

Consolidated Financial Summary (for the three months ended June 30, 2016)

July 29, 2016

Company Name: Tokai Tokyo Financial Holdings, Inc.
 Stock Listings: First sections of the Tokyo Stock Exchange and Nagoya Stock Exchange
 Stock Code: 8616 URL <http://www.tokaitokyo-fh.jp/>
 Representative: Tateaki Ishida, President & CEO
 Contact: Tetsuji Oono
 General Manager - Finance Planning Department
 Telephone: (03) 3517-8391

Expected date for submission of quarterly report: August 9, 2016
 Scheduled day of commencing dividend payment: —
 Quarterly earnings supplementary explanatory documents: Available
 Quarterly results briefing planned: None

(Figures are rounded down to the nearest one million yen and those in parentheses are negative figures.)

1. Consolidated Financial Results for the Three Months Ended June 30, 2016**(1) Consolidated Results of Operation**

(Figures in percentages denote the year-on-year change.)

	Operating revenue		Net operating revenue		Operating income		Ordinary income		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%
Three months ended										
June 30, 2016	14,642	(29.3)	14,289	(29.9)	1,099	(81.0)	1,512	(77.2)	1,455	(71.8)
June 30, 2015	20,702	7.5	20,395	8.0	5,797	10.6	6,625	5.6	5,155	20.7

(Note) Comprehensive income Three-month period ended June 30, 2016: (19) million yen [—%]
 Three-month period ended June 30, 2015: 7,559 million yen [82.8%]

	Net income per share	Diluted net income per share
	yen	yen
Three months ended		
June 30, 2016	5.52	5.52
June 30, 2015	19.33	19.30

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
As of				
June 30, 2016	641,555	150,996	23.2	566.70
March 31, 2016	568,548	155,204	26.9	580.16

(Reference) Shareholders' equity June 30, 2016: 148,982 million yen March 31, 2016: 153,089 million yen

2. Dividends

(Base date)	Dividend per share				
	End of first quarter	End of second quarter	End of third quarter	End of year	Annual
Fiscal year	yen	yen	yen	yen	yen
Ended March 31, 2016	—	14.00	—	14.00	28.00
Ending March 31, 2017	—				
Ending March 31, 2017 (Forecast)		—	—	—	—

(Note) 1) Revision to the dividend forecast that has been disclosed lastly: None

2) Dividend forecast for the fiscal year ending March 31, 2017 has not been determined.

3. Forecast of Consolidated Operating Results for Fiscal 2016 (from April 1, 2016 to March 31, 2017)

The Group operates principally in the financial instruments business, and its operating results are likely to be affected by market fluctuations. Due to such nature of its business and consequential difficulty in predicting its performance, the Group does not disclose the forecast of operating results.

* Notes

(1) Important Changes in Subsidiaries during the Term (Changes Pursuant to the Subsidiaries that Lead to a Change in the Scope of Consolidation): None

New : None

Exclusion : None

(2) Application of Special Accounting Treatments in Preparing Quarterly Consolidated Financial Statements: None

(3) Changes in Accounting Policies or Estimates and Retrospective Restatements

1) Changes in accounting policies in accordance with revision of accounting standards: Yes

2) Changes in accounting policies other than item 1) above: None

3) Change in accounting estimates: None

4) Retrospective restatements: None

(4) Number of Shares Issued (Common Stock)

1) Number of shares issued at the end of the term including treasury stock (shares)

As of June 30, 2016:	280,582,115	As of March 31, 2016:	280,582,115
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2) Number of treasury stock at the end of the term (shares)

As of June 30, 2016:	17,686,798	As of March 31, 2016:	16,706,568
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3) Average number of shares outstanding (for the three months)

Three months ended June 30, 2016:	263,553,041	Three months ended June 30, 2015:	266,737,053
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* Quarterly review procedure implementation progress status

This quarterly earnings report is exempt from the quarterly review procedure that is required under the Financial Instruments and Exchanges Act. At the time of the disclosure of this Consolidated Financial Summary, we have not finished the review procedure process.

* Note to proper use of forecast of operating results and other special remarks

Dividends for the fiscal year ending March 31, 2017 have not been determined because it is difficult to forecast operating results, as described similarly in "3.Forecast of Consolidated Operating Results for Fiscal 2016."

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Unit: million yen)

	As of March 31, 2016	As of June 30, 2016
Assets		
Current assets		
Cash and deposits	45,204	43,349
Cash segregated as deposits	28,711	29,006
Cash segregated as deposits for customers	27,905	28,301
Cash segregated as deposits for others	806	705
Trading products	259,234	271,530
Trading securities and other	255,620	263,902
Derivatives	3,613	7,628
Margin transaction assets	41,375	35,301
Loans on margin transactions	31,714	26,638
Cash collateral pledged for securities borrowing on margin transactions	9,660	8,662
Loans secured by securities	134,042	203,823
Cash collateral pledged for securities borrowed	134,042	203,823
Advances paid	76	100
Short-term guarantee deposits	11,696	12,202
Short-term loans receivable	115	143
Accrued income	1,944	1,706
Deferred tax assets	208	341
Other	2,680	2,478
Allowance for doubtful accounts	(31)	(26)
Total current assets	525,258	599,958
Noncurrent assets		
Property, plant and equipment	10,203	10,163
Intangible assets	2,426	2,451
Investments and other assets	30,660	28,982
Investment securities	25,071	23,359
Long-term guarantee deposits	2,089	2,095
Net defined benefit asset	2,697	2,770
Other	2,138	1,177
Allowance for doubtful accounts	(1,335)	(420)
Total noncurrent assets	43,290	41,597
Total assets	568,548	641,555

(Unit: million yen)

	As of March 31, 2016	As of June 30, 2016
Liabilities		
Current liabilities		
Trading products	137,111	254,546
Trading securities and other	129,790	246,918
Derivatives	7,321	7,627
Trade date accrual	15,261	3,566
Margin transaction liabilities	5,708	6,476
Borrowings on margin transactions	3,733	4,650
Cash received for securities lending on margin transactions	1,975	1,825
Loans payable secured by securities	68,538	31,928
Cash received on debt credit transaction of securities	68,538	31,928
Deposits received	18,852	27,480
Guarantee deposits received	10,605	11,160
Short-term loans payable	81,052	74,589
Short-term bonds payable	9,800	10,300
Current portion of bonds	35,855	34,511
Income taxes payable	533	207
Provision for bonuses	1,721	694
Provision for directors' bonuses	41	12
Other	3,575	4,463
Total current liabilities	388,658	459,935
Noncurrent liabilities		
Bonds payable	1,950	1,730
Long-term loans payable	19,700	25,700
Deferred tax liabilities	470	834
Provision for directors' retirement benefits	83	97
Net defined benefit liability	465	471
Other	1,576	1,360
Total noncurrent liabilities	24,245	30,193
Reserves under special laws		
Reserve for financial products transaction liabilities	440	430
Total reserves under special laws	440	430
Total liabilities	413,344	490,559
Net assets		
Shareholders' equity		
Capital stock	36,000	36,000
Capital surplus	33,473	33,472
Retained earnings	85,537	83,298
Treasury stock	(6,390)	(6,873)
Total shareholders' equity	148,619	145,897
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,026	903
Foreign currency translation adjustment	(10)	(260)
Remeasurements of defined benefit plans	2,454	2,442
Total accumulated other comprehensive income	4,469	3,085
Subscription rights to shares	327	362
Non-controlling interests	1,787	1,651
Total net assets	155,204	150,996
Total liabilities and net assets	568,548	641,555

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Three months ended June 30)

(Unit: million yen)

	Three months ended June 30, 2015	Three months ended June 30, 2016
Operating revenue		
Commission received	11,046	7,271
Commission to consignees	5,078	3,748
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	116	112
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	4,270	1,848
Other fees received	1,581	1,561
Net trading income	8,719	6,671
Financial revenue	936	699
Total operating revenue	20,702	14,642
Financial expenses	306	352
Net operating revenue	20,395	14,289
Selling, general and administrative expenses		
Trading related expenses	3,419	2,654
Personal expenses	6,983	6,046
Real estate expenses	1,485	1,626
Office cost	1,578	1,675
Depreciation	448	454
Taxes and dues	233	266
Provision of allowance for doubtful accounts	0	—
Other	448	467
Total selling, general and administrative expenses	14,597	13,190
Operating income	5,797	1,099
Non-operating income		
Dividend income	191	141
Rent income	146	147
Share of profit of entities accounted for using equity method	465	78
Gain on investments in partnership	0	—
Other	47	55
Total non-operating income	851	421
Non-operating expenses		
Foreign exchange losses	22	—
Other	1	8
Total non-operating expenses	23	8
Ordinary income	6,625	1,512

(Unit: million yen)

	Three months ended June 30, 2015	Three months ended June 30, 2016
Extraordinary income		
Gain on sales of investment securities	794	566
Reversal of reserve for financial products transaction liabilities	—	10
Total extraordinary income	794	576
Extraordinary loss		
Loss on sales of investment securities	2	0
Loss on valuation of investment securities	—	0
Provision of reserve for financial products transaction liabilities	29	—
Total extraordinary loss	31	0
Income before income taxes	7,388	2,088
Income taxes-current	890	4
Income taxes-deferred	1,211	717
Total income taxes	2,101	722
Profit	5,287	1,365
Profit (loss) attributable to non-controlling interests	131	(89)
Profit attributable to owners of the parent	5,155	1,455

Consolidated Statements of Comprehensive Income
(Three months ended June 30)

(Unit: million yen)

	Three months ended June 30, 2015	Three months ended June 30, 2016
Profit	5,287	1,365
Other comprehensive income		
Valuation difference on available-for-sale securities	2,413	(1,123)
Foreign currency translation adjustment	(82)	(249)
Remeasurements of defined benefit plans	(58)	(11)
Total other comprehensive income	2,272	(1,385)
Comprehensive income	7,559	(19)
(Comprehensive income attributable to)		
Owners of the parent	7,426	71
Non-controlling interests	132	(90)

Supplementary Information

(1) Breakdown of Commissions and Trading profit and loss

① Commission received

(i) By item

(Unit: million yen)

	Three months ended June 30, 2015	Three months ended June 30, 2016	Yr/Yr	
			Increase (Decrease)	% change
Commission to consignees	5,078	3,748	(1,329)	(26.2) %
Stocks	4,848	3,454	(1,393)	(28.7)
Bonds	7	7	(0)	(5.1)
Beneficiary certificates	222	286	64	28.8
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	116	112	(3)	(3.1)
Stocks	12	22	10	87.0
Bonds	103	89	(14)	(13.6)
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	4,270	1,848	(2,421)	(56.7)
Beneficiary certificates	4,258	1,810	(2,448)	(57.5)
Other fees received	1,581	1,561	(19)	(1.2)
Beneficiary certificates	1,201	986	(215)	(17.9)
Total	11,046	7,271	(3,775)	(34.2)

(ii) By product

(Unit: million yen)

	Three months ended June 30, 2015	Three months ended June 30, 2016	Yr/Yr	
			Increase (Decrease)	% change
Stocks	4,868	3,492	(1,376)	(28.3) %
Bonds	125	136	11	9.5
Beneficiary certificates	5,683	3,083	(2,600)	(45.8)
Others	369	558	189	51.4
Total	11,046	7,271	(3,775)	(34.2)

② Net trading income

(Unit: million yen)

	Three months ended June 30, 2015	Three months ended June 30, 2016	Yr/Yr	
			Increase (Decrease)	% change
Stocks	4,828	1,246	(3,582)	(74.2) %
Bonds and Forex	3,890	5,424	1,534	39.4
Total	8,719	6,671	(2,047)	(23.5)

(2) Comparative Quarterly Consolidated Statements of Income

(Unit: million yen)

	Fiscal 2015				Fiscal 2016
	1st quarter Apr. 1, 2015 - Jun. 30, 2015	2nd quarter Jul. 1, 2015 - Sep. 30, 2015	3rd quarter Oct. 1, 2015 - Dec. 31, 2015	4th quarter Jan. 1, 2016 - Mar. 31, 2016	1st quarter Apr. 1, 2016 - Jun. 30, 2016
Operating revenue					
Commission received	11,046	7,962	8,125	7,133	7,271
Commission to consignees	5,078	4,047	4,162	3,250	3,748
(Stocks)	4,848	3,694	3,757	2,849	3,454
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	116	116	323	327	112
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	4,270	2,190	2,026	1,994	1,848
(Beneficiary certificates)	4,258	2,181	2,013	1,983	1,810
Other fees received	1,581	1,607	1,613	1,560	1,561
(Beneficiary certificates)	1,201	1,184	1,124	1,009	986
Net trading income	8,719	7,300	7,576	6,732	6,671
(Stocks)	4,828	2,678	3,143	1,040	1,246
(Bonds and Forex)	3,890	4,621	4,433	5,692	5,424
Financial revenue	936	655	764	631	699
Total operating revenue	20,702	15,918	16,467	14,496	14,642
Financial expenses	306	276	406	317	352
Net operating revenue	20,395	15,642	16,060	14,179	14,289
Selling, general and administrative expenses					
Trading related expenses	3,419	2,903	2,794	2,675	2,654
Personal expenses	6,983	5,817	6,162	5,925	6,046
Real estate expenses	1,485	1,487	1,471	1,593	1,626
Office cost	1,578	1,709	1,650	1,743	1,675
Depreciation	448	470	466	462	454
Taxes and dues	233	217	216	223	266
Provision of allowance for doubtful accounts	0	8	(8)	—	—
Other	448	377	307	357	467
Total selling, general and administrative expenses	14,597	12,991	13,062	12,982	13,190
Operating income	5,797	2,650	2,997	1,196	1,099
Non-operating income	851	829	503	581	421
Share of profit of entities accounted for using equity method	465	248	242	(8)	78
Other	385	581	260	589	343
Non-operating expenses	23	43	7	36	8
Other	23	43	7	36	8
Ordinary income	6,625	3,436	3,493	1,742	1,512
Extraordinary income	794	677	761	450	576
Extraordinary loss	31	21	2	1	0
Income before income taxes	7,388	4,092	4,252	2,191	2,088
Income taxes-current	890	1,655	559	1,421	4
Income taxes-deferred	1,211	(254)	837	(885)	717
Profit	5,287	2,691	2,856	1,655	1,365
Profit (loss) attributable to non-controlling interests	131	(8)	62	(118)	(89)
Profit attributable to owners of the parent	5,155	2,700	2,793	1,773	1,455