

# FINANCIAL SUMMARY

(For the three months ended June 30, 2015)

<under Japanese GAAP>

August 10, 2015

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: August 10, 2015  
 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 Three Months Ended June 30, 2015 (April 1, 2015 - June 30, 2015)

### (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 |
|----------------------------------|-------------------|----------|-----------------|----------|-----------------------------------------|----------|
| Three months ended June 30, 2015 | ¥558,730 million  | (4.9)    | ¥43,763 million | (5.6)    | ¥21,424 million                         | (20.6)   |
| Three months ended June 30, 2014 | ¥587,267 million  | 12.4     | ¥46,373 million | (1.5)    | ¥26,988 million                         | 22.7     |

Note: Comprehensive income: ¥1,408 million for the three months ended June 30, 2015; ¥73,381 million for the three months ended June 30, 2014.

|                                  | Net Income per Share | Net Income per Share (Fully Diluted) |
|----------------------------------|----------------------|--------------------------------------|
| Three months ended June 30, 2015 | ¥32.23               | ¥32.04                               |
| Three months ended June 30, 2014 | ¥40.18               | ¥40.15                               |

### (2) Financial Conditions

|                      | Total Assets        | Net Assets         | Equity Ratio |
|----------------------|---------------------|--------------------|--------------|
| As of June 30, 2015  | ¥14,962,464 million | ¥1,316,577 million | 8.8%         |
| As of March 31, 2015 | ¥14,664,705 million | ¥1,344,950 million | 9.1%         |

Note: Equity: as of June 30, 2015: ¥1,313,447 million; as of March 31, 2015: ¥1,341,738 million

## 2. Dividends

|                                       | Dividends per Share |                    |                   |          |        |
|---------------------------------------|---------------------|--------------------|-------------------|----------|--------|
|                                       | First Quarter-End   | Second Quarter-End | Third Quarter-End | Year-End | Annual |
| Year ended March 31, 2015             | -                   | -                  | -                 | ¥25.00   | ¥25.00 |
| Year ending March 31, 2016            | -                   | -                  | -                 | -        | -      |
| Year ending March 31, 2016 (Forecast) | -                   | -                  | -                 | ¥25.00   | ¥25.00 |

Note: Revisions to previously announced dividend forecasts: None

## 3. Consolidated Forecasts for the Year Ending March 31, 2016 (April 1, 2015 - March 31, 2016)

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

|                            | Ordinary Revenues          | Ordinary Profit          | Profit Attributable to Owners of Parent | Profit Attributable to Owners of Parent per Share |
|----------------------------|----------------------------|--------------------------|-----------------------------------------|---------------------------------------------------|
| Year ending March 31, 2016 | ¥1,870,000 million (22.5%) | ¥167,000 million (11.6%) | ¥78,000 million (17.2%)                 | ¥117.32                                           |

Note: Revisions to previously announced financial forecasts: None

#### 4. 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:
  1. Changes in accounting policies due to the revision of accounting standards and other regulations: Applicable
  2. Other changes in accounting policies: None
  3. Changes in accounting estimates: None
  4. Restatement of corrections: None
- (4) Number of Outstanding Shares (Common Stock)
  1. Number of outstanding shares including treasury stock at the end of the term: as of June 30, 2015: 681,480,000  
as of March 31, 2015: 681,480,000
  2. Number of treasury stock at the end of the term: as of June 30, 2015: 23,534,273  
as of March 31, 2015: 16,632,735
  3. Average number of outstanding shares during the term: for the three months ended June 30, 2015: 664,710,407  
for the three months ended June 30, 2014: 671,635,075

\*Information regarding the implementation of quarterly review 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, 2016 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)

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

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

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

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

## 2. Unaudited Consolidated Financial Statements

### (1) Unaudited Consolidated Balance Sheet

|                                                                                   | (Millions of yen)       |                        |
|-----------------------------------------------------------------------------------|-------------------------|------------------------|
|                                                                                   | As of<br>March 31, 2015 | As of<br>June 30, 2015 |
| <b>Assets:</b>                                                                    |                         |                        |
| Cash and deposits                                                                 | 334,191                 | 640,481                |
| Call loans                                                                        | 329,876                 | 254,957                |
| Monetary claims purchased                                                         | 339,927                 | 289,993                |
| Monetary trusts                                                                   | 437,622                 | 477,473                |
| Securities                                                                        | 10,847,399              | 10,958,834             |
| Loans                                                                             | 1,863,837               | 1,838,269              |
| Tangible fixed assets                                                             | 301,158                 | 307,945                |
| Intangible fixed assets                                                           | 21,068                  | 21,712                 |
| Due from agencies                                                                 | 746                     | 683                    |
| Due from reinsurers                                                               | 405                     | 358                    |
| Other assets                                                                      | 190,196                 | 173,426                |
| Deferred tax assets                                                               | 501                     | 438                    |
| Reserve for possible loan losses                                                  | (2,225)                 | (2,109)                |
| <b>Total assets</b>                                                               | <b>14,664,705</b>       | <b>14,962,464</b>      |
| <b>Liabilities:</b>                                                               |                         |                        |
| Policy reserves                                                                   | 12,707,957              | 12,722,186             |
| Reserve for outstanding claims                                                    | 73,102                  | 65,436                 |
| Policy reserve                                                                    | 12,524,934              | 12,549,214             |
| Reserve for policyholder dividends                                                | 109,920                 | 107,535                |
| Due to agencies                                                                   | 1,009                   | 894                    |
| Due to reinsurers                                                                 | 554                     | 696                    |
| Short-term debenture                                                              | 2,999                   | 2,999                  |
| Bonds                                                                             | 51,100                  | 81,247                 |
| Other liabilities                                                                 | 248,940                 | 536,321                |
| Reserve for bonus to directors and audit & supervisory board members              | 243                     | 74                     |
| Net defined benefit liability                                                     | 50,271                  | 50,476                 |
| Reserve for directors' and audit & supervisory board members' retirement benefits | 67                      | 70                     |
| Reserve for price fluctuations                                                    | 155,190                 | 160,288                |
| Deferred tax liabilities                                                          | 95,824                  | 85,032                 |
| Deferred tax liabilities on land revaluation                                      | 5,598                   | 5,598                  |
| <b>Total liabilities</b>                                                          | <b>13,319,755</b>       | <b>13,645,887</b>      |
| <b>Net assets:</b>                                                                |                         |                        |
| Common stock                                                                      |                         |                        |
| Authorized - 1,932,000,000 shares                                                 |                         |                        |
| Issued - 681,480,000 shares                                                       | 207,111                 | 207,111                |
| Capital surplus                                                                   | 194,586                 | 194,570                |
| Retained earnings                                                                 | 366,747                 | 371,385                |
| Treasury stock                                                                    | (19,008)                | (32,030)               |
| <b>Total stockholders' equity</b>                                                 | <b>749,436</b>          | <b>741,037</b>         |
| Net unrealized gains (losses) on securities                                       | 649,716                 | 624,257                |
| Deferred gains (losses) on hedging instruments                                    | (13,741)                | (8,339)                |
| Land revaluation                                                                  | (43,694)                | (43,528)               |
| Foreign currency translation adjustments                                          | 21                      | 21                     |
| <b>Total accumulated other comprehensive income</b>                               | <b>592,301</b>          | <b>572,410</b>         |
| Subscription rights to shares                                                     | 746                     | 673                    |
| Minority interests                                                                | 2,465                   | 2,456                  |
| <b>Total net assets</b>                                                           | <b>1,344,950</b>        | <b>1,316,577</b>       |
| <b>Total liabilities and net assets</b>                                           | <b>14,664,705</b>       | <b>14,962,464</b>      |

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

### Unaudited Consolidated Statement of Operation

(Millions of yen)

|                                                          | Three months ended<br>June 30, 2014 | Three months ended<br>June 30, 2015 |
|----------------------------------------------------------|-------------------------------------|-------------------------------------|
| <b>Ordinary revenues</b>                                 | 587,267                             | 558,730                             |
| Income from insurance premiums                           | 483,828                             | 431,871                             |
| Investment income                                        | 82,405                              | 103,215                             |
| Interest, dividends and income from real estate for rent | 68,641                              | 70,093                              |
| Gains from monetary trusts, net                          | -                                   | 153                                 |
| Gains on investment in trading securities, net           | 239                                 | 2,407                               |
| Gains on sales of securities                             | 5,586                               | 23,934                              |
| Gains on redemption of securities                        | -                                   | 958                                 |
| Foreign exchange gains, net                              | -                                   | 260                                 |
| Reversal of reserve for possible loan losses             | 78                                  | 115                                 |
| Other investment income                                  | 1,948                               | 536                                 |
| Gains on separate accounts, net                          | 5,910                               | 4,756                               |
| Other ordinary income                                    | 21,029                              | 23,634                              |
| Equity in net income of affiliated companies             | 3                                   | 9                                   |
| <b>Ordinary expenses</b>                                 | 540,893                             | 514,967                             |
| Insurance claims and other payments                      | 383,955                             | 398,012                             |
| Insurance claims                                         | 114,324                             | 130,263                             |
| Annuity payments                                         | 119,022                             | 99,072                              |
| Insurance benefits                                       | 47,286                              | 44,807                              |
| Surrender payments                                       | 87,808                              | 109,673                             |
| Other payments                                           | 15,513                              | 14,196                              |
| Provision for policy and other reserves                  | 81,126                              | 24,302                              |
| Provision for policy reserve                             | 81,098                              | 24,279                              |
| Interest portion of reserve for policyholder dividends   | 27                                  | 22                                  |
| Investment expenses                                      | 8,013                               | 24,753                              |
| Interest expenses                                        | 572                                 | 311                                 |
| Losses from monetary trusts, net                         | 995                                 | -                                   |
| Losses on sales of securities                            | 1,259                               | 3,445                               |
| Devaluation losses on securities                         | 198                                 | 89                                  |
| Losses from derivatives, net                             | 455                                 | 16,293                              |
| Foreign exchange losses, net                             | 190                                 | -                                   |
| Write-off of loans                                       | 13                                  | 2                                   |
| Depreciation of real estate for rent                     | 1,143                               | 1,192                               |
| Other investment expenses                                | 3,184                               | 3,419                               |
| Operating expenses                                       | 49,550                              | 50,074                              |
| Other ordinary expenses                                  | 18,247                              | 17,825                              |
| <b>Ordinary profit</b>                                   | 46,373                              | 43,763                              |

(Millions of yen)

|                                                         | Three months ended<br>June 30, 2014 | Three months ended<br>June 30, 2015 |
|---------------------------------------------------------|-------------------------------------|-------------------------------------|
| <b>Extraordinary gains</b>                              | 120                                 | 65                                  |
| Gains on disposal of fixed assets                       | 15                                  | 11                                  |
| State subsidy                                           | 2                                   | 53                                  |
| Compensation for transfer                               | 102                                 | -                                   |
| <b>Extraordinary losses</b>                             | 1,202                               | 5,639                               |
| Losses on disposal of fixed assets                      | 57                                  | 309                                 |
| Impairment losses                                       | 2                                   | 138                                 |
| Provision for reserve for price fluctuations            | 1,139                               | 5,097                               |
| Head office transfer cost                               | -                                   | 40                                  |
| Other extraordinary losses                              | 2                                   | 52                                  |
| <b>Provision for reserve for policyholder dividends</b> | 7,551                               | 8,091                               |
| <b>Income before income taxes</b>                       | 37,739                              | 30,097                              |
| <b>Income taxes:</b>                                    |                                     |                                     |
| Current                                                 | 10,893                              | 10,522                              |
| Deferred                                                | (178)                               | (1,891)                             |
| <b>Total income taxes</b>                               | 10,715                              | 8,630                               |
| <b>Profit</b>                                           | 27,024                              | 21,466                              |
| <b>Profit attributable to non-controlling interests</b> | 35                                  | 42                                  |
| <b>Profit attributable to owners of parent</b>          | 26,988                              | 21,424                              |

### Unaudited Consolidated Statement of Comprehensive Income

(Millions of yen)

|                                                                                            | Three months ended<br>June 30, 2014 | Three months ended<br>June 30, 2015 |
|--------------------------------------------------------------------------------------------|-------------------------------------|-------------------------------------|
| <b>Profit</b>                                                                              | 27,024                              | 21,466                              |
| <b>Other comprehensive income</b>                                                          | 46,356                              | (20,058)                            |
| Net unrealized gains (losses) on securities                                                | 47,860                              | (25,459)                            |
| Deferred gains (losses) on hedging instruments                                             | (1,501)                             | 5,402                               |
| Foreign currency translation adjustments                                                   | (0)                                 | (0)                                 |
| Share of other comprehensive income of associates<br>accounted for using the equity method | (2)                                 | (0)                                 |
| <b>Comprehensive income</b>                                                                | 73,381                              | 1,408                               |
| <b>(Comprehensive income attributable to)</b>                                              |                                     |                                     |
| Comprehensive income attributable to owners of the parent                                  | 73,344                              | 1,367                               |
| Comprehensive income attributable to non-controlling<br>interests                          | 37                                  | 41                                  |

### (3) Notes on Going-Concern Assumption

Not applicable.

### (4) Notes for Material Changes in Shareholders' Equity

Not applicable.

### 3. Others

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

(Millions of yen)

| Items                                                                                                                              | As of<br>March 31, 2015 | As of<br>June 30, 2015 |
|------------------------------------------------------------------------------------------------------------------------------------|-------------------------|------------------------|
| Total solvency margin (A)                                                                                                          | 2,290,819               | 2,282,641              |
| Common stock, etc. (less certain items)                                                                                            | 735,975                 | 739,952                |
| Reserve for price fluctuations                                                                                                     | 155,190                 | 160,288                |
| Contingency reserve                                                                                                                | 158,597                 | 156,813                |
| Catastrophe loss reserve                                                                                                           | -                       | -                      |
| General reserve for possible loan losses                                                                                           | 1,655                   | 1,562                  |
| Net unrealized gains on available-for-sale securities (before tax)<br>(x 90 per cent., if gains; x 100 per cent., if losses)       | 810,029                 | 777,196                |
| Net unrealized gains (losses) on real estate<br>(x 85 per cent., if gains; x 100 per cent., if losses)                             | (707)                   | 1,643                  |
| The total amount of unrecognized actuarial gains and losses and<br>unrecognized past service costs (prior to tax effect deduction) | -                       | -                      |
| Excess amount of policy reserve based on Zillmer method                                                                            | 179,177                 | 183,445                |
| Unallotted portion of reserve for policyholder dividends                                                                           | 17,028                  | 17,428                 |
| Deferred tax assets                                                                                                                | 135,333                 | 145,731                |
| Subordinated debt                                                                                                                  | 98,600                  | 98,600                 |
| The amount of non-margin portions in excess amount of policy<br>reserve based on Zillmer method and subordinated debts             | -                       | -                      |
| Margin of small-amount short-term insurance company                                                                                | 216                     | 237                    |
| Deductible items                                                                                                                   | (278)                   | (257)                  |
| 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)                                    | 375,326                 | 387,907                |
| Insurance risk R1                                                                                                                  | 47,399                  | 47,280                 |
| General insurance risk R5                                                                                                          | -                       | -                      |
| Catastrophe risk R6                                                                                                                | -                       | -                      |
| Third Sector insurance risk R8                                                                                                     | 13,525                  | 13,815                 |
| Insurance risk of small-amount short-term<br>insurance company R9                                                                  | 400                     | 410                    |
| Assumed investment yield risk R2                                                                                                   | 73,272                  | 71,883                 |
| Minimum guarantee risk R7                                                                                                          | 5,966                   | 4,954                  |
| Investment risk R3                                                                                                                 | 282,464                 | 297,333                |
| Business risk R4                                                                                                                   | 8,460                   | 8,713                  |
| Consolidated solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$                                                       | 1,220.7%                | 1,176.9%               |

1. The above ratios 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 ratio as of June 30, 2015 is calculated using a reasonable method based on the regulatory rules described above.

2. "Common stock, etc. (less certain items)" 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 R7" is calculated using the standard method regulated by the FSA.