

FINANCIAL SUMMARY

(For the nine months ended December 31, 2019)

<under Japanese GAAP>

February 14, 2020

Name of Company: **T&D Holdings, Inc.**
 Stock Listings: Tokyo
 Security Code No.: 8795
 Head Office: Tokyo, Japan
 URL: <https://www.td-holdings.co.jp/en/>
 Projected Filing Date of Quarterly Securities Report: February 14, 2020
 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, 2019 (April 1, 2019 - December 31, 2019)

(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 period of the previous year.

	Ordinary Revenues	% change	Ordinary Profit	% change	Profit Attributable to Owners of Parent	% change
Nine months ended December 31, 2019	¥1,643,343 million	2.8	¥91,543 million	(22.5)	¥50,808 million	(17.2)
Nine months ended December 31, 2018	¥1,597,854 million	11.6	¥118,099 million	3.1	¥61,331 million	5.4

Note: Comprehensive income was ¥140,811 million [- %] for the nine months ended December 31, 2019, and ¥ (86,501) million [- %] for the nine months ended December 31, 2018.

	Net Income per Share	Net Income per Share (Fully Diluted)
Nine months ended December 31, 2019	¥84.18	¥82.49
Nine months ended December 31, 2018	¥99.66	¥97.69

(2) Financial Conditions

	Total Assets	Net Assets	Equity Ratio
As of December 31, 2019	¥16,404,124 million	¥1,261,615 million	7.6%
As of March 31, 2019	¥15,794,711 million	¥1,159,588 million	7.3%

Reference: Equity was ¥1,254,379 million as of December 31, 2019, and ¥1,153,115 million as of March 31, 2019.

2. Dividends

	Dividends per Share				
	First Quarter-end	Second Quarter-end	Third Quarter-end	Year-end	Annual
Year ended March 31, 2019	-	¥20.00	-	¥22.00	¥42.00
Year ending March 31, 2020	-	¥22.00	-		
Year ending March 31, 2020 (Forecast)				¥22.00	¥44.00

Note: Revisions to previously announced dividend forecasts: None

3. Consolidated Earnings Forecasts for the Year Ending March 31, 2020 (April 1, 2019 - March 31, 2020)

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

	Ordinary Revenues	Ordinary Profit	Profit Attributable to Owners of Parent	Net Income per Share
Year ending March 31, 2020	¥2,110,000 million (1.4)%	¥122,000 million (17.0)%	¥64,000 million (12.1)%	¥104.58

Note: Revisions to previously announced financial forecasts: None

4. Notes

- (1) Changes in Significant Subsidiaries During the Consolidated Cumulative Quarter : None
- (2) Adoption of Special Accounting Method for the Quarterly Consolidated 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: None
 - 2. Changes in accounting policies other than 1. above: 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 shares at the end of the period:
 - As of December 31, 2019: 633,000,000
 - As of March 31, 2019: 655,000,000
 - 2. Number of treasury shares at the end of the period:
 - As of December 31, 2019: 32,313,411
 - As of March 31, 2019: 43,041,691
 - 3. Average number of outstanding shares during the period:
 - For the nine months ended December 31, 2019: 603,572,696
 - For the nine months ended December 31, 2018: 615,441,438

Note: Regarding the company's shares remaining in BIP (Board Incentive Plan) Trust which were recorded as treasury shares in shareholders' equity, 802,800 shares were included in the number of treasury shares as of December 31, 2019 (827,900 shares as of March 31, 2019), and 808,927 shares were deducted from the average number of outstanding shares for the nine months ended December 31, 2019 (363,360 shares for the nine months ended December 31, 2018).

* This "FINANCIAL SUMMARY" (Quarterly "TANSHIN") is not subject to the quarterly review.

* Explanation for the proper use of earnings forecasts and other special remarks.

Forward-looking statements made in this document, including earnings forecasts, are based on current obtained information and certain assumptions which are deemed rational by the Company. The Company offers no assurance that these statements will be realized. Actual results may differ substantially due to various factors.

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

1. Unaudited Consolidated Financial Statements and Main Notes

(1) Unaudited Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2019	As of December 31, 2019
Assets:		
Cash and deposits	824,241	693,472
Call loans	1,037	734
Monetary claims purchased	126,905	130,644
Monetary trusts	765,481	935,808
Securities	11,735,384	12,345,338
Loans	1,669,989	1,686,698
Tangible fixed assets	369,465	366,623
Intangible fixed assets	28,467	29,622
Due from agencies	691	638
Due from reinsurers	2,271	10,330
Other assets	217,452	183,831
Deferred tax assets	54,925	22,244
Reserve for possible loan losses	(1,599)	(1,864)
Total assets	15,794,711	16,404,124
Liabilities:		
Policy reserves	13,859,097	14,220,125
Reserve for outstanding claims	69,554	65,412
Policy reserve	13,706,879	14,073,538
Reserve for policyholder dividends	82,663	81,174
Due to agencies	408	1,639
Due to reinsurers	1,432	1,770
Short-term debentures	6,000	5,999
Bonds	117,035	117,012
Other liabilities	359,214	501,237
Provision for bonuses to directors and audit & supervisory board members	273	220
Provision for share-based remuneration	336	633
Net defined benefit liability	51,038	47,635
Provision for retirement benefits to directors and audit & supervisory board members	65	53
Reserves under the special laws	235,098	241,081
Reserve for price fluctuations	235,098	241,081
Deferred tax liabilities	15	117
Deferred tax liabilities on land revaluation	5,106	4,982
Total liabilities	14,635,123	15,142,509
Net assets:		
Capital stock	207,111	207,111
Capital surplus	156,740	125,316
Retained earnings	564,944	587,094
Treasury shares	(64,863)	(46,204)
Total shareholders' equity	863,933	873,318
Valuation difference on available-for-sale securities	328,020	417,508
Deferred gains (losses) on hedging instruments	(2,987)	(2,534)
Land revaluation	(35,869)	(33,925)
Foreign currency translation adjustments	18	13
Total accumulated other comprehensive income	289,181	381,061
Subscription rights to shares	1,081	876
Non-controlling interests	5,391	6,358
Total net assets	1,159,588	1,261,615
Total liabilities and net assets	15,794,711	16,404,124

(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, 2018	Nine months ended December 31, 2019
Ordinary revenues	1,597,854	1,643,343
Income from insurance premiums	1,250,871	1,320,768
Investment income	294,052	264,989
Interest, dividends and income from real estate for rent	220,895	223,944
Gains from monetary trusts, net	997	5,419
Gains on investments in trading securities, net	37	-
Gains on sales of securities	69,072	31,178
Gains on redemption of securities	1,168	-
Other investment income	1,881	1,922
Gains on separate accounts, net	-	2,524
Other ordinary income	52,929	57,586
Ordinary expenses	1,479,754	1,551,800
Insurance claims and other payments	869,982	891,838
Insurance claims	253,144	278,818
Annuity payments	210,423	208,585
Insurance benefits	104,916	107,388
Surrender payments	256,679	253,245
Other payments	44,818	43,800
Provision for policy and other reserves	324,326	366,672
Provision for policy reserve	324,312	366,659
Interest portion of reserve for policyholder dividends	13	13
Investment expenses	84,594	82,285
Interest expenses	678	692
Losses on trading securities	-	150
Losses on sales of securities	11,799	10,109
Devaluation losses on securities	3,723	2,355
Losses from derivatives, net	48,604	49,621
Foreign exchange losses, net	999	2,983
Provision for reserve for possible loan losses	21	266
Write-off of loans	9	5
Depreciation of real estate for rent	4,645	4,538
Other investment expenses	11,831	11,563
Losses on separate accounts, net	2,281	-
Operating expenses	150,746	160,206
Other ordinary expenses	50,066	50,475
Equity in losses of affiliates	37	320
Ordinary profit	118,099	91,543

(Millions of yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Extraordinary gains	170	3,453
Gains on disposal of fixed assets	147	3,385
State subsidy	23	67
Extraordinary losses	12,707	6,694
Losses on disposal of fixed assets	353	286
Impairment losses	685	356
Provision of reserve for price fluctuations	11,490	5,983
Other extraordinary losses	177	67
Provision of reserve for policyholder dividends	19,815	18,418
Income before income taxes	85,746	69,883
Income taxes (current)	27,315	21,125
Income taxes (deferred)	(2,974)	(2,110)
Total income taxes	24,340	19,014
Profit	61,406	50,868
Profit attributable to non-controlling interests	74	59
Profit attributable to owners of parent	61,331	50,808

Unaudited Consolidated Statement of Comprehensive Income

(Millions of yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Profit	61,406	50,868
Other comprehensive income:		
Valuation difference on available-for-sale securities	(149,158)	89,493
Deferred gains (losses) on hedging instruments	1,241	453
Foreign currency translation adjustments	0	(0)
Share of other comprehensive income of associates accounted for using the equity method	9	(3)
Total other comprehensive income:	(147,907)	89,942
Comprehensive income	(86,501)	140,811
(Breakdown)		
Comprehensive income attributable to owners of parent	(86,565)	140,744
Comprehensive income attributable to non-controlling interests	63	66

(3) Notes on Unaudited Consolidated Financial Statements

[Notes on Going-Concern Assumption]

Not applicable.

[Notes on Material Changes in Shareholders' Equity]

Not applicable.

[Significant Subsequent Events]

The Company issued domestic subordinated unsecured bonds resolved by board of directors on November 28, 2019, and hereby notifies as follows:

1. Name of bond	T&D Holdings, Inc., Second Series of Domestic Subordinated Unsecured Bonds with Interest Deferral Option and Early Redemption Option	T&D Holdings, Inc., Third Series of Domestic Subordinated Unsecured Bonds with Interest Deferral Option and Early Redemption Option
2. Principal amount	¥30 billion	¥40 billion
3. Denomination	¥100 million	
4. Interest rate	From the day immediately following January 30, 2020 until February 4, 2025: 0.69% per annum From the day immediately following February 4, 2025 until February 4, 2030: 6-month Japanese yen LIBOR plus 0.64% From the day immediately following February 4, 2030: 6-month Japanese yen LIBOR plus 1.64%	From the day immediately following January 30, 2020 until February 4, 2030: 0.94% per annum From the day immediately following February 4, 2030: 6-month Japanese yen LIBOR plus 1.80%
5. Issue price	¥100 per amount of ¥100 of each bond	
6. Redemption price	¥100 per amount of ¥100 of each bond	
7. Maturity date	February 4, 2050 (30 year-bonds) The Company may, at its discretion, redeem the bond (i) on any interest payment date on and after February 4, 2025 or (ii) upon the occurrence and continuation of a regulatory event, a tax deductibility event or a rating agency event on and after January 30, 2020, subject to a prior approval of the regulatory authority.	February 4, 2050 (30 year-bonds) The Company may, at its discretion, redeem the bond (i) on any interest payment date on and after February 4, 2030 or (ii) upon the occurrence and continuation of a regulatory event, a tax deductibility event or a rating agency event on and after January 30, 2020, subject to a prior approval of the regulatory authority.
8. Interest payment dates	February 4 and August 4 of each year	
9. Subscription period	January 24, 2020	
10. Payment date	January 30, 2020	
11. Subordination	As to the payment of debt in the Company's liquidation proceedings, the bonds shall be subordinated to its senior indebtedness, rank substantially <i>pari passu</i> with its liquidation parity securities and preferred stock, and be senior to its common stock.	
12. Use of funds	Proceeds were applied to funds and subordinated loans on consolidated subsidiary T&D United Capital at the end of January 2020. These are supposed to be applied by T&D United Capital to acquire the proprietary interest in Fortitude Group Holdings, LLC which is a closed book insurer in USA and to fund for other long term investments and working capitals.	