

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
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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.

Accompanying Materials – Contents

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1. Qualitative Information for the Nine Months Ended December 31, 2018

(1) Review of Operating Results

Japanese Economy During the first nine months of the consolidated fiscal year ending March 31, 2019 (April 1 to December 31, 2018), the economy generally remained on an expansion path, despite a succession of natural disasters. In the Bank of Japan's Tankan Survey (which polls Japanese companies about business conditions), large companies and manufacturers continued giving high Diffusion Index scores. Additionally, capital investment increased amid improved corporate earnings. The employment environment continued to improve too; in November, the effective opening-to-application ratio was 1.63, and the unemployment rate was 2.5%. However, the consumer price index (excluding perishable foods) rose by 0.9% from last year—still short of the Bank of Japan's price stability target of 2%. Thus, the Bank of Japan's policy normalization process still remains ongoing.

Looking Abroad Overseas economies grew modestly on the whole, but the pace of growth slackened amid anxieties about U.S.-China trade friction. Although its manufacturing sector stagnated slightly, the U.S. generally experienced favorable economic conditions particularly in personal consumption thanks in large part to an improved employment and income environment and a reformed tax code. European economies experienced a slowdown due to a cautious mood among investors, which reflected political instability among the European states as well as the U.S.-China trade friction. As for China, the Chinese Government's deleveraging strategy (an attempt to curb excessive liabilities) slowed the country's economic growth. The rate of the slowdown was further increased by the trade friction with the U.S.

Japanese Stock Market The Nikkei Stock Average trended at around ¥21,400 in April, and generally remained around this level until mid-September. Thereafter, the Nikkei soared, reaching as high as ¥24,400 at one point in early October, due in part to signs of a possible thawing in Trump's trade policies. It then plummeted, reflecting uncertainties about the global economy and corporate performance as well as the concern over possible excessive tightening by the U.S. monetary authority. In late December, the Nikkei at one point dipped below ¥19,000 for the first time in 1 year and 8 months. As the year ended, the Nikkei closed at just above ¥20,000. The average daily transaction volume in the First Section of the Tokyo Stock Exchange during the period under review (April 1 to December 31) was ¥2,922.0 billion, exceeding the equivalent figure for the previous fiscal year (which was ¥2,834.5 billion).

Japanese Bond Market The yield on 10-year JGB, the indicator of long-term interest rates, started at 0.045% in April. In early October, it reached 0.155% at one point, reflecting the Bank of Japan's softening of its monetary easing policy in July as well as an increase in the U.S. 10-year treasury bond yield. Subsequently, the 10-year treasury bond yield declined due to rising concerns over U.S.-China trade friction and fears of a U.S. recession. This development prompted a similar decline in the 10-year JGB. At the end of December, the JGB closed at minus 0.01%.

Foreign Exchange Market The yen-to-dollar exchange rate opened in April at around ¥106. The yen then weakened against the dollar. This trend reflected the easing of U.S.-North Korea tensions as well as a rise in the US 10-year Treasury bond yield amid favorable U.S. economic indicators. In early October, the exchange rate was around ¥114. Subsequently, the rate generally trended in the ¥112–114 range. In late December, stock prices in developed countries plummeted, prompting a widespread weakening in risk appetite. At the end of December, the exchange rate dipped below the critical level of ¥110 and closed at around ¥109.

Under this business environment, the Group founded a joint venture with The Juroku Bank, Ltd. called Juroku Tokai Tokyo Securities Preparation Co., Ltd. This new company embodies our alliance strategy, a pillar of the Group's unique business plan. We also collaborated with companies in the leading FinTech sector so as to meet increasingly diverse and complex customer needs. In April, we entered a capital and business tie-up with TORANOTEC, Co., Ltd., which owns a spare change investment app called TORANOKO. In June, we acquired an equity stake in Money Design Co., Ltd. as an equity-method affiliate (by purchasing shares in the company). Money Design offers a robo-advisor service called THEO. In October, we invested in One Tap BUY Co., Ltd., which operates a securities trading app called, One Tap BUY.

We also made efforts to expand customer service solutions. In July, we invested in Vietnamese firm Bao Viet Securities, with whom we had already formed a business alliance to enhance our ability to collect information and widen product provision capability. We intend to strengthen our partnership through this investment. In December, Pinnacle, Inc., a consolidated group company, founded a business succession and M&A advisory service called Pinnacle TT Solutions to help SMEs address their business succession issues.

Recently, new entrants from outside the industry have intensified competition and the market climate has changed in the securities sector. In view of these changes, Tokai Tokyo Securities Co., Ltd. (a subsidiary) and Takagi Securities Co., Ltd. began talks on a possible merger between the companies, which will provide an effective means to improve customer service and maintain and enhance the group's corporate value. The merger is scheduled for the first half of our fiscal 2019.

In an effort to promote customer-first business management, Tokai Tokyo Securities and Takagi Securities have reported their results as of March 31, 2018, in accordance with the indicators the Financial Services Agency outlined in its June 2018 statement "common key performance indicators (KPIs) that enable comparisons across investment trust distributors." On January 1, 2019, Tokai Tokyo Securities further tightened its organizational structure by establishing the Fiduciary Duty Committee, Fiduciary Duty Headquarters, and the Fiduciary Duty Supervision Department. These new bodies will help promote customer-first business management and facilitate horizontal due diligence investigations. We will continue making efforts to promote customer-first business management.

On October 9, 2018, trading on the Tokyo Stock Exchange (TSE) was suspended due to a technical malfunction. We apologize to any of our customers who were inconvenienced as a result. Having reflected on this incident, we will review our connections with TSE, improve the system, and take any other measures necessary for mitigating system risk.

In January 2019, we relocated our head office to Nihonbashi Takashimaya Mitsui Building. Amid the rapid changes in the finance industry, this relocation will help us thrive as a comprehensive and integrated financial group that enjoys the support of clients and other stakeholders.

The Group's consolidated operating results up to the period were as follows:

(Commission received)

In the period under review, total commission received was ¥21,852 million, a decrease of 17.4% (all percentages indicate year-on-year change).

(i) Commission to consignees:

Total commissions to consignees earned by the group totaled ¥8,523 million, a decrease of 34.8%. Under this category, the volume of stock brokered by Tokai Tokyo Securities, a primary subsidiary of the Company, decreased 27.1%, to 2,714 million shares, due to reduced transactions with individual investors. Similarly, value of stock brokered decreased 15.3%, to ¥3,082.6 billion, and commissions to consignees on stock decreased 36.7%, to ¥8,096 million.

(ii) Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors:

Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors totaled ¥1,030 million, an increase of 52.2%. Under this category, net equity trading income increased 96.5%, to ¥728 million, following an increase in initial public offerings and secondary distributions among newly listed enterprises, while commission on bonds decreased 1.5%, to ¥301 million.

(iii) Fees for offering, secondary distribution and solicitation for selling and others for professional investors:

Fees for offering, secondary distribution and solicitation for selling and others for professional Investors totaled ¥4,917 million, a decrease of 15.1%. Under this category, fees from beneficiary certificates decreased 15.6%, to ¥4,840 million, reflecting the decline in sales of investment trusts—particularly to individuals.

(iv) Other fees received:

Other fees received totaled ¥7,380 million, an increase of 6.9%. Under this category, agency commissions from investment trusts increased 3.5%, to ¥3,474 million, and insurance commissions increased 17.2%, to ¥2,195 million.

(Net trading income)

In the period under review, net trading income totaled ¥22,725 million, a decrease of 33.5%. Under this category, net trading income for stocks decreased 36.3%, to ¥11,039 million due to a decline in stock trading in foreign stocks, particularly U.S. stocks. Similarly, net trading income for bonds and foreign currency decreased 30.6%, to ¥11,686 million; this decrease was mainly in foreign currency-denominated bonds and structure bonds.

(Net financial revenue)

In the period under review, net financial revenue totaled ¥3,455 million, an increase of 185.3%. Under this category, financial revenue increased 69.1%, to ¥5,120 million, while financial expenses decreased 8.4%, to ¥1,664 million.

(Selling, general and administrative expenses)

In the period under review, selling, general and administrative expenses totaled ¥47,162 million, a decrease of 3.2%. Under this category, trading related expenses decreased 12.3%, to ¥9,166 million; this was due to a decrease in handling fees, which reflected a decline in foreign bond transactions among joint ventures with partners. There were also decreases in personnel expenses (down 2.9%, to ¥22,251 million) and taxes and dues (down 22.2%, to ¥933 million). On the other hand, there were increases in real estate expenses (up 10.9%, to ¥5,688 million), and depreciation (up 18.4%, to ¥1,657 million).

(Non-operating income and expenses)

In the period under review, non-operating income totaled ¥1,151 million, down 53.8%. Under this category, share of profit of entities accounted for using equity method decreased 86.1%, to ¥195 million, and dividends income decreased 12.6%, to ¥350 million. Non-operating expenses totaled ¥249 million, an increase of 115.8%.

(Extraordinary income and losses)

In the period under review, the most notable extraordinary income item was gain on sales of investment securities, which totaled ¥641 million. The most notable extraordinary loss item was loss on valuation of investment securities, which totaled ¥224 million.

Consequently, operating revenue decreased 21.9%, to ¥49,698 million; net operating revenue decreased 22.3%, to ¥48,033 million; operating income decreased 93.3%, to ¥870 million; ordinary income decreased 88.5%, to ¥1,772 million; finally, profit attributable to owners of parent after deducting income taxes decreased 93.8%, to ¥1,354 million.

(2) Review of the Financial Statements

(all comparisons hereunder are with the end of the previous consolidated fiscal year)

(Assets)

As of the end of the period under review, total assets totaled ¥1,150,808 million, an increase of ¥186,275 million. Under this category, current assets increased ¥179,554 million, to ¥1,081,658 million. A key contributors were trading products—assets, which increased ¥129,429 million, to ¥517,529 million, and loans secured by securities, which increased ¥98,490 million, to ¥387,607 million. These increases more than offset decreases in the following two items: cash and deposits (down ¥38,536 million, to ¥52,058 million) and margin transaction assets (down ¥2,369 million, to ¥54,927 million). Non-current assets totaled ¥69,150 million, an increase of ¥6,721 million. A key contributor was investment securities, which increased ¥3,529 million, to ¥44,499 million.

(Liabilities)

As of the end of the period under review, total liabilities totaled ¥985,538 million, an increase of ¥195,854 million. Under this category, current liabilities increased ¥196,297 million, to ¥900,805 million. The main increases were in trading products—liabilities (up ¥61,010 million, to ¥342,719 million), loans payable secured by securities (up ¥109,304 million, to ¥306,842 million), deposits received (up ¥9,148 million, to ¥44,943 million), and short-term loans payable (up ¥48,264

million, to ¥127,016 million). The main decrease was in margin transaction liabilities (down ¥10,665 million, to ¥8,748 million). Non-current liabilities totaled ¥84,114 million, a decrease of ¥449 million. The main contributor to this result was long-term loans payable, which decreased ¥3,470 million, to ¥61,436 million, more than absorbing increase in bonds payable (up ¥2,928 million, to ¥19,128 million).

(Net assets)

As of the end of the period under review, retained earnings totaled ¥100,815 million, a decrease of ¥7,946 million. Consequently, total net assets totaled ¥165,270 million, a decrease of ¥9,578 million.

(3) Explanation of Forecasts such as Consolidated Financial Forecasts

The Group operates principally in the financial instruments business, and its operating results are likely to be affected by market fluctuations. Because of the nature of its business and the consequent difficulty in predicting its future performance, the Company does not disclose forecasts of operating results.

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Unit: million yen)

	As of March 31, 2018	As of December 31, 2018
Assets		
Current assets		
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)
Total current assets	902,103	1,081,658
Non-current assets		
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)
Total non-current assets	62,429	69,150
Total assets	964,533	1,150,808

(Unit: million yen)

	As of March 31, 2018	As of December 31, 2018
Liabilities		
Current liabilities		
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
Total current liabilities	704,507	900,805
Non-current liabilities		
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
Total non-current liabilities	84,564	84,114
Reserves under special laws		
Reserve for financial products transaction liabilities	611	617
Total reserves under special laws	611	617
Total liabilities	789,683	985,538
Net assets		
Shareholders' equity		
Capital stock	36,000	36,000
Capital surplus	28,958	28,961
Retained earnings	108,761	100,815
Treasury shares	(6,188)	(6,185)
Total shareholders' equity	167,531	159,591
Accumulated other comprehensive income		
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
Total accumulated other comprehensive income	5,097	3,424
Share acquisition rights	556	507
Non-controlling interests	1,664	1,748
Total net assets	174,849	165,270
Total liabilities and net assets	964,533	1,150,808

(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
Operating revenue		
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
Total operating revenue	63,639	49,698
Financial expenses	1,817	1,664
Net operating revenue	61,822	48,033
Selling, general and administrative expenses		
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
Total selling, general and administrative expenses	48,737	47,162
Operating income	13,084	870
Non-operating income		
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
Total non-operating income	2,490	1,151
Non-operating expenses		
Loss on investments in partnership	65	89
Foreign exchange losses	25	60
Other	24	99
Total non-operating expenses	115	249
Ordinary income	15,459	1,772

(Unit: million yen)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Extraordinary income		
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	—
Total extraordinary income	11,726	780
Extraordinary losses		
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
Total extraordinary losses	308	298
Income before income taxes	26,878	2,254
Income taxes-current	7,157	18
Income taxes-deferred	(2,129)	829
Total income taxes	5,027	847
Profit	21,850	1,406
Profit attributable to non-controlling interests	96	52
Profit attributable to owners of parent	21,753	1,354

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
Profit	21,850	1,406
Other comprehensive income		
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)
Total other comprehensive income	1,314	(1,672)
Comprehensive income	23,165	(266)
(Comprehensive income attributable to)		
Owners of parent	23,068	(318)
Non-controlling interests	96	52

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable

(Notes for Material Changes in Shareholders' Equity)

Not applicable

(Additional Information)

(Applying the Partial Amendments to Accounting Standard for Tax Effect Accounting)

On February 16, 2018, the Accounting Standards Board of Japan (ASBJ) amended the Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28). We have applied the amendments from the start of the first quarter of the current consolidated fiscal year. Accordingly, we now present deferred tax assets under investments and other assets and deferred tax liabilities under non-current liabilities.

3. Supplementary Information

(1) Breakdown of Commission Received and Net Trading Income

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
Total	26,455	21,852	(4,602)	(17.4)

(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
Total	26,455	21,852	(4,602)	(17.4)

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)
Total	34,156	22,725	(11,430)	(33.5)

(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.