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(Securities Code 8616)

June 13, 2023

## 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 CONVOCAION OF THE 111TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders

We hereby inform you that we will hold the 111th Ordinary General Meeting of Shareholders of Tokai Tokyo Financial Holdings, Inc. (the “Company”), under the schedule described below.

The Company has taken measures to provide information electronically for the convocation of the Ordinary General Meeting of Shareholders. The information is posted in the “Notice of Convocation of the 111th Ordinary General Meeting of Shareholders” and “Other Matters Subject to Electronic Provision Measures (Matters to be Omitted in Documents to be Delivered) for the 111th Ordinary General Meeting of Shareholders” on the following website. Please access one of the following websites to confirm the information.

Company website

<https://www.tokaitokyo-fh.jp/investors/stock/meeting/>



In addition to the above, it is also available on the following website.

Tokyo Stock Exchange website

<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show>

Please access the above website, enter and search our Company name or Securities Code (8616), and select “Basic information” and “Documents for public inspection/PR information” in that order.



Nagoya Stock Exchange website

<https://www.nse.or.jp/listing/search/>

Please access the above website, enter and search our Company name or Securities Code (8616), select “Timely Disclosure Information”, and refer to the “Notice of Convocation of General Meeting of Shareholders / General Meeting of Shareholders Materials” column.



If you are not attending the meeting in person, you may exercise your voting rights over the Internet or by postal ballot. Before you vote, please review the Matters Subject to Electronic Provision Measures

or 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 11 to 13 of the Japanese edition). Please vote by 5:10 p.m. (the time when our business day ends) on Tuesday, June 27, 2023, Japan time.

#### Schedule

- 1. Time and Date:** 10:00 a.m. Wednesday, June 28, 2023, Japan time
- 2. Place:** 9th floor, Nihonbashi Hall, Nihonbashi Takashimaya Mitsui Building,  
2-5-1 Nihonbashi, Chuo-ku, Tokyo  
(Please refer to the guide map of the venue on pages 7 to 8.)
- 3. Meeting Agenda:**  
**Matters to be reported:**
  1. The Business Report, Consolidated Financial Statements for the Company's 111th Fiscal Year (April 1, 2022 - March 31, 2023) 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 111th Fiscal Year (April 1, 2022 - March 31, 2023)

## **Proposals to be resolved:**

### Company proposals

- Proposal No. 1:** Distribution of Retained Earnings
- Proposal No. 2:** Election of Five (5) Directors (Excluding Directors Serving on the Audit & Supervisory Committee)
- Proposal No. 3:** The Issuance of Stock Acquisition Rights as Stock Options Granted to Directors and Employees of the Company and Its Subsidiaries

### Shareholder proposals

- Proposal No. 4:** Establish Separate Disclosure of Remuneration Paid to Directors in Articles of Incorporation
- Proposal No. 5:** Tokai Tokyo Financial Holdings, Inc., including its subsidiaries, will not hire an ex-public service official who has resigned to take responsibility for an unsuitable consequence. We wish for the establishment of a new item in the Articles of Incorporation.
- Proposal No. 6:** Any expense of the party held after the general meeting shall be borne by actual participants. We wish for the establishment of a new item to that effect in the Articles of Incorporation.
- Proposal No. 7:** The retirement age for the Representative Directors of Tokai Tokyo Financial Holdings, Inc. shall be 65. We wish for the establishment of a new item to that effect in the Articles of Incorporation.
- Proposal No. 8:** We would like to see a new personnel system that emphasizes the idea of “the right person on the right job” rather than blindly prizing former ranks positions when hiring new executives. So, we wish for the establishment of a new item that facilitates adopting the said personnel system in the Articles of Incorporation.
- Proposal No. 9:** Tokai Tokyo Financial Holdings, Inc. will establish a new item in the Articles of Incorporation that announces a policy of returning profits to shareholders and shows the actual results every year to the Tokyo Stock Exchange and shareholders in order to eliminate the PBR below 1.0.
- Proposal No. 10:** Dismissal of One (1) Director (Excluding Directors Serving on the Audit & Supervisory Committee)
- Proposal No. 11:** Dismissal of Three (3) Directors Serving on the Audit & Supervisory Committee

## **4. Matters already decided upon convocation**

- (i) Among the Matters Subject to Electronic Provision Measures, in accordance with the relevant laws and regulations and Article 20 of the Company’s Articles of Incorporation, the following items are not included in the documents to be delivered to shareholders who have requested a print copy of documentation. Accordingly, the documents to be delivered to the shareholders who have requested a print copy of documentation are part of the documents prepared for the auditor’s report and audited by the Audit & Supervisory Committee and accounting auditor.
  - (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 Equity and Notes on Consolidated Financial Statements
  - (5) Non-consolidated Financial Statements: Statement of Changes in Equity and Notes to Non-Consolidated Financial Statements
- (ii) If you exercise your voting rights via both the Internet and postal ballot, the Internet vote will be treated as the valid exercise of your voting rights.

- (iii) If you exercise your voting rights more than once via the Internet, etc., the last vote that arrives at the Company will be treated as the valid vote. Also, if you exercise your voting rights multiple times via PC and smartphone, the last vote will be treated as the valid vote.
- (iv) If you do not indicate your vote for or against each proposal in the Voting Rights Exercise Form returned to us, it shall be deemed that you have indicated your vote for the Company's proposals and that you have indicated your vote against the shareholder's proposals.

◎Information on Internet Live Distribution

If you register in advance for viewing, you can watch the General Meeting of Shareholders through live distribution on the internet (see page 6).

- If any amendments are made to the Matters Subject to Electronic Provision Measures, such amendments will be posted on the respective websites listed (see page 3).
- Any changes to the operation of the General Meeting of Shareholders will be announced on our website. Please refer to the following website.  
<https://www.tokaitokyo-fh.jp/investors/stock/meeting/>



## Proposals and References

### 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 ¥8.00 per share already paid, the total dividend for the fiscal year under review will be ¥16.00 per share.

Matters regarding year-end dividends

- (1) Type of dividend property  
Cash
- (2) Allotment of dividend property and the total allotment amount  
Ordinary dividend per share of common stock: ¥8.00  
Total amount: ¥1,991,642,536
- (3) Effective date of distribution of retained earnings  
June 29, 2023

## Proposal No. 2: 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 listed below.

Candidate No.	Name	Current position at the Company	Attendance at Board of Directors meetings during the fiscal year under review
1	<span style="border: 1px solid black; padding: 2px;">Reelection</span> Tateaki Ishida	Chairman and Representative Director	17/17
2	<span style="border: 1px solid black; padding: 2px;">Reelection</span> Ichiro Goda	Representative Director and President	17/17
3	<span style="border: 1px solid black; padding: 2px;">New appointment</span> Masanobu Hayashi	Deputy President	-
4	<span style="border: 1px solid black; padding: 2px;">Reelection</span> Tsunehiro Nakayama	<span style="border: 1px solid black; padding: 2px;">Outside Director</span> <span style="border: 1px solid black; padding: 2px;">Independent Director</span>	17/17
5	<span style="border: 1px solid black; padding: 2px;">New appointment</span> Kazumasa Miyazawa	<span style="border: 1px solid black; padding: 2px;">Outside Director</span> <span style="border: 1px solid black; padding: 2px;">Independent Director</span>	-

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



### Reelection

- **Type and number of the Company's shares held**  
542,900 common shares
- **Attendance at Board of Directors meetings during the fiscal year under review**  
17/17
- **Attendance in Nomination & Remuneration Committee during the fiscal year under review**  
7/7

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

April 1968	Joined The Tokai 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**  
109,800 common shares

- **Attendance at Board of Directors meetings during the fiscal year under review**  
17/17

### ■ 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. The Company has determined that he will contribute to the improvement of the Group's corporate value by actively promoting the Group's business strategies for future growth as the person responsible for the formulation and promotion of the management plan "Beyond Our Limits." We, therefore, nominated him as a candidate for reelection as Director.



**Candidate No. 3 Masanori Hayashi (Born on March 20, 1962)**



**New appointment**

- **Type and number of the Company's shares held**  
58,000 common shares

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

April 1984	Joined Maruman Securities Co., Ltd.
April 2000	Seconded to Tokai Maruman Asset Management Co., Ltd. as the General Manager of its Asset Management Department
March 2006	General Manager of Wealth Management Department of the Company
April 2009	General Manager of Retail Strategy Department of the Company
April 2010	General Manager of Sales Planning Department of Tokai Tokyo Securities Co., Ltd.
May 2011	General Manager of General Planning Department of the Company
April 2012	Deputy Head of East Japan Regional Unit of Tokai Tokyo Securities Co., Ltd.
April 2013	Executive Officer and Deputy Head of Planning & Administration Unit of Tokai Tokyo Securities, Co., Ltd.
October 2013	Managing Executive Officer of Tokai Tokyo Academy Co., Ltd.
April 2014	Executive Officer and Deputy Head of Planning & Administration Unit of Tokai Tokyo Securities Co., Ltd.
April 2015	Managing Executive Officer and Deputy Head of Planning & Administration Unit of Tokai Tokyo Securities Co., Ltd.
April 2016	Managing Executive Officer and Head of Corporate Sales Unit of Tokai Tokyo Securities Co., Ltd.
April 2017	Deputy President and Representative Director of Hamagin Tokai Tokyo Securities Co., Ltd.
May 2020	Senior Managing Executive Officer of the Company, assigned for special missions of the Company
June 2020	President and Representative Director of Money Compass Japan Co., Ltd., and concurrently, President and Representative Director of 3.0 Securities Preparatory Co., Ltd.
April 2021	Senior Managing Executive Officer and Head of Human Resources Planning Group of the Company
October 2022	Senior Managing Executive Officer and Head of General Planning Group of the Company
April 2023	Deputy President and Head of General Planning 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**

Masanori Hayashi has been engaged in a wide range of duties including corporate planning, the corporate division, and retail division at the Company and Group companies. The Company has judged that he will contribute to the enhancement of corporate value in the Group by demonstrating his capability to make appropriate judgments by looking at

the overall picture and stable management capability based on his broad experience and insight accumulated over the years, and has selected him as a candidate for Director.

## 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)**  
Five (5) years
- **Attendance at Board of Directors meetings during the fiscal year under review**  
17/17
- **Attendance in Nomination & Remuneration Committee during the fiscal year under review**  
7/7

### ■ 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 Kazumasa Miyazawa (Born on February 20, 1956)**



**New Appointment**

**Outside Director**

**Independent Director**

- **Type and number of the Company's shares held**  
None

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

April 1980	Joined Sony Corporation
April 1997	General Manager of Planning Department, IT Business Division, Sony Electronics USA (Sony Corporation of America)
April 1999	General Manager of General Planning Department, IC Card Division, Sony Corporation
January 2001	Managing Executive Officer and Chief Strategic Planning Officer, bitwallet, Inc.
October 2006	Appointed Professor of Management System Engineering, Tokyo Institute of Technology (current position)
January 2010	Executive Officer and General Manager of Planning Department, Rakuten Edy, Inc.
January 2017	Chief Operating Officer of Soramitsu Co., Ltd.
April 2020	President and Representative Director of Soramitsu Co., Ltd. (current position)
April 2020	Director of Digital Platformer Corporation.
October 2021	Director of ReNet Soramitsu Financial Technology Co., Ltd. (current position)

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

President and Representative Director, Soramitsu Co., Ltd.  
Director, ReNet Soramitsu Financial Technology Co., Ltd.

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

Kazumasa Miyazawa has served for many years as a manager of a digital-related company, and his achievements and insight are highly regarded. The Company has nominated him as a candidate for Outside Director because it expects that he will fulfill his role as Outside Director in decision-making on important management matters and supervision of business execution of the Company by utilizing his wealth of experience and high level of expertise in digital-related companies.

■ **Independence**

Kazumasa Miyazawa 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.

- Notes:
1. Each candidate for directorship has no special interests in the Company.
  2. Until February 28, 2023, Mr. Kazumasa Miyazawa was an officer (non-executive) of Digital Platformer Co., Ltd., which is a specified related business operator of the Company.
  3. 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.
  4. 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 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. If the election of Kazumasa Miyazawa is approved, the Company plans to conclude a similar liability limitation agreement with him. 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.
  5. 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, 2023.

## 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	Finance economics	Administration	ICT	Sustainability	
Tateaki Ishida	Chairman and Representative Director	Business Execution		○	○	○	○	○		○	○			○	○
Ichiro Goda	President and Representative Director	Business Execution			○	○	○			○	○			○	○
Masanori Hayashi	Director and Deputy President	Business Execution			○	○	○				○				○
Tsunehiro Nakayama	Outside Director	Independent Director													
		Non-Business Execution		○			○	○		○	○				
Kazumasa Miyazawa	Outside Director	Independent Director												○	○
		Non-Business Execution		○				○	○						
Tetsuji Oono	Director	Non-Business Execution	○							○	○				
Keisuke Inoue	Outside Director	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 Proposal 2 is 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 (excluding Directors serving 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 execution of duties of directors who are not members 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 Directors serving on the Audit & Supervisory Committee) only after soliciting and considering the opinion of the Nomination & Remuneration Committee.

The Board of Directors makes decisions on matters concerning the nomination of directors who serve on the Audit & Supervisory Committee only after soliciting and considering the Nomination & Remuneration Committee's opinion and gaining the 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 to satisfy 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 important 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 any one of its important subsidiaries, at present or at any time in the past three (3) years, is included in this specific case.)
3. The subject is a party who has business transactions with the Company or its important subsidiaries as a major trading partner of the Company's (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.)
4. The subject is a major customer or supplier of the Company or its any one of its important subsidiaries (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.)
5. The subject is essential to the Company's or any of its important subsidiary's fund procurement, such as a financial institution or 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 any of its important subsidiary (if such party is a corporation, an Executive at present or at any time in the past three (3) 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) from the Company or any of its important subsidiaries excluding the compensation paid for the service of Directors/Audit & Supervisory Board Members. (If such party is an association such as a corporation/organization, a person who belongs to such association is included.)
8. The subject belongs to a corporation, association, or other organization such as an accounting or law firm or a consulting firm that is a major trading partner to the Company or any of its important subsidiaries (including a person who was engaged in the auditing services for the Company or any of its important subsidiaries at any time in the past three (3) years).
9. The subject is an Executive of a company or its any of 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. A person who executes business of a company for which a subsidiary of the Company serves as a lead managing securities company (including a person who has executed business in the past three (3) years).
11. The subject is a close relative of a person who falls under any of the above cases 1. through 10. (spouse, any relative within the second degree of kinship as defined under the relevant Japanese law, or any relative living together).
12. 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 any of its subsidiary for eight (8) years or longer.
13. The subject may potentially and substantially have a conflict of interest with the Company's general shareholders for a reason other than what is given in the above cases 1. through 12.

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 trading partner" means a trading partner that accounts for more than 2% of the Group's annual consolidated operating revenue in the most recent fiscal year.
- \* "Major customer or supplier" refers to a party whose transaction with the Group exceed 2% of annual consolidated operating revenue for the most recent fiscal year of the Group.
- \* "Its important subsidiaries" means Tokai Tokyo Securities Co., Ltd.



### **Proposal No. 3: 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. 2, 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.

Adjusted Number of Shares Granted = Number of Shares Granted before adjustment × 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 into 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.

(\*) the price: (A) or (B), whichever is higher, where (A) is the monthly average of the market closing prices (excluding the day with no transaction done) of the Company stock for regular transactions at the Tokyo Stock Exchange, Inc. during the month preceding the one in which the subject Stock Acquisition Rights are allocated, and (B) is the market closing price of the Company stock on the day when the subject Stock Acquisition Rights are allocated as (if there is no said closing price for the Company stock on the day, the closing price of the closest preceding day will be taken).

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.

$$\text{Exercise Price after adjustment} = \frac{\text{Exercise Price before adjustment} \times \left( \frac{\text{Number of shares already issued} + \frac{\text{Number of shares newly issued} \times \text{Amount paid-in per share}}{\text{Current market price per share}}}{\text{Number of shares already issued} + \text{Number of shares newly issued}} \right)}{1}$$

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 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 the 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 a petition for seizure, provisional seizure, preservation, or provisional disposition, or is subject to coercive collection.

## Shareholder Proposals

Proposals No. 4 through 11 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. 4: Establish Separate Disclosure of Remuneration Paid to Directors in Articles of Incorporation**

#### Reason for Proposal

The Tokyo Securities Stock Exchange reorganized its market segments in order to encourage listed companies to reform their management in consideration of the shareholders' interests. Tokai Tokyo FG has consistently delivered low dividends to shareholders. Forgetting the spirit of the Prime Market, Chairman and Representative Director Ishida alone receives about 100 million yen in remuneration every year. This is also evident in the annual securities report dated August 12, 2021. In the description (before correction), there is a false statement in the annual securities report that it is "Not stated because there is no person whose total consolidated remuneration, etc. is 100 million yen or more." After the correction, the total amount of consolidated remuneration for Mr. Tateaki Ishida was revised to 106 million yen. It is said that there are less than 1,000 executives in Japan who are paid more than 100 million yen. In addition, last year, the Board of Directors passed an irreversible resolution to award bonuses of more than 70 million yen in total to three executive directors, despite the poor performance in the fiscal year under review. This is a big gap with the annual dividend of around 20 yen. Executive compensation is unlimited and is completely controlled by the Board of Directors. Shareholders cannot ignore the remuneration of executives. The cost effectiveness must be verified. A new Article of Incorporation to disclose individual executive remuneration should be established.

#### The Board of Directors' Opinion on Proposal No. 4

##### 1. Board of Directors' Opinion

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

##### 2. Reason for Objection

In order to ensure the objectivity and transparency of the decision-making process, the Company determines the amount of remuneration for Directors and Executive Officers in a reasonable and appropriate manner, with reference to remuneration levels in the same industry obtained through participation in an external remuneration database, after receiving a report from the Nomination and Remuneration Committee on the remuneration system for Directors, the level of remuneration, etc., and the content of remuneration, etc. for each individual. In addition, the amount of remuneration for Directors is appropriately disclosed in accordance with laws and regulations.

Therefore, the Board of Directors believes that it is not necessary to establish such a provision in the Articles of Incorporation as proposed, and as such objects to this proposal.

Although it is stated in the "Reason for Proposal" that the return to shareholders of the Company is "consistently low", over the past five years, the Company's dividend yield based on the average share price during the period has exceeded the peak of the simple average yield of companies listed on the First Section of the former Tokyo Stock Exchange and the Tokyo Stock Exchange Prime Market, so the Company believes that the situation is not as stated in the "Reason for Proposal".

In addition, although it is stated that Mr. Tateaki Ishida “receives about 100 million yen in remuneration every year,” as can be seen from the past annual securities reports, no remuneration exceeding 100 million yen has been paid to him more than once within the past five years, and there is no prospect of such remuneration in the fiscal year ended March 2023.

Furthermore, it has been pointed out that there were “false statements” made in the annual securities report. However, after submitting the annual securities report dated June 25, 2021, the Company submitted an amended annual securities report on January 28, 2022 to correct the error in the matters stated in “Total Amount of Consolidated Remuneration, etc. for Each Officer” and therefore it is not a false statement.

**Proposal No. 5: Tokai Tokyo Financial Holdings, Inc., including its subsidiaries, will not hire an ex-public service official who has resigned to take responsibility for an unsuitable consequence. We wish for the establishment of a new item in the Articles of Incorporation.**

Reason for Proposal

Ms. Y, who had served as the first female secretary in the Ministry of Internal Affairs and Communications, was employed as a Director of Tokai Tokyo Securities Co., Ltd. as of June 28, 2022. As a shareholder suffering from low dividends, I have no idea what the company wants from a former public official who has descended with a golden parachute. There is no rational explanation for a relationship between the Ministry of Internal Affairs and Communications and a securities company. I know that Ms. Y was one of those who tried to protect free speech. However, it is hard to understand how the Board of Directors runs the company by freely using such things as executive compensation. Shareholders believe that Tokai Tokyo Securities Co., Ltd. will be eager to compete with SBI Securities in the race to employ former public officials and refuse to form a camp that will only protect the long-term government. The diverse composition of the Board of Directors is quite reasonable, but shareholders do not trust the current board of directors, which lacks the fairness of rewards and punishments and acts freely. To prevent the easy parachuting of former public officials, a new item in the Articles of Incorporation should be established.

The Board of Directors' Opinion on Proposal No.5

1. Board of Directors' Opinion

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

2. Reason for Objection

Personnel hired by the Group from outside the Company are appropriately hired based on their performance and insight, with a focus on personal characteristics.

Therefore, the Board of Directors believes that it is not necessary to establish such a provision in the Articles of Incorporation as proposed, and as such is against this proposal.

In the "Reason for Proposal", it is stated that "Ms. Y, who had served as the first female secretary in the Ministry of Internal Affairs and Communications, was employed as a Director of Tokai Tokyo Securities Co., Ltd", one of the subsidiaries of the Company. However, Ms. Y was not a "secretary in the Ministry of Internal Affairs and Communications", but a "secretary to the Prime Minister", and there is no relationship between the Cabinet Secretariat and the Company that it could be called parachuting.

**Proposal No. 6: Any expense of the party held after the general meeting shall be borne by actual participants. We wish for the establishment of a new item to that effect in the Articles of Incorporation.**

Reason for Proposal

The 2022 AGM was held at A Building in front of Nagoya Station.



All requests, including those from the Chairman and Facilitator of the General Meeting of Shareholders, were to shorten the AGM due to COVID-19. This was forced on attendees, and we were dissatisfied with the AGM. The Board of Directors called for the shortening of the question time, wanted to reduce the number of important questions, and finish the meeting as soon as possible. Tokai Tokyo FG's party is famous in S monthly magazine. In the March issue of 2020, there was a description that a "very showy" party was to be held. As expected of Mr. Ishida, who has served as the representative for many years.

After the Nagoya General Meeting, shareholders went to the famous M Hotel in front of Nagoya Station for lunch.

"Tokai Tokyo Financial Holdings, Inc. 14:00" was displayed in the waiting room on the banquet information board on the 17<sup>th</sup> floor. Mr. Ishida is famous for hosting showy parties. Shareholders finally understood why the General Meeting of Shareholders was shortened. Requests from shareholders are to hold the banquet after 5 o'clock and in consideration of poor management and low dividends, organize a party with a simple rule of "each paying for his or her account."

## The Board of Directors' Opinion on Proposal No. 6

### 1. Opinion of Board of Directors

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

### 2. Reason for Objection

We believe that the General Meeting of Shareholders is an important opportunity for our shareholders to gather once a year to hear the report on the results of our operational activities during the year and to make resolutions on important corporate matters such as the election of Directors, etc., and we strive to conduct operations so that we can fully deliberate necessary and sufficient matters. Therefore, we will not shorten the General Meeting of Shareholders for any event held after the meeting. After the General Meeting of Shareholders last year, the Company took pictures of its officers at the time and place stated in the "Reason for Proposal". This was for use in public relations.

Therefore, the Board of Directors objects to this proposal.

## **Proposal No. 7: The retirement age for the Representative Directors of Tokai Tokyo Financial Holdings, Inc. shall be 65. We wish for the establishment of a new item to that effect in the Articles of Incorporation.**

### Reason for Proposal

Mr. Tateaki Ishida was born on January 2, 1946 and is 77 years old this year. He is healthy and his spirit, beliefs, and business capabilities are substantial. He is a superman who has led the company's development, and shareholders are very happy with him.

Last year in the General Meeting of Shareholders, a shareholder proposed changing the company's name to Tokai Tokyo's Ishida Financial Holdings Inc.

However, the Board of Directors' objection was that Mr. Ishida made up no more than "0.19% of the Company's issued shares" and was not a business owner. But from the perspective of shareholders, Mr. Ishida has been running as the top of the company, earning about 100 million yen for about 20 years. Under the Companies Act, the term of directors at privately held companies is set at 10 years, even if it is stipulated in the Articles of Incorporation. Tokai Tokyo HD is a public company. Twenty years as the Representative Director is impressive. This is the era of high-speed internet. Old people,

including me, are in good health, but they fall into anachronism. A young representative director should be created as soon as possible and establish a new item in the Article of Incorporation.

## The Board of Directors' Opinion on Proposal No.7

### 1. Opinion of the Board of Directors

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

### 2. Reason for Objection

The Company does not set a mandatory age limit for the selection of Representative Director candidates. This is because the qualities and abilities of a Representative Director should not be judged by age.

Accordingly, the Board of Directors believes that such provisions as proposed would excessively restrict the scope of selection of the Company's Representative Director, and therefore objects to this proposal.

Since the term of office of the Company's Directors (excluding Directors serving on the Audit & Supervisory Committee) is set at one year in the Articles of Incorporation, the Company's Directors to be reappointed are approved at the Ordinary General Meeting of Shareholders every year. As a result of the re-appointment approved at the Ordinary General Meeting of Shareholders, the Company's Directors who have served for a long period of time are not in violation of laws and regulations.

**Proposal No. 8: We would like to see a new personnel system that emphasizes the idea of “the right person on the right job” rather than blindly prizing former ranks and positions when hiring new executives. So, we wish for the establishment of a new item that facilitates adopting the said personnel system in the Articles of Incorporation.**

### Reason for Proposal

Tokai Tokyo FH Inc. has a high base salary for executives, including foremostly the one for the CEO. Tokai Tokyo Securities Co., Ltd., one of its subsidiaries, had enjoyed brisk sales of structured bonds that subsequently caused a series of complaints. However, the Financial Administration Policy announced by the Financial Services Agency in August 2022 raises concerns about human resources development to support business operations. In response, a review of sales was begun. As a result, Tokai Tokyo FH, which had sold structured bonds to regional banks until then, saw a significant decline in net gains on bond trading in the third quarter of the fiscal year that ended in March 2023.

It is a social problem that customers who have suffered losses complain that they do not sufficiently explain the risk of principal loss when soliciting. Shareholders protest the basic concept of remuneration. The short-term incentive rate, which is linked to one year's performance, and the payment system, which is linked to more than one year's performance, are high. Only dividends are always at a low rate. Only executive compensation is important. Focus is placed on "rank" that accurately reflects poor performance and the division of roles. Request for change to job type personnel system in which personnel appointment is based on sales achievement rate rather than an Ishida-centered system. Therefore, we wish for the establishment of a new item that facilitates adopting the said personnel system in the Articles of Incorporation.

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

## 1. Opinion of Board of Directors

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

## 2. Reason for Objection

The amount of executive remuneration of the Company is reasonably and appropriately determined within the scope approved by the General Meeting of Shareholders, based on a report from the Nomination & Remuneration Committee, which consists of four Outside Directors and the Chairman and Representative Director and is chaired by an Outside Director, after closely examining the content of roles and duties of each Directors and the status of their execution.

Therefore, the Board of Directors believes that it is not necessary to establish such a provision in the Articles of Incorporation as proposed, and as such is against this proposal.

**Proposal No. 9: Tokai Tokyo Financial Holdings, Inc. will establish a new item in the Articles of Incorporation that announces a policy of returning profits to shareholders and shows the actual results every year to the Tokyo Stock Exchange and shareholders in order to eliminate the PBR below 1.0.**

## Reason for Proposal

Okasan Securities Group Inc. and Citizen Watch Co., Ltd. also announced measures to improve their below 1.0 PBR. Stock prices are expected to rise as the companies announce shareholder return policies. The Tokyo Stock Exchange has decided to urge companies to disclose their PBR. The government will call for early disclosure of the information, saying it will be implemented in spring 2023. Tokai Tokyo Financial Group's executives are paid large amounts of money. In contrast, stock prices and dividends are low. In this way, they won't attract foreign or Japanese investors. This is the last chance for them to come up with measures to return profits to shareholders as soon as possible and seriously reform their attitudes toward "capital costs, stock prices and executive reforms". There is no tomorrow for an unattractive company.

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

### 1. Opinion of Board of Directors

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

### 2. Reason for Objection

With the aim of improving corporate value through medium- to long-term growth, the Company has paid dividends based on the basic policy of enhancing internal reserves and providing stable and appropriate returns to shareholders. Also, by realizing the medium-term management plan ("Beyond Our Limits"), we will further strengthen our earning capacity, increase the attractiveness of our stocks, and focus on achieving a PBR of 1.0.

Therefore, the Board of Directors believes that it is not necessary to establish such a provision in the Articles of Incorporation as proposed, and as such is against this proposal.

## **Proposal No. 10: Dismissal of One (1) Director (Excluding Directors Serving on the Audit & Supervisory Committee)**

### Proposal

The dismissal of Chairman and Representative Director Mr. Tateaki Ishida.

### Reason for Proposal

At the General Meeting of Shareholders in fiscal 2022, a proposal was received from a shareholder to change the company name to include Mr. Ishida's name. However, the Board of Directors' objection was that Mr. Ishida made up only "0.19% of the Company's issued shares" and was not a business owner. It is the difference in the focus of judgment between shareholders and executives. Mr. Ishida has maintained the authority to represent the Company for about 20 years since 2004. Even if he is not a business owner, he has continued for about 20 years and there is no superhuman director who has the right to represent the Group. He is a special person the like of whom are few in the Prime Market. Mr. Ishida's annual compensation is about 100 million yen. Given the size of the company, this high compensation is not feasible. This remuneration is comparable to the annual salary of the Dentsu president, who is facing issues related to The Olympic Games. Judging from the business performance of Tokai Tokyo FH Inc., it is an unimaginably high price. We cannot overlook the Board of Directors' calculations for remuneration and the harmful effects of his long-term administration. The Board of Directors is evasive. The company has remained silent on issues such as declining sales capabilities, poor business performance, low dividends and the delisting of the Grace Group. Shareholders want the Company to get out of the state being Mr. Tateaki Ishida's one-man company as soon as possible.

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

#### 1. Opinion of Board of Directors

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

#### 2. Reason for Objection

Mr. Tateaki Ishida, Chairman and Representative Director, has demonstrated strong leadership aimed at improving the corporate value of the Group since assuming the position by utilizing his wealth of experience, achievements and insights as a corporate manager, and has sufficiently fulfilled his duties as a Director.

Accordingly, the Board of Directors has determined that he is qualified as a Director (excluding Directors serving on the Audit & Supervisory Committee) of the Company and opposes his dismissal. In addition, the Company continues to propose his appointment at this General Meeting of Shareholders.

The Company's Audit & Supervisory Committee has also determined that he is suitable for the position of Director (excluding Directors serving on the Audit & Supervisory Committee) of the Company and opposes his dismissal.

## **Proposal No. 11: Dismissal of Three (3) Directors Serving on the Audit & Supervisory Committee**

The dismissal of Three (3) Directors (1 Dismissal of Tetsuji Oono, 2 Dismissal of Keisuke Inoue, 3 Dismissal of Joichi Yamazaki)

## 1. Dismissal of Mr. Tetuji Oono

### Reason for Proposal

Mr. Tetsuji Oono mentioned that he is excellent at financial accounting. The wording of the appointment is always a cliché. Abundant work experience, high level of insight and specialized knowledge. Shareholders are disappointed. There is no effort in supervising the execution of business. He has not protected the opinions of minority shareholders and has not served as a watchdog of the Board of Directors. In addition, it is hard to believe that he is “excellent at financial accounting” because he has no interest or suspicion in the company's normal profit distribution, such as the high executive compensation. Mr. Oono is indifferent to everything. Mr. Tateaki Ishida, who is the core of the company's management, has been the chief executive for 20 years, and Mr. Oono has no concerns or doubts about him. This can be said to be a loss of profits for ordinary shareholders due to collusion. This is an admission of the “only for now, only for money, and only for myself” principle of all executives. There is no sign of any positive efforts in Mr. Tetsuji Oono's management.

## 2. Dismissal of Mr. Keisuke Inoue (Outside Director and Audit & Supervisory Committee Chairman) as an Independent Director.

### Reason for Proposal

Mr. Keisuke Inoue is well versed in corporate management. Is the “remuneration of more than 100 million yen” for one individual appropriate in terms of scale? In addition, there is no sense of shrewdness in his business management, advice, management supervision, etc. He also has no doubts about the company's operations. The Board of Directors is well versed in Mr. Keisuke Inoue's corporate management. However, shareholders do not trust the appointment announcement. Many things need to be improved throughout Tokai Tokyo Securities Co., Ltd.'s history. The business suspension and business improvement order of July 2, 2003. The business improvement order of July 7, 2004. All of the business improvement orders issued on September 16, 2010 are administrative actions required by the Financial Services Agency to enhance its internal control system. Mr. Keisuke Inoue has failed to reflect the opinions of minority shareholders in the Board of Directors and has failed to improve the system. He agreed with the long-term administration of Mr. Ishida and has neglected his duties. Mr. Keisuke Inoue should be dismissed.

## 3. Dismissal of Mr. Joichi Yamazaki (Outside Director and Audit & Supervisory Committee Member) as an Independent Director

### Reason for Proposal

Mr. Joichi Yamazaki, who has extensive administrative experience and extensive knowledge and experience in financial and economic fields, was highly praised for his remarks that focused on the Group's strength and risk management. Shareholder evaluation. The core of the company. The company has been running away from its management problems, including the approval of Mr. Tateaki Ishida's long-term administration and 100 million yen in remuneration. Lower stock prices, lower dividends and higher executive compensation are acceptable. Even if the distribution of profits is unbalanced, he is indifferent. He is silent on the issue of the delisting of the Grace Group. There is no discussion of executives' responsibility. Shareholders are crying out at 400 yen for a pack of eggs. Shareholders feel alone and helpless. However, there are no signs of Mr. Yamazaki's activities as an independent director. I heard from a person with experience as an Audit & Supervisory Committee member that the tips for holding positions for a long time is, “Don't see, don't hear, don't say”. That's a good saying! It is time to

aim for corporate governance that will enhance the competitiveness of companies, rather than just structural reform. Mr. Joichi Yamazaki's contribution to the Group's strength and risk management was disappointing. He should be dismissed.

## The Board of Directors' Opinion on Proposal No.11

### 1. Opinion of Board of Directors

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

### 2. Reason for Objection

Since assuming the office of Directors serving on the Audit & Supervisory Committee, Mr. Tetsuji Oono, Mr. Keisuke Inoue and Mr. Joichi Yamazaki have made efforts to make decisions on important management matters and supervise the execution of business by utilizing their extensive business experience and insight and have sufficiently fulfilled their duties.

Accordingly, the Board of Directors has judged that they are suitable for the position of Director serving on the Audit & Supervisory Committee of the Company and objects to the dismissal of them.

The Audit & Supervisory Committee of the Company has also determined that they are suitable for the position of Director serving on the Audit & Supervisory Committee of the Company and objects to the dismissal of them.