

**Consolidated Financial Summary** (for the nine months ended December 31, 2018)

January 30, 2019

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  
 Executive officer, General Manager - Finance Planning Department  
 Telephone: (03) 3517-8391

Expected date for submission of quarterly report: February 13, 2019

Scheduled day of commencing dividend payment: —

Supplementary explanation documents for quarterly earnings: Yes

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 Nine Months Ended December 31, 2018****(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	%
Nine months ended										
December 31, 2018	49,698	(21.9)	48,033	(22.3)	870	(93.3)	1,772	(88.5)	1,354	(93.8)
December 31, 2017	63,639	37.3	61,822	36.8	13,084	135.5	15,459	84.9	21,753	182.8

(Note) Comprehensive income

Nine-month period ended December 31, 2018 (266) million yen [ - ]

Nine-month period ended December 31, 2017 23,165 million yen [261.0%]

	Net income per share	Diluted net income per share
	yen	yen
Nine months ended		
December 31, 2018	5.24	5.24
December 31, 2017	83.13	83.07

(Note) At the end of the fiscal year ended March 31, 2018, Tokai Tokyo Financial Group finalized provisional accounting treatment related to the business combination. The consolidated financial statements for the year ended December 31, 2018 reflect the finalized provisional accounting treatment.

**(2) Consolidated Financial Position**

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
As of				
December 31, 2018	1,150,808	165,270	14.2	630.95
March 31, 2018	964,533	174,849	17.9	668.18

(Reference) Shareholders' equity December 31, 2018: 163,015 million yen

March 31, 2018: 172,629 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, 2018	—	14.00	—	24.00	38.00
Ending March 31, 2019	—	12.00	—		
Ending March 31, 2019 (Forecast)				—	—

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

2) Dividend forecast for the fiscal year ending March 31, 2019 has not been determined.

**3. Forecast of Consolidated Operating Results for Fiscal 2018 (from April 1, 2018 to March 31, 2019)**

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: 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 shares

As of December 31, 2018:	270,582,115	As of March 31, 2018:	270,582,115
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2) Number of treasury shares at the end of the term

As of December 31, 2018:	12,219,100	As of March 31, 2018:	12,225,394
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3) Average number of shares outstanding (for the nine months)

Nine months ended December 31, 2018:	258,359,366	Nine months ended December 31, 2017:	261,687,397
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\* This consolidated financial summary is exempt from certified public accountant and audit corporations

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

Dividends for the fiscal year ending March 31, 2019 have not been determined because it is difficult to forecast operating results, as described similarly in "3.Forecast of Consolidated Operating Results for Fiscal 2018."

\* How to view supplementary explanation documents for quarterly earnings

Supplementary explanation documents for quarterly earnings will be available on both Timely Disclosure network and our website on Wednesday, January 30, 2019.

## Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(Unit: million yen)

	As of March 31, 2018	As of December 31, 2018
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	90,594	52,058
Cash segregated as deposits	45,830	36,830
Cash segregated as deposits for customers	45,000	36,100
Cash segregated as deposits for others	830	730
Trading products	388,099	517,529
Trading securities and other	384,823	514,108
Derivatives	3,276	3,421
Trade date accrual	—	2,359
Margin transaction assets	57,297	54,927
Loans on margin transactions	52,161	34,233
Cash collateral pledged for securities borrowing on margin transactions	5,135	20,694
Loans secured by securities	289,117	387,607
Cash collateral pledged for securities borrowed	289,117	40,347
Loans on Gensaki transactions	—	347,259
Advances paid	1,170	60
Short-term guarantee deposits	15,411	14,442
Short-term loans receivable	157	312
Short-term investment securities	3,000	3,000
Accrued income	2,417	2,512
Other	9,058	10,050
Allowance for doubtful accounts	(50)	(33)
<b>Total current assets</b>	<b>902,103</b>	<b>1,081,658</b>
<b>Non-current assets</b>		
Property, plant and equipment	8,127	10,358
Intangible assets	5,486	5,141
Investments and other assets	48,815	53,650
Investment securities	40,969	44,499
Long-term guarantee deposits	3,161	4,548
Deferred tax assets	140	12
Net defined benefit asset	3,542	3,656
Other	1,386	1,304
Allowance for doubtful accounts	(385)	(370)
<b>Total non-current assets</b>	<b>62,429</b>	<b>69,150</b>
<b>Total assets</b>	<b>964,533</b>	<b>1,150,808</b>

(Unit: million yen)

	As of March 31, 2018	As of December 31, 2018
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trading products	281,709	342,719
Trading securities and other	276,368	336,443
Derivatives	5,340	6,276
Trade date accrual	21,952	—
Margin transaction liabilities	19,413	8,748
Borrowings on margin transactions	17,879	7,048
Cash received for securities lending on margin transactions	1,534	1,699
Loans payable secured by securities	197,538	306,842
Cash received on debt credit transaction of securities	197,538	17,459
Borrowings on Gensaki transactions	—	289,382
Deposits received	35,794	44,943
Guarantee deposits received	12,794	11,799
Short-term loans payable	78,752	127,016
Short-term bonds payable	12,000	15,500
Current portion of bonds	29,594	36,473
Income taxes payable	4,090	107
Provision for bonuses	3,222	1,050
Provision for directors' bonuses	61	—
Other	7,583	5,604
<b>Total current liabilities</b>	<b>704,507</b>	<b>900,805</b>
<b>Non-current liabilities</b>		
Bonds payable	16,200	19,128
Long-term loans payable	64,906	61,436
Deferred tax liabilities	1,716	1,763
Provision for directors' retirement benefits	63	115
Net defined benefit liability	208	194
Other	1,468	1,477
<b>Total non-current liabilities</b>	<b>84,564</b>	<b>84,114</b>
<b>Reserves under special laws</b>		
Reserve for financial products transaction liabilities	611	617
<b>Total reserves under special laws</b>	<b>611</b>	<b>617</b>
<b>Total liabilities</b>	<b>789,683</b>	<b>985,538</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	36,000	36,000
Capital surplus	28,958	28,961
Retained earnings	108,761	100,815
Treasury shares	(6,188)	(6,185)
<b>Total shareholders' equity</b>	<b>167,531</b>	<b>159,591</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	2,519	1,190
Foreign currency translation adjustment	(168)	(227)
Remeasurements of defined benefit plans	2,745	2,461
<b>Total accumulated other comprehensive income</b>	<b>5,097</b>	<b>3,424</b>
<b>Share acquisition rights</b>	556	507
<b>Non-controlling interests</b>	1,664	1,748
<b>Total net assets</b>	<b>174,849</b>	<b>165,270</b>
<b>Total liabilities and net assets</b>	<b>964,533</b>	<b>1,150,808</b>

## (2) Consolidated Statements of Income and Comprehensive Income

## Consolidated Statements of Income

(Nine months ended December 31)

(Unit: million yen)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018
<b>Operating revenue</b>		
Commission received	26,455	21,852
Commission to consignees	13,080	8,523
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	676	1,030
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	5,794	4,917
Other fees received	6,903	7,380
Net trading income	34,156	22,725
Financial revenue	3,028	5,120
<b>Total operating revenue</b>	<b>63,639</b>	<b>49,698</b>
<b>Financial expenses</b>	<b>1,817</b>	<b>1,664</b>
<b>Net operating revenue</b>	<b>61,822</b>	<b>48,033</b>
<b>Selling, general and administrative expenses</b>		
Trading related expenses	10,457	9,166
Personnel expenses	22,908	22,251
Real estate expenses	5,128	5,688
Office cost	5,990	5,942
Depreciation	1,399	1,657
Taxes and dues	1,200	933
Other	1,652	1,523
<b>Total selling, general and administrative expenses</b>	<b>48,737</b>	<b>47,162</b>
<b>Operating income</b>	<b>13,084</b>	<b>870</b>
<b>Non-operating income</b>		
Dividend income	401	350
Rent income	402	379
Share of profit of entities accounted for using equity method	1,408	195
Gain on investments in partnership	141	74
Other	136	150
<b>Total non-operating income</b>	<b>2,490</b>	<b>1,151</b>
<b>Non-operating expenses</b>		
Loss on investments in partnership	65	89
Foreign exchange losses	25	60
Other	24	99
<b>Total non-operating expenses</b>	<b>115</b>	<b>249</b>
<b>Ordinary income</b>	<b>15,459</b>	<b>1,772</b>

(Unit: million yen)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018
<b>Extraordinary income</b>		
Gain on sales of investment securities	564	641
Gain on bargain purchase	11,160	—
Gain on reversal of share acquisition rights	0	138
Reversal of reserve for financial products transaction liabilities	0	—
<b>Total extraordinary income</b>	<b>11,726</b>	<b>780</b>
<b>Extraordinary losses</b>		
Impairment loss	79	14
Loss on sales of shares of subsidiaries and associates	173	—
Loss on sales of investment securities	0	53
Loss on valuation of investment securities	54	224
Provision of reserve for financial products transaction liabilities	—	6
<b>Total extraordinary losses</b>	<b>308</b>	<b>298</b>
<b>Income before income taxes</b>	<b>26,878</b>	<b>2,254</b>
<b>Income taxes-current</b>	<b>7,157</b>	<b>18</b>
<b>Income taxes-deferred</b>	<b>(2,129)</b>	<b>829</b>
<b>Total income taxes</b>	<b>5,027</b>	<b>847</b>
<b>Profit</b>	<b>21,850</b>	<b>1,406</b>
<b>Profit attributable to non-controlling interests</b>	<b>96</b>	<b>52</b>
<b>Profit attributable to owners of parent</b>	<b>21,753</b>	<b>1,354</b>

Consolidated Statements of Comprehensive Income  
(Nine months ended December 31)

(Unit: million yen)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018
<b>Profit</b>	21,850	1,406
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	1,265	(1,254)
Foreign currency translation adjustment	49	(58)
Remeasurements of defined benefit plans	(58)	(265)
Share of other comprehensive income of entities accounted for using equity method	58	(94)
<b>Total other comprehensive income</b>	1,314	(1,672)
<b>Comprehensive income</b>	23,165	(266)
<b>(Comprehensive income attributable to)</b>		
Owners of parent	23,068	(318)
Non-controlling interests	96	52

## Supplementary Information

### (1) Breakdown of Commissions and Trading profit and loss

#### ① Commission received

##### ( i ) By item

(Unit: million yen)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018	Yr/Yr	
			Increase (Decrease)	% change
Commission to consignees	13,080	8,523	(4,556)	(34.8) %
Stocks	12,784	8,096	(4,688)	(36.7)
Bonds	15	31	16	111.3
Beneficiary certificates	280	395	115	41.0
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	676	1,030	353	52.2
Stocks	370	728	357	96.5
Bonds	305	301	(4)	(1.5)
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	5,794	4,917	(876)	(15.1)
Beneficiary certificates	5,733	4,840	(892)	(15.6)
Other fees received	6,903	7,380	477	6.9
Beneficiary certificates	3,357	3,474	116	3.5
<b>Total</b>	<b>26,455</b>	<b>21,852</b>	<b>(4,602)</b>	<b>(17.4)</b>

##### ( ii ) By product

(Unit: million yen)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018	Yr/Yr	
			Increase (Decrease)	% change
Stocks	13,310	8,904	(4,405)	(33.1) %
Bonds	394	400	6	1.7
Beneficiary certificates	9,372	8,710	(661)	(7.1)
Others	3,378	3,836	457	13.5
<b>Total</b>	<b>26,455</b>	<b>21,852</b>	<b>(4,602)</b>	<b>(17.4)</b>

#### ② Net trading income

(Unit: million yen)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018	Yr/Yr	
			Increase (Decrease)	% change
Stocks	17,322	11,039	(6,282)	(36.3) %
Bonds and Forex	16,833	11,686	(5,147)	(30.6)
<b>Total</b>	<b>34,156</b>	<b>22,725</b>	<b>(11,430)</b>	<b>(33.5)</b>



## (2) Comparative Quarterly Consolidated Statements of Income

(Unit: million yen)

	Fiscal 2017		Fiscal 2018		
	3rd quarter	4th quarter	1st quarter	2nd quarter	3rd quarter
	Oct. 1, 2017 - Dec. 31, 2017	Jan. 1, 2018 - Mar. 31, 2018	Apr. 1, 2018 - Jun. 30, 2018	Jul. 1, 2018 - Sep. 30, 2018	Oct. 1, 2018 - Dec. 31, 2018
Operating revenues					
Commission received	10,076	9,452	7,330	7,405	7,116
Commission to consignees	5,089	4,334	3,157	2,737	2,628
(Stocks)	5,002	4,167	3,071	2,627	2,397
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	239	134	299	218	512
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	2,179	2,050	1,595	1,794	1,527
(Beneficiary certificates)	2,153	2,029	1,562	1,772	1,505
Other fees received	2,567	2,933	2,278	2,654	2,447
(Beneficiary certificates)	1,159	1,164	1,169	1,172	1,131
Net trading income	12,547	10,938	9,264	9,209	4,251
(Stocks)	5,767	4,905	5,679	5,377	(17)
(Bonds and Forex)	6,779	6,033	3,584	3,832	4,268
Financial revenue	1,185	1,230	1,260	1,371	2,488
Total operating revenue	23,808	21,621	17,855	17,986	13,855
Financial expenses	691	524	611	517	536
Net operating revenue	23,117	21,096	17,244	17,469	13,319
Selling, general and administrative expenses					
Trading related expenses	3,786	3,369	3,183	2,962	3,020
Personnel expenses	7,971	8,201	7,422	7,600	7,227
Real estate expenses	1,694	1,668	1,766	1,933	1,989
Office cost	2,026	2,052	1,945	2,016	1,980
Depreciation	468	545	532	540	584
Taxes and dues	382	321	321	337	274
Other	497	574	593	491	438
Total selling, general and administrative expenses	16,828	16,734	15,765	15,882	15,514
Operating income	6,289	4,362	1,479	1,586	(2,195)
Non-operating income	937	1,203	735	367	47
Share of profit of entities accounted for using equity method	687	555	325	89	(219)
Other	249	648	410	278	267
Non-operating expenses	13	85	76	106	66
Other	13	85	76	106	66
Ordinary income	7,213	5,480	2,138	1,847	(2,213)
Extraordinary income	39	316	79	225	475
Extraordinary losses	108	932	58	14	224
Income before income taxes	7,144	4,864	2,159	2,058	(1,962)
Income taxes-current	2,031	1,774	(5)	829	(805)
Income taxes-deferred	280	(568)	562	(299)	565
Profit	4,831	3,658	1,601	1,528	(1,723)
Profit attributable to non-controlling interests	41	15	47	22	(17)
Profit attributable to owners of parent	4,790	3,643	1,554	1,506	(1,706)

(Note) At the end of the fiscal year ended March 31, 2018, Tokai Tokyo Financial Group finalized provisional accounting treatment related to the business combination. The consolidated financial statements on a quarterly basis reflect the finalized provisional accounting treatment.