

TSE Code 8511

June 1, 2022

To Shareholders

Director Representative Executive Officer & President

Shigeki Kushida

JAPAN SECURITIES FINANCE CO., LTD.

1-2-10, Nihonbashi-Kayabacho, Chuo-ku, Tokyo, Japan

NOTICE OF CONVOCAION OF THE 112TH ANNUAL GENERAL
MEETING OF SHAREHOLDERS

Notice is hereby given that the 112th Annual General Meeting of Shareholders (the “Meeting”) of Japan Securities Finance Co., Ltd. (the “Company”) will be held as described below.

You may exercise your voting rights using either of the following methods, and are kindly requested to exercise your voting rights after reviewing the Reference Materials concerning the General Meeting of Shareholders as described below.

[When exercising your voting rights in writing (voting right exercise form)]

Please indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form and send it back so that it arrives by 5:20 p.m. (JST) on Wednesday, June 22, 2022.

[When exercising your voting rights via the Internet, etc.]

When exercising your voting rights via the Internet, etc., please carefully read the “Notes on the Execution of Votes, etc.” before exercising your voting rights.

Yours very truly,

Details

■ Date and Time	10:00 a.m. on Thursday, 23th June, 2022																		
■ Venue	JAPAN SECURITIES FINANCE CO., LTD., Conference Room 1-2-10 Nihonbashi-Kayabacho, Chuo-ku, Tokyo, Japan																		
■ Agenda for the Meeting	<p>Report:</p> <ol style="list-style-type: none"> 1. The 112th fiscal year (from Apr 1, 2021 to Mar. 31, 2022) Business Report, Consolidated Financial Statements and Report of audits of the consolidated financial statements by the Independent Auditor and Audit Committee. 2. The 112th fiscal year (from Apr 1, 2021 to Mar 31, 2022) Financial Statements <p>Matters for Resolution: <Proposal by the Company></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">First Item of Business</td> <td>Partial Amendment to the Articles of Incorporation to Change the Number of Directors</td> </tr> <tr> <td>Second Item of Business</td> <td>Election of Seven (7) Directors</td> </tr> <tr> <td>Third Item of Business</td> <td>Partial Amendment to the Articles of Incorporation Concerning the System of Providing Materials for the General Meeting of Shareholders In Electric Format</td> </tr> </table> <p><Proposal by Shareholders></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">Fourth Item of Business</td> <td>Partial amendments to the Articles of Incorporation with regard to Disclosure of Individual Remuneration for Representative Executive Officer & President</td> </tr> <tr> <td>Fifth Item of Business</td> <td>Partial amendments to the Articles of Incorporation with regard to Disclosure of Individual Remuneration for Officers Coming from Bank of Japan</td> </tr> <tr> <td>Sixth Item of Business</td> <td>Establishment of Special Advisors</td> </tr> <tr> <td>Seventh Item of Business</td> <td>Partial amendments to the Articles of Incorporation with regard to Cross-Shareholdings</td> </tr> <tr> <td>Eighth Item of Business</td> <td>Partial amendments to the Articles of Incorporation with regard to Sale of Shares and Unlisted REIT Held for Net Investment Purposes</td> </tr> <tr> <td>Ninth Item of Business</td> <td>Partial amendments to the Articles of Incorporation with regard to Disclosure of Results of Exercise of Voting Rights</td> </tr> </table>	First Item of Business	Partial Amendment to the Articles of Incorporation to Change the Number of Directors	Second Item of Business	Election of Seven (7) Directors	Third Item of Business	Partial Amendment to the Articles of Incorporation Concerning the System of Providing Materials for the General Meeting of Shareholders In Electric Format	Fourth Item of Business	Partial amendments to the Articles of Incorporation with regard to Disclosure of Individual Remuneration for Representative Executive Officer & President	Fifth Item of Business	Partial amendments to the Articles of Incorporation with regard to Disclosure of Individual Remuneration for Officers Coming from Bank of Japan	Sixth Item of Business	Establishment of Special Advisors	Seventh Item of Business	Partial amendments to the Articles of Incorporation with regard to Cross-Shareholdings	Eighth Item of Business	Partial amendments to the Articles of Incorporation with regard to Sale of Shares and Unlisted REIT Held for Net Investment Purposes	Ninth Item of Business	Partial amendments to the Articles of Incorporation with regard to Disclosure of Results of Exercise of Voting Rights
First Item of Business	Partial Amendment to the Articles of Incorporation to Change the Number of Directors																		
Second Item of Business	Election of Seven (7) Directors																		
Third Item of Business	Partial Amendment to the Articles of Incorporation Concerning the System of Providing Materials for the General Meeting of Shareholders In Electric Format																		
Fourth Item of Business	Partial amendments to the Articles of Incorporation with regard to Disclosure of Individual Remuneration for Representative Executive Officer & President																		
Fifth Item of Business	Partial amendments to the Articles of Incorporation with regard to Disclosure of Individual Remuneration for Officers Coming from Bank of Japan																		
Sixth Item of Business	Establishment of Special Advisors																		
Seventh Item of Business	Partial amendments to the Articles of Incorporation with regard to Cross-Shareholdings																		
Eighth Item of Business	Partial amendments to the Articles of Incorporation with regard to Sale of Shares and Unlisted REIT Held for Net Investment Purposes																		
Ninth Item of Business	Partial amendments to the Articles of Incorporation with regard to Disclosure of Results of Exercise of Voting Rights																		
■ Notes on the Execution of Votes	Please refer to “ Notes on the Execution of Votes” on next page																		

Note: These documents have been translated from part of the Japanese originals for reference purposes only.

In the event of any discrepancies between these translated documents and the Japanese originals, the originals shall prevail. The Company assumes no responsibility for this translation or for direct, indirect, or other forms of damages arising from the translations.

Notes on the Execution of Votes.

1. With regard to the exercise of voting rights via the Internet.
 - (1) Shareholders exercising their voting rights via the Internet can only do so via the website designated by the Company (<https://www.e-sokai.jp>). However, please note that the voting service website is not available from a mobile which the Internet can be connected.
 - (2) If you are exercising your voting rights via the Internet, please enter your “voting code” and “password” indicated on the proxy voting form and follow the instructions on the screen to register whether you approve or disapprove of each proposal, and are kindly requested to exercise your voting rights on or before 5:20 p.m. (Japan standard time) on Wednesday, June 22, 2022.
 - (3) If you exercise your voting rights via the Internet multiple times, the vote cast last shall prevail.

Inquiries about the Exercise of Voting Rights via the Internet

Transfer Agent : JAPAN SECURITIES AGENTS, LTD.

Agency Department

[Direct Line for Web Support (Toll free)] 0120-707-743

Accessible from 9:00 a.m. to 9:00 p.m. on business days,
Saturdays, Sundays, and national holidays.

2. Platform for the Electronic Exercise of Voting Rights

Management and trust banks or other nominee shareholders as well as standing proxies have the choice of an alternative method for exercising voting rights for the Company’s General Meeting of Shareholders. This is the Electronic Voting Platform for Institutional Investors that is operated by ICJ Inc. to use this Electronic Voting Platform must be made in advance.

END

REFERENCE MATERIALS CONCERNING THE GENERAL MEETING OF SHAREHOLDERS

Proposal by the Company

First Item of
Business

Partial Amendment to the Articles of Incorporation to Change the Number of Directors

1. Reasons

In conjunction with the Company's transition to a company with a Nominating Committee in 2019, we have been working to improve the effectiveness of supervision by the Board of Directors under a structure of five (5) directors, including three (3) outside Directors, after separating the supervision and execution functions.

Specifically, under a system in which the chairperson of the Meeting of the Board of Directors and the chairpersons of the three committees are all outside Directors, multiple reviews and discussions have been held from various angles in formulating the Medium-Term Management Plan and other plans. Also, to ensure appropriate supervision of business activities, efforts have been made to enhance the information provided to directors by reviewing the contents of reports and holding business activities briefings. These efforts have been rated as being appropriate in the evaluation of the effectiveness of the Meeting of the Board of Directors.

However, given the changes in the business environment, such as the revision of the Corporate Governance Code, the transition to the new market category on the Tokyo Stock Exchange, and the further development of internationalization and DX, as well as the Company entering a phase of formulating and implementing the next Medium-Term Management Plan under the medium-term management policy, and from the perspective of further enhancing the role of the Board of Directors of a company with a Nominating Committee, etc., in deliberating and determining basic management policies and assuming a supervisory function, the Company has decided to reexamine the composition, etc. of the Board of Directors through renewed deliberations at the Nominating Committee.

As a result, while the current Board of Directors is composed of directors with the necessary skills to effectively fulfill its supervisory function over the execution of duties. In light of the changes in the environment etc., it is desirable to have multi-layered skill sets, and it is also important to have a balance in terms of the number of supervisors and executives, as well as diversification in terms of age composition and gender. Based on these considerations, we have come to the conclusion that it is appropriate to increase the size of the Board of Directors by approximately two (2) outside Directors in addition to the current five (5). We have also come to the conclusion that it is appropriate to review the maximum number of directors in consideration of the Company's size while allowing for prompt decision-making, and with a certain margin in conjunction with the actual number of directors, based on the skill matrix.

Consequently, it is proposed that the number of directors as prescribed in Article 19 of the current Articles of Incorporation be changed to a maximum of eight (8) with one (1) additional spare director for the actual number of directors of seven (7).

The amendments to the Articles of Incorporation in conjunction with this Item of Business will become effective at the conclusion of this Annual General Meeting of Shareholders.

2. Contents of the amendment

The content of the changes is as follows.

(Underlines indicate changes.)

Current Articles of Incorporation	Proposed Changes
Article 19. (Number of Directors) The number of directors of the Company shall not exceed <u>ten</u> .	Article 19. (Number of Directors) The number of directors of the Company shall not exceed <u>eight</u> .

Proposal by the Company


Second Item of
Business


Election of Seven (7) Directors


As stated in “1. Reasons” of First Item of Business, the Company's Meeting of the Board of Directors has reexamined the composition, etc. of the Board of Directors through renewed deliberations at the Nominating Committee, and as a result, the current Board of Directors is composed of directors with the necessary skills to effectively fulfill its supervisory function over the execution of duties. In light of the changes in the environment etc., it is desirable to have multi-layered skill sets, and it is also important to have a balance in terms of the number of supervisors and executives, as well as diversification in terms of age composition and gender. Based on these considerations, we have come to the conclusion that it is appropriate to increase the size of the Board of Directors by approximately two (2) outside Directors in addition to the current five (5) Directors.

As such, the terms of office of all Directors (five Directors) will expire at the conclusion of this General Meeting of Shareholders. Therefore, the Company proposes to increase the number of outside Directors by two (2) and elect seven (7) Directors.

The candidates are as follows.

No.	Name (Date of birth)	Career Summary, Position and Duty (Significant concurrent positions)	Number of Company Shares owned						
1	 Naotaka Obata (Oct. 15, 1944) <table border="1" data-bbox="264 551 512 629"> <tr> <td>Reappointment</td> <td>Outside</td> </tr> <tr> <td colspan="2">Independent</td> </tr> </table>	Reappointment	Outside	Independent		Apr. 1968 Joined The Mitsubishi Bank, Ltd. May 1999 Managing Executive Officer of The Bank of Tokyo-Mitsubishi, Ltd. Jan. 2004 Senior Managing Executive Officer of The Bank of Tokyo-Mitsubishi, Ltd. Jun. 2004 Deputy President, The Bank of Tokyo-Mitsubishi, Ltd Jun. 2005 President and CEO, Diamond Lease Company Limited Apr. 2007 President and CEO, Mitsubishi UFJ Lease & Finance Company Limited (currently Mitsubishi HC Capital Inc.) Jun. 2010 Chairman, Mitsubishi UFJ Lease & Finance Company Limited Jun. 2012 Executive Advisor To the Board, Mitsubishi UFJ Lease & Finance Company Limited (current position) Apr. 2013 Board member of Japan Pension Service Jun. 2018 Special Advisor, Mitsubishi UFJ Lease & Finance Company Limited (currently Mitsubishi HC Capital Inc.) (current position) Jun. 2019 Director, Japan Securities Finance Co., Ltd. (current position)	— <table border="1" data-bbox="1102 264 1422 320"> <tr> <td>Term of Office</td> </tr> </table> 3years (At the conclusion of this general meeting) <table border="1" data-bbox="1102 387 1422 443"> <tr> <td>Attendance rate</td> </tr> </table> Board of Directors 11/11 (100%) Nomination Committee 8/8 (100%) Remuneration Committee 5/5 (100%)	Term of Office	Attendance rate
		Reappointment	Outside						
		Independent							
		Term of Office							
		Attendance rate							
		(Reasons for selecting the candidate and expected roles)							
		<p>He has extensive experience in corporate management in the financial industry. Through his overseas business experience, he also has extensive knowledge and insight on international business development, and therefore, the Company has judged that he can be expected to play a sufficient role in the effective supervision of the Company's management and in decision-making on medium- and long-term management policies, etc., from an independent and objective standpoint as an outside Director, and has therefore nominated him as a candidate for director.</p>							
		(Independence)							
		<p>He is an independent director as provided for by the Tokyo Stock Exchange, Inc. If this Item of Business is approved, the Company plans for his appointment as an independent director to continue. There are no transactions between the Company and Mitsubishi HC Capital Inc., for which he served as director and president until June 2010.</p>							

No.	Name (Date of birth)	Career Summary, Position and Duty (Significant concurrent positions)	Number of Company Shares owned						
2	 Shoko Sugino (Aug. 7, 1945) <table border="1" data-bbox="264 528 512 607"> <tr> <td>Reappointment</td> <td>Outside</td> </tr> <tr> <td colspan="2">Independent</td> </tr> </table>	Reappointment	Outside	Independent		Apr. 1973 Registered Lawyer Joined Fujibayashi Law Office Apr. 1994 Partner Attorney at Fujibayashi Law Office (current position) Apr. 1997 Professor for The Legal Training and Research Institute of Japan Apr. 2000 Tokyo Family Court Conciliation Committee Member Jul. 2005 Environment Dispute Coordination Commission Member Mar. 2007 Audit & Supervisory Board Member of Kitoku Shinryo Co., Ltd. (current position) Jun. 2018 Audit & Supervisory Board Member of Takeei Corp (current position) Jun. 2019 Director of Japan Securities Finance Co., Ltd. (current position)	1,500 <table border="1" data-bbox="1106 264 1423 320"> <tr> <td>Term of Office</td> </tr> </table> 3years (At the conclusion of this general meeting) <table border="1" data-bbox="1106 387 1423 443"> <tr> <td>Attendance rate</td> </tr> </table> Board of Directors 11/11 (100%) Nomination Committee 8/8 (100%) Audit Committee 11/11 (100%) Remuneration Committee 5/5 (100%)	Term of Office	Attendance rate
		Reappointment	Outside						
		Independent							
		Term of Office							
		Attendance rate							
		(Significant concurrent positions) Partner Attorney at Fujibayashi Law Office Audit & Supervisory Board Member of Kitoku Shinryo Co., Ltd. Audit & Supervisory Board Member of Takeei Corp							
		(Reasons for selecting the candidate and expected roles) As an attorney at law, she has extensive experience and knowledge in legal and compliance matters, as well as in internal control, sustainability, and corporate governance. The Company has judged that she can be expected to play a sufficient role in the effective supervision of the Company's management and in decision-making on medium- and long-term management policies, etc., from an independent and objective standpoint as an outside Director, and has therefore nominated her as a candidate for director. Although she has not been directly involved in the management of a corporation, except as outside director or outside corporate auditor, the Company believes that she is well qualified to act as an outside director because of the reasons stated above.							
		(Independence) She is an independent director as provided for by the Tokyo Stock Exchange, Inc. If this Item of Business is approved, the Company plans for her appointment as an independent director to continue.							


No.	Name (Date of birth)	Career Summary, Position and Duty (Significant concurrent positions)	Number of Company Shares owned						
3	 Shuya Iimura (Feb. 13, 1964) <table border="1" data-bbox="264 528 512 607"> <tr> <td>Reappointment</td> <td>Outside</td> </tr> <tr> <td colspan="2">Independent</td> </tr> </table>	Reappointment	Outside	Independent		Apr. 1987 Joined Tokyo Stock Exchange (TSE) Jul. 2001 Chief of Public Relations office of General Affairs Dept., TSE Jun. 2010 Director of Derivatives Dept., TSE Mar. 2014 Director of Market Planning Dept., Osaka Exchange Apr. 2016 Human Resources Dept., Japan Exchange Group Jun. 2016 Audit & Supervisory Board member of Japan Securities Finance Co., Ltd. Aug. 2018 Audit & Supervisory Board member of Intellex Co., Ltd. (current position) Jun. 2019 Director of Japan Securities Finance Co., Ltd. (current position)	11,100 <table border="1" data-bbox="1106 266 1423 320"> <tr> <td>Term of Office</td> </tr> </table> 3years (At the conclusion of this general meeting) <table border="1" data-bbox="1106 387 1423 441"> <tr> <td>Attendance rate</td> </tr> </table> Board of Directors 11/11 (100%) Audit Committee 11/11 (100%)	Term of Office	Attendance rate
		Reappointment	Outside						
		Independent							
		Term of Office							
Attendance rate									
(Significant concurrent positions)									
Audit & Supervisory Board member of Intellex Co., Ltd.									


(Reasons for selecting the candidate and expected roles)


He has extensive experience and knowledge in the fields of finance and securities, having served as a general manager of the Tokyo Stock Exchange, and has been involved in monitoring and auditing the Company's business activities as a standing Audit Member and full-time Member of the Audit Committee of the Company, and has knowledge of internal control and compliance. The Company therefore has judged that he can be expected to play a sufficient role in the effective supervision of the Company's management and in decision-making on medium- to long-term management policies, etc., from an independent and objective standpoint as an outside Director, and has therefore nominated him as a candidate for director. Although he has not been directly involved in the management of a corporation, except as outside director or outside corporate auditor, the Company believes that he is well qualified to act as an outside director because of the reasons stated above.

(Independence)

He is an independent director as provided for by the Tokyo Stock Exchange, Inc. If this Item of Business is approved, the Company plans for his appointment as an independent director to continue.

No.	Name (Date of birth)	Career Summary, Position and Duty (Significant concurrent positions)	Number of Company Shares owned						
4	 Kensuke Futagoishi (Oct 6, 1952) <table border="1" data-bbox="264 539 512 618"> <tr> <td>New</td> <td>Outside</td> </tr> <tr> <td colspan="2">Independent</td> </tr> </table>	New	Outside	Independent		Apr. 1977 Joined The Sanwa Bank, Limited (currently MUFJ Bank, Limited) Apr. 1998 Secretary of the Secretarial Office (Tokyo) Apr. 2001 General Manager, Retail Banking Planning Division, UFJ Holdings, Inc. (currently Mitsubishi UFJ Financial Group, Inc.) Jan. 2002 General Manager, Gotanda Corporate Sales Department and Branch Manager, Gotanda Branch, UFJ Bank Limited (currently MUFJ Bank, Ltd.) Oct. 2003 Joined IY Bank (currently Seven Bank, Ltd.) Jun. 2004 Director and General Manager of Business Promotion Division Oct. 2006 Director, Executive Officer, General Manager of Planning Division and General Manager of Business Promotion Division Oct. 2006 Director, Executive Officer and General Manager of Planning Division Nov. 2007 Director, Managing Executive Officer, General Manager of Planning Division Jun. 2009 Director, Senior Managing Executive Officer and Planning Division General Manager Jun. 2010 President and Representative Director Jun. 2018 Chairman and Representative Director (retired in Jun, 2022)	- <table border="1" data-bbox="1098 264 1417 320"> <tr> <td>Term of Office</td> </tr> </table> - <table border="1" data-bbox="1098 360 1417 416"> <tr> <td>Attendance rate</td> </tr> </table> -	Term of Office	Attendance rate
		New	Outside						
		Independent							
		Term of Office							
		Attendance rate							
		<p>(Reasons for selecting the candidate and expected roles)</p> <p>He has extensive experience in the management of financial institutions with unique and leading-edge business models, as well as a wealth of knowledge and extensive insight on internal control and risk management. The Company has judged that he can be expected to play a sufficient role in the effective supervision of the Company's management and in decision-making on medium- and long-term management policies, etc., from an independent and objective standpoint as an outside Director, and has therefore nominated him as a candidate for director.</p> <p>(Independence)</p> <p>If this Item of Business is approved, the Company plans to submit notification to Tokyo Stock Exchange, Inc. concerning his appointment as an independent director. There are no transactions between Seven Bank, Ltd. and the Company in conjunction with which he serves as Representative Director and Chairman of the Board.</p>							

No.	Name (Date of birth)	Career Summary, Position and Duty (Significant concurrent positions)	Number of Company Shares owned						
5	 Takayoshi Yamakawa (Oct 2, 1965) <table border="1" data-bbox="264 568 512 647"> <tr> <td>New</td> <td>Outside</td> </tr> <tr> <td colspan="2">Independent</td> </tr> </table>	New	Outside	Independent		Apr. 1991 Joined Yokogawa Hewlett Packard Co. Oct. 1995 Joined The Boston Consulting Group Jan. 1997 Project Manager May 1999 Principal Jun. 2000 Founded (co-established) Dream Incubator Inc. Director, CTO Jun. 2005 Vice Representative Director Jun. 2006 Representative Director & CEO (retired in Jun. 2020) Jul. 2020 Representative Partner, Business Producer LLC (current position) Jan. 2021 Outside Director, BitStar, Inc. (current position) Apr. 2021 Outside Director, Baseconnect Inc. (current position) Jun. 2021 Outside Director, Akatsuki Securities, Inc. (current position) (current position) (Significant concurrent positions) Representative Partner, Business Producer LLC Outside Director, Akatsuki Securities, Inc.	- <table border="1" data-bbox="1098 264 1417 320"> <tr> <td>Term of Office</td> </tr> </table> - <table border="1" data-bbox="1098 360 1417 416"> <tr> <td>Attendance rate</td> </tr> </table> -	Term of Office	Attendance rate
		New	Outside						
Independent									
Term of Office									
Attendance rate									
<p>(Reasons for selecting the candidate and expected roles) He has extensive knowledge and insight into trends in technological innovation related to DX, etc., as well as extensive experience in corporate management in the industrial sector. The Company has judged that he can be expected to play a sufficient role in the effective supervision of the Company's management and in decision-making on medium- and long-term management policies, etc., from an independent and objective standpoint as an outside Director, , and has therefore nominated him as a candidate for director.</p> <p>(Independence) If this Item of Business is approved, the Company plans to submit notification to Tokyo Stock Exchange, Inc. concerning his appointment as an independent director. There are also no transactions between the Company and Business Producer LLC, of which he is a representative partner, and Dream Incubator Inc. of which he was the representative director until June 2020.</p>									

No.	Name (Date of birth)	Career Summary, Position and Duty (Significant concurrent positions)	Number of Company Shares owned
6	 Shigeki Kushida (Jun. 8, 1958) Reappointment	May 2008 Deputy Director-General of Personnel and Corporate Affairs Dept. (Personnel Management), BOJ Mar. 2009 Director-General of Personnel and Corporate Affairs Dept., BOJ Jun. 2010 Director-General of Monetary Affairs Dept., BOJ May 2011 General Manager of Nagoya Branch, BOJ Mar. 2013 Executive Director of BOJ Apr. 2017 Senior Advisor of American Family Life Assurance Company (currently Aflac Japan Ltd.) May 2019 Advisor of Japan Securities Finance Co., Ltd. Jun. 2019 Director (current position) Representative Executive Officer & President (current position)	12,600 Term of Office 3years (At the conclusion of this general meeting) Attendance rate Board of Directors 11/11 (100%) Nomination Committee 8/8 (100%) Remuneration Committee 5/5 (100%)
		(Significant concurrent positions) Outside Director of Denso Corp.	
(Reasons for selecting as a candidate) He has extensive experience and knowledge in the field of finance and securities, including serving as the Executive Director of the Bank of Japan, and has been involved in the management of the Company as President and Representative Executive Officer since 2019. The Company has judged that the person who leads and directs the executive officers as the chief management executive can be expected to play a sufficient role in improving the supervisory function, etc. of the Board of Directors and in determining the medium- to long-term management policies of the Company, etc., by serving in conjunction with the Director, and has therefore nominated him as a candidate for director.			

No.	Name (Date of birth)	Career Summary, Position and Duty (Significant concurrent positions)	Number of Company Shares owned
7	 Hiroshi Asakura (Nov. 1, 1955) Reappointment	Apr. 1978	Joined Japan Securities Finance Co., Ltd.
		Jun. 2002	General Manager of Planning Dept.
		Jun. 2005	General Manager of Margin Loan Dept.
		Jun. 2006	Corporate Officer & General Manager of Margin Loan Dept.
		Feb. 2008	Corporate Officer & General Manager of Loan Dept.
		Jun. 2009	Managing Director of Japan Securities Finance Co., Ltd.
		Jun. 2013	Senior Managing Director(retired on Jun. 2016)
		Jun. 2016	President of Nihon Building Co., Ltd. (retired on Jun. 2021)
		Jun. 2021	Director of Japan Securities Finance Co., Ltd. (current position)
			49,900
			Term of Office
			1 year (At the conclusion of this general meeting)
			取締役会等の出席状況
			Board of Directors 9/9 (100%)
			Audit Committee 9/9 (100%)

(Reasons for selecting as a candidate)

He has served as a General Manager and Director of the Company and is familiar with all aspects of the Company's business activities. Moreover, he has extensive experience and knowledge in the fields of finance and securities, as well as knowledge of finance. The Company has judged that he can be expected to play a sufficient role in the effective supervision of the Company's management and in decision-making on the Company's medium- to long-term management policies, etc., and has therefore nominated him as a candidate for the position of director.

Reappointment	Candidate for Reappointment Director	New	Candidate for New Director	Outside	Candidate for Outside Director	Independent	Candidate for Independent Director
---------------	--------------------------------------	-----	----------------------------	---------	--------------------------------	-------------	------------------------------------

(Note) 1. There are no special interests between each of the other candidates and the Company.

2. Pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company has entered into agreements with Naotaka Obata, Shoko Sugino, Shuya Imura and Hiroshi Asakura to limit their liability for damages under Article 423, paragraph (1) of the Companies Act. The maximum amount of liability for damages under such agreement is the minimum liability amount 3. provided in Article 425, paragraph (1) of the same Act. If the election of Kensuke Futagoishi and Takayoshi Yamakawa is approved, the Company plans to enter into the same Limited Liability Agreement with them.

3. Indicates the status of attendance at Meetings of the Board of Directors and each committee held after assuming office as director.

4. The Company has concluded a Directors' and Officers' Liability Insurance Policy as stipulated in Article 430-3 of the Companies Act, insuring directors, executive officers, corporate officers, and other important employees, as well as officers of subsidiaries. Under the said Insurance Policy, the insured Officers, etc. are to be covered for damages (compensation for damages and litigation expenses) that may arise from being held liable arising from actions related to their duties, or from being subject to claims in connection with the pursuit of such liability. However, there are certain exemptions, such as cases where such actions are carried out with the understanding that their conduct violates laws and regulations. If each candidate is elected and assumes the office as Director, each candidate will be included in the insurance contract as an insured. The said insurance policy is scheduled to be renewed upon the next renewal with the same level of coverage.

[Reference 1] Skills list of Director candidates (Skills Matrix)

	Corporate management	Finance Securities Economics	International experience	Judicial affairs Compliance	Financial Accounting	Internal controls Risk Management	E S G
Naotaka Obata	○	○	○			○	○
Shoko Sugino				○		○	○
Shuya Imura		○		○	○	○	
Kensuke Futagoishi	○	○			○	○	○
Takayoshi Yamakawa	○	○	○		○	○	○
Shigeki Kushida	○	○	○			○	○
Hiroshi Asakura		○			○		

[Reference 2] Candidates for director, Chairman of the Board of Directors, and planned appointments to the Nominating, Audit, and Remuneration committees

Seven (7) candidates for directors (including one female) will assume the following positions after their election at the Shareholders' Meeting.

Name	Position	Nomination Committee	Audit Committee	Remuneration Committee	Remarks
Naotaka Obata	Chairperson of the Board of Directors	Chairperson		Chairperson	Reappointment Outside Director
Shoko Sugino		Member	Member	Member	Reappointment Outside Director
Shuya Imura			Chairperson		Reappointment Outside Director
Kensuke Futagoishi		Member		Member	New appointment Outside Director
Takayoshi Yamakawa			Member	Member	New appointment Outside Director
Shigeki Kushida		Member		Member	Reappointment Representative Executive Officer & President
Hiroshi Asakura			Member		Reappointment Non-executive director

Criteria for Independence of Outside Directors

Anyone who meets any of the following criteria, in addition to the independence criteria prescribed by the Tokyo Stock Exchange, Inc. shall not be deemed to be independent by JSF.

1 . A person who is currently:

(1) Major shareholder

A person who is a major shareholder of JSF(i.e., a shareholder who holds 10% or more of voting rights), or, if that person is an Juridical Person, Etc., an executive director, officer, or other person engaged in the execution of business of that Juridical Person, Etc..

(2) Major Business Partners

- A person who has JSF as a major business partner (whose transactions with JSF in the last business year exceeded 2% of JSF's consolidated gross sales in amount) , or, if that person is an Juridical Person, Etc., an executive director, officer, or other person engaged in the execution of business of that Juridical Person, Etc..
- A person who is a major business partner of JSF(whose transactions with JSF in the last business year exceeded 2% of his consolidated gross sales in amount) , or, if that person is an Juridical Person, Etc., an executive director, officer, or other person engaged in the execution of business of that Juridical Person, Etc..

(3) Specialist

A consultant, accounting expert or legal expert who has received money or other property from JSF more than JPY 10 million per one fiscal year, or, if that person is an Juridical Person, Etc., an executive director, officer, or other person engaged in the execution of business of that Juridical Person, Etc..

(4) Donations

Anyone who has received donations from JSF more than JPY 10 million per one fiscal year, or, if that person is an Juridical Person, Etc., an executive director, officer, or other person engaged in the execution of business of that Juridical Person, Etc..

(5) Close Relative

A close relative of any person (spouse, family within the second degree) who falls under any of (1) through (4) above

2 . A person who has fallen under any item of (1) through (5) at any time within the past three years

End

Proposal by the Company

Third Item of
Business

Partial Amendment to the Articles of Incorporation Concerning the System of Providing Materials for the General Meeting of Shareholders In Electric Format

1. Reasons

The Company proposes amending its Articles of Incorporation as follows, following the introduction of a system for providing general shareholder meeting materials in electronic format, in line with the enforcement on September 1, 2022 of the amended provisions in the proviso of Article 1 of the Supplementary Provisions to the Act Partially Amending the Companies Act (Act No. 70 of 2019).

- (1) The proposed Article 15, Paragraph 1 stipulates that the Company takes electronic provision measures for information contained in the Reference Documents for the General Shareholders' Meeting, etc.
- (2) The purpose of the proposed Article 15, Paragraph 2 is to establish a provision to limit the scope of matters to be included in the paper copy to be sent to shareholders who have requested it.
- (3) The provisions related to the Internet Disclosure and Deemed Provision of Reference Documents for General Shareholders Meeting (Article 15 of the current Articles of Incorporation) will become unnecessary and will therefore be deleted.
- (4) In line with the above establishment and deletion of the provisions, supplementary provisions related to the effective date, etc. shall be established.

2. Contents of the amendment

The content of the changes is as follows.

Current Articles of Incorporation	Proposed Changes
<p><u>Article 16. (Disclosure of Documentation and Reference Materials, etc. for General Meetings of Shareholders over the Internet and Assumption of Provision)</u> <u>The Company may use the Internet as prescribed in Ministry of Justice ordinance to disclose information to be noted or presented in reference materials for general meetings of shareholders, business reports, financial statements and consolidated financial statements in conjunction with the convocation of general meetings of shareholders and may assume that the said information has been provided to shareholders.</u></p> <p>(Newly established)</p>	<p>(Deleted)</p> <p><u>Article 16. (Measures to Provide Information in Electronic Format, etc.)</u> <u>1. The Company shall provide information contained in reference documents and other documents for the general meeting of shareholders in convening the general meeting of shareholders in electronic format.</u> <u>2. Among items for which the measures to provide information in electronic format will be taken, the Company may exclude all or some of those items designated by the Ordinance of the Ministry of Justice in the paper-based documents to be delivered to shareholders who have requested delivery of paper-based documents by the record date for voting rights.</u></p>
<p>Article 17. ~ 18. (Omission of the provisions)</p>	<p>Article 17. ~ 18. (Unchanged)</p>
<p>CHAPTER IV DIRECTORS AND BOARD OF DIRECTORS</p>	<p>CHAPTER IV DIRECTORS AND BOARD OF DIRECTORS</p>
<p>Article 19. (Number of Directors) The number of directors of the Company shall not exceed <u>ten</u>.</p> <p>(Newly established)</p>	<p>Article 19. (Number of Directors) The number of directors of the Company shall not exceed <u>eight</u>. <u>(Supplementary Provisions)</u> <u>1. The deletion of Article 15 (Internet Disclosure and Deemed Provision of Reference Documents for General Shareholders Meeting) of the Articles of Incorporation before amendment and the establishment of the Article 15 (Measures for Electronic Provision, etc.) after amendment shall come into effect on the date of enforcement of the amended provisions stipulated in the proviso of Article 1 of the supplementary provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) (the “Effective Date”).</u></p>

Current Articles of Incorporation	Proposed Changes
	<p data-bbox="810 215 1426 439"><u>2. Notwithstanding the provisions of the preceding paragraph, Article 15 (Internet Disclosure and Deemed Provision of Reference Documents for General Shareholders Meeting) of the Articles of Incorporation before amendment shall remain in force with respect to a General Shareholders Meeting to be held on a date within six months from the Effective Date.</u></p> <p data-bbox="810 461 1426 645"><u>3. These supplementary provisions shall be deleted after the lapse of six months from the Effective Date or the lapse of three months from the date of the General Shareholders Meeting set forth in the preceding paragraph, whichever is later.</u></p>

Proposal by Shareholders	<p>This proposal is based on joint proposals from 2 shareholders.</p> <p>The content of the proposal and the reasons for the proposal are stated in original text as notified by the proposal shareholder.</p>
--------------------------	--

Fourth Item of Business	<p>Partial amendments to the Articles of Incorporation with regard to Disclosure of Individual Remuneration for Representative Executive Officer & President</p>
-------------------------	--

(1) Content of Proposal

The following Chapter and Article shall be newly established in the existing Articles of Incorporation.

Chapter IX Disclosure of Officer Remuneration

Article 38 (Disclosure of Remuneration for Representative Executive Officer & President)

The Company shall individually disclose the amount (including non-monetary remuneration) paid to the executive officer having the power of representation as remuneration for the preceding fiscal year in the Corporate Governance Report submitted to the Tokyo Stock Exchange by the Company.

(2) Reason for Proposal

JSF's share price is greatly lower than its dissolution value, and JSF's management has been unable to implement drastic promising measures for the enhancement of shareholder value. Since listing in 1950 all 10 of JSF's presidents have come from the Bank of Japan. The Proposing Shareholders are concerned that the president from the Bank of Japan is losing his incentive to enhance shareholder value since he is earning remuneration that far exceeds his remuneration when at the Bank of Japan, and are seeking the disclosure of the president's individual remuneration to dispel this concern.

Furthermore, last year the average amount of remuneration for each of JSF's six executive officers was JPY 50,270,000, greatly exceeding the annual remuneration of JPY 35,300,000 for the Governor of the Bank of Japan in 2020. JSF President Kushida last served as a director at the Bank of Japan, and the maximum annual remuneration for a director at the Bank of Japan is JPY 22,230,000 in the same year. Doubts persist as to whether it was necessary to provide benefits in excess of the Governor of the Bank of Japan to hire a director from the Bank of Japan to be the president of JSF.

The Board of Directors opposes this Proposal.

JSF, in accordance with laws and regulations, appropriately discloses the policies for determining the content of remunerations of executive officers and directors (hereinafter, “Executive Officers, etc.”) and the total amount of remunerations by officer classification in the business reports and annual securities reports.

In addition, the Proposal is related to the remunerations for Executive Officers, etc., and the Remuneration Committee has deliberated the Proposal and reached the conclusion that governance of the remunerations for Executive Officers, etc. at JSF is being appropriately managed by the Remuneration Committee, that remunerations is being appropriately disclosed, and there is no need for the establishment of a provision such as that of the Proposal in the Articles of Incorporation.

Also, at JSF the Remuneration Committee has the authority to decide the policies on the determination of the content of remunerations for Executive Officers, etc. and the details of individual remunerations for Executive Officers, etc. Moreover, the Remuneration Committee has appropriately exercised this authority to appropriately determine the details of individual remunerations for Executive Officers, etc. Specifically, the remunerations for Executive Officers, etc. is based on the corporate philosophy and management policies, in a system and at a level the coincides with the roles and expected functions of directors and executive officers, with an eye towards sustainable growth and the enhancement of corporate value in the medium to long-term. Among others, the executive officer remuneration is set as monthly remuneration (base remuneration) and officer bonuses and stock remuneration, with an eye towards a high degree of correlation with JSF’s earnings and share price.

Furthermore, the Shareholder Proposal states “There is concern that the president from the Bank of Japan losing his incentives to enhance shareholder value since he is earning remuneration that far exceeds his remuneration when he worked at the Bank of Japan, and to dispel this concern we are seeking the disclosure of the president’s individual remuneration.” However, as addressed above, the remuneration of Executive Officers, etc. is established to work as an incentive consistent with the enhancement of corporate value, and is unrelated to remuneration at the Bank of Japan. The Proposing Shareholders fail to provide a basis as to how JSF’s remuneration system is disincentivizing the enhancement of shareholder value, and their allegation is unrelated to the enhancement of shareholder value.

Based on the foregoing the Board of Directors has determined that there is no need to establish a provision such that in the Proposal in the Articles of Incorporation since JSF is appropriately and fully responding in accordance with laws and regulations in both the determination and disclosure of remunerations.

Opinion of
the Board of
Directors

Proposal by Shareholders	This proposal is based on joint proposals from 2 shareholders. The content of the proposal and the reasons for the proposal are stated in original text as notified by the proposal shareholder.
--------------------------	---

Fifth Item of Business	Partial amendments to the Articles of Incorporation with regard to Disclosure of Individual Remuneration for Officers Coming from Bank of Japan
------------------------	---

(1) Content of Proposal

The following Article shall be newly established in the existing Articles of Incorporation.

Article 39 (Disclosure of Remuneration for Officers from Bank of Japan)

The Company shall individually disclose the amount (including non-monetary remuneration) paid to the executive officers, directors and special advisors who have a history of work at the Bank of Japan and the directors, advisers and counselors of subsidiaries who have a history of work at the Bank of Japan as remuneration for the preceding fiscal year in the Corporate Governance Report submitted to the Tokyo Stock Exchange by the Company.

(2) Reason for Proposal

Since 1992, all presidents at JSF have served as advisors or the like after stepping down as president. In addition, the current special advisor, chairman and senior managing executive officer all came from the Bank of Japan.

In addition, even if limited to the persons who came to JSF after serving as bureau chiefs at the Bank of Japan (hereinafter, "Bureau Chief Level Personnel"), from 1980 until currently reaching Senior Managing Executive Officer Okada has continuously held the post-government post of managing executive officer or higher over 40 years without interruption, and ultimately all Bureau Chief Level Personnel have been appointed senior managing executive officers at JSF. Additionally, since the establishment of JSF Trust and Banking in 1998, all of the Bureau Chief Level Personnel serving as managing executive officers at JSF have been appointed to serve a president of that company, and subsequently a portion thereof were appointed advisors or the like of that company after stepping down as president.

It is highly possible that the people from the Bank of Japan have enjoyed special treatment with the JSF Group after leaving the Bank of Japan, and there is a risk that this special treatment is disincentivizing the enhancement of shareholder value. As such we are seeking the disclosure of the individual remuneration for officers from the Bank of Japan to clarify the existence of any special treatment in terms of remuneration

The Board of Directors opposes this Proposal.

As set forth in the opinion of the Board of Directors regarding Agenda Item 1, at JSF the policies for determining the content of remunerations of executive officers and directors (hereinafter, “Executive Officers, etc.”) and the details of remunerations for individual Executive Officers, etc. is appropriately determined by the Remuneration Committee based on its authority, and these policies and the total amount of remunerations by officer classification is being appropriately disclosed in the business reports and annual securities reports.

In addition, the commissioning of special advisors is determined by the Board of Directors through deliberation by the Nominating Committee, their remuneration is determined by the Remuneration Committee, and appropriate disclosure on these points is being provided in the Corporate Governance Report.

Also, the Proposal is related to the remunerations for Executive Officers, etc. and special advisors, and the Remuneration Committee has deliberated the Proposal and reached the conclusion that governance of the remunerations for Executive Officers, etc. and special advisors at JSF is being appropriately managed by the Remuneration Committee, that remunerations is being appropriately disclosed, and there is no need for the establishment of a provision such as that of the Proposal in the Articles of Incorporation.

The reason for the proposal is a negative assessment of the appointment of officers from the Bank of Japan at JSF, but in light of the public role and uniqueness of the securities financing business that includes loans for margin transactions, JSF focuses on the talent expected of executive offers and management, i.e. the ability to fully recognized JSF’s public role in the execution of business, extensive knowledge of the overall finance and securities markets, the ability to nimbly respond to the various environmental changes encircling JSF in the finance and securities sectors, and the like, and people from the Bank of Japan are appointed based on a determination that they have these talents. Their benefits are commensurate to their work responsibilities, and the payment status of remunerations is being appropriately disclosed by JSF and its consolidated subsidiaries pursuant to laws and regulations.

Furthermore, the Shareholder Proposal states “It is very possible that people from the Bank of Japan enjoy special treatment within the JSF Group landing cushy positions, and this special treatment is a risk of negating the incentive for enhancing shareholder value. As such, we are seeking the disclosure of individual remuneration for people from the Bank of Japan to clarify any existence of special treatment in terms of remuneration.” However, the remuneration of Executive Officers, etc. is established to work as an incentive consistent with the enhancement of corporate value, and is unrelated to remuneration at the Bank of Japan. The Proposing Shareholders fail to provide a basis as to how JSF’s remuneration system is disincentivizing the enhancement of shareholder value, and their allegation is unrelated to the enhancement of shareholder value.

Based on the foregoing the Board of Directors has determined that there is no need to establish a provision such that in the Proposal in the Articles of Incorporation.

Opinion of
the Board of
Directors

Proposal by Shareholders	<p>This proposal is based on joint proposals from 2 shareholders.</p> <p>The content of the proposal and the reasons for the proposal are stated in original text as notified by the proposal shareholder.</p>
--------------------------	--

Sixth Item of Business

Establishment of Special Advisors

(1) Content of Proposal

The following Chapter and Article shall be newly established in the existing Articles of Incorporation.

Chapter X Special Advisors

Article 40 (Special Advisors)

The Company shall be entitled to establish special advisors by resolution of the Board of Directors.

(2) Reason for Proposal

Minoru Masubuchi, a former president at JSF, was appointed president in 2004, chairman in 2012 and special advisor in 2019 after leaving the Bank of Japan. There are two others who were also appointed president, chairman and special advisor after leaving the Bank of Japan.

Governance related issues have been identified with regard to the advisor system, and the continued service of someone who landed a cushy appointment as president after leaving the Bank of Japan as special advisor after retiring, runs contrary to social justice (the “S” of the so-called ESG).

JSF explains the significance of the special advisor system is to contribute and the like to the enhancement of medium to long-term corporate value through a PR effect in the business community, so this Proposal seeks the establishment of a special advisor system in line with this explanation in the Articles of Incorporation. A Shareholder Proposal that does not acknowledge the significance of the special advisor system would natural go against this proposal. JSF, by rejecting this Proposing Shareholders, would recognize that the shareholders do not acknowledge the significance of the existence of this system, and should immediately discontinue the special advisor system.

The Board of Directors opposes this Proposal.

The role of special advisors at JSF centers on business community activities and social contribution activities, and since the commissioning of advisors is determined by the Board of Directors through deliberation by the Nominating Committee and their remuneration is determined by the Remuneration Committee, disclosure on these points is being provided in the Corporate Governance Report. JSF has determined that having a person with past experience as president engage in these activities is expected to contribute in ways such as to the maintenance of relations in its business community as well as having an anticipated PR effect, and that this will lead to the enhancement of corporate value.

If the intent of this Proposal is the establishment of a special advisor system, we fail to understand the reason for proposing the stipulation of an establishment basis provision in the Articles of Incorporation. In consideration of securing objectiveness and transparency in the special advisor system, JSF, as addressed above determines and discloses the commissioning of advisor and their benefits through deliberation by the Nominating Committee, Remuneration Committee and Board of Directors, and in the day to day execution of business as well, the oversight and execution of business is separated by design in the organization of a company with nominating committee, etc. to create an appropriate decision making system, and advisors at JSF are not actually involved in any management decisions. These efforts have secured the objectiveness and transparency of the special advisor system, and there is no need to stipulate a special advisor establishment provision in the Articles of Incorporation.

Furthermore, the Shareholder Proposal states “Governance related issues have been identified with regard to the advisory system itself, and the continued service of a someone who landed a cushy appointment as president after leaving the Bank of Japan as special advisor after retiring, runs contrary to social justice (the “S” of the so-called ESG),” but this allegation is thought unrelated to the enhancement of shareholder value.

As such, we have determined that there is no need to establish a provision such as that of the Proposal in the Articles of Incorporation.

Opinion of
the Board of
Directors

Proposal by Shareholders	<p>This proposal is based on joint proposals from 2 shareholders.</p> <p>The content of the proposal and the reasons for the proposal are stated in original text as notified by the proposal shareholder.</p>
--------------------------	--

Seventh Item of Business

Partial amendments to the Articles of Incorporation with regard to Cross-Shareholdings

(1) Content of Proposal

The following Chapter and Article shall be newly established in the existing Articles of Incorporation.

Chapter XI Securities Held by Company

Article 41 (Validation of Purpose and Disclosure of Results of Cross-Shareholdings)

(1) At least once a year, the Company communicate to the issuers of cross-held shares the desire to sell these shares in order to validate as to whether the purposes of cross-shareholding at the Company, the “strengthening of business relations” and the “undertaking of alliances”, are actually effectuated by cross-held shares.

(2) The Company shall disclose the content of the responses from issuing companies obtained in response to the request for sale to the issuing companies of the preceding paragraph, by individual company, in the corporate governance report submitted by the Company to the Tokyo Stock Exchange.

(2) Reason for Proposal

As of the end of March 2021, JSF held nine issues of cross-held shares worth JPY 2,777,000,000 on its balance sheet (nonconsolidated).

According to the Annual Securities Report for FYE March 2021, the purpose for holding the two listed issues is disclosed as the “strengthening of business relations” and the “undertaking of alliances” with key subsidiaries and the like of the issuing companies, but it is unclear as to there can be a causal relationship between the holding of shares and any strengthening of business relations and possibility of alliances.

The foregoing two companies are in compliance with Corporate Governance Code Supplementary Principle 1-4-1, so there is no possibility that JSF would suffer a curtailment of business even if it sold the shares.

As such, the Proposing Shareholders are seeking revalidation as to whether the holding of cross-held shares actually fulfills its purpose. The Proposing Shareholders believe that JSF should not engage in any cross-shareholding, but at the very least, those cross-shareholdings that are discovered not to perform the purpose of holding as the result of this validation should be promptly reduced since the holding of these shares cannot found to be reasonable.

The Board of Directors opposes this Proposal.

With cross-shareholdings, the status of dividends and valuation gains or losses, the status of transactions with the company invested in, the history of the holdings and the like are validated each year by the Board of Directors, reduction is sought in those holdings the necessity for which is weak, and a determination is made on the reasonableness of the holdings based on the result of this validation. This is disclosed in the Corporate Governance Report, and the status of cross-shareholding is further disclosed in the Annual Securities Report.

Since FY2018, JSF has reduced its cross-held shares, reducing its holding of listed shares by 91% on market price basis and reducing its holding of both listed and unlisted shares by 78% in total in the period from March of 2018 through March of 2022. As of March 2022, JSF holds nine cross-held shares (two listed and seven unlisted) at a value of JPY 2,816,000,000, which accounts for merely 0.02% of its total assets and 2.04% of its total net assets on a consolidated basis. As such, general criticism of cross-shareholding is not warranted at JSF.

Furthermore, this Proposal seeks a provision in the Articles of Incorporation that states “At least once a year, the Company communicate to the issuers of cross-held shares the desire to sell these shares in order to validate as to whether the purposes of cross-shareholding at the Company, the ‘strengthening of business relations’ and the ‘undertaking of alliances’, are actually effectuated by cross-held shares.” But the necessity of selling is an issue that should be validated by JSF, the response policy regarding the intent of holding, economic feasibility and the like is determined through deliberation by the Board of Directors, and JSF has ensured a process for disclosing the results thereof in the Corporate Governance Report.

In addition, the Articles of Incorporation stipulate fundamental policies in the management of JSF, and as such it would not be appropriate to establish provisions on matters related to the individual and specific execution of business. Accordingly we have determined that there is no need to establish a provision such as that of the Proposal in the Articles of Incorporation.

Opinion of
the Board of
Directors

Proposal by Shareholders	<p>This proposal is based on joint proposals from 2 shareholders.</p> <p>The content of the proposal and the reasons for the proposal are stated in original text as notified by the proposal shareholder.</p>
--------------------------	--

Eighth Item of Business	<p>Partial amendments to the Articles of Incorporation with regard to Sale of Shares and Unlisted REIT Held for Net Investment Purposes</p>
-------------------------	---

(1) Content of Proposal

The following Article shall be newly established in the existing Articles of Incorporation.

Article 42 (Sale of Shares and Unlisted REIT Held for Net Investment Purposes)

The Company shall no longer acquire, and shall sell by the end of March of 2026 all shares and unlisted REIT for which the purpose of holding is net investment.

(2) Reason for Proposal

This proposal seeks the sale of all shares and unlisted REIT (hereinafter, “Shares, etc.”) for net investment purposes held by JSF during the current medium-term management plan.

As of the end of March 2021, JSF held shares for net investment purposes totaling JPY 12,900,000,000 and unlisted REIT totaling JPY 14,500,000,000 on its balance sheet. The Shares, etc. are not business assets which are expected to be held in the conduct of JSF’s business, rather they are securities that are purely held for the purpose of investment.

However, the return earned from the holding of the Shares, etc. is less than the cost of capital, and the holding of these Shares, etc. lowers JSF’s capital efficiency and serves as one factor harming its shareholder value.

As such, these Shares, etc. should be sold during the current medium-term management plan to also realize the higher capital efficiency raised by JSF in the current medium-term management plan.

<p>Opinion of the Board of Directors</p>	<p><u>The Board of Directors opposes this Proposal.</u></p> <p>JSF secures sufficient liquidity from the finance market at low interest rates to facilitate the stable operation of its security financing business that includes loans for margin transactions. It has raised additional revenues by efficiently investing the excess funds arising in the course thereof in securities. In addition, JSF engages in a wide range of financial intermediation business in the finance and securities markets through the lending and the like of securities and funds. This financial intermediation business, due to the nature thereof, does not simply invest its own capital and earn revenues, rather it leverages debt financing, and is touted on the whole as a management goal for achieving ROE in excess of the cost of equity. The concept under the corporate governance code as well that the enhancement of corporate value should be conducted from a medium to long-term point of view, and JSF's ROE goal will be achieved in a medium-term span by FY2025 through the steady earning of profits by each division, including investment in securities.</p> <p>In addition, JSF's thinking on its business portfolio has been resolved by the Board of Directors and disclosed on its corporate website, all business including investment in securities is expected to improve in medium to long-term profitability, and at present there are no assets which we have determined should be sold.</p> <p>In addition, the Articles of Incorporation stipulate fundamental policies in the management of a company, and as such it would not be appropriate to establish provisions on matters related to the individual and specific execution of business. Accordingly we have determined that there is no need to establish a provision such as that of the Proposal in the Articles of Incorporation.</p>
--	---

Proposal by Shareholders	<p>This proposal is based on joint proposals from 2 shareholders.</p> <p>The content of the proposal and the reasons for the proposal are stated in original text as notified by the proposal shareholder.</p>
--------------------------	--

Ninth Item of Business	<p>Partial amendments to the Articles of Incorporation with regard to Disclosure of Results of Exercise of Voting Rights</p>
------------------------	--

(1) Content of Proposal

The following Article shall be newly established in the existing Articles of Incorporation.

Article 43 (Disclosure of Reasons for Not Voting and Voting)

In principle, the Company shall not exercise voting rights with regard to the shares securing debt held in the name of the Company, shall examine support or non-support and exercise voting rights individually only in exceptional cases where it is evident that the shareholder value for the corresponding shares will be harmed, and shall provide timely disclosure for the reason for voting.

(2) Reason for Proposal

As of the end of December 2022, the total amount of shares securing debt held by JSF in connection with its principal business of loans on margin transactions will reach JPY 500,000,000,000, and JSF is within the top 30 shareholders at 384 listed companies.

JSF has explained that, in principle, they vote these shares securing debt to support company proposals, but the random voting of shares held merely as security in support of a company proposal would be an issue in terms of the fairness and neutrality of the business of loans on margin transactions.

Based on the foregoing point of view, the principal at JSF should be not to vote on shares securing debt. Additionally, voting should be conducted after making an individual examination of support and non-support only in exceptional cases where there is clear harm to shareholder value.

The purpose of this Shareholder Proposal is to maintain the fairness and neutrality of the business of loans on margin transactions by asking JSF to make the non-voting of debt securing shares the principal, and seeking the disclosure of the reasons for voting in exceptional cases where voting is conducted after making an individual examination is made regarding support or non-support.

<p>Opinion of the Board of Directors</p>	<p><u>The Board of Directors opposes this Proposal.</u></p> <p>The shares held by securities financing companies in connection with loans on margin transactions are not held for pure investment purposes or cross-shareholding purposes, rather they are held on a temporary and formality basis by securities financing companies in the course of the execution of ordinary business. As such, these shares are exempted from the application of various regulations under the Financial Instruments and Exchange Act (large-volume reporting regulations, tender offer regulations and major shareholder regulations). Due to this construction under the Financial Instruments and Exchange Act, JSF, with regard to the shares it holds with regard to loans on margin transactions, has enacted independent, fair and neutral voting standards conforming to the nature of its business, to limit impact on the business activities of the issue company as much as possible, based on the thinking that it serves a public role as infrastructure in the securities market with regard to voting as well, and this is tied to the enhancement of shareholder value. The disclosure of voting standards and voting rights as proposed in this Proposal may incite issuing companies to manipulate voting at JSF, and ultimately have an effect on the business activities of the issuing company, having the opposite effect on JSF's maintenance of fairness and neutrality, and going against the foregoing intent of the Financial Instruments and Exchange Act.</p> <p>In addition, the Articles of Incorporation stipulate fundamental policies in the management of JSF, and as such it would not be appropriate to establish provisions on matters related to the individual and specific execution of business. Accordingly we have determined that there is no need to establish a provision such as that of the Proposal in the Articles of Incorporation.</p>
--	---

END

JSF Medium-term Management Policy and Efforts in Corporate Governance

(1) JSF Management Policy and Vision of the Future

JSF, with a strong recognition of the public role it plays as a securities finance company that takes on an infrastructural function in securities markets, aims to become a company that maintains a high degree of financial soundness, and realizes both the sustainable growth expected as a listed company and the medium to long-term enhancement of its corporate value.

(2) Medium-term Management Policy and Management Goals

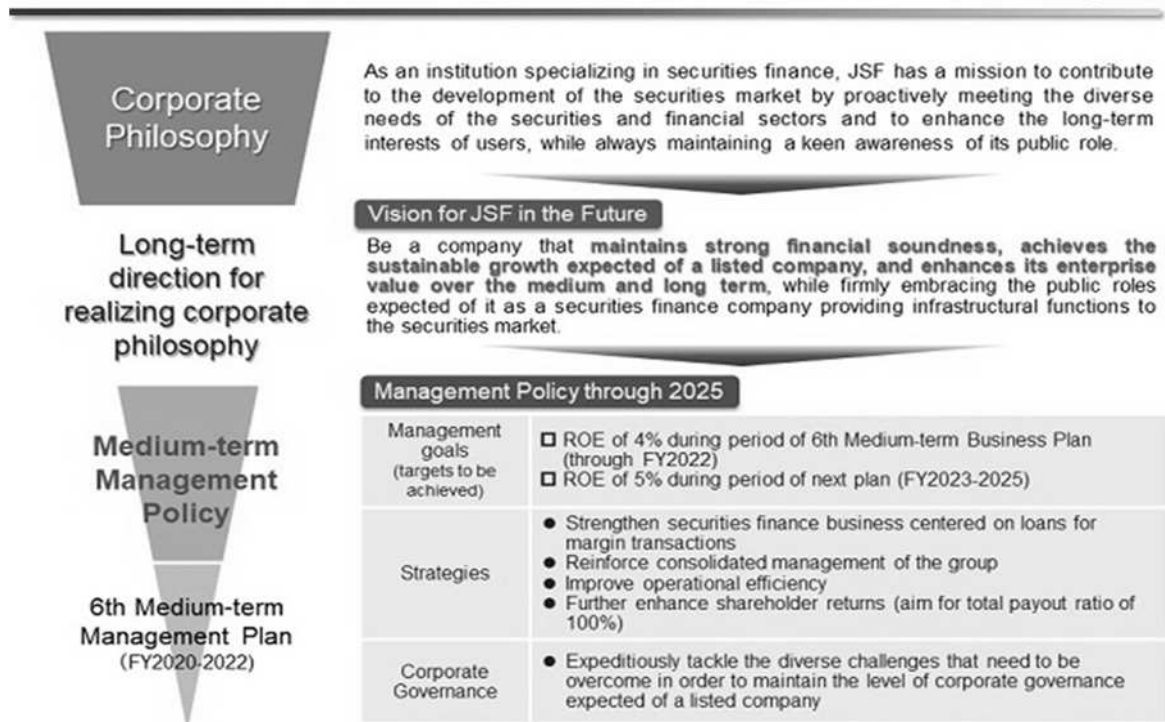
Under this rationale, JSF, under the recognition that it is expected to further commit and secure transparency for sustainable growth and the enhancement of medium to long-term corporate value based on a high degree of governance, released a “Medium-term Management Policy” in November of 2021. Under this policy, JSF targets an ROE of 4% in the period of the current medium-term management plan (through FY2022), and an ROE of 5% in the period of the next plan (FY2023 ~ FY2025) as a management goal.

In the formulation of these ROE goals, JSF estimated the cost of equity using objective data and several methods to reach acknowledgement of the mid 4% range, and then set its ROE goal higher at 5%.

Furthermore, as infrastructure in securities market, securities financing companies are unique in that they are subject to restrictions on financial soundness and scope of business under laws, regulations and standards for participation in securities and funds transfer settlement systems, with low business strategy risk and high financial and earnings stability, and as such the cost of equity at JSF is considered to be somewhat lower than the general level.

In addition, based on these features of securities financing companies, JSF is well on track to achieve its ROE goal by FY2025. In that sense, the medium-term management policy does not revise the existing Sixth Medium-term Management Plan, but rather it seeks to accelerate and strengthen this plan.

● Medium-term Management Policy: Overview

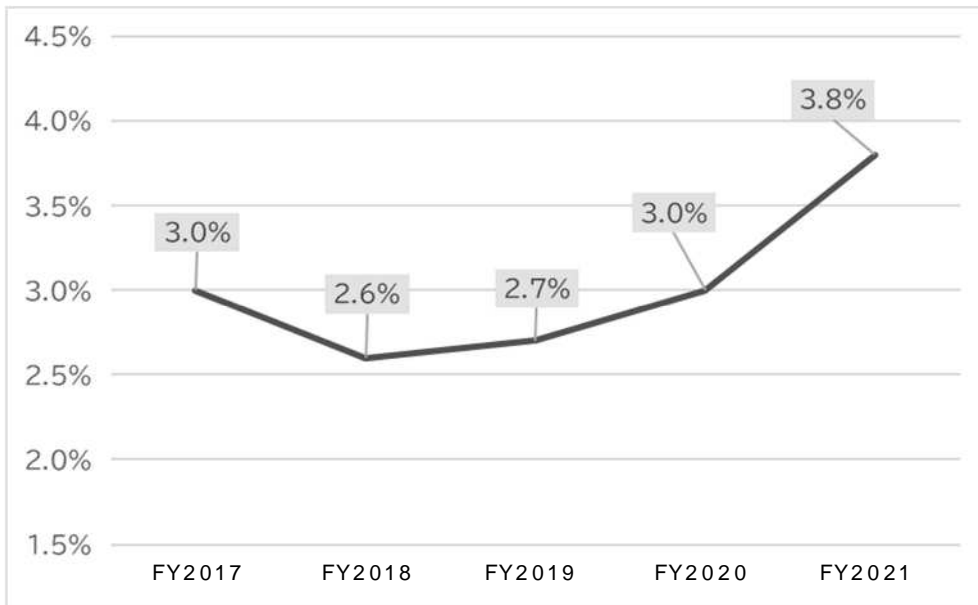


(3) Results of JSF's Efforts to Date

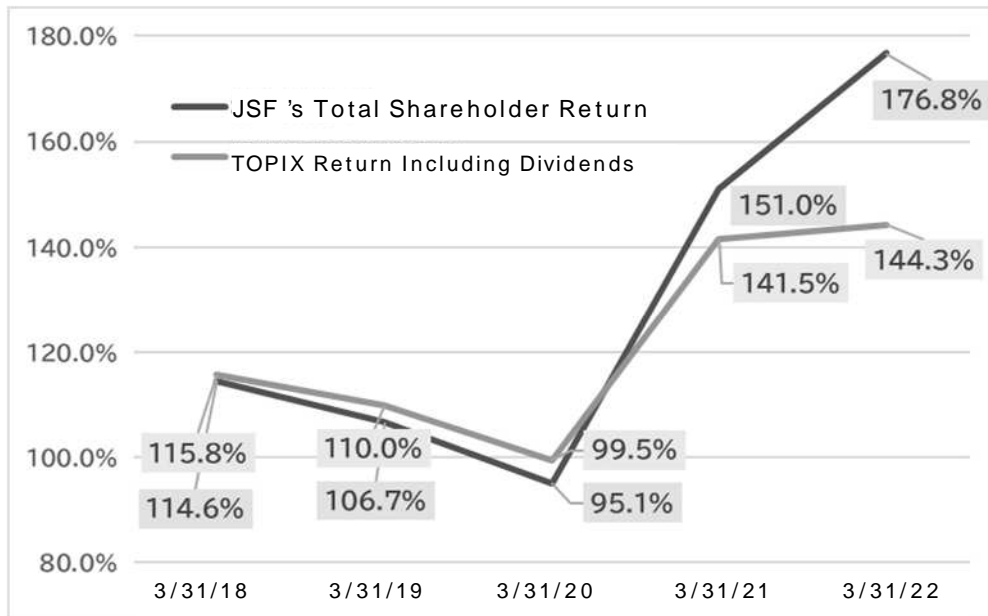
The efforts under the existing medium-term management plan have stacked up to steadily increase our ROE in recent years, reaching 3.8% in FY2021, and making it possible to establish a foothold for achieving our goals under the medium-term management policy of 4% in FY2022 and 5% in FY2025.

Additionally, total shareholder returns at JSF have risen to a level that significantly exceeds the recent TOPIX average.

(Change in ROE at JSF)



(Total Shareholder Return at JSF)



(4) Measures to Realize Management Goals, and Concept of our Business Portfolio

In order to realize the management goals set forth in sections (1) and (2) above, JSF will accelerate its efforts to increase its earning power and capital efficiency by 1) strengthening its securities finance business centered on loans for margin transactions, 2) reinforcing consolidated management of its group, and 3) improving its operational efficiency.

JSF is a licensed securities financing company which is supposed to have business related loans for margin transactions as its main business under applicable law, and has its other business mandatorily restricted within the scope that does not interfere with its operations in loans for margin transactions. As such, the group's business portfolio, inclusive of its subsidiaries, is limited to a relatively narrow range which is considered to be related and contribute to the execution of JSF's business, and due to regulations under laws and ordinances as set forth above, the group's business portfolio is not subject to frequent change arising from M&A or other transactions.

Based on the fundamental nature of this group business and the purport of Corporate Governance Code, the JSF Board of Directors have deliberated, determined and released a fundamental policy for its business portfolio as follows.

- With a strong recognition of the public role it plays as infrastructure in securities markets, the JSF Group will actively respond to diverse needs in the securities and finance sectors to provide a variety of securities and finance related services focused on their licensed business of securities financing centered on loans for margin transactions.
- In addition, in consideration of the large susceptibility of its loans for margin transactions services to market fluctuations and other factors, JSF Group will continue its efforts to diversify the sources of its earnings and to achieve its management goals in each sector with an increased consciousness of enhanced capital efficiency.
- Under this concept, JSF Group will endeavor to realize its vision of the future through a business portfolio consisting of security financing business centered on loans for margin transactions, securities management business, trust banking business and real estate management business.

(5) Shareholder Returns

To further enhance shareholder returns, JSF aims at cumulative total payout ratio of 100% through dividends and the flexible implementation of share buy-backs in the period from FY2021 through FY2025 (achieving the goal of ROE 5%). Furthermore, with regard to dividends, the amount of our annual dividends reached JPY 30 per share in FY2021, and our aim is to aggressively pay annual dividends in the period from FY2022 through FY2025 at a level that does not fall below the amount of JPY 30 per share.

Under this policy, the shareholder return in FY2022 has been established as annual dividend forecast of JPY 32 (+JPY 2 year-on-year), and a share buy-back up to a maximum of JPY 3,000,000,000 or 3,200,000 shares (3.5% of total number of shares outstanding). Combined, this will result in the total payout ratio of 103.4%.

(6) ESG-related initiatives

For the realization of a sustainable society, it is also critical to improve the infrastructure that serves as the foundation for social and economic activities, which is one of the SDGs (Sustainable Development Goals) (Goal 9). The Group is striving to improve the liquidity of securities and financial markets and enhance convenience for participants by providing various services, including the margin loan business, as part of the securities market infrastructure. Through these activities, JSF aims to play a part in the realization of a sustainable society, including the providing of support to market participants who are making similar efforts.

Based on these basic policies, the Company is committed to reducing its environmental impact (E), promoting financial and economic education activities (S, conducting various seminars related

to margin trading), promoting academic research activities (S, joint empirical research with the University of Tokyo and partnership with Kyoto University in developing indices utilizing credit and lending data), contributing to overseas securities and financial market infrastructure (S, technical cooperation and funding for an Indonesian securities finance company), realizing a diverse working style for employees (S), strengthening corporate governance (G, being a company with a nominating committee, etc.), and enhancing BCP (G).

These have been disclosed in the Corporate Governance Report filed on December 20, 2021.

We also recognize that responding to climate change is a key management issue (materiality). In line with a TCFD recommendations, we recently disclosed information related to climate change on our website.

(7) Efforts in Corporate Governance

(i) Policy on the Composition of Board of Directors, etc.

JSF transitioned to a company with a nominating committee, etc. in 2019 to separate oversight from execution, creating a Board of Directors composed of five directors with three outside directors, and appointing outside directors to serve as the chairs for the Board of Directors and all three committees. Independent outside directors account for the majority of the Nominating Committee and the Remuneration Committee.

Under this system, considerations and deliberations from diverse angles are amassed in the formation of management policies. Additionally, reviews of reports, explanatory meetings on business and other efforts to enhance the information provided to directors are being made to facilitate the appropriate oversight of the execution of business. These efforts are also acclaimed as appropriate in evaluating the effectiveness of the Board of Directors.

Faced with the revision of Corporate Governance Code, transition to a new TSE market segment and environmental changes from factors such as progressing internationalization and digital transformation, as well as the formation and implementation of a management plan for the next period under the medium-term management policy, JSF had its Board of Directors reexamine the composition etc. of its Board of Directors through deliberation by the Nominating Committee from a viewpoint of enhancing the role of the Board of Directors in a company with a nominating committee, etc.

As a result thereof, the Board of Directors reached a recognition that increasing the size of Board of Directors by adding two directors (both outside directors) to the current five directors would be appropriate based on the multifaceted skills required to face the changing environment, the balance of the number of people engaged in the oversight and execution of business, and the importance of diversification in terms of age and gender. In addition, taking into consideration the ability of speedy decision making and the size of JSF's business, the Board of Directors reached to the conclusion that it is worth reassessing the maximum number of directors while maintaining some leeway in the actual number of members required based on a skill matrix.

Based thereon, JSF proposes a board composition of seven directors, including five outside candidates and two inside candidates, and a maximum number of eight seats of the Board of Directors under its Articles of Incorporation, consisting of seven actual members and one vacant seat.

(ii) Formation and Disclosure of "Policy for Executive Officer Appointments"

As part of the exertion of the Board of Directors' supervisory function, JSF had the Nominating Committee deliberate and determine a policy for the appointment of management. Last year, due to changes in the environment set forth above, a comprehensive reexamination was conducted regarding the criteria on the appointment of executive officers based on the results of the deliberations of the Nominating Committee, and specific appointments are conducted under the following classifications of the talent expected of executive officers in light of the fact that the purpose of their appointment is to create an executive system that facilitates the advancement of the medium-term plan.

- Someone who is able to fully recognize their public role in the execution of business
- Someone who has a wide range of knowledge in the overall finance and securities markets

- Someone who is able to fully recognize JSF's public role in the execution of JSF's business
- Someone who has extensive knowledge of the overall finance and securities markets
- Someone who is well versed in the Financial Instruments and Exchange Act and other various laws and regulations
- Someone with knowledge and experience involving JSF's highly specialized business
- Someone with the internationality required in the advance of JSF's business
- Someone with a high degree of knowledge and experience in business management and risk management
- Someone with a high degree of knowledge and experience in finance and accounting
- Someone who is able to nimbly respond to the various environmental changes encircling JSF in the finance and securities sectors

In addition, a long list of people from inside the company, from the public sector and from the finance and securities sectors is prepared when making specific appointments. The executive officer appointments released by JSF on February 28, 2022 were based on this policy.

The Proposing Shareholders have a negative assessment of the appointment of people from the Bank of Japan as officers at JSF, but as stated above, in light of the public role and uniqueness of securities financing business which includes loans for margin transactions, JSF focuses on the talent expected of executive officers and management, i.e. the ability to fully recognize JSF's public role in the execution of JSF's business, extensive knowledge of the overall finance and securities markets, the ability to nimbly respond to the various environmental changes encircling JSF in the finance and securities sectors, and other talents, and people from the Bank of Japan are appointed based on a determination that they have these talents. Their benefits are commensurate to their work responsibilities, and the payment status of remunerations is being appropriately disclosed by JSF and its consolidated subsidiaries pursuant to laws and regulations.

(iii) Establishment of Corporate Governance Office

In October 2021, the Company established the Corporate Governance Office. This was undertaken to establish a framework as a secretariat to enable the Company to swiftly respond to the establishment of a sophisticated governance system required of listed companies and the enhancement of its functions. These functions include revisions to the Corporate Governance Code and compliance with the Tokyo Stock Exchange's new market classification for listed companies. Also, traditionally, the Corporate Planning Department was responsible for the secretariat function of the Board of Directors. However, since the Corporate Planning Department is responsible for the formulation of the Medium-term Management Plan under the direction of the President and CEO, the Company established the Corporate Governance Office. This was based on the concept that it is appropriate to separate the secretariat of the Board of Directors, including the director in charge, from the Corporate Planning Department, as the Company has separated supervision and execution as a company with a Nominating

(8) Rationale Regarding Remuneration and Incentives

JSF has established a remuneration system that supports the foregoing management policies and governance system which strongly recognized its public role as infrastructure in securities markets and provides incentives that are consistent with JSF's management policy of enhancing its corporate value in the medium and long-term.

Specifically, with an eye towards a high degree of correlation with JSF's earnings and share price, executive officer remuneration is set as monthly remuneration (base remuneration) and officer bonuses and stock remuneration linked to earnings. The set as monthly remuneration (base remuneration) is based on an individual executive officer's position. With an eye towards the clarification of management responsibilities, officer bonuses are determined after the end of a fiscal year, linked to the achievement status of the management goals in the medium-term management plan and performance in each term, and paid within three months after this determination. Stock

remuneration utilizes a board benefit trust scheme to award points linked to and determined by medium-term performance, and awards JSF shares based on the number of points at the time of retirement.

From a viewpoint of exerting a supervisory function, directors (excluding those concurrently serving as executive officers) are only paid fixed-amount monthly remuneration (base remuneration) and are not paid performance linked remunerations. The remuneration of an individual director is determined by their classification as fulltime or non-fulltime director, appointment as chair and other positions as a director. Directors who concurrently serve as executive officers are not paid remuneration as a director.

Remuneration for individual directors and executive officers is determined by the Remuneration Committee. Additionally, changes etc. to remuneration categories and the remuneration system are also determined by the Remuneration Committee.

(9) Issues to be addressed

The Direction of Future Initiatives

Under the Sixth Medium-term Management Plan, the Group has made steady progress in strengthening its earnings base and improving its ROE as a result of the various measures it has taken to date. In FY2022, the final year of the Sixth Medium-term Management Plan, the Company aims to achieve ROE of 4% as stated in the Medium-term Management Policy through the promotion of the following initiatives.

With respect to strengthening of margin loan business, JSF will strive to improve the convenience of margin loan by collaborating with related institutions and clients and expanding the provision of loans for margin loans information. We will expand lending issues by reviewing the selection rules under the new TSE market classification. With respect to expansion and strengthening of security finance business, we will continue to respond flexibly and promptly to changes in clients' requirements in response to changes in financial policies mainly in Europe and the U.S. We will expand the number of clients and the balance of transactions through enhanced sales activities. Furthermore, from the perspective of enhancing the back-office support system for these sales activities, we will strive to improve operational efficiency through active utilization of RPA and reviewing middle back-office operations.

Moreover, in addition to enhancing training programs (strengthening human resource development), developing proactive recruitment activities (promoting diversity), and improving resilience to cyber security and natural disasters, the Group will work as one to address various sustainability-related issues, such as TCFD compliance required of a company listed on the prime market.

As a JSF Trust Bank subsidiary, we will continue to enhance and strengthen trust services for the purpose of preservation of customer assets, and strive to expand financial and securities-related services by taking advantage of our unique position as a trust bank in the JSF Group.

In our subsidiary Nippon Building, we will provide each the JSF Group company with a good and low-cost working environment, thereby contributing to the achievement of the JSF Group's mission and the enhancement of corporate value over the medium to long term.

Through the various initiatives described above, the Group will strive to further strengthen its management base and provide substantial shareholder returns, while maintaining the high level of trust of shareholders, investors, and other stakeholders. We will also continue to contribute to the development of a sustainable society by stably fulfilling its function as the infrastructure of the securities market.

II Matters Pertaining to the Current Status of the Company's Group

(1) Business progress and its results

(i) Financial and economic environment

Although the economic environment in this fiscal year is recovering from the stagnation caused by the COVID-19 infection, the situation remains uncertain due to the re-spreading of infection by new variant strains of the virus and soaring crude oil prices due to the situation in Ukraine.

Looking at the stock market, the Nikkei Stock Average, which started at 29,388 yen at the beginning of the period, declined due to COVID-19 spreading once again, but from late August, the market began to rise due to expectations for economic normalization as a result of progress in vaccinations. On September 14, it rose to 30,670 yen, reaching its highest price for the period. Subsequently, the re-spreading of infection by a mutated virus caused the price dropped again, and after February 2022, the price temporarily dropped further due to concerns about the impact of the situation in Ukraine on the economy, reaching 24,717 yen on March 9, the lowest price for the period. At the end of the period, it closed at 27,665 yen.

Looking at the institutional margin buying balance on the Tokyo market (TSE, NSE, and PTS) during this period, it increased from the 2.28 trillion yen range at the beginning of the period to as high as the 2.65 trillion yen range at the beginning of July but then subsequently declined, hitting a bottom at the 2.01 trillion yen range at the end of the period. On the other hand, the margin selling balance, which was in the 590 billion yen range at the beginning of the period, reached as high as the 640 billion yen range in September, reflecting an increase in new sales as stock prices recovered, but subsequently began to decline, reaching as low as the 410 billion yen range in January 2022. At the end of the period, it stood at the 550 billion yen range.

(ii) Financial results for the fiscal year ended March 31, 2022

Unit: million of yen

	FY2020	FY2021	Amount of Change	Percentage of Change
Operating revenues	30,924	30,138	786	2.5 %
Operating expenses	18,018	16,533	1,484	8.2 %
General and administrative expenses	8,129	7,368	760	9.4 %
Operating income	4,777	6,235	1,458	30.5 %
Recurring income	5,558	7,164	1,606	28.9 %
Profit attributable to owners of parent	3,971	5,174	1,203	30.3 %

Under such environmental conditions, consolidated operating revenues amounted to 30,138 million yen (down 2.5% year-on-year) due to a decrease in revenues in the margin loan business, despite strong performance in the security financing business. On the other hand, consolidated operating expenses decreased to 16,533 million yen (down 8.2% year-on-year) due to a decrease in fees on borrowing securities in margin loans. General and administrative expenses decreased to 7,368 million yen (down 9.4% year-on-year) due to a decrease in the amount borne by the Company as a result of a review of the calculation method of the allowance for doubtful accounts.

As a result, consolidated operating income increased by 6,235 million yen (up 30.5% year-on-year), consolidated recurring income by 7,164 million yen (up 28.9% year-on-year), and net

income attributable to owners of the parent by 5,174 million yen (up 30.3% year-on-year), all of which were an increase.

(iii) Operating Conditions by Business Segment

a. Securities financing sector

Operating revenues from the securities finance business amounted to 26,558 million yen (down 3.5% year-on-year).

Margin Loan Business

Looking at operating revenues by business segment, operating revenues from the margin loan business increased by 6,118 million yen (down 46.1% year-on-year). While the average of margin loans during the period increased by 58.5 billion yen year-on-year to 283.1 billion yen, and interest on loans increased, the average of stock loans during the period decreased by 125 billion yen year-on-year to 175.5 billion yen, and both lending fees and premium charges on over-lent stock loan issues both decreased.

	FY2020	FY2021	Amount of Change	Percentage of Change
Amount of Average (billion yen)				
Margin Loan	224	283	58	26.0 %
Stock Loan	300	175	125	41.6 %

Security Financing Business

Operating revenue in the security financing business amounted to 15,368 million yen (up 24.4% year-on-year).

Of this amount, Bond Lending (12,846 million yen, up 27.6% year-on-year) saw continued strong growth in the balance (total) of Gensaki transactions and Repo transactions (bond repo transactions) due to the success of the Company's proactive response to our clients' requirements. Loans to financial instruments firms (1,196 million yen, up 52.4% year-on-year) increased due to an increase in Repo transactions, while loans for negotiable margin transactions (156 million yen, up 94.7% year-on-year) and loans to individual investors or firms (510 million yen, up 9.0% year-on-year) increased due to an increase in loan balances. On the other hand, revenues from general stock loans (657 million yen, down 30.8%) declined due to both a decrease in the balance of high margin transactions as well as a weak demand for stock borrowing in the first half of the fiscal year.

Other

Other income (5,071 million yen, up 32.7%) increased due to a steady accumulation of carry trade income and gains on sales resulting from portfolio replacements.

b. Trust Business

Operating revenue in the trust business amounted to 2,737 million yen (up 10.3% year-on-year). Trust fees remained strong due to an increase in the balance of trusts under custodian type trust services and the average balance of loans also increased.

c. Real Estate Management Business

Operating revenue in the real estate leasing business amounted to 841 million yen (down 7.4% year-on-year).

(iv) Progress of the Sixth Medium-term Management Plan

Status of Achievement in FY2021

Various initiatives

In reviewing FY2021, amidst the continuing impact of the spread of COVID-19, we promoted operational efficiency through the deployment of proactive sales activities using online and the utilization of RPA.

In terms of operations, while expanding the number of securities borrowers and lenders, we focused on expanding and strengthening its securities finance operations, centered on margin loan business, by maintaining and strengthening relationships with existing clients and reviewing product offerings to respond flexibly and promptly to their diverse requirements. The Group also made efforts to strengthen its business management system by enhancing convenience for clients through group collaboration in terms of systems and improving the BCP system through the use of telecommuting.

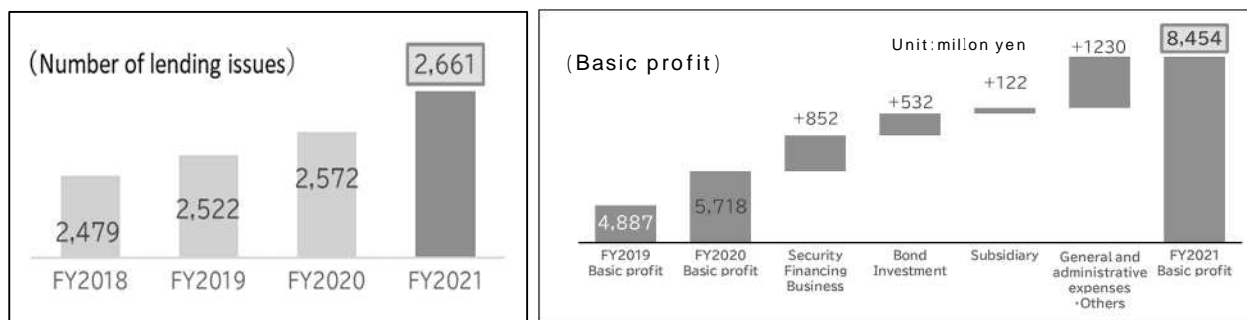
Other efforts included initiating empirical research with the University of Tokyo on securities lending and borrowing transactions utilizing distributed ledger technology to contribute to the sustainable development of securities markets.

Management goals

In our Sixth Medium-term Management Plan (FY2020-FY2022), we have outlined the following management objectives: to steadily increase the number of lending issues in order to strengthen the foundation of our margin loan business; to promote diversification of revenue sources in order to stably fulfill our function as a securities market infrastructure; and to steadily increase our basic profit*.

*Basic profit: Recurring income estimated based on the assumed profit of loans for margin transactions (assumed average of the past three years).

In the FY ended March 31, 2022, both the number of lending issues and basic profit exceeded the previous year's levels due to the promotion of the above-mentioned initiatives.



(2) Changes in Financial Position and Results of Operations (Consolidated Basis)

		FY2018 (From April 1, 2018 to March 31, 2019)	FY2019 (From April 1, 2019 to March 31, 2020)	FY2020 (From April 1, 2020 to March 31, 2021)	FY2021 (From April 1, 2021 to March 31, 2022)
Operating revenues	(mil yen)	24,321	29,101	30,924	30,138
Recurring income	(mil yen)	5,046	4,894	5,558	7,164
Profit attributable to owners of parent	(mil yen)	3,765	3,556	3,971	5,174
Net income per share	(yen)	40.02	38.47	43.28	56.61
Total net assets	(mil yen)	140,793	126,687	135,166	137,996
Book value per share	(yen)	1,519.30	1,381.22	1,473.24	1,545.03

(3) Main Business (As of March 31, 2022)

JSF group engages in the following businesses, including the lending and borrowing business, which is licensed under the Financial Instruments and Exchange Law.

(i) Securities Finance Business

Margin Loan Business

JSF group engages in the following businesses, including the lending and borrowing business, which is licensed under the Financial Instruments and Exchange Law.

Securities Finance Business

General loans (Loan secured by securities)	Loan to Securities Companies Equity Repo Loans for Negotiable Margin Transaction (Loan funds needed to settle negotiable margin transactions) Retail Loan
Securities Lending	Bond borrowing and lending transactions General Stock lending (Lending stock certificates needed to settle stock trading)

Others

Trust and Banking Business	Trust service and banking service
Real Estate Management Business	Real estate ownership and leasing

(4) Business Office (As of March 31, 2022)

JSF

Head Office	1-2-10 Nihonbashi-Kayabacho, Chuo-ku, Tokyo
Osaka branch	1-9-6 Edobori, nishi-ku, Osaka

Subsidiary Companies

JSF Trust and Banking Co.,Ltd.	1-2-4 Nihonbashi-Kayabacho, Chuo-ku, Tokyo
Nihon Building Co.,Ltd.	1-2-14 Nihonbashi-Kayabacho, Chuo-ku, Tokyo

(5) Capital Investment

Capital investments totaling ¥0.7 bn were made during the fiscal year under review.

These investments were mainly due to the renovation of the head office building and the server replacement of our core system.

(6) Employees of the Group (As of March 31, 2022)

JSF group

Segment	The number of employees	Year on Year
Securities Finance Business	207 [4]	8 [+1]
Trust and Banking Business	41 [1]	+1 []
Real Estate Management Business	16 [0]	1 []
Total	264 [5]	8 [+1]

(Note) 1. The number of employees is the number of employed people (excluding those seconded from our group to outside our group) and does not include executive officers. In addition, the average number of employees per year is shown in parentheses in [].

2. Temporary employees include temporary and part-time employees.

JSF

The number of employees	Year on Year	Average age	Average employment longevity
207 [4]	8 [+1]	43.8	20.9

(Note) 1. The number of employees is the number of employed people (excluding those seconded from our group to outside our group) and does not include executive officers. In addition, the average number of employees per year is shown in parentheses in [].

2. Temporary employees include temporary and part-time employees.

(7) Subsidiary Companies (As of March 31, 2022)

Name	Capital Stock (billion yen)	Investment Ratio (%)	Principal Business
JSF Trust and Banking Co.,Ltd.	14	100	Trust and Banking Business
Nihon Building Co.,Ltd.	0.1	100	Real Estate Management Business

(Note) Affiliated companies are as follows

Japan Information Processing Service Co., Ltd.

JSF INFORMATION TECHNOLOGY CO.,LTD.

(8) Major Borrowings (As of March 31, 2022)

Disclosure is omitted because the amount of borrowings is immaterial.

Matters Concerning Shares of the Company (As of March 31, 2022)

- (1) Total number of authorized shares 200,000,000 shares
- (2) Number of issued shares 96,000,000 shares
- (3) Number of shareholders 10,441 person

(4) Major Shareholders (Top 10)

Name	Number of Shares Held (thousand)	The shareholding ratio (%)
THE SFP VALUE REALIZATION MASTER FUND LTD .	12,674	14.0
The Master Trust Bank of Japan, Ltd. (Trust account)	10,946	12.1
Capital Market Promotion Foundation	4,654	5.1
Custody Bank of Japan, Ltd. (Trust account)	4,228	4.7
Mizuho Bank, Ltd.	3,536	3.9
THE CHASE MANHATTAN BANK, N.A. LONDON SPECIAL OMNIBUS SECS LENDING ACCOUNT	3,530	3.9
INTERTRUST TRUSTEES(CAYMAN) LIMITED SOLELY IN ITS CAPACITY AS TRUSTEE OF JAPAN - UP	3,109	3.4
STATE STREET CLIENT OMNIBUS ACCOUNT OM44	2,006	2.2
Custody Bank of Japan, Ltd. (Trust account 4)	1,874	2.1
INTERTRUST TRUSTEES CAYMAN LIMITED AS TRUSTEE OF JAPAN - UP UNIT TRUST	1,725	1.9

(Note) In addition to the above, there are 5,594,684 shares of common stock owned by the Company.
The shareholding ratio is calculated excluding treasury stock.

(5) Status of shares issued to the Company's Officers as compensation for the execution of their duties during the current fiscal year.

	Number of shares	Number of persons issued shares
Executive officer	49,500 shares	1 person

(Note) The Company delivers shares of the Company's stock at retirement through a Board Benefit Trust mechanism.

Matter related to the director of the company

(1) Directors (As of March 31, 2022)

Classification	Name	Position	Significant concurrent positions
Director Chairperson of the Board of Directors	Naotaka Obata	Nomination Committee Member (Chairperson) Remuneration Committee Member (Chairperson)	
Director	Shoko Sugino	Nomination Committee Member Audit Committee Member Remuneration Committee Member	Partner Attorney at Fujibayashi Law Office Audit & Supervisory Board Member of Kitoku Shinryo Co., Ltd. Audit & Supervisory Board Member of Takeei Corp
Director	Shuya Iimura	Audit Committee Member (Chairperson)	Audit & Supervisory Board member of Intellex Co., Ltd.
Director (Representative Executive Officer & President)	Shigeki Kushida	Nomination Committee Member Remuneration Committee Member	Outside Director of Denso Corp.
Director	Hiroshi Asakura	Audit Committee Member	

(Note)1. The three Directors, Mr. Naotaka Obata, Ms. Shoko Sugino and Mr. Shuya Iimura, are outside Directors.

2. The Company has selected Shuya Iimura as a Standing Member of the Audit & Supervisory Committee from the perspective of ensuring the effectiveness of the Audit & Supervisory Committee's audits.
3. The Company has designated outside Directors Naotaka Obata, Shoko Sugino and Shuya Iimura as Independent Officers pursuant to the provisions of the Tokyo Stock Exchange, Inc. and has notified the Tokyo Stock Exchange to that effect.
4. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company and its directors (excluding executive directors, etc.) have entered into a Limited Liability Agreement limiting their liability for damages under Article 423, paragraph (1) of the Companies Act. The maximum amount of liability for damages under such agreement is the minimum liability amount stipulated by law.
5. There exists no personal, capital, business or other interest to be noted with other companies in which the outside Director concurrently serves or has served as an officer.
6. The Company has concluded a directors' and officers' liability insurance policy as stipulated in Article 430-3 of the Companies Act, insuring its Directors, Executive Officers, Corporate Officers, and other key employees. The insurance premiums, including the rider portion, are borne entirely by the company, and there is effectively no insurance premium burden on the insured. Damages in cases where the insured officers are liable for the execution of their duties, etc., or where the insured officers are subject to claims for such liabilities (compensation for damages and litigation expenses) are to be covered under such insurance policy. However, there are certain exclusions of liability, such as the policy does not cover damages arising from an act committed with knowledge that the act is in violation of laws and regulations. The relevant insurance policy has a provision for a deductible amount, and damages up to such deductible amount shall not be covered.

(2) Attendance at meetings

Name	Board of Directors	Nomination Committee	Audit Committee	Remuneration Committee
Naotaka Obata	11/11 (100%)	8/8 (100%)	—	5/5 (100%)
Shoko Sugino	11/11 (100%)	8/8 (100%)	11/11 (100%)	5/5 (100%)
Shuya Imura	11/11 (100%)	—	11/11 (100%)	—
Shigeki Kushida	11/11 (100%)	8/8 (100%)	—	5/5 (100%)
Hiroshi Asakura	9/9 (100%)	—	9/9 (100%)	—

(Note) Attendance is recorded at meetings of the board of directors held after she assumed the office of director.

(3) Status of primary activities of outside officers

Name	Status of activities and overview of duties performed with respect to the role expected of outside Directors
Naotaka Obata	Naotaka Obata draws on his extensive experience and broad insight as a manager of major financial institutions to sufficiently fulfill the roles and responsibilities required of an outside Director, including supervising management and providing advice on overall management. At Meetings of the Board of Directors, as Chairman, he manages the agenda and makes proposals and provides advice on the formulation of the Medium-term Management Policy and risk management systems. At Nomination Committee and Remuneration Committee meetings, he manages the proceedings as chairman, and expresses necessary opinions as a member in the review and deliberation of management selection plans, composition of the Board of Directors, and other matters.
Shoko Sugino	Shoko Sugino draws on her extensive experience and broad insight as an attorney to sufficiently fulfill the roles and responsibilities required of an outside Director, including highly effective supervision of the Company's management and advice on overall management. At the Meetings of the Board of Directors, she makes proposals and provides advice on the formulation of the Medium-term Management Policy and initiatives related to compliance. At the Nomination Committee and Remuneration Committee, as a member of the Committees, she expresses necessary opinions in the review and deliberation of management selection plans, composition of the Board of Directors, and other matters. In addition, as a member of the Audit & Supervisory Committee, she drafts audit plans, interviews the accounting auditor regarding the status of the audits and their results thereof, and expresses her opinions as necessary.
Shuya Imura	Shuya Imura draws on his extensive experience and broad insight in the securities sector to sufficiently fulfill the roles and responsibilities required of an outside Director, including effective supervision of the Company's management and advice on overall management. In addition, as a Standing Audit Committee Member and a Director, he endeavors to improve auditing and supervision by attending important internal meetings and receiving reports from the Internal Audit Department. At the Audit & Supervisory Committee meetings, he engages in the management of the agenda as the Chairman of the Committee. As a member of the Committee, he formulates audit plans, interviews the accounting auditor regarding the implementation status of audits and the results thereof, and expresses his opinions as necessary.

(4) Executive Officers (As of March 31, 2022)

Position	Name	Responsibilities and Significant concurrent positions
Chairperson	Eizo Kobayashi	Director of Nihon building Co., Ltd. Director of Japan Information Processing Service Co., Ltd. Director (Audit & Supervisory Committee Member) of FUJIMORI KOGYO CO., LTD.
Representative Executive Officer & President	Shigeki Kushida	Outside Director of Denso Corp.
Vice President	Shunichiro Higuchi	Internal Audit Dept. Compliance Dept.
Senior Managing Executive Officer	Kenji Fukushima	Margin Loan Dept. Institutional Sales Dept. Retail Business Dept. Information System Planning Dept.
Managing Executive Officer	Yutaka Okada	Corporate Governance Office. Business Development Dept. Treasury Dept. Settlement & Custody Dept. International Relations
Managing Executive Officer	Masaru Sekiguchi	Risk Management Dept. Human Resources Dept. Corporate Planning Dept. Osaka Branch. Group Companies Relations

(Note) 1. Shigeki Kushida, President and Representative Executive Officer, also serves as a Director.

2. Kenji Fukushima, Senior Executive Officer, retired from his position on March 31, 2022 due to the expiration of his term of office. Also, as of April 1, 2022, Yutaka Okada, Executive Managing Director, was promoted to Senior Executive Managing Director, and Morikuni Shimoyamada and Shinichi Sugiyama were newly appointed to the position of Executive Managing Director.

【Reference】 Executive Officers (as of April 1, 2022)

Position	Name	Responsibilities
Chairperson	Eizo Kobayashi	
Representative Executive Officer & President	Shigeki Kushida	
Vice President	Shunichiro Higuchi	Internal Audit Dept. Compliance Dept.
Senior Managing Executive Officer	Yutaka Okada	Corporate Governance Office Business Development Dept. Treasury Dept. International Relations
Managing Executive Officer	Masaru Sekiguchi	Risk Management Dept. Human Resources Dept. Corporate Planning Dept. Group Companies Relations
Managing Executive Officer	Morikuni Shimoyamada	Margin Loan Dept. Institutional Sales Dept. Retail Business Dept.
Managing Executive Officer	Shinichi Sugiyama	Settlement & Custody Dept. Information System Planning Dept. Osaka Branch

(5) Amount of remuneration for Directors and Executive Officers

Classification	Total amount of remuneration, etc. (Thousands of yen)	Total amount of remuneration by type (thousands of yen)			Number of persons (names)
		Base remuneration	Performance-linked remuneration, etc.		
			Bonus	Non-monetary and stock-based remuneration	
Director	54,960	54,960	—	—	5
Of which outside Directors	46,560	46,560	—	—	3
Executive Officers	298,873	194,160	75,250	29,463	6
Total	353,833	249,120	75,250	29,463	11

(Note)1.Directors who also serve concurrently as Executive Officers are not paid remuneration as directors.

2.Business performance indicators for performance-linked remuneration, etc. (bonuses) are the number of lending issues, basic profit, and consolidated current fiscal year net income, which were 2,661 stocks, 8,454 million yen, and 5,174 million yen, respectively.

3.The business performance indicator for performance-linked remuneration, etc. (non-monetary and stock-based remuneration) is consolidated recurring income (three-year average), which totaled 5,872 million yen.

(6) Policy for determining the amount of remuneration, etc. of Officers or the method for calculating the amount of remuneration, etc.

Content of policy and method of determining the amount of remuneration, etc. of officers or the method of calculating the amount of remuneration, etc.

Based on the Company's corporate philosophy and management policy, the remuneration, etc. of the Company's Officers is a system and at a level that matches the roles and expected functions of the Directors and Executive Officers from the perspective of achieving sustainable growth and enhancing corporate value over the medium to long term. Specifically, the Compensation Committee determines remuneration, etc. on an individual basis based on the following policy determined by the Compensation Committee. The Compensation Committee has confirmed that the method of determining the details of remuneration, etc. and the details of remuneration, etc. determined for each individual director for the current fiscal year are consistent with such determination policy, and has judged that the details of remuneration, etc. are in line with such determination policy.

[Directors]

- From the perspective of exercising supervisory function, Directors shall receive only a fixed monthly remuneration (base remuneration) and shall not receive performance-linked remuneration, etc.
- Each individual Director's remuneration will be based on their responsibilities as a Director, such as whether they serve full-time or part-time and have been appointed as Chairperson.
- Directors who also serve as Executive Officers will not receive remuneration as directors.

[Executive Officers]

- From the standpoint of linking the remuneration to the Company's business performance and stock value, Executive Officers shall be paid a fixed monthly remuneration (base remuneration) and performance-linked officer bonuses and stock-based remuneration.
- The fixed monthly remuneration (base remuneration) is determined in accordance with each Executive Officer's position.
- From the standpoint of clarifying management responsibility, Officers' bonuses are determined after the end of the fiscal year, linked to the status of achievement of management goals in the Medium-term Management Plan and the performance of each fiscal year, and are paid within three months after the determination.
- Regarding stock-based remuneration, the Company grants points determined in conjunction with medium- to long-term performance using a Board Benefit Trust mechanism, and delivers Company shares in proportion to the number of points at the time of retirement.

Policy on determining the percentage of remuneration, etc. to be paid as performance-linked remuneration and non-performance-linked remuneration, etc.

The percentage of each remuneration to be paid to the Executive Officers based on the base performance shall be determined as follows

Base remuneration	Performance-linked remuneration	
	Officer bonus	Stock-based remuneration
65%	20%	15%

Indicators for performance-linked remuneration, reasons for selecting these indicators, and method of determining performance-linked remuneration

Among the Company's Executive Officers' remuneration, indicators related to Officers' bonuses, which are performance-based remuneration and stock-based remuneration are as follows.

[Officer bonus]

- Bonuses are determined by multiplying the standard bonus calculation amount for each Executive Officer's position by the performance-linked coefficient (bonus).
- The performance-linked coefficient (bonus) is determined by multiplying each of the three indicators (number of lending issues, basic profit, and consolidated current fiscal year net income) by the ratio of change from the previous year to each indicator, which reflect the degree of progress and achievement of management goals.

[Stock-based remuneration]

- The number of base points will be determined based on each Executive Officer's position.
- Based on the base number of points, if the average consolidated ordinary profit or loss for the past three years, including the current fiscal year, exceeds the benchmark, an addition is made, and if it falls below the benchmark, a subtraction is made.
- The Company uses consolidated recurring income as an indicator for the purpose of increasing the linkage with shareholders' interests over the medium to long term by using its performance, excluding the impact of one-time profit or loss.

Dividend Policy

Solid equity capital to secure the financial health and management stability that society demands of the company as the infrastructure of securities market, and provide stable long-term return to shareholders by comprehensively considering revenues environment or investment plan, etc. At the same time, JSF will strive to place more importance on shareholders return. Based on this basic approach, JSF will strive to further enhance shareholder returns.

JSF has set the goal of achieving a total payout ratio of 100% on a cumulative basis in the years from FY2021 through FY2025 through dividend payments and agile implementation of share repurchases. With regard to dividends, JSF aims to proactively pay dividends to the extent that the annual dividend per share does not fall below ¥30.

The year-end dividend for the current fiscal year will be 15 yen per share according to the resolution of the Board of Directors meeting held on May 16, 2022.

Together with the interim dividend of ¥15 per share, which has already been paid, the annual dividend will be ¥30 per share (up ¥4 from the previous fiscal year). The effective date of the year-end dividend payment will be Thursday, June 2, 2022.

Consolidated Financial Statements

Consolidated Balance Sheets

Unit: millions of yen

Account	Fiscal 2021 (As of March 31, 2022)
Assets	
Current assets	13,083,009
Cash and deposits	1,299,070
Short-term investments	109,724
Operating loans	891,485
Receivables under resale agreements	3,928,146
Collateral money for securities borrowed	6,499,422
Other current assets	355,293
Allowance for doubtful receivable	133
Non-current assets	1,085,646
Tangible non-current assets	6,056
Buildings	2,276
Equipment	210
Land	3,264
Construction in progress	304
Intangible non-current assets	960
Software	850
Software in progress	95
Others	14
Investments and other assets	1,078,629
Long-term investments	1,042,496
Bad debts	95
Defined benefit assets	437
Others	35,696
Reserve for possible loan losses	95
Total assets	14,168,656

Account	Fiscal 2021 (As of March 31, 2022)
Liabilities	
Current liabilities	14,015,456
Call money	1,858,400
Short-term borrowings	239,210
Commercial paper	496,000
Payables under repurchase agreements	5,544,898
Collateral money for securities lent	4,706,496
Income taxes payable	879
Reserve for employee bonuses	466
Reserve for executive bonuses	106
Borrowed money from trust account	1,031,412
Others	137,585
Non-current liabilities	15,202
Long-term borrowings	4,000
Deferred tax liabilities	3,011
Deferred tax liabilities for land revaluation	74
Provision for share-based remuneration for directors	228
Defined benefit liabilities	213
Asset retirement obligations	55
Derivative liabilities	7,054
Others	563
Total liabilities	14,030,659
Net assets	
Shareholders' equity	129,719
Capital stock	10,000
Capital surplus	8,878
Retained earnings	115,521
Treasury stock	4,680
Total accumulated other comprehensive income	8,277
Net unrealized gains (losses) on other securities	9,920
Net deferred gains (losses) on hedges	1,967
Land revaluation excess	168
Accumulated remeasurements of defined benefit plans	156
Total net assets	137,996
Total liabilities and net assets	14,168,656

Note) Amounts less than one million yen are disregarded.

Consolidated Statement of Income

Unit: millions of yen

Account	Fiscal 2021 (From April 1, 2021 to March 31, 2022)	
Operating revenues		30,138
Interest on loans	2,708	
Interest on receivables under resale agreements	5,714	
Interest on collateral money for securities borrowed	2,250	
Fees on lending securities	9,457	
Others	10,006	
Operating expenses		16,533
Interest on borrowing and commercial paper	747	
Interest on payables under repurchase agreements	3,614	
Fees on borrowing securities	9,357	
Others	2,814	
Operating profit		13,604
General and administrative expenses		7,368
Operating income		6,235
Non-operating revenues		959
Interest income and dividend income	481	
Share of profit of entities accounted for using equity method	446	
Miscellaneous revenue	31	
Non-operating expenses		29
Interest expense	0	
Commission for purchase of treasury stock	6	
Loss on money held in trust	14	
Loss on investments in investment partnerships	4	
Miscellaneous expenses	4	
Recurring income		7,164
Extraordinary profit		40
Gain on sales of non-current assets	40	
Extraordinary loss		58
Loss on retirement of non-current assets	41	
Branch office relocation expense	16	
Net Income before Income Taxes		7,147
Income taxes-current	2,071	
Income taxes-deferred	98	1,972
Profit		5,174
Profit attributable to non-controlling interests		-
Profit attributable to owners of parent		5,174

Note) Amounts less than one million yen are disregarded.

Consolidated Statement of Changes in Net Assets

(From April 1, 2021 to March 31, 2022)

Unit: millions of yen

	Stockholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity
Balance at April 1, 2021	10,000	8,878	113,133	2,407	129,604
Cumulative effects of changes in accounting policies			0		0
Restated balance	10,000	8,878	113,133	2,407	129,605
Changes in the year					
Cash dividends			2,786		2,786
Profit attributable to owners of parent			5,174		5,174
Purchase of treasury stock				2,301	2,301
Disposal of treasury stock		0		28	28
Net changes in items other than stockholders' equity in the year					
Net changes in the year	-	0	2,387	2,272	114
Balance at March 31, 2022	10,000	8,878	115,521	4,680	129,719

Unit: millions of yen

	Accumulated other comprehensive income					Total net assets
	Net Unrealized gains (losses) on other securities	Net deferred gains (losses) on hedges	Land revaluation excess	Accumulated remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at April 1, 2021	22,432	16,978	168	59	5,562	135,166
Cumulative effects of changes in accounting policies						0
Restated balance	22,432	16,978	168	59	5,562	135,167
Changes in the year						
Cash dividends						2,786
Profit attributable to owners of parent						5,174
Purchase of treasury stock						2,301
Disposal of treasury stock						28
Net changes in items other than stockholders' equity in the year	12,512	15,010	-	216	2,714	2,714
Net changes in the year	12,512	15,010	-	216	2,714	2,829
Balance at March 31, 2022	9,920	1,967	168	156	8,277	137,996

Note) Amounts less than one million yen are disregarded.

Financial Statements

Balance Sheets

Unit: millions of yen

Account	Fiscal 2021 (As of March.31,2022)
Assets	
Current assets	12,118,921
Cash and deposits	800,238
Short-term investments	92,365
Operating loans	358,860
Margin loan	265,028
Loan to securities companies and individual investors	52,331
Other loans	41,500
Receivables under resale agreements	3,928,146
Collateral money for securities borrowed	6,587,152
Other current assets	352,212
Allowance for doubtful receivable	55
Non-current Assets	595,202
Tangible non-current assets	1,911
Buildings	624
Equipment	151
Land	830
Construction in progress	304
Intangible non-current assets	569
Software	460
Software in progress	95
Others	13
Investments and other assets	592,722
Long-term investments	532,601
Shares of subsidiaries and associates	26,893
Bad debts	95
Prepaid pension costs	127
Others	33,099
Reserve for possible loan losses	95
Total assets	12,714,123

Account	Fiscal 2021 (As of March.31,2022)
Liabilities	
Current liabilities	12,585,965
Call money	1,523,600
Short-term borrowings	187,350
Commercial paper	496,000
Payables under repurchase agreements	5,544,898
Collateral money for securities lent	4,699,859
Income taxes payable	422
Reserve for employee bonuses	395
Reserve for executive bonuses	106
Cash collateral received for margin loans	117,092
Others	16,239
Non-current liabilities	6,980
Long-term borrowings	1,000
Deferred tax liabilities	1,907
Deferred tax liabilities for land revaluation	74
Provision for share-based remuneration for directors	228
Others	3,769
Total liabilities	12,592,945
Net assets	
Shareholders' equity	115,383
Capital stock	10,000
Capital surplus	8,878
Capital reserve	5,181
Other Capital surplus	3,697
Retained earnings	101,177
Legal retained earnings	2,278
Other Retained earnings	98,899
Reserve for dividends	2,030
Voluntary reserve	77,030
Retained earnings brought Forward	19,839
Treasury stock	4,672
Valuation and translation adjustments	5,794
Net unrealized gains (losses) on other securities	7,257
Net deferred gains (losses) on hedges	1,631
Land revaluation excess	168
Total net assets	121,178
Total liabilities and net assets	12,714,123

Note) Amounts less than one million yen are disregarded.

Statement of Income

Unit: millions of yen

Account	Fiscal (From April 1, 2021	2021 to March 31, 2022)
Operating revenues		26,586
Interest on loans	2,617	
Interest on receivables under resale agreements	5,714	
Interest on collateral money for securities borrowed	2,273	
Commission income	372	
Fees on lending securities	9,451	
Others	6,157	
Operating expenses		16,335
Interest on borrowing and commercial paper	387	
Interest on payables under repurchase agreements	3,614	
Commission expenses	723	
Fees on borrowing securities	9,529	
Others	2,080	
Operating profit		10,251
General and administrative expenses		6,004
Operating income		4,246
Non-operating revenues		1,711
Interest income and dividend income	1,682	
Miscellaneous revenue	29	
Non-operating expenses		29
Loss on money held in trust	14	
Commission for purchase of treasury stock	6	
Loss on investments in investment partnerships	4	
Miscellaneous expenses	3	
Recurring income		5,928
Extraordinary profit		40
Gain on sales of non-current assets	40	
Extraordinary loss		58
Loss on retirement of non-current assets	41	
Branch office relocation expense	16	
Net income before income taxes		5,910
Income taxes-current	1,403	
Income taxes-deferred	31	1,371
Profit		4,539

Note) Amounts less than one million yen are disregarded.

Consolidated Statement of Changes in Net Assets

(From April 1, 2021 to March 31, 2022)

Unit: millions of yen

	Stockholders' equity								
	Capital stock	Capital surplus			Legal retained earnings	Retained earnings			Total Retained earnings
		Capital reserve	Other capital surplus	Total capital surplus		Reserve for dividends	Voluntary reserve	Retained earnings brought forward	
Balance at April 1, 2021	10,000	5,181	3,697	8,878	2,278	2,030	77,030	18,086	99,424
Changes in the year									
Cash dividends								2,786	2,786
Net income								4,539	4,539
Purchase of treasury stock									
Disposal of treasury stock			0	0					
Net changes in items other than stockholders' equity in the year									
Net changes in the year	-	-	0	0	-	-	-	1,752	1,752
Balance at March 31, 2022	10,000	5,181	3,697	8,878	2,278	2,030	77,030	19,839	101,177

Unit: millions of yen

	Stockholders' equity		Valuation and translation adjustments				Total net assets
	Treasury stock	Total Stockholders' equity	Net unrealized gains (losses) on other securities	Net deferred gains on hedges	Land revaluation excess	Total Valuation and translation adjustments	
Balance at April 1, 2021	2,399	115,904	17,300	11,507	168	5,960	121,864
Changes in the year							
Cash dividends		2,786					2,786
Net income		4,539					4,539
Purchase of treasury stock	2,301	2,301					2,301
Disposal of treasury stock	28	28					28
Net changes in items other than stockholders' equity in the year			10,042	9,876	-	165	165
Net changes in the year	2,272	520	10,042	9,876	-	165	686
Balance at March 31, 2022	4,672	115,383	7,257	1,631	168	5,794	121,178

Note) Amounts less than one million yen are disregarded.