

Press Release



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

(Securities Code 8616)

January 27, 2017

Re: The business alliance with The Tochigi Bank, Ltd. initiated by partial stock transfer of Utsunomiya Securities Co., Ltd., our consolidated subsidiary, to The Tochigi Bank, Ltd. and the ensuing beginning of joint venture business operation

As per the basic agreement with The Tochigi Bank, Ltd. (hereinafter “Tochigi Bank”), headed by its president, Mr. Junnosuke Kuromoto, that was publicized on the 23rd of August in 2016, we, Tokai Tokyo Financial Holdings, Inc.(hereinafter “the Company”), have been discussing with Tochigi Bank specifically about the arrangement for the partial transfer of the stock of Utsunomiya Securities Co., Ltd., (hereinafter “the transaction”) which is our consolidated subsidiary, and for the conversion of the status of Utsunomiya Securities Co., Ltd. (hereinafter “Utsunomiya Securities”) to the jointly owned business entity. Now, we are pleased to announce that we reached an agreement with Tochigi Bank on the said arrangement.

1. The objective of converting Utsunomiya Securities to jointly owned business entity

We set forth “Alliance & Platform for Expanding Business Foundation” as one of the five basic strategies, driving forward our management plan, “Ambitious 5”, that reaches its concluding stage in the fiscal year ending in March 2017.

With respect to the joint venture alliance operation with regional banks, we are making endeavors to expand the business foundation and increase the earnings of our group as a unique comprehensive financial group by providing the allied regional banks and peer securities houses with new operational capabilities and products. Toward this end, we make the use of the resources we have accumulated over the years of running “the Platform Business”.

Tochigi Bank, our partner for this joint project, aims to further upgrade the assortment of services and products they can offer. Thus, they will become able to meet the need of their customers for asset management and wealth formation, which would otherwise be difficult to address by themselves alone. That is the rationale for Tochigi bank to accept Utsunomiya Securities as their subsidiary. Utsunomiya Securities, from now onward, will fully take advantage of fertile business network that Tochigi Bank has fostered in their market as well as the operational know-how and competence that the Tokai Tokyo Financial Group has developed. As such, Utsunomiya Securities now intend to expand its customer base and become such a securities company that its community where it operates and its customers find closer and more reliable than ever.

2. The profile of Utsunomiya Securities Co. Ltd. (As of the projected date of business operation)

(1)	Name of the Entity	Utsunomiya Securities Co., Ltd.
(2)	Corporate Address	4 – 4 Ikegami-cho, Utsunomiya, Tochigi Prefecture
(3)	Title and name of the Representative Director	President and Representative Director, Mr. Masatoshi Kikuchi, (current President and Representative Director of Tochigi-Jitsugyo. Co., Ltd)
(4)	Business	Financial instruments business
(5)	Capital Stock	301 Million Yen (As of March 31, 2016)
(6)	Date of Establishment	February 28, 1945
(7)	Principal Shareholders and Respective Shareholding %	Tochigi Bank 60%, the Company 40%

3. Projected starting date of the joint venture operation:

April 3, 2017 (Planned)

The transaction is subject to the acquisition of all the required approvals of the relevant authorities that Tochigi Bank is expected to obtain.

4. Projected development

Subsequent to the transaction, Utsunomiya Securities will become a consolidated subsidiary of Tochigi Bank and at the same time it will become an equity method affiliate of the Company.

The Company estimates that transaction may affect its performance for the fiscal year ending in March 2018 only to the negligible extent.

(end)