

Press Release



TOKAI TOKYO FINANCIAL HOLDINGS, INC.

6-2, NIHONBASHI 3-CHOME, CHUO-KU, TOKYO 103-0027 JAPAN

March 22, 2016

Re: The Review underway on the Plan to Establish a Securities Company under Joint Investment with Hokuhoku Financial Group, Inc.

We, Tokai Tokyo Financial Group, Inc. (hereinafter “the Company”), are pleased to announce that we agreed basically with Hokuhoku Financial Group, Inc. (headed by Mr. Eishin Ihori, President, and referred to as “Hokuhoku FG” hereinafter) to establish a securities company in the form of joint investment.

1. The objective:

We set forth “Alliance & Platform for Expanding Business Foundation” as one of the five basic strategies that supports our management plan, “Ambitious 5” and we are actually engaged in the efforts of business foundation expansion by establishing JV companies with newly identified alliance partners on the basis of our experience and expertise we have gained over the years from the “Platform” operation. The “Platform” provides all-inclusive turnkey operating infrastructure to run securities brokerage business for regional banks and small-to-midsized securities companies.

Hokuhoku FG, on the other hand, keeps striving after the goal of raising its corporate value while undertaking the mission to activate regional economy where they operate. The Hokuhoku FG was created by the integration of the two banks, Hokuriku Bank and Hokkaido Bank in September 2004. They run business in Hokuriku (a geographic area facing central to northern part of Japan Sea, comprised of 4 prefectures, including Toyama, Ishikawa, Fukui and Niigata) and Hokkaido areas as their primary territory embracing the motto, “To be the financial group with wide regional coverage that people and communities can count on”.

The Company and the Hokuhoku FG, while both driving forward each respective strategic endeavor as above stated, agreed in principle to establish the securities company under joint investment by mutually sharing the strength and the resource each party possesses. In more concrete terms, the new securities company aims to become a leading bank-affiliated securities house in Hokuriku and Hokkaido regions by fully leveraging on both the closely-knit operational network that the Hokuhoku FG has built and the experience and the operational function that the Company has developed over the years.

2. Profile of the JV Securities House *1:

(1)	Headquarters location	Toyama-City, Toyama-Ken
(2)	Line of business	Financial Instrument Business
(3)	Planned first date of operation	Sometime in the second half of the fiscal 2016 *2
(4)	Share of investment between the two shareholders	40% by the Company and 60% by the Hokuhoku FG as tentatively planned share of holding. So, final share will be determined after the further discussion between the two shareholders.

Note:

**1 The name of the company to be established, the amount of capital, the name of the Representative and other related matters will be informed as soon as they are decided.*

**2 The timing of establishing the new company and starting its operation mentioned in the foregoing statement was predicted respectively based on the estimate of the time necessary for obtaining relevant approval(s) and completing the required registration(s).*

3. The key steps to be taken from now on in conjunction with the subject matter and its predicted impact on the Company:

Although the exact timing of actual capital contribution remains undecided, the share of investment in the JV Securities House between the two shareholders will be 40% by the Company and 60% by the Hokuhoku Group. This shareholding arrangement implies that the new Company, the JV Security House will become an equity method affiliate for the Company and a subsidiary subject to consolidation for the Hokuhoku Group. We, however, estimate that our capital contribution to this new entity will affect the financial results of the Company for the fiscal year ending in March 2016 only to negligible extent.

(end)

Reference Information: Description of Hokuhoku Financial Group, Inc.

(1)	Name of the Entity	Hokuhoku Financial Group, Inc.																					
(2)	Corporate Address	2-26, Tsutsumi-Cho 1-Chome, Toyama-City, Toyama-Ken, 930-8637 Japan																					
(3)	Title and name of the Representative Director	President, Eishin Ihori																					
(4)	Business	Management supervision of the operation of its subsidiaries and all other related activities																					
(5)	Paid-in Capital	70 Billion and 895 Million Yen																					
(6)	Date of Establishment	September 26, 2003																					
(7)	Principal Shareholders and Respective Shareholding % (As of September 30, 2015)	<table border="0"> <tr> <td>1. Japan Trustee Services Bank, Ltd. (Trustee account)</td> <td>4.73%</td> </tr> <tr> <td>2. Meiji Yasuda Life Insurance Company</td> <td>2.32%</td> </tr> <tr> <td>3. The Master Trust Bank of Japan, Ltd. (Trustee account)</td> <td>2.22%</td> </tr> <tr> <td>4. Sumitomo Life Insurance Company</td> <td>1.61%</td> </tr> <tr> <td>5. Japan Trustee Services Bank, Ltd. (Trustee account 4)</td> <td>1.60%</td> </tr> <tr> <td>6. Hokuriku Electric Power Company</td> <td>1.51%</td> </tr> <tr> <td>7. Mizuho Bank, Ltd.</td> <td>1.24%</td> </tr> <tr> <td>8. Tokio Marine & Nichido Fire Insurance Co., Ltd.</td> <td>1.23%</td> </tr> <tr> <td>9. STATE STREET BANK WEST CLIENT – TREATY 505234</td> <td>1.18%</td> </tr> <tr> <td>10. Japan Trustee Services Bank, Ltd. (Trustee account 9)</td> <td>0.99%</td> </tr> </table>		1. Japan Trustee Services Bank, Ltd. (Trustee account)	4.73%	2. Meiji Yasuda Life Insurance Company	2.32%	3. The Master Trust Bank of Japan, Ltd. (Trustee account)	2.22%	4. Sumitomo Life Insurance Company	1.61%	5. Japan Trustee Services Bank, Ltd. (Trustee account 4)	1.60%	6. Hokuriku Electric Power Company	1.51%	7. Mizuho Bank, Ltd.	1.24%	8. Tokio Marine & Nichido Fire Insurance Co., Ltd.	1.23%	9. STATE STREET BANK WEST CLIENT – TREATY 505234	1.18%	10. Japan Trustee Services Bank, Ltd. (Trustee account 9)	0.99%
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(8)	Relationship between TTFH and the subject entity	Capital Relationship	There is no capital relation with the Company that should be mentioned. Further, there is no particular capital relation to be mentioned between the parties concerned on the side of the Company and its affiliated companies and the same of the Hokuhoku FG and its affiliated companies.																				
		Human Relationship	There is no personal relation with the Company that should be mentioned. Further, there is no particular personal relation to be mentioned between the parties concerned on the side of the Company and its affiliated companies and the same of the Hokuhoku FG and its affiliated companies.																				
		Business Relationship	There is no trading relation with the Company that should be mentioned. Further, there is no particular trading relation to be mentioned between the parties concerned on the side of the Company and its affiliated companies and the same of the Hokuhoku FG and its affiliated companies.																				
		Relevance to related party	The Hokuhoku FG does fall under the category of the Company's Related Party. Further, any one of their parties concerned does not fall under the category of the Company's Related Party.																				

(9) Business results and financial position, both on consolidated basis, for the most recent 3 years (in Million Yen Unless otherwise noted)			
Fiscal Year	FY Ended March 2013	FY Ended March 2014	FY Ended March 2015
Consolidated Net Assets	481,550	505,125	572,987
Consolidated Total Assets	10,979,231	11,114,807	11,683,001
Consolidated Net Assets Per Share (in Yen)	317.93	335.36	385.83
Consolidated Ordinary Income	199,136	190,966	193,936
Consolidated Ordinary Profits	29,332	49,448	48,140
Consolidated Net Income Attributable to Owners of the Parent	18,105	27,332	28,235
Consolidated Net Income Per Share (in Yen)	12.19	19.20	19.87
Dividend Per Share (in Yen) Common Stock	3.75	4.00	4.25