ANNUAL REPORT 2015

For the Fiscal Year Ended March 31, 2015

TOKAI TOKYO FINANCIAL HOLDINGS, INC.

Profile

Tokai Tokyo Financial Holdings, Inc. is the holding company of the Tokai Tokyo Financial Group, centered on Tokai Tokyo Securities Co., Ltd. As a holding company, Tokai Tokyo Financial Holdings operates and manages the group companies and seeks to enhance their value by promoting its regional and alliance strategies—both vital for the Group—toward a new era in the financial industry.

As of March 31, 2015, the Tokai Tokyo Financial Group consists of Tokai Tokyo Financial Holdings, nine subsidiaries and four equity-method affiliates in Japan, and four overseas subsidiaries and one overseas equity-method affiliate. The Group focuses on the securities business and provides financial products, services, and solutions that meet the needs of customers.

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Consolidated Financial Highlights

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	**2015**
Total revenues	¥ **82,700**	¥ 90,547	$ **688,196**
Operating income	**25,071**	30,248	**208,631**
Net income	**18,499**	23,243	**153,944**
Total assets	**458,107**	617,270	**3,812,157**
Total equity	**157,352**	142,930	**1,309,411**
Per share of common stock	Yen		U.S. Dollars
Basic net income	¥ **69.51**	¥ 87.68	$ **0.58**
Cash dividends applicable to the year	**34.00**	32.00	**0.28**

Note: U.S. dollar amounts are translated for convenience only at the rate of ¥120.17=U.S.$1.00.

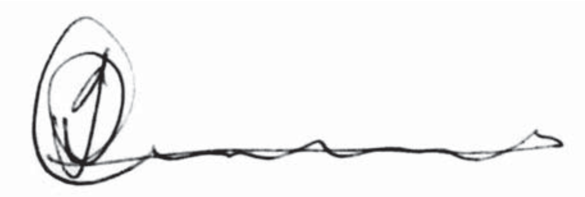
To Our Shareholders

I would like to express my sincere appreciation to the shareholders of Tokai Tokyo Financial Holdings, Inc. (hereafter, "Tokai Tokyo Financial Holdings" or "the Company") for your ongoing support. In this report, I am pleased to have the opportunity to discuss the performance and financial results of the Company and its consolidated subsidiaries (hereafter, "the Tokai Tokyo Financial Group" or "the Group") for fiscal 2014, ended March 31, 2015.

For fiscal 2014, the Group's total revenues decreased 8.7% year on year to ¥82,700 million, with operating income down 17.1% to ¥25,071 million and net income down 20.4% to ¥18,499 million. Although this represents a decline in both revenue and profit compared to the previous fiscal term, which was a record year for us, we were nonetheless able to secure results well above those of our peers on average. In fiscal 2014, we expanded dealings with high-net-worth clients domestically while building and broadening our sales network. Overseas, we formed strategic alliances with multiple partners located mainly in Asia. Overall, it was a very fruitful year during which we succeeded in further solidifying our business base.

The Group's five-year management plan, "Ambitious 5," has been in its second stage since April 2014. While continuing to hold fast on the plan's core principle, which calls for becoming a leading player in Asia, for the remaining two years of its second stage we will further enhance the quality of our initiatives, as well as combine the Group's comprehensive capabilities to formulate a structure for future business promotion.

As we proceed with these endeavors, we ask all of the Company's shareholders for continued support in the year ahead.



Tateaki Ishida
President & CEO

Fiscal 2014 (April 1, 2014 to March 31, 2015)

Our Initiatives and Operating Results in Fiscal 2014

We advanced the marketing strategies by customer segment of Tokai Tokyo Securities, the Group's core company

In fiscal 2014, the initial year of the second stage of the management plan, the Group implemented a number of strategies and measures to expand operations and enhance our business system.

Tokai Tokyo Securities Co., Ltd., the Group's core company, carried out what we call "stable revenue-generating sales activity" and "marketing strategies by customer segment." As part of "stable revenue-generating sales activity," the company began offering the "Tokai Tokyo Fund Wrap Account" in May 2014 in which assets are managed on behalf of customers based on a discretionary investment agreement.

"Marketing strategies by customer segment" involved increasing customer loyalty and expanding the customer base by providing the best-possible products and services tailored to each individual customer category such as high net worth, maturity and asset formation. A particularly strong performance was posted by our Premier Medical Office Department, established in 2013, a popular service center that offers asset management and business succession solutions to medical practitioners and hospitals in the Chubu region. For mature customers, we concentrated on acquiring new business by inaugurating a members-only website called *Otona no Toshi Club* ("Adult Investor's Club") that suggests a range of lifestyle choices for clients. For customers seeking asset formation, we enhanced convenience with the launch of online credit services.

We also achieved significant results from our business alliance strategy. The four securities firms we established through joint ventures with leading regional banks succeeded in achieving assets under custody exceeding ¥1 trillion and our Platform Services kept expanding its business volume in terms of furnishing operating infrastructure and products to medium-sized securities firms. In overseas development, we forged an alliance in August 2014 with Bualuang Securities Public Company Limited, a subsidiary of Bangkok Bank, the largest commercial bank in Thailand. In March 2015, we established a fund management company by joint venture with Phillip Capital Pte. Ltd., a large financial group in Singapore. Moreover, on April 9, 2015, we formed a partnership with K&N Kenanga Holdings, an independent investment bank in Malaysia, further expanding our network in Southeast Asia.

Lastly, to enhance our management system, we transferred Tokai Tokyo Securities employees to Tokai Tokyo Financial Holdings in April 2014 to further streamline Group operations. In July 2014, we launched a new human resource system that emphasizes expertise and diversity.

Progress in our management plan and medium- to long-term prospects

For the second stage of "Ambitious 5," we are working on fresh initiatives to keep ahead of the changing times

Looking back at the previous three years of "Ambitious 5," the Company's competitive operating environment has undergone a significant transformation with the growth of online transactions, societal aging and the decreasing birthrate, among other factors. In addition, customer needs for financial services have become increasingly diversified.

For the remaining two years of "Ambitious 5," the Group will fulfill the core principles and strategic goals of the plan and launch new initiatives to meet the changing times. Specifically, we will transplant our product development expertise and information infrastructure fostered at brick-and-mortar stores to online transactions, and work to create omni-channels that combine Internet capabilities with face-to-face engagement, with the aim of securing our competitive edge against online brokerage specialists. We will also direct our strengths to generate further business in the Chubu region, our home market, and devise further strategies for marketing segmentation.

Whether the Group can succeed in achieving sustainable growth over the long term will depend on the share we can gain of the personal financial assets worth almost ¥1,700 trillion that will be passed on from high-net-worth parents to their offspring. In this regard, we must strive to complete a business model for wealthy individuals while further strengthening our business that targets customers seeking asset formation by fully leveraging our “Direct Account,” which mainly provides online and call center transaction support services.

The long-term prospects for the Japanese financial and capital markets are steadily shrinking. Accordingly, we need to further expand our overseas network and make our Asia business one of the Group’s revenue bases without delay. Moving away from retail-centric operations and fortifying our corporate, market and investment bank approaches is of paramount importance.

For fiscal 2015, we aim to move forward with a range of measures and initiatives utilizing the comprehensive strengths of the Group. By achieving concrete, quantifiable results, we hope to move steadily toward our goal of becoming one of the leading players in Asia.

Message

Pioneering management and a focus on human resources to create value unique to the Group

On October 1, 2015, Tokai Tokyo Securities celebrated the 15th anniversary of its founding. The last decade and a half has seen a number of changes in the managerial environment with continuous innovation in business fields, organizational structure, products and services. All in all, it has been an era of transformation and evolution. The securities business, because of market risk, is strongly affected by the changing times, compared to the fields of banking and insurance. Safeguarding and expanding the financial assets of customers requires an innovative spirit of self-transformation while operating continually on the cutting edge.

Finance is the lifeblood of society and a business that handles a vital source of happiness: Money. Accordingly, professionals in this field must possess a profound sense of humanity and keen insight. All of us at the Tokai Tokyo Financial Group will continue to manage our business with a focus on people, while harboring an ardent spirit of innovation and leadership. To our customers and shareholders, we will provide the value that only we can create, and thus contribute to the regional society.

As we proceed with these endeavors, we ask all of our shareholders for continued support in the year ahead.

Operating Result for fiscal 2014

Operating Environment

During the consolidated fiscal year under review (April 1, 2014 to March 31, 2015), the Japanese economy continued to show a modest recovery assisted by an ongoing improvement in corporate earnings and employment conditions. These reflect the financial policies of the Bank of Japan, despite the slow recovery of consumer spending stagnated as the reaction to last-minute spending rise before the consumption tax hike.

Looking abroad, the economy continued to expand moderately despite weaker trends being observed in certain areas. The U.S. economy showed robust growth owing to a continuing recovery trend in automobiles and housing sales, although the FRB (Federal Reserve Board) terminated its quantitative easing policy in October 2014. Meanwhile, the economic recovery trend in general came to a pause in Europe, and after the ECB (European Central Bank) launched monetary easing based on the judgment that the risk of deflation was likely to rise, signs of economic turnaround came into view from the end of last year. The Chinese economy saw a deceleration of growth with a slightly weaker momentum as observed in the slowdown of the increase in capital assets investment. In Southeast Asia, the economy in general remained at a standstill although some areas witnessed a pickup trend.

Regarding the stock market, the Nikkei Stock Average, which started at above ¥14,800 in April, temporarily fell below ¥14,000 due to the growing concern over the possible sluggish consumer spending following the consumption tax hike. Beginning in late May, however, the Nikkei Stock Average rebounded on the back of undervalued stock prices for the then general level of corporate earnings as well as its perceived slow start behind overseas stock markets. Subsequently, despite a significant temporary decline in October in line with the drop in stock prices in the major developed countries, which reflected concerns over a possible slowdown in the global economy, the Nikkei Stock Average climbed significantly due to a favorable response to the additional monetary easing announced on October 31 by the Bank of Japan, and changes in the allocation of stocks in public pension funds. Furthermore, robust growth was maintained until the end of March closing at ¥19,206, helped by the postponement of an additional consumption tax hike, a lower oil price, salary increases as a result of spring wage negotiations, and other factors. On the other hand, the daily average transaction volume in the First Section of the Tokyo Stock Exchange from April 2014 to March 2015 remained at ¥2,407.1 billion, which was less than the ¥2,663.1 billion recorded in the last fiscal year during which the stock market rose sharply amid a brisk economy, spurred by so-called “Abenomics.”

In the bond market, starting at a level of 0.6% in April, the yield on the 10-year JGB, the benchmark for long-term interest rates, gradually fell due to continued massive JGB purchases by the Bank of Japan in line with the quantitative easing of unprecedented dimensions. Subsequently, yields plunged sharply after the announcement on October 31 of additional quantitative easing to a temporary record-low of 0.195% on January 20, 2015, closing out the year on March 31 at 0.400%.

Since April 2012, the Group had promoted strategies based on the business plan, "Ambitious 5," which in fiscal year 2014 entered into its third year. Since then, the Group has been moving ahead toward the second stage of the plan.

In these circumstances, Tokai Tokyo Securities Co., Ltd. (hereinafter, "Tokai Tokyo Securities"), the core company of our Group, has been promoting "Stable Revenue Generating Sales Activity" and "Marketing Strategies by Customer Segment" as part of the second stage of the business plan "Ambitious 5."

With respect to the Stable Revenue Generating Sales Activity, Tokai Tokyo Securities commenced its handling of the "Tokai Tokyo Fund Wrap Account" in May 2014 by improving the service and convenience of the conventional SMA Service (asset management service to manage and control assets on behalf of a customer under a discretionary investment agreement), and has been steadily increasing the asset balance.

Under the Marketing Strategies by Customer Segment, the Company has been focusing on the improvement of customer loyalty and the development and expansion of our customer base by offering optimum financial products and services suitable to each segment of (1) "The Class" (affluent customers), (2) "The Mature" (customers with a certain level of financial assets and with appetites for asset management), and (3) "Asset Formation" (customers willing to build up assets toward future).

Specific measures that the Company implemented included the following: (1) For "The Class" customers, the Premier Medical Department, as a specialized center offering a broad array of solutions to medical practitioners and hospitals, including asset management, business succession plans and inheritance tax planning, has shown successful results in the Chubu region. In addition, the "Nihonbashi Premier Office" was established in October 2014 with the aim of enhancing high net worth business for "The Class" in the Tokyo Metropolitan area; (2) For "The Mature" customers, the "Omni-channel Strategy" was developed to offer more comprehensive services by integrating face-to-face transactions and Internet transactions. Furthermore, the membership website of the "Investment Club for Adults" was opened in October to provide not only investment information but also proposals for various lifestyles. As part of the Club service program, the Company implemented various measures including events and seminars for the members only, contributing to local communities while striving to acquire more members; and (3) to improve the convenience of "Asset Formation" customers, the Company newly established the "Tokai Tokyo Financial Gallery Sakae-chika" in October as its base for information transmission so that even people who are unfamiliar with securities firms' branch offices can feel free to drop in. In addition, we focused on improving customer convenience and expanding the number of customers by commencing a margin transaction service via the Internet, renewing the Company's website, and using internet advertising.

Meanwhile, Tokai Tokyo Securities reviewed its branch network aiming to achieve higher efficiency in its sales network operation, and effective July 2014, it relocated and consolidated the Tsu and the Suzuka branches to open the new Mie Central Branch in the building of the Tsu JR train station. In September 2014, it established the "Toyota FS Sales Division Consulting Booth Okazaki" at a shopping mall in Okazaki City.

Furthermore, aiming to implement measures effectively for each customer segment under the segmentation strategies, the Company established a "highly professional organization" and reorganized its headquarters, departments and related departments on April 1, 2015 to reinforce the "Sales Assistance System" to complement the relevant organizations.

In accordance with the alliance strategy as formulated under "Ambitious 5," the Group focused on reinforcement of business network capacity of each securities company jointly established by the Company and major regional banks.

This mainly included the establishment in July of the Tokyo Branch by YM Securities Co., Ltd., an affiliate we established jointly with Yamaguchi Financial Group, Inc.; elevation of the Consulting Booth Kamakura up to Kamakura Branch in March 2015 by Hamagin Tokai Tokyo Securities Co., Ltd., a joint venture established by the Company and The Bank of Yokohama, Ltd.; and the opening the Yame Satellite Booth in August by Nishi-Nippon City Tokai Tokyo Securities Co., Ltd., a joint venture established by the Company and The Nishi-Nippon City Bank, Ltd.

Regarding overseas alliances, in August, the Company entered into a business cooperation agreement with Bualuang Securities Public Company Limited, a subsidiary of Bangkok Bank that ranks the highest in terms of deposit volume among the commercial banks based in the Kingdom of Thailand, with the aim of broadening the line of available financial products and services.

Furthermore, in March 2015, the Company established an asset management firm as our joint venture with Phillip Capital Pte. Ltd., one of the major financial groups in Singapore, to provide fund management and advisory services for the investment in the Asia Pacific region.

The Company also established "The Global Advisory Board" consisting of distinguished experts from various countries such as a former central bank chairman, to enhance its business strategies at home and abroad.

Also, on the front of platform operation, the Group made a full swing in providing many securities houses with operating infrastructure, function, products like foreign stocks and bonds, structured bonds as well as information and training service.

Effective April 1, 2014, some employees of Tokai Tokyo Securities were transferred to the Company to attain more effective group operation by reinforcing the holding company's human resources. Furthermore, the Company has adopted a renovated personnel system beginning July 2014 to cope with the changes in times and scope of business, and subsequently required business evolution, by setting a high priority on expertise and diversity of human resources. With respect to the promotion of female employees, the Company has been proactively implementing measures to help child rearing employees find it easier to work here and providing career development support to female workers while setting numerical targets and action plans to raise the share of female managers. In recognition of these efforts, the city of Nagoya presented Tokai Tokyo Securities with "The Certified Company Promoting Advancement of Female Employees" excellence award.

Also, as part of local contribution activities, the Company sponsored the "Tokai Tokyo Financial Holdings Global Business Program" for Nagoya University to cultivate global human resources and lead the internationalization of the Chubu region in collaboration with Nagoya University.

Analysis of Operating Results (All figures quoted here are on a consolidated basis)

The Company's consolidated operating results for the fiscal year ended March 31, 2015 were as follows: Total revenues were ¥82,700 million, a decrease of 8.7% year on year; net revenues stood at ¥81,375 million, a fall of 8.2% year on year; and selling, general and administrative expenses were ¥56,304 million, a fall of 3.6% year on year. As a result, operating income was ¥25,071 million, a decrease of 17.1% year on year; and net income was ¥18,499 million, a decrease of 20.4%.

(Commissions)

During the consolidated fiscal year under review, total commissions decreased 19.8% year on year, to ¥44,082 million as detailed below:

(1) Brokerage

The volume of stock brokered by Tokai Tokyo Securities, a subsidiary of the Company, shrank to 4,899 million shares, a decrease of 23.9% year on year, and the value was ¥3,755.1 billion, a drop of 17.1%. As a result, stock brokerage commissions earned by the Group was ¥18,318 million, a 28.6% decrease year on year, whereas overall brokerage commissions amounted to ¥19,016 million, down 27.7%.

(2) Underwriting and distribution

The Group recorded underwriting and distribution commissions of ¥18,886 million, a decrease of 14.4% from the previous fiscal year. The distribution commissions for the most part were earned from investment trusts.

(3) Other

Other commissions were ¥6,180 million, a decrease of 5.8% from the previous fiscal year. Most of this amount was attributable to agency commissions from investment trusts.

(Trading Profit and loss)

In the consolidated fiscal year under review, net gain on trading of stocks increased while net gain on trading of bonds and foreign exchanges decreased. As a result, net gain on trading totaled ¥35,428 million, an increase of 8.1 % year on year.

(Net Interest and dividend income)

In the consolidated fiscal year under review, interest and dividend income was ¥3,190 million, up 12.7% year on year. Meanwhile, interest expenses decreased 28.9%, to ¥1,325 million, resulting in interest and dividend income of ¥1,864 million, up 92.9%

(Selling, general and administrative expenses)

Selling, general and administrative expenses for the consolidated fiscal year under review were ¥56,304 million, down 3.6% year on year. Of that amount, employees' compensation and benefits decreased by 3.3%, to ¥28,003 million; Brokerage and other commissions amounted to ¥6,246, down 11.2%; data processing and office supplies decreased 0.8% year on year, to ¥6,087 million. Real estate expenses increased 0.7% year on year, to ¥5,911 million.

(Other income and expenses)

In the consolidated fiscal year under review, other income, net, was ¥3,825 million. The primary positive factors include equity in gains of associated companies of ¥1,670 million, reflecting strong performance of the jointly established securities firm.

Consolidated Financial Statements

Tokai Tokyo Financial Holdings, Inc.
and Subsidiaries

Year ended March 31, 2015
with Independent Auditor's Report

Consolidated Balance Sheet

Tokai Tokyo Financial Holdings, Inc. and Consolidated Subsidiaries

As of March 31, 2015

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	**2015**
ASSETS			
Cash on hand and in banks (Notes 3 and 14):			
Cash and deposits	¥ **56,528**	¥ 39,529	$ **470,403**
Cash segregated as deposits	**26,268**	27,308	**218,585**
	82,796	66,837	**688,988**
Collateralized short-term financing agreements (Note 14):			
Cash collateral pledged for securities borrowed	**79,468**	174,949	**661,300**
Loans under resell agreements	—	43,527	—
	79,468	218,476	**661,300**
Trading assets (Note14):			
Trading securities (Notes 4 and 7)	**195,803**	222,696	**1,629,385**
Derivatives (Note 5)	**2,250**	1,463	**18,724**
	198,053	224,159	**1,648,109**
Receivables:			
Receivables from brokers, dealers, and clearing organizations (Note 14)	**11,118**	15,957	**92,519**
Receivables from customers	**110**	177	**917**
Receivables related to margin transactions (Note 14)	**38,759**	49,312	**322,534**
Other	**2,726**	2,607	**22,685**
	52,713	68,053	**438,655**
Allowance for doubtful accounts	**(35)**	(48)	**(296)**
	52,678	68,005	**438,359**
Short-term investment securities (Notes 4 and 14)	**10**	—	**83**
Investment securities (Notes 4, 7 and 14)	**17,202**	13,148	**143,154**
Investments in associated companies (Note 14)	**9,584**	8,196	**79,754**
Deferred tax assets (Note 13)	**1,284**	1,949	**10,680**
Other assets:			
Property and equipment (Notes 7, 8 and 9)	**16,661**	16,992	**138,647**
Accumulated depreciation	**(7,819)**	(7,597)	**(65,071)**
	8,842	9,395	**73,576**
Lease deposits	**1,969**	1,945	**16,386**
Asset for retirement benefits (Note 10)	**2,411**	1,224	**20,068**
Other	**5,159**	5,246	**42,930**
	18,381	17,810	**152,960**
Allowance for doubtful accounts	**(1,349)**	(1,310)	**(11,230)**
	17,032	16,500	**141,730**
Total assets	¥ **458,107**	¥ 617,270	$ **3,812,157**

See notes to consolidated financial statements.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	**2015**
LIABILITIES AND EQUITY			
Borrowings (Notes 6, 7 and 14):			
Short-term borrowings	¥ **98,029**	¥ 132,296	$ **815,749**
Commercial paper	**8,300**	7,800	**69,069**
Current portion of long-term debt	**37,901**	24,156	**315,398**
Long-term debt	**13,903**	5,300	**115,694**
	158,133	169,552	**1,315,910**
Collateralized short-term financing agreements (Notes 7 and 14):			
Cash received on securities loaned	**3,805**	15,669	**31,667**
Borrowings under repurchase agreements	**1,000**	104,258	**8,321**
	4,805	119,927	**39,988**
Trading liabilities (Note 14):			
Trading securities (Note 4)	**63,271**	71,970	**526,513**
Derivatives (Note 5)	**6,855**	4,623	**57,041**
	70,126	76,593	**583,554**
Payables (Note 14):			
Payables to brokers, dealers, and clearing organizations	**10,902**	42,980	**90,721**
Payables to customers	**22,861**	27,010	**190,237**
Payables related to margin transactions (Note 7)	**10,675**	16,746	**88,832**
Other	**10,791**	8,004	**89,797**
	55,229	94,740	**459,587**
Deferred tax liabilities (Note 13)	**1,792**	719	**14,916**
Accrued and other liabilities:			
Income taxes payable (Note 14)	**2,558**	5,621	**21,287**
Provision for bonuses	**3,807**	3,444	**31,684**
Liability for retirement benefits (Note 10)	**652**	637	**5,424**
Other	**3,264**	2,819	**27,159**
	10,281	12,521	**85,554**
Statutory reserves	**389**	288	**3,237**
Total liabilities	**300,755**	474,340	**2,502,746**
Equity (Notes 11, 12 and 22)			
Common stock:			
Authorized: 972,730,000 shares			
Issued: 280,582,115 shares in 2015 and in 2014	**36,000**	36,000	**299,576**
Capital surplus	**33,470**	33,413	**278,518**
Stock acquisition rights	**196**	105	**1,632**
Retained earnings	**82,140**	71,644	**683,535**
Treasury stock, at cost: 13,929,529 shares in 2015 and 14,685,238 shares in 2014	**(3,639)**	(3,835)	**(30,287)**
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities	**3,979**	2,275	**33,111**
Foreign currency translation adjustments	**70**	(219)	**579**
Defined retirement benefit plans	**2,614**	1,185	**21,758**
Total	**154,830**	140,568	**1,288,422**
Minority interests	**2,522**	2,362	**20,989**
Total equity	**157,352**	142,930	**1,309,411**
Total liabilities and equity	¥ **458,107**	¥ 617,270	$ **3,812,157**

Consolidated Statement of Income

Tokai Tokyo Financial Holdings, Inc. and Consolidated Subsidiaries

For the year ended March 31, 2015

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	**2015**
Revenues:			
Commissions (Note 15)	**¥ 44,082**	¥ 54,939	**$ 366,834**
Net gain on trading	**35,428**	32,776	**294,813**
Interest and dividend income	**3,190**	2,832	**26,549**
Total revenues	**82,700**	90,547	**688,196**
Interest expense	**1,325**	1,865	**11,031**
Net revenues	**81,375**	88,682	**677,165**
Selling, general and administrative expenses (Note 16)	**56,304**	58,434	**468,534**
Operating income	**25,071**	30,248	**208,631**
Other income, net (Note 17)	**3,825**	5,059	**31,830**
Income before income taxes and minority interests	**28,896**	35,307	**240,461**
Income taxes (Note 13):			
Current	**9,329**	10,675	**77,627**
Deferred	**813**	1,235	**6,769**
Total income taxes	**10,142**	11,910	**84,396**
Net income before minority interests	**18,754**	23,397	**156,065**
Minority interests in net income	**255**	154	**2,121**
Net income	**¥ 18,499**	¥ 23,243	**$ 153,944**

Per share of common stock (Notes 2(t) and 20):	Yen		U.S. dollars
Basic net income	**¥ 69.51**	¥ 87.68	**$ 0.58**
Diluted net income	**69.33**	87.21	**0.58**
Cash dividends applicable to the year	**34.00**	32.00	**0.28**

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

Tokai Tokai Tokyo Financial Holdings, Inc. and Consolidated Subsidiaries

For the year ended March 31, 2015

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	**2015**
Net income before minority interests	¥ **18,754**	¥ 23,397	$ **156,065**
Other comprehensive income (Note 18):			
Unrealized gain on available-for-sale securities	**1,706**	1,088	**14,198**
Foreign currency translation adjustments	**289**	437	**2,400**
Defined retirement benefit plans	**1,429**	—	**11,895**
Comprehensive income	¥ **22,178**	¥ 24,922	$ **184,558**
Total comprehensive income attributable to (Note 18):			
Owners of the parent	¥ **21,922**	¥ 24,767	$ **182,425**
Minority interests	**256**	155	**2,133**

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

Tokai Tokyo Financial Holdings, Inc. and Consolidated Subsidiaries

For the year ended March 31, 2015

	Thousands of shares		Millions of yen										
								Accumulated other comprehensive income					
	Common stock	*Treasury stock*	Common stock	Capital surplus	Stock acquisition rights	Retained earnings	Treasury stock	Unrealized gain on available-for-sale securities	Foreign currency translation adjustments	Defined retirement benefit plans	Total	Minority interests	Total equity
Balance as of April 1, 2013	*280,582*	*16,122*	¥ 36,000	¥ 33,282	¥ 115	¥ 56,342	¥ (4,208)	¥ 1,187	¥ (656)	—	¥ 122,062	¥ 335	¥ 122,397
Net income	—	—	—	—	—	23,243	—	—	—	—	23,243	—	23,243
Cash dividends, ¥30.00 per share	—	—	—	—	—	(7,941)	—	—	—	—	(7,941)	—	(7,941)
Purchase of treasury stock	—	*5*	—	—	—	—	(4)	—	—	—	(4)	—	(4)
Disposal of treasury stock	—	*(1,442)*	—	131	—	—	377	—	—	—	508	—	508
Net change in the year	—	—	—	—	(10)	—	—	1,088	437	¥ 1,185	2,700	2,027	4,727
Balance as of March 31, 2014 (April 1, 2014, as previously reported)	***280,582***	***14,685***	**¥ 36,000**	**¥ 33,413**	**¥ 105**	**¥ 71,644**	**¥ (3,835)**	**¥ 2,275**	**¥ (219)**	**¥ 1,185**	**¥ 140,568**	**¥ 2,362**	**¥ 142,930**
Cumulative effect of accounting change	—	—	—	—	—	**(558)**	—	—	—	—	**(558)**	—	**(558)**
Balance as of April 1, 2014 (as restated)	***280,582***	***14,685***	**¥ 36,000**	**¥ 33,413**	**¥ 105**	**¥ 71,086**	**¥ (3,835)**	**¥ 2,275**	**¥ (219)**	**¥ 1,185**	**¥ 140,010**	**¥ 2,362**	**¥ 142,372**
Net income	—	—	—	—	—	**18,499**	—	—	—	—	**18,499**	—	**18,499**
Cash dividends, ¥28.00 per share	—	—	—	—	—	**(7,445)**	—	—	—	—	**(7,445)**	—	**(7,445)**
Purchase of treasury stock	—	***3***	—	—	—	—	**(2)**	—	—	—	**(2)**	—	**(2)**
Disposal of treasury stock	—	***(759)***	—	**57**	—	—	**198**	—	—	—	**255**	—	**255**
Net change in the year	—	—	—	—	**91**	—	—	**1,704**	**289**	**1,429**	**3,513**	**160**	**3,673**
Balance as of March 31, 2015	***280,582***	***13,929***	**¥ 36,000**	**¥ 33,470**	**¥ 196**	**¥ 82,140**	**¥ (3,639)**	**¥ 3,979**	**¥ 70**	**¥ 2,614**	**¥ 154,830**	**¥ 2,522**	**¥ 157,352**

	Thousands of U.S. dollars (Note 1)										
						Accumulated other comprehensive income					
	Common stock	Capital Surplus	Stock acquisition rights	Retained earnings	Treasury stock	Net unrealized gain on available-for-sale securities	Foreign currency translation adjustments	Defined retirement benefit plans	Total	Minority interests	Total equity
Balance as of March 31, 2014 (April 1, 2014, as previously reported)	**$ 299,576**	**$ 278,045**	**$ 869**	**$ 596,194**	**$ (31,915)**	**$ 18,926**	**$ (1,821)**	**$ 9,863**	**$ 1,169,737**	**$ 19,658**	**$ 1,189,395**
Cumulative effect of accounting change	—	—	—	**(4,641)**	—	—	—	—	**(4,641)**	—	**(4,641)**
Balance as of April 1, 2014 (as restated)	**$ 299,576**	**$ 278,045**	**$ 869**	**$ 591,553**	**$ (31,915)**	**$ 18,926**	**$ (1,821)**	**$ 9,863**	**$ 1,165,096**	**$ 19,658**	**$ 1,184,754**
Net income	—	—	—	**153,944**	—	—	—	—	**153,944**	—	**153,944**
Cash dividends, $0.23 per share	—	—	—	**(61,962)**	—	—	—	—	**(61,962)**	—	**(61,962)**
Purchase of treasury stock	—	—	—	—	**(22)**	—	—	—	**(22)**	—	**(22)**
Disposal of treasury stock	—	**473**	—	—	**1,650**	—	—	—	**2,123**	—	**2,123**
Net change in the year	—	—	**763**	—	—	**14,185**	**2,400**	**11,895**	**29,243**	**1,331**	**30,574**
Balance as of March 31, 2015	**$ 299,576**	**$ 278,518**	**$ 1,632**	**$ 683,535**	**$ (30,287)**	**$ 33,111**	**$ 579**	**$ 21,758**	**$ 1,288,422**	**$ 20,989**	**$ 1,309,411**

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Tokai Tokai Tokyo Financial Holdings, Inc. and Consolidated Subsidiaries

For the year ended March 31, 2015

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	**2015**
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ **28,896**	¥ 35,307	$ **240,461**
Adjustments for:			
Income taxes - paid	**(12,301)**	(13,100)	**(102,366)**
Depreciation and amortization	**1,858**	1,941	**15,461**
Increase in allowance for doubtful accounts	**26**	170	**220**
Decrease in liability for retirement benefits	**(3)**	(303)	**(23)**
Increase in provision for statutory reserves	**100**	101	**837**
Gain on sales of investment securities	**(700)**	(253)	**(5,827)**
Gain on change in equity	—	(895)	—
Gain on sales of stocks of associated companies	—	(334)	—
Loss (gain) on sales of fixed assets	**85**	(528)	**707**
Impairment loss on fixed assets	**29**	—	**240**
Impairment loss on investment securities	**52**	30	**430**
Decrease (increase) in receivables	**15,297**	(25,384)	**127,292**
(Decrease) increase in payables	**(39,529)**	16,140	**(328,945)**
Trading assets and liabilities	**19,638**	(38,121)	**163,421**
Collateralized short-term financing agreements	**23,886**	17,352	**198,768**
Other, net	**412**	(6,824)	**3,430**
Total adjustments	**8,850**	(50,008)	**73,645**
Net cash provided by (used in) operating activities	**37,746**	(14,701)	**314,106**
Cash flows from investing activities:			
Purchases of property and equipment	**(1,297)**	(1,206)	**(10,796)**
Proceeds from sales of property and equipment	**294**	18	**2,444**
Purchases of investment securities	**(2,089)**	(461)	**(17,385)**
Proceeds from sales of investment securities	**1,229**	875	**10,229**
Purchases of stocks of a subsidiary and an associated company	**(168)**	—	**(1,400)**
Proceeds from sales of stocks of associated companies	—	1,050	—
Proceeds from sales of investment property	—	4,893	—
Other, net	**(183)**	284	**(1,519)**
Net cash (used in) provided by investing activities	**(2,214)**	5,453	**(18,427)**
Cash flows from financing activities:			
Decrease in short-term borrowings - net	**(34,282)**	(9,955)	**(285,278)**
Proceeds from long-term debt	**49,335**	31,036	**410,548**
Repayment of long-term debt	**(26,987)**	(13,619)	**(224,574)**
Proceeds from commercial paper	**45,700**	42,200	**380,295**
Redemption of commercial paper	**(45,200)**	(44,400)	**(376,134)**
Proceeds from exercise of stock options	**212**	417	**1,768**
Purchases of treasury stock of subsidiaries	—	(17)	—
Net increase in treasury stock	**(3)**	(4)	**(21)**
Cash dividends paid	**(7,445)**	(7,941)	**(61,962)**
Subscription money received from the minority shareholders	—	4,312	—
Repayments to minority shareholders	**(29)**	—	**(240)**
Payments of cash dividends to minority shareholders	**(11)**	(2)	**(96)**
Other, net	**(228)**	(163)	**(1,899)**
Net cash (used in) provided by financing activities	**(18,938)**	1,864	**(157,593)**
Effect of exchange rate change on cash and cash equivalents	**305**	506	**2,536**
Net increase (decrease) in cash and cash equivalents	**16,899**	(6,878)	**140,622**
Decrease in cash and cash equivalents due to change in the scope of consolidation	—	(2,472)	—
Cash and cash equivalents at the beginning of year	**39,141**	48,491	**325,716**
Cash and cash equivalents at the end of year (Note 3)	¥ **56,040**	¥ 39,141	$ **466,338**

See notes to consolidated financial statements.

1. Basis of presentation of consolidated financial statements

The accompanying consolidated financial statements have been prepared by Tokai Tokyo Financial Holdings, Inc. (the "Company") and its subsidiaries (collectively, the "Group") in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations, and in accordance with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards (IFRS).

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued in Japan in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2014 consolidated financial statements to conform to the classifications used in 2015.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. The translation of Japanese yen amounts into U.S. dollars is included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2015, which was ¥120.17 to USD1. The amounts in Japanese yen are directly converted into U.S. dollar amounts even for the amounts presented only in millions of Japanese yen in the consolidated financial statements. As such, there are cases for which the conversion of the amounts in millions of Japanese yen with the prevailing exchange rate are different from those in U.S. dollars shown in the consolidated financial statements. The translation should not be construed as a representation that the Japanese yen amounts have been, could have been or could be converted into U.S. dollars at that or any other rate.

2. Summary of significant accounting policies

a. Principles of consolidation

The consolidated financial statements as of March 31, 2015, include the accounts of the Company and its 19 (20 in 2014) subsidiaries. TTAM Residence Godo Kaisha (Limited Liability Company) was excluded from the scope of consolidation as of March 31, 2015 as it was liquidated in October 2014.

Under the control or influence concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Company has the ability to exercise significant influence are accounted for by the equity method.

Investments in five (four in 2014) associated companies are accounted for by the equity method. PHILLIP TOKAI TOKYO INVESTMENT MANAGEMENT PTE. LTD. is included in associated company accounted for using the equity method from the year ended March 31, 2015.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is eliminated.

b. Unification of accounting policies applied to foreign subsidiaries for the consolidated financial statements

In May 2006, the Accounting Standards Board of Japan (the "ASBJ") issued ASBJ Practical Issues Task Force (PITF) No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements." PITF No. 18 prescribes that the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements. However, financial statements prepared by foreign subsidiaries in accordance with either IFRS or generally accepted accounting principles in the United States of America tentatively may be used for the consolidation process, except for the following items that should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: (a) amortization of goodwill; (b) scheduled amortization of actuarial gains or losses of pensions that have been directly recorded in equity through other comprehensive income; (c) expensing capitalized research and development costs; (d) cancellation of the fair value model of accounting for property, plant and equipment and investment properties and incorporation of the cost model of accounting; and (e) exclusion of minority interests from net income, if contained in net income (see Note 2.u).

c. Unification of accounting policies for associated companies used in applying the equity method

In March 2008, the ASBJ issued ASBJ Statement No. 16, "Accounting Standard for Equity Method of Accounting for Investments." The new standard requires adjustments to be made to conform the associate's accounting policies for similar transactions and events under similar circumstances to those of the parent company when the associate's financial statements are used in applying the equity method, unless it is impracticable to determine the necessary adjustments. In addition, financial statements prepared by foreign associated companies in accordance with either IFRS or generally accepted accounting principles in the United States of America tentatively may be used in applying the equity method if the following items are adjusted so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: (a) amortization of goodwill; (b) scheduled amortization of actuarial gain or loss of pensions that has been directly recorded in equity through other comprehensive income; (c) expensing capitalized development costs of research and development (R&D); (d) cancellation of the fair value model of accounting for property, plant and equipment and investment properties and incorporation of the cost model of accounting; and (e) exclusion of minority interests from net income, if contained in net income (see Note 2.u).

d. Business combinations

In October 2003, the Business Accounting Council issued a Statement of Opinion, "Accounting for Business Combinations," and in December 2005, the ASBJ issued ASBJ Statement No. 7, "Accounting Standard for Business Divestitures" and ASBJ Guidance No. 10, "Guidance for Accounting Standard for Business Combinations and Business Divestitures." The accounting standard for business combinations allowed companies to apply the pooling-of-interests method of accounting only when certain specific criteria were met such that the business combination was essentially regarded as a uniting-of-interests. For business combinations that did not meet the uniting-of-interests criteria, the business combination was considered to be an acquisition and the purchase method of accounting was required. This standard also prescribed the accounting for combinations of entities under common control and for joint ventures.

In December 2008, the ASBJ issued a revised accounting standard for business combinations, ASBJ Statement No. 21, "Accounting Standard for Business Combinations." Major accounting changes under the revised accounting standard are as follows: (1) The revised standard requires accounting for business combinations only by the purchase method. As a result, the pooling-of-interests method of accounting is no longer allowed. (2) The previous accounting standard required R&D costs to be charged to income as incurred. Under the revised standard, in-process R&D costs acquired in the business combination are capitalized as an intangible asset. (3) The previous accounting standard provided for a bargain purchase gain (negative goodwill) to be systematically amortized over a period not exceeding 20 years. Under the revised standard, the acquirer recognizes the bargain purchase gain in profit or loss immediately on the acquisition date after reassessing and confirming that all of the assets acquired and all of the liabilities assumed have been identified after a review of the procedures used in the purchase price allocation. The revised standard was applicable to business combinations undertaken on or after April 1, 2010.

e. Cash and cash equivalents

Cash and cash equivalents disclosed in the consolidated statement of cash flows comprise cash on hand, demand deposits and ordinary deposits which can be easily liquidated on demand with original maturities of three months or less.

f. Financial instruments

The purpose of trading activities is to make profits or reduce losses from short-term volatility and arbitrage between markets in stock prices, interest rates, foreign exchange rates and other market indices. The scope of trading activities mainly consists of the following:

1) Buying and selling of securities
2) Derivative market transactions
3) Over-the-counter (OTC) derivative transactions

Securities, derivative contracts and other financial instruments classified as trading assets and liabilities are stated at fair value based on the mark-to-market method.

Other securities, including short-term investment securities and investment securities, are held for nontrading purposes and are classified as available-for-sale. Available-for-sale securities that have a market quotation are stated at the market price prevailing at the end of the fiscal year. Differences between the cost of securities held determined by the moving-average method and the fair value less associated deferred taxes are recorded in "Unrealized gain (loss) on available-for-sale securities" in equity in the consolidated balance sheet. Available-for-sale securities without a market quotation are stated at cost as determined by the moving average. Where available-for-sale securities have declined significantly and such impairment of value is deemed not temporary, such securities are written down to their fair value and the resulting losses are charged to income for the period.

g. Property and equipment

Property and equipment are stated at cost. Depreciation of tangible fixed assets is calculated by the declining-balance method based on the estimated useful lives of the assets. However, buildings (excluding leasehold improvements) acquired by the Company and its domestic consolidated subsidiaries on or after April 1, 1998, are depreciated by the straight-line method. The estimated useful lives of tangible fixed assets are mainly as follows:

Buildings	2-50 years
Fixtures and furniture	3-20 years

h. Long-lived assets

The Group reviews its long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss is recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

i. Intangible fixed assets

Amortization of intangible fixed assets is calculated by the straight-line method. Software for internal use is amortized by the straight-line method over its economic useful life (five years).

j. Allowance for doubtful accounts

For the future loss from doubtful accounts, an allowance for doubtful accounts is recognized using the historical rate of actual losses for normal receivables and the estimated non-recoverable amount for specific doubtful receivables after considering the recoverability of each account.

k. Retirement and pension plan

The Company and its domestic subsidiaries have defined benefit corporate pension plans and have defined contribution pension plans. There are some cases in which extra retirement benefits are paid to employees when they retire. Tokai Tokyo Securities Co., Ltd. (“Tokai Tokyo Securities”), a wholly owned major subsidiary of the Company, contributed the retirement benefit trust for its pension plan. Certain consolidated companies apply the simplified method to state the liability based on the amount that would be paid if employees retired at the consolidated balance sheet date.

Effective April 1, 2000, the Company and its domestic subsidiaries adopted a new accounting standard for retirement benefits and accounted for the liability for retirement benefits based on the projected benefit obligations and plan assets at the consolidated balance sheet date. The projected benefit obligations were attributed to periods on a straight-line basis. Actuarial gains and losses are amortized on a straight-line basis over 10 years within the average remaining service period. Past service costs are amortized on a straight-line basis over 10 years within the average remaining service period.

In May 2012, the ASBJ issued ASBJ Statement No. 26, "Accounting Standard for Retirement Benefits" and ASBJ Guidance No. 25, "Guidance on Accounting Standard for Retirement Benefits," which replaced the accounting standard for retirement benefits that had been issued by the Business Accounting Council in 1998 with an effective date of April 1, 2000, and the other related practical guidance, and were followed by partial amendments from time to time through 2009.

(a) Under the revised accounting standard, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are recognized within equity (accumulated other comprehensive income), after adjusting for tax effects, and any resulting deficit or surplus is recognized as a liability (liability for retirement benefits) or asset (asset for retirement benefits).

(b) The revised accounting standard does not change how to recognize actuarial gains and losses and past service costs in profit or loss. Those amounts are recognized in profit or loss over a certain period no longer than the expected average remaining service period of the employees. However, actuarial gains and losses and past service costs that arose in the current period and have not yet been recognized in profit or loss are included in other comprehensive income and actuarial gains and losses and past service costs that were recognized in other comprehensive income in prior periods and then recognized in profit or loss in the current period, are treated as reclassification adjustments (see Note 18).

(c) The revised accounting standard also made certain amendments relating to the method of attributing expected benefit to periods, the discount rate, and expected future salary increases.

This accounting standard and the guidance for (a) and (b) above are effective for the end of annual periods beginning on or after April 1, 2013, and for (c) above are effective for the beginning of annual periods beginning on or after April 1, 2014, or for the beginning of annual periods beginning on or after April 1, 2015, subject to certain disclosure in March 2015, all with earlier application being permitted from the beginning of annual periods beginning on or after April 1, 2013. However, no retrospective application of this accounting standard to consolidated financial statements in prior periods is required.

The Company applied the revised accounting standard and guidance for retirement benefits for (a) and (b) above, effective March 31, 2014, and for (c) above, effective April 1, 2014.

With respect to (c) above, the Company changed the method of attributing expected benefit to periods from a straight-line basis to a benefit formula basis, the method of determining discount rate from using the period approximate to the expected average remaining service period to using a single weighted average discount rate reflecting the estimated timing and amount of benefit payment based on yield curve, and recorded the effect of (c) above as of April 1, 2014, in retained earnings. As a result, “Asset for retirement benefits” as of April 1, 2014, decreased by ¥862 million ($7,177 thousand), “Retained earnings” as of April 1, 2014, decreased by ¥558 million ($4,641 thousand), and “Operating income” and “Income before income taxes and minority interests” for the year ended March 31, 2015, decreased by ¥58 million ($483 thousand).

Certain subsidiaries recorded retirement benefits for directors and Audit & Supervisory Board members at the amount that would be required if all directors and Audit & Supervisory Board members retired at each consolidated balance sheet date.

l. Asset retirement obligations

In March 2008, the ASBJ issued the ASBJ Statement No. 18, “Accounting Standard for Asset Retirement Obligations,” and ASBJ Guidance No. 21, “Guidance on Accounting Standard for Asset Retirement Obligations.” Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of the asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an adjustment to the carrying amount of the liability and the capitalized amount of the related asset retirement cost.

m. Statutory reserves

The Japanese Financial Instruments and Exchange Act and its related regulations require a securities company to set aside a reserve in proportion to its securities transactions and other related trading to cover future eventual operational losses caused by the securities company for customer transactions.

n. Stock options

In December 2005, the ASBJ issued ASBJ Statement No. 8, "Accounting Standard for Stock Options," and related guidance. This standard and guidance are applicable to stock options newly granted on and after May 1, 2006. This standard requires companies to measure the cost of employee stock options based on the fair value at the date of grant and recognize compensation expense over the vesting period as consideration for receiving goods or services. The standard also requires companies to account for stock options granted to nonemployees based on the fair value of either the stock option or the goods or services received. In the consolidated balance sheet, stock options are presented as stock acquisition rights as a separate component of equity until exercised. The standard covers equity-settled, share-based payment transactions, but does not cover cash-settled, share-based payment transactions. In addition, the standard allows unlisted companies to measure options at their intrinsic value if they cannot reliably estimate fair value.

o. Leases

In March 2007, the ASBJ issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions," which revised the previous accounting standard for lease transactions.

Under the previous accounting standard, finance leases that were deemed to transfer ownership of the leased property to the lessee were capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if capitalized" information was disclosed in the notes to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions be capitalized by recognizing lease assets and lease obligations in the consolidated balance sheet. In addition, the revised accounting standard permits leases that existed at the transition date and do not transfer ownership of the leased property to the lessee to continue to be accounted for as operating lease transactions.

The Group applied the revised accounting standard effective April 1, 2008. In addition, the Group continues to account for leases that existed at the transition date and do not transfer ownership of the leased property to the lessee as operating lease transactions. All other leases are accounted for as operating leases.

p. Bonuses to directors and Audit & Supervisory Board members

Bonuses to directors and Audit & Supervisory Board members are accrued at the end of the year to which such bonuses are attributable.

q. Income taxes

The provision for income taxes is computed based on the pretax income included in the consolidated statement of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted income tax rates to the temporary differences.

The Group files a tax return under the consolidated corporate-tax system, which allows companies to base tax payments on the combined profits or losses of the parent company and its wholly-owned domestic subsidiaries.

r. Foreign currency transactions

All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the consolidated balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statement of income to the extent that they are not hedged by forward exchange contracts.

s. Foreign currency financial statements

The balance sheet and statement of income accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date except for equity, which is translated at the historical rate. Differences arising from such translation are shown as "Foreign currency translation adjustments" under accumulated other comprehensive income in a separate component of equity.

t. Per share information

Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.

Diluted net income per share reflects the potential dilution that could occur if securities were exercised or converted into common stock. Diluted net income per share of common stock assumes full conversion of the outstanding convertible notes and bonds at the beginning of the year (or at the time of issuance) with an applicable adjustment for related interest expense, net of tax, and full exercise of outstanding warrants.

Cash dividends per share presented in the accompanying consolidated statement of income are dividends applicable to the respective fiscal years, including dividends to be paid after the end of the year.

u. Accounting changes and error corrections

In December 2009, the ASBJ issued ASBJ Statement No. 24, "Accounting Standard for Accounting Changes and Error Corrections," and ASBJ Guidance No. 24, "Guidance on Accounting Standard for Accounting Changes and Error Corrections." Accounting treatments under this standard and guidance are as follows: (1) Changes in Accounting Policies—When a new accounting policy is applied following a revision of an accounting standard, the new policy is applied retrospectively unless the revised accounting standard includes specific transitional provisions, in which case the entity shall comply with the specific transitional provisions. (2) Changes in Presentation—When the presentation of financial statements is changed, prior-period financial statements are reclassified in accordance with the new presentation. (3) Changes in Accounting Estimates—A change in an accounting estimate is accounted for in the period of the change if the change affects that period only and is accounted for prospectively if the change affects both the period of the change and future periods. (4) Corrections of Prior-Period Errors—When an error in prior-period financial statements is discovered, those statements are restated.

v. New accounting pronouncements

Accounting Standards for Business Combinations and Consolidated Financial Statements— In September 2013, the ASBJ issued revised ASBJ Statement No. 21, "Accounting Standard for Business Combinations," revised ASBJ Guidance No. 10, "Guidance on Accounting Standards for Business Combinations and Business Divestitures," revised ASBJ Statement No. 22, "Accounting Standard for Consolidated Financial Statements," and revised ASBJ Statement No. 7, "Accounting Standard for Business Divestitures."

Major accounting changes are as follows:

(a) *Transactions with noncontrolling interest* - A parent's ownership interest in a subsidiary might change if the parent purchases or sells ownership interests in its subsidiary. The carrying amount of minority interest is adjusted to reflect the change in the parent's ownership interest in its subsidiary while the parent retains its controlling interest in its subsidiary. Under the current accounting standard, any difference between the fair value of the consideration received or paid and the amount by which the minority interest is adjusted is accounted for as an adjustment of goodwill or as profit or loss in the consolidated statement of income. Under the revised accounting standard, such difference shall be accounted for as capital surplus as long as the parent retains control over its subsidiary.

(b) *Presentation of the consolidated balance sheet* - In the consolidated balance sheet, "Minority interests" under the current accounting standard will be changed to "Noncontrolling interests" under the revised accounting standard.

(c) *Presentation of the consolidated statement of income* - In the consolidated statement of income, "Income before minority interests" under the current accounting standard will be changed to "Net income" under the revised accounting standard, and "Net income" under the current accounting standard will be changed to "Net income attributable to owners of the parent" under the revised accounting standard.

(d) *Provisional accounting treatments for a business combination* - If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, an acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. Under the current accounting standard guidance, the impact of adjustments to provisional amounts recorded in a business combination on profit or loss is recognized as profit or loss in the year in which the measurement is completed. Under the revised accounting standard guidance, during the measurement period, which shall not exceed one year from the acquisition, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and that would have affected the measurement of the amounts recognized as of that date. Such adjustments shall be recognized as if the accounting for the business combination had been completed at the acquisition date.

(e) *Acquisition-related costs* - Acquisition-related costs are costs, such as advisory fees or professional fees, which an acquirer incurs to effect a business combination. Under the current accounting standard, the acquirer accounts for acquisition-related costs by including them in the acquisition costs of the investment. Under the revised accounting standard, acquisition-related costs shall be accounted for as expenses in the periods in which the costs are incurred.

The above accounting standards and guidance for (a) transactions with noncontrolling interest, (b) presentation of the consolidated balance sheet, (c) presentation of the consolidated statement of income, and (e) acquisition-related costs are effective for the beginning of annual periods beginning on or after April 1, 2015. Earlier application is permitted from the beginning of annual periods beginning on or after April 1, 2014, except for (b) presentation of the consolidated balance sheet and (c) presentation of the consolidated statement of income. In the case of earlier application, all accounting standards and guidance above, except for (b) presentation of the consolidated balance sheet and (c) presentation of the consolidated statement of income, should be applied simultaneously.

Either retrospective or prospective application of the revised accounting standards and guidance for (a) transactions with noncontrolling interest and (e) acquisition-related costs is permitted. In retrospective application of the revised standards and guidance, the accumulated effects of retrospective adjustments for all (a) transactions with noncontrolling interest and (e) acquisition-related costs which occurred in the past shall be reflected as adjustments to the beginning balance of capital surplus and retained earnings for the year of the first-time application. In prospective application, the new standards and guidance shall be applied prospectively from the beginning of the year of the first-time application.

The revised accounting standards and guidance for (b) presentation of the consolidated balance sheet and (c) presentation of the consolidated statement of income shall be applied to all periods presented in consolidated financial statements containing the first-time application of the revised standards and guidance.

The revised standards and guidance for (d) provisional accounting treatments for a business combination are effective for a business combination which occurs on or after the beginning of annual periods beginning on or after April 1, 2015. Earlier application is permitted for a business combination which occurs on or after the beginning of annual periods beginning on or after April 1, 2014.

The Company expects to apply the revised accounting standards and guidance for (a), (b), (c) and (e) above from April 1, 2015, and for (d) above for a business combination which will occur on or after April 1, 2015, and is in the process of measuring the effects of applying the revised accounting standards and guidance in future applicable periods.

3. Cash and cash equivalents

Reconciliations between cash and cash equivalents in the consolidated statement of cash flows and cash and deposits in the consolidated balance sheets as of March 31, 2015 and 2014, were presented as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	2015	2014	**2015**
Cash and deposits	¥ **56,528**	¥ 39,529	$ **470,403**
Time deposits with maturity of over three months	**(488)**	(388)	**(4,065)**
Cash and cash equivalents	¥ **56,040**	¥ 39,141	$ **466,338**

4. Securities

(1) Trading securities as of March 31, 2015 and 2014, consisted of the following:

	(Millions of yen)		(Thousands of U.S. dollars)
	2015	2014	**2015**
Trading assets:			
Equity and warrants	¥ **41,708**	¥ 27,539	$ **347,073**
Bonds	**124,274**	170,380	**1,034,152**
Beneficiary certificates of investment trusts	**29,821**	24,777	**248,160**
Total	¥ **195,803**	¥ 222,696	$ **1,629,385**
Trading liabilities:			
Equity and warrants	¥ **4,961**	¥ 4,736	$ **41,285**
Bonds	**58,191**	67,234	**484,236**
Beneficiary certificates of investment trusts	**119**	-	**992**
Total	¥ **63,271**	¥ 71,970	$ **526,513**

(2) Short-term investment securities and investment securities with market value as of March 31, 2015 and 2014, consisted of the following:

	(Millions of yen)											
	2015						2014					
	Balance sheet		**Acquisition cost**		**Difference**		Balance sheet		Acquisition cost		Difference	
Available-for-sale securities												
Securities with market value that exceed acquisition cost:	**¥**	**9,227**	**¥**	**4,050**	**¥**	**5,177**	¥	5,516	¥	2,326	¥	3,190
Stocks		**9,227**		**4,050**		**5,177**		5,506		2,316		3,190
Bonds		**-**		**-**		**-**		10		10		0
Governmental/municipal bonds		**-**		**-**		**-**		10		10		0
Securities with market value that do not exceed acquisition cost:		**806**		**919**		**(113)**		1,806		2,170		(364)
Stocks		**796**		**909**		**(113)**		1,806		2,170		(364)
Bonds		**10**		**10**		**(0)**		-		-		-
Governmental/municipal bonds		**10**		**10**		**(0)**		-		-		-
	¥	**10,033**	**¥**	**4,969**	**¥**	**5,064**	¥	7,322	¥	4,496	¥	2,826

	(Thousands of U.S. dollars)					
	2015					
	Balance sheet		**Acquisition cost**		**Difference**	
Available-for-sale securities:						
Securities with market value that exceed acquisition cost:	**$**	**76,782**	**$**	**33,704**	**$**	**43,078**
Stocks		**76,782**		**33,704**		**43,078**
Securities with market value that do not exceed acquisition cost:		**6,707**		**7,649**		**(942)**
Stocks		**6,624**		**7,566**		**(942)**
Bonds		**83**		**83**		**(0)**
Governmental/municipal bonds		**83**		**83**		**(0)**
	$	**83,489**	**$**	**41,353**	**$**	**42,136**

(3) The proceeds from sales of investment securities and gross realized gain and loss on investment securities for the years ended March 31, 2015 and 2014, were summarized as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	2015	2014	**2015**
Proceed from sales	¥ **1,737**	¥ 1,071	$ **14,454**
Stocks	**887**	518	**7,382**
Other	**850**	553	**7,072**
Gross realized gain	**709**	276	**5,900**
Gross realized loss	**(9)**	(72)	**(73)**

(4) The impairment loss on available-for-sale securities for the years ended March 31, 2015 and 2014, was ¥52 million ($430 thousand) and ¥30 million, respectively.

5. Derivatives

The Group enters into derivative financial instruments, including foreign currency forward contracts, currency swaps, currency options and foreign exchange margin trading to hedge foreign exchange risk associated with certain assets and liabilities denominated in foreign currencies. The Group also makes use of derivative financial instruments such as bond futures transactions, interest rate futures transactions, and interest rate swap contracts to manage its interest rate exposures on certain liabilities. In addition, the Group entered into stock-related derivative transactions to manage the fluctuation of stock prices.

The methods for calculating fair value are based on the internal rules for calculating fair value. The principal methods for calculating fair value are as follows:

Category	Method
Equity options Stock index options	Settlement price at the main financial instruments exchange.
Foreign currency forward contracts	Discounting the receipt and payment amounts using the interest rate of the applicable currency and converting them into yen at the currency exchange rate of the day, and then subtracting the present value of payments from the present value of receipts.
Stock index futures	Liquidation index at the main financial instruments exchange.
Interest rate futures	Liquidation price or equivalent price at the financial instruments exchange or foreign financial instruments exchange.
Bond futures	Liquidation price at the main financial instruments exchange.
OTC equity options Stock lending transactions with equity options Equity swap transactions	Present value calculated by price valuation model based on interest rate, dividend yield, volatility, prices of underlying securities, length of transaction, etc.
Currency option contracts	Calculating the future value of receipts and payments by reference to the swap rate, volatility, correlation, etc., and discounting them using the interest rate of the respective currencies, and then converting them into yen at the currency rate of the day. The present value of payments in yen is subtracted from the present value of receipts in yen.
Interest rate swaps Caps and floors Currency swap contracts	Calculating the future value of receipts and payments by reference to the swap rate, volatility, etc., and discounting them using the interest rate of the respective currencies, and then converting them into yen at the currency rate of the day. The present value of payments in yen is subtracted from the present value of receipts in yen. For transactions in which mutual payment of cash is generated or expired under certain conditions, the present value is the discounted amount of future value reflecting the probability distribution of the net amount of receipts and payments.
Foreign exchange margin trading	Converting the foreign currency amount into yen at the currency rate published by vendors, etc.

Derivative transactions to which hedge accounting is not applied

(1) Currency-related transactions

At March 31, 2015	**Contract amount**	**Contract amount due after one year**	**Fair value**	**Unrealized gain (loss)**
	(Millions of yen)			
OTC:				
Foreign currency forward contracts:				
Selling	**¥ 114,910**	**-**	**¥ 529**	**¥ 529**
Buying	**84,282**	**-**	**(28)**	**(28)**
Currency option contracts:				
Selling	**71,857**	**¥ 51,940**	**5,511**	**(1,266)**
Buying	**36,701**	**32,472**	**1,794**	**60**
Currency swap contracts	**48,207**	**40,305**	**(530)**	**(530)**

At March 31, 2014	Contract amount	Contract amount due after one year	Fair value	Unrealized gain (loss)
	(Millions of yen)			
OTC:				
Foreign currency forward contracts:				
Selling	¥ 48,453	¥ 364	¥ (599)	¥ (599)
Buying	24,716	-	255	255
Currency option contracts:				
Selling	60,587	33,614	3,519	(232)
Buying	31,024	20,011	596	(398)
Currency swap contracts	49,778	40,239	(181)	(181)
Foreign exchange margin trading:				
Selling	711	-	(8)	(8)
Buying	701	-	18	18

At March 31, 2015	(Thousands of U.S. dollars) Contract amount	Contract amount due after one year	Fair value	Unrealized gain (loss)
OTC:				
Foreign currency forward contracts:				
Selling	$ 956,232	-	$ 4,401	$ 4,401
Buying	701,359	-	(236)	(236)
Currency option contracts:				
Selling	597,963	$ 432,220	45,862	(10,538)
Buying	305,409	270,218	14,929	498
Currency swap contracts	401,153	335,400	(4,415)	(4,415)

(2) Interest rate-related transactions

At March 31, 2015	(Millions of yen) Contract amount	Contract amount due after one year	Fair value	Unrealized gain (loss)
Listed:				
Bond futures:				
Selling	¥ 14,524	-	¥ (53)	¥ (53)
Buying	1,620	-	(0)	(0)
OTC:				
Swaps:				
Fixed rate receipt, floating rate payment	89,778	¥ 77,041	2,767	2,767
Fixed rate payment, floating rate receipt	99,760	87,820	(2,882)	(2,882)
Yen/Yen basis swap	13,700	11,700	57	57
Caps and Floors:				
Selling	3,000	3,000	78	57
Buying	-	-	-	-

At March 31, 2014	(Millions of yen) Contract amount	Contract amount due after one year	Fair value	Unrealized gain (loss)
Listed:				
Interest rate futures:				
Selling	¥ 3,581	¥ 1,530	¥ (0)	¥ (0)
Buying	-	-	-	-
Bond futures:				
Selling	7,753	-	19	19
Buying	3,303	-	(1)	(1)
OTC:				
Swaps:				
Fixed rate receipt, floating rate payment	103,206	72,019	1,673	1,673
Fixed rate payment, floating rate receipt	98,118	66,637	(1,890)	(1,890)
Yen/Yen basis swap	9,100	8,600	45	45

At March 31, 2015	**(Thousands of U.S. dollars) Contract amount**	**Contract amount due after one year**	**Fair value**	**Unrealized gain (loss)**
Listed:				
Bond futures:				
Selling	**$ 120,865**	**-**	**$ (444)**	**$ (444)**
Buying	**13,479**	**-**	**(3)**	**(3)**
OTC:				
Swaps:				
Fixed rate receipt, floating rate payment	**747,094**	**$ 641,099**	**23,023**	**23,023**
Fixed rate payment, floating rate receipt	**830,160**	**730,800**	**(23,986)**	**(23,986)**
Yen/Yen basis swap	**114,005**	**97,362**	**474**	**474**
Caps and Floors:				
Selling	**24,965**	**24,965**	**646**	**477**
Buying	**-**	**-**	**-**	**-**

(3) Stock-related transactions

At March 31, 2015	Contract amount	Contract amount due after one year	Fair value	Unrealized gain (loss)
	(Millions of yen)			
Listed:				
Index futures:				
Selling	**¥ 33,168**	**-**	**¥ (1,013)**	**¥ (1,013)**
Buying	**853**	**-**	**2**	**2**
Index options:				
Selling	**975**	**-**	**19**	**(1)**
Buying	**3,550**	**-**	**1**	**(1)**
OTC:				
Stock lending transactions with equity options:				
Selling	**92**	**-**	**0**	**0**
Buying	**611**	**-**	**47**	**40**
OTC equity options:				
Selling	**24,497**	**¥ 3,360**	**1,266**	**93**
Buying	**24,854**	**2,539**	**1,617**	**507**
Equity swap transactions	**282**	**-**	**19**	**19**

At March 31, 2014	Contract amount	Contract amount due after one year	Fair value	Unrealized gain (loss)
	(Millions of yen)			
Listed:				
Index futures:				
Selling	¥ 24,879	-	¥ 462	¥ 462
Buying	840	-	16	16
Index options:				
Selling	5,596	-	21	7
Buying	4,433	-	20	(9)
Equity options:				
Selling	-	-	-	-
Buying	709	-	26	(3)
OTC:				
Stock lending transactions with equity options:				
Selling	-	-	-	-
Buying	1,411	-	23	18
OTC equity options:				
Selling	8,039	-	380	1
Buying	7,931	-	301	(26)
Equity swap transactions	426	-	20	20

At March 31, 2015	(Thousands of U.S. dollars) Contract amount	Contract amount due after one year	Fair value	Unrealized gain (loss)
Listed:				
Index futures:				
Selling	$ 276,009	-	$ (8,431)	$ (8,431)
Buying	7,097	-	16	16
Index options:				
Selling	8,114	-	154	(5)
Buying	29,541	-	10	(10)
OTC:				
Stock lending transactions with equity options:				
Selling	766	-	0	2
Buying	5,085	-	392	330
OTC equity options:				
Selling	203,854	$ 27,958	10,534	775
Buying	206,827	21,131	13,454	4,216
Equity swap transactions	2,350	-	160	160

Derivative transactions to which hedge accounting is applied

There are no derivative transactions to which hedge accounting is applied.

6. Borrowings

Borrowings as of March 31, 2015 and 2014, were as follows:

	(Millions of yen)		(Thousands of U.S. dollars)	(Weighted-average interest rate or interest rate range)
	2015	2014	**2015**	**2015**
Short-term borrowings:				
Borrowings from financial institutions	**¥ 96,829**	¥ 131,096	**$ 805,763**	
Borrowings from securities finance companies	**1,200**	1,200	**9,986**	
Total	**¥ 98,029**	¥ 132,296	**$ 815,749**	**0.38%**
Commercial paper:				
Short-term bonds	**¥ 8,300**	¥ 7,800	**$ 69,069**	**0.13-0.22%**
Total	**¥ 8,300**	¥ 7,800	**$ 69,069**	
Long-term debt:				
Borrowings from financial institutions	**¥ 8,000**	¥ 200	**$ 66,572**	**0.72%**
Straight bonds	**40,178**	27,848	**334,348**	**0.30-1.00%**
Exchangeable bonds	**426**	1,108	**3,543**	**0.10-16.50%**
Step-up callable bonds	**700**	200	**5,825**	**0.40-1.80%**
Callable bonds	**2,400**	100	**19,972**	**0.35-1.45%**
Dual currency bonds	**100**	-	**832**	**0.01-0.15%**
Total	**¥ 51,804**	¥ 29,456	**$ 431,092**	
Less current portion	**(37,901)**	(24,156)	**(315,398)**	
Long-term debt, less current portion	**¥ 13,903**	¥ 5,300	**$ 115,694**	
Total borrowings	**¥ 158,133**	¥ 169,552	**$ 1,315,910**	

The aggregate annual maturities of long-term debt as of March 31, 2015, were as follows:

Year ending March 31	(Millions of yen)	(Thousands of U.S. dollars)
	2015	2015
2016	¥ 37,901	$ 315,398
2017	3,303	27,486
2018	-	-
2019	-	-
2020	3,650	30,373
2021 and thereafter	6,950	57,835
Total	¥ 51,804	$ 431,092

7. Assets pledged as collateral

(1) Assets pledged as collateral for borrowings as of March 31, 2015 and 2014, were summarized as follows:

		(Millions of yen)						
		Obligations		Pledged assets				
2015		**Obligations secured by pledged assets**		**Trading securities**		**Investment securities**		**Total**
Short-term borrowings	**¥**	**48,200**	**¥**	**49,909**		**-**	**¥**	**49,909**
Current portion of long-term debt		**200**		**-**	**¥**	**679**		**679**
Cash received on securities loaned		**3,806**		**2,784**		**-**		**2,784**
Borrowings under repurchase agreements		**1,000**		**1,000**		**-**		**1,000**
Payables related to margin transactions		**7,810**		**220**		**-**		**220**
Total	**¥**	**61,016**	**¥**	**53,913**	**¥**	**679**	**¥**	**54,592**

		(Millions of yen)						
				Pledged assets				
2014		Obligations secured by pledged assets		Trading securities		Investment securities		Total
Short-term borrowings	¥	86,200	¥	91,707		-	¥	91,707
Long-term debt		200		-	¥	476		476
Cash received on securities loaned		15,669		2,422		-		2,422
Borrowings under repurchase agreements		104,258		1,039		-		1,039
Payables related to margin transactions		14,754		220		-		220
Total	¥	221,081	¥	95,388	¥	476	¥	95,864

2015	Obligations secured by pledged assets	Pledged assets: Trading securities	Pledged assets: Investment securities	Pledged assets: Total
	(Thousands of U.S. dollars)			
Short-term borrowings	**$ 401,099**	**$ 415,322**	**-**	**$ 415,322**
Current portion of long-term debt	**1,664**	**-**	**$ 5,649**	**5,649**
Cash received on securities loaned	**31,667**	**23,162**	**-**	**23,162**
Borrowings under repurchase agreements	**8,321**	**8,321**	**-**	**8,321**
Payables related to margin transactions	**64,995**	**1,831**	**-**	**1,831**
Total	**$ 507,746**	**$ 448,636**	**$ 5,649**	**$ 454,285**

(*1) In addition to the above, the following are pledged as collateral for the above obligations:

	(Millions of yen)		(Thousands of U.S. dollars)
	2015	2014	**2015**
Stocks received as collateral from customers under self-financing margin transactions	**¥ 913**	¥ 894	**$ 7,599**
Securities borrowed for collateralized short-term financing agreements	**16,248**	112,277	**135,210**
Securities purchased under resell agreements	**-**	40,573	**-**

(*2) The following assets are pledged as initial margin for futures transactions and as collateral for other transactions:

	(Millions of yen)		(Thousands of U.S. dollars)
	2015	2014	**2015**
Trading securities	**¥ 8,404**	¥ 9,014	**$ 69,936**
Property and equipment	**86**	86	**719**

(2) The fair values of securities pledged and received as collateral at March 31, 2015 and 2014, were as follows:

	(Millions of yen)				(Thousands of U.S. dollars)	
		2015		2014		2015
Pledged securities:						
Securities loaned to customers for margin transactions	¥	**3,087**	¥	2,084	$	**25,690**
Securities pledged as collateral to securities finance companies or securities exchange brokers for borrowings under margin transactions		**7,256**		15,186		**60,385**
Securities loaned for collateralized short-term financing agreements		**3,818**		15,952		**31,772**
Securities sold under repurchase agreements		**1,000**		103,676		**8,321**
Securities pledged as collateral for short-term guarantees		**14,387**		16,711		**119,718**
Received securities:						
Securities received as collateral from customers for loans under margin transactions	¥	**33,424**	¥	38,731	$	**278,142**
Securities borrowed from finance companies or securities exchange brokers for margin transactions		**2,718**		4,799		**22,618**
Securities borrowed for collateralized short-term financing agreements		**79,273**		177,295		**659,672**
Securities purchased under resell agreements		**-**		43,007		**-**
Securities received as collateral for short-term guarantees		**38,942**		40,160		**324,059**
Other		**734**		832		**6,110**

8. Property and equipment

Property and equipment as of March 31, 2015 and 2014, consisted of the following:

	(Millions of yen)				(Thousands of U.S. dollars)	
		2015		2014		2015
Land	¥	**4,948**	¥	5,201	$	**41,173**
Buildings		**5,740**		6,097		**47,768**
Fixtures and furniture		**5,973**		5,694		**49,706**
Total		**16,661**		16,992		**138,647**
Accumulated depreciation		**(7,819)**		(7,597)		**(65,071)**
Net property and equipment	¥	**8,842**	¥	9,395	$	**73,576**

9. Investment property

In November 2008, the ASBJ issued ASBJ Statement No. 20, "Accounting Standard for Investment Property and Related Disclosures," and issued ASBJ Guidance No. 23, "Guidance on Accounting Standard for Investment Property and Related Disclosures."

The Company and a subsidiary own rental properties, such as office buildings in Aichi Prefecture. The net of rental income and operating expenses for those rental properties was ¥123 million ($1,027 thousand) and ¥189 million for the years ended March 2015 and 2014, respectively, which was included in "Other income, net.” Loss on sales of rental properties for the year ended March 31, 2015 was ¥85 million ($707 thousand) and gain on sales of rental properties for the year ended March 31, 2014 was ¥554 million. They were included in “Other income, net.”

The carrying amounts, changes in such balances and market prices of such properties were as follows:

(Millions of yen)

Carrying amount			**Fair value**
April 1, 2014	**Increase/(Decrease)**	**March 31, 2015**	**March 31, 2015**
¥ 1,648	**¥ (189)**	**¥ 1,459**	**¥ 1,149**

(Millions of yen)

Carrying amount			Fair value
April 1, 2013	Increase/(Decrease)	March 31, 2014	March 31, 2014
¥ 6,100	¥ (4,452)	¥ 1,648	¥ 1,282

(Thousands of U.S. dollars)

Carrying amount			**Fair value**
April 1, 2014	**Increase/(Decrease)**	**March 31, 2015**	**March 31, 2015**
$ 13,713	**$ (1,574)**	**$ 12,139**	**$ 9,561**

Notes:

1) Carrying amount recognized in the consolidated balance sheet is net of accumulated depreciation and accumulated impairment losses, if any.
2) Decrease during the fiscal year ended March 31, 2015, primarily represents the sales of certain properties of ¥195 million ($1,624 thousand) and the depreciation of ¥25 million ($204 thousand).
3) Fair value of properties as of March 31, 2015, is measured by the Group in accordance with its Real-Estate Appraisal Standard.

10. Retirement benefits

The Company and its domestic subsidiaries have a defined benefit corporate pension plan as a main defined benefit plan and have a defined contribution pension plan. There are some cases in which extra retirement benefits are paid to employees when they retire. Tokai Tokyo Securities contributed the retirement benefit trust for its pension plan. Certain consolidated companies apply the simplified method to state the liability based on the amount that would be paid if employees retired at the consolidated balance sheet date.

In addition, retirement benefits to directors and Audit & Supervisory Board members of ¥104 million ($866 thousand) and ¥82 million at March 31, 2015 and 2014, respectively, were included in “Liability for retirement benefits” in the consolidated balance sheets.

1. Defined benefit plans, excluding the plans to which the simplified method is applied

(1) The changes in defined benefit obligation for the years ended March 31, 2015 and 2014, were as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	2015	2014	**2015**
Balance at beginning of year (as previously reported)	**¥ 10,552**	¥ 10,325	**$ 87,809**
Cumulative effect of accounting change	**862**	-	**7,177**
Balance at beginning of year (as restated)	**11,414**	10,325	**94,986**
Current service cost	**606**	548	**5,043**
Interest cost	**106**	207	**883**
Actuarial gains	**(333)**	(115)	**(2,776)**
Benefits paid	**(485)**	(413)	**(4,038)**
Balance at end of year	**¥ 11,308**	¥ 10,552	**$ 94,098**

(2) The changes in plan assets for the years ended March 31, 2015 and 2014, were as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	2015	2014	**2015**
Balance at beginning of year	**¥ 11,414**	¥ 10,069	**$ 94,984**
Expected return on plan assets	**109**	196	**907**
Actuarial gains	**1,859**	1,113	**15,468**
Contributions from the employer	**822**	811	**6,845**
Benefits paid	**(485)**	(413)	**(4,038)**
Balance at end of year	**¥ 13,719**	¥ 11,776	**$ 114,166**

(*1)The difference of ¥362 million ($3,015 thousand) between plan assets as of March 31, 2014 and April 1, 2014 was partial cancellation of the retirement benefit trust.

(3) Reconciliation between the liability and asset recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets

	(Millions of yen)		(Thousands of U.S. dollars)
	2015	2014	**2015**
Defined benefit obligation	**¥ 11,308**	¥ 10,552	**$ 94,098**
Plan assets	**(13,719)**	(11,776)	**(114,166)**
Net asset arising from defined benefit obligation	**¥ (2,411)**	¥ (1,224)	**$ (20,068)**

	(Millions of yen)		(Thousands of U.S. dollars)
	2015	2014	**2015**
Asset for retirement benefits	**¥ (2,411)**	¥ (1,224)	**$ (20,068)**
Net asset arising from defined benefit obligation	**¥ (2,411)**	¥ (1,224)	**$ (20,068)**

(4) The components of net periodic benefit costs for the years ended March 31, 2015 and 2014, were as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	2015	2014	**2015**
Service cost	**¥ 606**	¥ 548	**$ 5,044**
Interest cost	**106**	207	**883**
Expected return on plan assets	**(109)**	(196)	**(907)**
Amortization of prior service benefit	**(51)**	(51)	**(423)**
Recognized actuarial (gains) losses	**(92)**	23	**(764)**
Net periodic benefit costs	**¥ 460**	¥ 531	**$ 3,833**

(5) Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2015 and 2014

	(Millions of yen)		(Thousands of U.S. dollars)
	2015	2014	**2015**
Prior service benefit	**¥ (51)**	¥ -	**$ (423)**
Actuarial losses	**2,101**	-	**17,481**
Other	**(18)**	-	**(152)**
Net periodic benefit costs	**¥ 2,032**	¥ -	**$ 16,906**

(6) Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2015 and 2014

	(Millions of yen)		(Thousands of U.S. dollars)
	2015	2014	**2015**
Unrecognized prior service benefit	**¥ (292)**	¥ (344)	**$ (2,435)**
Unrecognized actuarial gains	**(3,572)**	(1,489)	**(29,723)**
Total	**¥ (3,864)**	¥ (1,833)	**$ (32,158)**

(7) Plan assets

(a) Components of plan assets

Plan assets as of March 31, 2015 and 2014, consisted of the following:

	2015	2014
Equity investments	**57.88 %**	63.64%
Debt investments	**27.22**	26.49
General account	**9.01**	5.40
Others	**5.89**	4.47
Total	**100.00 %**	100.00 %

(*1) The retirement benefit trust contributed to the pension plan is included in the plan assets and constitutes 37.37% and 37.16% of the total plan assets at March 31, 2015 and 2014, respectively.

(b) Method of determining the expected rate of return on plan assets

The expected rate of return on plan assets is determined considering current and future asset portfolio and the long-term rates of return which are expected currently and in the future from the variety of asset portfolios in plan assets.

(8) Assumptions used for the years ended March 31, 2015 and 2014, were set forth as follows:

	2015	2014
Discount rate	**0.93 %**	2.00 %
Expected rate of return on plan assets	**0.95**	1.95
Expected rate of future salary increases	**5.10**	5.10

(*1) These percentages are based on weighted average.

2. Defined benefit plans to which the simplified method is applied

(1) The changes in liability for retirement benefits for the years ended March 31, 2015 and 2014, were as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	2015	2014	**2015**
Balance at beginning of year	**¥ 555**	¥ 590	**$ 4,618**
Net periodic benefit costs	**78**	67	**650**
Benefits paid	**(85)**	(102)	**(710)**
Balance at end of year	**¥ 548**	¥ 555	**$ 4,558**

(2) Reconciliation between the liability and asset recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets

	(Millions of yen)		(Thousands of U.S. dollars)
	2015	2014	**2015**
Unfunded defined benefit obligation	**¥ 548**	¥ 555	**$ 4,558**
Net liability arising from defined benefit obligation	**¥ 548**	¥ 555	**$ 4,558**

	(Millions of yen)		(Thousands of U.S. dollars)
	2015	2014	**2015**
Liability for retirement benefits	**¥ 548**	¥ 555	**$ 4,558**
Net liability arising from defined benefit obligation	**¥ 548**	¥ 555	**$ 4,558**

Net periodic benefit costs based on the simplified method for the years ended March 31, 2015 and 2014, were ¥78 million ($650 thousand) and ¥67 million, respectively.

3. Defined contribution pension plans

The Group's contributions to the defined contribution pension plan for the years ended March 31, 2015 and 2014, were ¥489 million ($4,069 thousand) and ¥470 million, respectively.

11. Equity

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

(a) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. For companies that meet certain criteria including (1) having a Board of Directors, (2) having independent auditors, (3) having an Audit & Supervisory Board, and (4) the term of service of the directors being prescribed as one year rather than the normal two year term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. However, the Company cannot do so because it does not meet all the above criteria.

The Companies Act permits companies to distribute dividends-in-kind (noncash assets) to shareholders subject to certain limitations and additional requirements. Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

(b) Increases/decreases and transfer of common stock, reserve and surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus), depending on the equity account charged upon the payment of such dividends, until the aggregate amount of the legal reserve and additional paid-in capital equals 25% of common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts within equity under certain conditions upon resolution of the shareholders.

(c) Treasury stock and treasury stock acquisition rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by a specific formula. Under the Companies Act, stock acquisition rights are presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

12. Stock options

The stock options outstanding for the year ended March 31, 2015, were as follows:

Stock option	Persons granted	Number of options granted	Date of grant	Exercise price	Exercise period
2009-1 stock option	2 directors 4 officers 13 employees 3 directors of subsidiaries 15 officers and councilors of subsidiaries 106 employees of subsidiaries	667,000 shares	August 31, 2009	¥358 ($2.98)	From September 1, 2011 to August 31, 2014
2009-2 stock option	3 officers and councilors of subsidiaries 19 employees	100,000 shares	December 29, 2009	¥378 ($3.15)	From January 1, 2012 to December 31, 2014
2011-1 stock option	2 directors 7 officers 8 employees 4 directors of subsidiaries 20 officers of subsidiaries 144 employees of subsidiaries	863,000 shares	January 5, 2011	¥332 ($2.76)	From February 1, 2013 to January 31, 2016
2012-1 stock option	2 directors 8 officers and senior councilors 9 employees 5 directors of subsidiaries 21 officers and councilors of subsidiaries 139 employees of subsidiaries	1,048,000 shares	September 30, 2011	¥249 ($2.07)	From October 1, 2013 to September 30, 2016
2013-1 stock option	3 directors 10 officers and senior councilors 10 employees 3 directors of subsidiaries 22 officers and councilors of subsidiaries 146 employees of subsidiaries	939,000 shares	September 7, 2012	¥275 ($2.29)	From October 1, 2014 to September 30, 2017
2014-1 stock option	3 directors 10 officers and senior councilors 10 employees 3 directors of subsidiaries 23 officers and councilors of subsidiaries 151 employees of subsidiaries	979,000 shares	September 6, 2013	¥797 ($6.63)	From October 1, 2015 to September 30, 2018
2015-1 stock option	3 directors 39 officers, senior councilors and councilors 181 employees 2 directors of subsidiaries	1,092,000 shares	September 5, 2014	¥819 ($6.82)	From October 1, 2016 to September 30, 2019

(*1) 2009-1 and 2009-2 stock options reached exercise periods by March 31, 2015.

The stock option activity was as follows:

	2009-1 stock option (Shares)	2009-2 stock option (Shares)	2011-1 stock option (Shares)	2012-1 stock option (Shares)	2013-1 stock option (Shares)	2014-1 stock option (Shares)	2015-1 stock option (Shares)
For the year ended March 31, 2014							
Non-vested							
April 1, 2013 - Outstanding	-	-	-	1,014,000	935,000	-	-
Granted	-	-	-	-	-	979,000	-
Canceled	-	-	-	-	4,000	-	-
Vested	-	-	-	1,014,000	-	-	-
March 31, 2014 - Outstanding	-	-	-	-	931,000	979,000	-
Vested							
April 1, 2013 - Outstanding	297,000	42,000	425,000	-	-	-	-
Vested	-	-	-	1,014,000	-	-	-
Exercised	241,000	34,000	329,000	838,000	-	-	-
Canceled	-	-	-	-	-	-	-
March 31, 2014 - Outstanding	56,000	8,000	96,000	176,000	-	-	-
For the year ended March 31, 2015							
Non-vested							
March 31, 2014 - Outstanding	-	-	-	-	931,000	979,000	-
Granted	-	-	-	-	-	-	1,092,000
Canceled	-	-	-	-	4,000	8,000	-
Vested	-	-	-	-	927,000	-	-
March 31, 2015 - Outstanding	-	-	-	-	-	971,000	1,092,000
Vested							
March 31, 2014 - Outstanding	56,000	8,000	96,000	176,000	-	-	-
Vested	-	-	-	-	927,000	-	-
Exercised	47,000	4,000	12,000	48,000	648,000	-	-
Canceled	9,000	4,000	-	-	-	-	-
March 31, 2015 - Outstanding	-	-	84,000	128,000	279,000	-	-
Exercise price	¥358 ($2.98)	¥378 ($3.15)	¥332 ($2.76)	¥249 ($2.07)	¥275 ($2.29)	¥797 ($6.63)	¥819 ($6.82)
Average stock price at exercise	¥726 ($6.04)	¥861 ($7.16)	¥836 ($6.96)	¥814 ($6.77)	¥819 ($6.82)	- -	- -
Fair value price at grant date	¥84.20 ($0.70)	¥86.69 ($0.72)	¥67.59 ($0.56)	¥53.04 ($0.44)	¥53.98 ($0.45)	¥152.07 ($1.27)	¥162.12 ($1.35)

The assumptions used to measure the fair value of the 2015-1 stock option

Estimate method:	Black-Scholes option-pricing model
Volatility of stock price:	41.27%
Estimated remaining outstanding period:	3.58 years
Estimated dividend:	¥24 per share
Risk-free interest rate:	0.092%

13. Income taxes

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes, which, in the aggregate, resulted in normal effective statutory tax rates of approximately 35.64% and 38.01% for the years ended March 31, 2015 and 2014, respectively.

The significant components of deferred tax assets and liabilities as of March 31, 2015 and 2014, were as follows:

	(Millions of yen)				(Thousands of U.S. dollars)	
		2015		2014		**2015**
Deferred tax assets:						
Allowance for doubtful accounts	¥	**452**	¥	480	$	**3,758**
Enterprise tax payable		**335**		551		**2,787**
Provision for bonuses		**1,250**		1,176		**10,403**
Liability for retirement benefits		**692**		1,344		**5,760**
Retirement benefits to directors and Audit & Supervisory Board members		**63**		63		**528**
Statutory reserves		**125**		102		**1,038**
Impairment loss on investment securities		**115**		303		**954**
Impairment loss on fixed assets		**533**		841		**4,434**
Other		**973**		1,254		**8,098**
Subtotal		**4,538**		6,114		**37,760**
Tax loss carried forward		**308**		378		**2,566**
Deferred tax assets		**4,846**		6,492		**40,326**
Valuation allowance		**(2,006)**		(2,541)		**(16,693)**
Total deferred tax assets	¥	**2,840**	¥	3,951	$	**23,633**
Deferred tax liabilities:						
Gain on contribution of securities to employees' retirement benefit trust	¥	**-**	¥	1,122	$	**-**
Unrealized gain on available-for-sale securities		**1,851**		1,223		**15,403**
Other		**1,497**		376		**12,466**
Deferred tax liabilities		**3,348**		2,721		**27,869**
Total deferred tax liabilities	¥	**3,348**	¥	2,721	$	**27,869**
Net deferred tax (liabilities) assets	¥	**(508)**	¥	1,230	$	**(4,236)**

Balance reported in the consolidated balance sheets as of March 31, 2015 and 2014 was as follows:

	(Millions of yen)				(Thousands of U.S. dollars)	
		2015		2014		**2015**
Deferred tax assets	¥	**1,284**	¥	1,949	$	**10,680**
Deferred tax liabilities		**(1,792)**		(719)		**(14,916)**
Net deferred tax (liabilities) assets	¥	**(508)**	¥	1,230	$	**(4,236)**

A reconciliation between the effective income tax rate reflected in the accompanying consolidated statement of income and the effective statutory tax rate for the year ended March 31, 2014, was as follows:

	2014
Effective statutory tax rate	38.01%
Increase (decrease) due to:	
Permanent differences, such as entertainment expenses	0.62
Permanently nontaxable items, such as dividend income	(6.93)
Tax loss carried forward	(0.22)
Inhabitants tax per capita levy	0.21
Gain on change in interest in an equity investment	(0.96)
Equity in gain of associated companies	(1.84)
Valuation allowance	(0.44)
Adjustment for unrealized profits resulting from transactions within the Group and other - net	6.73
Special tax credit for business stimulation	(2.00)
Effect of tax rate reduction	0.60
Other	(0.05)
Effective income tax rate	33.73%

Such information for the year ended March 31, 2015, is not presented as the difference is less than 5% of the effective statutory tax rate.

New tax reform laws enacted in 2015 in Japan changed the normal effective statutory tax rate for the fiscal year beginning on or after April 1, 2015, from approximately 35.64% to 33.10% and for the fiscal year beginning on or after April 1, 2016, to approximately 32.34%. The effect of this change was to decrease "Deferred tax liabilities," net of "Deferred tax assets," by ¥95 million ($787 thousand) in the consolidated balance sheet as of March 31, 2015, and to increase "Income taxes-deferred" by ¥222 million ($1,843 thousand) in the consolidated statement of income for the year then ended. This change also increased "Unrealized gain on available-for-sale securities" by ¥189 million ($1,569 thousand) and "Defined retirement benefit plans" by ¥128 million ($1,061 thousand) in the consolidated balance sheet as of March 31, 2015.

14. Financial instruments and related disclosures

(1) Group policy for financial instruments

The Group is involved in the financial instruments trading business, including trading securities, acting as an intermediary of securities trading, underwriting and offering securities, soliciting and offering securities, offering private placement securities and other financial instruments trading business, and services related or incidental to financial instruments trading business. Due to the Group's involvement in the financial instruments trading business, the Group owns financial instruments.

In conducting its financial instruments trading business, the Group sets its basic policy as providing accurate information to meet its various customers' needs and products through transactions inside or outside of the stock exchange market. The Group intends to realize sound market functions and smooth execution of agency trades in the exchange market and fair price formation and smooth distribution of financial instruments for trading outside the exchange market.

To raise funds to operate the financial instruments trading business, in addition to using indirect financing such as bank loans, the Group issues commercial paper taking into account market conditions and the balance of maturities of loans.

(2) Nature and extent of risks arising from financial instruments

The financial assets and liabilities held by the Group are composed of the following:

(a) Securities, such as stocks and bonds, held for trading with customers or for proprietary trading; derivatives publicly traded on exchanges, such as futures and options, based on stock price indices and bond futures and bond options; derivatives traded on outside exchanges, such as bonds with options, OTC securities options, foreign exchange forward contracts, currency rate swaps, and interest rate swaps; and securities, such as stock held for investment;

(b) Loan receivables from customers related to margin transactions and borrowings from securities finance companies incidental to the loan receivables; and

(c) Cash collateral pledged for securities borrowed/cash received on securities loaned based on collateralized financing agreements with institutional investors and loan receivables as consideration for purchases of bonds under resell agreements/borrowings as proceed from sales of securities under repurchase agreements.

The securities held and transaction balances of derivatives are exposed to market risks triggered by changes in market values of stock and interest rate and foreign exchange rate fluctuations. Receivables related to margin transactions, cash collateral pledged for securities borrowed, loan receivables for purchases of bonds under resell agreements and OTC derivative transactions are exposed to credit risks that occur when transaction counterparties default. In addition, due to a lack of liquidity, some of these financial instruments are exposed to market liquidity risks that trigger losses due to market turmoil, which may result in the Group's inability to transact in the market or cause the Group to conduct transactions at significantly unfavorable prices.

Also, with regard to the funding side, the Group owns financial liabilities, such as commercial paper and borrowings from financial institutions. As a result of a downturn in the Group's business or other reasons, these financial instruments are exposed to funding liquidity risk, resulting in obstacles to raising funds or being forced to borrow at significantly higher interest rates than usual, leading to losses.

Besides these assets and liabilities, the Group owes financial liabilities, such as temporary deposits received from customers for their securities transactions and guarantee deposits received from customers as transaction deposits for margin transactions and derivative transactions. The financial assets attributable to customers in these transactions are segregated from our own financial assets and entrusted as segregated customer's money trust to the trust bank in accordance with the rules of Financial Instruments and Exchange Act.

(3) Risk management for financial instruments

(a) Comprehensive risk management

Due to the complexity and diversification of product lines, such as rapid advances of derivative transactions, the Company regards market, credit, and liquidity risk management as being extremely important in conducting the Group's financial instruments trading operations, the main business line of the Group. The Company puts risk management for the entire group and each group company as one of the first priorities for the business. The Company and each group company established a risk management basic policy in order to control risks appropriately by identifying, analyzing, and managing risks as the responsibility of each group company and to maintain the soundness of business for a long period of time.

In accordance with this risk management basic policy, the Company established the Total Risk Management Committee to provide the framework for securing financial soundness and profits by gathering and controlling information on various risks inherent in the Company and each group company. The committee discusses matters concerning management of these risks. The committee meets in principle monthly to monitor implementation status and to provide the framework of reporting of necessary information to the Board of Directors.

In addition, Tokai Tokyo Securities, a Class I financial instruments trader in the Group, established a Market Risk Committee and a Credit and Operational Risk Committee and established the related rules to facilitate the risk management system to prepare for market risk, credit risk, and liquidity risk. From the perspective of securing business and financial soundness, Tokai Tokyo Securities set the "target of controlled equity ratio" at the Board of Directors meeting after deliberation by the Market Risk Committee that should be maintained at a minimum and established a basic policy for the purpose of the risk management operations to keep the "target." Regarding risk management relating to the financial instruments trading business, which is our principal business, the risk controlling department, which is organizationally and physically independent from the trading execution department (the "Risk Controlling Department"), perform risk control by calculating risk, positions, and profit or loss on a daily basis and reports it along with the status of the capital adequacy ratio of Tokai Tokyo Securities to management and related departments every day. In addition, a discussion and report on risk management is made at the Market Risk Committee meeting which is generally held twice a month, and at the Credit and Operational Risk Committee meeting, which is generally held once a month.

(b) Management for market risk

Tokai Tokyo Securities sets basic policies relating to market risk management based on the Group's risk management rules and manages the proprietary trading operations.

The Board of Directors of Tokai Tokyo Securities sets market related risk limits within the amount equivalent to the risk of loss provided in the article 8 of the Cabinet Office Ordinance concerning the Financial Instruments and Exchange Act, the risk limits that are derived by the "target of controlled equity ratio," which should be maintained at a minimum. In addition, in order to structure a management system that checks excessive risk taking actions, Tokai Tokyo Securities also enhances the functions of overall risk management by the following: to the extent of the market risk limit of the Group, the Market Risk Committee restricts market risk by setting the value at risk ("VaR")-based position limit on each department holding proprietary trading positions taking into account the budget and profit performance of each department; setting annual and monthly loss limits and warning lines for these limits for each department in order to prevent losses from increasing; and maintaining the Group's internal rules.

The management method of market risk for the positions held by the trading department includes management based on VaR (10-day holding period with confidence interval of 99% and observation period 750 days) computed using historical simulation method; measurement of stress value (one day and 10-day holding periods and observation period 750 days); and back testing of the relationship between the VaR (holding period of one day) data and daily profit/loss data, periodically. In addition, stress tests under the various scenarios by products or by ratings have been periodically conducted.

The department that owns positions exposed to market liquidity risk, which is triggered when it becomes impossible to execute transactions in the market because of market turmoil, etc., caused by low liquidity or which arises when the Group is forced to enter into the transactions at significantly unfavorable prices, sets an upper limit on the exposure of the market liquidity risk position.

The risk limits set and allocated to related departments, use of loss limits, profits and losses, stress value, and status of market liquidity risk positions are analyzed, managed on a daily basis, and reported to top management by the Risk Controlling Department. Also, analysis of market risk management and overall reports are made to the Market Risk Committee. In addition, the status of market risk management is reported monthly to the Board of Directors.

The estimated amount of market risk (estimated amount of loss) of Tokai Tokyo Securities as of March 31, 2015 and 2014, was as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	2015	2014	**2015**
Amount of Market Risk (VaR)	**¥ 682**	¥ 581	**$ 5,678**

(Note) VaR measures the amount of market risk with a certain probability that is statistically calculated based on historical market fluctuations. Therefore, the risk may not be fully captured under a market environment that changes drastically.
As the measurement of the market risk of beneficiary securities and investment securities based on VaR was started from the fiscal period of 2015, the amount for the fiscal period of 2014 was applied the same calculation method and restated in the above table.

(c) Credit risk management
Based on our risk management rules, Tokai Tokyo Securities controls the risk of incurring damages arising from the default of counterparties of transactions or other reasons within predetermined limits. At Tokai Tokyo Securities, the Director in charge of the Risk Control manages risks by setting the upper risk limit within the amount equivalent to the risk of loss provided in the article 8 of the Cabinet Office Ordinance concerning to the Financial Instruments and Exchange Act, which is led by the “target of controlled equity ratio” that should be maintained at minimum.

Upon setting the credit risk limits of each counterparty of a transaction, the Risk Controlling Department evaluates the financial conditions, etc., of each counterparty of the transaction and sets the upper limit of the credit and determines the acceptability of the transaction in accordance with the authority of granting the credit limit, taking into account the net worth of the counterparty or Tokai Tokyo Securities. It also reviews the credit limit periodically.

Also, in order to control the credit balance after the transaction contract, with the cooperation of the related department, the office related to each counterparty periodically collects financial information of the counterparty and observes changes in the credit condition of the counterparty during the course of daily business operations. When the credit condition of the counterparty deteriorates, the Risk Controlling Department consults with the related department and takes measures to secure the credit, such as suspension of a new transaction, reduction of the credit limit, change of the terms of the transaction, or requiring collateral, to the extent of the approved credit limits.

Depending upon the nature of the products, the current exposure method or potential exposure method is adopted in calculating credit risks. The credit risk is analyzed and managed on a daily basis and reported to top management by the Risk Controlling Department. Also, the analysis of credit risk management status and overall reports are made to the Credit and Operational Risk Committee. In addition, the status of credit risk management is reported monthly to the Board of Directors.

(d) Liquidity risk management

Based on our liquidity risk management rules, the Company and Tokai Tokyo Securities set and operate basic policies for risk management framework for appropriate funding.

The Company develops the strategy for the liquidity risk of funding by gathering and analyzing information, such as stock prices and reputation, to identify and assess liquidity risks for funding that may affect the Company's funding. To manage funding risk, the Company will implement necessary measures, taking into account the situation in managing the funding risk, depending upon the possibility of cash flow problems of consolidated subsidiaries affecting the Company's funding based on the subsidiaries' performance.

Also, in order to secure the adequacy of funding management, the funding control department of Tokai Tokyo Securities determines the accurate funding situation based on the daily management status of various daily funding relating to funds raised and fund management and plans and controls the prospects of monthly and quarterly funding. The status and forecast of funding are reported monthly to the Board of Directors.

The funding control department conducts as-needed management relating to funding in response to movements in the market environment. Information relating to the activities is reported to the Board of Directors after promptly assessing the impact on funding.

In relation to the securing of assets for payment reserves and the fund-raising method, the funding control department secures the financing method depending upon the degree of funding ability (normal, concerned, crisis, etc.) and payment reserve assets for settlements. In addition, it secures funding methods, assuming a period of crisis by holding assets available for sale or collateral in Japan and overseas and setting borrowing facilities in order to obtain funds from commercial banks.

(4) Supplementary explanations of matters related to the fair value of financial instruments

Fair values of financial instruments include values based on market prices and values obtained by reasonable estimates when financial instruments have no market prices. Because certain assumptions are adopted in calculating these values, they may differ when different assumptions are adopted.

(5) Fair values of financial instruments

Fair values of financial instruments are based on quoted prices in active markets. If a quoted price is not available, another rational valuation technique is used instead.

(a) Fair values of financial instruments
The carrying amounts, aggregate fair values, and net unrealized gain (loss) of financial instruments at March 31, 2015 and 2014, were as follows:

	(Millions of yen)		
March 31, 2015	**Carrying amount**	**Fair value**	**Unrealized gain (losses)**
Cash and deposits	**¥ 56,528**	**¥ 56,528**	**-**
Cash segregated as deposits	**26,268**	**26,268**	**-**
Cash collateral pledged for securities borrowed	**79,468**	**79,468**	**-**
Trading securities	**195,803**	**195,803**	**-**
Derivatives	**2,316**	**2,316**	**-**
Receivables from brokers, dealers, and clearing organizations	**11,118**	**11,118**	**-**
Receivables related to margin transactions	**38,759**	**38,759**	**-**
Short-term investment securities	**10**	**10**	**-**
Investment securities	**10,023**	**10,023**	**-**
Assets total	**¥420,293**	**¥420,293**	**-**
Short-term borrowings	**¥ 98,029**	**¥ 98,029**	**-**
Commercial paper	**8,300**	**8,300**	**-**
Current portion of long-term debt	**37,901**	**37,901**	**-**
Long-term debt	**13,903**	**13,930**	**¥ (27)**
Cash received on securities loaned	**3,805**	**3,805**	**-**
Borrowings under repurchase agreements	**1,000**	**1,000**	**-**
Trading securities	**63,271**	**63,271**	**-**
Derivatives	**6,861**	**6,861**	**-**
Payables to brokers, dealers, and clearing organizations	**10,902**	**10,902**	**-**
Payables to customers	**22,861**	**22,861**	**-**
Payables related to margin transactions	**10,675**	**10,675**	**-**
Liabilities total	**¥277,508**	**¥277,535**	**¥ (27)**

March 31, 2014	Carrying amount	Fair value	Unrealized gain (loss)
	(Millions of yen)		
Cash and deposits	¥ 39,529	¥ 39,529	-
Cash segregated as deposits	27,308	27,308	-
Cash collateral pledged for securities borrowed	174,949	174,949	-
Loans under resell agreements	43,527	43,527	-
Trading securities	222,696	222,696	-
Derivatives	1,503	1,503	-
Receivables from brokers, dealers, and clearing organizations	15,957	15,957	-
Receivables related to margin transactions	49,312	49,312	-
Investment securities	7,322	7,322	-
Assets total	¥582,103	¥582,103	-
Short-term borrowings	¥ 132,296	¥ 132,296	-
Commercial paper	7,800	7,800	-
Current portion of long-term debt	24,156	24,156	-
Long-term debt	5,300	5,300	¥ (0)
Cash received on securities loaned	15,669	15,669	-
Borrowings under repurchase agreements	104,258	104,258	-
Trading securities	71,970	71,970	-
Derivatives	4,623	4,623	-
Payables to brokers, dealers, and clearing organizations	42,980	42,980	-
Payables to customers	27,010	27,010	-
Payables related to margin transactions	16,746	16,746	-
Income taxes payable	5,621	5,621	-
Liabilities total	¥458,429	¥458,429	¥ (0)

March 31, 2015	(Thousands of U.S. dollars) Carrying amount	Fair value	Unrealized gain (loss)
Cash and deposits	**$ 470,403**	**$ 470,403**	**-**
Cash segregated as deposits	**218,585**	**218,585**	**-**
Cash collateral pledged for securities borrowed	**661,300**	**661,300**	**-**
Trading securities	**1,629,385**	**1,629,385**	**-**
Derivatives	**19,270**	**19,270**	**-**
Receivables from brokers, dealers, and clearing organizations	**92,519**	**92,519**	**-**
Receivables related to margin transactions	**322,534**	**322,534**	**-**
Short-term investment securities	**83**	**83**	**-**
Investment securities	**83,406**	**83,406**	**-**
Assets total	**$3,497,485**	**$3,497,485**	**-**
Short-term borrowings	**$ 815,749**	**$ 815,749**	**-**
Commercial paper	**69,069**	**69,069**	**-**
Current portion of long-term debt	**315,398**	**315,398**	**-**
Long-term debt	**115,694**	**115,916**	**$ (222)**
Cash received on securities loaned	**31,667**	**31,667**	**-**
Borrowings under repurchase agreements	**8,321**	**8,321**	**-**
Trading securities	**526,513**	**526,513**	**-**
Derivatives	**57,095**	**57,095**	**-**
Payables to brokers, dealers, and clearing organizations	**90,721**	**90,721**	**-**
Payables to customers	**190,237**	**190,237**	**-**
Payables related to margin transactions	**88,832**	**88,832**	**-**
Liabilities total	**$2,309,296**	**$2,309,518**	**$ (222)**

Methods for determining fair values of financial instruments for the years ended March 31, 2015 and 2014, were as follows:

Cash and deposits, Cash segregated as deposits, Cash collateral pledged for securities borrowed, Loans under resell agreements, Receivables from brokers, dealers and clearing organizations, and Receivables related to margin transactions

The carrying values of these financial instruments approximate fair values because they settle in a short period.

Trading securities, Derivatives (assets), and Derivatives (liabilities)

The fair values of these financial instruments are determined in accordance with internal rules of fair value assessment.

Short-term investment securities and Investment securities

The fair values of these financial instruments are measured at the quoted market price in active markets in accordance with internal rules of fair value assessment.

Short-term borrowings, Commercial paper, Current portion of long-term debt, Cash received on securities loaned, Borrowings under repurchase agreements, Payables to brokers, dealers and clearing organizations, Payables to customers, Payables related to margin transactions, and Income taxes payable

The carrying values of these financial instruments approximate fair values because they are settled in a short period.

Derivatives

Fair value information for derivatives is included in Note 5.

Long-term debt

Long-term debt from banks and other financial institutions

The fair value of long-term debt with floating interest rates is set equal to book value on the basis that carrying values of long-term debt approximate fair values because the long-term debt is based on variable interest rates reflecting market interest rates in a short period of time, and credit conditions have not significantly changed since the execution. The fair value of long-term debt with fixed interest rates is set as the present value of the total amount of principal and interest to be paid estimated by applying the discount rate assumed when a similar and new borrowing is made.

Bonds Payable

The fair value is measured at the quoted market price in active markets. If a quoted price is not available, the fair value is calculated as the present value of the total amount of principal and interest estimated by applying the discount rate commensurate with the remaining period and credit risk.

(b) Carrying amount of financial instruments whose fair values cannot be reliably determined

	(Millions of yen)		(Thousands of U.S. dollars)
	2015	2014	**2015**
Investment in associated companies	**¥ 9,584**	¥ 8,196	**$ 79,754**
Available-for-sale securities:			
Stocks (nonlisted)	**3,804**	3,491	**31,654**
Other	**3,375**	2,336	**28,094**
Total	**¥ 16,763**	¥ 14,023	**$ 139,502**

The fair values of unlisted stocks are not included in “Investment securities” in the table (a) as they do not have a quoted market price in active markets, the amount of future cash flows cannot be estimated, and their fair values cannot be reliably determined.

(6) Maturity analysis for financial assets and securities with contractual maturities

	(Millions of yen)			
	Due in one year or less	Due after one year through five years	Due after five years through 10 years	Due after 10 years
Cash and deposits	**¥ 2,697**	-	-	-
Investment securities				
Available-for-sale securities with maturity dates (government bonds)	**10**	-	-	-
Total	**¥ 2,707**	-	-	-

	(Thousands of U.S. dollars)			
	Due in one year or less	Due after one year through five years	Due after five years through 10 years	Due after 10 years
Cash and deposits	**$ 22,441**	-	-	-
Investment securities				
Available-for-sale securities with maturity dates (government bonds)	**83**	-	-	-
Total	**$ 22,524**	-	-	-

Please see Note 6 for annual maturities of long-term debt.

15. Commissions

Commissions earned for the years ended March 31, 2015 and 2014, consisted of the following:

	(Millions of yen)		(Thousands of U.S. dollars)
	2015	2014	**2015**
Brokerage	**¥ 19,016**	¥ 26,301	**$ 158,247**
Underwriting and distribution	**18,886**	22,071	**157,158**
Other	**6,180**	6,567	**51,429**
Total	**¥ 44,082**	¥ 54,939	**$ 366,834**

16. Selling, general and administrative expenses

Selling, general and administrative expenses for the years ended March 31, 2015 and 2014, consisted of the following:

	(Millions of yen)				(Thousands of U.S. dollars)	
		2015		2014		**2015**
Employees' compensation and benefits	¥	**28,003**	¥	28,971	$	**233,024**
Brokerage and other commissions		**6,246**		7,038		**51,980**
Communication and transportation		**2,520**		2,639		**20,973**
Real estate expenses		**5,958**		5,911		**49,577**
Data processing and office supplies		**6,087**		6,137		**50,651**
Advertising		**2,282**		2,406		**18,991**
Taxes other than income taxes		**686**		700		**5,708**
Depreciation		**850**		754		**7,071**
Amortization		**1,008**		1,188		**8,390**
Other		**2,664**		2,690		**22,169**
Total	¥	**56,304**	¥	58,434	$	**468,534**

17. Other income and expenses

The components of "Other income, net" in the consolidated statements of income for the years ended March 31, 2015 and 2014, were as follows:

	(Millions of yen)				(Thousands of U.S. dollars)	
		2015		2014		**2015**
Dividend income	¥	**761**	¥	384	$	**6,330**
Rental income		**596**		642		**4,960**
Net gain on investment in partnership		**172**		284		**1,434**
Equity in gain of associated companies		**1,670**		1,709		**13,896**
Net gain on sales and Impairment loss on investment securities		**648**		223		**5,396**
Gain on sales of stocks of associated companies		**-**		334		**-**
Gain on change in equity		**-**		895		**-**
Gain on sales of fixed assets		**-**		556		**-**
Loss on disposal of fixed assets		**(17)**		-		**(145)**
Impairment loss on fixed assets		**(29)**		-		**(240)**
Loss on cancellation of contracts		**(63)**		-		**(527)**
Provision for statutory reserves		**(100)**		(101)		**(837)**
Other (*1)		**187**		133		**1,563**
Total	¥	**3,825**	¥	5,059	$	**31,830**

(*1) Amortization of negative goodwill included in "Other" amounted to ¥21 million for the year ended March 31, 2014.

18. Other comprehensive income

The components of other comprehensive income for the years ended March 31, 2015 and 2014, were as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	2015	2014	**2015**
Unrealized gain on available-for-sale securities:			
Gains arising during the year	**¥ 3,145**	¥ 2,339	**$ 26,172**
Reclassification adjustments to profit or loss	**(811)**	(576)	**(6,747)**
Amount before income tax effect	**2,334**	1,763	**19,425**
Income tax effect	**(628)**	(675)	**(5,227)**
Total	**¥ 1,706**	¥ 1,088	**$ 14,198**
Foreign currency translation adjustments:			
Adjustments arising during the year	**¥ 289**	¥ 437	**$ 2,400**
Reclassification adjustments to profit or loss	**-**	-	**-**
Amount before income tax effect	**289**	437	**2,400**
Income tax effect	**-**	-	**-**
Total	**¥ 289**	¥ 437	**$ 2,400**
Defined retirement benefit plans:			
Adjustments arising during the year	**¥ 2,192**	¥ -	**$ 18,245**
Reclassification adjustments to profit or loss	**(161)**	-	**(1,339)**
Amount before income tax effect	**2,031**	-	**16,906**
Income tax effect	**(602)**	-	**(5,011)**
Total	**¥ 1,429**	¥ -	**$ 11,895**
Total other comprehensive income	**¥ 3,424**	¥ 1,525	**$ 28,493**

19. Related-Party Transactions

The material related-party transactions as of March 31, 2014, were as follows:

Type	Name	Description of business or occupation	Ownership ratio of voting rights	Description of transaction	Transaction volume
The Company director	Tateaki Ishida	President and Chief Executive Officer (Representative Director)	Direct 0.10%	Exercise of stock options	¥10 million
The Company director	Yoshimi Maemura	Deputy President (Representative Director)	Direct 0.02%	Exercise of stock options	¥10 million

Above transactions are about the exercise of stock options granted by the resolution at the shareholders' meeting on June 26, 2009, June 29, 2010, and June 29, 2011. The transaction volume represents the granted shares for the executed options during the year ended March 31, 2014, multiplied by the each exercise price.

There was no such information applicable for the year ended March 31, 2015.

20. Per share information

Reconciliation of the differences between basic and diluted net income per share ("EPS") for the years ended March 31, 2015 and 2014, was as follows:

	(Millions of yen)	(Thousands of shares)	(Yen)	(U.S. dollars)
	Net income	Weighted-average shares	EPS	
For the year ended March 31, 2015:				
Basic EPS—Net income available to common shareholders	**¥ 18,499**	**266,141**	**¥ 69.51**	**$ 0.58**
Effect of dilutive securities:				
Warrants	**-**	**688**		
Diluted EPS—Net income for computation	**¥ 18,499**	**266,829**	**¥ 69.33**	**$ 0.58**
For the year ended March 31, 2014:				
Basic EPS—Net income available to common shareholders	¥ 23,243	265,102	¥ 87.68	
Effect of dilutive securities:				
Warrants	-	1,416		
Diluted EPS—Net income for computation	¥ 23,243	266,518	¥ 87.21	

21. Segment information

Under ASBJ Statement No. 17, "Accounting Standard for Segment Information Disclosures," and ASBJ Guidance No. 20, "Guidance on Accounting Standard for Segment Information Disclosures," an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

(1) Information about sales, profit, assets, liabilities, and other items by reportable segments

This information is not presented as the Group operates as a single reportable segment in the investment and financial service business.

(2) Information about products and services of the reportable segment

This information is not presented because operating revenues from third parties of a single product and service are over 90% of operating revenues in the consolidated statement of income.

(3) Geographical information

(a) Operating revenues

This information is not presented because the Group's revenues in Japan account for more than 90% of revenues in the consolidated statement of income.

(b) Property and equipment

This information is not presented because the Group's property and equipment in Japan account for more than 90% of property and equipment in the consolidated balance sheet.

(4) Information by major customers

This information is not presented because there are no customers for which sales account for more than 10% of revenues in the consolidated statement of income.

(5) Information about impairment loss on fixed assets, goodwill, and negative goodwill by reportable segment

This information is not presented as the Group operates as a single reportable segment in the investment and financial service business.

22. Subsequent event

(1) Appropriation of Retained Earnings

On June 26, 2015, the shareholders approved the appropriation of retained earnings as follows:

	(Millions of yen)		(Thousands of U.S. dollars)	
Cash dividends, ¥20.00 ($0.17) per share	**¥**	**5,333**	**$**	**44,379**

(*1) Cash dividends of ¥20.00 per share include commemorative dividends of ¥4.00 ($0.03).

Deloitte.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Tokai Tokyo Financial Holdings, Inc.:

We have audited the accompanying consolidated balance sheet of Tokai Tokyo Financial Holdings, Inc. and its subsidiaries as of March 31, 2015, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Tokai Tokyo Financial Holdings, Inc. and its subsidiaries as of March 31, 2015, and the consolidated results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC

June 26, 2015

Member of
Deloitte Touche Tohmatsu Limited

Company Information

Corporate Directory (as of March 31, 2015)

Company Name	Tokai Tokyo Financial Holdings, Inc.
Head Office	6-2, Nihonbashi 3-chome, Chuo-ku, Tokyo 103-0027, Japan Tel: +81-3-3517-8100 Fax: +81-3-3517-8314
Date of Incorporation	June 19, 1929
Common Stock	¥36,000,000,000
Total Outstanding Shares	280,582,115 shares
Number of Employees (Consolidated basis)	2,353

Board of Directors and Audit & Supervisory Board Members (as of June 26, 2015)

Directors	Tateaki Ishida, President & CEO (Representative Director)
	Hiroshi Iizumi, Director & Deputy President (Representative Director)
	Toshiyuki Hayakawa, Director
	Ikuo Suzuki, Director
	Nobuhiro Morisue, Director
	Ichiro Mizuno, Director
	Masato Setta, Director
Audit & Supervisory Board Members	Masato Okajima (full-time)
	Yoshihiko Takizawa
	Shigeo Kashiwagi
	Kazuyoshi Tanaka
	Mitsuhiro Yasuda

Notes: 1. Ikuo Suzuki, Nobuhiro Morisue, Ichiro Mizuno and Masato Setta are outside directors stipulated in paragraph 15, Article 2, of the Companies Act.

2. Shigeo Kashiwagi, Kazuyoshi Tanaka and Mitsuhiro Yasuda are outside audit & supervisory board members stipulated in paragraph 16, Article 2 of the Companies Act.

Subsidiaries and Affiliates (as of March 31, 2015)

Domestic Subsidiaries	Tokai Tokyo Securities Co., Ltd.
	Utsunomiya Securities Co., Ltd.
	Tokai Tokyo Asset Management Co., Ltd.
	Tokai Tokyo-Sumishin Wealth Partners & Consulting Co., Ltd.
	Tokai Tokyo Investment Co., Ltd.
	Tokai Tokyo Research Center Co., Ltd.
	Tokai Tokyo Academy Co., Ltd.
	Tokai Tokyo Services Co., Ltd.
	Tokai Tokyo Business Service Co., Ltd.
Overseas Subsidiaries	Tokai Tokyo Securities (Asia) LTD. Room 2708-10, 27/F., Dah Sing Financial Centre, 108 Gloucester Road, Wanchai, Hong Kong Tel: +852-2810-0822 Fax: +852-2810-0394
	Tokai Tokyo Securities Europe Limited City Tower, 40 Basinghall Street, London EC2V 5DE, United Kingdom Tel: +44-207-070-4600 Fax: +44-207-070-4649
	Tokai Tokyo Securities (USA), Inc. 330 Madison Avenue 9th Floor, New York, NY 10017, USA Tel: +1-646-495-5490 Fax: +1-646-495-5491
	Tokai Tokyo Investment Management Singapore Pte. Ltd. 8 Shenton Way #40-02 AXA Tower Singapore 068811 Tel: +65-6436-4250 Fax: +65-6327-9268
Domestic Affiliates	YM Securities Co., Ltd.
	Hamagin Tokai Tokyo Securities Co., Ltd.
	Nishi-Nippon City Tokai Tokyo Securities Co., Ltd.
	Senshu Ikeda Tokai Tokyo Securities Co., Ltd.
Overseas Affiliates	Phillip Tokai Tokyo Investment Management Pet.ltd.

Major Shareholders (as of March 31, 2015)

Shareholder Name	Percentage of Shares Outstanding (%)
Mitsui Sumitomo Insurance Co., Ltd.	6.48
Toyota Financial Services Corporation	5.36
Japan Trustee Services Bank, Ltd. (Trust Account)	4.60
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	4.51
The Master Trust Bank of Japan, Ltd. (Trust Account)	3.89
The Bank of Yokohama, Ltd.	2.63
Nippon Life Insurance Company	2.10
Sumitomo Mitsui Trust Bank, Limited	1.80
Meiji Yasuda Life Insurance Company	1.65
RBC ISB A/C DUB NON RESIDENT – TREATY RATE	1.58

Notes: In addition to the companies listed above, Tokai Tokyo Financial Holdings holds 13,929,529 shares of treasury stock, equivalent to 5.23% of the total number of shares outstanding.

TOKAI TOKYO FINANCIAL HOLDINGS, INC.

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