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(Securities Code 8616)

June 14, 2022

## To Our Shareholders

Tateaki Ishida  
Chairman and Representative Director  
Tokai Tokyo Financial Holdings, Inc.  
5-1 Nihonbashi 2-chome,  
Chuo-ku, Tokyo, Japan

# NOTICE OF CONVOCATION OF THE 110TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders

We hereby inform you that we will hold the 110th Ordinary General Meeting of Shareholders of Tokai Tokyo Financial Holdings, Inc. (the "Company"), under the schedule described below.

Attendance at the venue will be capped to ensure the safety of attending shareholders and to prevent the spread of Covid-19.

If you are not attending the meeting in person, you may exercise your voting rights by postal ballot or over the Internet. Before you vote, please review the attached Reference Documents for the Ordinary General Meeting of Shareholders and the Guide to Exercising Voting Rights (*Giketsuken kōshi hōhō ni tsuite no go-annai*; omitted from this English translation, on pages 5 to 7 of the Japanese edition). Please vote by 5:10 p.m. (the time when our business day ends) on Monday, June 27, 2022, Japan time.

## Schedule

**1. Time and Date:** 10:00 a.m. Tuesday, June 28, 2022, Japan time

**2. Place:** 5th floor, Midland Hall, Midland Square Office Tower,  
4-7-1 Meieki, Nakamura-ku, Nagoya, Aichi

**3. Meeting Agenda:**

- Matters to be reported:**
1. The Business Report, Consolidated Financial Statements for the Company's 110th Fiscal Year (April 1, 2021 - March 31, 2022) and results of audits by the Accounting Auditor and the Audit & Supervisory Committee of the Consolidated Financial Statements
  2. Non-consolidated Financial Statements for the Company's 110th Fiscal Year (April 1, 2021 - March 31, 2022)

## Proposals to be resolved:

### Company proposals

- Proposal No. 1:** Distribution of Retained Earnings
- Proposal No. 2:** Amendments to Articles of Incorporation
- Proposal No. 3:** Election of Five (5) Directors (Excluding Directors Serving on the Audit & Supervisory Committee)
- Proposal No. 4:** Election of Four (4) Directors Serving on the Audit & Supervisory Committee
- Proposal No. 5:** Election of Accounting Auditor
- Proposal No. 6:** Payment of Bonuses to Directors and Other Officers
- Proposal No. 7:** The Issuance of Stock Acquisition Rights as Stock Options Granted to Directors and Employees of the Company and Its Subsidiaries

### Shareholder Proposals

- Proposal No. 8:** Amendment to Articles of Incorporation to Change Company Name
- Proposal No. 9:** Dismissal of Two (2) Directors (Excluding Directors Serving on the Audit & Supervisory Committee)
- Proposal No. 10:** Dismissal of Two (2) Outside Directors (Audit & Supervisory Committee Members)

- Webcast of meeting  
This year's meeting will be livestreamed.

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- Among the Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements subject to auditing when the Audit & Supervisory Committee and Accounting Auditor prepared the audit report, the following items are posted on the Company's website via the Internet in accordance with the relevant laws and regulations and Article 20 of the Company's Articles of Incorporation. Therefore, we do not include them in this Notice of Convocation.
    - (1) Business Report: Notes on Subscription Rights to Shares
    - (2) Business Report: Mechanisms for Ensuring Sound Business Practices
    - (3) Business Report: Basic Policy of Corporation Control
    - (4) Consolidated Financial Statements: Consolidated Statements of Changes in Net Assets and Notes on Consolidated Financial Statements
    - (5) Non-consolidated Financial Statements: Statement of Changes in Shareholder Equity and Notes to Non-Consolidated Financial Statements
  - In case any circumstances require us to revise the Reference Documents for the Ordinary General Meeting of Shareholders, the Business Report, Non-consolidated Financial Statements, and Consolidated Financial Statements, we will revise and post them on the Company's Web site. Company's website: <https://www.tokaitokyo-fh.jp/en/>

# Reference Documents for the Ordinary General Meeting of Shareholders

## Proposals and References

### Company Proposals (Nos. 1–7)

#### Proposal No. 1: Distribution of Retained Earnings

The Company's basic policy is to provide reasonable and stable dividends while enhancing retained earnings with the aim of increasing corporate value by medium- to long-term growth.

Based on the above policy, we, the Company, plan to distribute profits for the fiscal year under review as set out below.

With the interim dividend of ¥10.00 per share already paid, the total dividend for the fiscal year under review will be ¥24.00 per share.

The matter regarding Year-End Dividend

- (1) Type of dividend property  
Cash
- (2) Allotment of dividend property and the total allotment amount  
Ordinary dividend per share of common stock: ¥14.00  
Total amount: ¥3,480,157,240
- (3) Effective date of distribution of retained earnings  
June 29, 2022

# Proposal No. 2: Amendments to Articles of Incorporation

## 1. Reason for Amendments

The proposed amendments to the Articles of Incorporation are intended to provide for the introduction of a system of electronic communication with shareholders. The Company intends to introduce this system in anticipation of an amendment to a proviso in supplementary provision 1 of the Act to Amend the Companies Act (*Kaisha hō no ichibu o kaiseisuru hōritsu*; 2019 No. 70), which will pass into law on September 1, 2022. Four (4) amendments are proposed:

- (1) The amended Articles of Incorporation will include a provision (in Article 20, Paragraph 1) that the Company must provide a mechanism for furnishing shareholders with information in the accompanying documentation.
- (2) The amended Articles of Incorporation will include a provision (in Article 20, Paragraph 2) limiting the content the Company is obliged to include in any print copy of documentation requested by a shareholder.
- (3) The amended Articles of Incorporation will omit the current Article 20 (conditions under which the Company is deemed to have provided documents for an annual general meeting of shareholders online), as it will no longer be relevant once the legal amendment takes effect.
- (4) The amended Articles of Incorporation will include a supplementary article providing that the amendments will take effect when the legal amendment takes effect.

## 2. Proposed Amendments

The proposed amendments are as follows. If approved, they will take effect on the close of this meeting.

(Underlined text indicates change.)

Existing version	Proposed amended version
Articles 1–19 (Omitted here)	Articles 1–19 (No change)
<p><u>Article 20 Conditions under which the Company is deemed to have provided documents for an annual general meeting of shareholders online</u>  <u>The Company will be deemed to have furnished its shareholders with accompanying documentation for an annual general meeting it has convoked when the Company has disclosed online, in accordance with the relevant ordinance of the Ministry of Justice, information warranting mention or disclosure in the accompanying reference documents, business report, and non-consolidated and consolidated financial statements.</u></p> <p>(New content)</p>	<p>(Deleted)</p> <p><u>Article 20 Mechanism for electronic communication with shareholders</u>  <u>When the Company convokes a general meeting of shareholders, it will provide a mechanism for furnishing shareholders with information in the accompanying documentation.</u></p>

Existing version	Proposed amended version
<p>Articles 21–42 (Omitted here)</p> <p>Article 1 (Omitted here) (New content)</p>	<p><u>2</u> If, prior to the date for determining shareholders entitled to vote at the meeting, a shareholder demands a print copy of information furnished under the above mechanism, the Company reserves the right to omit from the print copy it issues to that shareholder any information that is specified by an ordinance of the Ministry of Justice.</p> <p>Articles 21–42 (No change)</p> <p>Supplementary Articles</p> <p>Article 1 (No change)</p> <p><u>Article 2 (Transitional measures in the introduction of a system of electronic communication with shareholders)</u>  <u>When the Company convokes a general meeting of shareholders, it will provide a mechanism for furnishing shareholders with information in the accompanying documentation.</u>  <u>The removal of Article 20 from the pre-amended Articles of Incorporation (conditions under which the Company is deemed to have provided documents for an annual general meeting of shareholders online) and its replacement with Article 20 in the amended Articles of Incorporation (mechanism for electronic communication with shareholders) will take effect on the day the amendment to a proviso in supplementary provision 1 of the Act to Amend the Companies Act (<i>Kaisha hō no ichibu o kaiseisuru hōritsu</i>; 2019 No. 70) passes into law (Effective Date).</u></p> <p><u>2</u> Notwithstanding the above provision, the pre-amended Article 20 will prevail for any shareholders meetings that convenes no later than six (6) months from the Effective Date.</p> <p><u>3</u> These supplementary provisions will be removed when six months have elapsed from the Effective date or when three months have elapsed from a shareholders meeting convened no later than six months from the Effective Date, whichever is later.</p>

### Proposal No. 3: Election of Five (5) Directors (Excluding Directors Serving on the Audit & Supervisory Committee)

All five (5) Directors (excluding Directors serving on the Audit & Supervisory Committee; this also applies to the rest of the text of this Proposal) will retire as their terms of office expire at the conclusion of this General Meeting of Shareholders. Therefore, we ask you to elect five (5) Directors.

The Board of Directors resolved to submit the proposal upon the recommendation of the Nomination and Compensation Committee. The Audit & Supervisory Committee has determined that each candidate is eligible as a Director for the Board membership.

The candidates for directorship are as listed below.

Candidate No.	Name	Current position at the Company	Attendance at Board of Directors meetings during the fiscal year under review
1	<u>Reelection</u> Tateaki Ishida	Chairman and Representative Director	15/15
2	<u>Reelection</u> Ichiro Goda	Representative Director and President	11/11
3	<u>Reelection</u> Hideaki Yamane	Director and Deputy President	11/11
4	<u>Reelection</u> Tsunehiro Nakayama	<u>Outside Director</u> <u>Independent Director</u>	15/15*
5	<u>Reelection</u> Hiroshi Fujiwara	<u>Outside Director</u> <u>Independent Director</u>	14/15

\* The attendance record for Tsunehiro Nakayama includes his attendance as a director serving on the Audit & Supervisory Committee. Nakayama was elected as a director not serving on the Audit & Supervisory Committee at the 109th General Meeting of Shareholders, held on June 25, 2021, and he resigned his membership of the Audit & Supervisory Committee on the same day.

## Candidate No.1 Tateaki Ishida (Born on January 2, 1946)



### Reelection

- Type and number of the Company's shares held  
500,300 common shares
- Attendance at Board of Directors meetings during the fiscal year under review  
15/15
- Attendance at Nomination and Compensation Committee meetings during the current Fiscal Year  
6/6

### ■ Profile (position and responsibilities at the Company)

April 1968	Joined The Tokai Bank, Ltd. (now MUFG Bank, Ltd.)
April 1992	President & CEO, Tokai Bank Europe plc
June 1994	Director, The Tokai Bank, Ltd.
June 1996	Managing Director, The Tokai Bank, Ltd.
June 1998	President, Tokai Asset Management Co., Ltd.
April 2001	Chairman, Tokai Bank Europe plc
April 2002	Chairman, UFJ International plc
April 2003	CEO, UFJ International plc
May 2004	Advisor of the Company
June 2004	Representative Director and Deputy President of the Company
March 2005	Representative Director and President of the Company
June 2006	Representative Director, President & CEO of the Company
April 2009	Representative Director, Chairman & CEO of Tokai Tokyo Securities Co., Ltd.
April 2019	Director of Tokai Tokyo Securities Co., Ltd. (current position)
June 2021	Representative Director and Chairman of the Company (current position)

### ■ The candidate also takes the following important posts

Director of Tokai Tokyo Securities Co., Ltd.  
Member of the Board, Nagoya Stock Exchange  
Chairman, Tokai Tokyo Foundation

### ■ The reason for nomination as a candidate for Director

Since Tateaki Ishida became President (Representative Director) of the Company in March 2005, he has fulfilled his duties as a Director appropriately by taking strong leadership to enhance the corporate value of the Company. We have determined that making the most of his rich experience, proven performance, and knowledge as a business manager will help the Company promote its management strategy and continuously enhance its corporate value. Therefore, we have determined that he is suitable as a Director of the Company and continued to choose him as a candidate for directorship.

## Candidate No. 2 Ichiro Goda (Born on August 24, 1968)



### Reelection

■ **Type and number of the Company's shares held**  
55,900 common shares

■ **Attendance at Board of Directors meetings during the fiscal year under review**  
11/11

### ■ Profile (position and responsibilities at the Company)

April 1992      Joined The Sanwa Bank, Ltd.  
August 2007    Joined The Sumitomo Trust and Banking Co., Ltd.  
January 2012    Joined Tokai Tokyo Securities Co., Ltd.  
April 2014      General Manager, Markets Planning Department of Tokai Tokyo Securities Co., Ltd.  
April 2015      General Manager, Strategic Planning Department of the Company  
April 2016      Executive Officer, General Manager of Strategic Planning Department of the Company  
October 2017    Executive Officer, Deputy Head of Strategic Planning Group of the Company  
April 2018      Managing Executive Officer, Head of Planning & Administration Unit (Internal Control Supervisory Manager), Tokai Tokyo Securities, Co., Ltd.  
May 2018      Managing Executive Officer, responsible for Special Missions of the Company  
January 2019    Managing Executive Officer, Head of Planning & Administration Unit, and General Manager of Planning Department, Tokai Tokyo Securities, Co., Ltd.  
April 2019      Representative Director and President and Head of Sales Supervisory Unit, Tokai Tokyo Securities, Co., Ltd.  
May 2020      Representative Director and President, Tokai Tokyo Securities, Co., Ltd.  
June 2021      Director of Tokai Tokyo Securities Co., Ltd. (current position)  
June 2021      Representative Director and President of the Company (current position)

### ■ The candidate also takes the following important post

Director of Tokai Tokyo Securities Co., Ltd.

### ■ The reason for nomination as a candidate for Director

Ichiro Goda has demonstrated executive business acumen, having served as Representative Director and President of Tokai Tokyo Securities (a subsidiary of the Company) from April 2019 to June 2021, and as Representative Director and President of the Company since then. This expertise should prove useful in helping the Company and its corporate group build enterprise value. He also boasts broad experience in business strategy and planning for the Company and its corporate group. Moreover, he has played a leading role in shaping the Company's growth strategy and has discharged the duties associated with his office. We therefore believe that he is an appropriate candidate and have nominated him for re-election as Director.



## Candidate No. 3 Hideaki Yamane (Born on August 7, 1962)



### Reelection

■ **Type and number of the Company's shares held**  
97,900 common shares

■ **Attendance at Board of Directors meetings during the fiscal year under review**  
11/11

### ■ Profile (position and responsibilities at the Company)

April 1985	Joined The Tokai Bank, Ltd. (now MUFG Bank, Ltd.)
February 2001	Head of Financial Development Office, Corporate Development Department, The Tokai Bank, Ltd.
July 2004	Chief Manager, Business Development Department, UFJ Bank Limited
May 2005	General Manager, Corporate Finance Unit of the Company
September 2005	General Manager of Investment Banking Planning Department and General Manager of Investment Banking Sales Promotion, the Company
April 2010	General Manager of General Planning Department of the Company
May 2011	Managing Director & CEO, Tokai Tokyo Investment Management Singapore Pte. Ltd.
April 2013	Executive Officer, Deputy Head of Business Strategy Group, the Company
April 2015	Managing Executive Officer, Deputy Head of Market Sales Promotion Unit, and Head of Products Division, Tokai Tokyo Securities, Co., Ltd.
April 2016	Managing Executive Officer, Deputy Head of Market Sales Promotion Unit, Tokai Tokyo Securities, Co., Ltd.
April 2017	Senior Managing Executive Officer, Head of Global Markets Business Unit, Tokai Tokyo Securities, Co., Ltd.
June 2018	Deputy President (Executive Officer), ACE Securities Co., Ltd.
April 2019	Representative Director and Chairman of Tokai Tokyo Securities Co., Ltd.
June 2021	Director and Deputy President, Head of Strategic Planning Group, Business Planning Group and Digital Strategy Group of the Company
April 2022	Director and Deputy President, Head of Strategy Promotion Group and Digital Strategy Group of the Company (current position)

### ■ The candidate also takes the following important post

Not Applicable

### ■ The reason for nomination as a candidate for Director

Hideaki Yamane boasts broad experience in the operations of the Company and its corporate group, particularly those related to investment banking, overseas subsidiaries, and global markets, having served as Representative Director and Chairman of Tokai Tokyo Securities (a subsidiary of the Company) from April 2019 to June 2021 and as Deputy President of the Company since then. We have nominated Yamane for re-election as a Director in the belief that his experience equips him to continue discharging his duties, such as actively contributing to business strategies execution that will lead to growth for the group.

## Candidate No. 4 Tsunehiro Nakayama (Born on January 20, 1948)



### Reelection

### Outside Director

### Independent Director

- **Type and number of the Company's shares held**  
None
- **Length of service as an Outside Director (at the conclusion of the General Meeting of Shareholders)**  
Four (4) years
- **Attendance at Board of Directors meetings during the fiscal year under review**  
15/15
- **Attendance at Audit & Supervisory Committee meetings during the fiscal year**  
4/4
- **Attendance at Nomination and Compensation Committee meetings during the current fiscal year**  
6/6

### ■ Profile (position and responsibilities at the Company)

- April 1971      Joined the Industrial Bank of Japan, Limited
- June 1999      Executive Officer and General Manager of Corporate Banking Dept. No. 1 of the Industrial Bank of Japan, Limited
- September 2000      Managing Executive Officer of Mizuho Holdings Inc.
- April 2002      Managing Executive Officer of Mizuho Corporate Bank, Ltd.
- April 2004      Deputy President (Representative Director) and Chief Compliance Officer of Mizuho Corporate Bank, Ltd.
- April 2007      Adviser of Merrill Lynch Japan Securities Co., Ltd.
- May 2007      Representative Director and Chairman of Merrill Lynch Japan Securities Co., Ltd.
- November 2008      Representative Director, Chairman and President of Merrill Lynch Japan Securities Co., Ltd.
- March 2009      Representative Director, Chairman and President of Merrill Lynch Japan Securities Co., Ltd.  
Japan Country Executive of Bank of America Group (Additional function)
- July 2010      Representative Director and Chairman of Merrill Lynch Japan Securities Co., Ltd.
- June 2017      Director of Merrill Lynch Japan Securities Co., Ltd.
- July 2017      Special Adviser of Merrill Lynch Japan Securities Co., Ltd.
- June 2018      Director of the Company
- June 2019      Director, Mitsui Fudosan Co., Ltd. (current position)
- June 2020      Director (Audit & Supervisory Committee member) of the Company
- June 2021      Director of the Company (current position)

### ■ The candidate also takes the following important post

Director, Mitsui Fudosan Co., Ltd.

### ■ The reason for nomination as a candidate for Outside Director, roles expected to perform

Tsunehiro Nakayama has many years of experience in financial management, and his achievements and insight are highly acclaimed. We are confident that Nakayama, if re-elected, will duly perform the role of overseeing strategic decision-making and the execution of business, drawing on his long years of experience in the management of a major bank and securities company and on his extensive financial expertise.

### ■ Independence

Tsunehiro Nakayama is a candidate for the post of Outside Director. Since he satisfies the "Independence Assessment Standard" for Outside Directors established by the Company, we have determined that there is no concern about his independence. We have notified the Tokyo Stock Exchange and the Nagoya Stock Exchange that he is an independent officer who is unlikely to have conflicts of interest with ordinary shareholders as stipulated by the two (2) exchanges.

## Candidate No. 5 Hiroshi Fujiwara (Born on September 26, 1954)



### Reelection

### Outside Director

### Independent Director

- **Type and number of the Company's shares held**  
None
- **Length of service as an Outside Director (at the conclusion of the General Meeting of Shareholders)**  
Three (3) years
- **Attendance at Board of Directors meetings during the fiscal year under review**  
14/15
- **Attendance at Nomination and Compensation Committee meetings during the current fiscal year**  
4/4

### ■ Profile (position and responsibilities at the Company)

April 1977	Joined IBM Japan, Ltd.
December 1977	Joined Hitachi Engineering Co., Ltd.
February 1985	Joined ASCII Corporation
February 1987	Transferred to Graphics Communication Technologies Inc. Appointed as executive director and General Manager of Research and Development Division
September 1988	Appointed as a visiting research scientist of Bell Communications Research (Bellcore) of the U.S.
March 1993	Transferred to Graphics Communication Laboratories Inc. Appointed as an executive director and General Manager of Research and Development Division
June 1993	Appointed as a director of ASCII Corporation
April 1996	Guest Professor at Keio University (Science and technologies)
December 1996	Established Internet Research Institute, Inc. as Director and CEO (current position)
April 2012	Chairman of the Board, President, Chief Executive Officer, Representative Director of Broadband Tower, Inc. (current position)
December 2017	Director of Change, Inc. (current position)
June 2018	Director of SKY Perfect JSAT Holdings Inc. (current position)
June 2019	Director of the Company (current position)

### ■ The candidate also takes the following important posts

Chairman of the Board, President, Chief Executive Officer, Representative Director of Broadband Tower, Inc.  
Director of Change, Inc.  
Director of SKY Perfect JSAT Holdings Inc.  
Director and CEO of Internet Research Institute, Inc.

### ■ The reason for nomination as a candidate for Outside Director, roles expected to perform

Hiroshi Fujiwara has many years of experience in leading systems related businesses, and his achievements and insight are highly acclaimed. We are confident that Fujiwara, if re-elected, will continue to perform the role of overseeing strategic decision-making and the execution of business, drawing on his extensive expertise in system development.

### ■ Independence

Hiroshi Fujiwara is a candidate for the post of Outside Director. Since he satisfies the "Independence Assessment Standard" for Outside Directors established by the Company, we have determined that there is no concern about his independence. We have notified the Tokyo Stock Exchange and the Nagoya Stock Exchange that he is an independent officer who is unlikely to have conflicts of interest with ordinary shareholders as stipulated by the two exchanges.

- Notes:
1. Each candidate for directorship has no special interests in the Company.
  2. In the above lists, for dates up to March 2009, “the Company” indicates Tokai Tokyo Securities Co., Ltd., the Company’s trade name at the time. For April 2009 and later dates, “the Company” indicates Tokai Tokyo Financial Holdings, Inc., the current trade name.
  3. In its Articles of Incorporation, the Company stipulates that it may enter into an agreement with its Directors (excluding those who are an Executive Director and the like) to limit their liability for compensation to the Company for damage to a certain extent. Based on this clause, in accordance with the provisions of Article 427 Paragraph 1 of the Companies Act, the Company has concluded an agreement with Tsunehiro Nakayama and Hiroshi Fujiwara to limit their liability for compensation for damage as stipulated in Article 423 Paragraph 1 of the Act (“limited liability agreement”). The Company intends to continue this limited liability agreement if their nomination is approved. The outline of the agreement is as follows.
    - If the Director (excluding those who are an Executive Director and the like) is liable for compensating the Company for the damage caused by negligence of his/her duties, he/she shall compensate up to the sum of amounts as stipulated in Article 425 Paragraph 1 Items 1(c) and 2.
    - Limited liability as referred to the above shall be accepted only if the Director (excluding those who are an Executive Director and the like) performs his/her duties with a good manager’s care and does not make a grave mistake when he/she is found liable for compensation.
  4. The Company and most of its subsidiaries use directors and officers liability insurance (D&O), as specified in Article 430 Paragraph 3 Item 1 of the Companies Act, in order to 1) ensure that each officer can fully discharge the responsibilities of his or her office and to 2) attract talent. The D&O provides coverage for directors (including those serving on the relevant company’s audit and supervisory committee or equivalent body), members of the audit and supervisory committee or equivalent body, and executive officers. The above candidates will be insured under the D&O if they are elected as proposed.

The D&O provides indemnification for losses in cases where an insured officer is held liable, or becomes subject to legal action, for alleged wrongful acts in their official capacity. However, the D&O excludes, among other things, losses arising from intentional illegal acts. In effect, benefits are not paid to the insured party.

All premiums on the policy (including for any special provisions) are paid by the company concerned, with the exception of some directors of subsidiaries.

If the above candidates are elected as proposed, their D&O coverage will be renewed during their incumbency, on July 1, 2022.

## Proposal No. 4: Election of Four (4) Directors Serving on the Audit & Supervisory Committee

All four (4) directors serving on the Audit & Supervisory Committee will retire as their terms of office expire at the conclusion of this General Meeting of Shareholders. Therefore, we ask you to elect four (4) directors serving on the Audit & Supervisory Committee.

The Board of Directors resolved to submit the proposal upon the recommendation of the Nomination and Compensation Committee and with the consent of the Audit & Supervisory Committee.

The candidates for directorship are as listed below.

Candidate No.	Name	Current position at the Company	Attendance at Board of Directors meetings and Audit & Supervisory Committee meetings during the fiscal year
1	<u>Reelection</u> Tetsuji Oono	Director (full-time Audit & Supervisory Committee member)	Board of Directors: 15/15 Audit & Supervisory Committee: 14/14
2	<u>Reelection</u> Keisuke Inoue <u>Outside Director</u> <u>Independent Director</u>	Director (Audit & Supervisory Committee member)	Board of Directors: 15/15 Audit & Supervisory Committee: 14/14
3	<u>Reelection</u> Joichi Yamazaki <u>Outside Director</u> <u>Independent Director</u>	Director (Audit & Supervisory Committee member)	Board of Directors: 15/15 Audit & Supervisory Committee: 14/14
4	<u>Reelection</u> Ayako Ikeda <u>Outside Director</u> <u>Independent Director</u>	Director (Audit & Supervisory Committee member)	Board of Directors: 11/11 Audit & Supervisory Committee: 10/10

## Candidate No. 1 Tetsuji Oono (Born on February 11, 1961)



### Reelection

- **Type and number of the Company's shares held**  
24,600 common shares
- **Attendance at Board of Directors meetings during the fiscal year under review**  
15/15
- **Attendance at Audit & Supervisory Committee meetings during the fiscal year**  
14/14

### ■ Profile (position and responsibilities at the Company)

April 1983	Joined Maruman Securities Co., Ltd.
December 1992	Joined Maruman Finance Co., Ltd.
August 1996	Joined Central Capital Co., Ltd.
July 2000	Joined the Company
July 2003	General Manager of Investment Banking Department, Nagoya, the Company
April 2007	General Manager of Corporate Solution Department of the Company
April 2009	General Manager of Corporate Finance Department, Nagoya, Tokai Tokyo Securities, Co., Ltd.
April 2010	General Manager of Headquarters Sales Promotion Department; Section Head of Headquarters Sales Promotion Section, Tokai Tokyo Securities, Co., Ltd.
April 2012	General Manager of General Planning Department of the Company
April 2013	General Manager of Corporate Sales Department (First), Tokyo, Tokai Tokyo Securities, Co., Ltd.
April 2014	General Manager of Corporate Sales Department, Tokyo, Tokai Tokyo Securities, Co., Ltd.
April 2015	General Manager of Financial Planning Department of the Company General Manager of Finance Department, Tokai Tokyo Securities, Co., Ltd.
April 2017	Executive Officer, General Manager of Financial Planning Department of the Company General Manager of Finance Department, Tokai Tokyo Securities, Co., Ltd.
April 2019	Managing Executive Officer, Deputy Head of General Planning Group, General Manager of General Planning Department of the Company
May 2020	Advisor of the Company
June 2020	Director of the Company (full-time Audit & Supervisory Committee member) (current position)

### ■ The candidate also takes the following important post

Trustee of Tokai Tokyo Foundation

### ■ The reason for nomination as a candidate for Director serving on the Audit & Supervisory Committee

Tetsuji Oono has formidable expertise in financial accounting having worked in a broad range of sectors in the Company and its subsidiaries, including in investment banking, general planning, and finance. This expertise should prove useful in ensuring rigorous management oversight. We therefore believe that he is an appropriate candidate and have nominated him for re-election as director serving on the Audit & Supervisory Committee.

## Candidate No. 2 Keisuke Inoue (Born on August 6, 1949)



### Reelection

### Outside Director

### Independent Director

- **Type and number of the Company's shares held**  
None
- **Length of service as an Outside Director (at the conclusion of the General Meeting of Shareholders)**  
Six (6) years
- **Attendance at Board of Directors meetings during the fiscal year under review**  
15/15
- **Attendance at Audit & Supervisory Committee meetings during the fiscal year**  
14/14

### ■ Profile (position and responsibilities at the Company)

April 1973	Joined Sumitomo Life Insurance Company
July 1999	Director of Sumitomo Life Insurance Company
October 2001	Managing Director of Sumitomo Life Insurance Company
April 2002	Managing Director and Managing Executive Officer, Sumitomo Life Insurance Company
June 2002	President and CEO, Sumitomo Life Investment Co., Ltd.
December 2002	President and CEO, Sumitomo Mitsui Asset Management Company, Limited
July 2007	Senior Managing Executive Officer and Representative Director, Sumitomo Life Insurance Company
April 2009	Executive Vice President, Mitsui Life Insurance Co., Ltd.
June 2009	Director and Executive Vice President, Mitsui Life Insurance Co., Ltd.
April 2012	Executive Advisor, Sumitomo Life Insurance Company
July 2013	Head of Azabu Economic Research Institute
April 2016	Part-time Advisor of the Company
June 2016	Director of the Company (Audit & Supervisory Committee member) (current position)
September 2017	Audit & Supervisory Board Member, Cardif Assurances Risques Divers Japan (current position)
April 2021	Director, Etoile Kaito & Co., Inc. (current position)

### ■ The candidate also takes the following important posts

Head of Azabu Economic Research Institute  
Audit & Supervisory Board Member, Cardif Assurances Risques Divers Japan  
Director, Etoile Kaito & Co., Inc.

### ■ The reason for nomination as a candidate for Outside Director serving on the Audit & Supervisory Committee, roles expected to perform

Keisuke Inoue has many years of experience in financial management, and his achievements and insight are highly acclaimed. Since June 2016, he has supervised the management of the Company as a member of the Audit & Supervisory Committee. We are confident that Inoue, if re-elected, will continue to actively and impartially advise on business administration and to supervise the management.

### ■ Independence

Keisuke Inoue is a candidate for the post of Outside Director. Since he satisfies the "Independence Assessment Standard" for Outside Directors established by the Company, we have determined that there is no concern about his independence. We have notified the Tokyo Stock Exchange and the Nagoya Stock Exchange that he is an independent officer who is unlikely to have conflicts of interest with ordinary shareholders as stipulated by the two exchanges.

## Candidate No. 3 Joichi Yamazaki (Born on January 9, 1955)



### Reelection

### Outside Director

### Independent Director

- **Type and number of the Company's shares held**  
None
- **Length of service as an Outside Director (at the conclusion of the General Meeting of Shareholders)**  
Two (2) years
- **Attendance at Board of Directors meetings during the fiscal year under review**  
15/15
- **Attendance at Audit & Supervisory Committee meetings during the fiscal year**  
14/14
- **Attendance at Nomination and Compensation Committee meetings during the current fiscal year**  
6/6

### ■ Profile (position and responsibilities at the Company)

- April 1978      Joined Ministry of Finance (MOF)
- May 1985      Deputy Director of the Government Debt Division, Financial Bureau, MOF
- January 1995    Counselor at the Embassy of Japan in Korea
- July 1997      Director of the Bond Market Office, Securities Market Division, Securities Bureau, MOF
- December 1998   Director of the Financial Crisis Management Division, Executive Bureau, Financial Reconstruction Commission
- July 2000      Director, Budget Bureau (in charge of budgets for the Ministry of Land, Infrastructure, Transport and Tourism, and the Ministry of the Environment), MOF
- December 2005   Deputy Director-General of the Planning and Coordination Bureau (in charge of the Supervision Bureau), Financial Services Agency
- July 2009      Director-General of the Tokai Local Finance Bureau
- July 2010      Director-General of the Kinki Local Finance Bureau
- July 2011      Vice President, the National Printing Bureau
- July 2012      Principal of the National Tax College
- February 2013   Left the MOF
- March 2013     Audit & Supervisory Board Member of the Norinchukin Bank
- December 2018   Advisor of Sampo Japan Insurance Inc.
- May 2019      Full-time Audit & Supervisory Board Member of Sampo Japan DC Securities Inc.
- June 2020      Director of the Company (Audit & Supervisory Committee member) (current position)

### ■ The candidate also takes the following important post

Not Applicable

### ■ The reason for nomination as a candidate for Outside Director serving on the Audit & Supervisory Committee, roles expected to perform

Joichi Yamazaki has served the Financial Services Agency as Deputy Director-General of the Planning and Coordination Bureau and as Director-General of the Tokai Local Finance Bureau, and his achievements and insights are highly acclaimed. We are confident that Yamazaki, if re-elected, will continue to deploy his expertise in management oversight.

### ■ Independence

Joichi Yamazaki is a candidate for the post of Outside Director. Since he satisfies the "Independence Assessment Standard" for Outside Directors established by the Company, we have determined that there is no concern about his independence. We have notified the Tokyo Stock Exchange and the Nagoya Stock Exchange that he is an independent officer who is unlikely to have conflicts of interest with ordinary shareholders as stipulated by the two exchanges.



## Candidate No. 4 Ayako Ikeda (Born on December 5, 1959)



### Reelection

### Outside Director

### Independent Director

- **Type and number of the Company's shares held**  
None
- **Length of service as an Outside Director (at the conclusion of the General Meeting of Shareholders)**  
One (1) year
- **Attendance at Board of Directors meetings during the fiscal year under review**  
11/11
- **Attendance at Audit & Supervisory Committee meetings during the fiscal year**  
10/10
- **Attendance at Nomination and Compensation Committee meetings during the current fiscal year**  
4/4

### ■ Profile (position and responsibilities at the Company)

- April 1984 Admitted to the Daini Tokyo Bar Association, admitted to Harago Law Office (now Harago & Partners Law Office)
- January 1990 Admitted to Steptoe & Johnson LLP, USA
- April 1991 Admitted to practice in New York State
- September 1992 Admitted to Hamada & Matsumoto (now Mori Hamada & Matsumoto) (current position)
- April 2002 Professor (civil disputes) at The Legal Training and Research Institute of Japan
- April 2006 Deputy Secretary General of the Japan Federation of Bar Associations
- April 2015 Executive Director of the Japan Federation of Bar Associations  
Vice President of the Daini Tokyo Bar Association
- June 2021 Director of the Company (Audit & Supervisory Committee member) (current position)

### ■ The candidate also takes the following important post

Senior Counsel at Mori Hamada & Matsumoto

### ■ The reason for nomination as a candidate for Outside Director serving on the Audit & Supervisory Committee, roles expected to perform

Ayako Ikeda offers extensive experience and professional expertise in legal affairs, having had a long career as an attorney. Although she has never engaged directly in executive business leadership, Ikeda has held numerous public roles and she has drawn on her legal expertise to duly perform her duties from a standpoint independent from the management, including the duty to strengthen the ability of the Board of Directors to set the strategic direction and oversee the execution of business. We are confident that Ikeda, if re-elected, will continue to actively and impartially advise on business administration and to supervise the management.

### ■ Independence

Ayako Ikeda is a candidate for the post of Outside Director. Since she satisfies the "Independence Assessment Standard" for Outside Directors established by the Company, we have determined that there is no concern about her independence. We have notified the Tokyo Stock Exchange and the Nagoya Stock Exchange that she is an independent officer who is unlikely to have conflicts of interest with ordinary shareholders as stipulated by the two exchanges.

- Notes:
1. Each candidate for directorship has no special interests in the Company.
  2. In the above lists, for dates up to March 2009, “the Company” indicates Tokai Tokyo Securities Co., Ltd., the Company’s trade name at the time. For April 2009 and later dates, “the Company” indicates Tokai Tokyo Financial Holdings, Inc., the current trade name.
  3. In its Articles of Incorporation, the Company stipulates that it may enter into an agreement with its Directors (excluding those who are an Executive Director and the like) to limit their liability for compensation to the Company for damage to a certain extent. Accordingly, the Company has signed a limited liability agreement with Tetsuji Oono, Keisuke Inoue, Joichi Yamazaki, and Ayako Ikeda. The Company intends to continue this limited liability agreement if their nomination is approved. The outline of the agreement is as follows.
    - If the Director (excluding those who are an Executive Director and the like) is liable for compensating the Company for the damage caused by negligence of his/her duties, he/she shall compensate up to the sum of amounts as stipulated in Article 425 Paragraph 1 Items 1(c) and 2.
    - Limited liability as referred to the above shall be accepted only if the Director (excluding those who are an Executive Director and the like) performs his/her duties with a good manager’s care and does not make a grave mistake when he/she is found liable for compensation.
  4. The Company and most of its subsidiaries use directors and officers liability insurance (D&O), as specified in Article 430 Paragraph 3 Item 1 of the Companies Act, in order to 1) ensure that each officer can fully discharge the responsibilities of his or her office and to 2) attract talent. The D&O provides coverage for directors (including those serving on the relevant company’s audit and supervisory committee or equivalent body), members of the audit and supervisory committee or equivalent body, and executive officers. The above candidates will be insured under the D&O if they are elected as proposed.

The D&O provides indemnification for losses in cases where an insured officer is held liable, or becomes subject to legal action, for alleged wrongful acts in their official capacity. However, the D&O excludes, among other things, losses arising from intentional illegal acts. In effect, benefits are not paid to the insured party.

All premiums on the policy (including for any special provisions) are paid by the company concerned, with the exception of some directors of subsidiaries.

If the above candidates are elected as proposed, their D&O coverage will be renewed during their incumbency, on July 1, 2022.

## References

### Skills matrix for candidates Committee membership

Name	Title / role	Committees				Person's main professional background					
		Audit & Supervisory Committee	Nomination & Remuneration Committee	Comprehensive Risk Management Committee	Human Resources Committee	Business administration	Overseas assignment	Legal	Financial accounting	Government	ICT
Tateaki Ishida	Chairman and Representative Director	Business Execution	○	○	○	○	○				
Ichiro Goda	President and Representative Director	Business Execution		○	○	○					
Hideaki Yamane	Director and Deputy President	Business Execution		○	○	○	○				
Tsunehiro Nakayama	Outside Director	Independent Director	Non-Business Execution	○			○				
Hiroshi Fujiwara	Outside Director	Independent Director	Non-Business Execution	○			○				○
Tetsuji Ono	Director		Non-Business Execution	○					○		
Keisuke Inoue	Outside Director Chairperson of the Audit & Supervisory Committee	Independent Director	Non-Business Execution	○			○				
Joichi Yamazaki	Outside Director	Independent Director	Non-Business Execution	○	○						○
Ayako Ikeda	Outside Director	Independent Director	Non-Business Execution	○	○				○		

\*The above skills matrix would apply if Proposals 3 and 4 are approved as proposed here.

## Principles and Procedure for Nominating Director Candidates

### Principles

We have established a set of standards for director candidates. Based on these standards, before nominating someone as a director (except a director who does not serve on the Audit & Supervisory Committee), the Board of Directors considers whether the candidate possesses the knowledge, experience, and sufficient social credibility necessary to execute the management of the Company effectively, impartially, and accurately, and whether the person has the ability to advance the level of supervision of the Company's operation. Before nominating someone as a director who is a member of the Audit & Supervisory Committee, the board considers whether the candidate possesses the knowledge, experience, and sufficient social credibility necessary to supervise the duty execution by a director who is not a member of the Audit & Supervisory Committee effectively and impartially. Before nominating someone as an outside director candidate, the board considers, in addition to the above criteria, whether the person fulfills our Independence Assessment Standard. Outside directors now account for the majority of board membership. Not only that, we retain the Nomination & Remuneration Committee to ensure impartiality and transparency in decision making processes associated with director candidates nomination.

### Procedure

As per the above policy, the Board of Directors makes decision on the matter concerning the nomination of director (excluding director who serves on the Audit & Supervisory Committee) only after soliciting and considering the opinion of the Nomination & Remuneration Committee.

The Board of Directors makes decision on the matter concerning the nomination of director who serves on the Audit & Supervisory Committee only after soliciting and considering the Nomination & Remuneration Committee's opinion and gaining approval of the Audit & Supervisory Committee toward the nomination.

## Independence Assessment Standard of Outside Director Candidates

The Company set forth the Independence Assessment Standard to be referenced in the nomination of Independent Outside Directors and the candidate is not considered satisfying the standard if he/she falls under any of the following cases.

1. The subject at present is currently or was in the past an Executive Director, Executive Officer or other type of employee of the Company or its subsidiaries.
2. The subject is a major shareholder as provided for by the Article 163, Paragraph 1 of the Financial Instruments and Exchange Act. (if such party is a corporation, an executive director, executive officer or other type of employee (hereinafter, collectively referred to as “Executive”) of the said corporation, its parent company or its any one of the important subsidiaries, at present or at any time in the past three (3) years, are all included in this specific case.)
3. The subject is a party who has business transactions with the Company or its subsidiaries as a Company’s major customer or supplier (if such party is a corporation, any Executive of the said corporation, its parent company or its any one of the important subsidiaries, at present or at any time in the past three years, is included in this specific case.)
4. The subject is a major customer or supplier of the Company or its any one of the subsidiaries (if such party is a corporation, any Executive of the said corporation, its parent company or its any one of the important subsidiaries, at present or at any time in the past three (3) years, is included in this specific case.)
5. The subject is essential to the Company’s or its any subsidiary’s fund procurement, such as a financial institution and other principal creditor that the Company or its subsidiary depends upon to the degree it has little or no substitute elsewhere (if such party is a corporation, any Executive of the said corporation, its parent company or any one of its important subsidiaries, at present or at any time in the past three (3) years, is included in this specific case.)
6. The subject receives a donation exceeding a certain amount (average amount over the past three (3) years of ¥10 million per year) from the Company or its any subsidiary (if such party is a corporation, an Executive at present or at any time in the past three years, is included in this specific case.)
7. The subject is a consultant, an accounting specialist such as a certified public accountant, or a legal expert such as a lawyer who receives a large amount of money or other assets (average amount over the past three (3) years of ¥10 million or more per year) excluding the compensation paid for the service of Directors/Audit & Supervisory Board Member. (If such party is an association such as a corporation/organization, a person who belongs to such association is included.)
8. The subject is an accounting auditor or an employee of accounting audit firm providing audit services to the Company or its subsidiaries (including the person who was engaged in the auditing services for the Company or its any subsidiary at any time in the past three (3) years).
9. The subject is an Executive of a company or its important subsidiaries for which the subsidiary of the Company serves as a lead managing underwriter (or was an executive of the said company or subsidiary at any time in the past three (3) years).
10. The subject is a close relative of the person who falls under any of the above cases 1. through 9. (spouse, any relative within the second degree of kinship, or any relative living together).
11. The subject has held up to now or had held in the past the position of outside officer (i.e. a board director or auditor) of the Company or its any subsidiary for eight (8) years or longer.
12. The subject may potentially and substantially have a conflict of interests with the Company’s general shareholders for a reason other than what is given in the above cases 1. through 11.

Despite of any subject falling under any of the cases listed above, if the Company considers the subject suitable for the position of Independent Outside Director based on the subject’s personal quality, insight or any other attribute, the Company may nevertheless nominate the subject as an Independent Outside Director, provided that the Company publicly states that the subject meets the requirements for Outside Director as defined under the Companies Act, and the Company explains why it deems that the subject is suitable for the Company’s Independent Outside Director. Conversely, even if any given subject does not fall under any of the cases listed above and therefore the Company may have an option to appoint the subject as an Independent Outside Director, the Company shall not be obstructed not to select such subject as an Independent Outside Director candidate based on its comprehensive judgment.

\* “Major customer or supplier” refers to a party whose transaction with the Company exceed 2% of annual consolidated operating revenue for the most recent fiscal year of the Company.

### Proposal No. 5: Election of Accounting Auditor

The tenure of the Company’s accounting auditor, Deloitte Touche Tohmatsu LLC, will expire at the conclusion of this General Meeting of Shareholders. Therefore, we ask you to elect KPMG AZSA LLC as the new accounting auditor in line with a resolution of the Audit & Supervisory Committee.

The Audit & Supervisory Committee nominated KPMG AZSA LLC for the following reasons. On December 21, 2020, the committee resolved on a basic policy on audit rotation (changing the accounting auditor periodically). The policy states that audit rotation is in the interests of shareholders in that, by bringing in the fresh eyes of a new auditing firm, it will prevent cozy ties forming between the auditing firm and the Company and thereby improve the quality and transparency of accounting audits. KPMG AZSA LLC was selected as the new accounting auditor because it had necessary professionalism, independence, quality controls. Remuneration was another factor considered.

The following table shows the details of the nominated accounting auditor.

(as of March 31, 2022)

Name	KPMG AZSA LLC
Principal place of business	1-2 Tsukudo-cho, Shinjuku-ku, Tokyo
Firm history	<p>July 1969 Asahi Accounting Co., Ltd. founded</p> <p>July 1985 Asahi Shinwa &amp; Co. founded</p> <p>October 1993 Name changed to Asahi &amp; Co. following merger with Inoue Saito Eiwa Audit Corporation (founded April 1978)</p> <p>January 2004 Name changed to KPMG AZSA following merger with KPMG AZSA (founded February 2003).</p> <p>July 2010 Name changed to present name of KPMG AZSA LLC following adoption of limited liability audit corporation</p>
Firm description	<p>Workforce</p> <p>Certified public accountants: 2,970 (including 30 senior partners and 500 partners)</p> <p>Staff who have passed accounting examination: 1,172</p> <p>Auditing assistants: 1,190 (including 35 specified employees, two (2) of whom are senior partners)</p> <p>Other staff: 724</p> <p>Total staff: 6,056</p> <p>Clients:</p> <p>Clients audited: 3,660</p> <p>Capital: ¥3,000 million</p>

## **Proposal No. 6: Payment of Bonuses to Directors and Other Officers**

The Company proposes to pay to three (3) executive directors, who were incumbent at the end of the period of review, a total of ¥70,285,000 in bonuses in view of the Company's performance in the period under review.

The Company believes the proposal is justified in that it accords with its policy for determining remuneration for each director, which is disclosed in (8) Policy on Remuneration of Directors on page 51 of the Business Report.

## **Proposal No. 7: The Issuance of Stock Acquisition Rights as Stock Options Granted to Directors and Employees of the Company and Its Subsidiaries**

We, the Company, seek the Shareholders' approval for the Board of Directors to issue stock acquisition rights, without consideration, as stock options (hereinafter referred to as the "Stock Acquisition Rights") to be granted to the Executive Directors and employees of the Company and its subsidiaries, and to be empowered to determine the matters relating to the subscription offer of such stock acquisition rights, in accordance with the provisions of Articles 236, 238 and 239 of the Companies Act of Japan.

As stipulated in (6) Notes on Stock Options for Directors on page 51 of the Business Report, the total amount of remuneration as stock options granted to Executive Directors of the Company will be the amount equal to the total number of the subject stock acquisition rights allocated multiplied by the fair value per stock acquisition right calculated at the date of allocation of the subject stock acquisition rights. Currently, the said total amount stays within the ¥300 million per year approved by a resolution of the 104th Ordinary General Meeting of Shareholders as the amount of remuneration for Directors (excluding the Directors serving on the Audit & Supervisory Committee).

The Company believes the proposal is justified in that it accords with its policy for determining remuneration for each director, which is disclosed in (8) Policy on Remuneration of Directors on page 51 of the Business Report.

If Proposal No. 3, Election of Five (5) Directors (Excluding Directors Serving on the Audit & Supervisory Committee) is approved as originally proposed, Proposal No. 7 will apply to the three (3) Executive Directors of the Company.

(1) Reasons necessitating the subscription offer of the Stock Acquisition Rights with preferential conditions

The issuance of the Stock Acquisition Rights without consideration to the above stated parties is aimed at improving consolidated performance by providing them with the common incentive of improving the performance of the Group, as a whole, while pursuing harmonization of such parties' interests with those of shareholders.

(2) Maximum number of Stock Acquisition Rights that may be determined under the power delegation by the resolution at the Shareholders' Meeting

The maximum number will be 1,600. This maximum number of stock acquisition rights is worth 1.6 million shares of common stock (approximately 0.61% of all issued shares).

However, if an adjustment is made to the Number of Shares Granted in accordance with Paragraph (4) 1) below, such maximum issuable number of shares shall be the number by multiplying the Number of Shares Granted after adjustment by the above specified maximum number of allocatable stock acquisition rights.

(3) No payment shall be required for the Stock Acquisition Rights discussed here.

(4) Details of the Stock Acquisition Rights

1) Number of shares to be issued upon exercise of the Stock Acquisition Rights

The number of shares to be issued upon exercise of each of the Stock Acquisition Rights (hereinafter the “Number of Shares Granted”) shall be 1,000 shares of common stock of the Company.

In the event the Company splits its common stock (including the gratis allotment of the Company’s common stock, the same being applied hereinafter) or consolidates its common stock after the allocation of the Stock Acquisition Rights, the number of shares granted under the Stock Acquisition Rights which have remained unexercised at the time of the stock split or stock consolidation will be adjusted in accordance with the following formula.

Any fraction of less than one (1) share resulting from the adjustment shall be disregarded.

$$\text{Adjusted Number of Shares Granted} = \text{Number of Shares Granted before adjustment} \times \text{Ratio of split or consolidation}$$

In addition to the above, in the event of the Company’s merger with another company, a company split, a capital reduction of the Company, or any other event in which adjustment of the Number of Shares Granted is similarly required after the allocation of the Stock Acquisition Rights, the Company may suitably adjust the number of shares granted to the extent the Company considers reasonable.

2) The value of assets to be paid-in to the Company’s capital at the time of exercising the subject Stock Acquisition Rights, or the method of calculating such a value

The value of assets to be paid-in at the time of exercising the Stock Acquisition Rights shall be the amount paid per share to be issued by the exercise of the Stock Acquisition Rights (hereinafter “the Exercise Price”) multiplied by the Number of Shares Granted. The Exercise Price shall be equal to the product of (\*) the price determined by the following rule × (multiplied by) 1.05. Any fraction of less than one (1) yen resulting from the calculation shall be rounded up to the nearest yen.

If the Company splits or consolidates its common stock after the allocation date, the exercise price is adjusted by the following formula, and any fraction of less than one (1) yen resulting from such adjustment shall be rounded up.

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{1}{\text{Ratio of split or consolidation}}$$

If the Company issues new shares of common stock or disposes of its treasury stocks at less than the current market price (except in the case of responding to either exercise of stock acquisition rights or request for the additional purchase of shares constituting less than one unit), then the Exercise Price shall be adjusted by the following formula, and any fraction of less than one (1) yen resulting from such adjustment shall be rounded up.

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{\text{Number of shares already issued} + \frac{\text{Number of shares newly issued} \times \text{Amount paid-in per share}}{\text{Current market price per share}}}{\text{Number of shares already issued} + \text{Number of shares newly issued}}$$

In the formula above, “Number of shares already issued” is the remaining number when the total number of treasury stock of the Company is subtracted from the total number of outstanding shares of the Company. Further, if the Company disposes of its treasury stocks, “Number of shares newly issued” in the formula above shall read “Number of treasury stock disposed of,” and “Amount paid-in per share” shall read “Disposal value per share” respectively.

In addition to the foregoing, in the event of a merger of the Company with another company, a company split, a capital reduction of the Company, or any similar case in which adjustment of the Exercise Price is required after the allocation of the Stock Acquisition Rights, the Company may suitably adjust the Exercise Price to the extent the Company considers reasonable.

- 3) Exercise period for the Stock Acquisition Rights  
Five (5) years from the first day of the month following the month that is two (2) years after the Stock Acquisition Rights are allocated.
- 4) Matters concerning the capital and capital reserve increased by the issuance of shares upon the exercise of the Stock Acquisition Rights.
  - i) The amount of capital to be increased by the issuance of shares upon the exercise of the Stock Acquisition Rights shall be the half of the maximum limit of capital increase, as calculated in accordance with the provisions of Paragraph 1, Article 17 of the Ordinance on Accounting of Companies, and any fraction of less than one (1) yen arising as a result of such calculation shall be rounded up to the nearest one (1) yen.
  - ii) The amount of capital reserve to be increased upon the issuance of shares through the exercise of the Stock Acquisition Rights shall be the amount obtained by deducting the capital to be increased, as provided in (i) above, from the maximum limit of capital increase, as also provided in (i) above.
- 5) Restriction on the obtainment of Stock Acquisition Rights through transfer  
Any obtainment of Stock Acquisition Rights through transfer requires the approval of the Board of Directors of the Company.
- 6) Measures to be taken in the event of reorganization such as merger or company split;  
In the event of the Company engaging in absorption-type merger (limited to cases where the Company does not survive after the merger), consolidation-type merger, company split and other reorganizations (hereinafter collectively referred to as the “Reorganization Actions” excluding stock transfer and stock exchange), the Company shall issue the stock acquisition rights of the company as described in provisions (a) through (e) of Item 8 of Paragraph 1 of Article 236 of the Companies Act of Japan (hereinafter the “Reorganized Company”) to each holder of the Stock Acquisition Rights remaining at the time the Reorganization Actions become effective (hereinafter the “Remaining Stock Acquisition 17 Rights”), based on the conditions described below. The above stated issuance is, however, effected only when statements of the issuance of the stock acquisition rights of the Reorganized Company have been made in absorption-type merger agreement, consolidation-type merger agreement, absorption-type company split agreement, or incorporation-type company split plan in accordance with the conditions given below.
  - i) Number of new stock acquisition rights of the Reorganized Company to be issued;  
The same number as the stock acquisition rights held by the holder of Remaining Stock Acquisition Rights then shall be issued.
  - ii) Type of shares of the Reorganized Company to be issued upon the exercise of the stock acquisition rights;  
Shall be Common stocks of the Reorganized Company.
  - iii) Number of shares of the Reorganized Company to be issued upon the exercise of stock acquisition rights;  
The number shall be determined after reasonable adjustment is made by considering the conditions of Reorganization Actions and other factors (hereinafter “the Number of Shares



- after the succession”). Any fraction of less than one (1) share resulting from the adjustment shall be disregarded.
- iv) Exercise period for the stock acquisition rights;  
The exercise period shall be from either the commencement date of the exercise period for the Stock Acquisition Rights as described in 3) above, or the effective date of the Reorganization Actions, whichever is later, to the final day of the exercise period for the Stock Acquisition Rights as described in 3) above.
  - v) Matters concerning the capital and capital reserve to be increased by the issuance of shares through exercise of stock acquisition rights;  
Decisions shall be made in accordance with 4) above.
  - vi) Value of assets to be paid-in as capital at the time of exercising stock acquisition rights;  
The value shall be the Exercise Price, as described in 2) above, that has been adjusted in a reasonable manner by taking into account the conditions of the Reorganization Actions and other factors, multiplied by the number of shares after the succession.
  - vii) Other conditions of exercise of stock acquisition rights and reasons for acquisition of stock acquisition rights;  
Decisions shall be made in accordance with 7) and 9) below.
  - viii) Restriction on the transfer of stock acquisition rights;  
Any obtainment of stock acquisition rights through transfer requires approval of the Board of Directors of the Reorganized Company.
- 7) Reasons for acquisition of the Stock Acquisition Rights;  
In the event that the Stock Acquisition Rights are not transferred to the new company in accordance with the provisions of an agreement concerning an absorption-type merger (limited to cases where the Company does not survive after merger), consolidation-type merger, company split, stock transfer or stock exchange, etc. (includes company split agreement, stock transfer plan, etc.) or the resolution so made by the Shareholders’ Meeting, the Company shall be able to acquire the Stock Acquisition Rights free of payment on a date to be determined separately by its Board of Directors.
- 8) Any fractions of less than one (1) share of the number of shares to be issued to the holder of the Stock Acquisition Rights who has exercised the Stock Acquisition Rights shall be disregarded.
- 9) Other conditions for the exercise of the Stock Acquisition Rights;
- i) To exercise their Stock Acquisition Rights, holders must be a director or employee of the Company or a subsidiary of the Company Employees (including those who are seconded to the Company or its subsidiaries) at the time of exercise. However, this provision excludes cases in which the holder lost such status because they resigned upon retirement after the full term service completion, mandatory retirement, resignation or retirement at the request of the Company or any of its subsidiaries, or for another valid reason.
  - ii) If any one of the cases below applies, the holder of the Stock Acquisition Rights shall be ineligible to exercise any unexercised Stock Acquisition Rights:
    - (a) When a holder is dismissed by the resolution of the shareholders’ meeting of the Company or any one of its subsidiaries, or dismissed on disciplinary grounds, or when they resign or retire for personal reasons;
    - (b) When a holder is given a court sentence of imprisonment without work or greater severity;
    - (c) When a holder files a petition for bankruptcy or civil rehabilitation proceedings, or when a holder is subject to petition for seizure, provisional seizure, preservation, or provisional disposition, or is subject to coercive collection.

## Shareholder Proposals

Proposals No. 8 and 9 are proposed by a single shareholder. That shareholder holds 400 voting rights (0.015% of total voting rights).

The following titles and descriptions of and the reasons for both proposals were made by the shareholder and, despite some stylistic editing, they faithfully represent the shareholder's perspective. The content has been translated here from the edited version.

### **Proposal No. 8: Amendment to Articles of Incorporation to Change Company Name**

#### 1. Proposal

It is proposed that Tokai Tokyo Financial Holdings change its name to Tokai Tokyo Ishida Financial Holdings.

#### 2. Reason for Proposal

Tateaki Ishida joined The Tokai Bank in April 1968. Over the years, he has continually shouldered heavy responsibilities in related organizations. He became Representative Director and Deputy President of the Company in June 2004, and in the 18 years since then has remained at the highest level of management. His accomplishments in multiple key posts are immeasurable. Even today, his devotion to his duties as a top manager is twice that of the next person, and his energy shows no sign of flagging. He is, quite simply, a born fighter. Ishida also holds 458,500 shares of the Company's common stock. With such a holding, he is tantamount to a business owner. Nowadays, the information-savvy wealthy segment is increasingly deserting Japanese stocks and investing instead in US stocks and other overseas assets. Meanwhile, the Company wants to secure a perpetual future for itself as a financial group by relying on the accomplishments of Ishida's long reign. Changing the company name to Tokai Tokyo Ishida Financial Holdings will also serve to symbolize of the Showa era.

## The Board of Directors' Opinion on Proposal No. 8

#### 1. Board of Directors' Opinion

**The Board of Directors objects to the proposal.**

#### 2. Reason for Objection

Having adopted its present holdings structure, the Company changed its name to Tokai Tokyo Financial Holdings, Inc., on April 1, 2009, with the approval of an extraordinary general meeting of shareholders convened on December 12, 2008.

It is proposed that the Company change its name. However, Tateaki Ishida holds 500,300 shares, which, at no more than 0.19% of the Company's issued shares, is nothing like the holding of business owner and does not warrant a change of company name as proposed. Changing the name that the Company has used for 13 years would neither contribute toward the common interests of the Company's shareholders nor help build the Company's enterprise value.

For these reasons, the Board of Directors objects to the proposal.

## **Proposal No. 9: Dismissal of Two (2) Directors (Excluding Directors Serving on the Audit & Supervisory Committee)**

### 1. Proposal

- (1) It is proposed that Representative Director and President Ichiro Goda be dismissed.
- (2) It is proposed that Director Hideaki Yamane be dismissed.

### 2. Reason for Proposal

- (1) It is proposed that President and Representative Director Ichiro Goda be dismissed.

June 2021 saw the launch of a joint leadership system between Ishida and Goda.

However, this shakeup in the Tokai Tokyo Financial Group's leadership structure came over ten years too late.

Moreover, the system of talent management has been ossified these past ten years.

This situation is partly attributable to the YM Securities joint venture with Yamaguchi Financial Group. The venture was launched after Tokai Tokyo Securities provided 40% of the 1.27 billion yen of business costs.

Some 15 years after the venture's launch, Yamaguchi Financial Group released a most deplorable text. It wrought considerable reputational damage. Additionally, Grace's delisting illustrates Tokai Tokyo Securities' insufficiency as a managing underwriter. The delisting was a result of inadequate market research, and it seriously inconvenienced customers.

The share price has tumbled. It is an absolute shambles. Tokyo head office, with its exorbitant rent, is a world away from the situation indicated by the price of the Company share. True, the Company is listed on the Prime market, but this is no guarantee of quality. There is a need for reform from an investor's perspective.

One recalls what that great entrepreneur said in *The Analects* and the *Abacus*: A company must please shareholders and customers alike. Tokai Tokyo Financial Group has emitted a delisted company, let down its customers, and offered miserly dividends. Yet, the management live in paradise. But for shareholders, it is hell. Ichiro Goda is culpable.

- (2) It is proposed that Director Hideaki Yamane be dismissed.

### Reason for Proposal

The Company is pursuing four "future strategies," one of which involves Orque d'or Society. However, it has made precious little progress in cultivating an internal network, which would involve shareholder returns and disclosures at shareholders meetings. Tokai Tokyo Financial Group remains a black box. The YM Securities fiasco illustrates this. Until shareholders received the findings of the special inquest committee on Yamaguchi Financial Group, the management refused to answer questions and avoided addressing the matter directly. Under the leadership of Ishida (CEO), Tokai Tokyo Financial Group has a talent management system under which managers are rotated annually, orbiting the organization like satellites.

The management's approach alienates shareholders. A joint-stock company should, first and foremost, earn shareholder trust. It is no use talking about a future vision if it does not resonate with shareholders or promise them any returns. There seems to be absolutely no governance, no robust

exchanges in the Board of Directors. When power is concentrated in the hands of one person for too long, it creates a toxic climate, even if the company has talented people. The Nihon University scandal is a case in point. Grace's delisting reveals how ineffectual the Board of Directors is. Shareholders have never once been satisfied with the performance of senior managers. They are in a most lamentable state of affairs.

## The Board of Directors' Opinion on Proposal No. 9

### 1. Board of Directors' Opinion

**The Board of Directors objects to the proposal.**

### 2. Reason for Objection

President and Representative Director Ichiro Goda and Director Hideaki Yamane have, since assuming office, duly performed their roles of strategic decision-making and the oversight of business execution. In these roles, they have drawn on their extensive professional expertise and devoted their efforts to growing the organization and strengthening its operating base.

On this basis, the Board of Directors believes that the two directors (Excluding Directors Serving on the Audit & Supervisory Committee) remain fit for office, and thus opposes the proposal to dismiss them.

The Audit & Supervisory Committee, likewise, believes that the two directors (Excluding Directors Serving on the Audit & Supervisory Committee) remain fit for office, and thus opposes the proposal to dismiss them.

## **Proposal No. 10: Dismissal of Two (2) Outside Directors (Audit & Supervisory Committee Members)**

### 1. Proposal

- (1) It is proposed that Outside Director Tsunehiro Nakayama be dismissed.
- (2) It is proposed that Outside Director Ayako Ikeda be dismissed.

### 2. Reason for Proposal

- (1) It is proposed that Outside Director Tsunehiro Nakayama be dismissed.

As we see in the case of Shinsei Bank, Mizuho Bank, Yamaguchi Financial Group, and indeed the Company itself, outside directors are appointed with all the usual cliches about the candidates having expertise in other fields. However, not a single one of them acts in the best interests of shareholders. They gravitate instead to the personal interests of the company's executives, from whom they receive remuneration. No matter how much shareholders demand the auditor/supervisors to monitor business operations and accounts, their oversight function remains ineffective, as evidenced by the scandals involving Shinsei Bank, Mizuho Bank, and Yamaguchi Financial Group. The Company touted Tsunehiro Nakayama's extensive expertise in the bank and securities company management. Yet Nakayama tacitly endorsed the long years of single-person rule at Tokai Tokyo Financial Group as if it was normal, healthy style of business management. He would have had close contact with Yamaguchi Financial Group during the fiasco, and would have been intimately acquainted also with the circumstances surrounding Grace's

delisting. Likewise, he would have known about the long years of autocratic rule that resulted in the Nihon University scandal.

He lacks the qualities that shareholders expect from a member of the Audit & Supervisory Committee. He is not prepared to act on behalf of shareholders and rectify the company's inconsistencies and flaws. He also lacks the mindset and skills required of an outside director. For these reasons, he should be dismissed.

## 2. Reason for Proposal

(2) It is proposed that Outside Director Ayako Ikeda be dismissed.

Ayako Ikeda does have extensive expertise, knowledge, and specialist experience, which she developed from her long career as a lawyer. It is also true that she satisfies the Company's Independence Assessment Standard and has duly discharged her duties as a member of the Audit & Supervisory Committee. However, she failed to guide the management over the YM Securities venture with Yamaguchi Financial Group. Additionally, questions remain about her inquiry and guidance at the time Grace was listed. It is also a fact that Tokai Tokyo Financial Group has remained under Ishida's reign for some 18 years. Does Ikeda think this is a normal, healthy form of business management? Has she actually guided and advised the management drawing on her legal expertise? There are no signs that she has. The recent Nihon University scandal serves as an instructive case study. Grace, as a managing underwriter, did contribute profits to the Company when it was listed. However, its delisting left a lot of people out of pocket. It also damaged confidence in the Company.

I had a bitter ten-year-long fight in a shareholder lawsuit against Shikoku Bank. I finally won the case at the Supreme Court, creating a precedent. Apparently, listing on the Prime market is associated with organizational reforms from a shareholders' perspective. The Company, however, is far from exemplary in this respect. None of its outside directors are prepared to act on behalf of the shareholders and rectify the inconsistencies. Dismissal is necessary.

## The Board of Directors' Opinion on Proposal No. 10

### 1. Board of Directors' Opinion

**The Board of Directors objects to the proposal.**

### 2. Reason for Objection

Outside Directors Tsunehiro Nakayama and Ayako Ikeda have, since assuming their office, have duly performed their roles of strategic decision-making and the oversight of business execution, deploying their extensive experience and professional knowledge. It should also be noted that Tsunehiro Nakayama is no longer a member of the Audit & Supervisory Committee; he resigned membership of the committee after getting elected as an executive director (a director not serving on the Audit & Supervisory Committee) at the 109th Ordinary Shareholders Meeting, held on June 25, 2021.

On this basis, the Board of Directors believes that the two outside directors remain fit for office, and thus opposes the proposal to dismiss them.

The Audit & Supervisory Committee, likewise, believes that both outside directors remain fit for office, and thus opposes the proposal to dismiss them.

(end)