

Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation. Accordingly, any peripheral document such as “Guidance to the Exercise of Voting Right via the Internet” or any other form or document that is referred to in this translated information is omitted.

(Securities Code 8616)

June 3, 2025

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 113TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders

We hereby inform you that we will hold the 113th Ordinary General Meeting of Shareholders of Tokai Tokyo Financial Holdings, Inc. (the “Company”), under the schedule described below.

To provide the information for the convocation of the Ordinary General Meeting of Shareholders, the Company adopts electronic notice measures. The information is posted in the “Notice of Convocation of the 113th Ordinary General Meeting of Shareholders” and “Other Matters Subject to Electronic Provision Measures (Matters that are omitted in the documents to be delivered) for the 113th Ordinary General Meeting of Shareholders” on the following websites. 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, the information is also available on the websites indicated below.

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 on pages 10 to 12 of the Japanese edition (*Giketsuken kōshi hōhō ni tsuite no go-annai* in Japanese), which is omitted though from this English translation. Please vote by 5:10 p.m. (the end of our daily business hours) on Tuesday, June 25, 2025, Japan time.

Schedule

1. **Time and Date:** 10:00 a.m. Thursday, June 26, 2025, 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 7-8 of this document.)
3. **Meeting Agenda:**
Matters to be reported: The Business Report, Consolidated and Non-Consolidated Financial Statements for the Company's 113th Fiscal Year (April 1, 2024 - March 31, 2025) and results of audits by the Accounting Auditor and the Audit & Supervisory Committee of the Consolidated Financial Statements

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:** Payment of Bonuses to Directors
- Proposal No. 4:** Issuance of Stock Acquisition Rights as Stock Options Granted to Executive Directors, Executive Officers and their equivalents, and their Employees of the Company and its Subsidiaries

Shareholder proposals

- Proposal No. 5:** Partial Amendment to the Articles of Incorporation: Change the company name from Tokai Tokyo Financial Holdings to Ishida Empire Securities Financial Holdings.
- Proposal No. 6:** Dismissal of Three (3) Directors (Excluding Directors Serving on the Audit & Supervisory Committee) (Mr. Sato, Ms. Kitagawa, and Mr. Nakayama)
- Proposal No. 7:** Dismissal of Two (2) Directors Serving on the Audit & Supervisory Committee (Ms. Ikeda and Mr. Ota)

4. Matters that have been decided before the convocation is effected, and how the Company treats your exercise of voting rights

- (i) Among the Matters Subject to Electronic Provision Measures, the following items are not included in the documents to be delivered to shareholders who have requested a delivery of such documents by the relevant laws and regulations and the Company's Articles of Incorporation. The Audit & Supervisory Committee and the accounting auditor have audited the items subject to their audits including the following.
- (1) Business Report: Notes on Share Acquisition Rights
 - (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: Statements 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. Additionally, 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 shareholders' proposals.
- 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

Company Proposals

Proposal No. 1: Distribution of Retained Earnings

The Company's basic policy is to aim for further enhancement of corporate value by actively promoting “the caliber enlargement as a financial service provider,” and “Key Measures to reach the New World,” as mentioned in the medium-term management plan. The Company pursues the said aim while it stably and continuously returns dividends to shareholders. The Company shall arrange shareholder dividends for the fiscal year ended March 31, 2024, and thereafter during the current medium-term management plan period (until the fiscal year ending March 31, 2027) in the manner described below.

(1) Consolidated payout ratio of 50% or higher

(2) Annual dividend of ¥24.00 or more per share

The (1) or (2) above, whichever is higher, shall be the dividend standard.

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

Including the interim dividend of ¥12.00 per share already paid, the total dividend for the fiscal year under review will be ¥28.00 per share.

Matters regarding the year-end dividend

(1) Type of dividend property: Cash

(2) Matters regarding the allotment of dividend property and the total allotment amount

* Ordinary dividend per share of common stock: ¥16.00

* Total amount: ¥4,016,087,920

(3) Effective date of distribution of retained earnings:

June 27, 2025

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 after this General Meeting of Shareholders. Therefore, we ask you to elect five (5) Directors.

The Board of Directors resolved to submit the proposal based on the report made by the Nomination & Remuneration Committee. The Audit & Supervisory Committee has determined that each candidate is suitable 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	Reelection Tateaki Ishida	Chairman and Representative Director	15/15
2	New appointment Hiroshi Kasugai	Deputy President	-
3	Reelection Naoko Kitagawa	Director	11/11
4	Reelection Tsunehiro Nakayama Outside Director Independent Director	Director	15/15
5	Reelection Kazumasa Miyazawa Outside Director Independent Director	Director	15/15

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



Reelection

- **Type and number of the Company's shares held**
596,200 common shares
- **Attendance at Board of Directors meetings during the fiscal year under review**
15/15
- **Attendance in Nomination & Remuneration Committee during the fiscal year under review**
6/6

■ 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.
June 2014	Member of the Board, Nagoya Stock Exchange, Inc. (current position)
August 2016	Chairman of Tokai Tokyo Foundation (current position)
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, Inc
Chairman, Tokai Tokyo Foundation, a general incorporated foundation

■ The reason for nomination as a candidate for Director

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

Candidate No. 2	Hiroshi Kasugai (Born on September 10, 1963)
------------------------	-----------------------------------------------------



New appointment

- **Type and number of the Company's shares held**
23,000 common shares

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

April 1987	Joined The Tokai Bank, Ltd.
July 2010	General Manager Specially Assigned to Global Market Planning Division, Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. & Business Strategy Planning Division, Mitsubishi UFJ Securities Holdings Co., Ltd.
July 2012	Managing Director/Head of Administration Unit, Head of Global Liaison, Mitsubishi UFJ Securities International plc. (London)
April 2015	General Manager, Global Market Planning Division, Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. & General Manager Specially Assigned to Global Business Strategy Department, Mitsubishi UFJ Securities Holdings Co., Ltd.
June 2017	Executive Officer, General Manager of Compliance Control Division, Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. & Executive Officer, General Manager of Compliance Control Division, Mitsubishi UFJ Securities Holdings Co., Ltd.
June 2018	Executive Officer, General Manager of Compliance Control Division, Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. & Executive Officer, General Manager of Compliance Control Division, Mitsubishi UFJ Securities Holdings Co., Ltd. & Director, MUS Business Service Co., Ltd. & Executive Officer, General Manager of Compliance Control Division, Mitsubishi UFJ Financial Group, Inc. (specially assigned)
January 2019	Executive Officer, General Manager of Compliance Control Division, Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. & Executive Officer and General Manager of Compliance Control Division, Executive Officer and General Manager of Global Regulatory Affairs Strategy Office, Mitsubishi UFJ Securities Holdings Co., Ltd. & Director, MUS Business Service Co., Ltd. & Executive Officer, General Manager of Compliance Control Division, Mitsubishi UFJ Financial Group, Inc. (specially assigned)
June 2019	Full-time Outside Audit & Supervisory Board Member, Mitsubishi UFJ Kokusai Asset Management Co., Ltd.
June 2020	Advisory of the Company
July 2020	Managing Executive Officer, Deputy Head of Global Market Company, Tokai Tokyo Securities Co., Ltd.
April 2021	Managing Executive Officer, Head of Corporate Planning, Tokai Tokyo Securities Co., Ltd.
April 2023	Senior Managing Executive Officer, Head of Risk Management, Tokai Tokyo Securities Co., Ltd.
August 2024	Deputy President, Head of Strategy Planning Group, and Head of Digital Strategy Planning, the Company

April 2025 Deputy President, Head of Strategy Planning Group, the
Company (current position)

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

N/A

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

Hiroshi Kasugai has been engaged in a wide range of operations in the Company and Group companies, including the Global Market, Corporate Planning, Risk Management, and Digital Strategy Planning. The Company has nominated him as a candidate for Director based on the judgment that he will contribute to enhancing the corporate value of the Group as the person responsible for promoting the Group's strategies by actively promoting business strategies aimed at achieving the medium-term management plan.

Candidate No. 3 Naoko Kitagawa (Born on March 9, 1968)



Reelection

■ **Type and number of the Company's shares held**
103,900 common shares

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

*Above are attendance at the Board of Directors meetings, etc. held since her appointment on June 26, 2024.

■ Profile (position and responsibilities at the Company)

April 1990	Joined Maruman Securities Co., Ltd.
September 2005	General Manager of Komaki Branch, the Company
April 2008	General Manager of Toyota Branch, the Company
May 2011	General Manager of Sales Department II, Nagoya Branch, Tokai Tokyo Securities Co., Ltd.
April 2013	Executive Officer, Deputy Head of Wealth Management Headquarters, Tokai Tokyo Securities Co., Ltd.
April 2014	Executive Officer, Head of Wealth Management Headquarters, Tokai Tokyo Securities Co., Ltd.
April 2015	Managing Executive Officer, Head of Wealth Management Headquarters, Tokai Tokyo Securities Co., Ltd.
April 2017	Senior Managing Executive Officer, assuming special assignment, the Company
May 2017	Deputy President and Executive Officer in charge of Planning, Takagi Securities Co., Ltd.
June 2017	Representative Director and Deputy President, Head of Planning & Administration Unit, Takagi Securities Co., Ltd.
September 2019	Senior Managing Executive Officer in charge of the General Planning Group, the Company
April 2021	Senior Managing Executive Officer, Deputy Head of Global Market Company, Tokai Tokyo Securities Co., Ltd.
April 2022	Deputy President, Head of Global Market Company, Tokai Tokyo Securities Co., Ltd.
April 2023	Representative Director and President, Tokai Tokyo Securities Co., Ltd. (current position)
June 2024	Director of the Company (current position)

■ The candidate also takes the following important posts

Representative Director and President, Tokai Tokyo Securities Co., Ltd.

■ The reason for nomination as a candidate for Director

Naoko Kitagawa has served as Representative Director and President of Tokai Tokyo Securities Co., Ltd., a core subsidiary of the Company, since April 2023. She has been involved in a wide range of businesses, including the retail division, wealth management division, corporate planning division, and market division within the Company and the Group. She has extensive knowledge and experience in all areas of business. The Company has nominated her as a candidate to be reelected as Director because she has been actively promoting business strategies, etc. for the future growth of the Company and the Group, and performing her duties appropriately. So, the Company has determined that she will contribute to the improvement of the corporate value of 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)**
Seven (7) years
- **Attendance at Board of Directors meetings during the fiscal year under review**
15/15
- **Attendance in Nomination & Remuneration Committee during the fiscal year under review**
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 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. Country Executive for Japan of the Bank of America Group
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 of Mitsui Fudosan Co., Ltd. (current position)
June 2020	Director (Audit & Supervisory Committee Member) of the Company
June 2021	Director of the Company (current position)
May 2024	Director of Showa Nishikawa Co., Ltd. (current position)

■ The candidate also takes the following important posts

Director, Mitsui Fudosan Co., Ltd.
Director, Showa Nishikawa Co., Ltd.

■ The reason for nomination as a candidate for Outside Director, and the expected roles

Tsunehiro Nakayama has many years of experience as a corporate manager of financial institutions, and his achievements and insight are highly acclaimed. We are confident that, if re-elected, he will duly perform the role of overseeing decision-making on important management issues and the execution of business as an Outside Director, 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 qualification. 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)



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 in Nomination & Remuneration Committee during the fiscal year under review**
6/6

■ Profile (position and responsibilities at the Company)

April 1980	Joined Sony Corporation
April 1997	General Manager of Planning Department, IT Business Division, Sony America
April 1999	General Manager of Corporate Planning Department, IC Card Business Division, Sony Corporation
January 2001	Executive Officer and Managing Chief Strategy Officer, bitWallet, Inc.
October 2006	Lecturer, Management System Engineering, Institute of Science Tokyo (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.
June 2023	Director of the Company (current position)
May 2025	Chairman of the Board of Soramitsu CBDC Co., Ltd. (current position)

■ The candidate also takes the following important posts

President and Representative Director, Soramitsu Co., Ltd.
Chairman of the Board, Soramitsu CBDC Co., Ltd.

■ The reason for nomination as a candidate for Outside Director, and the expected roles

Kazumasa Miyazawa has served for many years as a corporate manager of digital-related companies, 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 an Outside Director in overseeing the Company's decision-making on important management matters and business execution 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 qualification. 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 Director has no special interest in the Company.
 2. “The Company” in the above lists refers to Tokai Tokyo Securities Co., Ltd., which is the Company’s trade name until its change was effected in March 2009. For April 2009 and later dates, “the Company” refers to Tokai Tokyo Financial Holdings, Inc., which is the Company’s changed and current trade name.
 3. The Company’s Articles of Incorporation allow the Company to enter into an agreement with its respective Directors (excluding those who are Executive Directors and their equivalents) that limits such Directors’ liability for compensation to the Company for damage to a certain extent. As per the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has agreed with Tsunehiro Nakayama and Kazumasa Miyazawa 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 keep this limited liability agreement if its nomination is approved. The outline of the agreement is as follows.
 - If a 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 the amount as stipulated in Article 425 Paragraph 1 Items 1(c) and 2 of the Companies Act.
 - Limited liability as described above shall be accepted only if the liability caused by the Director (excluding those who are an Executive Director and the like) results from his/her duty fulfillment with a good manager’s care and not from his/her grave mistake.
 4. The Company and most of its subsidiaries maintain “Directors and Officers Liability Insurance (D&O)”, as specified in Article 430-3 Paragraph 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 competent personnel. The D&O provides coverage for directors (including those serving on the relevant company’s audit and supervisory committees), the auditor, 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, as a result of his/her act while performing duties. However, the D&O has a certain exemption clause to exclude, among other things, coverage for the directors if the losses to the Company arise from their knowingly committed illegal acts. In such a case, benefits are not paid to the insured parties.
 (All premiums on the policy, including those for any special provisions, are paid by the Company except for some Directors of subsidiaries. So, there is no actual premium payment to be paid by the insured parties.)
 If the above candidates are elected as proposed, their D&O coverage will be renewed on July 1, 2025, during their respective terms of office.

References

Skills matrix for candidates

Committee membership

Committee membership			Committees				Each candidate's main professional background							
Name	Title / role		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		○	○	○	○	○		○	○		○	○
Hiroshi Kasugai	President and Representative Director	Business Execution			○	○		○	○		○		○	○
Naoko Kitagawa	Director	Non-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	○							○	○			
Joichi Yamazaki	Outside Director	Independent Director	○						○		○	○		○
		Non-Business Execution												
Ayako Ikeda	Outside Director	Independent Director	○	○				○	○					
		Non-Business Execution												
Katsuhiko Ota	Outside Director	Independent Director	○	○			○	○		○	○			
		Non-Business Execution												

*The above skills matrix would apply if Proposal 2 is approved as proposed here.

Skill Definition

Item	Description of skills and reasons for selection
Business administration	Amid significant changes in the business environment surrounding the Group, in order to achieve the current medium-term management plan and improve corporate value, it is necessary to have extensive knowledge, experience and achievements in overall business administration.
Overseas assignment	In the financial instruments business, which is the core business in the Group, the market is fluctuating on a global basis, and developments at foreign financial institutions, which are ahead of us in terms of various measures and strategies, are important. In addition, governance also requires a global perspective.
Legal	Knowledge and experience in legal observance, risk management, and corporate governance are important for the Group, which advocates “Social Value & Justice comes first” as a principle in the medium-term management plan.
Financial accounting	Knowledge and experience in the financial accounting field are important for the execution of financial and capital strategies, including the construction of a strong financial foundation, the realization of appropriate shareholder returns, and growth investments.
Finance economics	In order to realize “the caliber enlargement as a financial service provider” and “key measures to reach the New World,” which are important elements of the medium-term management plan, and achieve further growth, practical or management knowledge and experience in the field of finance and economics, which is our core business, are important.
Governments	It is essential to understand the way how various government bodies think as well as to communicate with them for running our core financial instruments business. No less importantly, the same holds true for us to take on the tasks proclaimed under the medium-term management plan, which includes 1) advancing cooperation with Powerful Partners, 2) adding a new operating function called “New Bonanza,” 3) realizing “Digital New World,” and 4) helping regional revitalization. Therefore, knowledge and experience in the public administration sector are important.
ICT	In order to realize the “Digital New World” in the medium-term management plan, IT has become indispensable for the creation of new businesses using digital technologies, the development of alliances, the improvement of customer services, and the improvement of business efficiency. For the Group to achieve innovative development, knowledge and experience of ICT are important.
Sustainability	The Group advocates “Social Value & Justice comes first” as the principle in the medium-term management plan and it is implementing activities to realize a sustainable and better society while valuing local communities, people, and the global environment. For us to realize such sustainability management, knowledge and experience related to the SDGs and ESG are important.

Principles and Procedure for Nominating Director Candidates

(Principles)

The Board of Directors nominates or dismisses someone as a director, etc. (excluding Directors serving on the Audit & Supervisory Committee), based on standards for director candidates. Based on these standards, 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 can 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, impartially, and accurately. In nominating someone as an Outside Director candidate, the board considers whether the person fulfills our Independence Assessment Standard in addition to the above-mentioned criteria. 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 our decision-making processes associated with director candidates’ nomination.

(Procedure)

As per the above policy, the Board of Directors makes decisions on matters concerning the nomination of Directors (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 serving on the Audit & Supervisory Committee only after soliciting and considering the Nomination & Remuneration Committee's opinion and gaining approval of the Audit & Supervisory Committee on the nomination.

Independence Assessment Standard of Outside Director Candidates

The Company has set forth the Independence Assessment Standard to be referenced in the nomination of Independent Outside Directors, and the candidate is considered not to satisfy the standard if such candidate falls under any of the following cases.

1. The subject is currently or was in the past an Executive Director, Executive Officer or other type of employee of the Company or its material 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 major 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 material subsidiaries as its major trading partner (if such party is a corporation, any Executive of the said corporation, its parent company or any one of its major 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 important subsidiaries (if such party is a corporation, any Executive of the said corporation, its parent company or any one of its major 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 subsidiaries' 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 major 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 subsidiaries (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 Committee Members.
8. The subject is an employee, partner, etc. who belongs to a corporation, association, or other organization such as an accounting or law firm or a consulting firm whose major trading partner is the Company or any of its important subsidiaries (including a person who was engaged in the related services for the Company or any of its important subsidiaries at any time in the past three (3) years).
9. The subject is an accounting auditor or an employee of the accounting audit firm providing audit services to the Company or its subsidiaries (including a person who was engaged in the auditing services for the Company or any of its subsidiaries at any time in the past three (3) years).
10. The subject is an Executive of a company 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).
11. The subject is a close relative of the 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 used to hold in the past the position of outside officer (i.e. a board director or auditor) of the Company or any of its subsidiaries 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 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 subject'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: Payment of Bonuses to Directors

Taking into consideration the business performance of the fiscal year under review, the Company seeks the Shareholders' approval for the payment of up to a maximum total of ¥53,265,000 as bonuses to the three (3) Executive Directors for the fiscal year under review.

The Company has established a policy for determining the content of remuneration, etc. for each director. The outline of the policy is described in the Business Report "3. Company Matters related to Officers – (8) Policy on Remuneration of Directors." The Company believes the proposal is justified in that it accords with this policy.

In addition, this proposal was examined by the Audit & Supervisory Committee, but no irregularities were pointed out.

Proposal No. 4: Issuance of Stock Acquisition Rights as Stock Options Granted to Executive Directors, Executive Officers and Their Equivalents, 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 Executive Directors, Executive Officers and their equivalents, and employees of the Company and its subsidiaries, and to be empowered to determine the matters regarding the subscription offer of such stock acquisition rights, in accordance with the provisions of Articles 236, 238, 239, and 361 of the Companies Act of Japan.

As stipulated in "3. Company Matters related to Officers - (6) Notes on Stock Options for Directors" 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 Stock Acquisition Rights allocated multiplied by the fair value per stock acquisition right calculated at the date of allocation of the 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 appropriate in that it accords with its policy for determining remuneration for each director, which is disclosed in "3 Company Matters related to Officers - (8) Policy on Remuneration of Directors" of the Business Report.

If Proposal No. 2, Election of Five (5) Directors (Excluding Directors Serving on the Audit & Supervisory Committee) is approved as proposed, this Proposal No. 4 will apply to the two (2) Executive Directors of the Company and one (1) Non-Executive Director of the Company who concurrently serves as an Executive Director of our subsidiary.

- (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 resultant number obtained 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 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’s common stock for regular transactions at the Tokyo Stock Exchange, Inc. during the month preceding the one in which the Stock Acquisition Rights are allocated, and (B) is the market closing price of the Company’s common stock for regular transactions at the Tokyo Stock Exchange, Inc. on the day when the Stock Acquisition Rights are allocated (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.

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

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:
Seven (7) 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 to be 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 Article 17 Paragraph 1 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 a merger or a company split:
“Reorganization” here means the event that the Company engages in the absorption-type merger (limited only to cases where the Company does not survive after the merger), consolidation-type merger, company split and other method of reorganizations (hereinafter collectively referred to as the “Reorganization Actions” excluding stock transfer and stock exchange). In such an event, 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, incorporation-type company split plan, share exchange agreement or share transfer 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;
It 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 upon 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 price after adjusting the Exercise Price, as described in 2) above, 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 the 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 the approval of the Board of Directors of the Reorganized Company.
- 7) Qualifying conditions 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. (including 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 fraction of less than one (1) share in 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 an Executive Director, Executive Officer and other equivalents, or employees of the Company and its subsidiaries (including employees 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 any other 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 their 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 the holder is subject to a petition for seizure, provisional seizure, preservative attachment, or provisional disposition, or is subject to coercive collection.

Shareholder Proposals

Proposals No. 5 through 7 were proposed by a certain shareholder. The subject shareholder holds 303 voting rights (0.012% of total voting rights).

The following proposal titles and descriptions and the reasons for respective proposals were prepared by the shareholder. With the exception of its stylistic modification, the Company tries to present each proposal “as is” to the best it can even without correcting omissions and errors in Japanese, or rectifying fact recognition. The content has been translated here from the original proposals as modified in the above stated manner.

Proposal No. 5: Partial Amendment to the Articles of Incorporation: Change the company name from Tokai Tokyo Financial Holdings to Ishida Empire Securities Financial Holdings

Reason for Proposal

Representative Hieda of the Fujisankei Communications Group who has built an empire of absolute control is famous nationwide. However, Mr. Tateaki Ishida, the Chairman of Tokai Tokyo Financial Holdings, is no less powerful. In June 2004, he has assumed the post of Representative Director and Deputy President and built and maintained the Ishida Empire for more than 20 years. During this period, there were angry voices rising within the company against the “ultra-long-term reign” against the Ishida, but Chairman Ishida successfully overcame the situation, and the Ishida Empire's rule has continued to this day. At Daiwa Securities, of which I am a shareholder, the top management changes within five or six years, and that is a normal company with common sense. A businessperson who holds on to the right to dictate personnel decisions and does not give up his or her position is disqualified. Corporate governance depends on: (1) Composition of the Board of Directors (2) Ensuring transparency (3) Protecting Rights of shareholders (4) Ensuring conflicts of interest (5) Compliance with laws and regulations. Businessmen and women, in the end, are those who are most accurately aware of their responsibilities to shareholders and society as a whole. Tokai Tokyo FH is a member of the prime market. Shareholders are investors and they do not want “long-term rule or absolute power.” I hope Tokai Tokyo FH can transform itself into a company with effective corporate governance as soon as possible.

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

The Company has established a Nomination & Remuneration Committee, the majority of which is composed of Outside Directors, and strives to ensure the objectivity and transparency of the decision-making process for personnel matters regarding the Company officers. For example, the nomination of candidates for Director positions, the dismissal and remuneration of Directors, etc., are decided based on the Nomination & Remuneration Committee's report. Mr. Tateaki Ishida will also be evaluated on an annual basis through such an objective and transparent process, and he will be evaluated as a Director (excluding Directors serving on the Audit & Supervisory Committee) candidate in the ordinary general meeting of shareholders every year. As a result, the Company has elected him as a Director (excluding Directors serving on the Audit & Supervisory Committee) every year. In addition, the Company has adopted a joint management system with two Representative Directors to conduct business operations while ensuring a mutual check-and-balance function.

Furthermore, the Company has positioned the enhancement of corporate governance as one of the important issues for management. The Company strives to strengthen and enhance corporate governance by establishing basic policies on corporate governance, which include respect for the rights of shareholders as a description, and by formulating corporate governance guidelines and conducting management in accordance with them as well.

Based on the above, the Board of Directors has determined that the proposed company name is an inappropriate description deviating from the actual conditions of the Company as described above and that it does not contribute to the common interests of shareholders or the enhancement of corporate value. Therefore, the Board of Directors is against this proposal.

Proposal No. 6: Dismissal of Three (3) Directors (Excluding Directors Serving on the Audit & Supervisory Committee) (Mr. Sato, Ms. Kitagawa, and Mr. Nakayama)

1. Dismissal of President and Representative Director Masataka Sato **Reason for Proposal**

He has served as President and Chairman and Representative Director of Tokai Tokyo Securities Co., Ltd., and has experience and achievements. However, under the direction of Chairman Ishida in May 2024, Mr. Masataka Sato, without being appointed as Director by the shareholders in the General Meeting of Shareholders, was suddenly appointed as President replacing Mr. Ichiro Goda, who had been the President and Representative Director since June 2021 and who had been appointed in June 2023 in an ordinary general meeting of shareholders. Tokai Tokyo FH is a member of the prime market. The shareholders thought this appointment represented the Ishida Empire.

Daiwa Securities, of which I am a shareholder, is in compliance with corporate governance, so it is impossible for them to make such an executive appointment.

In June 2018, Mr. Rintaro Tamaki, a former financial ministry bureaucrat, was appointed Outside Director of the Group's Tokai Tokyo Securities Co., Ltd. Ms. Makiko Yamada, a former Vice Minister for Policy Coordination of Ministry of Internal Affairs and Communications, also became an Outside Director as “Amakudari Are these the influence behind the aggressive personnel move?”

On the internet, I've heard that Ms. Makiko Yamada, a former bureaucrat at the Ministry of Internal Affairs and Communications, has been appointed Outside Director of Fuji Television, as Makiko Yoshida under her husband's family name. Mr. Masataka Sato, who did not comply with corporate governance, should be dismissed.

2. Dismissal of Director Naoko Kitagawa **Reason for the proposal**

In 2023, she served as president of Tokai Tokyo Securities Co., Ltd., the core subsidiary of the Company.

Now that I think about it, the shareholders remember that the company spread its name nationwide with the structured bonds sales trouble. Meanwhile, Tokyo Tokai Securities has been running seven joint ventures with leading regional banks, operating in a manner not chosen by other securities firms. I heard of negative reputation saying that their business performance is not good and that they are stuck. Now, the mainstream fashion of security brokerage is online securities.

I'd like to ask Director Naoko Kitagawa. What is the solution going forward for the recovery of the funds invested in the joint venture? Daiwa Securities, of which I am a shareholder, has concluded a comprehensive business tie-up with Iwate Bank in addition to Shikoku Bank to take over the bank's brokerage accounts. Sales cooperation through the secondment of Daiwa's employees. Daiwa Securities employees went directly to the

bank's head office, rather than through a joint venture.

Yamaguchi Financial Group, of which I am also a shareholder, has been struggling with operating revenue due to the suspension of structured bonds sales by its affiliate, YM Securities. Ms. Kitagawa took the post of Director at Tokai Tokyo FH without resolving the pending issues. There are no expectations for Ms. Naoko Kitagawa. Without a bold capital policy, Tokai FH's PBR stands at 0.66, while Daiwa Securities' PBR stands at 0.91.

3. Dismissal of Director (Independent Director) Tsunehiro Nakayama

Reason for the proposal

Mr. Tsunehiro Nakayama is originally from the Industrial Bank of Japan. He is heralded to have extensive corporate experience, having worked for Mizuho/Merrill Lynch Japan Securities, and Mitsui Fudosan.

However, he has not fulfilled his duties as an Outside Director of Tokai Tokyo FH.

He is no more than a pawn protecting the Ishida Empire. Rejecting shareholder proposals, he does not appear to be an executive who complies with corporate governance.

This is how we, shareholders, think. Japanese Outside Directors are just a matter of making up the numbers. An attitude of turning a blind eye to important issues without standing on the side of shareholders. His eyes always turn to Chairman Ishida. Outside Director is an easy job.

An attitude that says there are no management problems at all times, with serious problems turned away and no deliberations.

A shareholder's proposal concerning the foundation of a company is outside their interest. There is no energy or effort to solve the problem. He thinks it's best to serve as an executive for a long time and receive executive compensation. There is no need for an Outside Director (Independent Director) who is not interested in improvement and reform.

He should be dismissed.

The Board of Directors' Opinion on Proposal No.6

1. Board of Directors' Opinion

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

2. Reason for Objection

Since assuming office as Directors, Mr. Masataka Sato, Ms. Naoko Kitagawa, and Mr. Tsunehiro Nakayama have utilized their abundant business experience and insights, and in terms of decision-making on important management matters and supervision of business execution, etc., they have endeavored to develop the Group and strengthen its management foundation, and they have sufficiently fulfilled their duties.

In addition, the three candidates have been selected as candidates for Director (excluding Directors serving on the Audit & Supervisory Committee) through a process that ensures objectivity and transparency as described in "2. Reason for Objection" of the Board of Directors' Opinion on Proposal No. 5 above and have been appointed as Directors (excluding Directors serving on the Audit & Supervisory Committee) after receiving the approval of shareholders in the Ordinary General Meeting of Shareholders last fiscal year. At the end of each one-year term of office, the Company evaluates the appropriateness of selecting each of them as a candidate for Director (excluding Directors serving on the Audit & Supervisory Committee) through such a process.

Based on the above, the Board of Directors believes that there is no reason to dismiss the three candidates at this General Meeting of Shareholders and therefore opposes this proposal. The Audit & Supervisory Committee of the Company is also against the dismissal of the three.

Proposal No. 7: Dismissal of Two (2) Directors Serving on the Audit & Supervisory Committee (Ms. Ikeda and Mr. Ota)

1. Dismissal of Outside Director and Independent Director Ms. Ayako Ikeda

Reason for the proposal:

She is a lawyer. However, she has failed to fulfill her duties as an Outside Director, allowing and overlooking high-handed personnel management that infuriates shareholders. I see her as merely a member of the Outside Directors to make up the numbers. Her act is questionable in that she does not judge things from a broader perspective, which we can detect from the act of accepting Mr. Sato as president, who was not approved by the General Meeting of Shareholders. Corporate governance is not working at all.

This is a conduct that is rude to shareholders and market participants. As an Independent Director, she should warn her.

I fought with the Shikoku Bank in a shareholder representation dispute and won the case after about 10 years, setting a precedent. I attended all trial days and helped with litigation preparation. The severity of the trial.

The work of a lawyer. I can understand a little. I want her to serve as an Independent Director as a lawyer. She should urge Mr. Ishida, who has been in the top spot for around 20 years, to be aware that the Company is a member of the prime market. There is no point in being an Independent Director if she lets him do whatever he wants. Something like this would never happen in Daiwa Securities, of which I am a shareholder. Unjustifiable acts are being carried out without any restrictions.

2. Dismissal of Outside Director and Independent Director Mr. Katsuhiko Ota

Reason for the proposal:

Mr. Katsuhiko Ota has been working as a corporate executive at a major steel maker and has been praised for his achievements and insight. But shareholders were disappointed. He is neither independent nor worthy of existence as an Audit & Supervisory Committee Member. Mr. Ota is an Independent Director who has been supporting Mr. Tateaki Ishida and he has allowed Mr. Ishida to hold the top position for more than 20 years, as if he were the ruler of Fuji Television, Mr. Hieda. To be sure, Mr. Katsuhiko Ota is a person in the steel industry, so he should be good at laying the groundwork. I want him to use that power for corporate governance.

He has supported the Ishida administration for a long time. In the past, Tokai Tokyo Securities Co., Ltd., one of the Company's major subsidiaries, had a reputation as an "ill-behaved business" for its structured bonds sales to individuals.

Mr. Ota came from a tough steel company. The Company has no sense of corporate governance. It is not suitable for him who has a solid track record and insight from the steel industry.

The Board of Directors' Opinion on Proposal No. 7

1. Board of Directors' Opinion

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

2. Reason for Objection

Since assuming office as Directors serving on the Audit & Supervisory Committee, Ms. Ayako Ikeda and Mr. Katsuhiko Ota have utilized their wealth of business experience and insights, and as Outside Directors, they have endeavored to make decisions on important management matters and supervise business execution, and they have sufficiently fulfilled their duties.

In addition, the Company selected the two candidates for Director positions serving on the Audit &

Supervisory Committee through a process that ensures objectivity and transparency as stated in “2. Reason for Objection” of the Board of Directors' Opinion on Proposal No. 5 above and appointed them as Directors serving on the Audit & Supervisory Committee upon the approval of shareholders in the ordinary general meeting of shareholders last fiscal year. Every time the term of office of two years expires, the Company evaluates the appropriateness of selecting them as candidates for Directors serving on the Audit & Supervisory Committee again through such a process.

Based on the above, the Board of Directors believes that there is no reason to dismiss the two candidates at this General Meeting of Shareholders and therefore opposes this proposal. The Audit & Supervisory Committee of the Company is also against the dismissal of the two.