

INTEGRATED REPORT 2019

Fiscal Year Ended March 31, 2019

TOKAI TOKYO FINANCIAL HOLDINGS, INC.



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About Integrated Report 2019

Tokai Tokyo Financial Holdings, Inc. has introduced numerous innovations to withstand and prevail against tough tides of the changing times since its founding in 2000.

Since 2016, we expanded our report to cover, in addition to financial data, non-financial environment, social, and governance (ESG) information.

This year, we have broadened our non-financial reporting even further to present our image of how we envision the business activities of the Tokai Tokyo Financial Group in the future.

Notice concerning forward-looking statements

This integrated report is intended to provide information concerning the Company's operating results for the period April 1, 2018 to March 31, 2019 and the management vision for the future of the Company. This report is not intended to solicit investment in marketable securities issued by the Company and does not constitute any guarantee or commitment regarding the presented data or statements. The strategies, opinions, and forward-looking statements offered in this integrated corporate report are based on the judgment of the Company at the time the report was prepared. The Company does not guarantee the accuracy or completeness of the information contained herein, and the information is subject to change without notice.

Editorial policy

This report is issued to communicate information to stakeholders about the Company's management strategy, earnings performance, and its activities related to the environment and society for the fiscal year ended March 31, 2019.

This integrated report was compiled with reference to the International Integrated Reporting Council (IIRC)'s International Integrated Reporting Framework and the Ministry of Economy, Trade, and Industry's Guidance for Collaborative Value Creation.

About the cover photos

TOKAI

The monument in front of Nagoya Station, *Hisho* (flying)

TOKYO

Tokyo night view from Orque d'or Salon TOKYO

Environment
Social
Governance



Guidance for
Collaborative
Value Creation

Our Vision

We will contribute to the growth of our nation's economy by fulfilling the role as a financial service provider to help customers with their wealth formation and capital enhancement.

Throughout its business operations, the Tokai Tokyo Financial Group cherishes local communities and the people living there. We want to help customers build their assets and capital, and in so doing, contribute to Japan's economic growth.

Through a united effort, and with the trust and support of all our stakeholders, we will pursue our vision of becoming a groundbreaking integrated financial group that leads the way in a new age.

Our Mission

- Customer We will help customers realize affluent lives and promote corporate values by advising about appropriate use of wealth and assets. Toward that end, we will keep striving to be the group with full commitment and devotion.
- Global We will read the times right and see things in a global perspective to prevail as an innovative group.
- Region We are the group that will care about the community in which we operate and render the help to elevate the prosperity there now and in the future.
- Employee We will remain the group that encourages employees with varying experience and expertise to attain sparkling self-realization in their respective ways.
- Trust We will remain the group that negotiates even the toughest adverse stream of the times with the matching strength and resilience with a view to winning the confidence from our stakeholders.

Our Action

- We shall keep learning.
- We shall challenge.
- We shall respect communications.
- We shall embrace the motto, "Get stronger and more resilient."
- We respect our "corporate discipline."

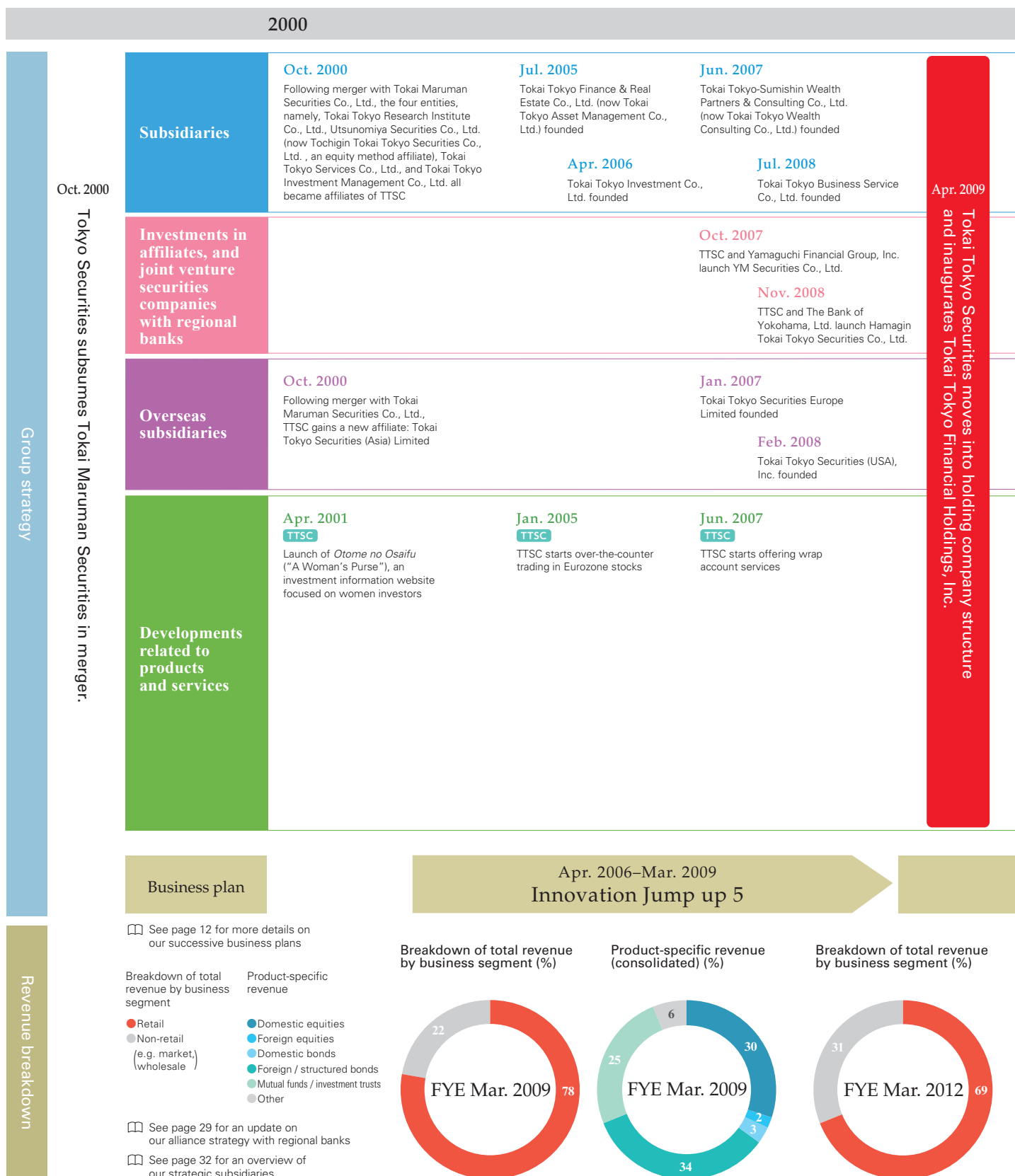
Catchphrase

- Exciting company
- Ever-learning company
- Company nurturing sense of fellowship
- Company with integrity
- Strong and resilient company

The Story of the Tokai Tokyo Financial Group

Diversifying the business portfolio by partnering with regional banks and expanding

Tokai Tokyo Financial Group has actively striven to create a multiplex business portfolio offering a diverse range of products and services, through which it can generate stable earnings. Consequently, with each passing year, a steadily larger share of total revenue comes from the non-retail division. We now have a broad and integrated portfolio featuring a wholesome balance between retail, wholesale (corporate sales and investment banking), and market. We now have well balanced revenue generation sourcing from four primary product categories and they are domestic equities, foreign equities, bonds, and investment trusts.



into the non-retail sector

Abbreviations:

- TTFH** Tokai Tokyo Financial Holdings, Inc.
TTSC Tokai Tokyo Securities Co., Ltd.
Takagi Takagi Securities Co., Ltd.

2010

Jan. 2010

TTFH acquires all shares in Toyota Financial Services Securities Corporation, which in April merges with Tokai Tokyo Securities

Jan. 2011

Tokai Tokyo Finance & Real Estate Co., Ltd. subsumes Tokai Tokyo Investment Management Co., Ltd. in merger and changes company name to Tokai Tokyo Asset Management Co., Ltd.

Mar. 2011

Tokai Tokyo Academy Co., Ltd. founded

May 2010

TTFH and Nishi-Nippon Financial Holdings, Inc. launch Nishi-Nippon City Tokai Tokyo Securities Co., Ltd.

Sept. 2013

TTFH and Senshu Ikeda Holdings, Inc. launch Senshu Ikeda Tokai Tokyo Securities Co., Ltd.

Sept. 2016

Ace Securities Co., Ltd. acquired as an equity-method affiliate

Aug. 2015

All Nippon Asset Management Co., Ltd. founded as an equity-method affiliate

Mar. 2011

Tokai Tokyo Investment Management Singapore Pte. Ltd.

Mar. 2015

Phillip Tokai Tokyo Investment Management Pte. Ltd. (an equity-method affiliate) founded

May 2016

Tokai Tokyo Global Investments Pte. Ltd. founded

2018

Mar. 2017

ETERNAL Co., Ltd. acquired as a subsidiary

Apr. 2017

Takagi Securities Co., Ltd. acquired as a subsidiary

Sept. 2017

Pinnacle Inc. acquired as a subsidiary

Dec. 2018

Pinnacle TT Solutions Inc. founded

Sept. 2019

Tokai Tokyo Securities Co., Ltd. subsumes Takagi Securities Co., Ltd. in merger

Jun. 2018

Money Design Co., Ltd. acquired as an equity-method affiliate

Jun. 2019

TTFH and The Juroku Bank, Ltd. launch Juroku Tokai Tokyo Securities Co., Ltd.



Nov. 2015

TTSC

Launch of Orque d'or, a brand catering to the high-net-worth segment
Orque d'or Salon launched in March 2016



Nov. 2015

Takagi

Launch of Toshin no Madoguchi, a mutual fund specialty store (the first of its kind in the industry)



Mar. 2017

TTSC

Launch of MONEQUE, a service brand tailored to the next-generation segment



Apr. 2018

TTSC

Orque d'or member services start in Tokyo
Orque d'or Salon TOKYO launched in April 2019



Apr. 2019

TTSC

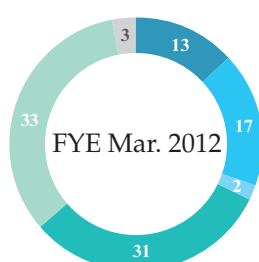
Launch of loans secured by securities

Apr. 2009–Mar. 2012 TT Revolution

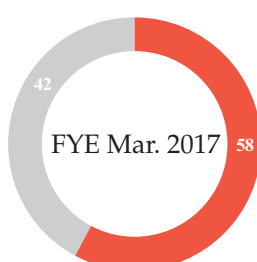
Apr. 2012–Mar. 2017 Ambitious 5

Apr. 2017–Mar. 2022 New Age's, Flag Bearer 5

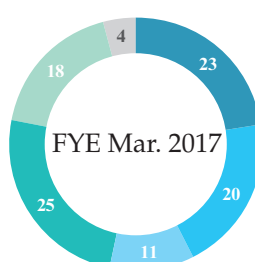
Product-specific revenue (consolidated) (%)



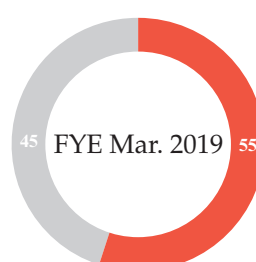
Breakdown of total revenue by business segment (%)



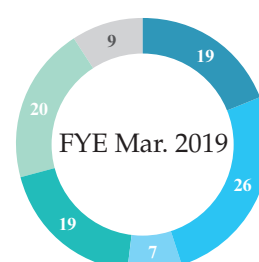
Product-specific revenue (consolidated) (%)



Breakdown of total revenue by business segment (%)



Product-specific revenue (consolidated) (%)



Group Description

1

An independent & integrated financial group

The Tokai Tokyo Financial Group is an integrated securities company group led by its holding company, Tokai Tokyo Financial Holdings, Inc. The Group comprises 26 subsidiaries, including 9 located overseas, and 12 affiliates, including 1 overseas. These subsidiaries provide the functions such as research and systems operations necessary for the group to operate securities business, and they also offer these functions to its partners, which include joint venture securities companies with regional banks and peer securities brokerage houses. The group has a global presence with offices in financial centers around the world.

See page 32 for more details

Holding Company
(Listed company)



TOKAI TOKYO FINANCIAL HOLDINGS, INC.

Consolidated
subsidiaries

Tokai Tokyo Securities Co., Ltd.	Financial instruments business
Tokai Tokyo Research Institute Co., Ltd.	Research on economic conditions and corporate performance, financial instruments business
Tokai Tokyo Asset Management Co., Ltd.	Financial instruments business
Tokai Tokyo Investment Co., Ltd.	Creation and management of VC funds, securities investments
Tokai Tokyo Wealth Consulting Co., Ltd.	Consulting on testamentary trusts, inheritance property, especially for high-net-worth clients
Tokai Tokyo Academy Co., Ltd.	Education and training
Tokai Tokyo Services Co., Ltd.	Transfer agent, real estate rental and management
Tokai Tokyo Business Service Co., Ltd.	Provide back-office operations to the Group companies and others
ETERNAL Co., Ltd.	Insurance agency shops for walk-in customers
Mebius. Co., Ltd.	Insurance agency that uses telemarketing
Pinnacle Inc.	M&A advisory, Cross-border advisory
Pinnacle TT Solutions Inc.	Business succession planning and M&A advisory
Tokai Tokyo Securities (Asia) Limited	Securities business
Tokai Tokyo Securities Europe Limited	Securities business
Tokai Tokyo Securities (USA), Inc.	Researching U.S. companies and collecting information on the overall U.S. market
Tokai Tokyo Investment Management Singapore Pte. Ltd.	Asset management
Tokai Tokyo Global Investments Pte. Ltd.	Fund investment, research

9 other companies
not shown

Equity-method
affiliates

YM Securities Co., Ltd.	Financial instruments business
Hamagin Tokai Tokyo Securities Co., Ltd.	Financial instruments business
Nishi-Nippon City Tokai Tokyo Securities Co., Ltd.	Financial instruments business
Senshu Ikeda Tokai Tokyo Securities Co., Ltd.	Financial instruments business
Hokuhoku Tokai Tokyo Securities Co., Ltd.	Financial instruments business
Tochigin Tokai Tokyo Securities Co., Ltd.	Financial instruments business
Juroku Tokai Tokyo Securities Co., Ltd.	Financial instruments business
Ace Securities Co., Ltd.	Financial instruments business
Money Design Co., Ltd.	Investment management, investment advisory and agency, and financial instruments business
All Nippon Asset Management Co., Ltd.	Investment management, investment advisory and agency
Phillip Tokai Tokyo Investment Management Pte. Ltd.	Asset management

1 other company
not shown

(As of September 1, 2019)

2

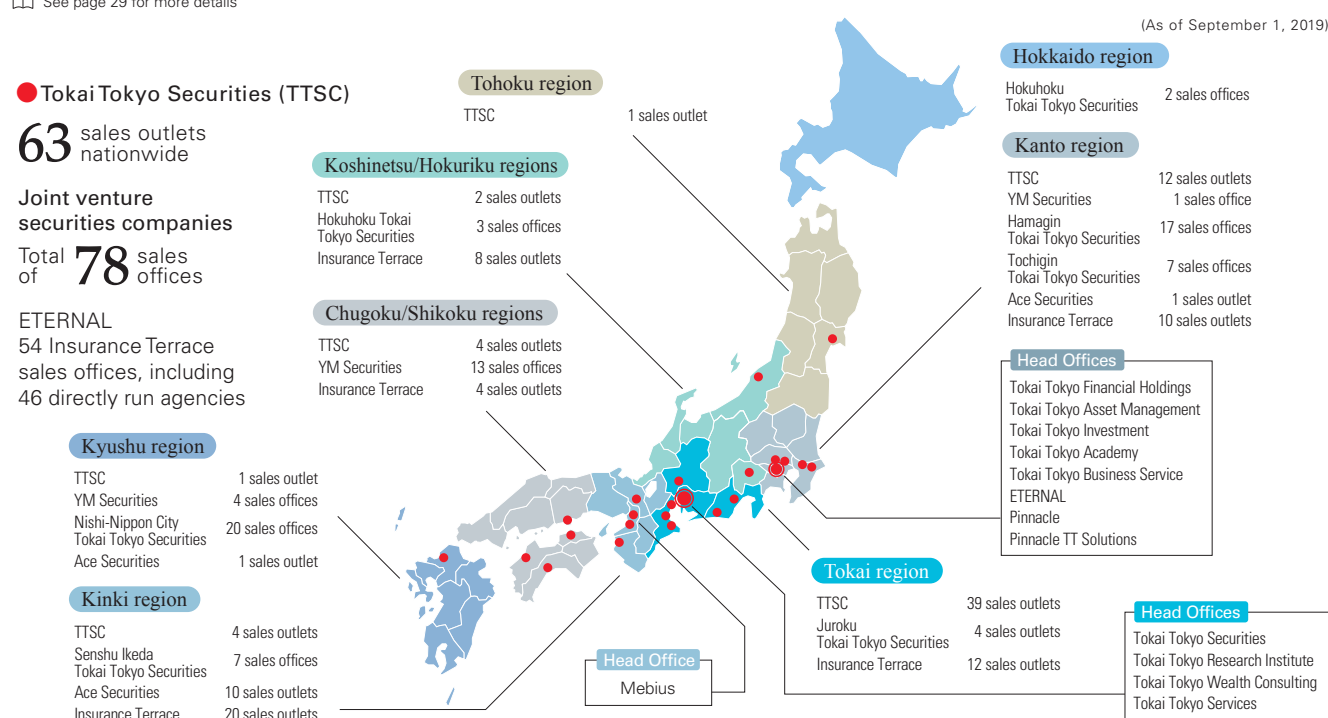
With Tokai as our home market, we are expanding our network of alliances across Japan

As of September 2019, Tokai Tokyo Securities, the group's core operating company, has 63 offices across Japan. Over half of these offices are concentrated in the Tokai region (central Japan), where we maintain an unrivaled presence and have built strong relationships of trust with local customers.

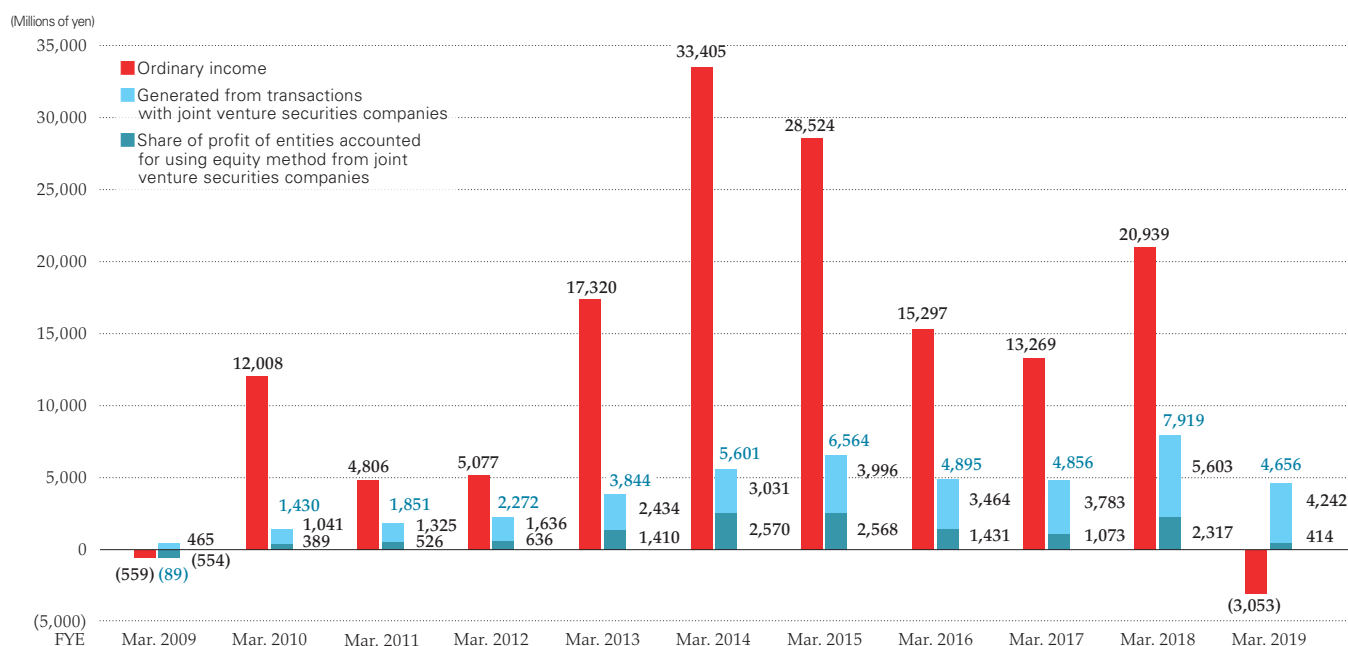
We have been developing joint venture businesses with regional banks since 2007. Connecting the Group's expertise in the securities business with the customer bases of regional banks generated unique synergy effects from the combination of banking and securities operations (see page 30 for more details). The Group currently has 7 joint venture securities companies, through which it cultivates regional markets with significant growth potential. The joint ventures contribute more to consolidated earnings with each passing year. On a five-year cumulative basis (from FYE March 31, 2015, to FYE March 31, 2019), they have accounted for 36.6% of the Group's consolidated ordinary income.

With Tokai as our home market, we are adding to our existing business offices, such as those of our joint venture securities companies, by expanding our network of alliances from Tokai to all corners of Japan.

See page 29 for more details



Contributions from joint venture securities companies to consolidated ordinary income



Group Description

3

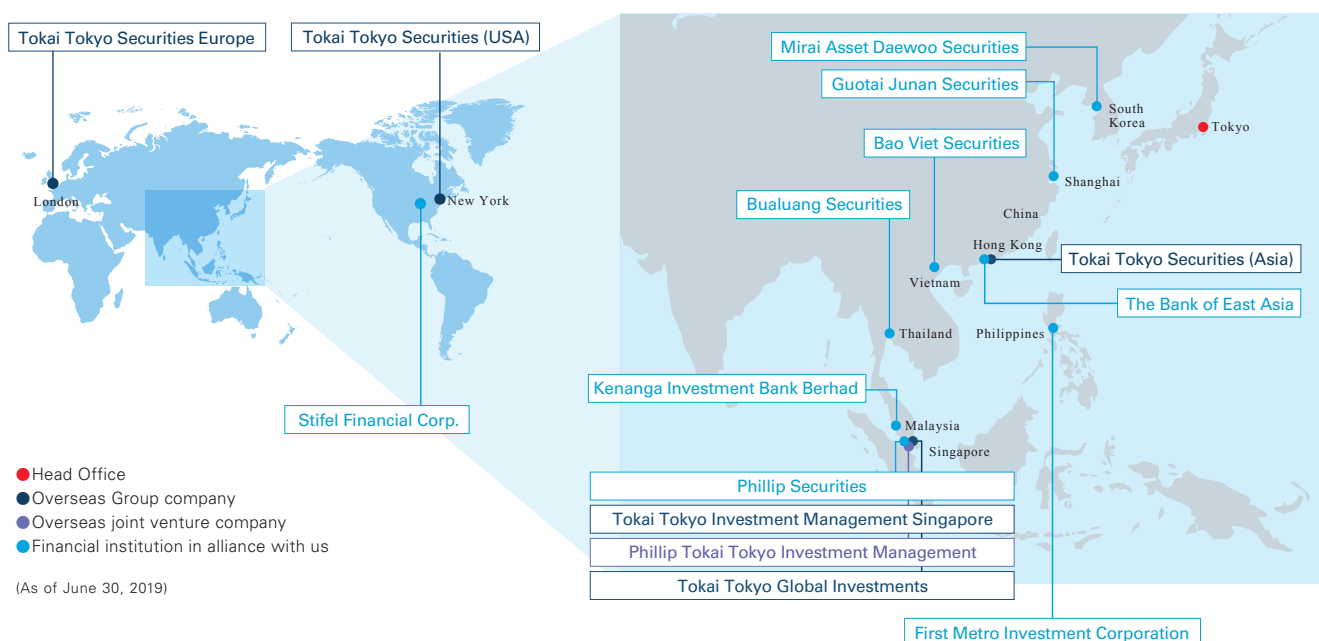
An overseas network of leading financial centers

Tokai Tokyo Financial Group operates overseas subsidiaries and affiliates in the world's financial centers. We are working to increase the group's revenue by developing and sourcing financial products and through our platform business. The London office works with European issuing entities and arrangers to formulate financial products for the Japanese market. The Hong Kong office develops business with high-net-worth customers and institutional investors in Asia. The Singapore offices manage hedge funds and fund investments.

The Group forms close alliances with nine financial institutions based in US and Asia (outside of Japan). We glean from our partners data about local financial and economic situations as well as those about individual stock, and keep expanding various businesses. We also gather information from the experts in politics and economics who sit on the Global Advisory Board. This practice ensures that we can supply our domestic subsidiaries and partners (regional banks and securities houses) with accurate information.

☐ See page 46 for more details on the Global Advisory Board

Overseas network



4

An original strategy

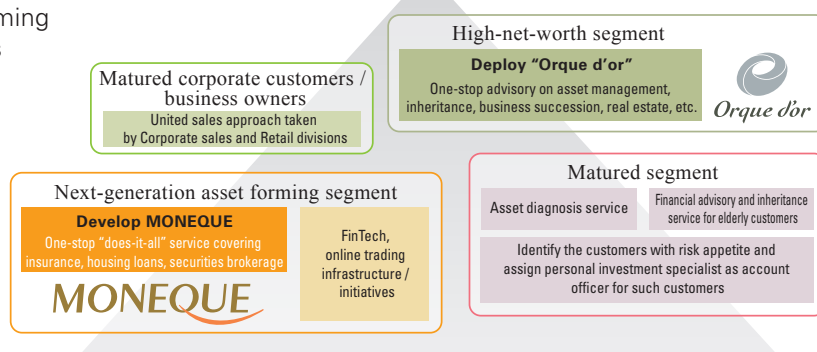
Tokai Tokyo Financial Group aspires to be an integrated financial group representing a third pillar in financial industry. This is an original vision that will mark us clearly apart from major competitors. In pursuing growth, we are forging visionary business models. One example is our **segment specific retail strategy**, whereby we categorize the retail market into three segments (high-net-worth, matured, and next-generation asset forming) and tailor our services to each one. Another example is our **trilateral initiatives toward corporate customers**, in which we organically integrate our market, corporate sales, and investment banking divisions. One other example is our **Great Platform**, in which we expand the group's various financial and trust business functions and deliver them to a greater range of partners.

1 Segment specific retail strategy

This strategy is designed to expand our customer base and maximize earnings. We categorize the retail market into three segments: high-net-worth, matured, and next-generation asset forming. For each segment, we offer a set of services optimized to that segment's needs. For the high-net-worth segment, we have developed Orque d'or. Through this brand, we offer the segment a one-stop advisory service covering a range of needs, including those related to asset management, inheritance, business succession, and real estate. For the matured segment, we offer an enhanced advisory service on life events such as retirement and inheritance. For the next-generation asset forming segment, we aim to capitalize on latent needs through MONEQUE, a brand that offers a blend of insurance, mortgage, and securities services.

☐ See pages 25 & 26 for more details

Conceptual diagram illustrating how we customize services to each retail segment

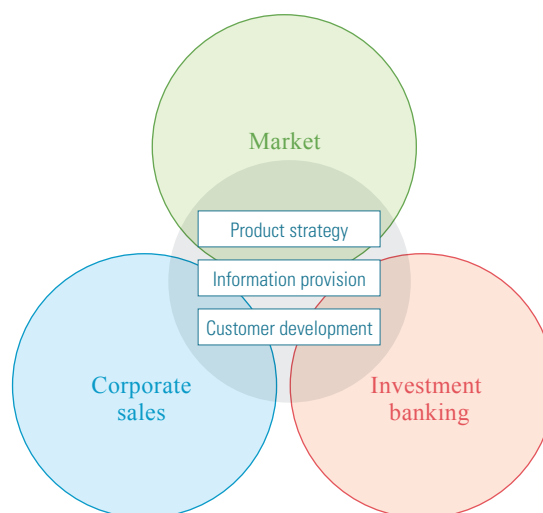


2 Trilateral initiatives toward corporate customers

This strategy is designed to diversify our trading methods and product lineup by synergistically integrating our capacities in the market, corporate sales, and investment banking divisions. In the market division, we are building on the strong customer base of Tokai Tokyo Securities, as well as that of our joint venture securities companies and platform customers, and expanding our product lineup to foreign equities, foreign bonds, and structured bonds. For corporate sales, we are working to increase orders from institutional investors and regional banks and promoting sales of newly issued bonds. We are also marketing privately placed investment trusts and derivatives to meet a greater range of asset management needs. As for investment banking, we are marketing underwriting bonds issued by regional public organizations and businesses, strengthening M&A services for SMEs, and expanding IPO and PO opportunities.

☐ See pages 27 & 28 for more details

Conceptual diagram illustrating our trilateral initiatives toward corporate customers



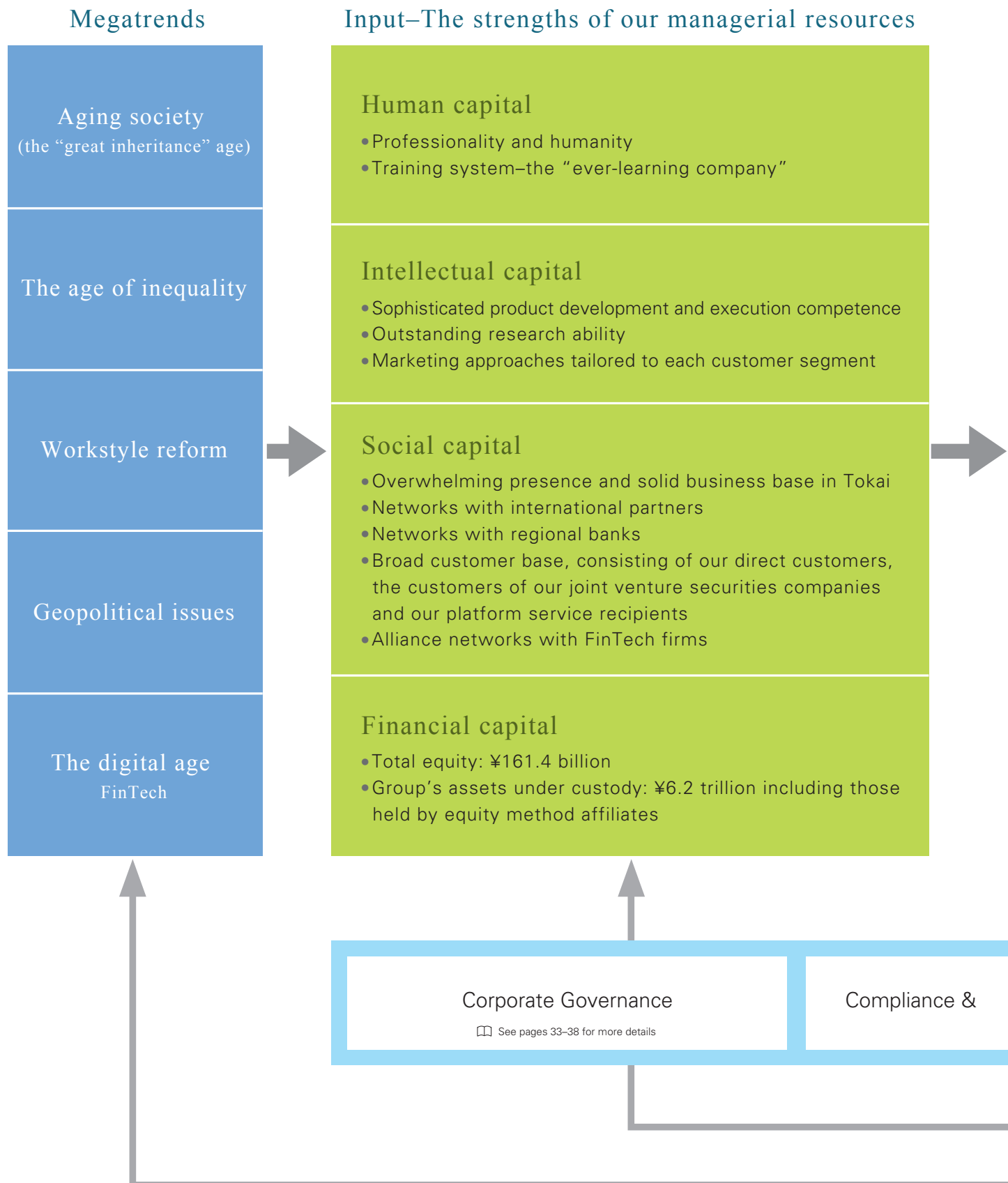
3 Great Platform

New Age's Flag Bearer 5 commits us to expanding the scope of existing platform businesses and upgrading it into the Great Platform. Part of this involves enhancing our service line-up by adding services related to business succession and M&As and the like to our platform, which currently offers products, system architecture, and information to joint venture securities companies and peer securities brokerage houses. Alongside this, Tokai Tokyo Securities will expand its existing business mix including services marketed to high-net-worth customers so as to encompass our corporate allies and other customers inside and outside the Group. The Great Platform will provide a collaborative framework among allied banks and investees, allowing us to become an integrated financial Group and establish the third pillar in the financial industry.

☐ See page 29 for more details

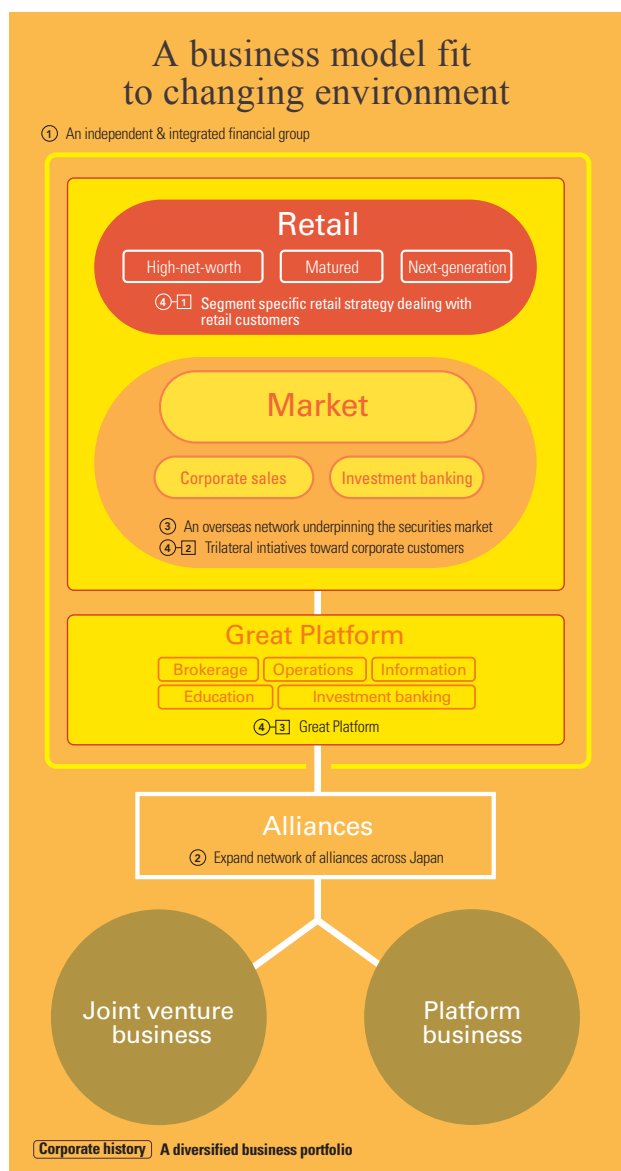
The Group's Value Creation Process

Identifying the sweeping changes in society as a growth opportunity, we will deliver our securities business platform extensively across our unique network with the aim



of achieving sustained growth and prosperity.

Business model



See pages 3–8 for more details on ①~④ and our corporate history

Output

Deliver the best fitting products and solutions to customers

See pages 17 & 18 for more details

Outcomes

Customers

- Optimum wealth formation
- Optimum capital solutions
- Investment/financial education provided

Shareholders

- Dividends and other forms of return
- Profit growth (Capital gain)

See page 53 for more details

Employees

- Workstyle reform: Better job satisfaction and productivity
- Pride in being an innovative company

See pages 49–52 for more details

Local communities

- Joint ventures with regional banks, platform business: Local economic revitalization
- Business network formation through open innovation, etc. to contribute to local communities

See pages 29 & 30 and pages 47 & 48 for more details

Partners

- Energized securities business

See pages 29–32 for more details

The foundation for value creation

risk management

See pages 39 & 40 for more details

Business management focused to facilitate a sustainable society

See pages 11–16 and pages 47–52 for more details

Reinvestment

Social contribution

CEO Interview

Guided by our business plan—now at midpoint—and driven by a unique business model, we are leading the way toward a new age in financial industry.



Tateaki Ishida
President & CEO

The divide between companies is growing. A company's fate hinges on its long-term planning.

Change is upon us. Digitalization, the increasing emphasis on fiduciary duties, and other structural shifts are revolutionizing the financial sector. Securities and financial companies must move forward with the times flexibly and dynamically. Companies will sink or swim depending on how effectively we apprehend the changes, develop foresightful five to ten-year visions and strategies, and monitor our progress toward the objectives.

To an innovation-driven organization such as ours, the shifting business environment offers a golden opportunity. Since April 2006, our group has constantly striven to raise our footing through a succession of intricate business plans. These plans have focused on developing new financial products and services to meet increasingly diverse and sophisticated needs. In relation to this, we have extensively realized alliance business concept by establishing many joint venture securities companies and pursuing strategic M&A processes. Thanks to these efforts, Tokai Tokyo Financial Group's business foundation is now more solid than ever before.

In this time of change, we are seeing the rise of

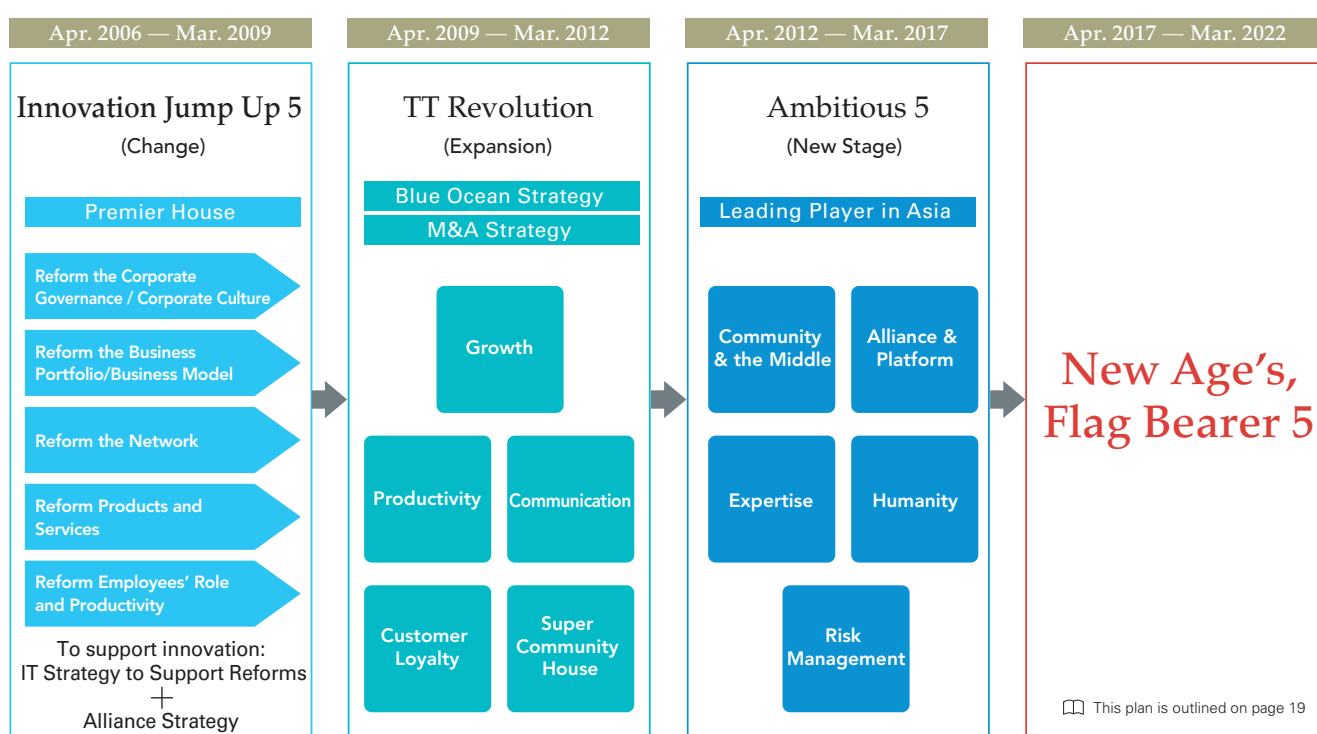
a new socioeconomic dynamics and new ways of living. The field is ripe with possibilities—this is our chance to differentiate ourselves from competitors and achieve a leap forward in growth.

There is another reason why I am confident that we can lead the way in this time of change: Our core business lies in securities, which play a critical role on the center stage of the free and capitalist economy. Capital markets operate 24 hours seven days a week, fluctuating second by second. A securities business won't get anywhere unless we keep a constant eye on global and local trends and incorporates these trends into our business strategy. Securities being our mainstay, we welcome the dramatic transformations, believing that they can spur us on to further growth.

Working ever closer with regional players like Juroku Bank to forge a new model in regional finance

Tokai Tokyo Financial Holdings' consolidated results for FYE March 31, 2019, were unsatisfactory in some ways. For example, we recorded an ordinary loss, albeit a small one. But I am not disappointed in the result. Although our recently acquired subsidiaries

Business Plan



have taken longer than anticipated to contribute revenue, a preemptive growth investment was the primary reason for the dip. Accordingly, I would say that Tokai Tokyo Financial Holdings' revenue base remains rock solid, and that the group as a whole remains on the growth path. Please consider the dip in this period as the deep squat that precedes a jump for growth.

Of course, we shouldn't get complacent and brush aside these results. In hindsight, we should have responded more dynamically and effectively to market fluctuations in the second half, such as by delivering financial products that meet the need for stable revenue. Since our investments will take some more time to yield proper returns, we should, in this current period (FYE March 31, 2020), tweak our business portfolio to ensure steady revenue generation. We'll be somewhat cautious in the first half given the burden of forward investment and the delaying returns from new projects. In the second half, however, the decreased investment costs should lead to a marked improvement in earnings. FYE March 31, 2020, therefore, should prove to be a very valuable year, one in which all the groundwork we laid over the past several years will take effect, propelling us into growth at cruising speed.

On September 1, 2019, Tokai Tokyo Securities acquired Takagi Securities. The acquisition gives us a stronger foothold in Kansai region. It also gives us an opportunity to expand revenue by delivering Tokai Tokyo Securities' services and products to Takagi Securities' customer base. Unifying the organizational structure will further ensure that the new business contributes to group performance.

Regarding our alliances with regional banks, in June this year, we launched a joint venture securities company with Juroku Bank (headquartered in Gifu City) called Juroku Tokai Tokyo Securities. I feel that Juroku Bank sees great potential in the new venture and it is devoting its energies to make the venture a success. With its solid operating base, Juroku Tokai Tokyo Securities looks set to become one of the most profitable of our seven joint venture securities companies. We want to further strengthen and expand our business ties with Juroku Bank with a view to forging a next-generation model in regional finance.

Establishing the Great Platform and creating a third pillar in financial industry

In April 2017, we launched a five-year business plan for the group titled New Age's Flag Bearer 5. Under this plan, we aim to evolve into a world-leading integrated financial group, driven by a unique business model.

One of the unique aspects of this model is that we work with regional banks to tap and plow deep local markets. Japan's financial sector has for too many years been centered in the big cities, such as Tokyo and Osaka. Megabanks together with the major securities houses have developed networks in these large and densely populated cities, focusing on meeting the asset-building needs of city workers. Let's call them the "city players." By contrast, our home market lies in Tokai, and in this market, we have developed a more personal and less generic securities business group. From early on, we forged local markets here, and since 2007, we have reached out to banks that play a leading role in the regional economy. We now have seven joint venture securities companies with regional banks: YM Securities, Hamagin Tokai Tokyo Securities, Nishi-Nippon City Tokai Tokyo Securities, Senshu Ikeda Tokai Tokyo Securities, Hokuhoku Tokai Tokyo Securities, Tochigin Tokai Tokyo Securities, and the recently launched Juroku Tokai Tokyo Securities. As of the fiscal year end of March 31, 2019, the total amount of securities deposits held by these ventures amounts to more than 1.4 trillion yen.

Japan's Tokyo-centrism is posing an increasing liability. Economic growth must be spread more evenly across the country if Japan is to maintain its economic leadership in the world. This is where we come in. We can activate the latent power of Tokai region by leveraging the commanding presence we have built up there, and by operating a broad range of undertakings through our joint venture securities companies with regional banks. In doing so, we will also forge a third pillar in financial industry, marking a clear difference from the megabanks and major securities houses. Alongside this, we will develop our unique business model, the Great Platform. Through the Great Platform, our group's functions, including those related to trusts, M&As, internet operations, insurance, and asset management, are offered to regional banks and small & medium securities houses through joint venture securities

companies or otherwise.

The Great Platform actually comprises two platforms. The first is a regionally connected platform. It delivers the functions and business base that our regional banking partners require. The functions include those related to business succession consulting, insurance, financing and asset management schemes, and services for the partners' high-net-worth segment clients. The other is an asset management platform that helps us penetrate the younger market through modern-day channels such as smartphones. Simply put, the first platform helps regional banks expand their business portfolio, while the second helps us reach out to the next generation. By developing the twin platforms ahead of other companies, we are building a nationwide network and advocating a new way for financial business.

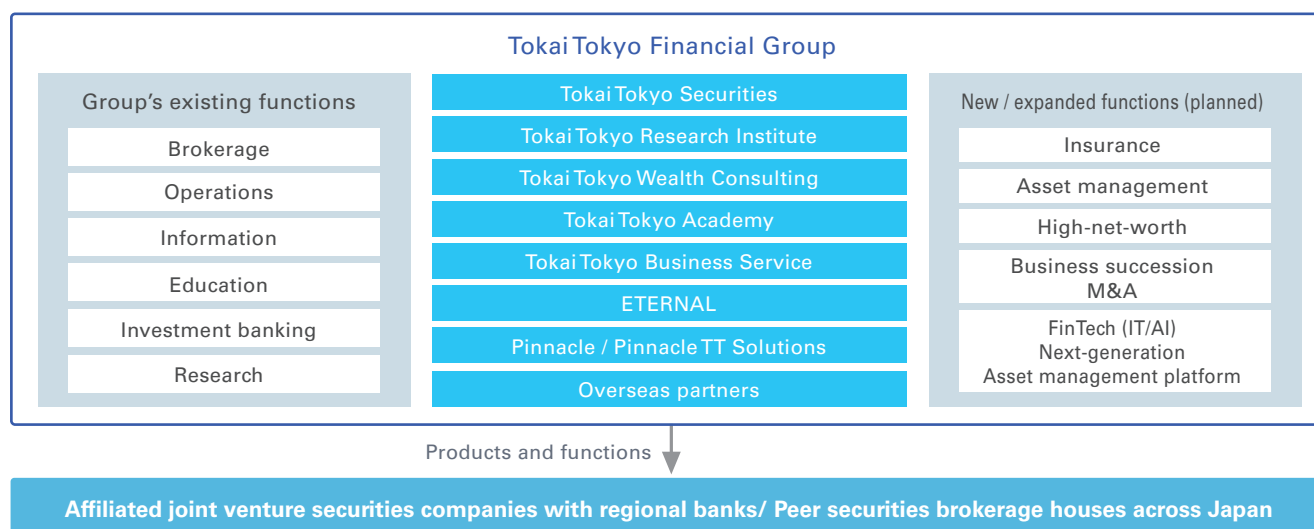
We are pursuing a unique segmental strategy, which includes Orque d'or, a brand of service concept catering to the high net-worth-segment customers

Another key strength that distinguishes our group, besides the Great Platform, is our segmental retail strategy. Individual and institutional customers of Tokai Tokyo Securities, as well as those of other group companies, are categorized into three segments: high net-worth, matured, and next-

generation. For each segment, we offer different things. For the high-net-worth segment, we have established Orque d'or. Orque d'or acts as the customer's trusted partner through the life course. It goes beyond the conventional concept of finance to deliver highest class of service. Under this brand, we have opened a members-only Orque d'or Salon in Tokyo and Nagoya. For the next-generation asset forming customers, most of whom are aged 20 to 49 years, we offer MONEQUE. MONEQUE is a one-stop shop catering to a range of insurance, mortgaging, and securities needs. MONEQUE is helping us expand our customer base, unlocking future earning potential.

For us to achieve sustained growth, there are two tasks we must never forget: The first is to expand our wholesale services to corporate clients, and the second is to focus on the market division, the core area of concern for a securities and finance business nowadays. We have worked to expand our wholesale business portfolio in several ways. For example, we have promoted municipal bonds underwriting, fortified our M&A services, and reached out to more regional clients. As for the market division, we have raised our profile by diversifying our lineup of market trading products, exchanging information gleaned from our overseas partners, and improving the way we offer derivatives-involved proposals. These efforts are bearing fruit. I am particularly proud that the volume of US stocks

Great Platform



☐ See page 29 for more details

we handle has grown to the level of that of a major securities house.

Since I assumed leadership of Tokai Tokyo Securities in 2006, Tokai Tokyo Financial Group has managed to develop a nationwide network built upon the partnership between security brokerage and banking industries, and to strengthen its capacity for promoting business foundation in both the retail and wholesale operations. Now and onward, I want to integrate these acquired operational foundations with AI and IoT-powered leading technologies so that we can generate truly innovative services that will meet the needs of the future.

Getting an early return from the groundwork we laid, and reaching 30 billion yen in ordinary income

In September this year, we reached precisely the midway point of our five-year plan (from FYE March 31, 2018, to FYE March 31, 2022). This plan commits us to achieving 30 billion yen in ordinary income. To reach this goal, we must start reaping gains from all the groundwork we have laid over the last several years. There are three actions we must take to ensure our goal attainment: 1) achieve further growth in the market division, 2) take forward our retail strategy for the high-net-worth segment, and 3) increase the consolidated income from M&A related and alliance operations.

Regarding the market division, we have generated stable revenue here thanks to improvements we made with all the core elements of business including human resources development, system infrastructure upgrading, and risk management enhancement. Regarding retail strategy, we will continue improving profitability, primarily through Orque d'or, catering to the high-net-worth clients. As for M&As and alliances, we will work to maximize profit generation from our joint venture securities companies and strategic subsidiaries that have their own distinct strategic focuses. We will also explore opportunities for M&As and new projects inside and outside of Japan to gain some growth opportunities that complement future revenues that may be subject to fluctuations. By accomplishing these actions, we aim to succeed in hitting 30 billion yen in ordinary income, 10% ROE, and 10 trillion yen in assets under custody.

New Age's Flag Bearer 5 outlines, among other things, a productivity revolution. The purpose

of this initiative is to realize optimal distribution of our corporate resources and to boost productivity, both of which are essential for improving our corporate value. In April this year, we adopted a new personnel system. The new system marks a radical departure from the traditional seniority-based practice, and it is paving the way for us to accomplish our business plan. The system categorizes the specialized skills our group requires into seven tracks, making for a more motivated and goal-oriented workforce. It is also notable for emphasizing humanity in employee appraisals. In other words, employees are evaluated based on how well they embody our code of conduct as stated in the Management Philosophy throughout their everyday duties.

Tokai Tokyo Financial Group does so much more than securities brokerage. We are an integrated financial group offering a range of services, including those related to insurance, M&As, and asset management operation. To develop our products and services portfolio even further, we require a large team of specialists, each skilled in a particular expertise. The new personnel system is designed to meet this requirement. It is also innovative because it encourages each employee to take initiative in their career development. No matter how society changes, an organization's success hinges most of all upon its team of employees. It is by channeling the strengths of all our employees that our group will cut a way through the future in financial industry.

A board where the majority is from outside the company; management that is honest and transparent

We have long regarded effective corporate governance as a top priority and have devoted our energies to ensuring honest and transparent management. As part of our ongoing effort to increase board effectiveness, we recruit directors who are opinion leaders in their field, be it government, law, industry, or another profession. The depth of specialized knowledge that they bring significantly helps the board fulfill its supervisory and oversight role. At our General Shareholders Meeting in June this year, another outside director was elected, bringing the tally of outside directors on the board to six out of the quorum, which is nine. There

is still room for improvement. I am painfully aware, for example, that the board has no woman members at present. We will continue to address the outstanding issues and further enhance our system of governance.

In June, 2016, we shifted our corporate structure to that of a “company with an Audit & Supervisory Committee” in order to strengthen oversight and expedite decision-making. We have also established a four-member strong Nomination & Remuneration Committee to ensure impartiality and transparency in the nomination or dismissal of directors and in the process of deciding remuneration.

Corporate governance is crucial for a company’s sustainability and growth. We will continue to bolster our governance to honor the trust placed in us by the public.

Change: An opportunity to achieve sustainable growth and maximize corporate value

Finally, here are some closing thoughts for all our stakeholders. This is a time of epochal change, with dramatic transformations in the economic system

and in people’s lives. Our group sees this upheaval as an opportunity - an opportunity to achieve sustained growth and maximize corporate value—and we are determined to capitalize on it. More and more Japanese companies are taking environmental, social, and governance (ESG) criteria seriously. Our group is no exception. We support the economic development of the Tokai region, where we are headquartered, and we also support industrial and cultural development across Japan.

With an innovative spirit that is still as strong as ever, we will continue to develop financial products and services that capture the spirit of the time, and to refine our unique business models such as our segment specific retail strategy and Great Platform. In this way, we will get ever closer to our vision of being a flag bearer that leads Japan’s financial sector into a new age. To all our shareholders, customers, business partners, and other stakeholders, I thank you sincerely for your faith and support, and I look forward to our continued journey together.



Business Roadmap

Our aspiration to be an integrated financial group that establishes the “third pillar”

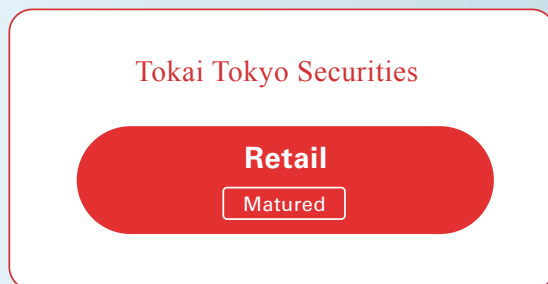
Over the years, the Tokai Tokyo Financial Group has expanded its network of strategic alliances. We have done so by leveraging the assets we possess as an integrated financial group to found joint venture securities companies with regional banks and deliver platform services to peer securities brokerage houses.

Meanwhile, Tokai Tokyo Securities has spearheaded the group’s initiatives to strengthen the competitiveness in preparation for changes in the business environment. These initiatives include a segment specific retail strategy and trilateral initiatives toward corporate customers integrating our market, corporate sales, and investment banking operations.

The Group’s trailblazing initiatives are shared among its extensive alliances and group network as part of a unique business model, the Great Platform. With the Great Platform as the driving force of our businesses, we are pursuing our goal of being an integrated financial group that forges a third pillar in financial industry, marking a clear difference from the major securities companies, bank-owned securities companies, and online brokers.

Past

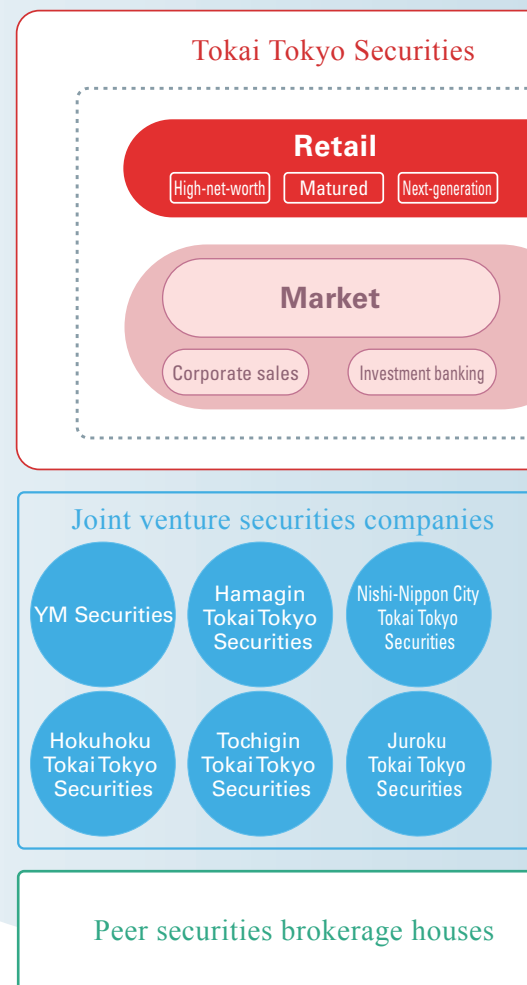
A retail-centric securities house



Present

An integrated financial group with its own nationwide network

Delivering better value through partnerships and alliances



External factors

Aging society
(the “great inheritance” age)

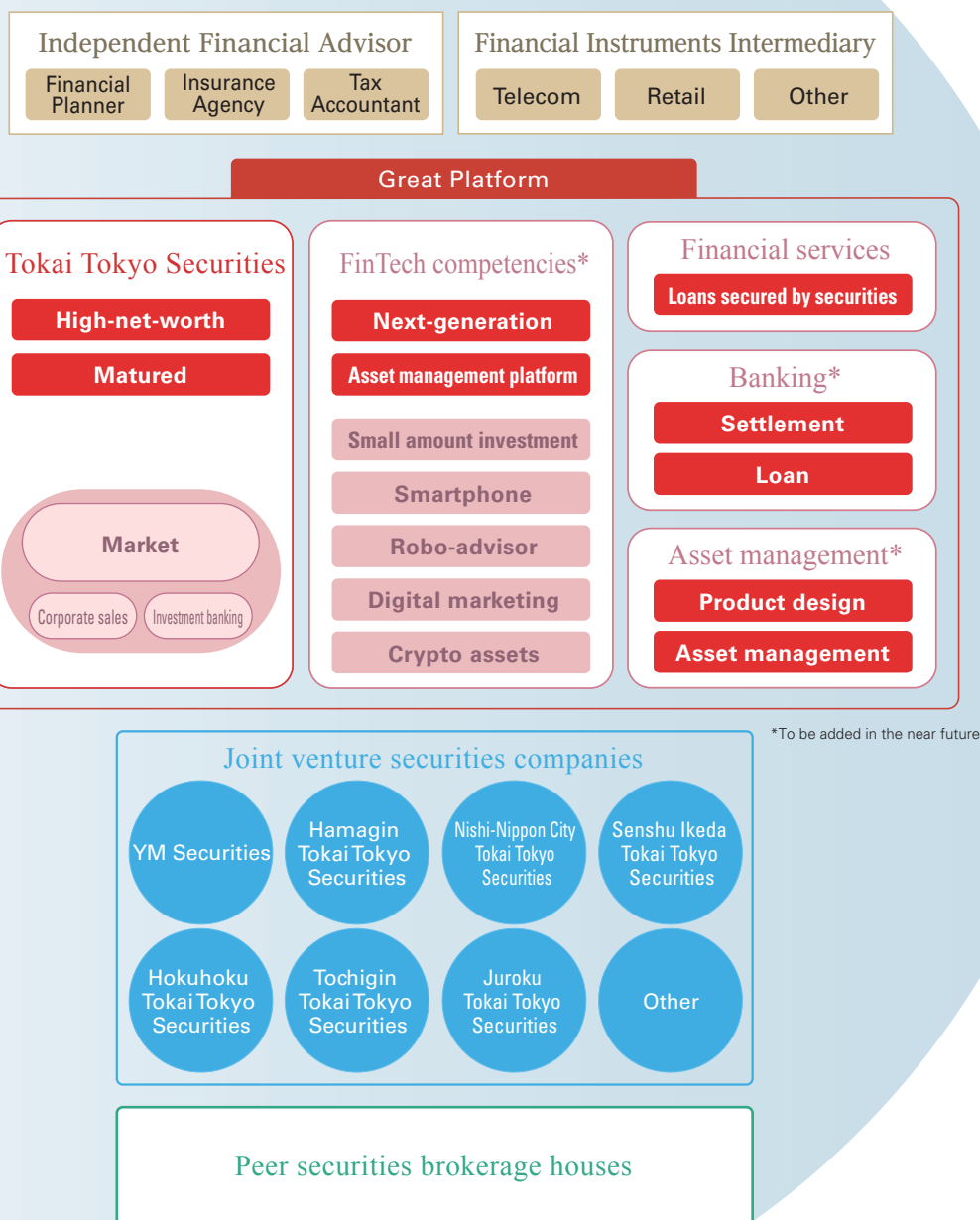
The age of inequality

Workstyle reform

Future

An integrated financial group that establishes the “third pillar”

New competencies and an expanded network whereby we lead tomorrow's financial industry and carve out our own market



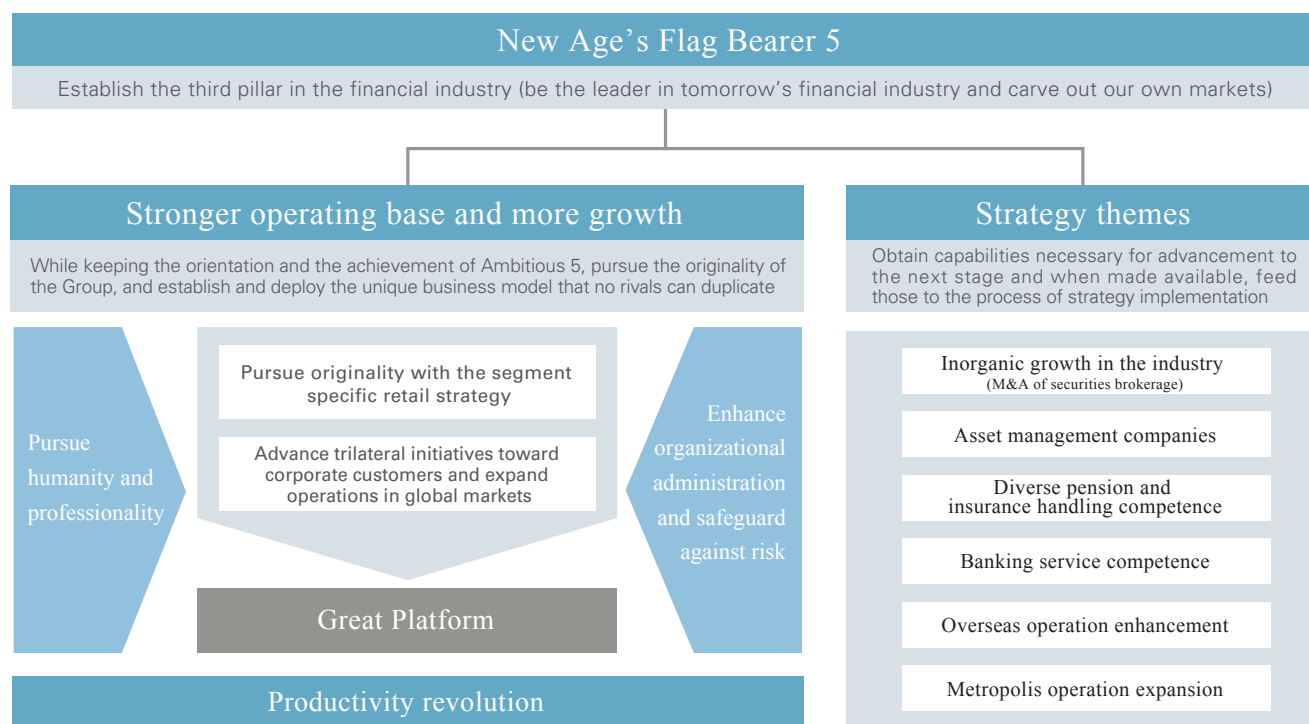
Geopolitical issues

The digital age
FinTech

Business Plan: New Age's Flag Bearer 5

Launched in April 2017, New Age's Flag Bearer 5 is the current five-year plan for the Tokai Tokyo Financial Group. The plan outlines our vision to build the Great Platform and to implement a productivity revolution that will further strengthen our operating base and enhance growth. The plan also includes strategic themes to guide us into the next stage of growth. The ultimate goal is to lead the financial sector in a new age, establishing the third pillar.

Overview of business plan



Key goal indicator

	FYE March 2017		FYE March 2022
ROE	7.8 %	▶	10 %
Ordinary income	13.2 billion	▶	30.0 billion
Group's assets under custody	5.6 trillion	▶	10 trillion



See our corporate website for more on New Age's Flag Bearer 5 (in Japanese only)
<http://www.tokaitokyo-fh.jp/corporate/businessplan/>



New Age's Flag Bearer 5: Progress so far and roadmap for now and onward

Strategic themes	Key initiatives taken until FYE March 2019	Initiatives from April 1, 2019
Pursue originality with the segment specific retail strategy <small>See pages 25 & 26 for more details</small>	High-net-worth segment <ul style="list-style-type: none"> Expand Orque d'or in Tokyo Matured segment <ul style="list-style-type: none"> Unify corporate/retail customer interface Improve coordination between insurance and investment banking operations Next-generation asset forming segment <ul style="list-style-type: none"> Strengthen outside and inside sales MONEQUE: Start delivering one-stop insurance, mortgage, and securities solutions Special accounts <ul style="list-style-type: none"> Launch general credit services 	High-net-worth segment <ul style="list-style-type: none"> Orque d'or: Launch Salon TOKYO (April 2019) Orque d'or: Upgrade financial/non-financial services Strengthen partnerships with high-net-worth community, medical associations, and department stores Matured segment <ul style="list-style-type: none"> Enhance the unified corporate/retail customer interface Next-generation asset forming segment <ul style="list-style-type: none"> Further strengthen onsite sales at corporate clients' premises and non-face to face sales Launch FinTech services and new channels (e.g. smartphone apps), fully launch asset management platform Enhance insurance products and mortgage solutions Special accounts <ul style="list-style-type: none"> Strengthen sales to credit account customers and those desiring for complex products by improving advisory competence
Advance trilateral initiatives toward corporate customers and expand operations in global markets <small>See pages 27 & 28 for more details</small>	Market Division <ul style="list-style-type: none"> Develop infrastructure to accommodate upgraded front-end system Insource some structured bond origination competence, launch e-trading of Japanese Government bonds and enlarge workforce Corporate Sales Division <ul style="list-style-type: none"> Start originating and marketing privately placed investment trusts for financial institutions Investment Banking Division <ul style="list-style-type: none"> Win core lead status from notable issuers in Tokai and Kanto areas Work together with Pinnacle and Pinnacle TT Solutions to be retained for business succession advisory and M&A solutions Start proposing bond issuance to local government bodies and other public institutions 	Market Division <ul style="list-style-type: none"> Insource some structured bond origination competence to design structured bond, strengthen equity business, enhance foreign stock related products, launch global trading, fully launch e-trading of Japanese Government bonds, upgrade systems, and enlarge workforce. Corporate Sales Division <ul style="list-style-type: none"> Improve marketing of privately placed investment trusts for financial institutions Work with group's asset management entities to formulate and market privately placed investment trusts Improve marketing of newly issued municipal bonds in collaboration with investment banking division Investment Banking Division <ul style="list-style-type: none"> Acquire core lead status for the issues in distinctive industries Improve marketing of business succession and M&A solutions Improve marketing of bonds to local government bodies and other public institutions
Great Platform <small>See pages 29-32 for more details</small>	Alliance strategy with regional banks <ul style="list-style-type: none"> Enter comprehensive business alliance with The Juroku Bank Great Platform <ul style="list-style-type: none"> Found Pinnacle TT Solutions to deliver business succession, M&A, and advisory services 	Alliance strategy with regional banks <ul style="list-style-type: none"> Launch Juroku Tokai Tokyo Securities (June 2019) Strengthen collaboration with regional banks Great Platform <ul style="list-style-type: none"> Launch Independent Financial Adviser company (September 2019) Improve the sharing of competencies and services with joint venture securities companies and platform partners
Productivity revolution and human resource development <small>See pages 49-52 for more details</small>	Productivity revolution <ul style="list-style-type: none"> Promote paperless and free-address offices Implement Business Process Reengineering(BPR) program Pilot data-based marketing More sales offices to centralize administrative work for operating efficiency and optimal worker allocation Introduce flextime as part of workstyle reform Human resources development <ul style="list-style-type: none"> Promote careers of women and activate latent capability veteran employees possess Launch diversified career track system 	Productivity revolution <ul style="list-style-type: none"> Press ahead in realizing paperless and adapting to digital makeover by enhancing Information and Communication Technology capability Implement BPR and Robotic process automation(RPA) programs for productivity improvement Fully launch data-based marketing Expand administrative work centralization to more sales offices Human resource development <ul style="list-style-type: none"> Step up efforts to promote specialist expertise Introduce new personnel system

Financial Results for Fiscal Year Ended March 31, 2019

Consolidated results of operation

		FYE Mar. 2018	FYE Mar. 2019
Operating revenue	(Millions of yen)	85,261	64,772
Net operating revenue	(Millions of yen)	82,919	62,553
Operating income (loss)	(Millions of yen)	17,446	(391)
Ordinary income	(Millions of yen)	20,939	932
Profit attributable to owners of parent	(Millions of yen)	25,397	1,079
Net income per share (EPS)	(yen)	97.27	4.18
Return on equity (ROE)	(%)	15.5	0.6

In the consolidated period under review, operating revenue decreased 24.0% (year-on-year; same applies hereinafter), to ¥64,772 million, and net operating income decreased 24.6%, to ¥62,553 million. Selling, general and administrative expenses decreased 3.9%, to ¥62,945 million. The results for items in this category were as follows: Trading related expenses decreased 13.6%, to ¥11,951 million, due to a decline in broker commissions paid to joint venture securities companies; personnel expenses decreased 5.0%, to ¥29,544 million; real estate expenses increased 15.4%, to ¥7,845 million, reflecting the relocation of Headquarters to Nihonbashi Takashimaya Mitsui Building; depreciation increased 19.4%, to ¥2,321 million. An operating loss of 391 million was recorded (compared to an operating income of ¥17,446 million in the previous year). Non-operating income decreased 53.6%, to ¥1,712 million. This decrease occurred because the share of profit of entities accounted for using equity method as recorded at the end of the previous fiscal year turned negative. Non-operating expenses increased 93.1%, to ¥388 million. This increase occurred because investments in FinTech companies and other forward investments drove up the share of loss of entities accounted for using equity method to ¥61 million. Ordinary income decreased 95.5%, to ¥932 million. Profit attributable to owners of parent decreased 95.7%, to ¥1,079 million.

		FYE Mar. 2018	FYE Mar. 2019
Commission received	(Millions of yen)	35,907	28,954
Net trading income	(Millions of yen)	45,095	30,280
Financial revenue	(Millions of yen)	4,258	5,537

Commission received

During the fiscal year under review

In the consolidated fiscal year under review, total commissions received decreased 19.4%, to ¥28,954 million.

- (1) **Commission to consignees:** Down 38.4%, to ¥10,729 million. Under this category, commissions to consignees on stock decreased 39.8%, to ¥10,211 million, due to reduced transactions with individual investors.
- (2) **Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors:** Up 53.9%, to ¥1,247 million. Under this category, net equity trading income totaled ¥914 million, an increase of 102.8%, reflecting an increase in public offerings and secondary distributions among newly listed enterprises. Commission on bonds, however, decreased 7.4%, to ¥333 million.
- (3) **Fees for offering, secondary distribution and solicitation for selling and others for professional investors:** Down 11.4%, to ¥6,951 million. Under this category, fees from beneficiary certificates decreased 11.5%, to ¥6,871 million, reflecting the decline in sales of investment trusts—particularly to individuals.
- (4) **Other fees received:** Up 1.9%, to ¥10,025 million. Under this category, agency commissions from investment trusts rose 0.8%, to ¥4,556 million, and insurance commissions and consultant fees increased 19.1%, to ¥3,230 million.

Net trading income

In the consolidated fiscal year under review, net trading income totaled ¥30,280 million, a decrease of 32.9%. Under this category, trading of stocks posted a profit of ¥15,401 million, a decrease of 30.7%, which was attributable to the decrease in the trading of foreign stock (centering on U.S. Stocks). Also under this category, net trading income for securities and foreign currency decreased 34.9%, to ¥14,879 million; this decrease was mainly in foreign currency-denominated bonds and structure bonds.

Net financial revenue

In the consolidated fiscal year under review, net financial revenue totaled ¥3,318 million, an increase of 73.2%. Under this category, financial revenue increased 30.0%, to ¥5,537 million, while financial expenses decreased 5.2%, to ¥2,219 million.

Consolidated financial position

		FYE Mar. 2018	FYE Mar. 2019
Net assets	(Millions of yen)	174,849	164,300
Total assets	(Millions of yen)	964,533	1,391,076
Equity ratio	(%)	17.9	11.6
Book value per share (BPS)	(Yen)	668.18	625.05

Note: On February 16, 2018, the Accounting Standards Board of Japan (ASBJ) amended the Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28). We adopted the amended standard at the start of FYE March 31, 2019. The amended standard has been applied retroactively to the key financial metrics for FYE March 31, 2018.

Assets

As of the end of the period under review, total assets totaled ¥1,391,076 million, an increase of ¥426,543 million. Current assets increased ¥421,428 million, to ¥1,323,532 million. A key contributor was trading products (assets), which increased ¥269,424 million, to ¥657,524 million. Another was loans secured by securities, which increased ¥203,740 million, to ¥492,858 million. Non-current assets increased ¥5,114 million, to ¥67,544 million. A key contributor was buildings, which increased ¥1,990 million, to ¥4,529 million. Another was in equipment, which increased ¥1,926 million, to ¥3,738 million.

Liabilities

As of the end of the period under review, total liabilities totaled ¥1,226,776 million, an increase of ¥437,092 million. Current liabilities increased ¥433,218 million, to ¥1,137,726 million. A key contributor was trading products (liabilities), which increased ¥264,790 million, to ¥546,499 million. Another was loans payable secured by securities, which increased ¥147,760 million, to ¥345,299 million. Non-current liabilities increased ¥3,867 million, to ¥88,431 million. A key contributor was bonds payable, which increased ¥1,373 million, to ¥17,573 million. Another was long-term loans payable, which increased ¥3,223 million, to ¥68,129 million.

Net assets

As of the end of the period under review, total net assets added up to ¥164,300 million, a decrease of ¥10,549 million.

Dividends

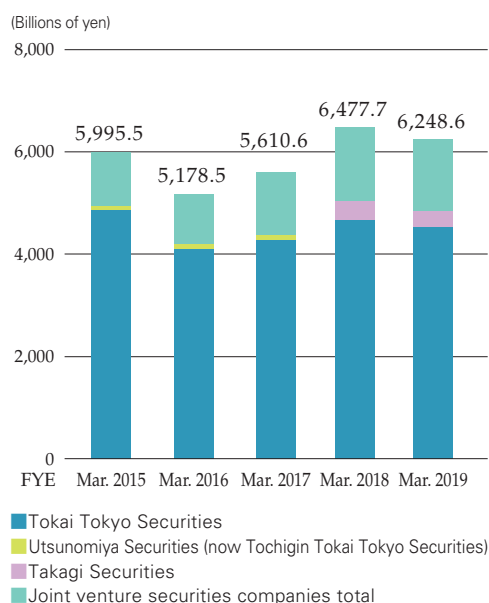
		FYE Mar. 2018	FYE Mar. 2019
Dividend per share (interim dividend per share)	(Yen)	38.00 (14.00)	16.00 (12.00)
Dividends payout ratio (consolidated)	(%)	39.1	382.8
Net assets dividend ratio (consolidated)	(%)	6.0	2.5

Our basic policy on dividend payments is to deliver stable and fair shareholder returns while, at the same time, ensuring that we keep enough internal reserves to enable the medium and long-term growth necessary to enhance our corporate value. We make two payments in each fiscal year: an interim dividend and a year-end payment. The interim dividend payment is decided by the Board of Directors and the year-end payment is decided at a General Meeting of Shareholders. The Company's Articles of Incorporation stipulate that the Company may pay interim dividend in accordance with the provisions of Article 454, Paragraph 5, of the Companies Act.

Based on this policy, the dividends for the current fiscal year are as follows: The annual dividend for the fiscal year under review is ¥16 per share, which comprises an ordinary dividend of ¥4 per share and an interim dividend of ¥12 per share. On a consolidated basis, the payout ratio totals 382.8%, with a (consolidated) net asset dividend ratio of 2.5%.

For future fiscal years, the Group will continue to return profits to shareholders in a steady and appropriate amount, and in a way that reflects changes in performance during the year in question.

Trends in Group's assets under custody



* JV Securities Companies (all of which are equity-method affiliates): YM Securities, Hamagin Tokai Tokyo Securities, Nishi-Nippon City Tokai Tokyo Securities, Senshu Ikeda Tokai Tokyo Securities, Hokuohoku Tokai Tokyo Securities, and Tochigin Tokai Tokyo Securities (formerly Utsunomiya Securities)

Discussion between the Chairman and the President of Tokai Tokyo Securities

About the group's core company and its ambition to forge the third pillar in financial industry



Hideaki
Yamane

Chairman,
Representative Director
Tokai Tokyo Securities



Ichiro
Gouda

President,
Representative Director
Tokai Tokyo Securities



Chairman and President talk

Yamane

Although I have my background in banking, I'm not your typical Japanese banker given my long years both in handling securities business and working overseas within a bank. I had worked for seven years in a bank-owned London securities house. After returning to Japan, I got involved in formulating and marketing receivable liquidation services and securitized products. In 2005, I joined Tokai Tokyo Securities and did a two-year stint heading up one of the group's overseas subsidiaries, Tokai Tokyo Investment Management Singapore. After that, I returned again to Japan and focused on structured and its peripheral products for the Market Division. Subsequently, I served Tokai Tokyo Securities in a number of posts, including Head of Products Division and Head of Global Markets Business Unit, before beginning to assume my present title, Chairman and Representative Director, in April this year.

Gouda

Before I joined Tokai Tokyo Securities, I was in one of Japan's both large city banks and trust banks. Having studied science at university, I spent much of my banking career in areas where I could deploy my quantitative knowledge, in developing the

products like derivatives imbedded, trusts products like derivatives, structured deposits, and trust-related products. I joined Tokai Tokyo Securities in 2012, taking charge of the Market Development Department. I subsequently served Tokai Tokyo Financial Holdings as an executive officer. I also served Tokai Tokyo Securities as a managing executive officer in charge of the Planning & Administration Unit. In April, I took my present post of President and Representative Director.

The different roles of the chairman and president

Yamane

One difference between us is that I, as chairman, am primarily engaging externally, while Mr. Gouda, as president, is engaging internally. Having said that, fundamental principle is that we work together when determining the company's agenda and then executing them. Things were slightly different until March this year. Under the previous system, Mr. Ishida, then Chairman & CEO of the company, made the final decisions, and then Mr. Hayakawa, as President & COO, was responsible for executing them. The new system allows Mr. Ishida to devote himself to leading the holdings company. In line with this new system, I and Mr. Gouda confer and

make the strategic decisions together constantly in close talks.

Gouda

With his wide and accurate knowledge of the group's network, no one can match Mr. Yamane's capability and experience to build and maintain smooth relations and communications among group companies. That's why he is the main man for engaging externally. I, on the other hand, given my recent experience heading up the company's Planning & Administration Unit, am engaging internally on the whole, focusing on the administration and other internal matters. We each bring different experience and knowledge to the table for frequent discussions, which, I believe, should make for well-balanced management.

Medium-to-long term growth strategy

Yamane

No doubt retail is our core operation and its market is gradually evolving as the times change. With a fiduciary duty getting ever more rigorous, securities houses are under much more pressure to suppress the turnover for customers' investment assets. So, under this constraint, we must protect and increase

the value of customers assets. These circumstances are limiting the number of customers that a single salesperson can cover. Accordingly, it makes sense for our group's retail operations to look more to the high-net-worth segment, where we can expect larger transaction value per customer. We just cannot keep dealing with a wide range of customers indefinitely and indiscriminately. Right now, we're in the middle of this transition. Further, we continue to enlarge the caliber of market dealing competence and enhance corporate sales strength. I think that such efforts will also help us diversify our revenue streams by taking advantage of our unique product supply channels to joint venture securities companies and peer securities brokerage houses.

Gouda

In the retail area, I consider that we must add more value and win more customer recognition both to our face-to-face mode of sales operations. We must be able to find the next source of growth through our segmented retail marketing approaches, for instance, "Orque d'or", for the high-net-worth segment, "MONIQUE" for the next-generation asset forming segment and some other product for the matured segment. We are also trying to expand our interfaces with people who are making their first investment by suggesting right product selections. As the group's core operating company, we also have a crucial role to play in building a nationwide network of alliances.

What makes Tokai Tokyo Securities unique?

Yamane

I think Tokai Tokyo Securities is an organization rich in diversity. The company as it is today is the product of multiple mergers and corporate reorganizations. Consequently, the people in this organization came from various former employers and have diverse career and professional expertise. We have also worked from early on to build an impartial and inclusive personnel practices by, for instance, actively appointing women to management roles. With a diverse range of employees working toward shared goals, we have fostered an energized organizational culture, which has become a hallmark of the company.

Gouda

One thing that distinguishes us is our "can-do" attitude. We're always willing to try something new. To give an example, when founding joint venture securities companies, we have taken some gutsy decisions, such as ceding some of our existing branches to the newly set up ventures. We're very open to new ideas and new ways of doing things. As CEO of the holdings company, Mr. Ishida has implemented a series of visionary strategies, through which we have gained many partners. Reflecting the CEO's reformist approach, the group as a whole has cultivated flexible ways of thinking, which is one reason the reforms have been a success.

A vision for tomorrow

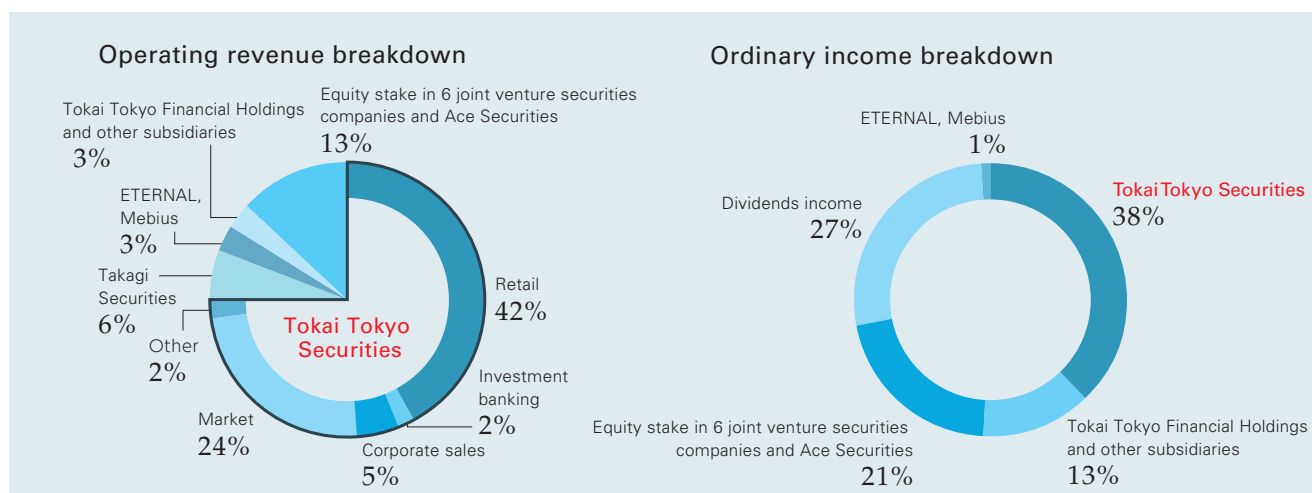
Yamane

I believe that a joint-stock company's mission is to create wealth for its stakeholders. Besides our everyday activities, a wide-ranging corporate undertakings like social contribution and ESG initiatives, can enrich stakeholders' lives and enhance our corporate value in the process. As chairman, I want to create a positive cycle between stakeholder prosperity enhancement and corporate value increase.

Gouda

It appears to me that the financial industry is undergoing a historic transformation with many structural changes. The reason why the Nomination & Remuneration Committee (see page 34 for more details) nominated us two for leadership in the first place was that the members felt we were the right individuals to take the company forward in these circumstances. They were confident that we could present a vision of where the company should be five and ten years down the line and to execute strategies flexibly and adaptively, reflecting the changing conditions. They also felt that a younger leadership would be best for implementing the necessary reforms, and I'll be taking on this weighty task with vigor and energy. I'm determined to carry forward the spirit of innovation and contribute to the group's differentiation strategy of forging the third pillar in financial industry.

As of FYE March 31, 2019, Tokai Tokyo Securities accounts for 3/4 of group revenue



Note: Takagi Securities is omitted from the ordinary income breakdown because it recorded an ordinary loss. For the joint venture securities companies and Ace Securities (entities accounted for using equity method), we have indicated equity stake to give an idea of their relative contributions to group income in FYE March 31, 2019. Please note, however, that this is not the method we use for consolidated accounting.

Tokai Tokyo Securities Overview of Each Division

Retail Division

Tokai Tokyo Securities is working to expand its customer base through a segment specific retail strategy in which it tailors its products and services to the needs and attributes of three segments: high-net-worth, matured, and next-generation asset forming.

Strengths

- Overwhelming presence in Tokai region
- Strong ties with local customers, winning trust from them
- Can work with affiliates to cover a wide range of needs

Strategies

- Pursue originality with the segment specific retail strategy

High-net-worth segment: Enhance Orque d'or's services

Matured segment : Unify corporate/retail customer interface

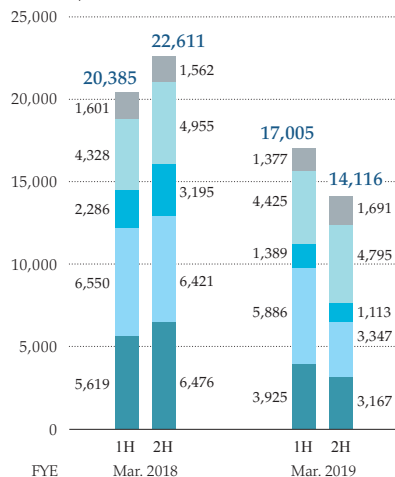
Next-generation asset forming segment : Develop new services under MONEQUE brand

Progress under New Age's Flag Bearer 5

One strategic theme in New Age's Flag Bearer 5 is to pursue originality with the segment specific retail strategy. For the high-net-worth segment, we launched Orque d'or Salon TOKYO in April 2019 as part of an effort to cultivate the Tokyo market. For the matured segment, our corporate divisions and affiliates have joined forces to provide multi-layered sales approaches, focusing on both delivering solutions and marketing asset management services. For the next-generation asset forming segment primarily, customers aged 20–49, we opened a fifth MONEQUE outlet in LaLaport, Nagoya Minato Aqls. We have also worked to improve customer convenience in several ways. For example, depending on the size of assets they entrust to us, Customer Service Center is now able to take care of some of the customers more efficiently. We have also developed an advisory infrastructure, creating special accounts for the customers opening credit accounts and for those choosing complex products.

Revenue by product category

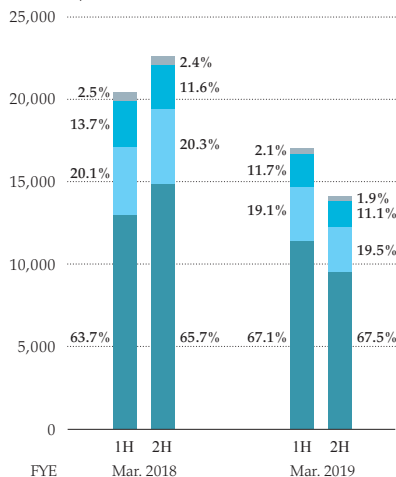
■ Domestic equities ■ Foreign equities
■ Bonds ■ Mutual funds / Investment trusts ■ Other
(Millions of yen)



Note: Figures are based on Tokai Tokyo Securities' accounting data compiled for internal management purpose

Revenue by geographical region

■ Tokai ■ East Japan
■ West Japan ■ Non-face-to-face
(Millions of yen)

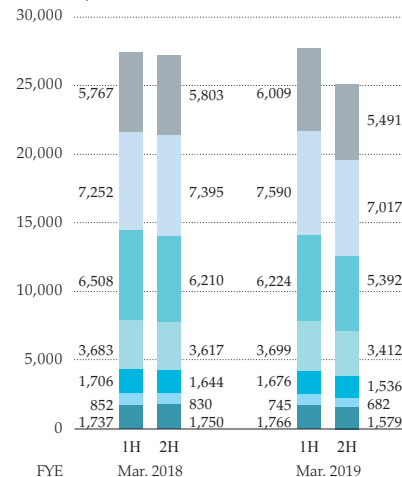


*Excludes revenue that was not generated from transactions with customers

Note: Figures are based on Tokai Tokyo Securities' accounting data compiled for internal management purpose

Assets-under-custody by age group of customers (period end)

■ 20s ■ 30s ■ 40s ■ 50s ■ 60s ■ 70s ■ 80+
(Millions of yen)



Note: Figures are based on Tokai Tokyo Securities' accounting data compiled for internal management purpose

Segment specific retail strategy dealing with each segment of retail customers

High-net-worth segment

In November 2015, we launched Orque d'or as a service brand dedicated to the high-net-worth segment. Through this brand, we tailor our services to the needs from the view point of high-net-wealth customers. For business owners, doctors, and others in this segment, Orque d'or offers total solutions covering financial matters as well as inheritance, business succession, and more. To cover as many needs as possible, we market two broad service offerings. The first is "business support," which advises businesses on managing their capital and stock. The other is "total management," which offers advice on management, inheritance planning, and health management. In April 2018, Orque d'or expanded into Tokyo, and in April 2019, Orque d'or Salon TOKYO opened in Nihonbashi.

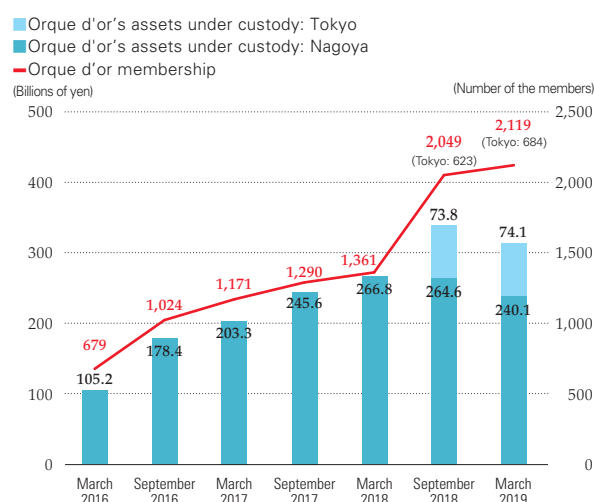


Nagoya Opened on the top floor of Dainagoya Building in March 2016, and the salon includes facilities such as a lounge, restaurant, reception, seminar room, multipurpose hall, and a Japanese style annex.



Tokyo Members-only services were rolled out to Tokyo in April 2018, and this salon opened in April 2019, on the top floor of the Nihonbashi Takashimaya Mitsui building. The salon boasts a lounge, restaurant, reception, seminar room, multipurpose hall, and a rooftop garden.

Orque d'or membership and the members' assets under custody



Note: Figures are based on Tokai Tokyo Securities' accounting data compiled for internal management purpose

Matured segment

The customers in this segment are typically aged 50 and over. Accordingly, our emphasis in this segment is on advisory services related to life events such as inheritance planning and retirement. To make business even brisker and contribute further to retail revenue, we offer services tailored to elderly customers, including an asset assessment service and a service that provides for the final stage of life.

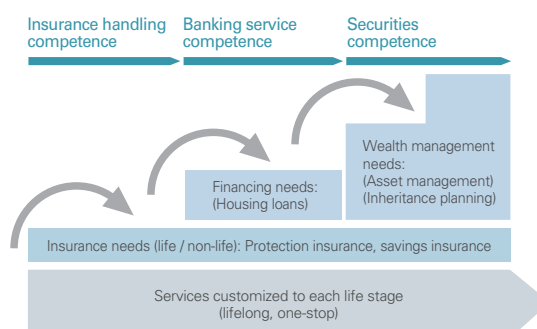
Next-generation asset forming segment

This segment constitutes one of the Group's core next-generation businesses. MONEQUE, which has five outlets in Tokyo and Aichi, provides a one-stop shop for these target markets, offering securities, insurance, and housing loans. In Tokai, our main market, we have stepped up our wholesale marketing approach by visiting the workplaces of some selected companies and organizing events to educate young potential customers there about building wealth.

MONEQUE: a one-stop channel targeting next-generation asset forming customers

お金のあれこれ、まるごと

MONEQUE
マニーク



Wholesale marketing approach to the employees of some chosen companies



Seminar organized specifically for the employees of selected companies at Premier Salon Toyota

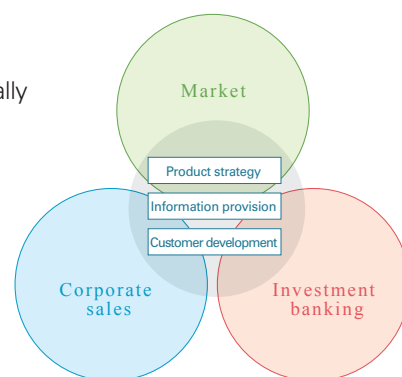
Tokai Tokyo Securities Overview of Each Division

Trilateral initiatives toward corporate customers

The Tokai Tokyo Financial Group pursues corporate trilateral initiatives, organically integrating market, corporate sales, and investment banking divisions.

Strategy

- Each division contributes their expertise in the areas of product origination, M&A mediation, underwriting, and corporate sales so as to deliver right solutions to corporate customers on the basis of trilateral coordination among three divisions
- Use the synergy between the three divisions to provide customers with further value added services and expand business opportunities

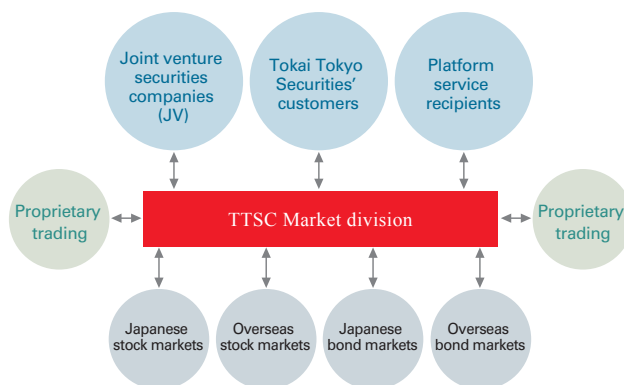


Market Division

With its customer base growing steadily, the Market Division has grown into a core business of the Group. Having formed a team of specialized experts and a sophisticated infrastructure, the division offers a broad range of products such as foreign equities, foreign bonds, structured bonds, and derivatives to the customers of Tokai Tokyo Securities, joint venture securities companies, and platform service recipients. In this way, the division is working to meet varied needs and strengthen its trading prowess.

Strengths

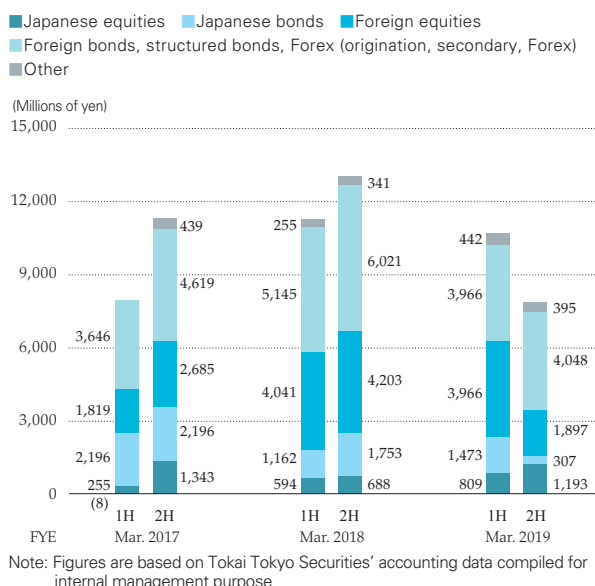
- Expansive product sales network, encompassing joint venture securities companies and platform service recipients, i.e. width and depth of customer base
- Information provision capabilities by strengthening collaboration with overseas business partners
- Broad product mix, including foreign equities, foreign bonds, and structured bonds



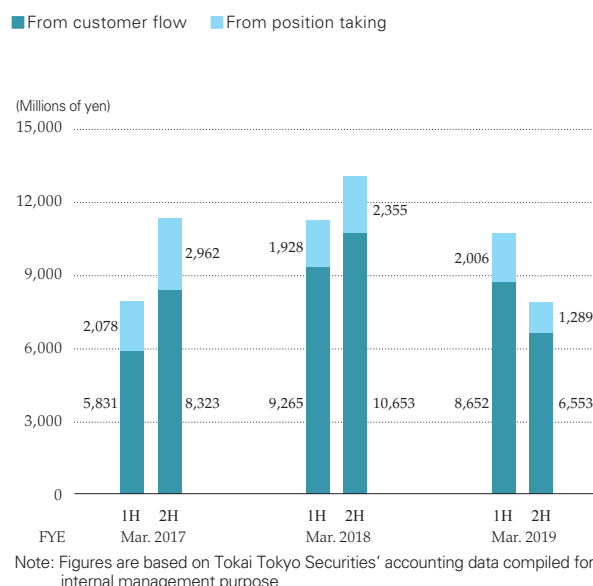
Progress under New Age's Flag Bearer 5

In October 2018, the division launched the Front-End System Department to improve the level of the system for better product delivery and revenue generation. The division has also made active efforts to insource operations, especially those in which foreign securities prove advantageous. For example, we have enhanced product offerings by insourcing structured bonds and introducing e-trading of Japanese Government bonds. Other examples include expanding the customer base by working with regional banks in the derivatives business, and building infrastructure for trading foreign bonds and foreign shares at local time.

Revenue by product category



Revenue source comparison



Corporate Sales Division

With its outstanding skill in brokerage operations and intelligence sharing, this division delivers optimal solutions to a wide range of corporate customers. Aiming to win customer trust and strengthen relationships, the division has focused on developing an optimal product mix covering a variety of customers' business formats, while offering structured products such as structured bonds and investment trusts to cater to varied customer needs.

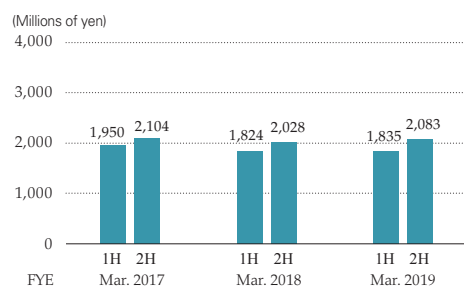
Strengths

- Excellent ability to market newly issued municipal bonds in collaboration with investment banking division
- Excellent ability to formulate and market privately placed investment trusts for financial institutions
- High quality information service to institutional investors made possible by providing excellent research and organizing analyst meetings
- Brokering execution caliber right next to that of Japan's major securities firms

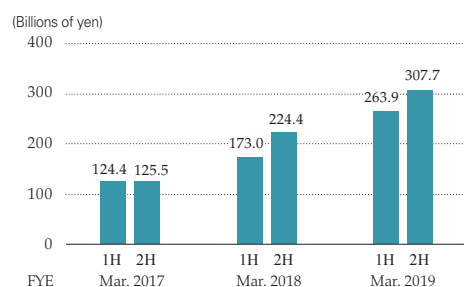
Progress under New Age's Flag Bearer 5

We revamped the division's organizational structure to further strengthen our operating base. Aiming for more efficient marketing toward major institutional investors, we transferred the unit responsible for institutional investor sales from the Corporate Sales Division to the Market Division in October 2018, thus integrating traders and sales operations. We also established a product sales unit to cater more swiftly and precisely to the needs of institutional investors and regional banks for privately placed investment trusts. A separate sales team for privately placed investment trusts allows us to deliver the expertise and precision customers require.

Operating revenue



Assets (investment trust) under custody



Note: Figures are based on Tokai Tokyo Securities' accounting data compiled for internal management purpose

Investment Banking Division

The division delivers products and services such as IPOs, public stock offerings, and M&As, using our formidable retail sales network and accessing an expansive wholesale customer base in Tokai (our home market). The division's M&A services cover overseas and cross-border M&As besides domestic transactions, supported by the deal sourcing abilities of the Group and joint venture securities companies.

Strengths

- Can gain core leads in the small to medium sized transaction range, where larger firms cannot reach.
- Unified and concerted actions between Nagoya and Tokyo enable the division to stay abreast of latest trends in investment banking.
- Enjoys an enlarged share in underwriting via joint venture securities companies and partner banks and acquires greater M&A service capabilities via Pinnacle and Pinnacle TT Solutions.

Progress under New Age's Flag Bearer 5

To maximize revenue generating opportunities, the division has aggressively expanded into new areas, such as block trading services for TSE 1st section listed companies, complementing its core leads in bond underwriting and IPO services. In December 2018, we founded a joint venture with Pinnacle, Pinnacle TT Solutions (see page 31 for more details), to gain a stronger presence in investment banking.

Tokai Tokyo Securities' league table ranking in FYE March 31, 2019

	Bonds overall: Underwriting value 6th	Municipal bonds: Underwriting value 6th	Initial public offerings: Underwriting value 7th
Value	¥262,540 million	¥187,600 million	¥19,330 million
Share	1.65%	5.76%	0.79%
Number of Transactions	145 (excluding scheduled bonds*)	59 (excluding scheduled bonds*)	23

* Scheduled bonds are public bonds issued periodically on a predetermined schedule

Alliances

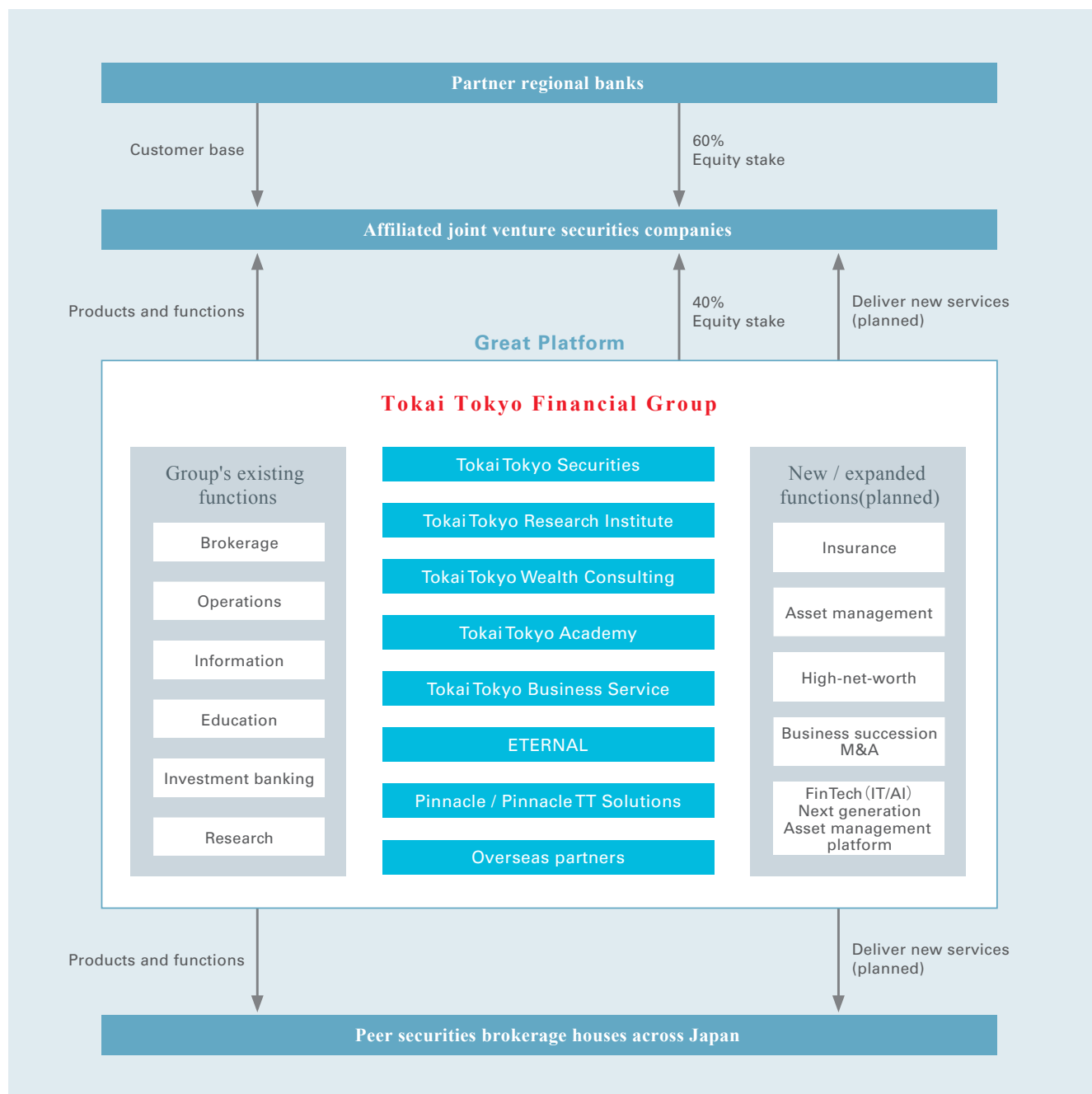
An alliance strategy to create the third pillar

There are two key growth drivers for our group: The first is our strategic alliances with regional banks; the second is our platform business, in which we provide peer securities brokerage houses with the products and services they require.

Our business plan, New Age's Flag Bearer 5, sets out a key strategy for further enhancing our operating foundation: develop the Great Platform—an innovative framework for facilitating business succession M&As and delivering cutting-edge FinTech services.

Through the Great Platform, we contribute to promote local finance, local businesses, and local economic development.

The Great Platform and our alliances



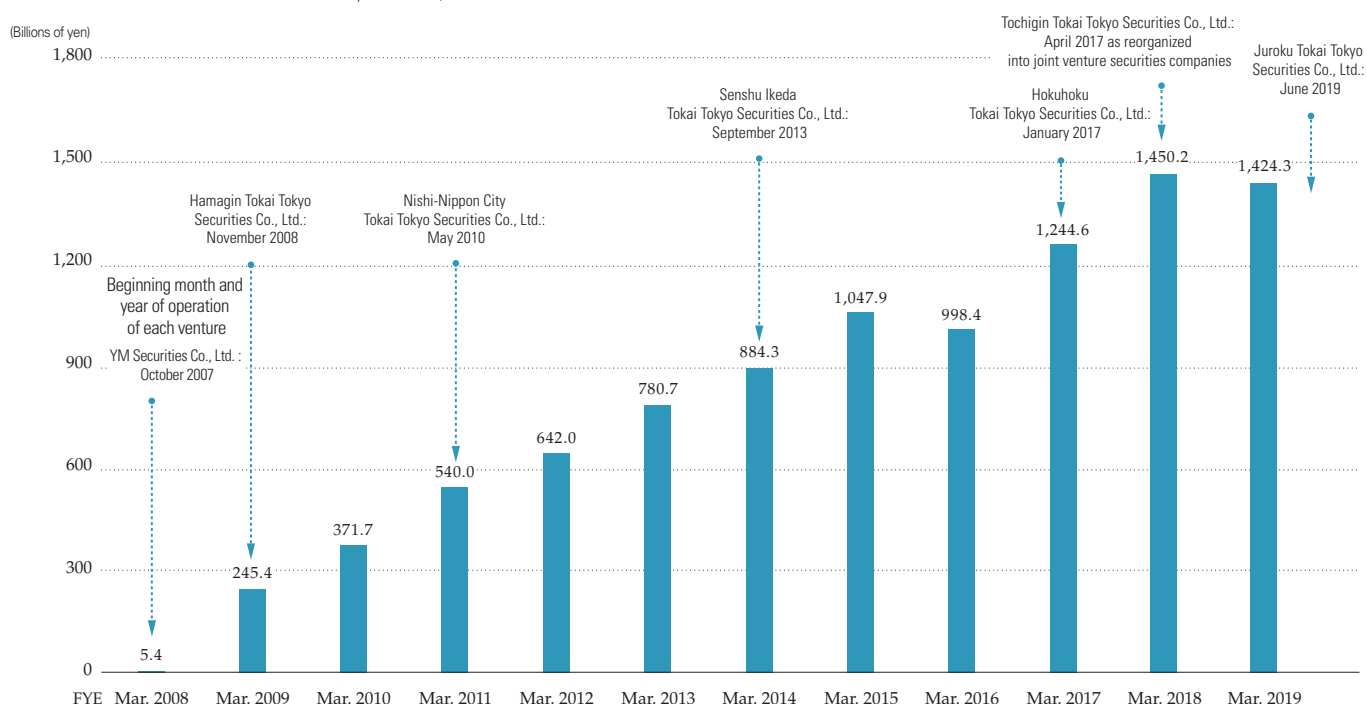
Affiliated joint venture securities companies with regional banks

As of June 30, 2019, we have founded a total of seven joint venture securities companies with prominent regional banks. Each of our bank partners is a big regional player with solid operating and customer base. We have allowed each one to have the controlling stake in the venture concerned. The joint ventures create a win-win consequences: The banks can expand into securities with minimal initial costs, while we can benefit from the banks' clientele and networks and use the earnings from the ventures to accomplish our stable financial standing.

As of March 31, 2019, there were 6* joint venture securities companies with regional banks. These ventures represent a total of 1.42 trillion yen in assets under custody, and in the fiscal year ended March 31, 2019, they posted a combined operating revenue of 20.8 billion yen. We remain committed to our strategy of integrating each regional bank's robust customer base with our formidable expertise in retail, corporate, and marketing operations, so as to maximize the synergistic potential of the joint ventures and strengthen our alliances.

Assets under custody of the 6* affiliated joint venture securities companies as combined

* This number does not include Juroku Tokai Tokyo Securities, as this venture was launched in June 2019.



Affiliated joint venture securities companies (Assets under custody and number of branches as of March 31, 2019)



ワイエム証券

YM Securities Co., Ltd.

Began operating: October 10, 2007

Sales offices: 19

(in Yamaguchi, Hiroshima, Fukuoka, and Tokyo)

Assets under custody: ¥344,360 million

Alliance partner: Yamaguchi Financial Group



浜銀TT証券

Hamagin Tokai Tokyo Securities Co., Ltd.

Began operating: November 4, 2008

Sales offices: 17 (in Kanagawa and Tokyo)

Assets under custody: ¥448,764 million

Alliance partner: The Bank of Yokohama



西日本シティTT証券

Nishi-Nippon City Tokai Tokyo Securities Co., Ltd.

Began operating: May 6, 2010

Sales offices: 19

(in Fukuoka, Miyazaki, Kumamoto, and Kagoshima)

Assets under custody: ¥256,519 million

Alliance partner: Nishi-Nippon Financial Holdings



池田泉州TT証券

Senshu Ikeda Tokai Tokyo Securities Co., Ltd.

Began operating: September 2, 2013

Sales offices: 7 (in Osaka and Hyogo)

Assets under custody: ¥120,063 million

Alliance partner: Senshu Ikeda Holdings



ほくほくTT証券

Hokuhoku Tokai Tokyo Securities Co., Ltd.

Began operating: January 4, 2017

Sales offices: 5

(in Hokkaido, Toyama, Ishikawa and Fukui)

Assets under custody: ¥157,407 million

Alliance partner: Hokuhoku Financial Group



とちぎんTT証券

Tochigin Tokai Tokyo Securities Co., Ltd.
(formerly Utsunomiya Securities Co., Ltd.)

Began operating: November 1910

Sales offices: 7 (in Tochigi, Saitama)

Assets under custody: ¥97,242 million

Alliance partner: The Tochigi Bank



十六TT証券

Juroku Tokai Tokyo Securities Co., Ltd.

Began operating: June 3, 2019

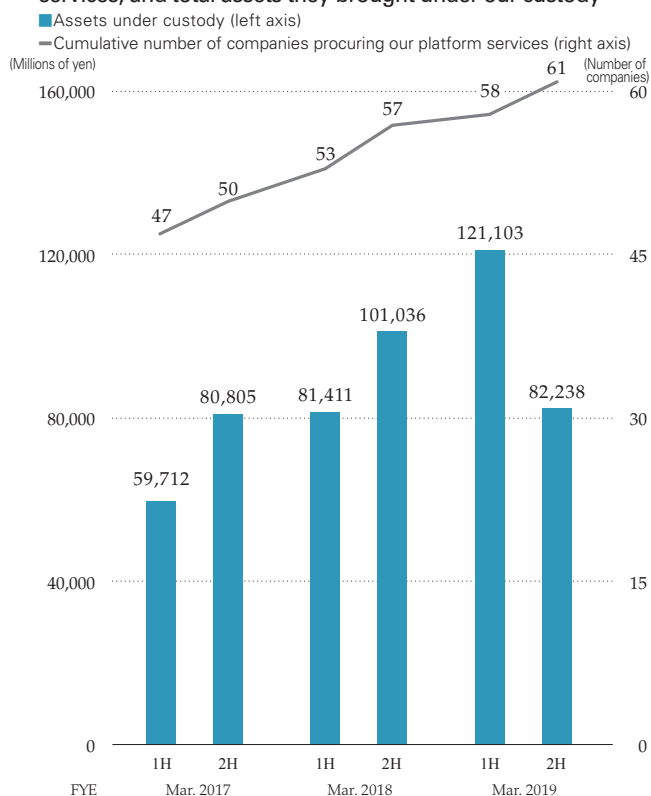
Sales offices: 4 in Gifu (as of launch date)

Alliance partner: The Juroku Bank, Ltd.

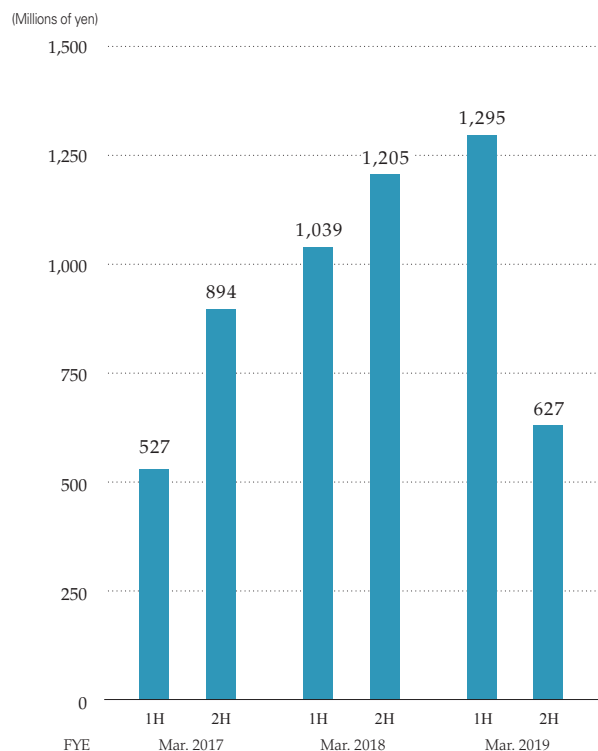
Platform business with peer securities brokerage houses

Leveraging the experience we gained from joint operations with regional banks, we have developed a platform through which we provide peer securities brokerage houses with the products, infrastructure, and services they require. As of FYE March 31, 2019, we are providing 61 securities brokerage houses with products including foreign equities, foreign bonds, and structured bonds, systems, and employee training services.

Number of securities brokerage houses procuring our platform services, and total assets they brought under our custody



Platform business-related revenue



TOPICS

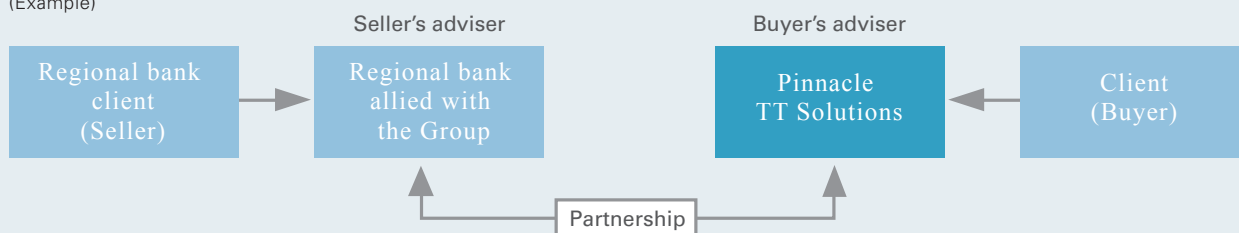
Strengthening M&A services: Launch of Pinnacle TT Solutions

In September 2017, we acquired Pinnacle Inc., which offers M&A advice in Japan and overseas, as a consolidated subsidiary. With Pinnacle on board, we have strengthened the Group's investment banking operations and ventured into new areas using the subsidiary's extensive network.

In December 2018, Pinnacle's subsidiary (our sub-subsidiary) was reorganized as a joint venture, Pinnacle TT Solutions Inc. What Pinnacle TT Solutions is expected to do is to offer services related to M&As as a means of business succession for small and medium sized companies (SMEs). It meets the business succession needs of SMEs who are the Group's clients or clients of our partner banks by finding M&A opportunities by themselves or through referrals from partners.

Pinnacle TT Solutions Inc. has already worked on numerous M&A deals, including those introduced by Tokai Tokyo Securities.

(Example)



Overview of strategic subsidiaries

With its holding company, Tokai Tokyo Financial Holdings, at the core, the Group consists of 26 subsidiaries and 12 affiliates as of September 2019. Many of the Group members are “strategic subsidiaries”—subsidiaries that have their own distinct strategic focuses. These include Tokai Tokyo Wealth Consulting, which focuses on delivering optimal solutions to high-net-worth customers; Tokai Tokyo Research Institute, which engages in market research and corporate analysis; and Tokai Tokyo Academy, which delivers education and training services. Through these strategic subsidiaries, the Group offers one-stop services to cover a wide range of securities and financial needs.

Tokai Tokyo Wealth Consulting

Tokai Tokyo Wealth Consulting offers comprehensive consulting services catering to the needs of multiple generations, particularly the needs related to inheritance planning and business succession.

For individual customers, the subsidiary offers an asset diagnosis service, which individual customers can use to appraise the value of their assets, and custom-made inheritance solutions. For business owners, it offers business succession and M&A consulting, real-estate consulting, and real-estate brokerage.

Tokai Tokyo Academy

The Tokai Tokyo Academy was created in June 2011 to administer education and training to employees of the Group companies. The academy supports talent development across the Group, helping employees in the education, securities, and financial businesses to deepen their specialist expertise or gain qualifications.

As part of group-wide CSR efforts, the academy manages an endowed course at a university and an investment course for the general public.

Tokai Tokyo Research Institute

This subsidiary is the Group’s research institute. It analyzes and researches financial and securities markets and provides the Group’s customers, including individuals, corporations, and institutional investors, with information to guide an investment decision.

The institute is advancing a unique strategy of leveraging its global network to reinforce its research competence, and of emphasizing its industry and corporate research in the Tokai region.

Tokai Tokyo Business Service

Tokai Tokyo Business Service was founded in July 2008 to deliver shared back-office and system infrastructure services to affiliated securities firms and other group companies.

Under a “shared services” concept (harmonized infrastructure), the subsidiary applies its expertise to optimize the Group’s operations and ensure that they maintain consistent standards of quality, thereby reducing costs across the Group.

Expanding the Group

Merger between group companies, Tokai Tokyo Securities and Takagi Securities

On September 1, 2019, Tokai Tokyo Securities subsumed Takagi Securities.

Takagi Securities boasts a strong presence in Kansai, while Tokai Tokyo Securities is strong in Tokai. Since Takagi Securities became a group company in April 2017, both companies have shared their corporate resources in an effort to streamline operations, jointly develop the segment specific retail strategy, and thereby increase each other’s corporate value.

The newly merged entity will promote the Group’s corporate value more effectively. It will be better able to deal with challenges, which include rising competition from new entrants and other changes in the market, and it will deliver even better customer services.

ETERNAL

Tokai Tokyo Financial Holdings acquired ETERNAL, an insurance agency operating nationwide, as its consolidated subsidiary in March 2017. ETERNAL operates 54 walk-in insurance outlets called “Insurance Terraces,” which promise insurance services in a “welcoming and comfortable café-style setting.” Understanding the potential of this welcoming ethos, the Tokai Tokyo Financial Group is working to expand ETERNAL’s network of outlets and coordinate its business operations with that of MONEQUE, Tokai Tokyo Securities’ brand for next-generation asset forming customers. In this way, the Group is creating synergy with ETERNAL and expanding the customer base.



Investment in asset management companies



A N A M

All Nippon Asset Management (ANAM)

All Nippon Asset Management (ANAM) provides regional banks with an independent asset management platform not affiliated with any existing financial corporate group. This business model has always resonated with us, so we have supported ANAM since its foundation. ANAM offers services to enhance the asset management functions of regional banks. (Asset portfolio value of 315.6 billion yen as of March 31, 2019)

Corporate Governance

Basic approach

The Tokai Tokyo Financial Group considers the strengthening and enhancing corporate governance to be a top management priority, and so it maintains an operating structure facilitating swift decision making and business execution. Management seeks to attain continuous business growth and raise corporate value over the long term by conducting fair and highly transparent management activities to earn and maintain the full trust of all stakeholders.

Corporate governance framework

The Company's corporate governance as its distinguished feature, clearly delineates the functions of "business execution" and "management supervision." On June 29, 2016, the Company converted itself from being a company with an Audit & Supervisory Board to a company with an Audit & Supervisory Committee with the objective of strengthening the functions of both the Board of Directors and the Audit & Supervisory Committee. The Company adopted the corporate governance framework presented below for its management and administrative organization for decision making, business execution, and supervision.



Guidelines for Corporate Governance (in Japanese only)

http://www.tokaitokyo-fh.jp/corporate/governance/pdf/cg_guideline.pdf

Corporate Governance Report

<http://www.tokaitokyo-fh.jp/en/corporate/governance/index.html>

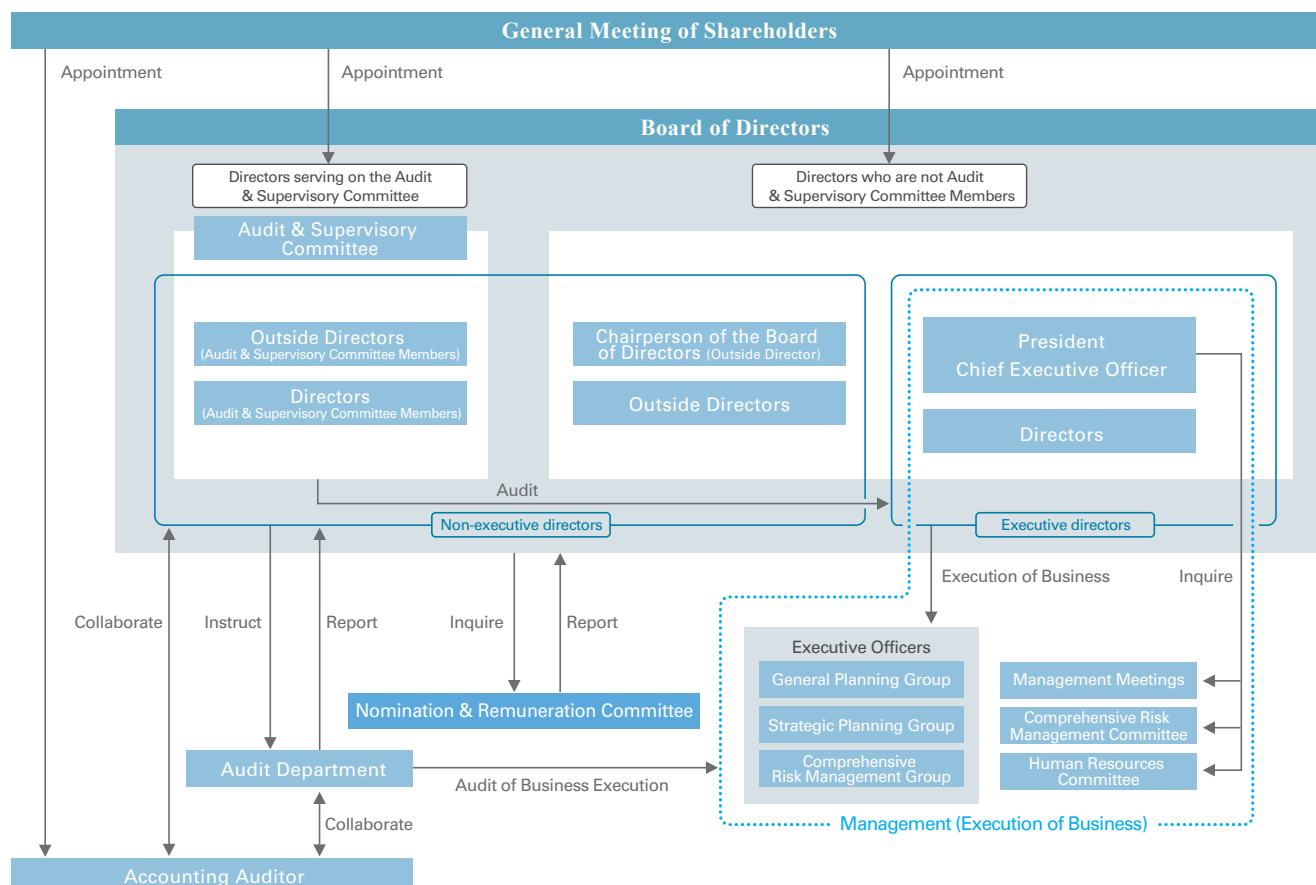


Guidelines for Corporate Governance



Corporate Governance Report

Corporate governance framework



Main characteristics of the Company's corporate governance

Organizational framework

The Company has adopted the organizational framework that embraces an Audit & Supervisory Committee in accordance with the Companies Act with the objectives of strengthening the supervisory functions of the Board of Directors, facilitating swift decision making by enabling the Board of Directors to delegate the execution of important business matters to executive directors, and thus making it easier for the Board of Directors Meetings to engage in deeper discussion of strategic issues. The Company also maintains a Nomination & Remuneration Committee to ensure impartiality and transparency in decision-making processes associated with nominating director candidates, and appointing, dismissing, and remunerating directors.

Enhancing functions of the Board of Directors and the Audit & Supervisory Committee

The Company ensures the effectiveness of the Board of Directors while maintaining a high level of transparency and fairness of its deliberation by having Outside Directors represent the majority of the Board of Directors and, in principle, appointing an Outside Director as the Chairperson of the Board. The Board of Directors presently comprises six Outside Directors, including three who concurrently serve on the Audit & Supervisory Committee. Consequently, both the Board of Directors and the Audit & Supervisory Committee are represented by Outside Directors. Thus, the Company maintains a heightened level of internal checks and balances.

Distinguish clearly the managerial functions of "business execution" and "management supervision"

The Company's directors each have clearly defined roles and are individuals holding positions of either executive directors primarily in charge of business execution or non-executive directors primarily in charge of overseeing business execution.

Board of Directors

The Company's Board of Directors comprises nine individuals: five directors (including three Outside Directors) who do not serve on the Audit & Supervisory Committee and four directors (including three Outside Directors) who serve on the Audit & Supervisory Committee. An Outside Director serves as the Chairperson of the Board. The Board of Directors meets, in principle, once a month to make decisions on fundamental Company policy and management issues and important matters as provided for under the law and to deliberate the appropriateness of each agenda item as well as for each director to conduct supervisory activities concerning the execution of their duties. Upon becoming a Company with an Audit & Supervisory Committee, the Board of Directors established a corporate environment supporting an appropriate level of risk taking by executive directors and created a structure to facilitate swift decision making and business execution by delegating decisions on important business matters to executive directors.

Audit & Supervisory Committee

The Audit & Supervisory Committee comprises four individuals, including three Outside Directors with one of them serving as the Chairperson of the committee. The most important function of the Audit & Supervisory Committee is to conduct legality audit. The committee supervises and inspects the formulation and the operation of internal control system. Also, subsequent to the said audit and supervision, the committee audits each director's duty execution by attending the Board of Directors Meeting and other important meetings. Further, in performing the audit on the execution of directors, the committee receives reports from directors, peruses important documents, issues audit orders to Audit Department and receives reports therefrom, and receives reports from accounting auditors.

Nomination & Remuneration Committee

The Company maintains a Nomination & Remuneration Committee to ensure impartiality and transparency in decision-making processes associated with nominating director candidates, and appointing, dismissing, and remunerating directors. The committee conducts deliberations concerning candidates for the position of director and deliberates the structure, level, and individual content of remuneration for each director with reference to remuneration data in the Company's fields of business provided by an external database supplier. The committee submits the result of the deliberations to the Board of Directors.

The Nomination & Remuneration Committee comprises a minimum of four committee members, including the Chief Executive Officer. The majority of the committee members are Outside Directors, and, in principle, an Outside Director serves as the Chairperson of the committee. The committee currently comprises one internal director (the Chief Executive Officer) and three Outside Directors.

Succession planning

As part of the Group's succession planning, Tokai Tokyo Securities got a new leadership team on April 1, 2019, with Hideaki Yamane becoming the company's chairman and Ichiro Gouda becoming its president.

We started succession planning in 2017 after recognizing that, in view of the Group's enlarged operations, we needed to prioritize the tasks of tightening the management of the Group and nurturing future leaders. We developed a consultative process in which the Nomination & Remuneration Committee and Board of Directors hold discussions on future leaders, considering the advice of external experts. The committee and board members selected candidates and decided that we should prioritize the leadership of the Group's core operating company, Tokai Tokyo Securities. As a result of this process, Hideaki Yamane and Ichiro Gouda were selected as the representative directors of the company. Invigorated under its new leadership, Tokai Tokyo Securities will continue spearheading the Group's campaign to be an integrated financial group that retains the firm trust of stakeholders amid the rapid changes in the financial industry.

Our Nomination & Remuneration Committee helps ensure impartial and transparent decision-making in the nomination and remuneration of board members. It does so by reviewing candidate directors and advising the Board of Directors on its findings.

☐ See page 34 for more details on the Nomination & Remuneration Committee

History of our corporate governance

FYE	Mar. 2007 (Jun. 2006–)	Mar. 2008 (Jun. 2007–)	Mar. 2009 (Jun. 2008–)	Mar. 2010 (Jun. 2009–)	Mar. 2011 (Jun. 2010–)	Mar. 2012 (Jun. 2011–)	Mar. 2013 (Jun. 2012–)
Corporate governance model	Company with an Audit & Supervisory Board						
Membership of Board of Directors	7	7	7	6	6	6	6
From inside company	5	5	5	4	3	3	3
From outside company	2	2	2	2	3	3	3
Ratio of outside members	28.6%	28.6%	28.6%	33.3%	50.0%	50.0%	50.0%
Directors who do not serve on the Audit & Supervisory Committee	7	7	7	6	6	6	6
From inside company	5	5	5	4	3	3	3
From outside company	2	2	2	2	3	3	3
Ratio of members from outside company	28.6%	28.6%	28.6%	33.3%	50.0%	50.0%	50.0%
Auditors / the Members of Audit & Supervisory Committee	5	5	5	5	5	5	5
From inside company	2	2	2	2	2	2	2
From outside company	3	3	3	3	3	3	3
Ratio of those from outside company	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%
Supervisory Committee	Audit & Supervisory Board						
Measures taken to ensure effective oversight	Members from outside company now representing majority of the Audit & Supervisory Board						
	Clarified the roles of executive and non-executive directors						
	Board of Directors chaired by outside director						
Measures to ensure effective group governance	Established group-wide Ethical Code of Conduct						
	Established group-wide compliance						
	Established basic policy on internal controls						
Advisory bodies							

Director remuneration

Our Nomination & Remuneration Committee helps ensure impartial and transparent decision-making in the nomination and remuneration of board members. The committee reviews director remuneration, including the policy on such remuneration, the formula for its calculation, and the levels of remuneration. In reviewing these matters, the members refer to remuneration levels in similar companies using an external database. The committee then reports its findings to the President & CEO and the Board of Directors.

Director remuneration has two components: fixed remuneration and performance-linked remuneration. Performance-linked remuneration is further divided into bonuses and stock options. Bonuses provide a short-term incentive in that they reflect recent company performance. Stock options, on the other hand, reflect performance over the medium to long term.

The ratio of fixed to performance-linked remuneration is roughly 7 to 3. Performance-linked remuneration is only available to executive directors (inside directors who do not serve on the Audit & Supervisory Committee).

How performance-linked remuneration is calculated

Bonuses	Bonuses reflect consolidated performance in the short term as measured by return on equity. They also reflect the director's individual performance and the performance of the Division he or she is responsible for.
Stock options	The value of stock options is linked to the Group's performance over the medium to long term. As such, the directors will have a mutual interest with shareholders and be motivated to improve consolidated performance.

Overview of director remuneration

	Rough breakdown of fixed and performance-linked remuneration		Breakdown of performance-linked remuneration	
	Executive directors (inside directors who do not serve on the Audit & Supervisory Committee)	Non-executive directors (outside directors who are members of the Audit & Supervisory Committee)		
Fixed remuneration	70%	100%	–	–
Performance-linked remuneration	30%	0%	Short-term incentive	Bonuses
			Medium- to long-term incentive	Stock options

Mar. 2014 (Jun. 2013–)	Mar. 2015 (Jun. 2014–)	Mar. 2016 (Jun. 2015–)	Mar. 2017 (Jun. 2016–)	Mar. 2018 (Jun. 2017–)	Mar. 2019 (Jun. 2018–)	Mar. 2020 (Jun. 2019–)	
			Company with an Audit & Supervisory Committee				● In June 2016, we switched our corporate governance model to “the company with audit & supervisory committee.” As part of this change, we delegated extensive discretionary authority to executive directors, enabling slicker decision-making and freeing up the Board of Directors to spend more time discussing major strategic issues.
7	7	7	9	9	9	9	
3	3	3	4	4	4	3	
4	4	4	5	5	5	6	
57.1%	57.1%	57.1%	55.6%	55.6%	55.6%	66.7%	
7	7	7	5	5	5	5	● In 2016, we started publishing corporate governance reports in English.
3	3	3	3	3	3	2	
4	4	4	2	2	2	3	
57.1%	57.1%	57.1%	40.0%	40.0%	40.0%	60.0%	
5	5	5	4	4	4	4	● In December 2015, we established criteria for determining the “independence” of outside directors and publicized those as an Appendix 1 to the Corporate Governance Guidelines.
2	2	2	1	1	1	1	
3	3	3	3	3	3	3	
60.0%	60.0%	60.0%	75.0%	75.0%	75.0%	75.0%	
			Audit & Supervisory Committee				● In 2010, Tokai Tokyo Securities started appointing outside directors assuming no role in Tokai Tokyo Financial Holdings.
Members from outside company now representing majority of the Board of Directors							
Annual reviews of the effectiveness of the Board of Directors							
hotline							
Established guidelines on corporate governance							
Nomination & Remuneration Committee							
Global Advisory Board							

Outside directors and why they were chosen

Ichiro Mizuno	Ichiro Mizuno has abundant experience in business administration. We judged that he would use his experience to help the board fulfill its decision-making and oversight roles effectively.
Tsunehiro Nakayama	Tsunehiro Nakayama has abundant experience in administering a financial business. We judged that he would use his experience to help the board fulfill its decision-making and oversight roles effectively.
Hiroshi Fujiwara	Hiroshi Fujiwara has abundant experience in leading an IT company. We judged that he would use his experience to help the board fulfill its decision-making and oversight roles effectively.
Mitsuhiro Yasuda	Mitsuhiro Yasuda is a highly experienced lawyer. We judged that he would use his experience to help the board fulfill its decision-making and oversight roles effectively.
Keisuke Inoue	Keisuke Inoue has abundant experience in administering a financial business. We judged that he would use his experience to help the board fulfill its decision-making and oversight roles effectively.
Fumio Inui	Fumio Inui has abundant experience in public administration and in general insurance. We judged that he would use his experience to help the board fulfill its decision-making and oversight roles effectively.

FYE March 31, 2019 review of the board's effectiveness

The purpose of this review was to clarify how the Board of Directors should operate and to highlight any concerns, so that the board can understand and rectify the issues, leading to a more effective board and better corporate value.

The review process

First, each board member completed an anonymous survey describing their perceptions of the board, including whether they think its membership composition is balanced and diverse and whether they think that members can fully exercise their roles. Next, all members participated in an open and frank discussion of the survey results. Finally, the board summarized its findings from the survey results and the points raised in the discussion.

Findings

The Board of Directors was found to be acceptable both overall and in respect of each metric measured in the survey. The feedback included a number of positive comments concluding that the board is effective. For example, the board was commended for having emphasized the role of outside members for many years already (e.g. electing an outside member as chairperson since 2007 and having outside members form the majority since 2013). There were also comments indicating that meetings are run efficiently, that members are briefed satisfactorily about the agenda, and that outside members feel comfortable expressing their opinions frankly.

The feedback has also highlighted areas in need of improvement. One area of concern is board diversity. There were comments calling for broader representation in terms of gender (the board lacks any women members), age, professional background, and international orientation. Other comments cited the need to have directors who are knowledgeable about financial gerontology and digitalization to help the Group adapt to the changing business climate. Also, the need was raised to avoid retaining the same outside directors for too long a time. The idea was that such caution is essential for the board to encourage outside directors to reflect their candid thoughts on the board.



Analysis and assessment of effectiveness of the Board of Directors in FYE Mar. 2019 (in Japanese only)
http://www.tokaitokyo-fh.jp/corporate/governance/pdf/h30_outline.pdf



Renewal of corporate takeover defenses

We will refrain from resisting a corporate takeover, even if we deem it unwelcome or hostile, if the takeover would benefit our corporate value and the common interests of shareholders. The final decision on whether to accept a takeover bid lies with the shareholders.

Whoever leads the Group must preserve the source of the Group's corporate value and execute a strategic vision in order to protect and further its corporate brands, its corporate value, and by extension the common interests of shareholders. A party that gains a controlling interest in the Company would jeopardize the corporate value and shareholders' interests if it fails to secure and further enrich the corporate value of the Group in the medium and long term.

On the other hand, the Group must be protected from any takeover that would harm its corporate value or the common interests of shareholders. Thus, in the event of a takeover bid, shareholders must have ample information and time to make an informed decision on whether to accept the bid. Additionally, there must be sufficient scope for us to negotiate with the acquirer on behalf of the shareholders and, if necessary, take defensive measures to avert the takeover.

Our corporate takeover defenses (titled "Countermeasures against the Large-Scale Purchase of the Company Shares") were renewed on June 26, 2019, upon shareholder approval (with 71.7% of shareholders voting in favor) at the 107th Ordinary General Meeting of Shareholders.



For more on the renewal of the corporate takeover defenses, see the following press release.

http://www.tokaitokyo-fh.jp/en/pressrelease/pdf/fh20190520_3.pdf



Protecting the interests of shareholders and dialogue with them

- 1 We strive to safeguard the interests of all our shareholders, including minority and non-Japanese shareholders. We engage with all our shareholders fairly according to the number and class of shares they hold.
- 2 We make the voting process easier for shareholders by accepting online voting and providing a platform for electronic voting.
- 3 We monitor shareholder composition. When institutional investors who hold shares through a trust wish to exercise their voting rights directly at a shareholder meeting, we try to comply.
- 4 We work to build rapport with shareholders through constructive dialogues according to our Shareholder Engagement Policy.

Guided by our Shareholder Engagement Policy, we engage with shareholders constructively as part of a proactive investor relations strategy that promotes sustainable growth and better corporate value in the medium to long term. Our representative directors hold briefings with institutional investors and analysts (there were two such briefings in FYE March 31, 2019, with 101 attending) and with individual investors (there were three such briefings in FYE March 31, 2019, with 1,036 attending) in Tokyo, Nagoya, or other big cities. The presentations at these gatherings are recorded and the presentation materials are published on our website.

We publish on our website, in both Japanese and English, corporate data, financial highlights, financial briefings, press releases and other information requiring timely disclosure, annual integrated reports, and shareholder communications.



Our Shareholder Engagement Policy is available on the following webpage (in Japanese only)

http://www.tokaitokyo-fh.jp/corporate/governance/pdf/cg_guideline.pdf#page=12




Compliance & Risk Management



Basic approach

The Tokai Tokyo Financial Group considers compliance to be one of its most important managerial tasks, and it has put in place a system for ensuring the propriety of operations. The Group has established and enforces basic standards such as the Basic Compliance Policy and the Ethical Code of Conduct. As a risk management framework, under the Risk Management Rules, the Group has defined the departments responsible for each risk category, and it comprehensively manages the overall risk of the Company and subsidiaries. It has also established the Comprehensive Risk Management Committee as the Company's organization for deliberations and planning concerning risk management policy and matters deemed necessary for management methods formulation and risk management practices. The results and proposals are reported and submitted to the Board of Directors.

Compliance framework

As a framework for securing the effectiveness of measures to enforce the strict observance of laws and regulations, the Group has set up the Comprehensive Risk Management Committee as an organization to offer opinions about the measures to be taken, and it has established the Comprehensive Risk Management Department as the department specialized in providing guidance, monitoring, and coordination on compliance.

 Tokai Tokyo Financial Holdings
Basic Compliance Policy
<http://www.tokaitokyo-fh.jp/en/policy/compliance.html>
Tokai Tokyo Financial Group's Ethical Code of Conduct
<http://www.tokaitokyo-fh.jp/en/policy/ethics.html>

 Basic Compliance Policy  Tokai Tokyo Financial Group's Ethical Code of Conduct



Compliance/risk management information being shared by the Group members in the Group Compliance Meeting

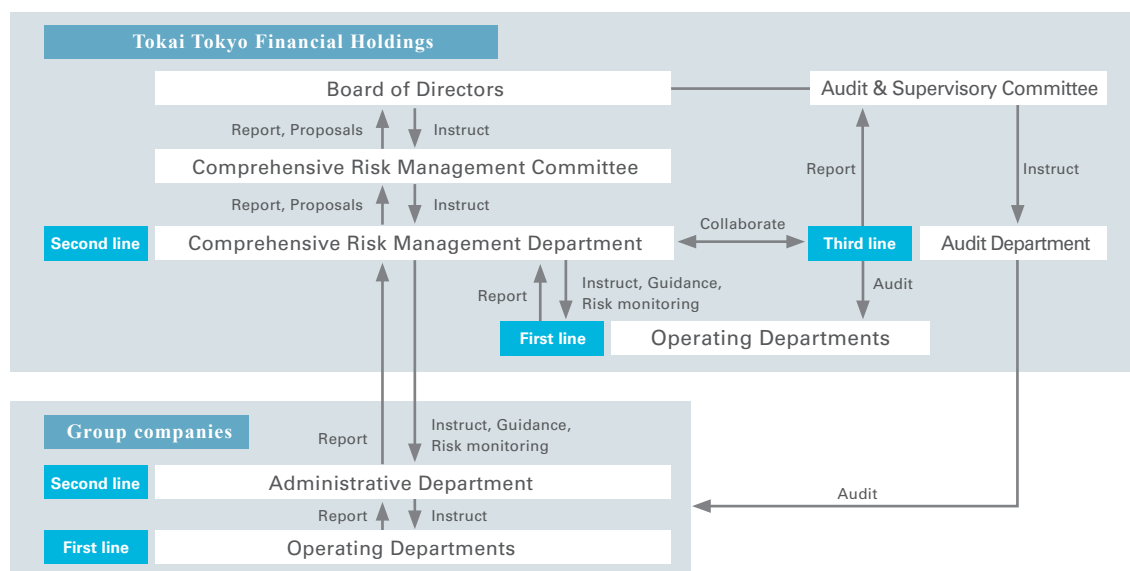
Risk management framework

Under the "Basic Risk Management Policy" and the "Risk Management Rules," the Group has defined the departments responsible for each risk category, and it comprehensively manages the risk of the Company and its Group companies. It has also established the Comprehensive Risk Management Committee as the organization for deliberations and planning concerning risk management policy, risk management method, and other matters deemed necessary for risk management. The results and proposals are reported and submitted to the Board of Directors.

In addition, as a crisis management framework for disaster situations, etc., the Group has clarified responsibilities under the "Crisis Management Basic Policy for Disasters, Etc." and the "Crisis Management Guidelines for Disasters, Etc." for the purpose of enhancing a comprehensive and systematic disaster prevention, emergency response, and recovery. The Comprehensive Risk Management Department has been established as the department specialized in providing guidance, monitoring, and coordination concerning these various risks.

Three lines of defense for risk management

The Company constantly seeks to fortify its risk management system and employs a “three lines of defense” approach of risk identification, assessment, and monitoring.



First line Operating Departments

These departments have before-the-fact and after-the-fact responsibilities for identifying, assessing, and managing risks. Through risk assessments and compliance study sessions, they take the initiative in recognizing (identifying and assessing) various types of risks in operations.

Second line

Comprehensive Risk Management Department / Administrative Department of Subsidiaries

This department supports the risk management of the First Line. Maintaining close communications with the operating departments, it ensures that risks are properly identified and managed.

Third line

Audit Department

This department verifies and assesses from an independent perspective whether the first and second lines of defense are functioning effectively. It evaluates the effectiveness of internal control processes related to financial reporting.

Tokai Tokyo Securities' risk management framework

Tokai Tokyo Securities established a Credit & Market Risk Committee and Finance & Accounting Committee. The Company also drew up related rules and established a framework facilitating the routine practices of analyzing, managing, and reporting market risk, credit risk, and liquidity risk. To secure the sound management and financial standing of Tokai Tokyo Securities, the Board of Directors has set lower limits for capital adequacy ratios, the maintenance of which or better is designated a basic policy of risk management operations.

Risk Category	Measures
Market Risk Management	Based on the “Risk Management Rules,” the risk controlling department, which is independent from the trading execution department, performs risk control by calculating risk, positions, and profit or loss on a daily basis.
Credit Risk Management	Based on the “Risk Management Rules,” the losses that could occur as a result of nonperformance by the transaction counterparty are managed so that they can stay within a predetermined limit. In addition, in accordance with the “Credit Risk Rules,” credit risk allowance is determined and managed thereafter for each counterparty on the basis of their financial strength.
Liquidity Risk Management Associated with Funding	Based on the “Liquidity Risk Management Rules,” the departments responsible for financing monitor and manage suitably the cash position on a daily basis. Moreover, they prepare a contingency plan to deal with financial market volatility, and they present a monthly funding forecast periodically to the Finance & Accounting Committee.

Board of Directors



Keisuke Inoue

Outside Director
Audit & Supervisory
Committee Member

Masato Okajima

Director
Audit & Supervisory
Committee Member

Hiroshi Fujiwara

Outside Director

Mitsuhiro Yasuda

Outside Director
Chairperson of the Audit
& Supervisory Committee

Fumio Inui

Outside Director
Audit & Supervisory
Committee Member

Ichiro Mizuno

Outside Director
Chairperson of
the Board of Directors

Tateaki Ishida

Representative Director
President & CEO

Masahide Kawamoto

Representative Director
Deputy President
Chief Information Officer

Tsunehiro Nakayama

Outside Director

Tateaki Ishida

Representative Director
President & CEO

Profile

April	1968	Joined The Tokai Bank, Ltd. (now MUFG Bank, Ltd.)
June	1996	Managing Director, The Tokai Bank, Ltd.
May	2004	Advisor of the Company
June	2004	Representative Director & Deputy President of the Company
June	2006	President & CEO (Representative Director) of the Company (current position)
April	2009	Chairman & CEO (Representative Director), Tokai Tokyo Securities Co., Ltd.
April	2019	Director, Tokai Tokyo Securities Co., Ltd. (current position)

Attendance at Board of Directors meetings 14/14

Masahide Kawamoto

Representative Director
Deputy President
Chief Information Officer

Profile

April	1980	Joined Tokai Bank, Ltd. (now MUFG Bank, Ltd.)
September	2004	General Manager, IT Strategy Department of the Company
April	2008	Managing Executive Officer supervising IT Strategy Promotion Unit of the Company
April	2013	Senior Managing Executive Officer, Head of Strategic Business Promotion Group of the Company
April	2014	Director and Deputy President of Hamagin Tokai Tokyo Securities Co., Ltd.
April	2018	Senior Managing Executive Officer, supervising Operation Division of Tokai Tokyo Securities Co., Ltd.
June	2019	Representative Director and Deputy President (current position)
October	2019	Representative Director, Deputy President and Chief Information Officer (current position)

Attendance at Board of Directors meetings —

Ichiro Mizuno

Outside Director
Chairperson of the Board of Directors

Profile

April	1966	Joined Mitsubishi Corporation
June	1997	General Manager, Finance Dept., Mitsubishi Corporation
June	2003	Member of the Board, Executive Vice President, and CFO, Mitsubishi Corporation
April	2006	Member of the Board and Senior Executive Vice President, Mitsubishi Corporation
June	2010	Director, Tokai Tokyo Securities Co., Ltd.
June	2013	Director of the Company (current position)
June	2016	Chairperson of the Board of Directors of the Company (current position)

Attendance at Board of Directors meetings 14/14

Tsunehiro Nakayama

Outside Director

Profile

April	1971	Joined the Industrial Bank of Japan, Limited (now Mizuho Bank, Ltd.)
April	2004	Deputy President (Representative Director) of Mizuho Corporate Bank, Ltd.
May	2007	Representative Director and Chairman of Merrill Lynch Japan Securities Co., Ltd.
March	2009	Representative Director, Chairman and President of Merrill Lynch Japan Securities Co., Ltd.
		Japan Country Executive of Bank of America Group
July	2010	Representative Director and Chairman of Merrill Lynch Japan Securities Co., Ltd.
June	2017	Director of Merrill Lynch Japan Securities Co., Ltd.
June	2018	Director of the Company (current position)
June	2019	Director, Mitsu Fudoso Co., Ltd. (current position)

Attendance at Board of Directors meetings 10/10
held after the candidate assumed office on June 28, 2018

Hiroshi Fujiwara

Outside Director

Profile

April	1977	Joined IBM Japan, Ltd.
September	1988	Appointed as a visiting research scientist of Bell Communications Research (Bellcore) of the U.S.
December	1996	Established Internet Research Institute, Inc. as Director and CEO (current position)
April	2012	Chairman of the Board, President, Chief Executive Officer, Representative Director of Broadband Tower, Inc. (current position)
June	2019	Director of the Company (current position)

Attendance at Board of Directors meetings —

Masato Okajima

Director
Audit & Supervisory Committee Member

Profile

April	1983	Joined Tokyo Securities Co., Ltd. (currently, the Company)
February	2003	General Manager, Financial Department of the Company
October	2013	Managing Executive Officer, Head of the Operation Unit, General Manager of Funds Department, Tokai Tokyo Securities Co., Ltd.
April	2015	Managing Executive Officer of the Company
June	2015	Full-time Audit & Supervisory Board Member of the Company; Audit & Supervisory Board Member, Tokai Tokyo Securities Co., Ltd.
June	2016	Director and Full-time Audit & Supervisory Committee Member of the Company (current position)

Attendance at Board of Directors meetings 14/14

Mitsuhiro Yasuda

Outside Director
Chairperson of the Audit & Supervisory Committee

Profile

April	1977	Registered as Attorney at Law
January	1987	Partner, Mitsui, Yasuda, Wani & Maeda
May	2005	Partner, Linklaters
July	2007	Partner, Nishimura & Asahi
March	2015	Of Counsel, Marumouchi International Law Office (current position)
June	2015	Audit & Supervisory Board Member of the Company
June	2016	Director and Chairperson of the Audit & Supervisory Committee of the Company (current position)

Attendance at Board of Directors meetings 14/14

Keisuke Inoue

Outside Director
Audit & Supervisory Committee Member

Profile

April	1973	Joined Sumitomo Life Insurance Company
December	2002	President and CEO, Sumitomo Mitsui Asset Management Company, Limited
June	2009	Director and Executive Vice President, Mitsui Life Insurance Co., Ltd.
July	2013	Head, Azabu Economic Research Institute (current position)
June	2016	Director and the Audit & Supervisory Committee Member of the Company (current position)
September	2017	Audit & Supervisory Board Member, Cardif Assurances Risques Divers Japan (current position)

Attendance at Board of Directors meetings 14/14

Fumio Inui

Outside Director
Audit & Supervisory Committee Member

Profile

April	1970	Joined the Ministry of Finance
January	2001	Director General, Planning and Coordination Bureau, Financial Services Agency
July	2001	Director, Development Bank of Japan Inc.
June	2015	Chairman, Kinzai Institute for Financial Affairs, Inc. (current position)
July	2015	Advisor, Tokio Marine & Nichido Fire Insurance Co., Ltd.
June	2017	Director and Audit & Supervisory Committee Member of the Company (current position)

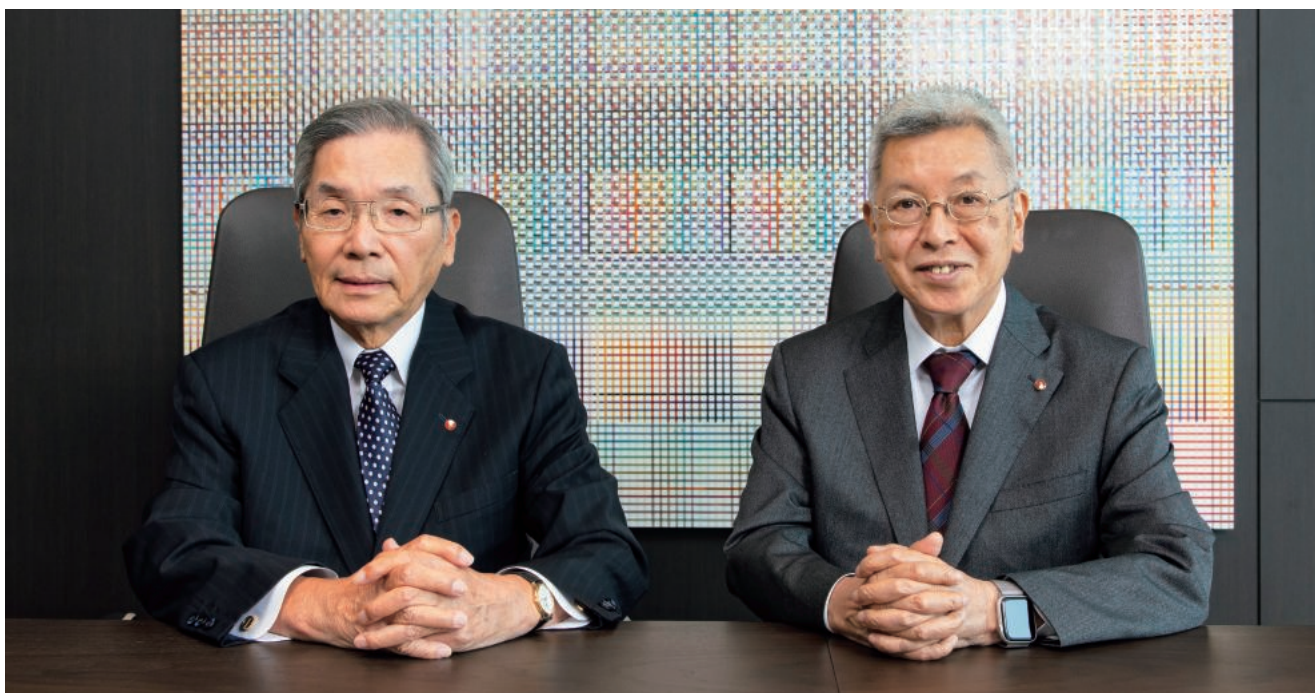
Attendance at Board of Directors meetings 14/14

Committee membership

Committee membership

				Committees on which person serves				Person's main professional background					
Name	Title / role			Audit & Supervisory Committee	Nomination & Remuneration Committee	Comprehensive Risk Management Committee	Human Resources Committee	Business administration	International work experience	Legal	Financial accounting	Government	ICT
Tateaki Ishida	Representative Director President & CEO	Executive			○	○	○	○	○				
Masahide Kawamoto	Representative Director Deputy President	Executive				○	○	○					○
Ichiro Mizuno	Outside Director Chairperson of the Board of Directors	Non-executive			○			○	○				
Tsunehiro Nakayama	Outside Director	Independent Director	Non-executive		○			○					
Hiroshi Fujiwara	Outside Director	Independent Director	Non-executive					○					○
Masato Okajima	Director	Non-executive		○							○		
Mitsuhiro Yasuda	Outside Director Chairperson of the Audit & Supervisory Committee	Independent Director	Non-executive	○						○			
Keisuke Inoue	Outside Director	Independent Director	Non-executive	○				○					
Fumio Inui	Outside Director	Independent Director	Non-executive	○	○							○	

Discussion between the Outside Directors



Ichiro Mizuno

Outside Director
Chairperson of the Board of Directors

Mitsuhiro Yasuda

Outside Director
Chairperson of the Audit & Supervisory Committee

Winning the public's trust and esteem with an effective Board of Directors and Audit & Supervisory Committee

Outside directors now make up two thirds of the board

Mizuno

When the company asked if I would join the board back in 2010, I was most impressed by the decision made by CEO, Mr. Ishida that the majority of board members come from outside the company. At the time, Japanese firms typically hired directors from within company ranks. Moreover, of the few board members who were from outside, most would be senior managers in a group company or academics, meaning that they did not function as outside directors in the true sense. Against that backdrop, Ishida had taken a bold stand in his decision. Now, nearly a decade later, Tokai Tokyo

Financial Holdings' Board of Directors is functioning effectively enough thanks to this policy. With six of its nine members being outside directors, the board is duly fulfilling its role of monitoring and supervising the management. Additionally, the fact that most members are financial experts ensures effective board discussions.

Yasuda

I chair the Audit & Supervisory Committee. This committee, together with the Board of Directors, facilitates lively and meaningful exchanges of opinion, which reassures me that group governance is sound. To echo what you just said, Mr. Mizuno, a great strength of our board is that most members have experience in the financial industry,

which ensures that board meetings never become perfunctory affairs. That said, we still have some issues to address. For example, in relying so much on Ishida's formidable leadership, we have been a little slow in succession planning. To ensure the sustainability of our organization and the continuance of our strategy, we must urgently prepare a pool of individuals who are ready to inherit key management posts and carry forward Ishida's vision. Another challenge is to realize diversity by recruiting women to the board. However, it will take some time to find candidates; the most suitable candidates have already all been snapped up by other companies.

Scrutinizing the merits of M&As and cross-shareholdings

Mizuno

Succession planning is certainly an urgent priority, but it won't happen overnight. A future leader will face the daunting task of managing an integrated financial group. For this task, they will require keen foresight and the ability to make the tough decisions necessary to forge a path to success amid tough conditions. Any senior manager requires solid business instincts. One way to develop the talent pool, therefore, is to put future leaders in charge of small group companies, where they can experience senior management firsthand. The candidates may find some classroom type of learning helpful as it teaches key leadership skills and techniques. Today's securities sector is beset with challenges. The working population continues to decline and competition is intensifying, giving rise to new trends such as mergers and acquisitions. To survive and thrive in such an environment, we must cultivate the next generation of leaders with an eye on the medium to long term.



Yasuda

Something that distinguishes our group's Board of Directors and its Audit & Supervisory Committee is that, as part of our efforts to enrich governance, we scrutinize all M&As and cross-shareholding arrangements with a laser-sharp focus with respect to the benefits to the group while considering their impacts on the group as a whole. For M&As, we seek detailed answers from executives about how the M&A action will contribute to revenue, and we request disclosures on the due diligence items. The question we always come back to is "How much does the M&A action or cross-shareholding arrangement contribute to corporate and shareholder value?" When the group acquires a new company, we engage closely with the acquired company to gather accurate and precise information, leading to firmer governance. The governance issues that concern a securities company differ from those that concern a bank. Accordingly, we take all the more care when auditing an alliance with regional bank, and work to facilitate smooth communication with the bank in question.

The new personnel system has accelerated the Productivity Revolution

Mizuno

Before I became a director at Tokai Tokyo Financial Holdings, I served as chief financial officer at Mitsubishi Corporation. This experience taught me the importance of backing up your business plan with the numerical analysis. Stocks, exchange rates, interest rates, oil prices, and other economic variables fluctuate day by day, making it hard to foresee the business conditions and industrial trends beyond two or three years. Our group is working under a five-year business plan. A major purpose of this plan, as I see it, is to communicate clearly the company's strategic direction to shareholders, employees, and customers.

Yasuda

The strength of New Age's Flag Bearer 5 is that it puts the focus on the people within our organization. The plan contains many measures to be taken in dealing with human resources, such as improving productivity through workstyle reform, building a personnel system that emphasizes specialized expertise, and promoting diversity in the workplace that supports the company's diversifying operation. In April this year, we scrapped the traditional seniority-based personnel practice and replaced it with the one rewarding specialist expertise and humanity. The securities brokerage industry, our group's mainstay, reacts sensitively to stock markets around the world, and our business plans must accommodate this market volatility. In this respect, the program of workstyle reform plays a cardinal role. Therefore, the productivity revolution the said reform triggers will generate cost savings. Results won't come straight away, but I will be tracking the progress. Meanwhile, when it comes to business undertakings, we are making endeavors that proactively link workstyle reform with new marketing approaches, such as expanding Orque d'or into Tokyo. I will be keeping an eye on this too.

Making the workplace more attractive from the perspective of governance

Mizuno

Japan's traditional practice of lifetime employment and seniority-based advancement no longer fits the times. Under this system, companies hire fresh graduates in bulk every April, with the expectation that these new recruits will develop their skills over time and remain loyal to the company. The graduates, for their part, focus more on what organization they are joining than on what marketable skills they will develop. But this approach is fast becoming obsolete. A new status quo is emerging, one that emphasizes marketable skills as opposed to simply

Discussion between the Outside Directors

being in a company, just like in the West. Given this societal shift, the launch of the new personnel system last April was a crucial move that decides the future of the group. But the transition is not without challenges. It is simple enough to demarcate the graduate hires and other junior workers into specialized skill tracks, but it is far harder to apply new job descriptions to core and veteran workers, who have been with the company for many years and are used to the old system. I will keep monitoring the new system to make sure it takes root and functions effectively.

Yasuda

In April this year, regulatory caps on overtime took effect among large firms. Some employees may prefer to work without set hours, while others may want to avoid overtime altogether. Does a one-size-fits-all approach really work? Surely, a more pressing matter is to open up the jobs market and reduce the disadvantage associated with changing jobs. The lifetime employment system seems to have caused harm. To give an example, Japanese workers reportedly dislike their employers to a greater extent than Western workers do theirs. Many of them only stay with their company because they fear they would be unfavorably treated otherwise. The presence of such workers undermines productivity. Companies themselves must help address this problem by making their workplaces more attractive, so that workers enjoy working there and cherish their organization. On the Audit & Supervisory Committee, we are contributing to this goal from a governance perspective.

The role of direct finance in a capitalist economy

Mizuno

In providing direct finance, securities houses play a crucial role in society. From an ESG (Environmental, Social and Governance) perspective, we need a healthier market that does not put individual

investors at a disadvantage. Today's securities market does not always appear attractive to individual investors due to the advantages that institutional investors enjoy, which include rapid trading and asymmetrically easy access to information. A healthier market would attract more individual investors, leading to more personal asset portfolios and better financial literacy. This is where our group can make its greatest social contribution, and we must develop the organizational infrastructure to enable it.

Yasuda

In the past, securities houses were content to sit back and receive commissions from securities transactions with customers. They never thought too much about what their role was. Nowadays, securities companies such as ours must understand our intrinsic role in a capitalist economy and actively advocate the importance of investment. We must explain how individual investors can help companies to grow, and how their investment will support the economic development of the surrounding communities. To take this idea further, it will be necessary in the years ahead to work with schools in an effort to educate people about how best to build their assets. In this way, our group's innovative securities business will help enrich people's lives.

Continuing to meet stakeholders' expectations

Mizuno

I mentioned at the start that financial experts make up the majority of the group's Board of Directors. The outside directors are indeed experts, but we have no experience of running a securities company. That means we are not qualified to give detailed strategic advice to the executives. Rather, our job is to oversee and supervise the management as best we can. We devote our attention to matters such as whether the CEO's decisions are appropriate and whether the planned

investments will recover the principal. In this way, we help ensure that the company never betrays the expectations of stakeholders. Part of this work involves scrutinizing the management, but it is equally important to liaise with rank-and-file employees and glean their unfiltered views on the management. After all, regular workers often have a solid grasp about the company's strategic direction and the management's policies.

Yasuda

Through strategic M&As and alliances, the management has succeeded in expanding the group's portfolio and leveling-up its businesses. Some of the companies that joined the group in this process follow a business model that is markedly different from a securities business, our core area. But just because they are different from us doesn't mean we shouldn't audit and supervise them with the same degree of diligence. Rather than waiting for the subsidiary to submit a report, it behooves us to actively obtain the necessary information on site. I, for one, will continue devoting myself to my duties and helping our group win people's trust.



Global Advisory Board

We established the Global Advisory Board (GAB) in 2014 to guide our strategy at home and abroad. The GAB's membership includes the world's leading experts, including a former president of the European Central Bank and others.

The GAB held its sixth meeting on May 30, 2019. The meeting was attended by experts in politics and economics such as Jean-Claude Trichet (former ECB president), Robert M. Kimmitt (former United States Deputy Secretary of the Treasury), Enrique V. Iglesias (former president of the Inter-American Development Bank), and David Li Kwok-po (Chairman and Chief Executive of the Bank of East Asia). Acting as chair, Makoto Utsumi (former Vice Minister of Finance) led discussions on global economic and geopolitical trends such as U.S. economic and foreign policy and the U.S.-China trade tensions.



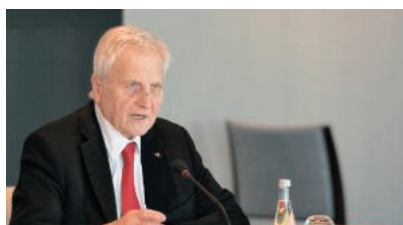
GAB participants and their presentations



Makoto Utsumi

Former Vice Minister of Finance,
Chair of the Global Advisory Board

Japan's geopolitical and economic prospects



Jean-Claude Trichet

Former President of the European Central Bank,
European Chairman of the Trilateral Commission

The prospects for unity in the Eurozone amid
the rise of the right



Robert M. Kimmitt

Former United States Deputy Secretary of the Treasury,
Senior International Counsel at Wilmer Cutler Pickering Hale and Dorr LLP

The Trump administration's economic and
foreign policy



Enrique V. Iglesias

Former President of the Inter-American Development Bank,
member of the Elcano Royal Institute's Board of Trustees

Political and economic trends in Latin America
and the growing presence of China in the region



The Honourable Sir David Li Kwok-po

Chairman and Chief Executive of the Bank of East Asia

The U.S.-China trade war and its impact on
Hong Kong



Tateaki Ishida

President & CEO (Representative Director) of
Tokai Tokyo Financial Holdings

Annual report on Tokai Tokyo Financial
Group's activities and their outcomes

Initiatives Geared toward Society and the Environment



CSR initiatives

<http://www.tokaitokyo-fh.jp/en/csr/>



Tokai Tokyo Financial Group is committed to fulfilling its corporate social responsibility (CSR). We contribute to society by following our group-wide Ethical Code of Conduct in all our business activities.

Basic approach to CSR

We recognize that we need a rigorous and effective compliance infrastructure to command trust as a leader in financial and capital markets. We also understand the importance of respecting stakeholders and maintaining amicable and seamless relationship with them to achieve sustainable growth and enhance corporate value in the medium- to long-term.

Contributing to society in the ordinary course of business

Financial education for university students

Tokai Tokyo Financial Holdings runs an educational course that teaches the role and business profile of securities companies in capital markets with an idea to improve the student's literacy with finance. Presented at four universities in Nagoya and Tokyo, the half-year course explores the actual workings of a securities house with Group directors and employees presenting lectures based on their hands-on experiences.

Participating in the Ministry of the Environment's Green Bond Issuance Promotion Platform as a registered issuance supporter

The Ministry of the Environment has designated Tokai Tokyo Securities an "issuance supporter" for the Green Bond Issuance Promotion Platform, which the ministry established to facilitate Green Bond Issuance Initiative. Under this program, issuance supporters assist private and public issuers of green bonds, reducing the additional costs that may accrue associated with issuing such bonds.



GreenBond
Platform

Registered Issuance Supporter

Supporting local communities

Promoting industry invigoration in the Tokai region

As a manufacturing hub, Tokai has a strong need for open innovation, the idea that companies should actively use external technology and ideas, such as those developed by universities or companies in other industries. Accordingly, we launched the Chubu Open Innovation College Program to provide a forum for business leaders to exchange ideas. The program held its first session in June 2017. Since fiscal 2018, sessions have been held monthly, providing many valuable opportunities for networking and idea exchanges among businesses, universities and students.

Raising leaders who will boost Tokai's international profile

To help raise future leaders who can boost the region's international profile, we run the Nagoya University Tokai Tokyo Financial Holdings Global Business Program, which supports Nagoya University with their academic and educational exchange activities in UK. Under this program, we have held an annual seminar where students and the general public can learn about international developments and sent both undergraduate and graduate students to the University of Cambridge and the University of Edinburgh since fiscal 2015.

Promotion of sports

To support athletes who aspire to compete on the world stage, we use Athnavi, the Japanese Olympic Committee's job placement system for talented athletes. So far, five athletes have gained their jobs under the system.

In November 2016, we signed a comprehensive agreement with Umemura Educational Institutions, the operator of Chukyo University, to provide an athlete training program aimed at making Tokai a top region for sport culture. As part of this joint undertaking, we have established a scholarship for student athletes. As of fiscal 2019, four athletes have benefitted from the scholarship.



Supporting disaster relief efforts

We donate money to assist those living in areas hit by major natural disasters.

2018

Flooding in southwest Japan: 11.09 million yen (6.09 million yen of which was donated by group executives)
Hokkaido Eastern Iburi earthquake: 2 million yen

We continue to support other disaster relief efforts.

Supporting arts and culture

Tokai Tokyo Securities supports arts and culture, including art exhibitions and concerts. In fiscal 2018, the company sponsored multiple events. One was an art exhibition at Nagoya City Art Museum featuring impressionist masterpieces from the Buehrle Collection. Another was a concert to commemorate the winners of the Music Competition of Japan. By supporting such events, we are playing an active role in elevating artistic and cultural awareness in Tokai region.

Supporting Aichi Prefecture's efforts to promote women's empowerment

In 2018, Tokai Tokyo Securities acted as an "empowerment leader" in a public-private initiative with Aichi Prefecture. In this role, the company engaged in the prefecture's empowerment efforts and encouraged other companies to actively recruit women. In September 2018, the Group's women role models* met with their counterparts in Toyo Electric Corporation (based in Kasugai, Aichi). At the gathering, the women discussed their respective companies' initiatives and the issues that need addressing.

 See page 52 for more details on the role models

Supporting local communities through the Tokai Tokyo Foundation

In August 2016, we established the Tokai Tokyo Foundation to commemorate the 15th anniversary of the Tokai Tokyo Financial Group. The purpose of the foundation is to promote prosperity in local communities. It does so by fostering local leaders with global fluency, creating opportunities for local people to learn about global economic and social developments, and by promoting arts and culture. The foundation has supported a number of local initiatives. One is the *Tongali* Project, an initiative of Nagoya University's Academic Research and Industry-Academia-Government Collaboration Center that promotes entrepreneurship. Another is "*iCoToBa*," an initiative of Aichi Prefectural University. In fiscal 2019, the foundation supported the student exchange programs of "super English hub" high schools in Aichi Prefecture. Tokai Tokyo Securities has also supported other exchange programs in high schools and colleges through the Tokai Tokyo Foundation Overseas Study Scholarship, which it established with AFS Intercultural Programs, Japan (the Japanese chapter of the international youth exchange organization).

We have also supported the prefecture's traditional festivals and cultural events through the Festivals and Cultural Events Fund.



Customer satisfaction initiatives

Customer-first operation

The Group's mission statement proclaims the following: "We will help customers realize affluent lives and promote their corporate values by advising about appropriate use of wealth and asset. Toward that end, we will keep striving to be the group with full commitment and devotion." To fulfill this mission, Tokai Tokyo Securities has established guidelines on customer-first operation that help us deliver products and services that delight customers.

We listen to customers. Using customer feedback surveys, we identify the areas where we could do better, share the results across the Group, and take the necessary action. To help inculcate customer-first management, we established the Fiduciary Duties Committee and the Fiduciary Duties Division (now the Fiduciary Duties Promotion Division) in January 2019.

Evaluating the quality of our website and call center

Tokai Tokyo Securities' customer service scores high in the HDI benchmarks.* The company has received a 3-star rating—the highest accolade—in the call-center category for five years running, and the same rating in the website category for six years consecutively.

* HDI is the world's largest customer support association. HDI-Japan runs an awards program which rates the performance and quality of companies' call-center and website-based customer support.





A new employment system that promotes professional expertise and humanity

To ensure the success of New Age's Flag Bearer 5, the Group's current business plan launched in April 2017, we need a workforce of individuals who embody professional expertise coupled with humanity—in other words, individuals who act with the head and the heart. To develop such a workforce, we adopted a new employment system in April 2019. The new system dispenses with seniority-based advancement and instead rewards professional expertise and humanity. In adopting such a system, we are a step ahead of other securities and financial enterprises in Japan.

Seven career tracks covering the skillsets we require

Japanese companies can no longer afford to be complacent about human resources. With progress in workstyle reforms, and workers increasingly expecting equal pay for equal work, business leaders understand that securing, nurturing, and effectively deploying talent are critical tasks. Digital technology is transforming the labor market, with many traditional jobs now being taken over by AI. Our labor needs are driven not just by these trends but also by the nature of our operations: Because the Group provides a range of functions, including those related to M&A, asset management, pensions, and insurance, we urgently require employees with expertise respectively in a certain fields. Thus, to adapt to the changing times and our changing business structure, we need specialists in each area and an employment system that rewards aptitude and effort.

The new employment system groups the professional expertise the Group requires into seven career tracks. These career tracks have clear-cut job descriptions delineating roles and duties. We have also introduced a "professional mileage" system. Employees earn "miles" by gaining professional qualifications, and can then redeem their miles for a change of position or career track. When it comes to personnel evaluations, in addition to accurately assessing the employee's professional expertise, we consider the extent to which the person upholds our management philosophy (Ethical Code of Conduct)—for example, the extent to which they keep learning new things, challenge themselves, and hone their communication skills.

Raising morale and actively deploying senior employees

Another reason for adopting the new system is to improve employee motivation. We want each employee to be career-minded and motivated in their work, which is why we clarified the duties and requisite skillsets in each career track. We also want to raise motivation among senior employees. Hence, for employees who want to work for us past the retirement age on a part-time basis, we offer, in some cases, employment conditions that are on par with those of full-time employees. The age distribution in our Group is hourglass-shaped, with many employees aged 50 or over or aged in their 20s, while relatively few are in the 30 to 49 range. To offset this imbalance, we must leverage the experience and abilities of our senior employees.

Nurturing and deploying talent for better corporate value

The new employment system is still in its early days. In the months and years ahead, we will continue tweaking the system and making sure that employees understand our basic approach to talent development so that the system gains traction and works effectively. In running the system, we will also work to visualize trends and problems in our organization and to rationalize employee deployment.

The new system is groundbreaking in that it positions human resources as the key to unlocking sustainable growth and better corporate value for the Group. We will continue promoting the head and heart of our workforce in our effort to be the flagbearer of a new age, forging new possibilities in financial industry.

Basic concepts behind new employment system

Promote professional expertise (head) and humanity (heart)

Nurture a workforce of individuals who embody both professional expertise and humanity. With such a workforce, we can improve our market value and achieve our long-term vision of being the flagbearer of a new age.

End seniority-based advancement

Reward employees for their job performance, not their years of service. Make the workplace more attractive than other workplaces to stop an outflow of talented employees.

Nurture a team of specialists

Encourage employees to develop their career in a specialist field (rather than being generalists) to create a team of specialists capable of meeting a range of market needs.

Key points of the new system

POINT 1

Promote expertise

Divide the skillsets we require into seven career tracks with clear-cut job descriptions (requisite skillsets).

POINT 2

Promote humanity

Administer training to graft employees in the Management Philosophy and appraise them later on the basis of their compliance with the Philosophy.

POINT 3

Overhaul employee compensation

For compensation, end the distinctions between general ranks and those between traditional career tracks (clerical vs. managerial). Instead, compensate employees for the levels of works actually done.

The organizational infrastructure necessary to nurture talent

The Management Philosophy commits us to being an ever-learning organization, and we encourage employees to actively learn new skills and obtain qualifications. To that end, we introduced a “qualification mileage” system in 2006 (this was reformed into the “professional mileage” system in conjunction with the launch of the new employment system in April 2019; see page 49 for more details).

Under this system, employees can access training opportunities tailored to their original employment statuses, such as whether they joined us as a fresh graduate or midway in their career, their current position levels of junior, intermediate, or managerial, and the divisions where they work. We also have an MBA plan that helps employees to gain an MBA at a graduate school in Japan or overseas. Employees can also benefit from an optional “cafeteria training” plan, which offers a smorgasbord of learning opportunities, including those that can yield qualifications valuable both inside and outside the company.

Initiatives Geared toward Society and the Environment

Promoting diversity

We understand that a diverse workplace is essential for adapting to a changing world. Accordingly, we have established a dedicated diversity department, and we undertake various activities to promote workplace diversity.

To cultivate a diverse and engaged workforce, we have promoted both women's empowerment in the workplace and the active engagement of other groups of employees, such as highly experienced seniors.



Promoting diversity (in Japanese only)

<http://www.tokaitokyo-fh.jp/corporate/businessplan/diversity.html>



Setting the tone

■ Sending a clear message

The management distributes a "diversity bible" to each employee. The front page contains a statement from the President & CEO underscoring the need for workplace diversity.



■ Signing the pledge to support women's empowerment

President & CEO Tateaki Ishida has joined other male business leaders in signing a pledge to support women's empowerment in the workplace (the "Declaration on Action" proclaimed by the General Meeting of Male Leaders Actively Promoting the Empowerment of Women, initiated by the Government of Japan's Cabinet Office).



Promoting employee engagement

■ Employee well-being

We are committed to promoting employees' physical and mental well-being. In April 2019, we enshrined our commitment in the Well-being Declaration. In July, we established the role of Chief Health Officer as well as the Health Management Promotion Committee. Additionally, we have appointed one of our employees, an athlete, as Well-being Ambassador.

Narumi Kurosui, Well-being Ambassador
(Kurosui competed in the modern pentathlon at London Olympics 2012)



Well-being Declaration

We value the well-being of all our employees and endeavor to provide a workplace conducive to physical, mental, and social well-being.

1. We will monitor employee well-being and address any problems we identify.
2. We will take daily action to protect employees' physical and mental health.
3. We will assist each employee with their specific health and disease-prevention needs, and help them reconcile the demands of treatment and work.

■ Numerical targets stipulated in the Act on Promotion of Women's Participation and Advancement in the Workplace

In October 2014, we set a KPI of having women fill 20% of management positions by March 31, 2017. We achieved this KPI in January 2017. As of April 1, 2019, women make up 23.9% of management positions.

Determined to go even further, we have set the following KPI targets for the end of March, 2020.

- (1) Percentage of management positions held by women*: 25%
- (2) Percentage of women employees who have advanced expertise: 50%
- (3) Percentage of men who take childcare leave: 30% or higher

*Applies to registered employees of Tokai Tokyo Financial Holdings or Tokai Tokyo Securities holding a rank of manager or higher

■ Supporting new parents: "Smart return" meetings and a workshop for transitioning back into work

We have published the Smart Return Book, which contains articles on balancing work with pregnancy and parenting. We also organize meetings between employees who plan to take parental leave and their superiors, and run a workshop that helps employees on parental leave to transition back into work.



■ Role model initiatives

In October 2015, we started selecting women employees to serve one-year terms as role models. Each year, a theme is established (such as helping women achieve their potential). Candidates are selected in line with the theme while striking a balance between different professional backgrounds, ages, and career stages. The role models inspire other employees with their exemplary careers and personalities. They help spread positive attitudes about workplace diversity and encourage employees to keep striving for excellence.



The role model team in the fourth year of the program

■ Keeping senior employees engaged and productive

We offer several options to senior employees who want to remain active in the workforce after the mandatory retirement age of 60. These options include full- or part-time employment, or working under the same conditions as before. In this way, older employees can remain with us up to the age of 70.

■ Promoting employee engagement by introducing the Good Life Balance Menu

In 2018, we introduced the Good Life Balance Menu to support employees' work-life balance. Employees who are parenting or caring for an elderly relative can use the menu to select externally provided services that will help them balance work with their other responsibilities.

Good Life Balance Menu

- Subsidy for babysitter fees
- Kindergarten placement support
- Elderly care services

■ Career Design Workshop

We run the Career Design Workshop, which encourages employees to take the initiative in developing their careers.

Accolades for our diversity initiatives

Tokai Tokyo Financial Holdings' programs and initiatives have earned numerous certifications and awards.

- 2017: TTFH awarded two "L-stars" (*eruboshi*) by the Ministry of Health, Labour and Welfare for promoting women's empowerment in the workplace
- 2016: TTFH included in the "Diversity Management Selection 100" by the Ministry of Economy, Trade and Industry
- 2015: TTFH awarded the Tokyo Award for the Promotion of Women's Participation by the Tokyo Metropolitan Government
- 2016: Tokai Tokyo Securities certified as a highly distinguished "company working to empower women in Aichi" by Aichi Prefecture
- 2018: Tokai Tokyo Securities certified as a "family-friendly company in Aichi" by Aichi Prefecture
- 2014: Tokai Tokyo Securities certified as a highly distinguished "company working to empower women in Nagoya" by Nagoya City
- 2015: Tokai Tokyo Securities certified as a "parent-friendly company" by Nagoya City
- 2018: Tokai Tokyo Securities certified as a "company that supports work-life balance" by Nagoya City

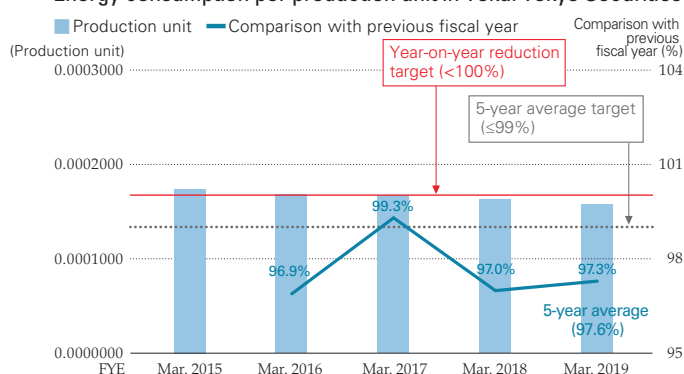
Environmental initiatives

Energy-saving initiatives

The Act on Rational Use of Energy stipulates an aspirational goal of reducing energy consumption per production unit by an average of 1% per year or more. We have already achieved this benchmark and are striving for further reductions.

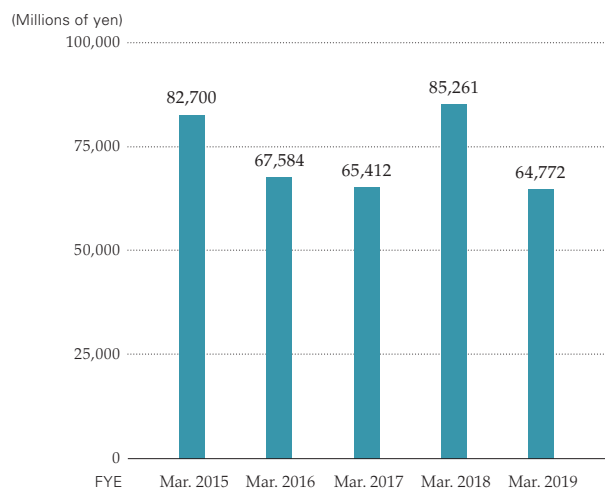
We are striving to save energy in our offices by switching to more energy-efficient lighting and air conditioning systems and office automation systems. We are also switching to fuel efficient vehicles such as light-duty ("kei") and hybrid vehicles (we started using fuel cell vehicles in 2017).

Energy consumption per production unit in Tokai Tokyo Securities

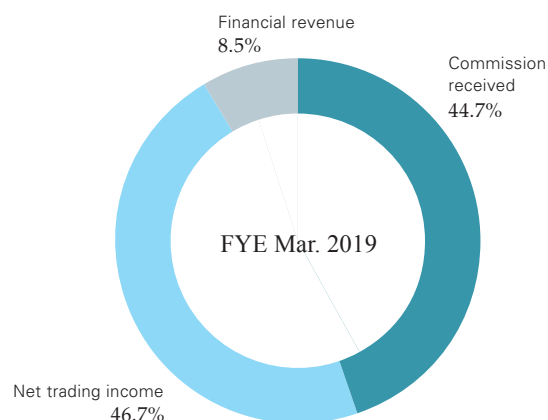


Financial and Non-Financial Highlights

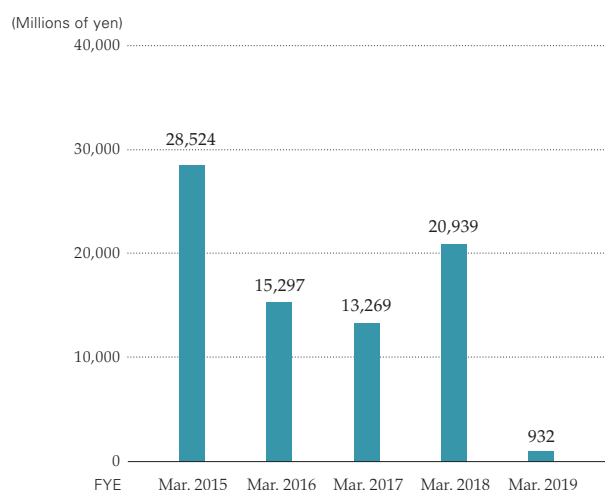
Operating revenue



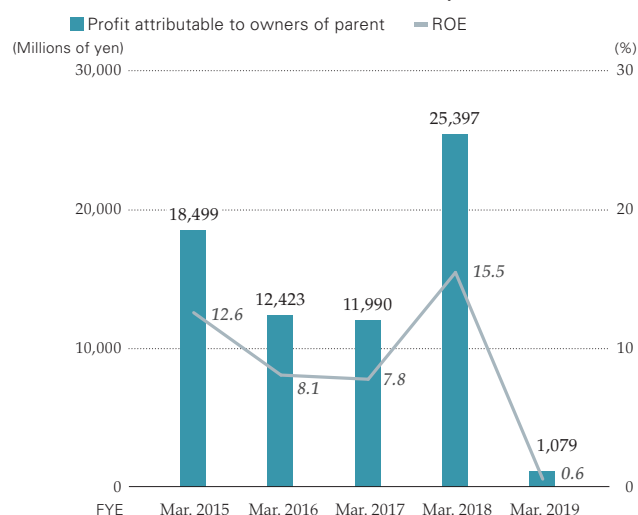
Breakdown of operating revenue



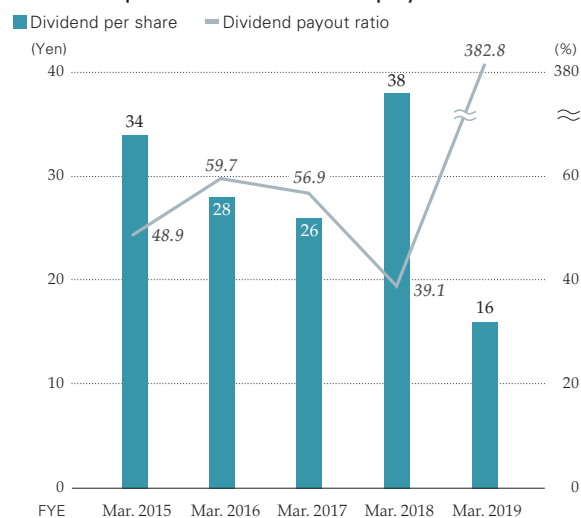
Ordinary income



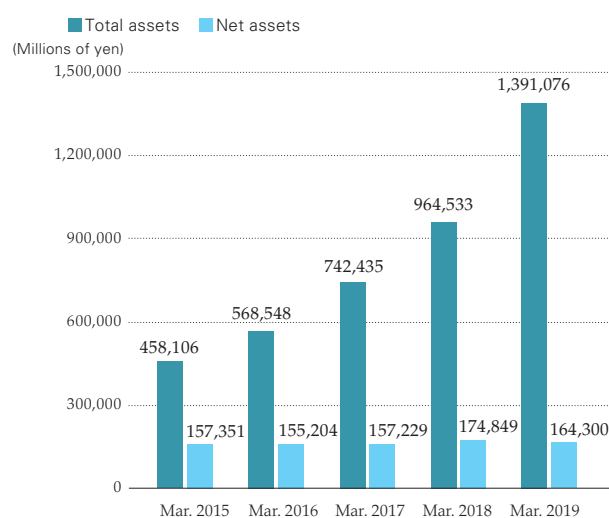
Profit attributable to owners of parent / ROE



Dividend per share / Dividend payout ratio

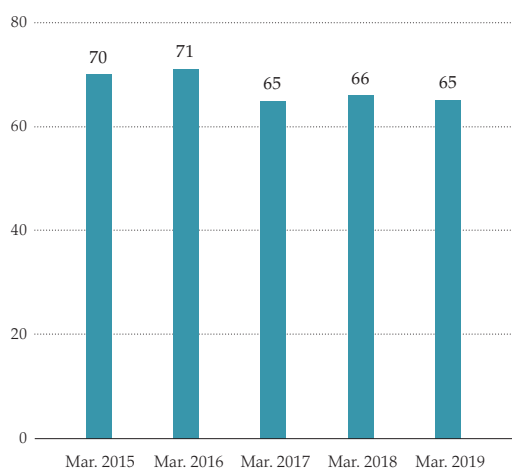


Total assets / Net assets (Period end)

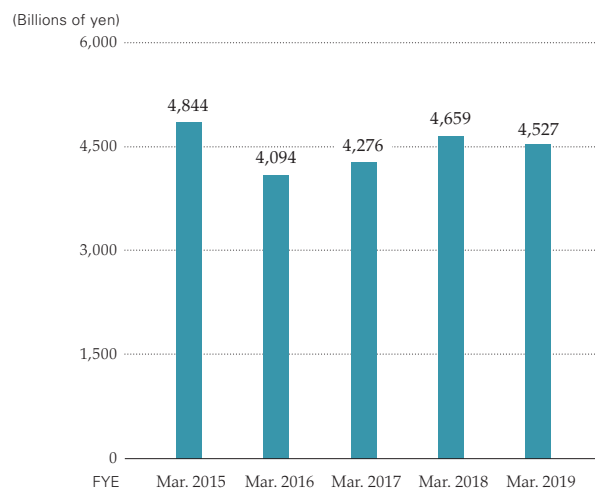


Note: On February 16, 2018, the Accounting Standards Board of Japan (ASBJ) amended the Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28). We adopted the amended standard at the start of FYE March 31, 2019. The amended standard has been applied retroactively to the key financial metrics for FYE March 31, 2018.

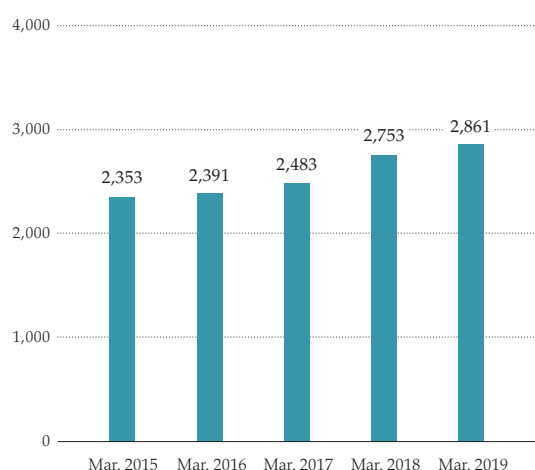
Number of sales outlets (Tokai Tokyo Securities)
(Period end)



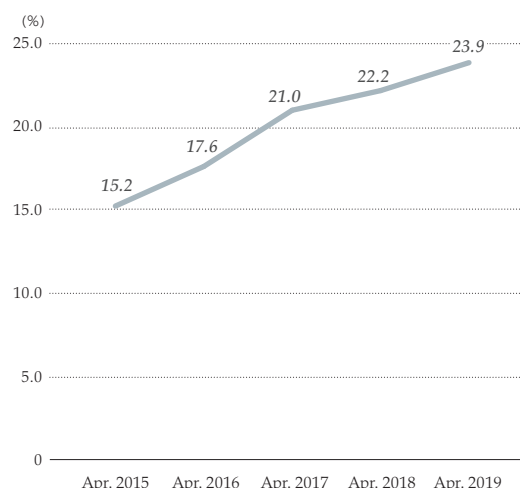
Assets under custody (Tokai Tokyo Securities)
(Period end)



Number of employees (Consolidated)
(Period end)

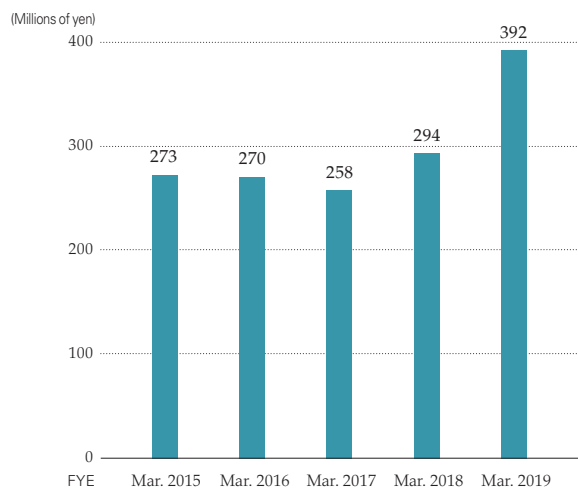


Percentage of women in management positions
(Tokai Tokyo Financial Holdings, Tokai Tokyo Securities)

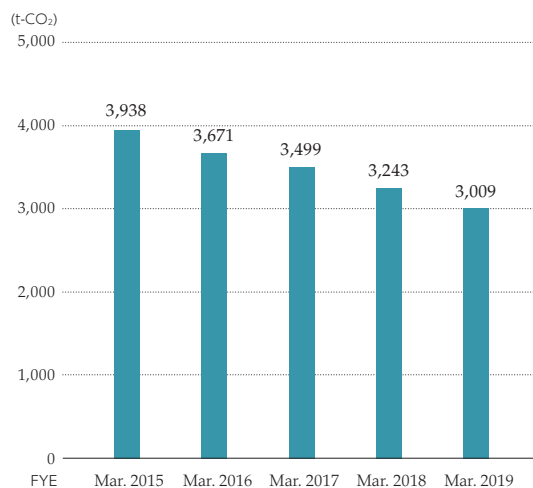


Note1: Applies to registered employees of Tokai Tokyo Financial Holdings or Tokai Tokyo Securities holding a rank of manager or higher
Note2: As of April 1 of each fiscal year

Education and training expenses (Consolidated)



CO₂ emissions (Tokai Tokyo Securities)



Ten-Year Financial and Non-Financial Summary

	FYE	Mar. 2010	Mar. 2011	Mar. 2012
Consolidated operating results (Millions of yen)				
Commission received		29,673	25,461	24,191
Commission to consignees		10,163	7,797	6,006
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors		315	208	431
Fee for offering, secondary distribution and solicitation for selling and others for professional investors		13,584	11,480	11,704
Other fees received		5,609	5,974	6,048
Net trading income		26,256	23,909	25,593
Stocks		9,132	8,857	9,357
Bonds and Forex		17,124	15,052	16,235
Financial revenue		2,570	3,031	2,846
Total operating revenue		58,500	52,402	52,631
Financial expenses		1,389	1,617	1,875
Net operating revenue		57,110	50,785	50,756
Selling, general and administrative expenses		46,593	47,695	47,392
Personnel expenses		24,082	22,970	22,708
Operating income		10,516	3,089	3,363
Non-operating income		1,871	2,071	2,078
Share of profit of entities accounted for using equity method		384	353	357
Non-operating expenses		379	354	364
Share of loss of entities accounted for using equity method		—	—	—
Ordinary income		12,008	4,806	5,077
Income before income taxes		11,779	4,364	4,769
Profit attributable to owners of parent		7,160	4,318	2,545
Consolidated balance sheets (Period end) (Millions of yen)				
Total current assets		625,709	623,754	603,235
Trading products		247,196	176,823	198,470
Total non-current assets		39,057	40,621	37,981
Total assets		664,766	664,376	641,216
Total current liabilities		543,864	545,376	524,571
Trading products		109,284	123,646	111,181
Total non-current liabilities		6,469	5,814	6,219
Total liabilities		550,640	551,360	530,956
Total net assets		114,126	113,015	110,259
Consolidated cash flows (Millions of yen)				
Cash flows from operating activities		(13,713)	(33,400)	(43,135)
Cash flows from investing activities		(1,879)	(3,498)	(1,469)
Cash flows from financing activities		(1,275)	39,452	26,304
Cash and cash equivalents at end of period		62,521	61,725	43,330
ROE, per share data, and non-financial information				
Net income per share (Yen)		26.33	15.50	9.45
Net assets per share (Period end) (Yen)		406.92	407.26	416.51
Return on equity (%)		6.6	3.8	2.3
Dividend per share (Yen)		15.0	8.0	8.0
Number of employees (Period end) (Consolidated)		2,335	2,286	2,253
Percentage of women in management positions (Period end) (TTFH, TTSC) (%)*				
Education and training expenses (Consolidated) (Millions of yen)		158	167	190
Number of sales outlets (Period end) (TTSC)		66	71	71
Assets under custody (Period end) (TTSC) (Billions of yen)		3,494	3,858	3,719
Energy usage intensity (TTSC) (Comparison to previous fiscal year) (%)				
CO ₂ emissions (TTSC) (t-CO ₂)				

Note: On February 16, 2018, the Accounting Standards Board of Japan (ASBJ) amended the Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28). We for FYE March 31, 2018.

* As of April 1 of each fiscal year.

Mar. 2013	Mar. 2014	Mar. 2015	Mar. 2016	Mar. 2017	Mar. 2018	Mar. 2019
36,659	54,939	44,082	34,267	26,934	35,907	28,954
9,995	26,301	19,016	16,538	12,930	17,415	10,729
720	921	779	883	738	811	1,247
19,763	21,149	18,105	10,481	6,916	7,844	6,951
6,180	6,567	6,180	6,363	6,349	9,836	10,025
28,301	32,775	35,427	30,329	35,737	45,095	30,280
7,943	10,484	16,732	11,691	13,779	22,227	15,401
20,358	22,291	18,695	18,638	21,957	22,867	14,879
2,893	2,831	3,190	2,987	2,741	4,258	5,537
67,854	90,547	82,700	67,584	65,412	85,261	64,772
1,900	1,865	1,325	1,306	1,684	2,342	2,219
65,954	88,682	81,374	66,277	63,728	82,919	62,553
50,702	58,434	56,303	53,634	54,230	65,472	62,945
26,188	28,971	28,002	24,888	25,336	31,110	29,544
15,252	30,248	25,071	12,643	9,497	17,446	(391)
2,405	3,420	3,522	2,765	3,935	3,693	1,712
838	1,708	1,669	948	2,058	1,963	—
337	262	69	111	163	200	388
—	—	—	—	—	—	61
17,320	33,405	28,524	15,297	13,269	20,939	932
17,812	35,307	28,896	17,925	16,195	31,742	1,528
11,273	23,243	18,499	12,423	11,990	25,397	1,079
591,911	580,345	415,327	525,258	688,551	902,103	1,323,532
203,401	224,158	198,053	259,234	292,495	388,099	657,524
38,150	36,924	42,778	43,290	53,884	62,429	67,544
630,061	617,270	458,106	568,548	742,435	964,533	1,391,076
499,388	466,243	282,986	388,658	510,399	704,507	1,137,726
93,955	76,593	70,125	137,111	192,454	281,709	546,499
8,088	7,808	17,379	24,245	74,357	84,564	88,431
507,664	474,340	300,755	413,344	585,206	789,683	1,226,776
122,397	142,929	157,351	155,204	157,229	174,849	164,300
79,020	(14,701)	37,746	12,302	2,944	19,332	(72,750)
1,767	5,452	(2,214)	(775)	(8,507)	(588)	(9,615)
(75,863)	1,864	(18,937)	(21,829)	35,864	(1,617)	39,695
48,491	39,141	56,039	44,615	72,043	89,204	46,274
42.74	87.68	69.51	46.92	45.73	97.27	4.18
461.12	528.26	579.91	580.16	593.47	668.18	625.05
9.7	17.7	12.6	8.1	7.8	15.5	0.6
16.0	32.0	34.0	28.0	26.0	38.0	16.00
2,178	2,214	2,353	2,391	2,483	2,753	2,861
	13.0	15.2	17.6	21.0	22.2	23.9
195	233	273	270	258	294	392
70	70	70	71	65	66	65
3,995	4,320	4,844	4,094	4,276	4,659	4,527
	97.0	96.4	96.9	99.3	97.0	97.3
	4,310	3,938	3,671	3,499	3,243	3,009

adopted the amended standard at the start of FYE March 31, 2019. The amended standard has been applied retroactively to the key financial metrics

Company Information

Company information (As of March 31, 2019)

Company name	Tokai Tokyo Financial Holdings, Inc.
Date of incorporation	June 19, 1929
Paid-in capital	¥36,000,000,000
Number of employees (Non-consolidated)	174 (Does not include 24 temporary employees and 3 dispatched workers)
Number of employees (Consolidated)	2,861 (Does not include 65 investment advisors and asset advisors, 453 temporary employees, and 64 dispatched workers)
Address of head office	Nihonbashi Takashimaya Mitsui Building, 5-1, Nihonbashi 2-chome, Chuo-ku, Tokyo 103-6130

Principal offices of subsidiaries (As of March 31, 2019)

Company name	Address of head office	Number of sales offices	Location
Tokai Tokyo Securities Co., Ltd.	7-1, Meieki 4-chome, Nakamura-ku, Nagoya-shi, Aichi	65	Aichi, Tokyo, etc.
Takagi Securities Co., Ltd.	3-1-400, Umeda 1-chome, Kita-ku, Osaka-shi, Osaka	12	Osaka, Tokyo, etc.
Tokai Tokyo Research Institute Co., Ltd.	19-30, Aoi 1-chome, Higashi-ku, Nagoya-shi, Aichi	2	Aichi, Tokyo
Tokai Tokyo Asset Management Co., Ltd.	17-21, Shinkawa 1-chome, Chuo-Ku, Tokyo	1	Tokyo
Tokai Tokyo Investment Co., Ltd.	17-21, Shinkawa 1-chome, Chuo-Ku, Tokyo	1	Tokyo
Tokai Tokyo Wealth Consulting Co., Ltd.	5-28, Meieki 4-chome, Nakamura-ku, Nagoya-shi, Aichi	2	Aichi, Tokyo
Tokai Tokyo Academy Co., Ltd.	17-21, Shinkawa 1-chome, Chuo-Ku, Tokyo	2	Tokyo, Aichi
Tokai Tokyo Services Co., Ltd.	13-8, Aoi 1-chome, Higashi-ku, Nagoya-shi, Aichi	2	Aichi, Tokyo
Tokai Tokyo Business Service Co., Ltd.	17-21, Shinkawa 1-chome, Chuo-Ku, Tokyo	1	Tokyo
ETERNAL Co., Ltd.	20-19, Minamiaoyama 4-chome, Minato-ku, Tokyo	56	Tokyo, Hyogo, etc.
Mebius. Co., Ltd.	3-8, Minamishinmachi 1-chome, Chuo-ku, Osaka-shi, Osaka	1	Osaka
Pinnacle Inc.	6-7, Shibakoen 1-chome, Minato-ku, Tokyo	1	Tokyo
Pinnacle TT Solutions Inc.	6-7, Shibakoen 1-chome, Minato-ku, Tokyo	1	Tokyo
Tokai Tokyo Securities (Asia) Limited	18th Floor, No.33 Des Voeux Road Central, Hong Kong	1	Hong Kong, China
Tokai Tokyo Securities Europe Limited	4th Floor, Salisbury House London Wall, London, EC2M 5QQ, United Kingdom	1	London, United Kingdom
Tokai Tokyo Securities (USA), Inc.	3 Columbus Circle, Suite 1715, New York, NY 10019, USA	1	New York, United States
Tokai Tokyo Investment Management Singapore Pte. Ltd.	60 Anson Road #13-03, Mapletree Anson, Singapore 079914	1	Singapore
Tokai Tokyo Global Investments Pte. Ltd.	60 Anson Road #13-03, Mapletree Anson, Singapore 079914	1	Singapore

Share Information

Share information (As of March 31, 2019)

Stock code	8616
Stock exchange listings	First Section, Tokyo Stock Exchange and Nagoya Stock Exchange
Shareholder registry administrator	Sumitomo Mitsui Trust Bank, Limited 1-4-1, Marunouchi, Chiyoda-ku, Tokyo
Number of shares authorized	972,730,000
Number of shares issued	270,582,115
Number of shareholders	40,307
Trading unit of shares	100

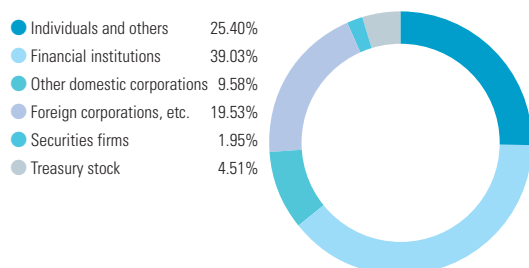
Major shareholders (Top 10) (As of March 31, 2019)

Name	Number of shares Held	Ownership ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	12,104,600	4.69
MUFG Bank, Ltd.	12,016,853	4.65
Japan Trustee Services Bank, Ltd. (Trust Account)	10,004,800	3.87
Mitsui Sumitomo Insurance Co., Ltd.	7,283,798	2.82
Toyota Financial Services Corporation	7,280,000	2.82
The Bank of Yokohama, Ltd.	7,014,553	2.71
Nippon Life Insurance Company	5,611,890	2.17
Sumitomo Mitsui Trust Bank, Limited	4,800,000	1.86
Japan Trustee Services Bank, Ltd. (Trust Account 5)	4,594,200	1.78
Meiji Yasuda Life Insurance Company	4,406,000	1.71

Notes: 1. The ownership ratio is calculated based on figures generated after deducting treasury stock from the total number of shares issued.
 2. In addition to the companies listed above, Tokai Tokyo Financial Holdings holds 12,215,435 shares of treasury stock as of March 31, 2019.
 3. From June 3, 2019 to July 10, 2019 (trade basis), the Company has repurchased 10,000,000 shares of its own shares in accordance with the resolution adopted by the meeting of its Board of Directors held on May 20, 2019. Due to the retirement of the treasury shares as of August 30, 2019, the number of shares issued decreased by 10,000,000 shares to 260,582,115 shares as of September 1, 2019.

Shareholders breakdown (As of March 31, 2019)

By type of shareholder



Stock price on the Tokyo Stock Exchange (April 1, 2014 – March 31, 2019)





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