Impairment of securities

The Company and its consolidated subsidiaries recognized ¥13,379 million and ¥2,249 million [$20,319 thousand] as impairment losses for the available-for-sale securities with fair value for the fiscal years ended March 31, 2020 and 2021, 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,	2020	**2021**	**2021**
Valuation difference included in earnings (losses) of the consolidated fiscal year	¥2,125	**¥(93)**	**$(847)**

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

¥ millions

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

¥ millions

As of March 31, 2021	Consolidated balance sheet amount	Fair value	Difference
Monetary trusts	**¥30,176**	**¥30,951**	**¥774**

US$ thousands

As of March 31, 2021	Consolidated balance sheet amount	Fair value	Difference
Monetary trusts	**$272,576**	**$279,574**	**$6,997**

(3) Monetary trusts for policy reserve-matching purposes

¥ millions

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

¥ millions

As of March 31, 2021	Consolidated balance sheet amount	Fair value	Difference
Monetary trusts	**¥694,770**	**¥749,437**	**¥54,666**

US$ thousands

As of March 31, 2021	Consolidated balance sheet amount	Fair value	Difference
Monetary trusts	**$6,275,592**	**$6,769,376**	**$493,784**

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

¥ millions

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

¥ millions

As of March 31, 2021	Consolidated balance sheet amount	Acquisition cost	Difference
Monetary trusts	**¥409,265**	**¥400,862**	**¥8,403**

US$ thousands

As of March 31, 2021	Consolidated balance sheet amount	Acquisition cost	Difference
Monetary trusts	**$3,696,738**	**$3,620,832**	**$75,906**

Note 25 Derivative Transactions

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

a. Currency-related transactions

¥ millions

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

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, 2021	Notional amount		Fair value	Valuation gains (losses)
	Total	Over one year		
Over-the-counter transactions:				
Foreign exchange contracts:				
Sold	**¥278,364**	**¥ —**	**¥(7,369)**	**¥(7,369)**
U.S. dollar	**98,402**	**—**	**(2,577)**	**(2,577)**
Euro	**30,239**	**—**	**(215)**	**(215)**
British pound	**53,997**	**—**	**(2,396)**	**(2,396)**
Canadian dollar	**2,848**	**—**	**(100)**	**(100)**
Australian dollar	**89,103**	**—**	**(2,080)**	**(2,080)**
Swiss franc	**3,772**	**—**	**0**	**0**
Bought	**51,261**	**—**	**465**	**465**
U.S. dollar	**39,361**	**—**	**340**	**340**
Euro	**1,860**	**—**	**5**	**5**
Australian dollar	**10,039**	**—**	**120**	**120**
Currency swaps:				
Receive yen/pay foreign currency	**4,357**	**—**	**(158)**	**(158)**
Brazilian real	**1,330**	**—**	**9**	**9**
Indian Rupee	**3,027**	**—**	**(167)**	**(167)**
Receive foreign currency/pay yen	**14,252**	**—**	**1,209**	**1,209**
U.S. dollar	**618**	**—**	**44**	**44**
Australian dollar	**13,633**	**—**	**1,164**	**1,164**
Total				**¥(5,853)**

US$ thousands

As of March 31, 2021	Notional amount Total	Notional amount Over one year	Fair value	Valuation gains (losses)
Over-the-counter transactions:				
Foreign exchange contracts:				
Sold	**$2,514,354**	**$ —**	**$(66,562)**	**$(66,562)**
U.S. dollar	**888,831**	**—**	**(23,281)**	**(23,281)**
Euro	**273,143**	**—**	**(1,945)**	**(1,945)**
British pound	**487,734**	**—**	**(21,643)**	**(21,643)**
Canadian dollar	**25,730**	**—**	**(908)**	**(908)**
Australian dollar	**804,835**	**—**	**(18,788)**	**(18,788)**
Swiss franc	**34,079**	**—**	**5**	**5**
Bought	**463,029**	**—**	**4,204**	**4,204**
U.S. dollar	**355,540**	**—**	**3,072**	**3,072**
Euro	**16,802**	**—**	**47**	**47**
Australian dollar	**90,685**	**—**	**1,085**	**1,085**
Currency swaps:				
Receive yen/pay foreign currency	**39,358**	**—**	**(1,434)**	**(1,434)**
Brazilian real	**12,015**	**—**	**81**	**81**
Indian Rupee	**27,342**	**—**	**(1,516)**	**(1,516)**
Receive foreign currency/pay yen	**128,737**	**—**	**10,923**	**10,923**
U.S. dollar	**5,587**	**—**	**401**	**401**
Australian dollar	**123,149**	**—**	**10,521**	**10,521**
Total				**$(52,868)**

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

b. Interest-related transactions

¥ millions

As of March 31, 2020	Notional amount Total	Notional amount Over one year	Fair value	Valuation gains (losses)
Over-the-counter transactions:				
Interest rate swaps:				
Receive fixed/pay floating	¥12,969	¥12,235	¥14,653	¥14,653
Total				¥14,653

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, 2021	Notional amount Total	Notional amount Over one year	Fair value	Valuation gains (losses)
Over-the-counter transactions:				
Interest rate swaps:				
Receive fixed/pay floating	**¥15,449**	**¥14,546**	**¥12,497**	**¥12,497**
Total				**¥12,497**

US$ thousands

As of March 31, 2021	Notional amount Total	Notional amount Over one year	Fair value	Valuation gains (losses)
Over-the-counter transactions:				
Interest rate swaps:				
Receive fixed/pay floating	**$139,549**	**$131,391**	**$112,888**	**$112,888**
Total				**$112,888**

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

c. Stock-related transactions

¥ millions

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

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

¥ millions

As of March 31, 2021	Notional amount		Fair value	Valuation gains (losses)
	Total	Over one year		
Market transactions:				
Stock index options:				
Bought:				
Put	**¥17,504**	**¥ —**		
	[201]	**[—]**	**1**	**(200)**
Total				**¥(200)**

US$ thousands

As of March 31, 2021	Notional amount		Fair value	Valuation gains (losses)
	Total	Over one year		
Market transactions:				
Stock index options:				
Bought:				
Put	**$158,106**	**$ —**		
	[1,823]	**[—]**	**9**	**(1,813)**
Total				**$(1,813)**

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

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

¥ millions

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

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.

¥ millions

As of March 31, 2021	Notional amount		Fair value	Valuation gains (losses)
	Total	Over one year		
Over-the-counter transactions:				
Currency-related transactions:				
Currency options:				
Bought:				
Put	**1,114**	**840**		
	[294]	**[225]**	**51**	**(242)**
U.S. dollar	**634**	**492**		
	[182]	**[144]**	**33**	**(149)**
Euro	**480**	**348**		
	[111]	**[81]**	**18**	**(93)**
Stock-related transactions:				
Stock index options:				
Bought:				
Put	**2,257**	**1,811**		
	[486]	**[395]**	**86**	**(399)**
Total				**¥(642)**

US$ thousands

As of March 31, 2021	Notional amount Total	Notional amount Over one year	Fair value	Valuation gains (losses)
Over-the-counter transactions:				
Currency-related transactions:				
Currency options:				
Bought:				
Put	**10,067**	**7,590**		
	[2,657]	**[2,038]**	**462**	**(2,194)**
U.S. dollar	**5,726**	**4,445**		
	[1,650]	**[1,305]**	**300**	**(1,350)**
Euro	**4,340**	**3,145**		
	[1,006]	**[732]**	**162**	**(843)**
Stock-related transactions:				
Stock index options:				
Bought:				
Put	**20,387**	**16,366**		
	[4,392]	**[3,575]**	**784**	**(3,608)**
Total				**$(5,802)**

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

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

¥ millions

As of March 31, 2021	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		¥3,737,389	¥ —	¥(113,716)
U.S. dollar		2,620,936	—	(87,260)
Euro		754,753	—	(15,153)
British pound		152,047	—	(3,284)
Canadian dollar		90,299	—	(3,684)
Swedish krona		334	—	(3)
Australian dollar		115,179	—	(4,261)
Polish zloty		1,413	—	23
Danish krone		713	—	(17)
Singapore dollar		1,600	—	(69)
Norwegian krone		111	—	(5)
Bought		384,300	—	644
U.S. dollar		303,342	—	292
Euro		19,284	—	81
British pound		30,708	—	193
Australian dollar		30,965	—	78
Allocation treatment for foreign exchange contracts, etc.:				
Foreign exchange contracts:	Certificates of deposit in foreign currencies			
Sold		10,000	—	—
Australian dollar		10,000	—	—
Currency swaps:	Foreign currency-denominated loans			
Receive yen/pay foreign currency		37,937	37,937	—
U.S. dollar		37,937	37,937	—
Total				¥(113,071)

US$ thousands

As of March 31, 2021	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		$33,758,372	$ —	$(1,027,154)
U.S. dollar		23,673,887	—	(788,193)
Euro		6,817,392	—	(136,872)
British pound		1,373,382	—	(29,666)
Canadian dollar		815,644	—	(33,277)
Swedish krona		3,018	—	(30)
Australian dollar		1,040,371	—	(38,488)
Polish zloty		12,768	—	209
Danish krone		6,449	—	(157)
Singapore dollar		14,452	—	(628)
Norwegian krone		1,005	—	(47)
Bought		3,471,236	—	5,823
U.S. dollar		2,739,972	—	2,639
Euro		174,193	—	734
British pound		277,374	—	1,744
Australian dollar		279,696	—	705
Allocation treatment for foreign exchange contracts, etc.:				
Foreign exchange contracts:	Certificates of deposit in foreign currencies			
Sold		90,326	—	—
Australian dollar		90,326	—	—
Currency swaps:	Foreign currency-denominated loans			
Receive yen/pay foreign currency		342,674	342,674	—
U.S. dollar		342,674	342,674	—
Total				$(1,021,330)

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

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

¥ millions

As of March 31, 2021	Hedged item	Notional amount Total	Notional amount Over one year	Fair value
Special treatment for interest rate swaps:				
Interest rate swaps:				
Receive fixed/pay floating	Loans	**¥26,199**	**¥26,199**	**¥511**
Total				**¥511**

US$ thousands

As of March 31, 2021	Hedged item	Notional amount Total	Notional amount Over one year	Fair value
Special treatment for interest rate swaps:				
Interest rate swaps:				
Receive fixed/pay floating	Loans	**$236,653**	**$200,522**	**$4,615**
Total				**$4,615**

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, 2020	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	¥8,235	¥—	¥(31)
Total				¥(31)

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

¥ millions

As of March 31, 2021	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	**¥8,885**	**¥—**	**¥49**
Total				**¥49**

US$ thousands

As of March 31, 2021	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	**$80,256**	**$—**	**$450**
Total				**$450**

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:

		¥ millions	US$ thousands
Years ended March 31,	2020	2021	2021
Balance at the beginning of the year	¥157,101	¥156,694	$1,415,364
Service cost	6,551	6,589	59,518
Interest cost	633	621	5,612
Actuarial gains and losses	(840)	(1,771)	(16,001)
Retirement benefit paid	(6,833)	(7,308)	(66,016)
Accrual of past service costs	83	—	—
Balance at the end of the year	¥156,694	¥154,825	$1,398,477

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,	2020	2021	2021
Balance at the beginning of the year	¥106,062	¥107,538	$ 971,356
Expected return on plan assets	903	876	7,918
Net actuarial gains and losses	(1,508)	1,921	17,360
Employer contribution	7,281	6,433	58,111
Benefit obligation paid	(5,200)	(5,858)	(52,917)
Balance at the end of the year	¥107,538	¥110,912	$1,001,829

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,	2020	2021	2021
Retirement benefit obligations for funded plans	¥ 129,894	¥ 128,287	$ 1,158,773
Plan assets	(107,538)	(110,912)	(1,001,829)
Employee pension trusts	[(64,580)]	[(63,599)]	[(574,471)]
	22,355	17,375	156,944
Retirement benefit obligations for unfunded plans	26,800	26,537	239,704
Net amount of defined benefit liability and defined benefit asset stated in the consolidated balance sheet	49,156	43,912	396,648
Defined benefit liability	49,156	45,764	413,370
Defined benefit asset	—	(1,851)	(16,722)
Net amount of defined benefit liability and defined benefit asset stated in the consolidated balance sheet	¥ 49,156	¥ 43,912	$ 396,648

d. Components of retirement benefit expense are as follows:

		¥ millions	US$ thousands
Years ended March 31,	2020	**2021**	**2021**
Service cost	¥6,551	**¥ 6,589**	**$ 59,518**
Interest cost	633	**621**	**5,612**
Expected return on plan assets	(903)	**(876)**	**(7,918)**
Recognized actuarial gains and losses	668	**(3,693)**	**(33,361)**
Recognized past service costs	83	**—**	**—**
Retirement benefit expense relating to defined benefit retirement plan	¥7,032	**¥ 2,640**	**$ 23,850**

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,	2020	**2021**
Bonds	71.9%	**68.6%**
General account	11.9%	**11.9%**
Foreign securities	8.3%	**10.2%**
Stocks	3.3%	**5.5%**
Cash and deposits	3.9%	**3.1%**
Joint assets	0.7%	**0.7%**
Others	0.0%	**0.0%**
Total	100.0%	**100.0%**

Note: The total includes 60.1% and 57.3% of employee pension trusts set up for corporate pension plans for the fiscal years ended March 31, 2020 and 2021, 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,	2020	**2021**
Discount rate	0.07% – 0.80%	**0.13% – 0.80%**
Expected long-term rate of return on plan assets	0.10% – 2.13%	**0.14% – 1.90%**

(3) Defined contribution retirement plan

The required contribution for the defined contribution retirement plan of the Company and its consolidated subsidiaries amounted to ¥272 million and ¥274 million [$2,479 thousand] for the fiscal years ended March 31, 2020 and 2021, respectively.

Note 27 Stock Options

(1) Amount of expenses related to stock options

There were no operating expenses related to stock options for the fiscal years ended March 31, 2020 and 2021.

(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, 2021, 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	126,300 shares	78,500 shares	95,600 shares
Vested	—	—	—
Exercised	38,500 shares	22,000 shares	25,200 shares
Forfeited	—	—	—
Exercisable	87,800 shares	56,500 shares	70,400 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	88,200 shares	221,000 shares	159,200 shares
Vested	—	—	—
Exercised	18,500 shares	40,800 shares	25,200 shares
Forfeited	—	—	—
Exercisable	69,700 shares	180,200 shares	134,000 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	981 yen	981 yen	960 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	940 yen	943 yen	934 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,	2020	**2021**	**2021**
Balance at the beginning of the year	¥2,041	**¥2,084**	**$18,825**
Time progress adjustment	43	**44**	**398**
Balance at the end of the year	¥2,084	**¥2,128**	**$19,224**

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,	2020	**2021**	**2021**
Balance sheet amount:			
Balance at the beginning of the year	¥256,235	**¥269,492**	**$2,434,220**
Net increase (decrease)	13,257	**2,165**	**19,559**
Balance at the end of the year	269,492	**271,658**	**2,453,780**
Fair value at the end of the year	¥366,328	**¥371,033**	**$3,351,396**

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, 2020 and 2021 include amounts related to asset retirement obligations of ¥50 million and ¥24 million [$222 thousand], respectively.
2. For the year ended March 31, 2020, the increase mainly consisted of purchase of real estate totaling ¥18,933 million and the decrease mainly consisted of depreciation totaling ¥5,409 million. For the year ended March 31, 2021, the increase mainly consisted of purchase of real estate totaling ¥7,375 million [$66,623 thousand] and the decrease mainly consisted of depreciation totaling ¥5,743 million [$51,880 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,	2020	**2021**	**2021**
Ordinary revenues	¥19,714	**¥20,784**	**$187,742**
Ordinary expenses	12,224	**12,588**	**113,702**
Ordinary profit	7,489	**8,196**	**74,039**
Other gains (losses)	2,674	**(145)**	**(1,316)**

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. For the year ended March 31, 2020, other gains were mainly gains on disposal of fixed assets, and these amounts are recorded in extraordinary gains.
   For the year ended March 31, 2021, other losses were mainly losses on disposal of fixed assets and impairment losses, and 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 an insurance holding company which manages life insurance companies and other subsidiaries in accordance with the Insurance Business Act. Under the Company, the Three Life Insurance Companies, with unique product strategies and sales strategies, operate life insurance business which is the Group's core business. 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.

As a part of diversification of business portfolio, T&D United Capital was established in 2019 to build up an effective and efficient investment process as a strategic initiative of the Group.

Therefore, the Company's four reportable segments are the Taiyo Life Insurance Company segment, the Daido Life Insurance Company segment, the T&D Financial Life Insurance Company segment and the T&D United Capital (consolidated) segment.

[Information related to the change in reportable segments]

From this consolidated fiscal year, T&D United Capital Company (consolidated) has been added to the reportable segments since T&D United Capital Co., Ltd. acquired equity interest of Fortitude Group Holdings, LLC and included it as an affiliated company over which the equity method is applied. This change in reportable segments has no impact on the segment information for the previous consolidated fiscal year.

(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

Year ended March 31, 2020	Reportable segments				Others	Total	Adjustments	Amount on consolidated financial statements
	Taiyo Life	Daido Life	T&D Financial Life	Subtotal				
Ordinary revenues	¥ 801,020	¥1,014,602	¥ 354,495	¥ 2,170,118	¥ 34,136	¥ 2,204,255	¥ (6,326)	¥ 2,197,928
Intersegment transfers	1,518	522	—	2,040	68,930	70,970	(70,970)	—
Total	802,538	1,015,124	354,495	2,172,158	103,067	2,275,225	(77,297)	2,197,928
Segment income (loss)	36,782	86,157	2,246	125,185	41,846	167,032	(41,609)	125,422
Segment assets	7,660,474	7,037,507	1,645,401	16,343,383	1,122,586	17,465,970	(945,832)	16,520,137
Segment liabilities	7,269,351	6,393,649	1,564,466	15,227,468	338,287	15,565,755	(168,767)	15,396,987
Others								
Depreciation of real estate for rent	3,559	2,618	—	6,177	—	6,177	(28)	6,149
Depreciation	6,896	4,522	454	11,873	687	12,561	(64)	12,497
Provision for (reversal of) policy reserve	43,419	214,759	172,504	430,684	308	430,993	—	430,993
Provision for (reversal of) reserve for policyholder dividends	10,197	11,687	(0)	21,883	—	21,883	—	21,883
Interest, dividends and income from real estate for rent	149,487	143,525	8,274	301,286	42,009	343,296	(43,532)	299,763
Interest expenses	981	12	6	999	799	1,798	(771)	1,027
Equity in earnings (losses) of affiliates	—	—	—	—	—	—	(287)	(287)
Extraordinary gains	3,380	551	—	3,932	106	4,038	—	4,038
Extraordinary losses	4,975	4,254	756	9,986	107	10,093	0	10,093
Impairment losses	803	—	—	803	—	803	—	803
Provision for reserve for price fluctuations	3,692	3,467	756	7,916	—	7,916	—	7,916
Taxes	9,172	20,315	424	29,913	426	30,340	3	30,343
Investments in affiliated companies	900	365	—	1,265	—	1,265	—	1,265
Increase in tangible fixed assets and intangible fixed assets	¥ 9,173	¥ 24,284	¥ 1,092	¥ 34,551	¥ 855	¥ 35,406	¥ (105)	¥ 35,300

Notes:
1. Ordinary revenues instead of net sales are presented here.
2. Adjustments are as follows:
   (1) The adjustment of ¥(6,326 million) to ordinary revenues is the transferred amount, which mainly consists of gains from derivatives, net of ¥2,907 million of ordinary revenues and reversal of provision for retirement benefits of ¥1,820 million of ordinary revenues which are included in ordinary expenses of the consolidated statement of operation as losses from derivatives, net and provision for retirement benefits, respectively, and provision for reserve for outstanding claims of ordinary expenses of ¥1,885 million of ordinary expenses which is included in ordinary revenues of the consolidated statement of operation as reversal of reserve for outstanding claims.
   (2) The adjustment of ¥(41,609 million) to segment income (loss) is mainly due to the elimination of dividends from subsidiaries and affiliates.
   (3) The adjustment of ¥(945,832 million) to segment assets is mainly due to the elimination of investments in stocks of subsidiaries and affiliates.
   (4) The adjustment of ¥(168,767 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 profits set forth in the consolidated statement of operation.

¥ millions

Year ended March 31, 2021	Reportable segments					Others	Total	Adjustments	Amount on consolidated financial statements
	Taiyo Life	Daido Life	T&D Financial Life	T&D United Capital (consolidated)	Subtotal				
Ordinary revenues	¥ 796,107	¥1,022,193	¥ 460,661	¥102,991	¥ 2,381,953	¥ 36,930	¥ 2,418,884	¥ (4,930)	¥ 2,413,953
Intersegment transfers	1,194	641	—	—	1,835	69,469	71,305	(71,305)	—
Total	797,301	1,022,834	460,661	102,991	2,383,789	106,399	2,490,189	(76,236)	2,413,953
Segment income (loss)	31,606	95,905	(2,947)	101,287	225,852	42,196	268,049	(39,917)	228,132
Segment assets	8,235,372	7,554,346	1,850,918	190,216	17,830,855	1,091,890	18,922,745	(1,045,466)	17,877,278
Segment liabilities	7,708,881	6,701,219	1,782,638	82,565	16,275,304	316,301	16,591,606	(267,485)	16,324,121
Others									
Depreciation of real estate for rent	3,615	2,942	—	—	6,558	—	6,558	(28)	6,530
Depreciation	6,949	5,064	637	0	12,651	715	13,367	(55)	13,311
Provision for (reversal of) policy reserve	46,413	218,464	216,631	—	481,510	415	481,925	—	481,925
Provision for (reversal of) reserve for policyholder dividends	12,574	11,854	0	—	24,429	—	24,429	—	24,429
Interest, dividends and income from real estate for rent	144,708	140,496	7,295	79	292,580	40,384	332,964	(43,037)	289,927
Interest expenses	1,008	12	5	700	1,726	1,265	2,991	(1,437)	1,553
Equity in earnings (losses) of affiliates	—	—	—	102,850	102,850	—	102,850	64	102,914
Extraordinary gains	1,186	224	—	—	1,411	297	1,708	—	1,708
Extraordinary losses	5,779	7,347	868	—	13,995	276	14,272	27	14,300
Impairment losses	546	2,368	—	—	2,915	—	2,915	—	2,915
Provision for reserve for price fluctuations	3,844	3,659	868	—	8,371	—	8,371	—	8,371
Taxes	4,156	22,064	(1,031)	2,076	27,264	634	27,898	5	27,903
Investments in affiliated companies	900	365	—	78,743	80,009	—	80,009	—	80,009
Increase in tangible fixed assets and intangible fixed assets	¥ 11,810	¥ 8,970	¥ 905	¥ —	¥ 21,685	¥ 767	¥ 22,453	¥ (95)	¥ 22,357

US$ thousands

Year ended March 31, 2021	Reportable segments					Others	Total	Adjustments	Amount on consolidated financial statements
	Taiyo Life	Daido Life	T&D Financial Life	T&D United Capital (consolidated)	Subtotal				
Ordinary revenues	$ 7,190,925	$ 9,233,071	$ 4,160,976	$ 930,282	$ 21,515,255	$ 333,576	$ 21,848,831	$ (44,539)	$ 21,804,292
Intersegment transfers	10,789	5,790	—	—	16,580	627,492	644,073	(644,073)	—
Total	7,201,715	9,238,861	4,160,976	930,282	21,531,836	961,069	22,492,905	(688,612)	21,804,292
Segment income (loss)	285,489	866,278	(26,619)	914,889	2,040,037	381,148	2,421,186	(360,555)	2,060,630
Segment assets	74,386,890	68,235,452	16,718,621	1,718,153	161,059,118	9,862,618	170,921,736	(9,443,292)	161,478,444
Segment liabilities	69,631,300	60,529,487	16,101,873	745,782	147,008,444	2,857,030	149,865,474	(2,416,093)	147,449,381
Others									
Depreciation of real estate for rent	32,661	26,580	—	—	59,241	—	59,241	(254)	58,986
Depreciation	62,769	45,742	5,758	5	114,274	6,464	120,738	(501)	120,237
Provision for (reversal of) policy reserve	419,236	1,973,307	1,956,749	—	4,349,293	3,750	4,353,043	—	4,353,043
Provision for (reversal of) reserve for policyholder dividends	113,577	107,075	5	—	220,659	—	220,659	—	220,659
Interest, dividends and income from real estate for rent	1,307,091	1,269,051	65,899	720	2,642,761	364,775	3,007,537	(388,736)	2,618,800
Interest expenses	9,108	112	50	6,323	15,594	11,426	27,021	(12,986)	14,034
Equity in earnings (losses) of affiliates	—	—	—	929,005	929,005	—	929,005	578	929,584
Extraordinary gains	10,720	2,025	—	—	12,746	2,683	15,430	—	15,430
Extraordinary losses	52,201	66,371	7,845	—	126,418	2,501	128,919	247	129,166
Impairment losses	4,938	21,397	—	—	26,336	—	26,336	—	26,336
Provision for reserve for price fluctuations	34,722	33,050	7,845	—	75,618	—	75,618	—	75,618
Taxes	37,539	199,295	(9,318)	18,753	246,270	5,729	252,000	45	252,045
Investments in affiliated companies	8,134	3,300	—	711,258	722,693	—	722,693	—	722,693
Increase in tangible fixed assets and intangible fixed assets	$ 106,676	$ 81,026	$ 8,175	$ —	$ 195,878	$ 6,932	$ 202,810	$ (863)	$ 201,946

Notes:

1. Ordinary revenues instead of net sales are presented here.
2. Adjustments are as follows:
   The adjustment of ¥(4,930 million) [$(44,539 thousand)] to ordinary revenues is the transferred amount, which mainly consists of gains from derivatives, net of ¥3,287 million [$29,694 thousand] of ordinary revenues and reversal of reserve for outstanding claims of ¥352 million [$3,187 thousand] of ordinary revenues which are included in ordinary expenses of the consolidated statement of operation as losses from derivatives, net and provision for reserve for outstanding claims, respectively, and provision for defined benefits of ¥1,226 million [$11,082 thousand] of ordinary expenses which is included in ordinary expenses of the consolidated statement of operation as reversal of provision for defined benefits.
   The adjustment of ¥(39,917 million) [$(360,555 thousand)] to segment income (loss) is mainly due to the elimination of dividends from subsidiaries and affiliates.
   The adjustment of ¥(1,045,466 million) [$(9,443,292 thousand)] to segment assets is mainly due to the elimination of investments in stocks of subsidiaries and affiliates.
   The adjustment of ¥(267,485 million) [$(2,416,093 thousand)] to segment liabilities is mainly due to the elimination of intersegment receivables and payables.
3. Segment income (loss) is adjusted to align with the ordinary profits set forth in the consolidated statement of operation.

[Related information]

For the year ended March 31, 2020

1. Information by product and service

Sales to external customers

¥ millions

Year ended March 31, 2020	Taiyo Life	Daido Life	T&D Financial Life	Others	Total
Income from insurance premiums	¥593,679	¥818,070	¥335,910	¥5,847	¥1,753,508
Insurance premiums	593,475	816,488	323,017	5,847	1,738,828
Individual insurance and individual annuities	493,402	760,119	322,833	—	1,576,355
Group insurance	27,682	20,622	—	—	48,304
Group annuities	71,232	34,633	164	—	106,030
Others	1,158	1,112	19	5,847	8,137
Ceded reinsurance recoveries	¥ 204	¥ 1,581	¥ 12,893	¥ —	¥ 14,679

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, 2021

1. Information by product and service

Sales to external customers

¥ millions

Year ended March 31, 2021	Taiyo Life	Daido Life	T&D Financial Life	T&D United Capital (consolidated)	Others	Total
Income from insurance premiums	**¥619,721**	**¥808,161**	**¥348,020**	**¥ —**	**¥7,465**	**¥1,783,369**
Insurance premiums	**619,493**	**804,536**	**331,443**	**—**	**7,465**	**1,762,939**
Individual insurance and individual annuities	**507,639**	**749,504**	**331,292**	**—**	**—**	**1,588,436**
Group insurance	**27,548**	**20,168**	**—**	**—**	**—**	**47,716**
Group annuities	**83,212**	**33,704**	**132**	**—**	**—**	**117,050**
Others	**1,092**	**1,159**	**18**	**—**	**7,465**	**9,735**
Ceded reinsurance recoveries	**¥ 228**	**¥ 3,624**	**¥ 16,577**	**¥ —**	**¥ —**	**¥ 20,429**

US$ thousands

Year ended March 31, 2021	Taiyo Life	Daido Life	T&D Financial Life	T&D United Capital (consolidated)	Others	Total
Income from insurance premiums	**$5,597,701**	**$7,299,803**	**$3,143,536**	**$ —**	**$67,430**	**$16,108,472**
Insurance premiums	**5,595,640**	**7,267,066**	**2,993,799**	**—**	**67,430**	**15,923,937**
Individual insurance and individual annuities	**4,585,307**	**6,769,982**	**2,992,435**	**—**	**—**	**14,347,725**
Group insurance	**248,835**	**182,170**	**—**	**—**	**—**	**431,005**
Group annuities	**751,630**	**304,443**	**1,195**	**—**	**—**	**1,057,268**
Others	**9,866**	**10,470**	**169**	**—**	**67,430**	**87,937**
Ceded reinsurance recoveries	**$ 2,061**	**$ 32,737**	**$ 149,737**	**$ —**	**$ —**	**$ 184,535**

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, 2020 and 2021

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, 2020 and 2021: Not applicable.

[Information on gains on negative goodwill by reportable segment]

For the years ended March 31, 2020: Not applicable.

For the years ended March 31, 2021:

[Significant gains on negative goodwill]

In the T&D United Capital (consolidated) segment, negative goodwill of ¥61,575 million [$556,187 thousand] resulting from the inclusion of Fortitude Group Holdings, LLC in the scope of affiliated companies over which the equity method is applied has been recorded as equity in earnings of affiliates.

[Related party information]

1. Related party transactions

For the years ended March 31, 2020 and 2021: Not applicable.

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

For the years ended March 31, 2020: Not applicable.

For the years ended March 31, 2021:

a. Notes on the parent company: Not applicable.

b. Summarized financial information of important affiliated company

For the consolidated fiscal year ended March 31, 2021, the important affiliated companies were Fortitude Group Holdings, LLC and Fortitude Reinsurance Company Ltd., a wholly owned subsidiary of Fortitude Group Holdings, LLC, and its summarized consolidated financial information (main consolidated balance sheet items and consolidated statement of operation items) is as follows.

The consolidated financial statements of the company have been prepared in accordance with U.S. GAAP.

	¥ millions	US$ thousands
	Fortitude Group Holdings, LLC	Fortitude Group Holdings, LLC
Total assets	**¥4,872,146**	**$44,008,185**
Total liabilities	**¥4,157,960**	**$37,557,225**
Total net assets	**¥ 714,185**	**$ 6,450,959**
Total revenues	**¥ 513,673**	**$ 4,639,810**
Total expenses	**¥ 400,366**	**$ 3,616,349**
Income before income taxes	**¥ 113,307**	**$ 1,023,460**
Profit	**¥ 89,400**	**$ 807,519**

Since T&D United Capital Co., Ltd. acquired equity interest of Fortitude Group Holdings, LLC in the consolidated fiscal year, Fortitude Group Holdings, LLC and Fortitude Reinsurance Company Ltd. are included in affiliated companies over which the equity method is applied. Therefore, both companies are considered important affiliated companies from the consolidated fiscal year.

Note 31 Per Share Information

		¥	US$
Years ended March 31,	2020	**2021**	**2021**
Net assets per share	¥1,857.77	**¥2,617.07**	**$23.63**
Net income per share	111.31	**271.55**	**2.45**
Net income per share (fully diluted)	109.07	**271.26**	**2.45**

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,	2020	**2021**	**2021**
Net income per share:			
Profit attributable to owners of parent	¥67,103	**¥162,316**	**$1,466,144**
Amount not attributable to common shareholders	—	**—**	**—**
Profit attributable to owners of parent attributable to common shareholders	¥67,103	**¥162,316**	**$1,466,144**

		Shares
Weighted-average number of common stocks outstanding	602,854,887	**597,736,297**

		¥ millions	US$ thousands
Years ended March 31,	2020	**2021**	**2021**
Net income per share (fully diluted):			
Adjusted profit attributable to owners of parent	¥(20)	**¥(3)**	**$(31)**
Amortization of bond premium (after tax)	¥(20)	**¥(3)**	**$(31)**

		Shares
Increase in common stock	12,168,016	**631,588**
Convertible Bond	11,375,701	**—**
Subscription rights to shares	792,315	**631,588**
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,	2020	**2021**	**2021**
Net assets	¥1,123,149	**¥1,553,157**	**$14,029,062**
Deduction from net assets	7,208	**8,138**	**73,515**
Subscription rights to shares	876	**689**	**6,226**
Non-controlling interests	6,332	**7,449**	**67,288**
Net assets available to common shareholders	¥1,115,941	**¥1,545,018**	**$13,955,547**

		Shares
The number of common stock outstanding	600,688,559	**590,361,894**

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

Accordingly, the average number of treasury shares to be deducted in calculation of net income per share and net income per share (fully diluted) is 763,295, and the number of treasury shares to be deducted in calculation of net assets per share is 742,900 for the consolidated fiscal year ended March 31, 2021. Also, for the consolidated fiscal year ended March 31, 2020, the average number of treasury shares to be deducted in calculation of net income per share and net income per share (fully diluted) was 807,343, and the number of treasury shares to be deducted in calculation of net assets per share was 798,400.

Note 32 Significant Subsequent Events

[Equity in earnings or losses of affiliates with different closing date]

In this consolidated fiscal year, Equity in earnings of affiliates related to Fortitude Group Holdings, LLC ("Fortitude") use the financial statements of Fortitude for the consolidated fiscal year (January 1, 2020 to December 31, 2020). Equity in losses of affiliates related to Fortitude for the first quarter accounting period (January 1, 2021 to March 31, 2021) of approximately ¥(57,000 million) [$(514,858 thousand)] will be recognized for the first quarter of the next consolidated fiscal year for the Company.

[Purchase of treasury shares]

The Company has resolved at its Board of Directors' meeting held on May 14, 2021, the acquisition of treasury shares under the provision Article 156 of the Companies Act of Japan, as applied pursuant to Article 165, Paragraph 3 of the same.

a. Reasons for the purchase of treasury shares
   To enhance shareholder return and improve capital efficiency.
b. Details of the purchase
   (i) Type of shares to be purchased: Shares of common stock
   (ii) Number of shares to be purchased: Up to 14,000,000 shares
   (iii) Total amount of purchase: Up to ¥10,000 million [$90,326 thousand]
   (iv) Period of purchase: From May 17, 2021, to July 30, 2021
   (v) Method of purchase: Open-market repurchase by the trust method
c. Results of the purchase
   (i) Total number of purchased shares: 6,730,400 shares
   (ii) Total cost of purchase: ¥9,999 million [$90,317 thousand]
   (iii) Period of purchase: From May 17, 2021 to June 8, 2021 on the basis of execution date

[Borrowing of a large amount of fund]

Based on the resolution made at the Board of Directors' meeting held on May 31, 2021, the Company plans to enter into a subordinated syndicated loan agreement ("the subordinated loan") of up to ¥13.5 billion [$121,940 thousand] on June 23, 2021 and execute the borrowing on June 28, 2021.

a. Amount of borrowing: Up to ¥13.5 billion [$121,940 thousand]
b. Date of agreement: June 23, 2021 (to be scheduled)
c. Borrowing date: June 28, 2021 (to be scheduled)
d. Repayment date: June 28, 2051 (to be scheduled, 30 years after the date of borrowing execution)
e. Date of the first enabled prepayment: June 28, 2031 (to be scheduled, 10 years after the date of borrowing execution)
f. Applicable interest rate: Base interest rate +spread (floating interest rate)
   After the first prepayment date, 1.00% is added to the initial spread.
g. Use of the funds: Sub-loan funds to T&D United Capital Co., Ltd., a subsidiary of the Company (The funds are limited to T&D United Capital's additional investment, etc. in Fortitude Group Holdings, LLC and T&D United Capital's working capital.)
h. Voluntary suspension of interest payment: Payment of all or part of the subordinated loan can be deferred at the Company's discretion.
i. Subordination covenant: The subordinated loan is subordinated in liquidation proceedings, bankruptcy proceedings, corporate reorganization proceedings and civil rehabilitation proceedings, or similar proceedings in foreign countries. Each article of the contract related to the subordinated loan must not be amended if the creditors of the senior debt suffer disadvantages in any way.
j. Arranger: MUFG Bank, Ltd.
k. Agent: MUFG Bank, Ltd.
l. Participating financial institutions: Not determined yet

Independent Auditor's Report

Building a better working world

Independent Auditor's Report

The Board of Directors
T&D Holdings, Inc.

Opinion

We have audited the accompanying consolidated financial statements of T&D Holdings, Inc. and its consolidated subsidiaries (the Group), which comprise the consolidated balance sheet as at March 31, 2021, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters.

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Judgement on sufficiency of the policy reserve	
Description of Key Audit Matter	Auditor's Response
As of March 31, 2021, the Group recorded the policy reserve of ¥14,619,797 million on the consolidated balance sheet. The policy reserve was a significant account, which accounted for 89.5% of the total liabilities of ¥16,324,121 million. As described in Note 2 (21) – "Significant Accounting Estimates" (a) - Policy reserve; for each accounting period, a life insurance company, based on Article 116, Paragraph 1 of the Insurance Business Act, must set aside a certain amount as policy reserve to prepare for future performance of obligations under its insurance policies for which contractual responsibilities have commenced before the fiscal year end in accordance with the calculation methodology specified in the statement of calculation procedures for insurance premiums and policy reserve (Article 4, Paragraph 2, Item 4 of the Insurance Business Act). In addition, if assumptions (base rates such as assumed incidence rate and assumed interest rate) specified in the statement of calculation procedures for insurance premiums and policy reserve significantly deviate from the latest actual rates and it is deemed to be insufficient to cover the performance of the future obligations, an additional policy reserve must be set aside in accordance with Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act. To prepare for the future performance of obligations under insurance policies, a policy reserve must be set aside based on sound actuarial practice including reasonable forecasts as at the fiscal year end, which reflects the occurrence of insured events, operating expenses and the performance of asset management, etc., to not hinder the future ability of making payments of a life insurance company. To judge the sufficiency of the policy reserve, it is	We evaluated the design and tested the operating effectiveness of the key internal controls over the policy reserve recording process and verified if the policy reserve was set aside based on Article 116 of the Insurance Business Act. In addition, we involved actuarial specialists from our network firm and performed the following audit procedures, as well as other procedures, to validate the Group's judgement on sufficiency of the policy reserve (future cashflow analysis and stress tests of third sector insurance) to assess if it is necessary to set aside an additional policy reserve in accordance with Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act in case the existing policy reserve was insufficient to cover the future performance of obligations: ・ To validate the Group's judgement on the sufficiency of the policy reserve (future cashflow analysis and stress tests for third sector insurance), we verified if they were appropriately performed based on relevant laws, "Standards of Practice for Appointed Actuaries of Life Insurance Companies (The Institute of Actuaries of Japan)" and internal rules and compared the calculation results with the prior year's results. ・ We inspected the opinion of the appointed actuary described in the written opinions of Appointed Actuaries and the supplementary report. We carried out inquiries with the appointed actuary.

necessary to understand the economic and business environment, business policies such as sales and investments, consider their correlation and have the expertise in actuarial practice. Based on the above factors, we have determined the judgement on sufficiency of the policy reserve as a key audit matter due to the significance of impact on the consolidated financial statements.	

Reasonableness in the calculation of negative goodwill	
Description of Key Audit Matter	Auditor's Response
As described in Note 30 – "Segment Information", the Group recorded a gain on negative goodwill of ¥61,575 million which was included in Equity in earnings of affiliates for the year ended March 31, 2021. The gain on negative goodwill was recognized when "T&D United Capital Co. Ltd.", one of the consolidated subsidiaries, acquired 25% of the outstanding shares of Fortitude Group Holdings, LLC on June 3, 2020. When it is expected that a negative goodwill will occur, the acquirer shall reassess whether all identifiable assets and liabilities have been appropriately identified and also review whether the acquisition cost is allocated reasonably. If the acquisition cost is still lower than the net amount allocated to the assets and liabilities, thereby resulting in a negative goodwill, it is recognized as gains in the year in which the negative goodwill occurs. Based on the above factors, we have determined the reasonableness in the calculation of negative goodwill as a key audit matter due to the significance of impact in the consolidated financial statements.	We performed the following audit procedures, as well as other procedures, to assess the reasonableness of the calculation of negative goodwill: ・ We carried out inquiries with management to verify if the acquisition was based on rational reason in terms of the Group's business. ・ We reviewed relevant evidences and carried out inquiries with the department in charge of the calculation to verify the rationality of the calculation method for the acquisition cost. ・ We reviewed the financial due diligence report, analyzed the financial statements of the acquired company accounted for by the equity method at the base date of the acquisition and performed other procedures to verify the consistency with the assets and liabilities identified by management. We also carried out inquiries and discussed with the relevant employees to verify if there were additional costs or losses corresponding to specific events expected to occur after the acquisition. ・ We obtained the calculation sheet and verified the accuracy as well as the consistency with relevant evidences to verify the accuracy of the amount recorded as negative goodwill.

Responsibilities of Management and the Audit and Supervisory Committee for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Audit and Supervisory Committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Supervisory Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Supervisory Committee with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit and Supervisory Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2021 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2 to the consolidated financial statements.

Ernst & Young ShinNihon LLC
Tokyo, Japan

June 17, 2021

臼倉 健司

Kenji Usukura
Designated Engagement Partner
Certified Public Accountant

羽栄 則央

Norio Hashiba
Designated Engagement Partner
Certified Public Accountant

Stock Information

As of March 31, 2021

BASIC INFORMATION

Stock Exchange Listings	Tokyo Stock Exchange
Industry and Security Code	Insurance, 8795
Trading Unit	100 shares
Number of Shares of Common Stock	Authorized: 1,932,000,000 Issued: 633,000,000
Fiscal Year-End	March 31 every year
Ordinary General Meeting of Shareholders	June every year
Date of Record	Ordinary General Meeting of Shareholders March 31 every year Dividends March 31 every year (interim dividend, when paid, on September 30)
Public Notice	• 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	219,229

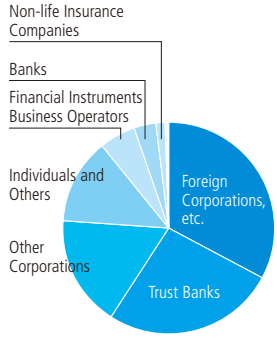
PRINCIPAL SHAREHOLDERS

Name of Shareholders	Number of Shares Held (Thousands of shares)	Percentage of Total Shares Outstanding (%)
The Master Trust Bank of Japan Ltd. (Trust Account)	57,852	9.79
Custody Bank of Japan, Ltd. (Trust Account)	30,274	5.12
Custody Bank of Japan, Ltd. (Trust Account7)	16,950	2.87
MUFG Bank, Ltd.	10,325	1.75
Custody Bank of Japan, Ltd. (Trust Account5)	9,041	1.53
JPMorgan Securities Japan Co., Ltd.	8,656	1.46
STATE STREET BANK WEST CLIENT – TREATY 505234	8,634	1.46
Custody Bank of Japan, Ltd. (Trust Account6)	8,012	1.36
SSBTC CLIENT OMNIBUS ACCOUNT	7,419	1.26
Custody Bank of Japan, Ltd. (Trust Account1)	7,190	1.22

Note: In addition to the above, the Company holds 41,895 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.

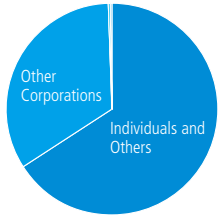
COMPOSITION OF SHAREHOLDERS AND SHARES

Proportion of Shares Held (%)



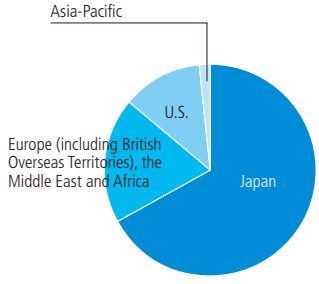
Foreign Corporations, etc.	32.79
Trust Banks	26.50
Other Corporations	16.95
Individuals and Others	12.97
Financial Instruments Business Operators	5.54
Banks	3.43
Non-life Insurance Companies	1.44
Other Financial Institutions	0.22
Life Insurance Companies	0.16
Government and Local Public Bodies	0.00

Composition of Shareholders (%)



Individuals and Others	65.98
Other Corporations	33.60
Foreign Corporations, etc.	0.36
Financial Instruments Business Operators	0.02
Trust Banks	0.01
Other Financial Institutions	0.01
Banks	0.01
Life Insurance Companies	0.01
Non-life Insurance Companies	0.00
Government and Local Public Bodies	0.00

Regional Distribution of Shares Held (%)



Japan	67.21
Europe (including British Overseas Territories), the Middle East and Africa	18.93
U.S.	12.41
Asia-Pacific	1.46
Others	0.00

Group Companies

As of July 1, 2021

The T&D Insurance Group comprised the holding company, 19 consolidated subsidiaries, and 6 affiliated companies as of July 1, 2021. Centered on the life insurance business, the T&D Insurance Group's operations are outlined below:

T&D Holdings, Inc.

Insurance & Insurance-related Businesses
[11 companies]

Insurance
- ■ Taiyo Life Insurance Company (Life insurance business)
- ■ Daido Life Insurance Company (Life insurance business)
- ■ T&D Financial Life Insurance Company (Life insurance business)
- ■ Pet & Family Insurance Co., Ltd. (Nonlife insurance Business)
- ● Capital Taiyo Life Insurance Limited (Life insurance Business)
- ● Fortitude Group Holdings, LLC (Insurance holding company)
- ● Fortitude Reinsurance Company Ltd. (Reinsurance business)

Insurance-related
- ■ T&D Confirm Ltd. (Policyholder confirmation services)
- ■ Toyo Insurance Agency Co., Ltd. (Insurance agent)
- ■ Daido Management Service Co., Ltd. (Insurance agent)
- ■ Taiyo Life Aging Society Institute (Survey and research on health and medical care)

Investment-related Businesses
[9 companies]

Investment Management and Advisory, etc.
- ■ T&D Asset Management Co., Ltd. (Investment advisory and investment trust services)

Other Investment-related
- ■ T&D United Capital Co., Ltd. (Principal investment, Investment management [administration])
- ■ T&D United Capital North America Inc. (Principal investment, Investment management [administration])
- ■ T&D Lease Co., Ltd. (Leasing)
- ■ Taiyo Credit Guarantee Co., Ltd. (Credit guarantee services)
- ● Alternative Investment Capital Ltd. (Investment in private equity funds)

Other subsidiaries and affiliated companies, etc.: 3 companies

Administration-related Businesses
[5 companies]

Administration-related
- ■ T&D Customer Services Co., Ltd. (Life insurance policy clerical services, including drafting, amendment, custody and distribution of documents, and delivery of securities)

General Affairs and Calculation-related
- ■ T&D Information Systems, Ltd. (Computer software and system services)
- ■ Nihon System Shuno, Inc. (Premium collection)
- ■ Zenkoku Business Center Co., Ltd. (Premium collection)
- ● Thuriya Ace Technology Company Limited (Designing and developing information technology, information technology systems, software solutions and business solutions for the insurance industry)

Companies marked by ■ are consolidated subsidiaries, and companies marked by ● are affiliated companies accounted for by the equity method.

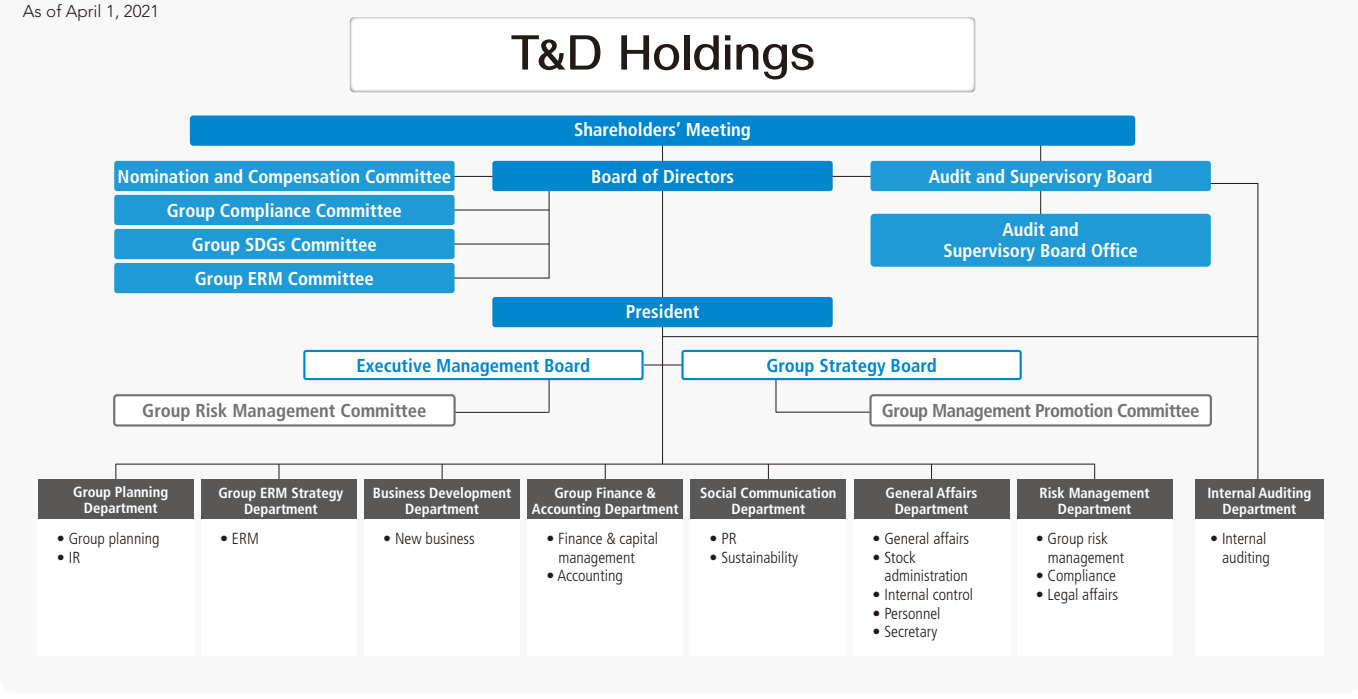
Corporate Overview

As of March 31, 2021

Company Name	T&D Holdings, Inc.
Date of Establishment	April 1, 2004
Location of Headquarters	2-7-1, Nihonbashi, Chuo-ku, Tokyo 103-6031, Japan Tel: +81-(0)3-3272-6110 Fax: +81-(0)3-3272-6552
Type of Business	Management control of life insurance subsidiaries under the Insurance Business Act of Japan and other laws and regulations, and other businesses associated with the above
Paid-in Capital	207,111.86 million yen
Security Code	8795
Stock Exchange Listings	Tokyo Stock Exchange (First Section)
Number of Common Stocks Issued	633,000,000 shares
Number of Employees	118

Organizational Structure

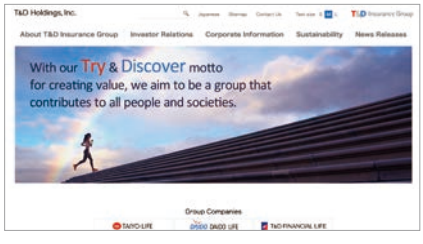
As of April 1, 2021



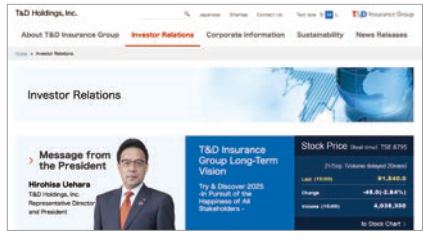
Websites

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/



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

