

Consolidated Financial Summary (for the three months ended June 30, 2017)

July 28, 2017

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 8, 2017
 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, 2017**(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, 2017	19,581	33.7	18,922	32.4	3,204	191.6	4,015	165.5	13,248	810.3
June 30, 2016	14,642	(29.3)	14,289	(29.9)	1,099	(81.0)	1,512	(77.2)	1,455	(71.8)

(Note) Comprehensive income Three-month period ended June 30, 2017: 14,318 million yen [—%]
 Three-month period ended June 30, 2016: (19) million yen [—%]

	Net income per share	Diluted net income per share
	yen	yen
Three months ended		
June 30, 2017	50.62	50.61
June 30, 2016	5.52	5.52

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
As of				
June 30, 2017	907,401	167,873	18.3	634.10
March 31, 2017	741,935	157,229	20.9	593.47

(Reference) Shareholders' equity June 30, 2017: 165,948 million yen March 31, 2017: 155,312 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, 2017	—	12.00	—	14.00	26.00
Ending March 31, 2018	—				
Ending March 31, 2018 (Forecast)		—	—	—	—

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

2) Dividend forecast for the fiscal year ending March 31, 2018 has not been determined.

3. Forecast of Consolidated Operating Results for Fiscal 2017 (from April 1, 2017 to March 31, 2018)

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): Yes

New : 1 company (Takagi Securities Co.,Ltd.)

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: None

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, 2017:	280,582,115	As of March 31, 2017:	280,582,115
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2) Number of treasury stock at the end of the term (shares)

As of June 30, 2017:	18,873,731	As of March 31, 2017:	18,877,456
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3) Average number of shares outstanding (for the three months)

Three months ended June 30, 2017:	261,705,790	Three months ended June 30, 2017:	263,553,041
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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, 2018 have not been determined because it is difficult to forecast operating results, as described similarly in "3.Forecast of Consolidated Operating Results for Fiscal 2017."

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Unit: million yen)

	As of March 31, 2017	As of June 30, 2017
Assets		
Current assets		
Cash and deposits	72,683	67,546
Cash segregated as deposits	37,506	36,930
Cash segregated as deposits for customers	36,900	36,300
Cash segregated as deposits for others	606	630
Trading products	292,495	309,362
Trading securities and other	289,264	306,601
Derivatives	3,230	2,761
Trade date accrual	—	66,685
Margin transaction assets	44,610	50,839
Loans on margin transactions	31,880	37,997
Cash collateral pledged for securities borrowing on margin transactions	12,730	12,841
Loans secured by securities	214,992	279,677
Cash collateral pledged for securities borrowed	214,992	279,677
Advances paid	1,252	2,850
Short-term guarantee deposits	18,995	17,788
Short-term loans receivable	156	194
Short-term investment securities	0	—
Accrued income	1,725	2,360
Deferred tax assets	1,254	715
Other	2,912	3,207
Allowance for doubtful accounts	(32)	(37)
Total current assets	688,551	838,120
Noncurrent assets		
Property, plant and equipment	8,561	8,595
Intangible assets	5,196	5,210
Investments and other assets	39,627	55,474
Investment securities	34,054	49,004
Long-term guarantee deposits	2,416	3,083
Net defined benefit asset	2,317	2,326
Other	1,244	1,467
Allowance for doubtful accounts	(405)	(406)
Total noncurrent assets	53,384	69,281
Total assets	741,935	907,401

(Unit: million yen)

	As of March 31, 2017	As of June 30, 2017
Liabilities		
Current liabilities		
Trading products	192,454	356,942
Trading securities and other	185,261	349,383
Derivatives	7,192	7,558
Trade date accrual	7,540	—
Margin transaction liabilities	9,132	14,801
Borrowings on margin transactions	6,182	12,083
Cash received for securities lending on margin transactions	2,950	2,717
Loans payable secured by securities	131,164	112,837
Cash received on debt credit transaction of securities	131,164	112,837
Deposits received	32,925	38,378
Guarantee deposits received	8,360	10,188
Short-term loans payable	80,488	78,934
Short-term bonds payable	9,300	11,800
Current portion of bonds	31,044	28,810
Income taxes payable	1,860	3,080
Provision for bonuses	2,244	1,025
Provision for directors' bonuses	46	15
Other	3,836	5,320
Total current liabilities	510,399	662,135
Noncurrent liabilities		
Bonds payable	8,983	10,309
Long-term loans payable	61,731	62,041
Deferred tax liabilities	1,241	2,802
Provision for directors' retirement benefits	103	95
Net defined benefit liability	458	240
Other	1,338	1,438
Total noncurrent liabilities	73,857	76,926
Reserves under special laws		
Reserve for financial products transaction liabilities	449	465
Total reserves under special laws	449	465
Total liabilities	584,706	739,527
Net assets		
Shareholders' equity		
Capital stock	36,000	36,000
Capital surplus	33,016	33,015
Retained earnings	90,693	100,277
Treasury stock	(7,572)	(7,570)
Total shareholders' equity	152,137	161,722
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,439	2,587
Foreign currency translation adjustment	(251)	(361)
Remeasurements of defined benefit plans	1,986	2,000
Total accumulated other comprehensive income	3,175	4,225
Subscription rights to shares	443	472
Non-controlling interests	1,472	1,452
Total net assets	157,229	167,873
Total liabilities and net assets	741,935	907,401

(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, 2016	Three months ended June 30, 2017
Operating revenue		
Commission received	7,271	8,464
Commission to consignees	3,748	4,198
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	112	200
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	1,848	1,909
Other fees received	1,561	2,156
Net trading income	6,671	10,143
Financial revenue	699	973
Total operating revenue	14,642	19,581
Financial expenses	352	659
Net operating revenue	14,289	18,922
Selling, general and administrative expenses		
Trading related expenses	2,654	3,292
Personal expenses	6,046	7,196
Real estate expenses	1,626	1,715
Office cost	1,675	1,976
Depreciation	454	424
Taxes and dues	266	548
Other	467	563
Total selling, general and administrative expenses	13,190	15,717
Operating income	1,099	3,204
Non-operating income		
Dividend income	141	247
Rent income	147	123
Share of profit of entities accounted for using equity method	78	392
Gain on investments in partnership	—	4
Other	55	74
Total non-operating income	421	843
Non-operating expenses		
Loss on investments in partnership	—	0
Foreign exchange losses	—	24
Other	8	8
Total non-operating expenses	8	32
Ordinary income	1,512	4,015

(Unit: million yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Extraordinary income		
Gain on sales of investment securities	566	0
Gain on bargain purchase	—	11,160
Reversal of reserve for financial products transaction liabilities	10	0
Total extraordinary income	576	11,161
Extraordinary loss		
Loss on sales of shares of subsidiaries and associates	—	173
Loss on sales of investment securities	0	—
Loss on valuation of investment securities	0	4
Total extraordinary loss	0	177
Income before income taxes	2,088	15,000
Income taxes-current	4	3,173
Income taxes-deferred	717	(1,435)
Total income taxes	722	1,738
Profit	1,365	13,261
Profit (loss) attributable to non-controlling interests	(89)	13
Profit attributable to owners of the parent	1,455	13,248

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

(Unit: million yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Profit	1,365	13,261
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,123)	1,119
Foreign currency translation adjustment	(249)	(111)
Remeasurements of defined benefit plans	(11)	19
Share of other comprehensive income of entities accounted for using equity method	—	28
Total other comprehensive income	(1,385)	1,056
Comprehensive income	(19)	14,318
(Comprehensive income attributable to)		
Owners of the parent	71	14,304
Non-controlling interests	(90)	13

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, 2016	Three months ended June 30, 2017	Yr/Yr	
			Increase (Decrease)	% change
Commission to consignees	3,748	4,198	449	12.0 %
Stocks	3,454	4,061	607	17.6
Bonds	7	4	(2)	(35.4)
Beneficiary certificates	286	131	(154)	(54.0)
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	112	200	87	78.1
Stocks	22	72	49	219.7
Bonds	89	127	38	42.3
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	1,848	1,909	60	3.3
Beneficiary certificates	1,810	1,894	84	4.7
Other fees received	1,561	2,156	595	38.1
Beneficiary certificates	986	1,080	94	9.6
Total	7,271	8,464	1,193	16.4

(ii) By product

(Unit: million yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017	Yr/Yr	
			Increase (Decrease)	% change
Stocks	3,492	4,177	685	19.6 %
Bonds	136	151	14	10.3
Beneficiary certificates	3,083	3,107	24	0.8
Others	558	1,028	469	84.1
Total	7,271	8,464	1,193	16.4

② Net trading income

(Unit: million yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017	Yr/Yr	
			Increase (Decrease)	% change
Stocks	1,246	4,953	3,706	297.3 %
Bonds and Forex	5,424	5,190	(234)	(4.3)
Total	6,671	10,143	3,471	52.0

(2) Comparative Quarterly Consolidated Statements of Income

(Unit: million yen)

	Fiscal 2016				Fiscal 2017
	1st quarter Apr. 1, 2016 - Jun. 30, 2016	2nd quarter Jul. 1, 2016 - Sep. 30, 2016	3rd quarter Oct. 1, 2016 - Dec. 31, 2016	4th quarter Jan. 1, 2017 - Mar. 31, 2017	1st quarter Apr. 1, 2017 - Jun. 30, 2017
Operating revenues					
Commissions received	7,271	5,421	7,189	7,052	8,464
Commission to consignees	3,748	2,402	3,624	3,154	4,198
(Stocks)	3,454	2,237	3,444	3,058	4,061
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	112	111	284	230	200
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	1,848	1,336	1,720	2,010	1,909
(Beneficiary certificates)	1,810	1,307	1,709	1,978	1,894
Other fees received	1,561	1,570	1,559	1,657	2,156
(Beneficiary certificates)	986	940	948	938	1,080
Net trading income	6,671	7,972	9,723	11,369	10,143
(Stocks)	1,246	2,644	5,319	4,567	4,953
(Bonds and Forex)	5,424	5,327	4,403	6,801	5,190
Financial revenues	699	518	877	645	973
Total operating revenue	14,642	13,912	17,790	19,067	19,581
Financial expenses	352	314	488	528	659
Net operating revenue	14,289	13,598	17,301	18,538	18,922
Selling, general and administrative expenses					
Trading related expenses	2,654	2,466	2,747	3,318	3,292
Personnel expenses	6,046	5,984	6,538	6,766	7,196
Real estate expenses	1,626	1,503	1,461	1,480	1,715
Office cost	1,675	1,912	1,710	1,917	1,976
Depreciation	454	430	446	440	424
Taxes and dues	266	305	322	363	548
Other	467	318	293	309	563
Total selling, general and administrative expenses	13,190	12,921	13,521	14,596	15,717
Operating income	1,099	676	3,779	3,942	3,204
Non-operating income	421	1,899	570	1,043	843
Equity in earnings of affiliates	78	1,296	337	346	392
Other	343	602	233	697	451
Non-operating expenses	8	79	(4)	79	32
Other	8	79	(4)	79	32
Ordinary income	1,512	2,496	4,354	4,906	4,015
Extraordinary income	576	1,335	88	935	11,161
Extraordinary loss	0	(0)	(0)	9	177
Income before income taxes	2,088	3,831	4,442	5,832	15,000
Income taxes-current	4	562	1,310	2,111	3,173
Income taxes-deferred	717	309	(256)	(566)	(1,435)
Profit	1,365	2,959	3,388	4,287	13,261
Profit attributable to non-controlling interests	(89)	(13)	126	(11)	13
Profit attributable to owners of parent	1,455	2,973	3,262	4,299	13,248