



## **IR Presentation**

The Second Qtr., Fiscal 2020  
that Ends in March 2021



**Tateaki Ishida**, President and CEO  
December 2020

# Contents

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<b>I. Performance</b>	<b>2</b>
<b>II. Changing Earnings Sources and Progress in Focused Projects</b>	<b>17</b>
<b>III. Strategy for the Next Stage</b>	<b>29</b>

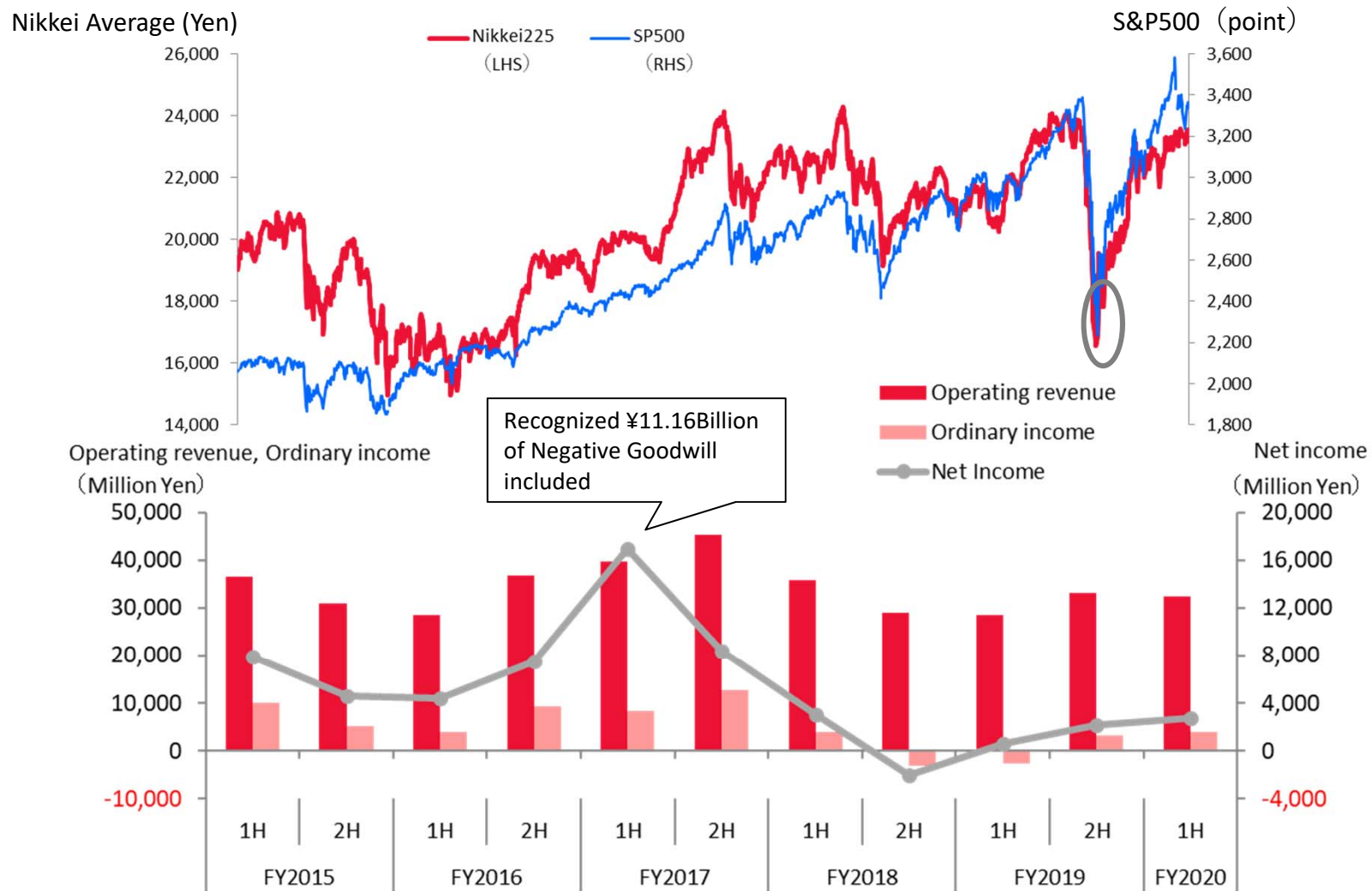


# I. Performance

# I. Performance Review

## 1. Trends

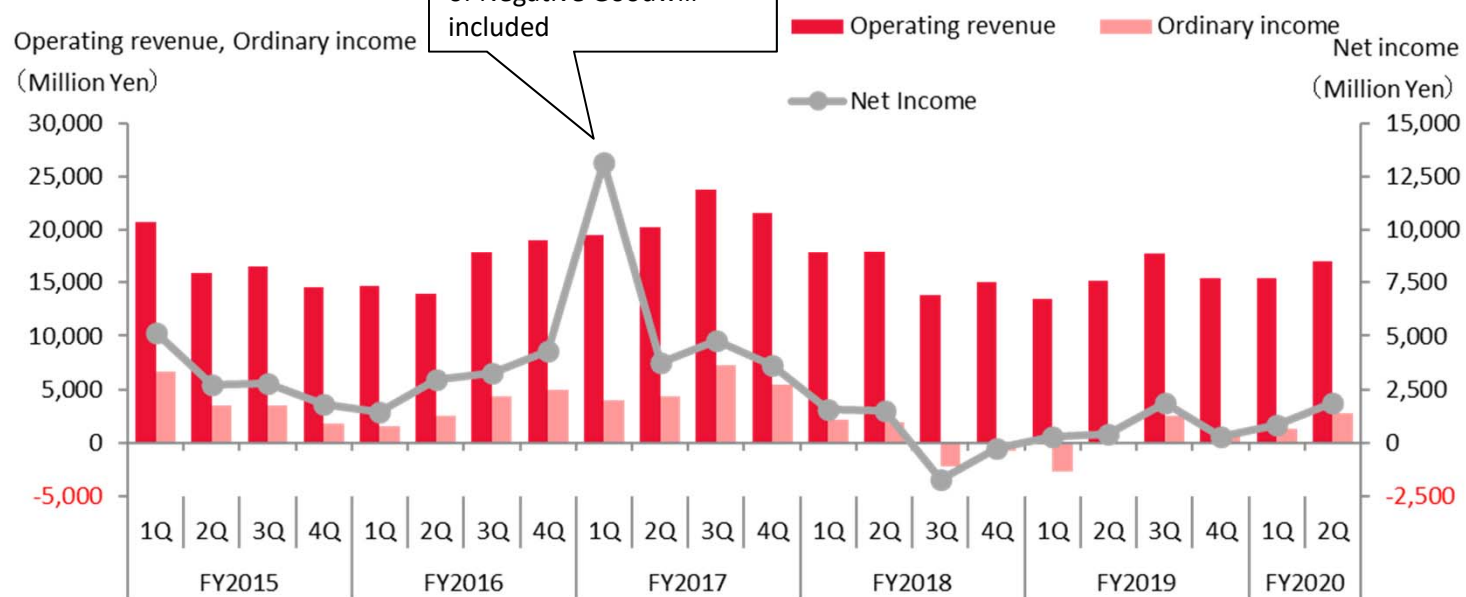
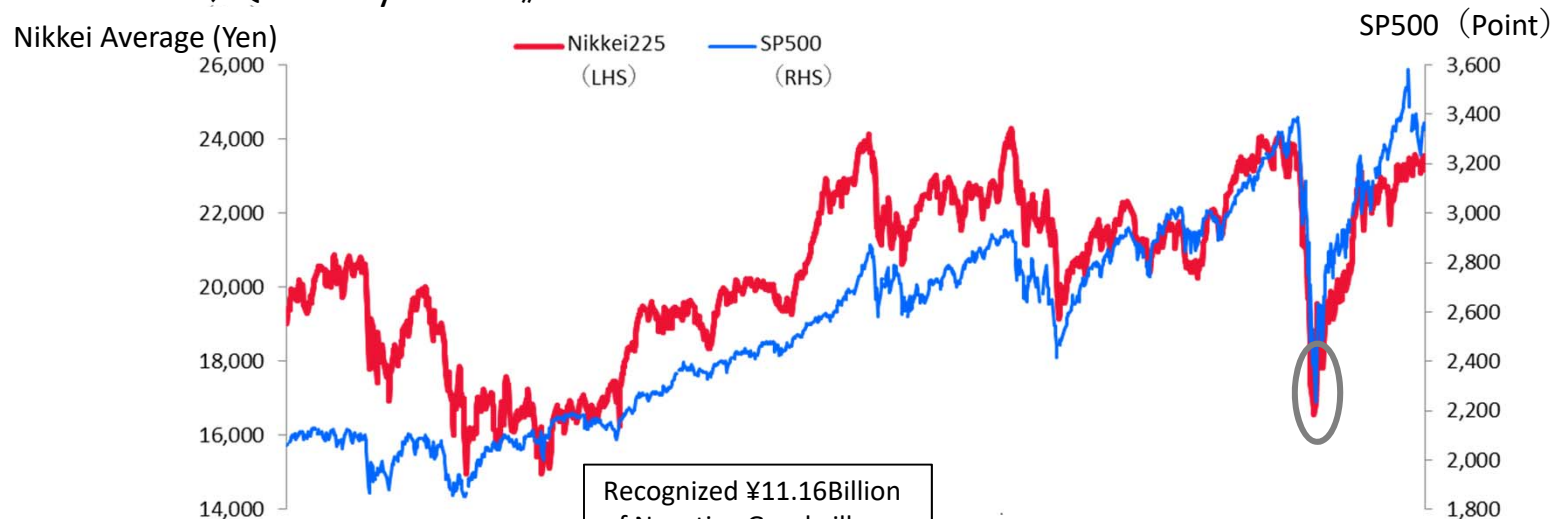
### 《(Consolidated) Half-Year Performance Trend》



# I. Performance Review

## 1. Trends

### 《(Consolidated) Quarterly Trends》



# I. Performance Review

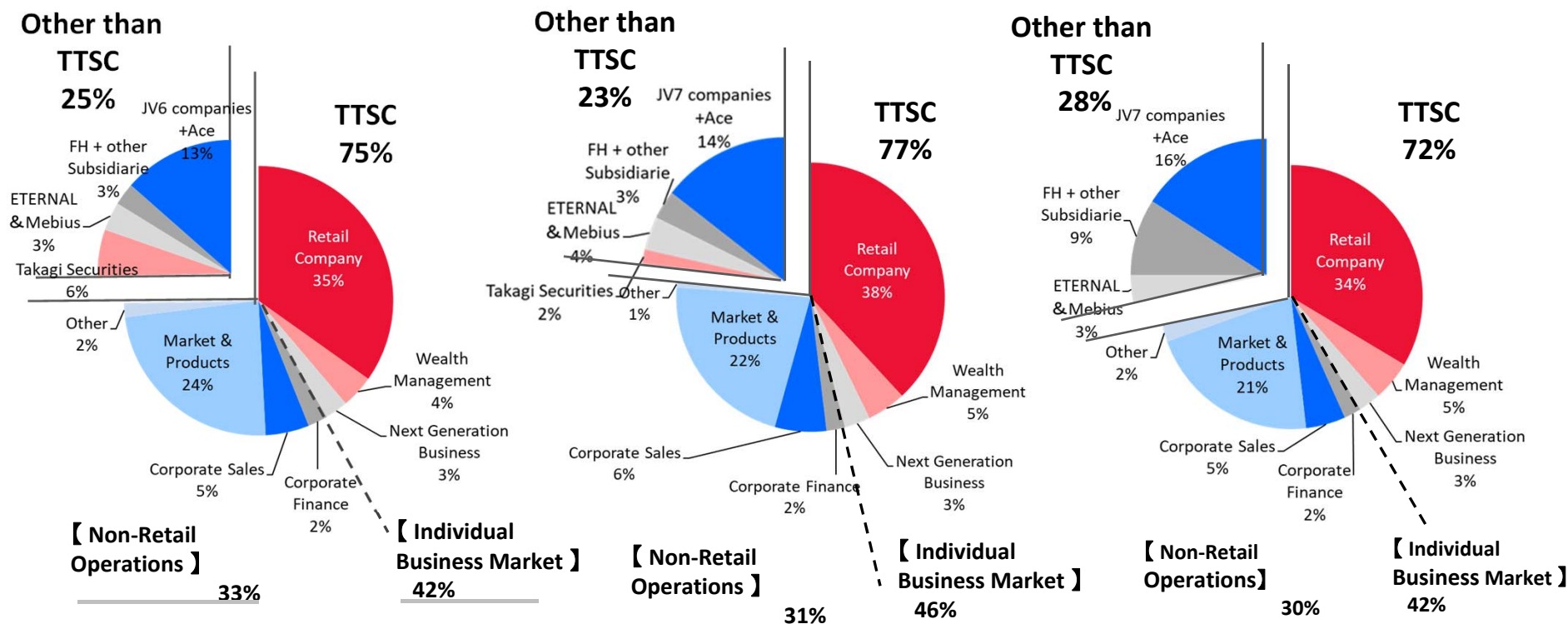
## 2. Revenue Analysis

### 《 Consolidated Breakdown of Operating Revenue Sources 》

<¥64,772 Million for the Year Ending in March 2019>

<¥61,694 Million for the Year Ending in March 2020>

<¥32,298 Million for the 2<sup>nd</sup> Half of the Year Ending in March 2021>



※ We prepared the above data not as formal consolidated accounting information but just for your reference, intending to give you an idea about how we generated revenues for each period as above. The revenue contribution made by equity method affiliates, which include JV Partnerships and Ace Securities was assessed proportionally in accordance with our respective equity share of such affiliates.

# I. Performance Review

## 3. Financial Characteristics of the Group

《 Trends in ordinary income (loss) earned by the group subsidiaries and affiliates 》

(¥ million)	FY 2018					FY 2019					FY 2020	
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total	1Q	2Q
Tokai Tokyo Securities	1,598	1,650	-1,230	-1,012	1,005	-1,911	187	1,841	595	713	-359	1,504
JV Securities Total	263	143	-36	-123	246	-33	-54	178	41	131	41	320
Tokai Tokyo Global Investments	86	108	-617	344	-79	25	168	382	-395	180	1,037	641
Takagi Securities	-117	-270	-545	-498	-1,430	-497	-397	-	-	-894	-	-
Insurance (Eternal, Mebius)	-94	12	-24	118	12	-0	71	64	139	274	12	233
M&A (Pinnacle)	-28	-71	104	-86	-82	-5	36	-66	-59	-94	360	-61
Others	430	275	135	418	1,260	-245	122	126	386	390	192	105
<b>Total Consolidated ordinary income (loss)</b>	<b>2,138</b>	<b>1,847</b>	<b>-2,213</b>	<b>-839</b>	<b>932</b>	<b>-2,666</b>	<b>133</b>	<b>2,525</b>	<b>707</b>	<b>700</b>	<b>1,283</b>	<b>2,742</b>

# I. Performance Review

## 3. Financial Characteristics of the Group

### 《 Commission received (Consolidated Basis) 》

(Million yen)

	FY2018				FY2019				FY2020	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Brokerage commission	3,157	2,737	2,628	2,205	2,371	2,597	4,041	3,229	3,679	<b>3,044</b>
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	299	218	512	217	231	201	202	67	151	<b>329</b>
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	1,595	1,794	1,527	2,033	1,624	1,521	1,870	1,502	1,182	<b>1,534</b>
Other fees received	2,278	2,654	2,447	2,645	2,126	2,602	2,494	2,486	2,331	<b>2,418</b>
<b>Total Commission received</b>	<b>7,330</b>	<b>7,405</b>	<b>7,116</b>	<b>7,102</b>	<b>6,352</b>	<b>6,922</b>	<b>8,609</b>	<b>7,287</b>	<b>7,344</b>	<b>7,327</b>





# I. Performance Review

## 3. Financial Characteristics of the Group

《 (Consolidated ) Other Fees Received (Half-Year Trends) 》

(Million Yen)	FY2017		FY2018		FY2019		FY2020
	1H	2H	1H	2H	1H	2H	1H
Beneficiary Certificate(Investment Trust Brokerage Commission)	2,198	2,324	2,342	2,214	2,077	1,920	1,715
Commission on the Outstanding WRAP Accounts Balance	516	398	285	224	166	174	175
Insurance fee	1,096	1,625	1,478	1,762	1,513	1,650	1,455
Consulting fee (M&A etc.)	152	587	283	547	447	537	712
Others	371	565	545	343	524	697	690
<b>Other fees received</b>	<b>4,335</b>	<b>5,501</b>	<b>4,933</b>	<b>5,092</b>	<b>4,728</b>	<b>4,981</b>	<b>4,750</b>

(Note) Interest income on Loans against Securities Collateral Included

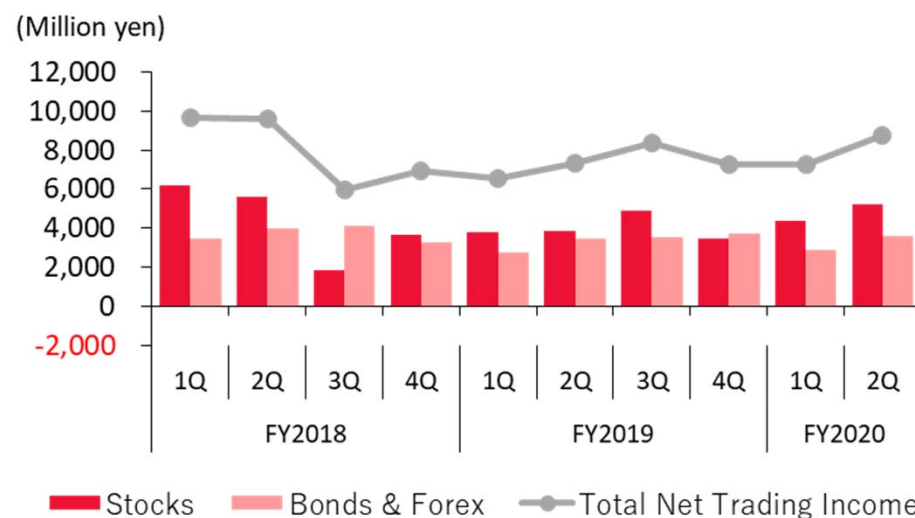
Balance and Revenue of Securities secured loan	FY2019		FY2020
	1 H	2 H	1 H
Short-term loans receivable(Balance)	406	2,798	6,047
Interest income (Revenue)	2	15	28

# I. Performance Review

## 3. Financial Characteristics of the Group

### 《Net Trading Income (Consolidated Basis)》

(Million Yen)	FY2018				FY2019				FY2020	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Stocks	6,208	5,599	1,871	3,669	3,816	3,836	4,878	3,489	4,375	<b>5,190</b>
Japanese Equities & Equity Swap	112	327	442	<b>-102</b>	148	88	458	1,024	39	<b>601</b>
Foreign Equities	5,716	4,714	2,010	3,451	3,629	3,478	3,705	3,320	2,662	<b>4,024</b>
Others (Funds .etc)	380	558	<b>-581</b>	320	38	269	713	<b>-855</b>	1,672	<b>565</b>
Bonds & Forex	3,465	3,983	4,112	3,266	2,747	3,469	3,521	3,749	2,858	<b>3,587</b>
Japanese Government Bond	551	1,517	<b>-834</b>	62	<b>-399</b>	86	156	632	467	<b>341</b>
Public and Corporate Bonds	255	<b>-33</b>	916	589	487	495	227	270	366	<b>431</b>
Foreign Bonds, Forex and Derivative	2,657	2,498	4,029	2,615	2,659	2,888	3,138	2,846	2,023	<b>2,815</b>
<b>Total Net Trading Income</b>	<b>9,674</b>	<b>9,583</b>	<b>5,983</b>	<b>6,938</b>	<b>6,564</b>	<b>7,306</b>	<b>8,400</b>	<b>7,239</b>	<b>7,234</b>	<b>8,778</b>

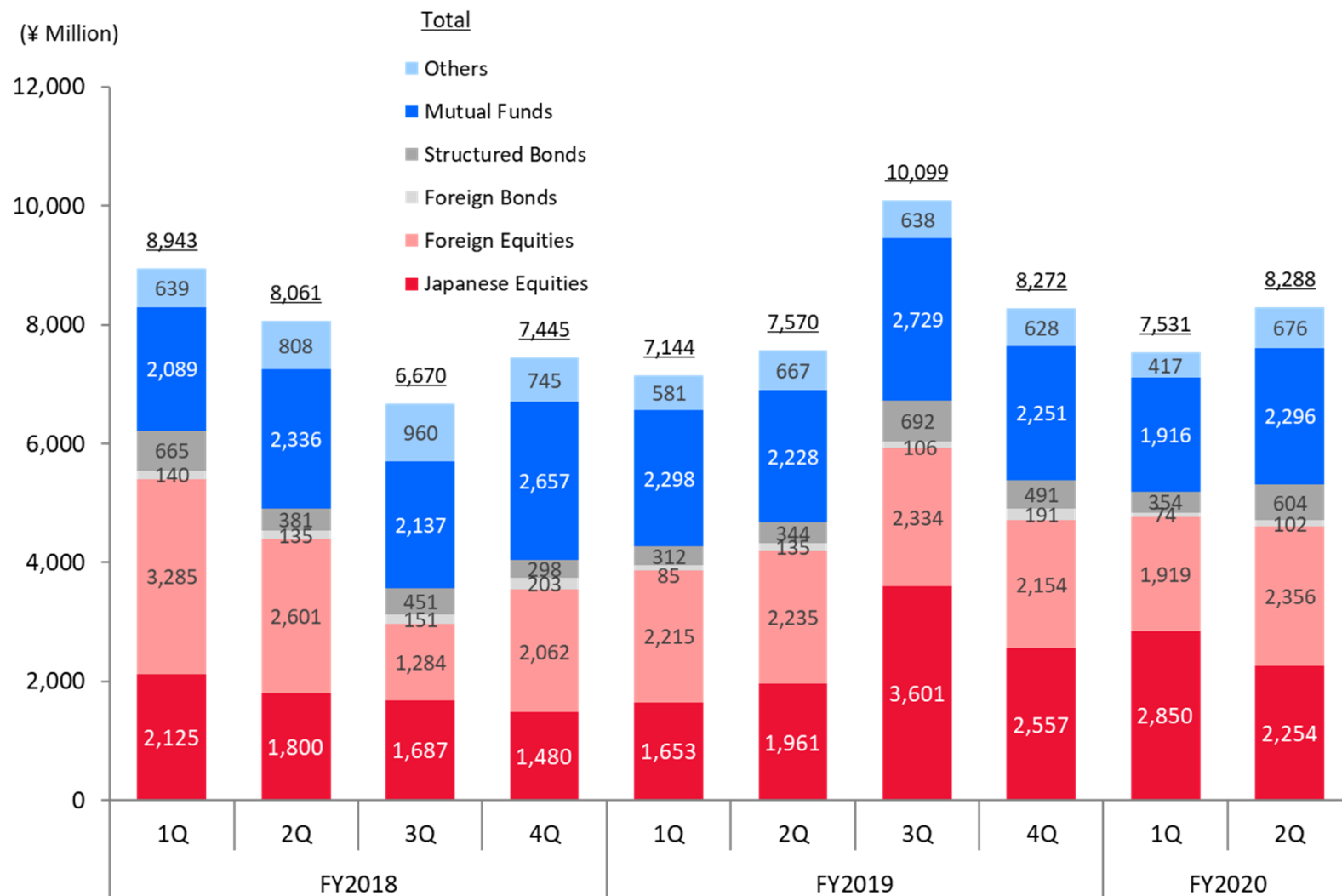


# I. Performance Review

## 3. Financial Characteristics of the Group

《Tokai Tokyo Securities : Individual Business Market Revenue by Product Category》

~Total Figures from Individual Business Market (Wealth Management, Retail , Next Generation and IFA)

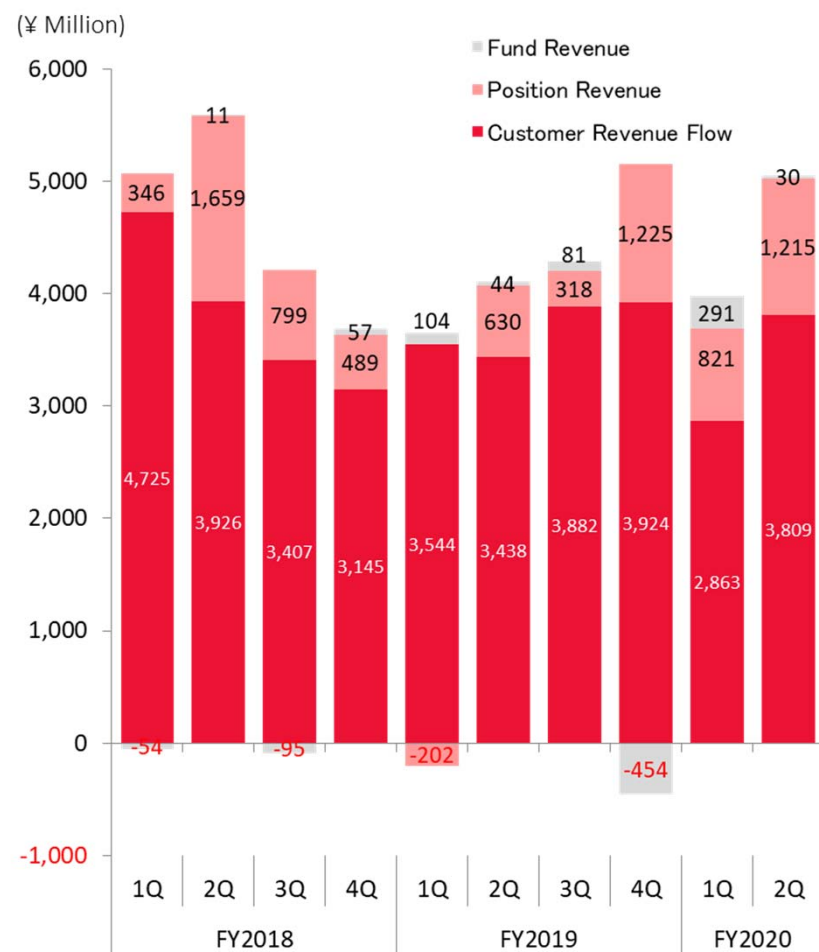


# I. Performance Review

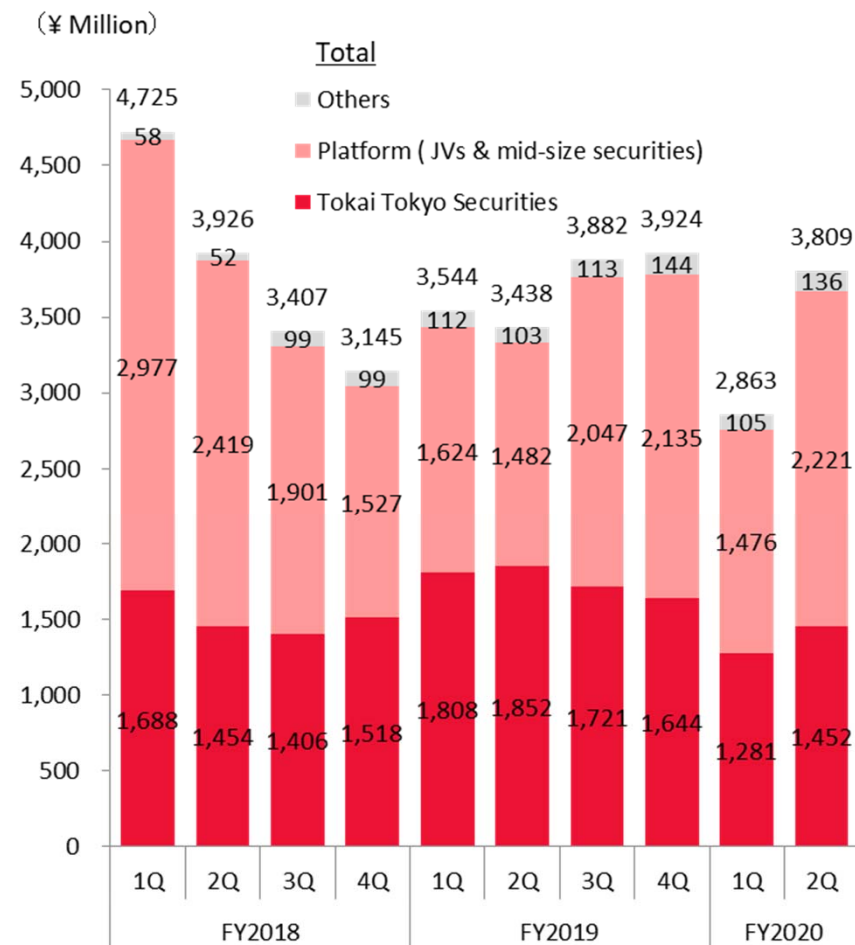
## 3. Financial Characteristics of the Group

《 Tokai Tokyo Securities : Revenue from Each Market Operation 》

### Revenue from Each Category of Operation



### Revenue from Each Customer Segment

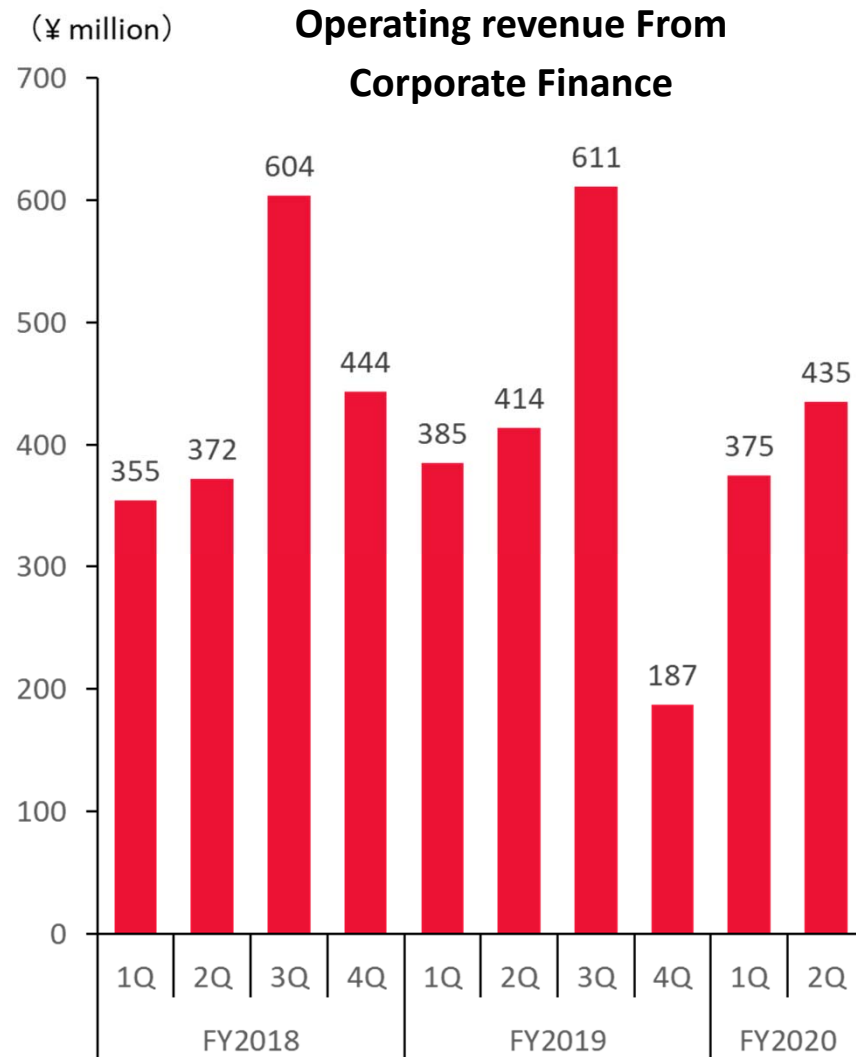
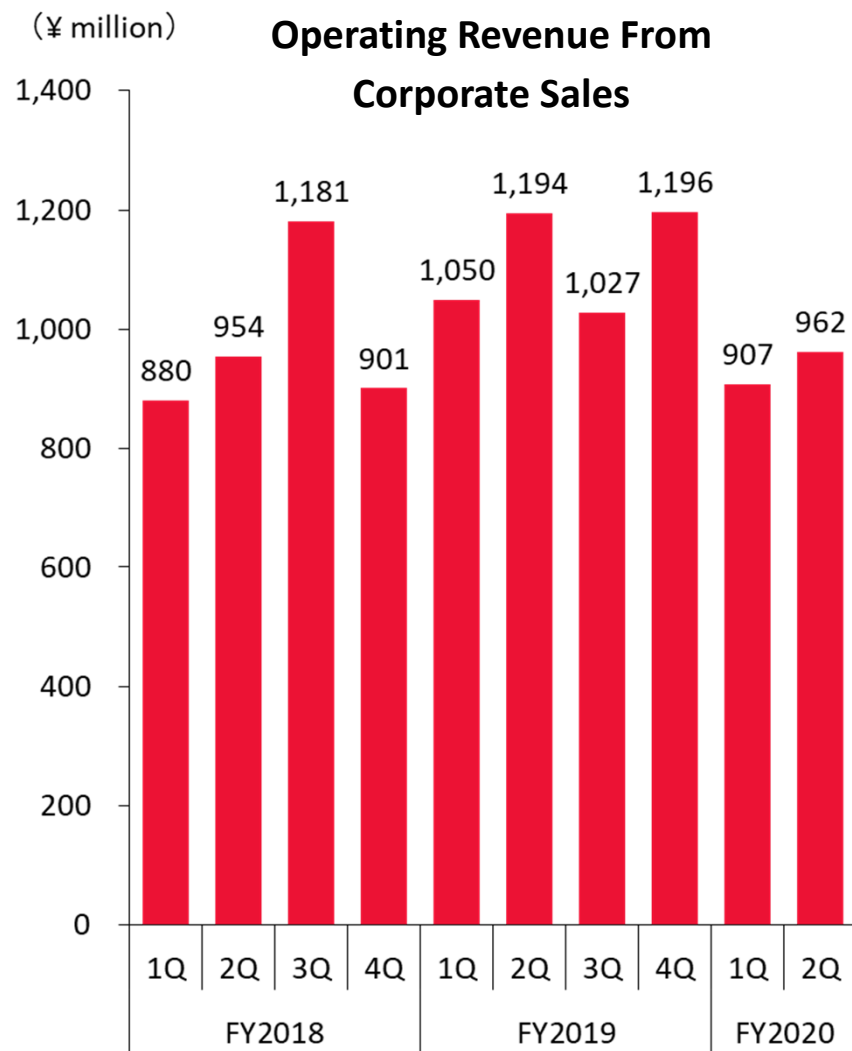


※The above figures all show breakdowns of revenues before adjustment made for internal managerial accounting purpose.

# I. Performance Review

## 3. Financial Characteristics of the Group

《 Tokai Tokyo Securities : Trend in Revenue from Corporate Customers 》



※The above figures include the revenue from institutional investors.

# I. Performance Review

## 3. Financial Characteristics of the Group

《 Consolidated Sales and General Administrative Expenses 》 Comparison was made between 1Q and 2Q in FY2020

① Personnel expenses

Major factor was an increased merit-based bonuses under recovered performance of the Company .

② Real estate expenses

Remained flat (Note) Decrease in 4Q was due to transfer of a year's worth rent expenses in the amount of ¥134 Million of a certain overseas subsidiary in compliance with lease accounting rule change over there.

③ Office cost

Cost cut realized by moving part of our outsourced paper-work into in-house processing and the reduction of some of the fees associated with subcontracted office work. (also, the merger between Tokai Tokyo Securities and Takagi Securities helped us reduce the system outsourcing fees on continuing basis.)

④ Depreciation

Progress in depreciation at Nihonbashi Office that includes Orque D'or Salon Tokyo resulted in gradual depreciation expenses.

(Million yen)

	FY2018				FY2019				FY2020	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Trading related expenses	3,183	2,962	3,020	2,785	2,867	2,709	2,955	2,853	2,147	<b>2,546</b>
Personnel expenses	7,422	7,600	7,227	7,293	7,412	6,728	6,873	6,814	6,590	<b>6,810</b>
Real estate expenses	1,766	1,933	1,989	2,156	2,089	1,814	1,903	1,775	1,818	<b>1,800</b>
Office cost	1,945	2,016	1,980	2,051	1,883	2,047	1,879	1,705	1,655	<b>1,598</b>
Depreciation	532	540	584	664	715	773	801	936	772	<b>743</b>
System expenses	171	177	180	191	195	206	222	215	211	<b>231</b>
Takagi Sec expenses	4	10	14	15	19	33	-	-	-	-
Other	915	829	712	831	908	764	634	744	697	<b>801</b>
<b>Total Selling, general and administrative expenses</b>	<b>15,765</b>	<b>15,882</b>	<b>15,514</b>	<b>15,782</b>	<b>15,875</b>	<b>14,837</b>	<b>15,048</b>	<b>14,830</b>	<b>13,681</b>	<b>14,299</b>

# I. Performance Review

## 3. Financial Characteristics of the Group

### 《 Revenue from investee entities (Consolidated) 》

	FY2018					FY2019					FY2020		
	( ¥ Million)	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total	1Q	2Q
FinTech <sup>※1</sup>		-	-149	-180	-187	-517	-129	-135	-147	-135	-548	-165	-124
Insurance <sup>※2</sup>		-94	12	-24	118	12	-0	82	64	140	286	12	233
M&A <sup>※3</sup>		-28	-71	104	-86	-82	-5	36	-66	-58	-94	360	-61

※<sup>1</sup> Profit and Loss and Goodwill Amortization were recognized under Equity Method from the operating result of Money Design Co., Ltd. and “Hash Dash Holdings”.

※<sup>2</sup> Ordinary Profit of Eternal Co., Ltd. and Mebius.Co., Ltd. were added.

※<sup>3</sup> Ordinary Profit and Loss of Pinnacle and Pinnacle TT Solutions were recognized as added together. (Large deal was closed in the 1<sup>st</sup> QTR of Fiscal Year ending in March 2021)

【note】Assets under Custody (Money Design Co., Ltd.)

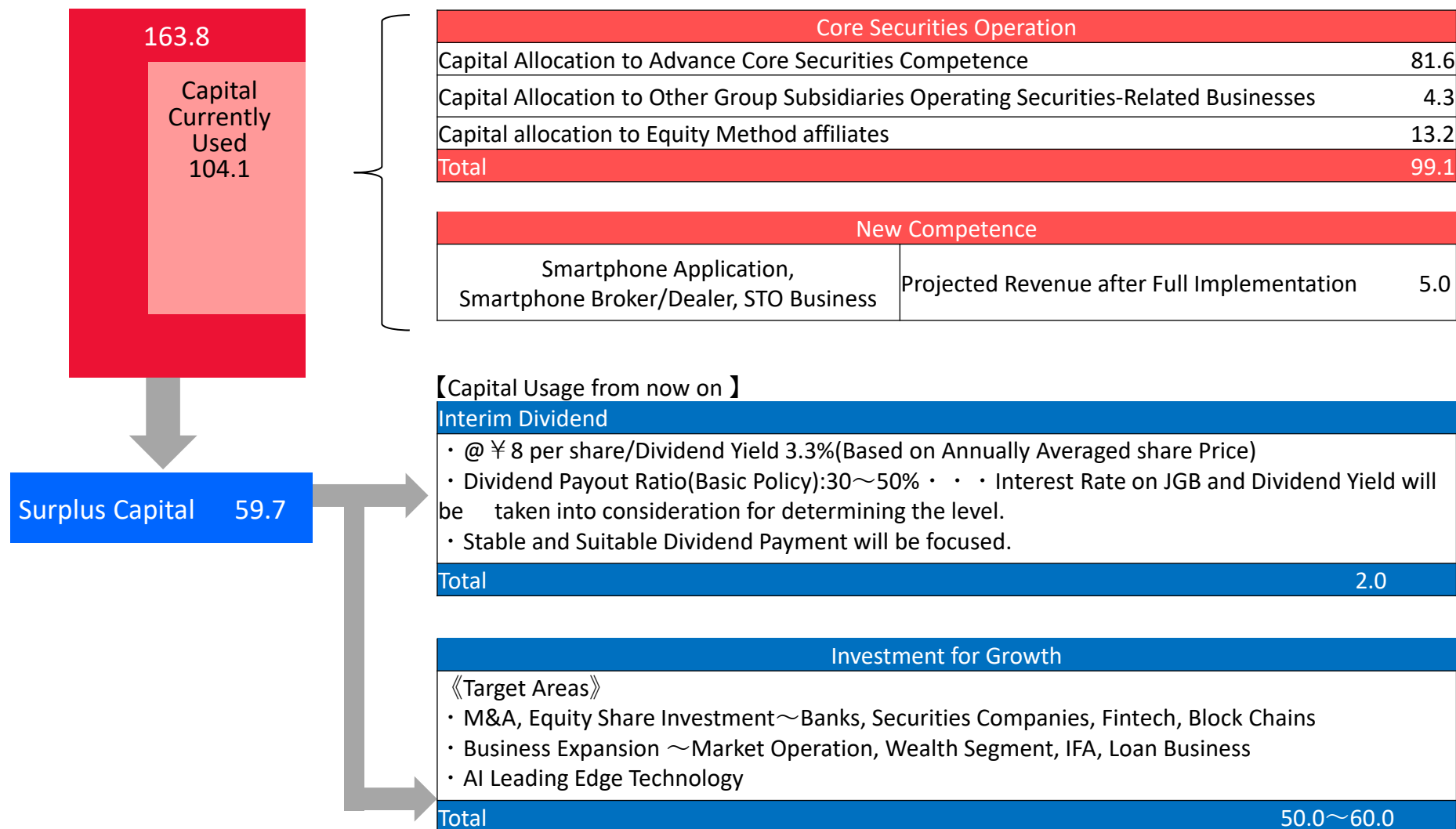
	(At the time of equity contribution)			(¥ million)
	As of Jun 30, 2018	As of Mar 31, 2019	As of Mar 31, 2020	As of Oct 31, 2020
Total Assets under Custody	27,156	39,557	68,479	90,078
THEO、THEO+	26,694	38,241	60,154	73,294
Investment Trust	462	1,316	8,325	16,784

# I. Performance Review

## 3. Capital Account Status

【Consolidated Net Asset (2020.9)】

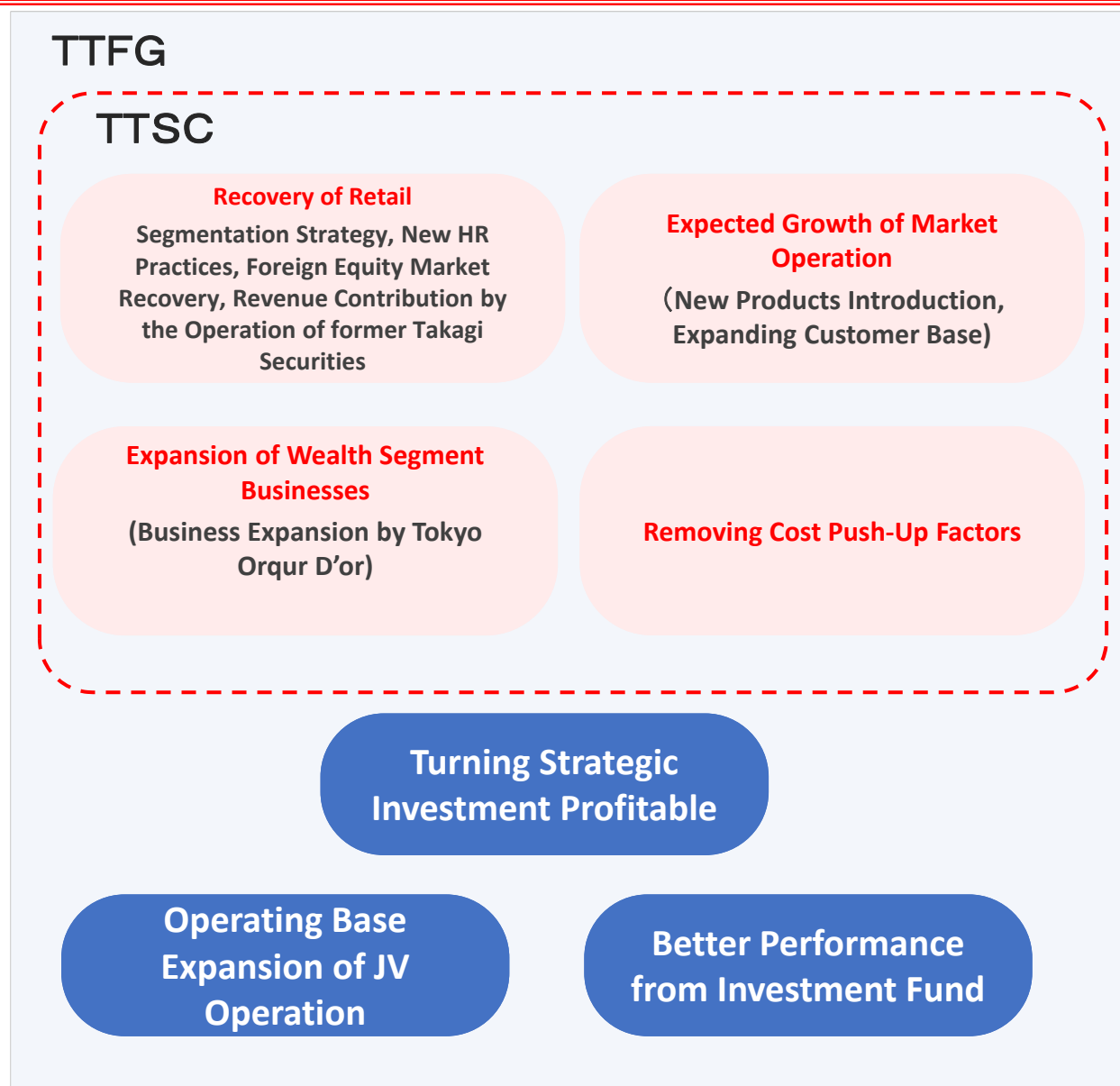
(Billion Yen)





# I. Performance Review

## 4. TTFH Performance Summary



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## **II. Changing Earnings Sources and Progress in Focused Projects**

## II. Changing Earnings Sources and Progress in Focused Projects

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New Strategy for Retail  
Operation

Advancing Wealth  
Segment Business

Market Operation  
¥3Billion Project

JV Securities Operation  
with Regional Banks

Cost Efficiency Uplift

Project Development  
Geared for Next Generation  
Customers (FinTech)

Activity Related  
with SDGs Program

## II. Changing Earnings Sources and Progress in Focused Projects

### 1. Segmentation Approach Retail

#### 《 Effect of Segmentation Approach 》

Account Classification by the Size of Assets in Custody	Status of Account Activity as of Sep 30, 2019	Number of Accounts as of Sept.30, 2019	Year on Year Change in the Number of Accounts from Sept.30, 2019 to Sep. 30, 2020	Comparison of Number of *Active Accounts as of Sept.30,2019 with that of monthly average during the year beginning Oct. 1,2019	Comparison of the Revenue during the 6-month beginning Apr.1,2019 with half of the full year result beginning Oct.1,2019
A ¥10 Million or Larger	Already Active	11.2k	+ 5.9%	▲ 18.7%	+ 0.3%
B ¥10 Million or Larger	Was *Dormant	29.3k	+ 5.5%	+ 43.3%	+ 86.6%
C Less than ¥10 Million	Already Active	3.8k	▲ 31.1%	▲ 37.0%	▲ 27.3%
D Less than ¥10 Million	Was Dormant	96.6k	+ 17.1%	+ 22.1%	+ 85.7%
Gross Revenue from all the segments, A thru. D.					+ 8.2%

Number of Accounts as of Sept.30,2020	Active Accounts during the 1st Half of FY 2020	Gross Revenue during the 1st Half of FY 2020
141 Thousand	54 Thousand	¥12.7 Billion

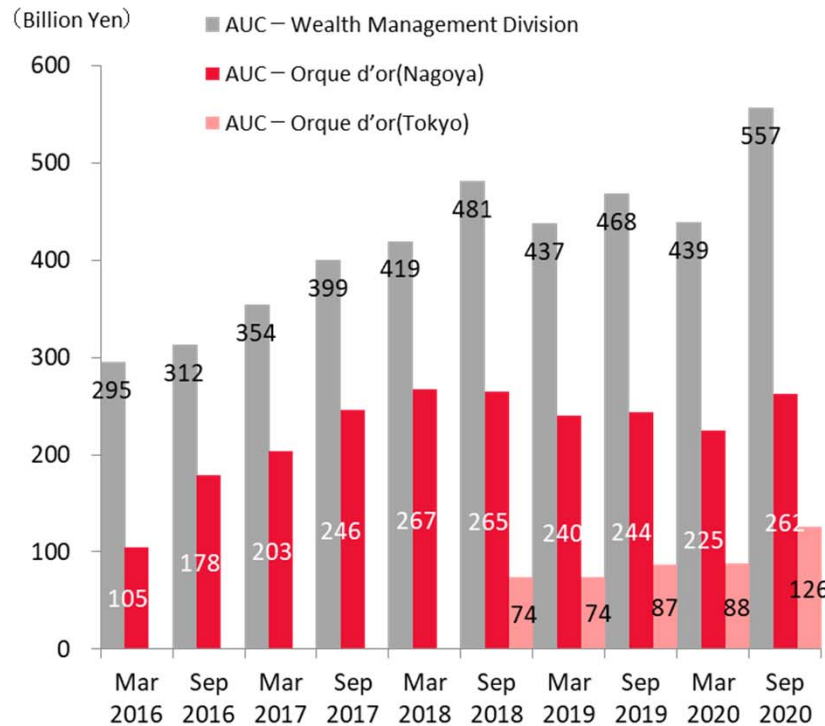
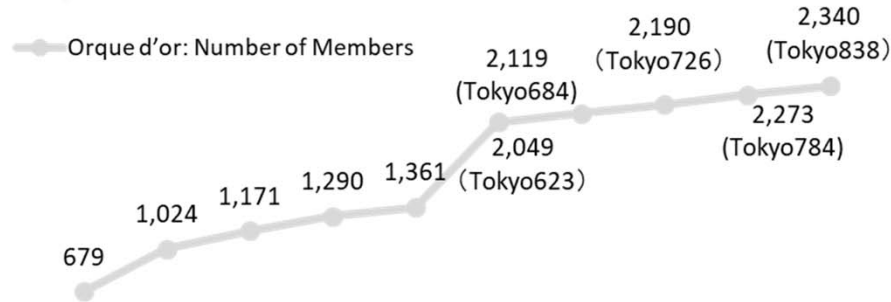
\* "Dormant" denotes the account status yielding half year commission of less than ¥100 Thousand.

\*\* "Active" denotes here the account status that yields the commission of ¥1 or more.

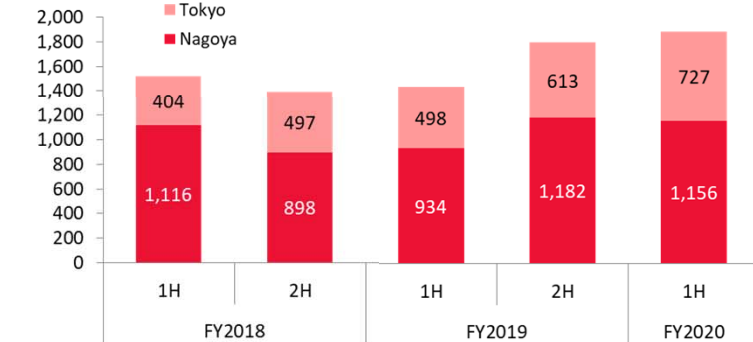
# II. Changing Earnings Sources and Progress in Focused Projects

## 2. Wealth Segment Business Expansion

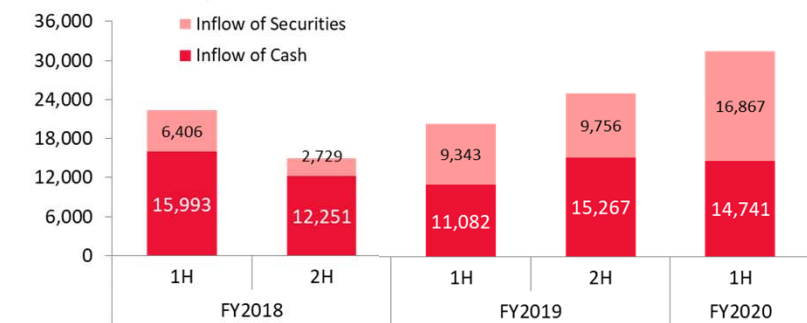
《 Orque d'or: Number of Members, Asset under Custody (AUC) 》



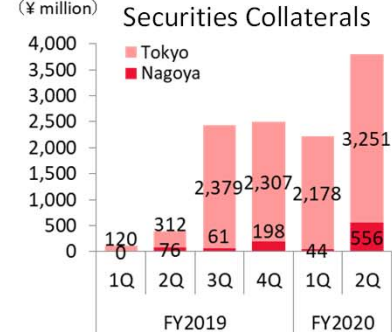
Orque d'or: Revenue Trend



Orque d'or: New Asset Accumulation

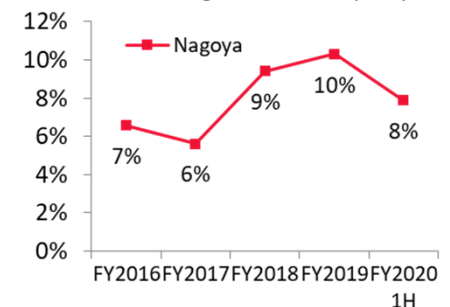


Orque d'or  
Balance of Loan Against Securities Collaterals



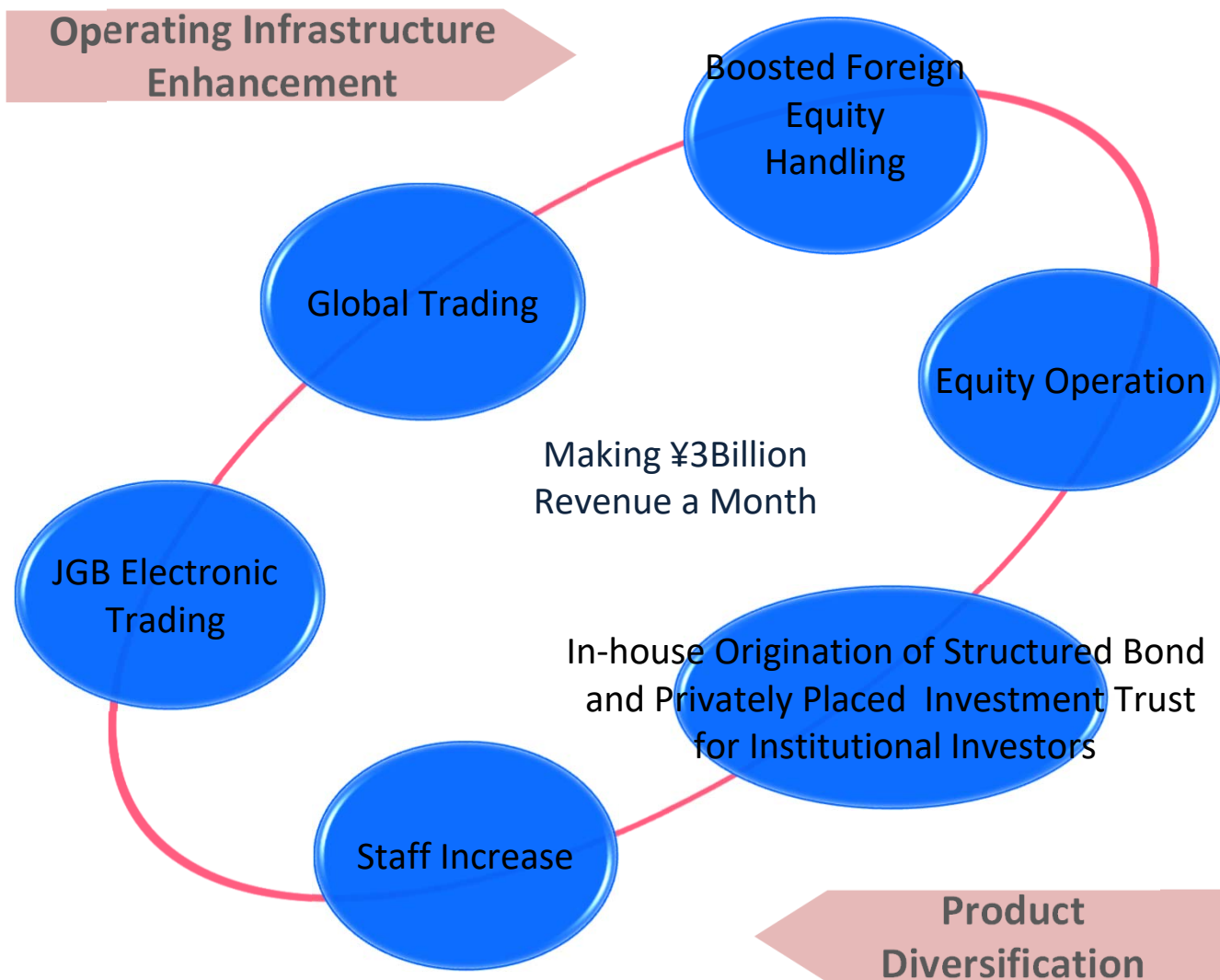
Proposal-based sales

Revenue Weight Realized by Wealth Management Company (%)



## II. Changing Earnings Sources and Progress in Focused Projects

### 3. The Progress in Market Operation

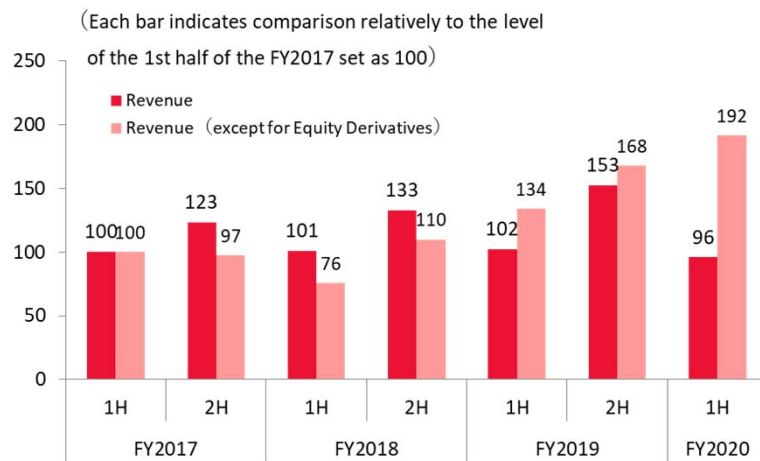


- Foreign Equity • Equity Operation
  - ~ Increase Information Delivery Competence
  - ~ Start Handling Foreign Equity VWAP Transaction
  - ~ Enrich Product-Lineup Catering to JV Operations
    - (Stock Lending and Borrowing with Special Agreement Clause, etc.)
  - ~ Boost Transactions engaged as Principal
- Derivatives Sales
  - ~ Increase Transactions with Regional BKs.
- Global Trading
  - ~ Open Trading Desk in London Office (Active for 24 hours)
- JGB Electronic Trading
  - ~ Expand Trading Counterparties
- Structured Bond
  - ~ Management System Installation
- System Infrastructure Renovation
  - ~ Network Infrastructure
  - ~ Amplify Server Capacity
  - ~ Regulatory Compliance

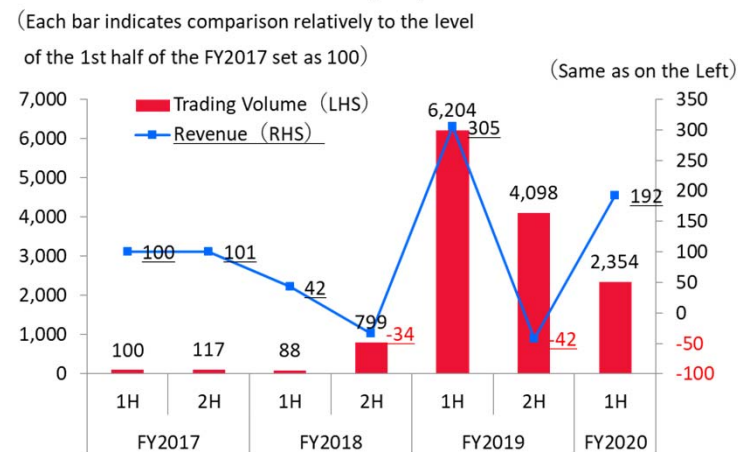
## II. Changing Earnings Sources and Progress in Focused Projects

### 3. The Progress in Market Operation

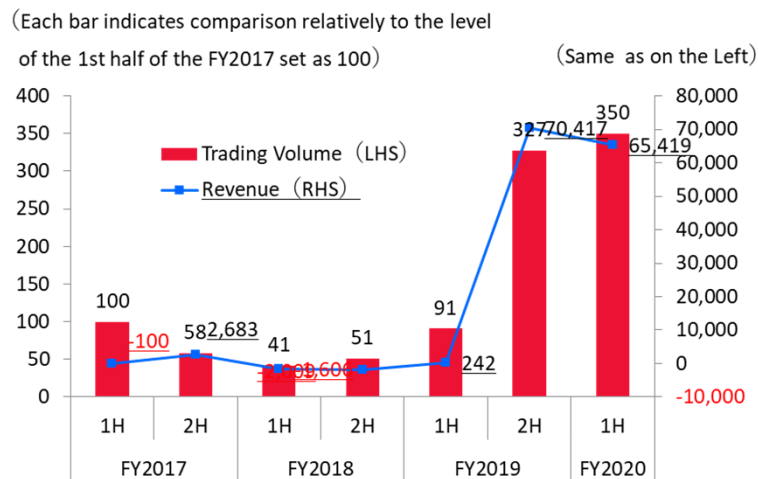
#### Sales at Institutional Investors



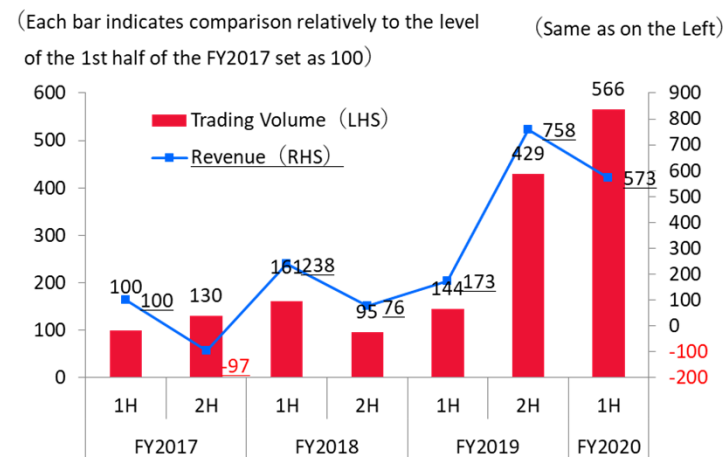
#### Block-Basket Equity Transactions



#### Equity Index Transactions

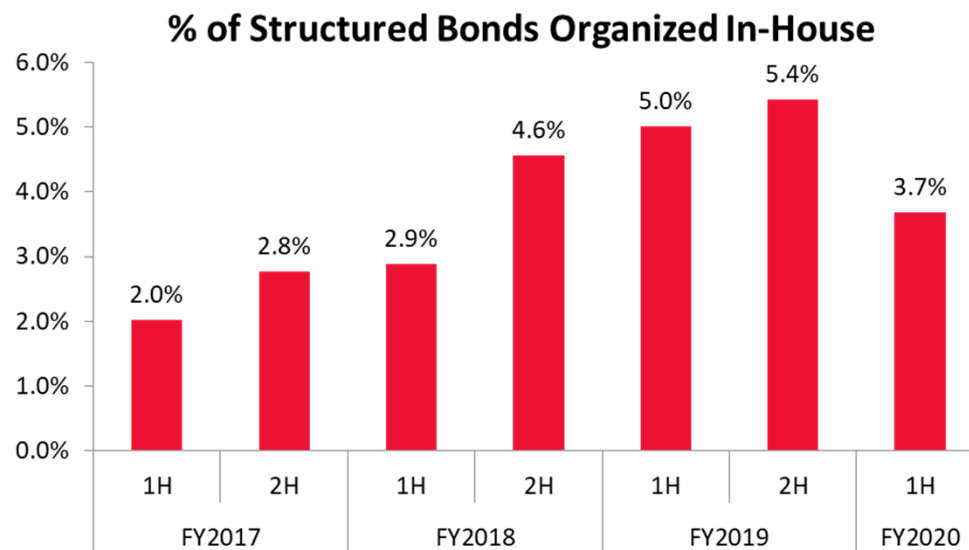


#### Equity Vwap Transactions

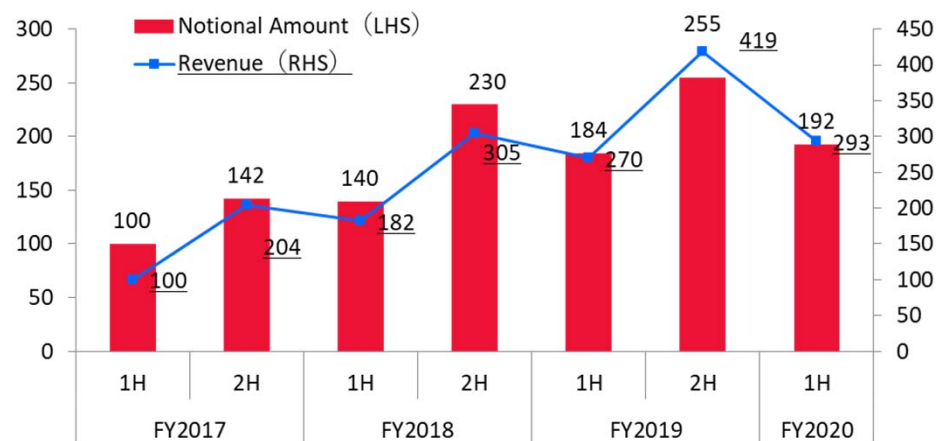


## II. Changing Earnings Sources and Progress in Focused Projects

### 3. The Progress in Market Operation



**Interest Rate and FOREX Derivatives Transactions**  
 (Each bar indicates comparison relatively to the level of the 1st half of the FY2017 set as 100) (Same as on the Left)





## II. Changing Earnings Sources and Progress in Focused Projects

### 4. JV Partner

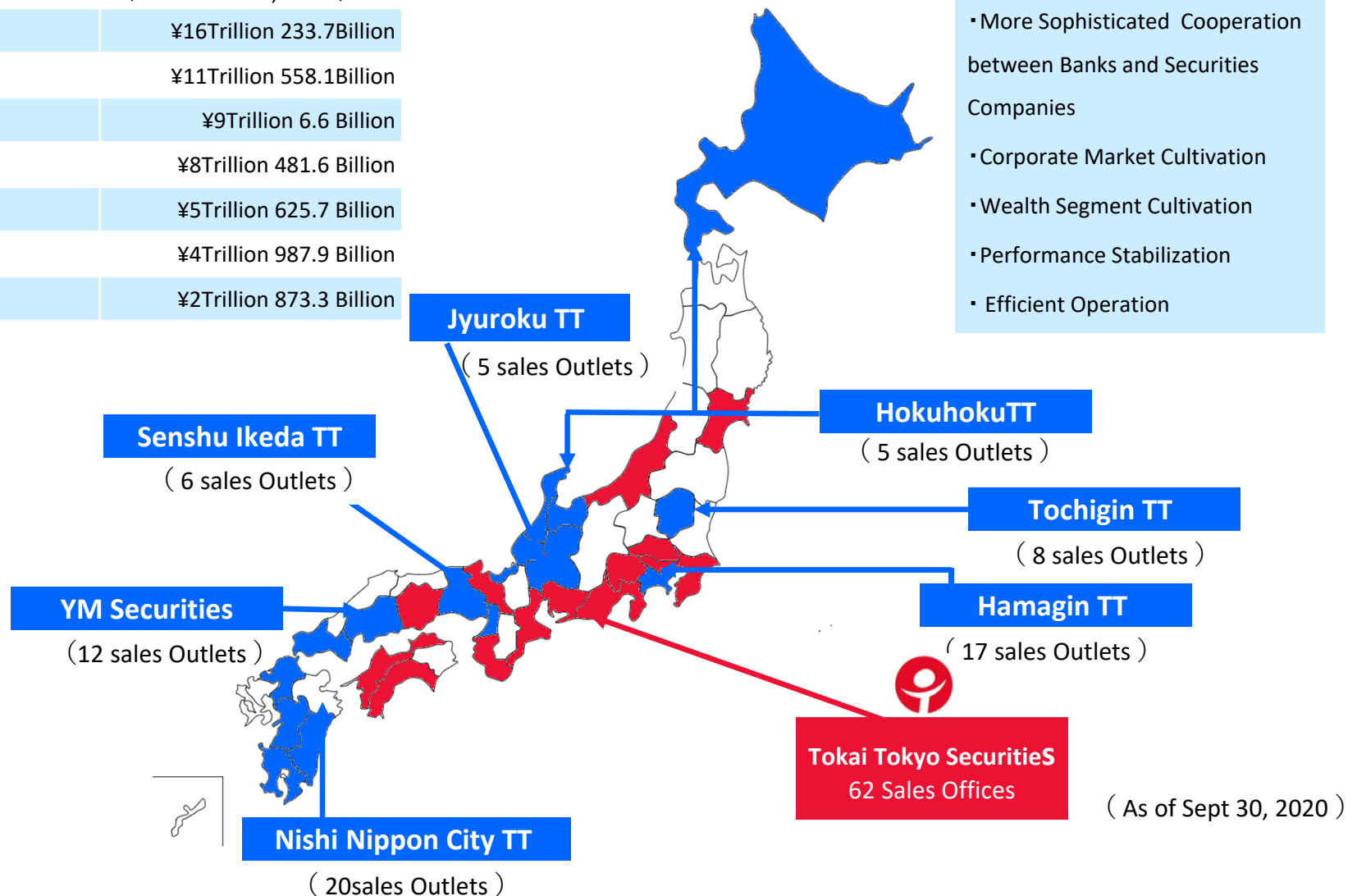
#### Deposit Size Partner Banks Carry

(As of Mar 31, 2020)

Concordia FG	¥16Trillion 233.7Billion
Hokuhoku FG	¥11Trillion 558.1Billion
Yamaguchi FG	¥9Trillion 6.6 Billion
Nishi-Nippon	¥8Trillion 481.6 Billion
Juroku Bank	¥5Trillion 625.7 Billion
Senshu Ikeda HD	¥4Trillion 987.9 Billion
Tochigi Bank	¥2Trillion 873.3 Billion

#### Tasks JVs Must Take On

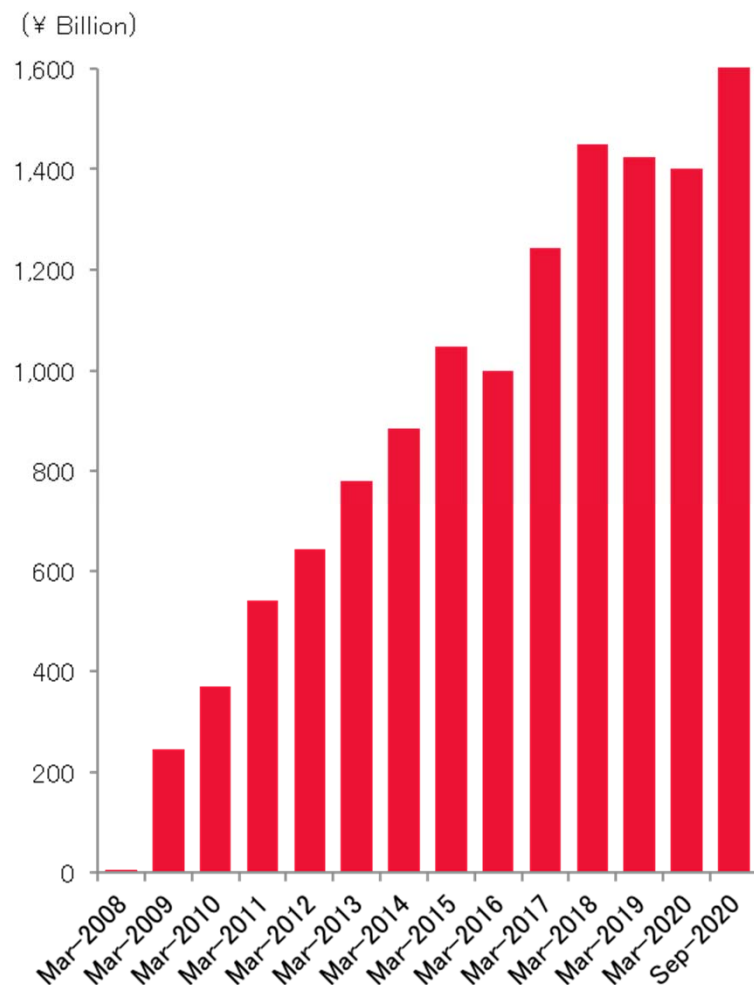
- More Sophisticated Cooperation between Banks and Securities Companies
- Corporate Market Cultivation
- Wealth Segment Cultivation
- Performance Stabilization
- Efficient Operation



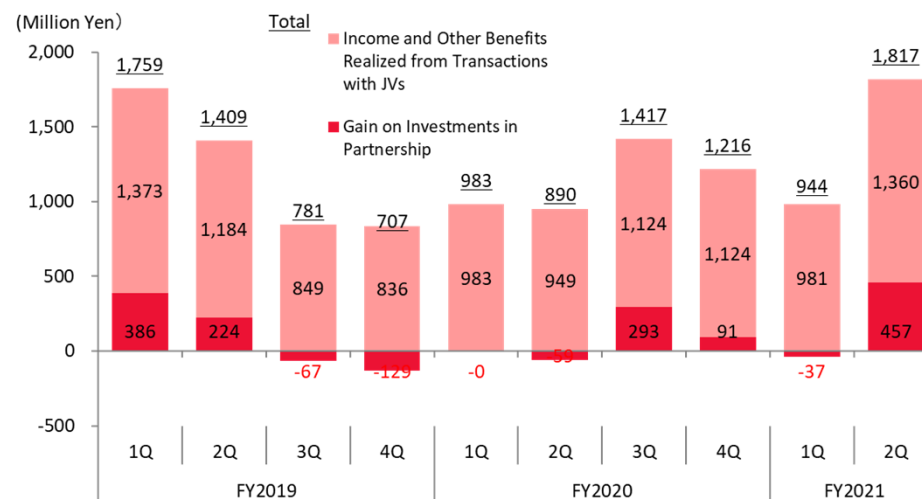
## II. Performance Review

### 4. Revenue Analysis – JV Partner Operations with Regional Banks

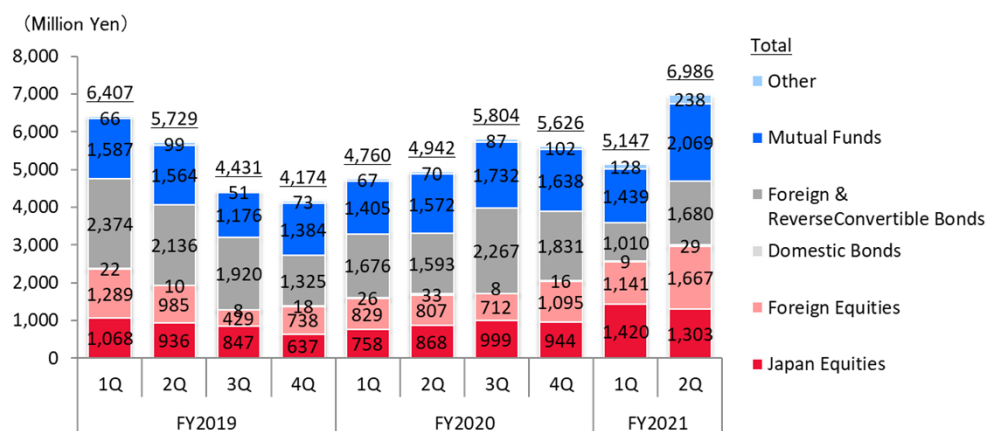
#### Assets under custody - from JVs (7 entities)



#### Income contribution from JVs (7 entities)



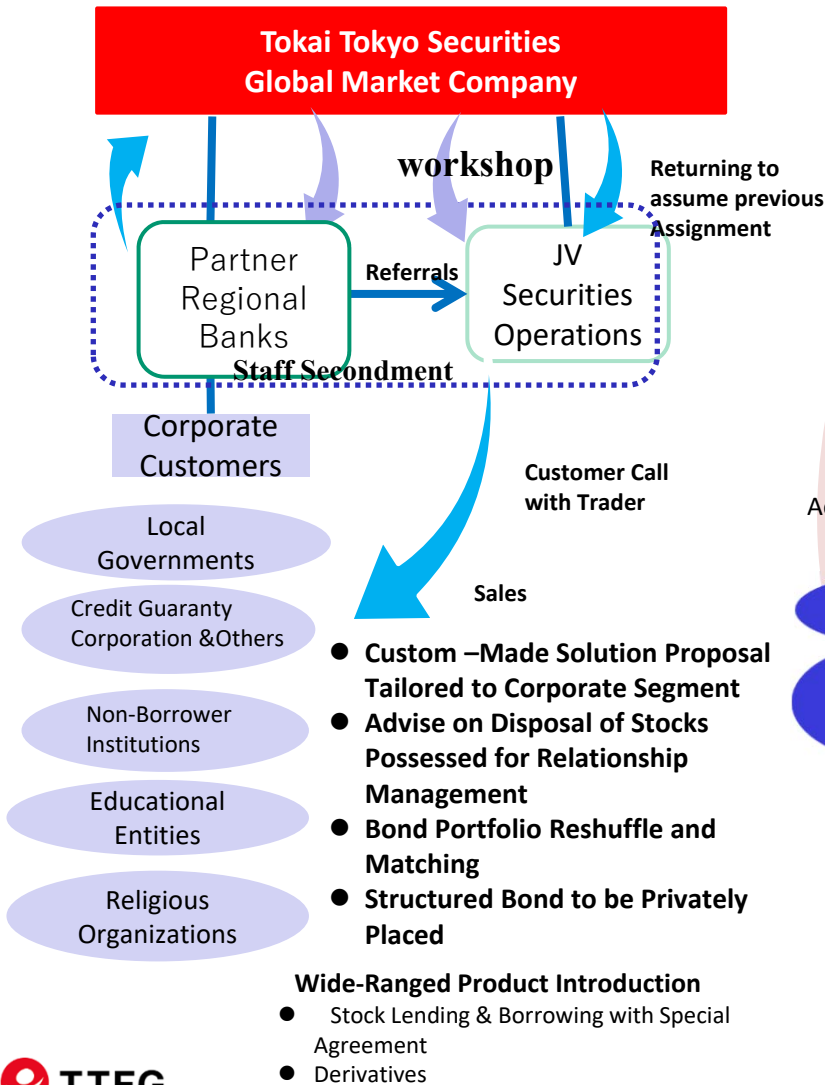
#### Product revenue - from JVs (7 entities)



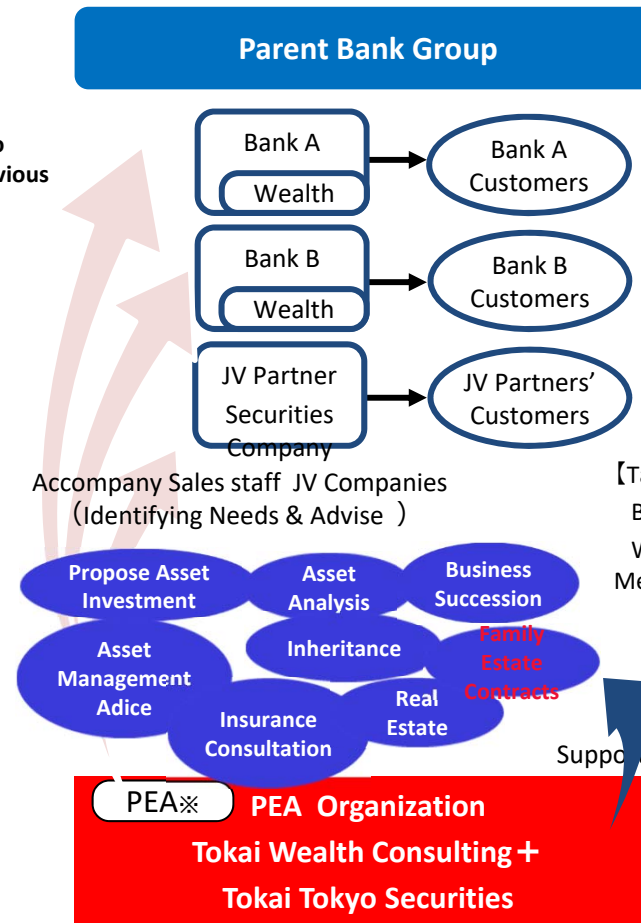
# II. Changing Earnings Sources and Progress in Focused Projects

## 4. JV Partnership Operations (JV)

### 《 Corporate Business 》



### 《 Wealth Segment Business 》



- ① Further Plowing of Corporate Market
  - Acceptance of Trainee
  - Enhanced Cooperation with Regional Banks and JVs.
- ② Wealth Segment
  - Marketing Seminar
  - Send PEA, Joint Customer Call (Wealth Sales Specialist)
- ③ Promotion of Fundwrap

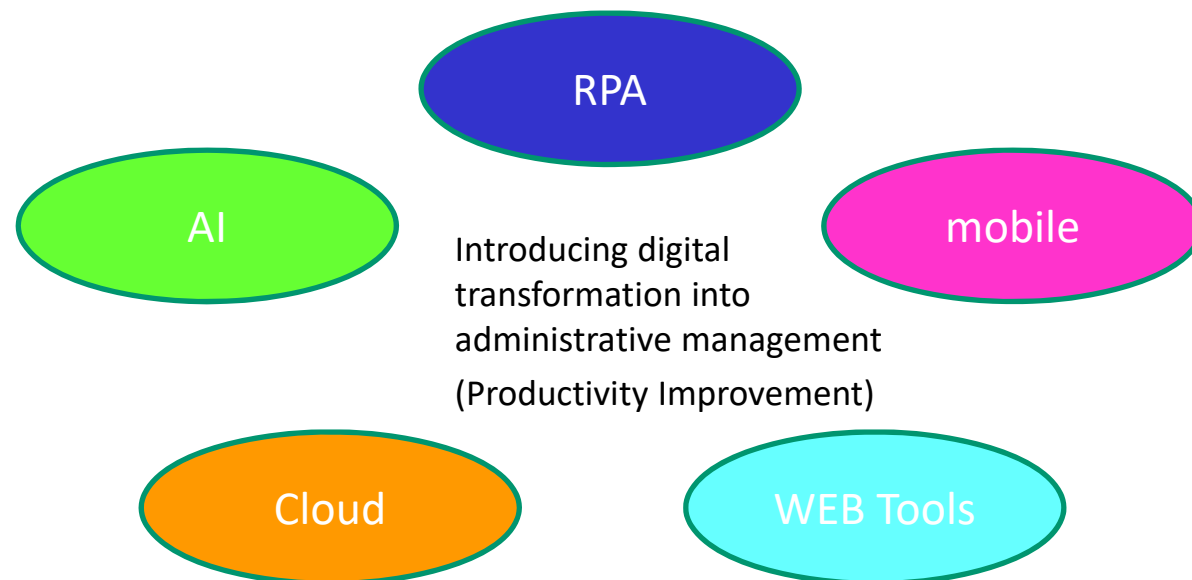
**【Target Customers】**  
 Business Owners  
 Wealthy People,  
 Medical Practitioners

※PEA : premium executive advisor

## II. Changing Earnings Sources and Progress in Focused Projects

### 5. Productivity Revolution

《with a view to upgrading administrative management capability》



Working hours reduction was achieved by the use of RPA and BPR at Non-revenue generating sections of Tokai Tokyo Securities

Monitored the reduced total working hours in comparison with the level of the first half of FY2018

(Hours)

Reduced working hours	The second half of FY2018	The first half of FY2019	The second half of FY2019	The first half of FY2020
	37,856	27,780	25,042	26,389

# II. Changing Earnings Sources and Progress in Focused Projects

## 6. Activity Related with SDGs Program

### Health

- Work in good health (CHO・Founding “Work in Good Health Association”)
- Assist Employees’ Health Maintenance (Encourage walking with pedometer)



### Education

- Endowed Courses to 4 Universities in Nagoya and Tokyo
- Scholarships for Earning MBAs (from Universities both in Japan and Abroad)
- Assist the exchange program for high school students through Tokai Tokyo Foundation



### Energy and Climate

- Supporter of Green Bond Issuers
- Deal in Bonds for Social Contribution Purpose (like Green Bond, Water Bond)
- Convert to Energy Efficient Lighting and Air-Conditioning
- Convert to Energy Efficient Motor Vehicles



### Regional Communities

- Regional Revitalization by Enhancing Co-working with Major Regional Banks
- Disaster Recovery Assistance Activities
- Encourage Sports Activities in Communities
- Co-sponsoring Cultural and Artistic Activities
- Assist Preservation of Local Festivals and Cultural Heritages



### The Group’s Major Tasks

#### 1. Health



#### 2. Education & Workstyle



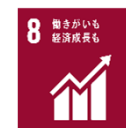
#### 3. Financial Innovation



#### 4. Regional Economies



#### 5. Environmental Protection



### Sense of Fulfilment from Work

- Assistance with Child-Rearing and Nursing Care, 「Good Life Balance Menu」
- Implement [Humanity Enhancement Program]
- In-House Staff Recruitment



### Gender Diversity

- Promote Female Workers
- Select Role Models and Assist Their Campaigns

### Partnerships

- More M&A Intermediation
- The Foundation to Collect Used Books for Children
- Donation to SDGs Fund
- Join the Food Bank Activities



### Industry and Technological Innovation

- Asset Management Application, Money Design Co., Ltd.
- Loan against Collateralized Securities
- Selected as one of the noteworthy DX 2020 companies



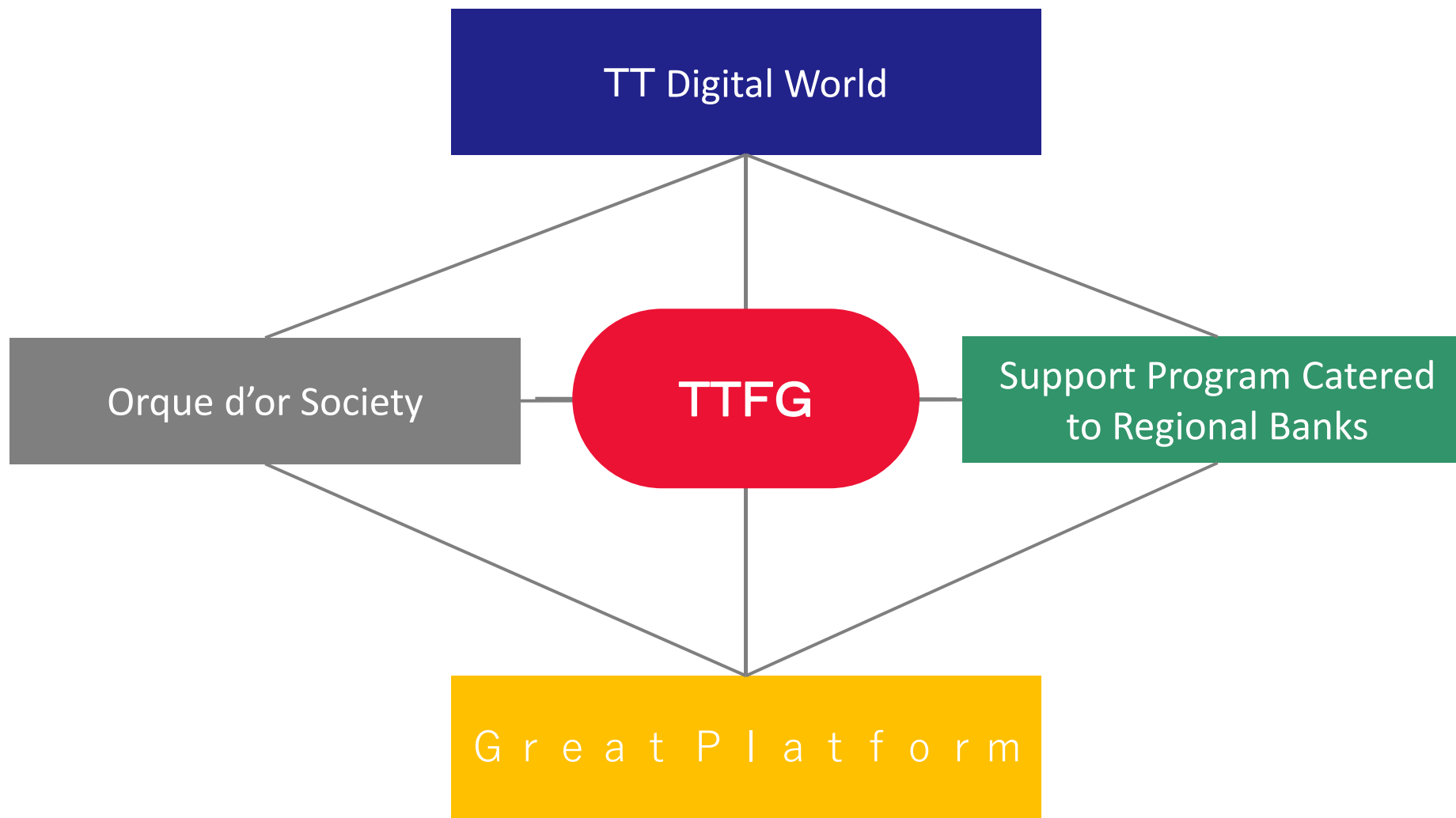
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## III. Strategy for the Next Stage

### III. Strategy for the Next Stage

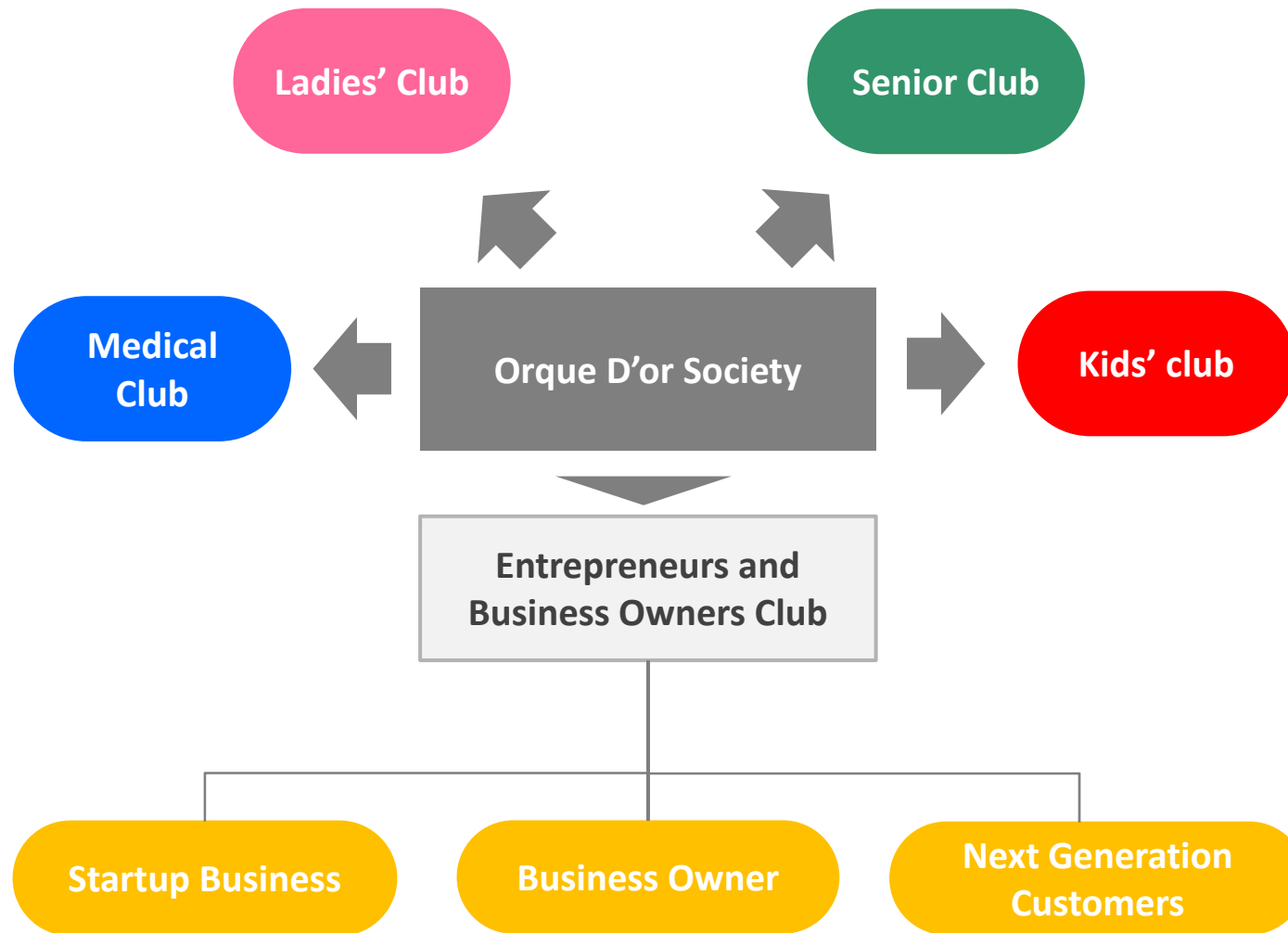
#### 1. Crucial Future Focus

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# III. Strategy for the Next Stage

## 2. Orque D'or Society



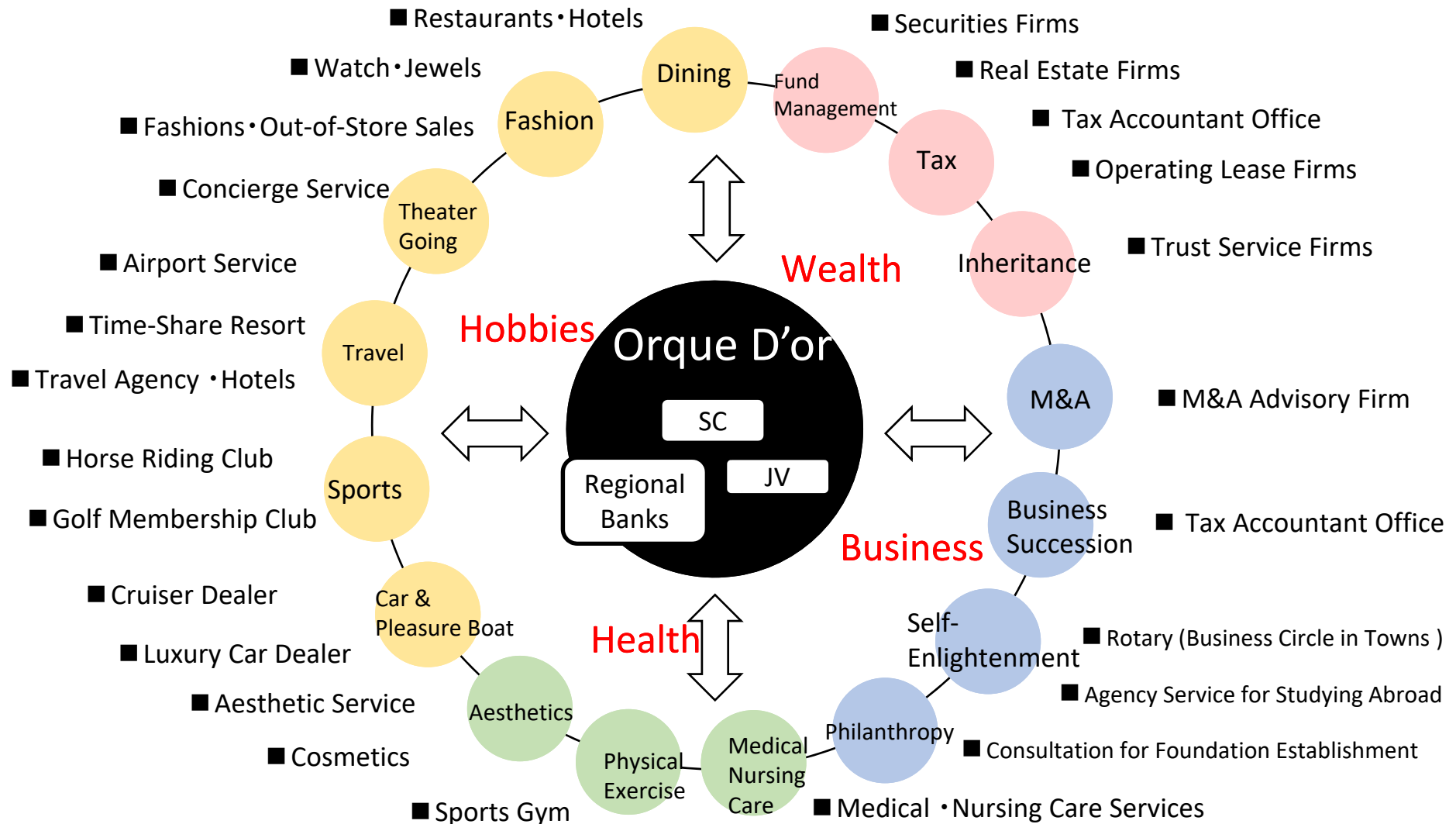
- ✓ General Guidance on Finance
- ✓ Introduction to Investment Opportunities
- ✓ Financing Plan
- ✓ Getting to Know Network
- ✓ Exposure to Expertise
- ✓ Information Provision
- ✓ Affluent Life Planning
- ✓ Orque D'or Ecosystem



# III. Strategy for the Next Stage

## 2. The Ring Linked Around Orque D'or / Orque D'or Ecosystem

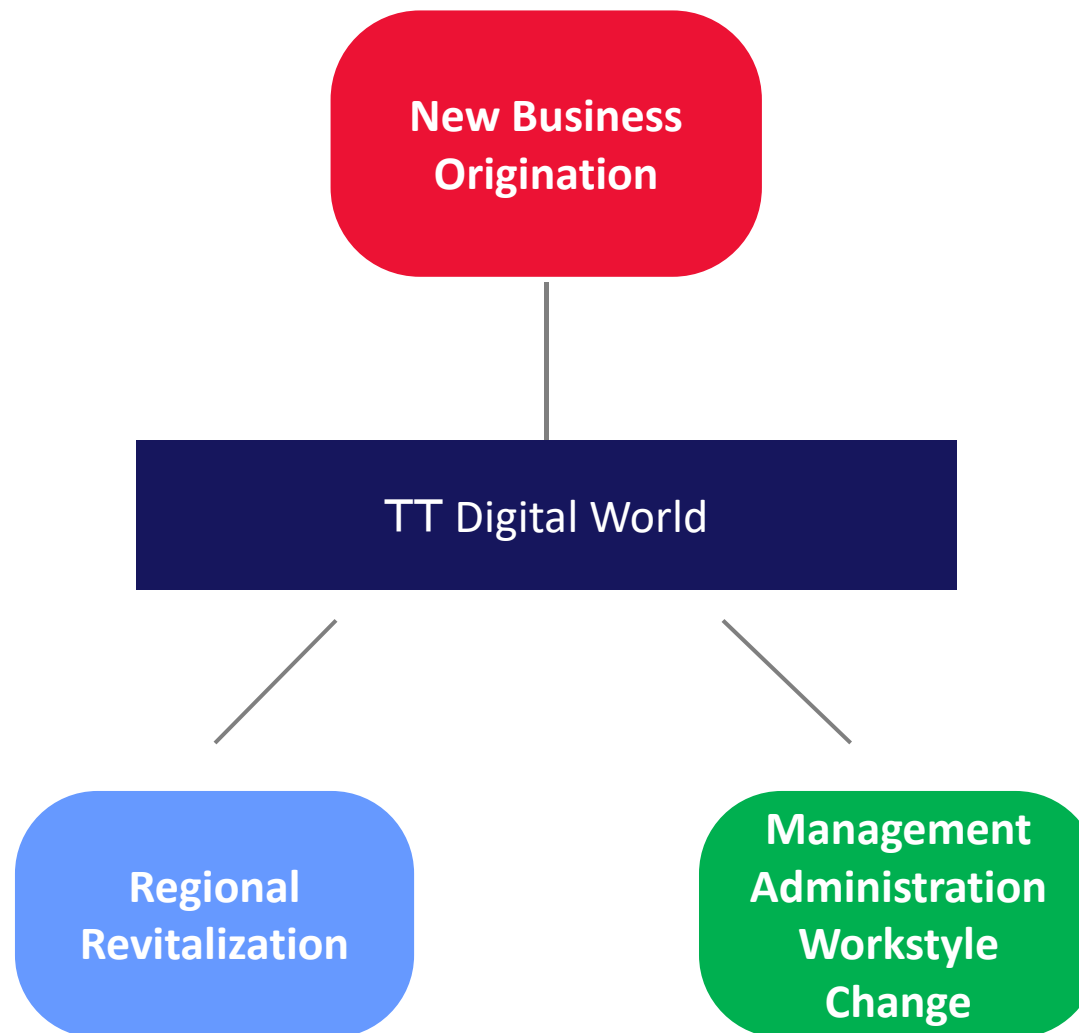
Build linkage for concerted actions with various businesses, aiming to stimulate wealthy people's Interest in asset building, business running, health and hobbies



# III. Strategy for the Next Stage

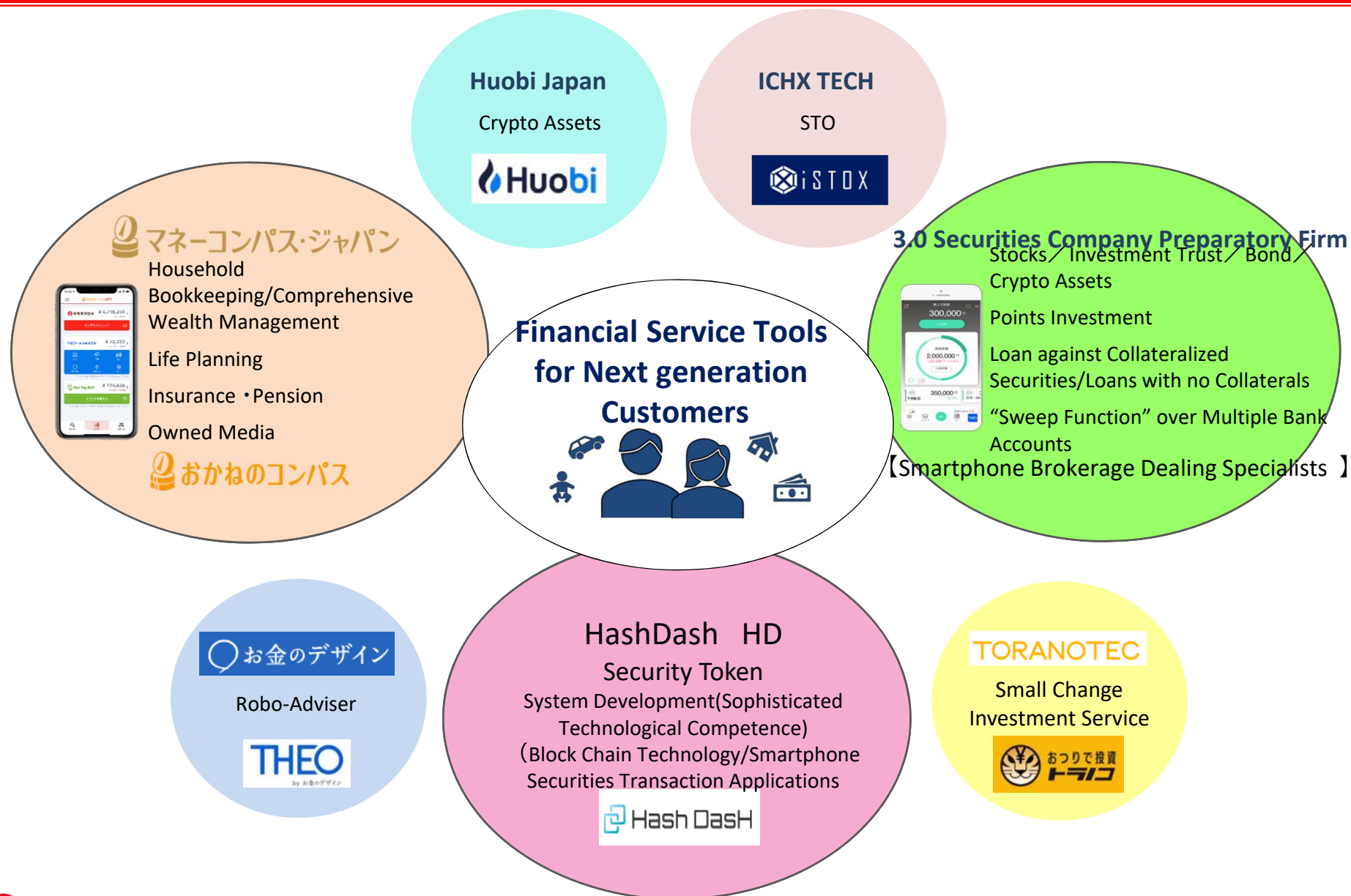
## 3. TT Digital World

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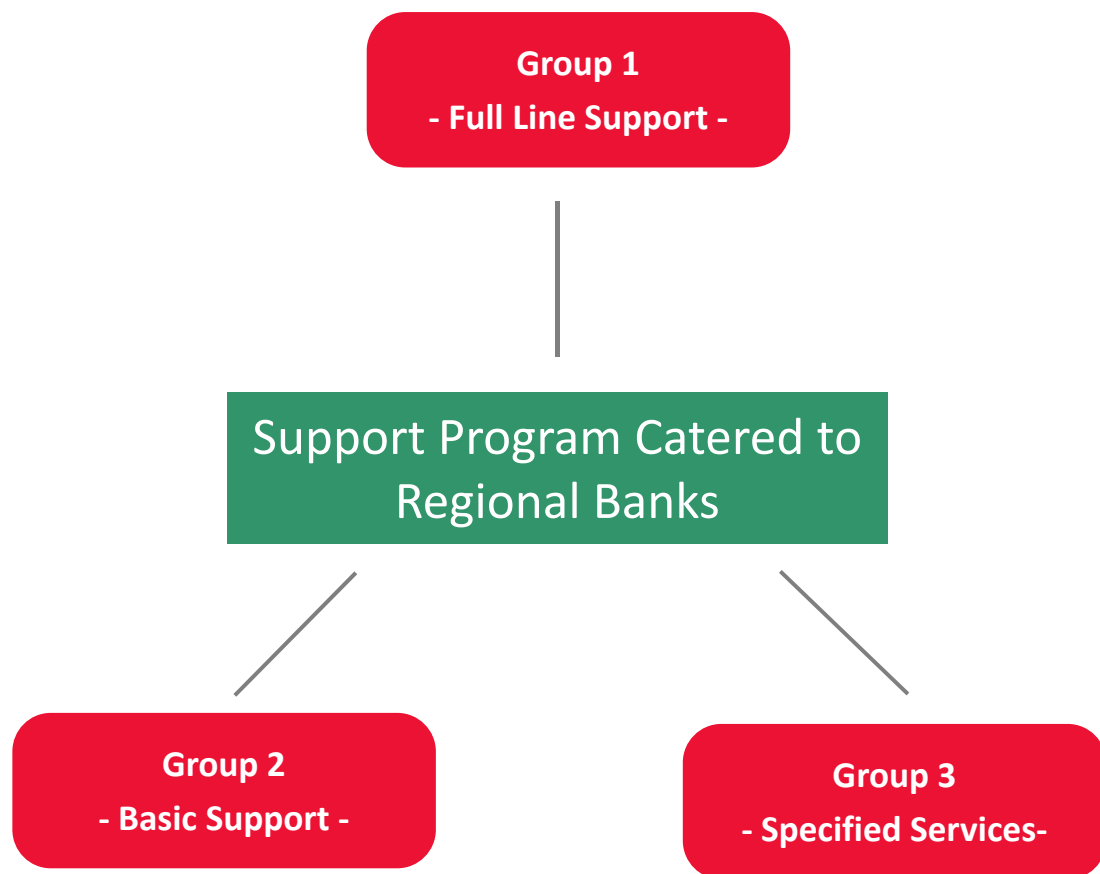
# III. Strategy for the Next Stage

## 3. TT Digital World



# III. Strategy for the Next Stage

## 4. Service Dedicated to Regional Banks



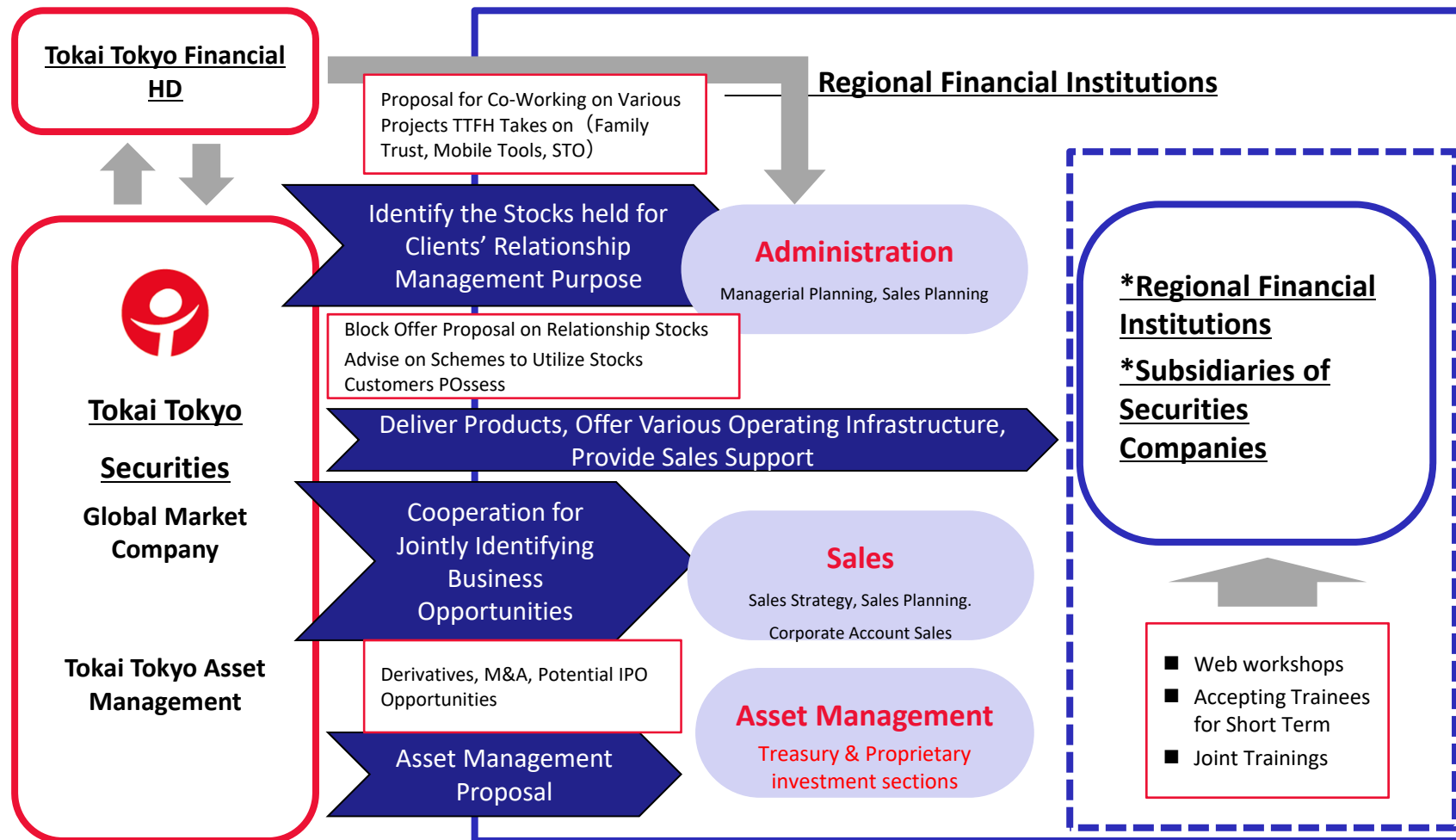
- Group 1 : the banks with joint venture securities company
- Group 2 : the banks with their Own Securities Subsidiaries
- Group 3 : the banks without their Own Securities Subsidiaries

	1	2	3
Securities Operation (J V、I F A)	◎	○	○
Corporate Segment (Fund Management, Derivatives)	◎	◎	◎
Asset Management (Investment in Securities, Risk Management)	○	○	◎
Wealth Segment (P E A※)	◎	◎	○
F i n t e c h (Smart Phone Securities, Money Design Co., Ltd. etc.)	○	○	○
Regional Revitalization (Regional Currency, S T O)	○	○	○
Insurance	○	○	○
Business Succession	○	○	○
Training,	◎	◎	—
Compliance, Internal Supervision	◎	◎	—
Marketing Approach (Database, Segmentation)	◎	○	—
Fiduciary account based on family estate contracts	◎	◎	◎
Information · Analysis	◎	◎	○
Corporate Finance(IPO, etc.)	◎	◎	◎

### III. Strategy for the Next Stage

#### 4. Relationship enhancement with Regional Banks and revenue increase based on derivatives sales

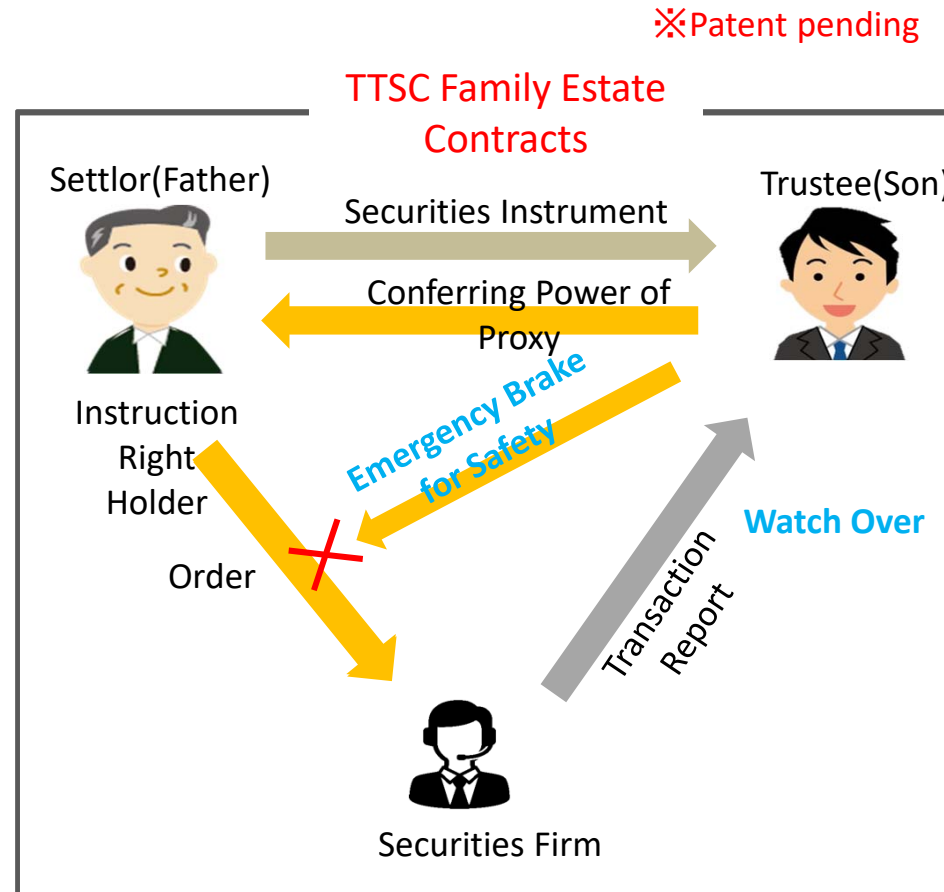
### TTFG's Strategy Geared to Regional Financial Institutions



### III. Strategy for the Next Stage

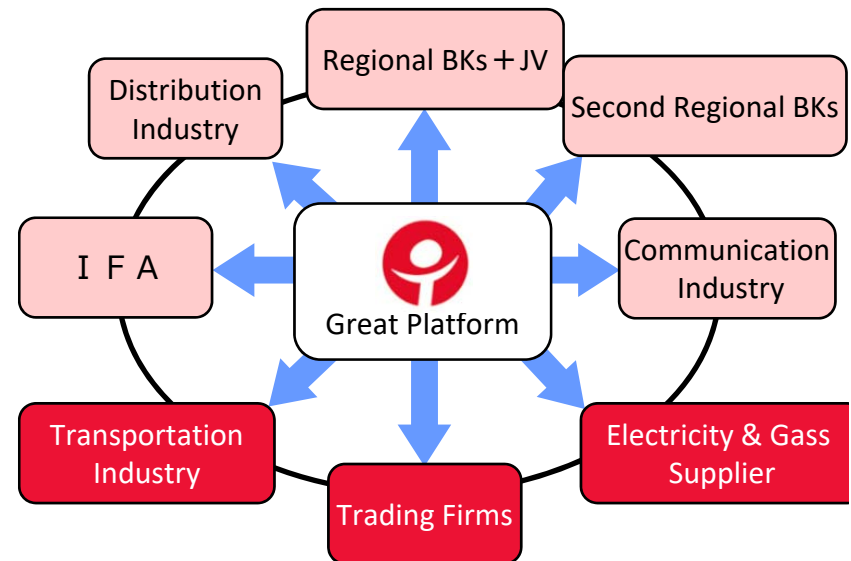
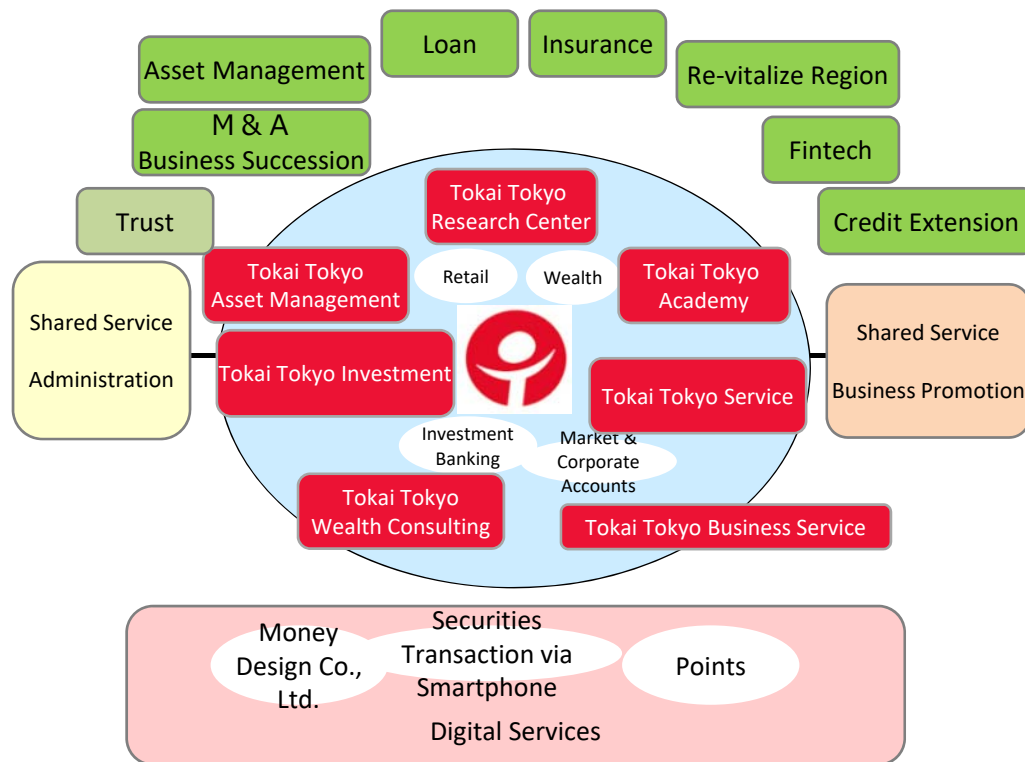
#### 4. Fiduciary account based on family estate contracts

- As a measure to address rising social problems of dementia inflicted on elderly people and their families, the following scheme creates certain business opportunities.
- Power of Proxy may be conferred to an elderly's family member so that the conferee can legally supervise the conferrer's continuing act of investment in securities instruments even after a trust agreement is signed between a conferrer (settlor) and an asset management firm.
- In case a certain intervention is considered necessary for the conferrer's (settlor's) act of investment, the conferee (trustee) can order the suspension of such investment.



# III. Strategy for the Next Stage

## Great Platform Concept

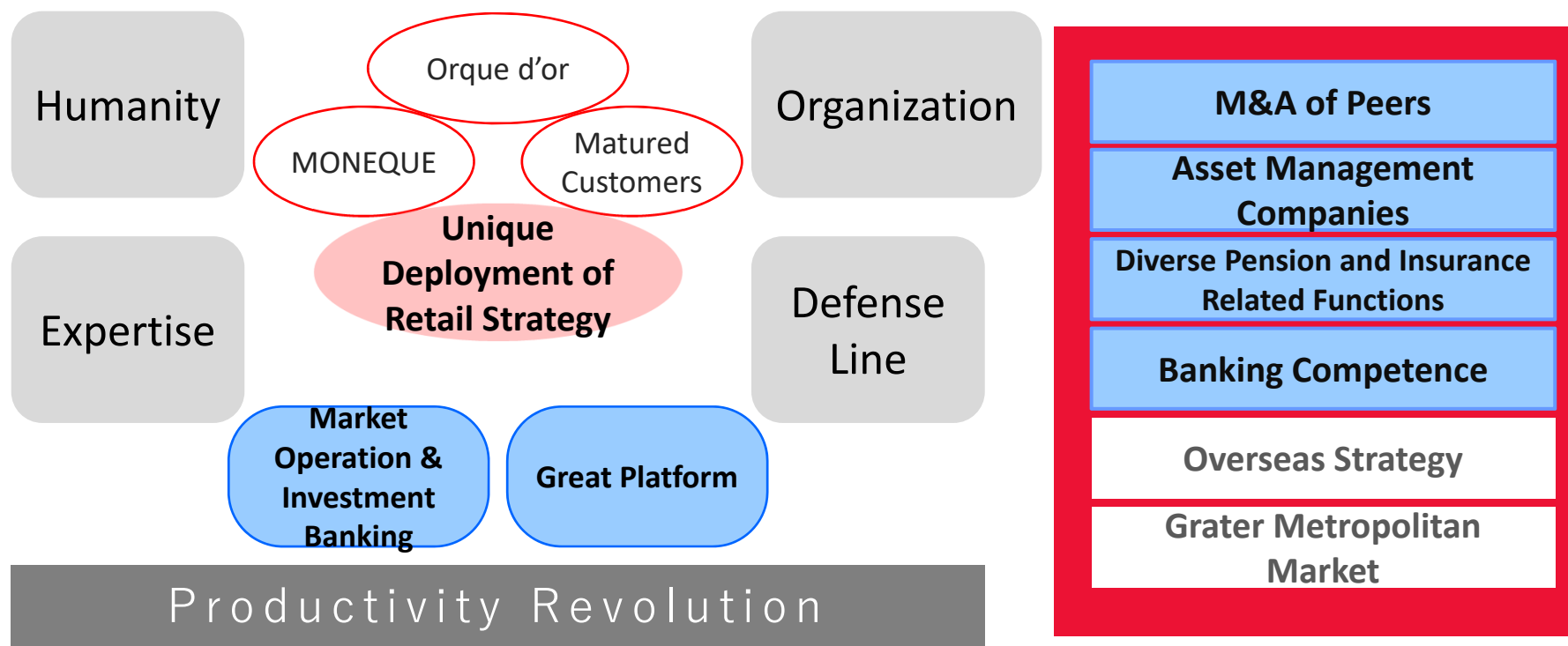


# The Management Plan, “New Age’s Flag Bearer 5” ~ Its Whole Picture ~

## New Age’s Flag Bearer 5

### Further Enhancement and Growth of Operating Foundation

### Pursuit of Strategic Themes





# Tokai Tokyo Financial Group

## ~ Celebrating its 20th Year Anniversary~

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Tokai Tokyo Securities, a core subsidiary of Tokai Tokyo Financial Group, celebrated its 20<sup>th</sup> year anniversary(1<sup>st</sup> October 2020).

It was founded through the merger between Tokyo Securities and Tokai Maruman Securities in October 2000.

On this memorable occasion, we, the group, adopted our corporate slogan, “Connecting Hearts, Creating Futures.”

Under the slogan, we pledge that we devote our full attention to fostering bondage of trust with customers while leading future financial industry.

Toward this end, we pursue innovative collaboration with regional banks, and flexibly deploy creative expertise in our day-to-day operations.

未来をつなぐ、心をむすぶ。

20周年

“Connecting Hearts, Creating Futures.”

# MEMO

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## Inquiries to be directed to:

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- Phone: +81-3-3517-8618 FAX: +81-3-3517-8314
- E-mail: fh\_ir@tokaitokyo-fh.jp

Effective April 1, 2009, the Company spun off its financial instrument operation and Tokai Tokyo Security Co., Ltd. (former Tokai Tokyo Securities Spin-off Preparation Co., Ltd.) took it over. The Group (Tokai Tokyo Financial Group) at the same time shifted to a holding company system.

Effective the same date, the Company and Tokai Tokyo Securities Spin-off Preparation Co., Ltd. changed their corporate names to Tokai Tokyo Financial Holdings, Inc., and Tokai Tokyo Securities Co., Ltd. respectively.

The result for the fiscal year ended on March 31, 2009 or any earlier date account for the operation of the former Tokai Tokyo Securities Co., Ltd. under then existing organizational structure.

This material is intended to provide information regarding the Company's most recent operational result and NOT to solicit investment in securities issued by the Company.