

FINANCIAL SUMMARY

(For the nine months ended December 31, 2016)

<under Japanese GAAP>

February 14, 2017

Name of Company: **T&D Holdings, Inc.**
 Stock Listings: Tokyo
 Security Code No.: 8795
 Head Office: Tokyo, Japan
 URL: <http://www.td-holdings.co.jp/en/>
 Projected Filing Date of Quarterly Securities Report: February 14, 2017
 Projected Starting Date of Dividend Distribution: -
 Supplemental Information for Quarterly Financial Statements: Available
 Holding of Quarterly Financial Results Meeting: Yes (for institutional investors and analysts) IR Conference Call

1. Consolidated Operating Results for the Nine Months Ended December 31, 2016 (April 1, 2016 - December 31, 2016)

(1) Results of Operations

Note: Amounts of less than one million yen are omitted, and percentages have been rounded to the nearest percent. % changes are presented in comparison with the same term of the previous year.

	Ordinary Revenues	% change	Ordinary Profit	% change	Profit Attributable to Owners of Parent	% change
Nine months ended December 31, 2016	¥1,439,051 million	(4.1)	¥132,867 million	(1.5)	¥65,888 million	6.2
Nine months ended December 31, 2015	¥1,500,801 million	(18.2)	¥134,884 million	(0.8)	¥62,024 million	(18.0)

Note: Comprehensive income was ¥ (51,927) million (- %) for the nine months ended December 31, 2016, and ¥ (32,563) million (- %) for the nine months ended December 31, 2015.

	Net Income per Share	Net Income per Share (Fully Diluted)
Nine months ended December 31, 2016	¥103.05	¥101.12
Nine months ended December 31, 2015	¥94.67	¥93.34

(2) Financial Conditions

	Total Assets	Net Assets	Equity Ratio
As of December 31, 2016	¥14,999,243 million	¥1,119,448 million	7.4%
As of March 31, 2016	¥14,674,207 million	¥1,214,061 million	8.2%

Note: Equity was ¥1,115,574 million as of December 31, 2016, and ¥1,210,540 million as of March 31, 2016.

2. Dividends

	Dividends per Share				
	First Quarter-End	Second Quarter-End	Third Quarter-End	Year-End	Annual
Year ended March 31, 2016	-	¥0.00	-	¥30.00	¥30.00
Year ending March 31, 2017	-	¥15.00	-	-	-
Year ending March 31, 2017 (Forecast)	-	-	-	¥17.50	¥32.50

Note: Revisions to previously announced dividend forecasts: Yes.

3. Consolidated Forecasts for the Year Ending March 31, 2017 (April 1, 2016 - March 31, 2017)

Note: % changes are presented in comparison with the same term of the previous year.

	Ordinary Revenues	Ordinary Profit	Profit Attributable to Owners of Parent	Net Income per Share
Year ending March 31, 2017	¥1,750,000 million (13.6)%	¥164,000 million (4.3)%	¥73,000 million 0.6%	¥112.52

Note: Revisions to previously announced financial forecasts: None.

4. Notes

- (1) Changes in Consolidated Subsidiaries (Change in Scope of Consolidation): None
- (2) Adoption of special accounting method for quarterly financial reporting: None
- (3) Changes in Accounting Policies, Accounting Estimates and Restatement of Corrections:
 - 1. Changes in accounting policies due to the revision of accounting standards and other regulations: Yes
 - 2. Changes in accounting policies other than 1. above: None
 - 3. Changes in accounting estimates: None
 - 4. Restatement of corrections: NoneFor details, please refer to the Appendix of this material page 2 “1. (3) Changes in Accounting Policies, Accounting Estimates and Restatement of Corrections.”
- (4) Number of Outstanding Shares (Common Stock)
 - 1. Number of outstanding shares including treasury stock at the end of the term: as of December 31, 2016: 681,480,000
as of March 31, 2016: 681,480,000
 - 2. Number of treasury stock at the end of the term: as of December 31, 2016: 46,167,762
as of March 31, 2016: 32,723,022
 - 3. Average number of outstanding shares during the term: for the nine months ended December 31, 2016: 639,388,134
for the nine months ended December 31, 2015: 655,144,652

***Information regarding the implementation of interim audit procedure**

This “FINANCIAL SUMMARY” (Quarterly “Tanshin”) is not subject to the quarterly review procedure by external auditors that is based on Financial Instruments and Exchange Act. T&D Holdings will receive the quarterly review report which will be attached to the quarterly securities report based on Financial Instruments and Exchange Act, today.

The forecasts for the year ending March 31, 2017 reflect the Company’s current analysis of existing information and trends. T&D Holdings offers no assurance that the forecasts will be realized. Actual results may differ from expectations based on risks and uncertainties that may affect the Company’s businesses.

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*Supplementary materials for quarterly financial statements are available on T&D Holdings' website.

1. Summary Information (Notes)

(1) Changes in Consolidated Subsidiaries (Changes in Scope of Consolidation)

None

(2) Adoption of Accounting Methods Specific to Preparation for Quarterly Consolidated Financial Statements

None

(3) Changes in Accounting Policies, Accounting Estimates and Restatement of Corrections

(Changes in accounting policies)

In accordance with revisions to the Corporation Tax Act, the Company has applied “Practical Solution on a Change in Depreciation Method due to Tax Reform 2016” (ASBJ Practical Issues Task Force (PITF) No. 32, issued on June 17, 2016) from the beginning of the subject fiscal year, and changed the method for the depreciation of facilities attached to buildings and structures acquired on or after April 1, 2016, from the declining-balance method to the straight-line method.

The effect of this change on the profit and loss is negligible.

2. Unaudited Consolidated Financial Statements

(1) Unaudited Consolidated Balance Sheet

	(Millions of yen)	
	As of March 31, 2016	As of December 31, 2016
Assets:		
Cash and deposits	1,024,692	841,703
Call loans	2,673	11,404
Monetary claims purchased	269,668	136,650
Monetary trusts	525,902	566,057
Securities	10,492,605	11,217,137
Loans	1,767,891	1,681,676
Tangible fixed assets	315,475	310,776
Intangible fixed assets	24,027	25,289
Due from agencies	746	719
Due from reinsurers	691	2,529
Other assets	251,286	171,448
Deferred tax assets	602	35,798
Reserve for possible loan losses	(2,057)	(1,945)
Total assets	14,674,207	14,999,243
Liabilities:		
Policy reserves	12,892,482	13,018,838
Reserve for outstanding claims	67,914	59,480
Policy reserve	12,719,256	12,856,807
Reserve for policyholder dividends	105,311	102,550
Due to agencies	630	313
Due to reinsurers	641	1,040
Short-term debenture	2,999	2,999
Bonds	50,125	50,102
Other liabilities	252,087	546,235
Reserve for bonuses to directors and audit & supervisory board members	281	201
Net defined benefit liability	59,730	56,907
Reserve for directors' and audit & supervisory board members' retirement benefits	78	50
Reserves under the special laws	175,759	197,664
Reserve for price fluctuations	175,759	197,664
Deferred tax liabilities	19,894	7
Deferred tax liabilities on land revaluation	5,434	5,434
Total liabilities	13,460,145	13,879,795
Net assets:		
Capital stock	207,111	207,111
Capital surplus	194,550	194,522
Retained earnings	422,422	451,703
Treasury stock	(48,876)	(62,758)
Total stockholders' equity	775,208	790,578
Net unrealized gains (losses) on available-for-sale securities	487,200	367,822
Deferred gains (losses) on hedging instruments	(8,601)	(7,156)
Land revaluation	(43,288)	(35,672)
Foreign currency translation adjustments	21	2
Total accumulated other comprehensive income	435,331	324,995
Subscription rights to shares	926	1,178
Non-controlling interests	2,595	2,695
Total net assets	1,214,061	1,119,448
Total liabilities and net assets	14,674,207	14,999,243

(2) Unaudited Consolidated Statement of Operation and Unaudited Consolidated Statement of Comprehensive Income

Unaudited Consolidated Statement of Operation

(Millions of yen)

	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Ordinary revenues	1,500,801	1,439,051
Income from insurance premiums	1,166,006	1,076,280
Investment income	277,114	307,933
Interest, dividends and income from real estate for rent	219,032	203,783
Gains from monetary trusts, net	2,014	4,650
Gains on sales of securities	48,550	91,935
Gains on redemption of securities	3,198	-
Foreign exchange gains, net	1,396	663
Reversal of reserve for possible loan losses	83	109
Other investment income	1,676	1,729
Gains on separate accounts, net	1,161	5,061
Other ordinary income	57,645	54,837
Equity in earnings of affiliates	36	-
Ordinary expenses	1,365,917	1,306,184
Insurance claims and other payments	1,007,844	878,413
Insurance claims	293,458	269,160
Annuity payments	272,637	230,144
Insurance benefits	117,588	107,583
Surrender payments	269,717	233,178
Other payments	54,441	38,347
Provision for policy and other reserves	106,735	137,573
Provision for policy reserve	106,684	137,550
Interest portion of reserve for policyholder dividends	51	22
Investment expenses	52,072	90,863
Interest expenses	755	428
Losses on investment in trading securities, net	848	162
Losses on sales of securities	10,274	39,787
Devaluation losses on securities	2,949	626
Losses from derivatives, net	23,432	35,002
Write-off of loans	4	-
Depreciation of real estate for rent	3,638	3,608
Other investment expenses	10,168	11,248
Operating expenses	148,041	147,103
Other ordinary expenses	51,223	52,220
Equity in losses of affiliates	-	8
Ordinary profit	134,884	132,867

(Millions of yen)

	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Extraordinary gains	126	279
Gains on disposal of fixed assets	3	239
State subsidy	122	39
Extraordinary losses	22,155	24,259
Losses on disposal of fixed assets	660	655
Impairment losses	4,084	1,365
Provision for reserve for price fluctuations	15,341	21,904
Head office transfer cost	1,947	-
Other extraordinary losses	120	332
Provision for reserve for policyholder dividends	24,585	24,306
Income before income taxes	88,269	84,581
Income taxes (current)	33,605	27,499
Income taxes (deferred)	(7,490)	(8,940)
Total income taxes	26,114	18,558
Profit	62,155	66,023
Profit attributable to non-controlling interests	130	134
Profit attributable to owners of parent	62,024	65,888

Unaudited Consolidated Statement of Comprehensive Income

(Millions of yen)

	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Profit	62,155	66,023
Other comprehensive income		
Net unrealized gains (losses) on available-for-sale securities	(99,814)	(119,375)
Deferred gains (losses) on hedging instruments	5,099	1,445
Foreign currency translation adjustments	(0)	(0)
Share of other comprehensive income of associates accounted for using the equity method	(4)	(20)
Total other comprehensive income	(94,718)	(117,951)
Comprehensive income	(32,563)	(51,927)
(Breakdown)		
Comprehensive income attributable to owners of the parent	(32,694)	(52,063)
Comprehensive income attributable to non-controlling interests	130	135

(3) Notes on Unaudited Consolidated Financial Statements

[Notes on Going-Concern Assumption]

Not applicable.

[Notes for Material Changes in Shareholders' Equity]

Not applicable.

[Subsequent Events]

The Company, at its board of directors meeting held on February 14, 2017, resolved the acquisition of treasury stock under the provision Article 156 of the Companies Act of Japan, as applied pursuant to Article 165, Paragraph 3 of the same, as follows:

1) Reasons for the acquisition of treasury stock

To enhance shareholder return and improve capital efficiency.

2) Details of acquisition

- | | |
|-------------------------------------|--|
| (1) Type of shares to be acquired | : Shares of common stock |
| (2) Number of shares to be acquired | : Up to 4,000,000 shares |
| (3) Total amount of acquisition | : Up to 5,000 million yen |
| (4) Period of acquisition | : From February 15, 2017, to March 31, 2017 |
| (5) Method of acquisition | : Open-market repurchase by the trust method |

3. Others

(Reference) Status of Insurance Claims Paying Ability (Consolidated Solvency Margin Ratio)

(Millions of yen)

Items	As of March 31, 2016	As of December 31, 2016
Total solvency margin (A)	2,102,712	2,018,989
Capital stock, etc.	759,218	789,223
Reserve for price fluctuations	175,759	197,664
Contingency reserve	152,903	152,211
Catastrophe loss reserve	-	-
General reserve for possible loan losses	1,482	1,390
Net unrealized gains (losses) on available-for-sale securities and deferred gains (losses) on hedging instruments (x 90 percent, if gains; x 100 percent, if losses)	590,290	442,625
Net unrealized gains (losses) on land (x 85 percent, if gains; x 100 percent, if losses)	16,802	23,435
The total amount of unrecognized actuarial gains and losses and unrecognized past service costs (prior to tax effect deduction)	-	-
Excess amount of policy reserve based on Zillmer method	196,715	201,062
Unallotted portion of reserve for policyholder dividends	16,891	16,202
Deferred tax assets	142,638	147,029
Subordinated debt	50,000	50,000
The amount of non-margin portions in excess amount of policy reserve based on Zillmer method and subordinated debts	-	-
Margin of small-amount short-term insurance company	305	383
Deductible items	(294)	(2,239)
Total risk $[(R_1^2 + R_5^2)^{1/2} + R_8 + R_9]^2 + (R_2 + R_3 + R_7)^2)^{1/2} + R_4 + R_6$ (B)	363,834	342,786
Insurance risk R1	46,671	46,357
General insurance risk R5	-	-
Catastrophe risk R6	-	-
Third Sector insurance risk R8	14,363	15,196
Insurance risk of small-amount short-term insurance company R9	492	593
Assumed investment yield risk R2	67,926	65,156
Minimum guarantee risk R7	3,084	2,047
Investment risk R3	279,224	261,940
Business risk R4	8,235	7,825
Consolidated solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	1,155.8%	1,177.9%

Notes:

1. The above figures as of March 31, 2016 are calculated in accordance with the Articles 210.11.3 and 210.11.4 of the Ordinance for Enforcement of the Insurance Business Act as well as the Notification No. 23 issued by the Financial Services Agency in 2011. The above figures as of December 31, 2016 are calculated using a reasonable method based on the regulatory rules described above.
2. "Capital stock, etc." represents net assets on the balance sheet less total accumulated other comprehensive income and estimated appropriation paid in cash.
3. "Margin of small-amount short-term insurance company" represents catastrophe loss reserve of small-amount short-term insurance company.
4. "Minimum guarantee risk" is calculated using the standard method regulated by the FSA.