

TSE Code 8511

May 31, 2023

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 113th ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Notice is hereby given that the 113th Annual General Meeting of Shareholders (the "Meeting") of Japan Securities Finance Co., Ltd. (the "Company" or "JSF") 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 Meeting 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 21, 2023.

[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" before exercising your voting rights.

Yours very truly,

## Details

■ Date and Time	10:00 a.m. on Thursday, 22 June, 2023
▣ 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"> <li>1. The 113th fiscal year (from April 1, 2022 to March 31, 2023) Business Report, Consolidated Financial Statements and Report of audits of the consolidated financial statements by the Independent Auditor and Audit Committee.</li> <li>2. The 113th fiscal year (from April 1, 2022 to March 31, 2023) Financial Statements</li> </ol> <p>Matters for Resolution:</p> <p style="margin-left: 20px;">&lt;Proposal by the Company&gt;</p> <p style="margin-left: 20px;"><span style="border: 1px solid black; padding: 2px;">Proposal 1</span> Election of Seven (7) Directors</p> <p style="margin-left: 20px;">&lt;Proposal by Shareholders&gt;</p> <p style="margin-left: 20px;"><span style="border: 1px solid black; padding: 2px;">Proposal 2</span> Amendment to the Articles of Incorporation to abolish the position of Chairperson of the Executive Officers</p> <p style="margin-left: 20px;"><span style="border: 1px solid black; padding: 2px;">Proposal 3</span> Amendment to the Articles of Incorporation concerning disclosure of individual remuneration for the Representative Executive Officer &amp; President</p> <p style="margin-left: 20px;"><span style="border: 1px solid black; padding: 2px;">Proposal 4</span> Amendment to the Articles of Incorporation concerning the prohibition of reemployment, etc. of persons who have served as President</p> <p style="margin-left: 20px;"><span style="border: 1px solid black; padding: 2px;">Proposal 5</span> Amendment to the Articles of Incorporation concerning disclosure of remuneration for officers who have served as President after their retirement from office</p> <p style="margin-left: 20px;"><span style="border: 1px solid black; padding: 2px;">Proposal 6</span> Amendment to the Articles of Incorporation concerning disclosure of material proposed actions taken by major shareholders</p>
▣ 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 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 21, 2023.
  - (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  
Institutional investors may use the Electronic Voting Platform that is operated by ICJ Inc. as a method of exercising the voting rights.

END

# REFERENCE MATERIALS CONCERNING THE GENERAL MEETING OF SHAREHOLDERS

## Proposal by the Company

### Proposal 1 Election of Seven (7) Directors

As the term of office of all directors will expire at the conclusion of this General Meeting, the Company proposes the election of seven(7) directors (including five(5) outside directors) in accordance with the decision of the Nomination Committee.

The candidates are follows.

No.	Name (Date of birth)	Career Summary, Position and Duty (Significant concurrent positions)	Number of Company Shares owned	
1	 <b>Naotaka Obata</b> (Oct. 15, 1944) 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.	Term of Office
		Jun. 2004	Deputy President, The Bank of Tokyo-Mitsubishi, Ltd.	4years (At the conclusion of this general meeting)
		Jun. 2005	President and CEO, Diamond Lease Company Limited	Attendance rate
		Apr. 2007	President and CEO, Mitsubishi UFJ Lease & Finance Company Limited (currently Mitsubishi HC Capital Inc.)	Board of Directors 13/13 (100%)
		Jun. 2010	Chairman, Mitsubishi UFJ Lease & Finance Company Limited	Nomination Committee 8/8 (100%)
		Jun. 2012	Executive Advisor to the Board, Mitsubishi UFJ Lease & Finance Company Limited	Remuneration Committee 7/7 (100%)
		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 and Chairperson of Board of Directors of Japan Securities Finance Co., Ltd. (current position)			

(Reasons for selecting the candidate and expected roles)

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.

(Independence)

He is an independent director as provided for by Tokyo Stock Exchange, Inc. If this proposal 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 President and CEO until June 2010.

No.	Name (Date of birth)	Career Summary, Position and Duty (Significant concurrent positions)	Number of Company Shares owned
2	 <b>Shoko Sugino</b> (Aug. 7, 1945) 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. Jun. 2018    Audit & Supervisory Board Member of Takeei Corp. (current position) Jun. 2019    Director of Japan Securities Finance Co., Ltd. (current position)	1,800 Term of Office 4years (At the conclusion of this general meeting) Attendance rate Board of Directors 13/13 (100%) Nomination Committee 8/8 (100%) Audit Committee 13/13 (100%) Remuneration Committee 7/7 (100%)
		(Significant concurrent positions) Partner Attorney at Fujibayashi Law Office Audit & Supervisory Board Member of Takeei Corporation Outside Director of Janome Corporation	

**(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 Tokyo Stock Exchange, Inc. If this proposal 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	 <b>Kensuke Futagoishi</b> (Oct. 6, 1952) Reappointment    Outside Independent	Apr. 1977    Joined The Sanwa Bank, Limited Apr. 2001    General Manager, Retail Banking Planning Division, UFJ Holdings, Inc. Jan. 2002    General Manager, Gotanda Corporate Sales Department and Branch Manager, Gotanda Branch, UFJ Bank Limited Oct. 2003    Joined IY Bank Co.,Ltd. (currently Seven Bank, Ltd.) Jun. 2004    Director of IY Bank Co.,Ltd. Jun. 2006    Director, Executive Officer of Seven Bank, Ltd. Nov. 2007    Director, Managing Executive Officer of Seven Bank, Ltd. Jun. 2009    Director, Senior Managing Executive Officer of Seven Bank, Ltd. Jun. 2010    President and Representative Director of Seven Bank, Ltd. Jun. 2018    Chairman and Representative Director of Seven Bank, Ltd. Jun. 2022    Special Advisor of Seven Bank, Ltd. (current position) Director of Japan Securities Finance Co., Ltd. (current position)	700 Term of Office 1year (At the conclusion of this general meeting) Attendance rate Board of Directors 10/10 (100%) Nomination Committee 8/8 (100%) Remuneration Committee 6/6 (100%)

**(Reasons for selecting the candidate and expected roles)**

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.

**(Independence)**

He is an independent director as provided for by Tokyo Stock Exchange, Inc. If this proposal is approved, the Company plans for his appointment as an independent director to continue. There are no transactions between the Company and Seven Bank, Ltd., for which he served as President and Representative Director until June 2018.


No.	Name (Date of birth)	Career Summary, Position and Duty (Significant concurrent positions)	Number of Company Shares owned
4	 <b>Takayoshi Yamakawa</b> (Oct. 2, 1965) Reappointment    Outside Independent	Apr. 1991    Joined Yokogawa Hewlett Packard Co. Oct. 1995    Joined Boston Consulting Group Jun. 2000    Founded (co-established) Dream Incubator Inc. Director, CTO Jun. 2005    Vice Representative Director of Dream Incubator Inc. Jun. 2006    Representative Director & CEO of Dream Incubator Inc. (retired in Jun. 2020) Jul. 2020    Representative Partner of Business Producer LLC (current position) Jan. 2021    Outside Director, BitStar of Inc. (current position) Apr. 2021    Outside Director of Baseconnect Inc. (current position) Jun. 2021    Outside Director of Akatsuki Securities, Inc. (current position) Jun. 2022    Outside Director of FP Corp. (current position) Director of Japan Securities Finance Co., Ltd. (current position)	1,100 Term of Office 1year (At the conclusion of this general meeting) Attendance rate Board of Directors 10/10 (100%) Audit Committee 11/11 (100%) Remuneration Committee 6/6 (100%)
		(Significant concurrent positions) Representative Partner, Business Producer LLC Outside Director, Akatsuki Securities, Inc. Outside Director, FP Corporation	

(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.

(Independence)

He is an independent director as provided for by Tokyo Stock Exchange, Inc. If this proposal is approved, the Company plans for his appointment as an independent director to continue. There are also no transactions between the Company and Business Producer LLC, of which he is Representative Partner, and Dream Incubator Inc., of which he was the Representative Director & CEO until June 2020.


No.	Name (Date of birth)	Career Summary, Position and Duty (Significant concurrent positions)	Number of Company Shares owned	
5	 <b>Setsuko Egami</b> (Jul. 16, 1950) <div style="display: flex; justify-content: space-around; border: 1px solid black; padding: 2px;"> <span>New</span> <span>Outside</span> </div> <div style="display: flex; justify-content: center; border: 1px solid black; padding: 2px; margin-top: 2px;"> <span>Independent</span> </div>	Apr. 1983 Dec. 2001 Apr. 2006 Nov. 2006 Jun. 2007 Apr. 2009 Jun. 2011 Apr. 2012 Jun. 2015 Jun. 2018 Jun. 2020 Apr. 2021  (Significant concurrent positions) Professor Emeritus, Musashi University Outside Director of Mitsubishi Estate Co., Ltd. Outside Director of Resona Holdings, Inc.	Chief Editor of <i>Travail</i> of Japan Recruit Center Head of Frontier Service Development Laboratory of East Japan Railway Company Visiting Professor of Graduate School of Public Management, Waseda University Member of Government Tax Commission Outside Auditor of Taisho Pharmaceutical Co., Ltd. Professor of Graduate School of Humanities, Musashi University Professor of Faculty of Sociology, Musashi University Outside Auditor of Yusen Logistics Co., Ltd. Dean of Faculty of Sociology, Musashi University Outside Director of Mitsubishi Estate Co., Ltd. (current position) Outside Director of Mitsubishi Motors Corporation Outside Director of Resona Holdings, Inc. (current position) Professor Emeritus, Musashi University (current position)	— <div style="border: 1px solid black; padding: 2px; text-align: center;">Term of Office</div> — <div style="border: 1px solid black; padding: 2px; text-align: center;">Attendance rate</div> —

**(Reasons for selecting the candidate and expected roles)**

She has extensive knowledge and broad insight on human resource development, risk management, and corporate management. 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.


**(Independence)**

If this proposal is approved, the Company plans to designate her as new independent director as provided for by the Tokyo Stock Exchange, Inc.

No.	Name (Date of birth)	Career Summary, Position and Duty (Significant concurrent positions)	Number of Company Shares owned	
6	 <b>Shigeki Kushida</b> (Jun. 8, 1958) <div style="display: flex; justify-content: center; border: 1px solid black; padding: 2px; margin-top: 2px;"> <span>Reappointment</span> </div>	May 2008 Mar. 2009 Jun. 2010 May 2011 Mar. 2013 Apr. 2017 May 2019 Jun. 2019 Jun. 2022  (Significant concurrent positions) Director of JSF Trust and Banking Co., Ltd. Outside Director of Denso Corp.	Deputy Director-General of Personnel and Corporate Affairs Dept. (Personnel Management), BOJ Director-General of Personnel and Corporate Affairs Dept., BOJ Director-General of Monetary Affairs Dept., BOJ General Manager of Nagoya Branch, BOJ Executive Director of BOJ Senior Advisor of American Family Life Assurance Company (currently Aflac Japan Ltd.) Advisor of Japan Securities Finance Co., Ltd. Director (current position) Representative Executive Officer & President (current position) Director of JSF Trust and Banking Co., Ltd. (current position)	15,800 <div style="border: 1px solid black; padding: 2px; text-align: center;">Term of Office</div> 4years (At the conclusion of this general meeting) <div style="border: 1px solid black; padding: 2px; text-align: center;">Attendance rate</div> Board of Directors 13/13 (100%) Nomination Committee 8/8 (100%) Remuneration Committee 7/7 (100%)

**(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	 <b>Hiroshi Asakura</b> (Nov. 1, 1955) Reappointment	Apr. 1978 Jun. 2002 Jun. 2005 Jun. 2006	Joined Japan Securities Finance Co., Ltd. General Manager of Planning Dept. General Manager of Margin Loan Dept. Corporate Officer & General Manager of Margin Loan Dept.	50,300
		Feb. 2008	Corporate Officer & General Manager of Loan Dept.	Term of Office
		Jun. 2009	Managing Director of Japan Securities Finance Co., Ltd.	2years (At the conclusion of this general meeting)
		Jun. 2013 Jun. 2016 Jun. 2021	Senior Managing Director(retired in Jun. 2016) President of Nihon Building Co., Ltd. (retired in Jun. 2021) Director of Japan Securities Finance Co., Ltd. (current position)	取締役会等の出席状況
			Board of Directors 13/13 (100%) Audit Committee 13/13 (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
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- (Note) 1. There are no special interests between each of the candidates and the Company.
2. Setsuko Egami's name in the family register is Setsuko Kusumoto.
3. Pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company has entered into agreements with Mr. Naotaka Obata, Ms. Shoko Sugino, Mr. Kensuke Futagoishi, Mr. Takayoshi Yamakawa and Mr. 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 provided in Article 425, paragraph (1) of the same Act. If the election of Setsuko Egami is approved, the Company plans to enter into the same Limited Liability Agreement with her.
4. Indicates the status of attendance at meetings of the Board of Directors and each committee held after assuming office as directors.
5. The Company has concluded a Directors' and Officers' Liability Insurance Policy as stipulated in Article 430-3, paragraph (1) of the Companies Act, insuring its 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.
6. Mitsubishi Motors Corporation, where Setsuko Egami served as an outside director until June 2021, failed to ensure that certain foreign technical intern trainees at its Okazaki Plant received technical training in accordance with the technical training plan approved by the Organization for Technical Intern Training. In January 2019, based on the Act on Proper Technical Intern Training and Protection of Technical Intern Trainees, Mitsubishi Motors Corporation received a revocation of certification of its technical intern training plan and an order for improvement. Although she was not aware of this fact until it came to light, during her term of office, she had properly performed her duties by expressing her opinions from the viewpoint of compliance with laws and regulations and alerting others to the fact.



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

Name	Corporate management	Finance Securities Economics	International experience	Judicial affairs Compliance	Financial Accounting	Internal controls Risk management	ESG
Naotaka Obata	○	○	○			○	○
Shoko Sugino				○		○	○
Kensuke Futagoishi	○	○			○	○	○
Takayoshi Yamakawa	○	○	○		○	○	○
Setsuko Egami	○			○		○	○
Shigeki Kushida	○	○	○			○	○
Hiroshi Asakura		○			○		

[Reference 2 ] Planned appointments of director candidates to Chairperson of the Board of Directors, Nomination, Audit, and Remuneration committees

Seven (7) candidates for directors (including two (2) females) will assume the following positions after their election at the Shareholders' Meeting.

Name	Position				Remarks
		Nomination Committee	Audit Committee	Remuneration Committee	
Naotaka Obata	Chairperson of the Board of Directors	Chairperson		Chairperson	Reappointment Outside Director
Shoko Sugino		Member	Chairperson	Member	Reappointment Outside Director
Kensuke Futagoishi		Member		Member	Reappointment Outside Director
Takayoshi Yamakawa		Member	Member		Reappointment Outside Director
Setsuko Egami				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 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.
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Proposal 2	Amendment to the Articles of Incorporation to abolish the position of Chairperson of the Executive Officers
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(1) Content of Proposal

Amend Article 32 of the current Articles of Incorporation as follows:

Current Articles of Incorporation

Article 32 (Executive Officers with Specific Titles)

1. The President and Executive Officer shall be appointed by a resolution of the Board of Directors.
2. In addition to the preceding paragraph, the Company may appoint other Executive Officers with specific titles by a resolution of the Board of Directors.

Proposed amendment

Article 32 (Executive Officers with Specific Titles)

1. The President and Executive Officer shall be appointed by a resolution of the Board of Directors.
2. In addition to the preceding paragraph, the Company may appoint other Vice President Executive Officers, Senior Managing Executive Officers and Managing Executive Officers by a resolution of the Board of Directors.

(2) Reason for Proposal

It is a well-known fact that for more than 70 years since the Company was listed on the stock exchange, that the position of president of the Company has been used as an “*amakudari* (golden parachute)” destination for former directors of the Bank of Japan (“Former Directors”).

In addition to this, since the 1980s, the Former Directors who were appointed to the position of President have continued on to be appointed as Chairperson of the Company after retiring as President.

Essentially, the Company is a company with a Nomination Committee, etc., and its roles are clearly divided between Executive Officers members, who are responsible for business execution, and Directors, who are responsible for the supervisory function of the Company’s management. Within this context, the Company has not provided a sufficient explanation as to what role Mr. Eizo Kobayashi, who assumed the position of Chairperson of the Executive Officers after retiring from the position of President of the Company, should play, as well as the significance of Mr. Kobayashi’s position as the Company’s Chairperson.

Therefore, in order to improve the governance of the Company, the position of Chairperson, which is a designated seat for *amakudari* and its significance is further questionable, should be abolished.

## **The Board of Directors opposes this Proposal.**

The Company's business execution is directed and led by the Executive Officer & President, who is the chief management executive. On the other hand, the basic role of the Chairperson of the Executive Officers is to support the activities of the Executive Officer & President in determining the overall direction of JSF's business operations over the long term, as a person who is familiar with the past history of JSF.

To give a specific example, while further maintaining and developing the network outside the company that he built during his career, including his activities in the business world as Chairperson, he is also responsible for supporting the overall measures related to the organizational structure as a company with a Nomination Committee, etc., including the search for outside talent that could be candidates for Outside Directors, Executive Officers and Corporate Officers. In addition, he also oversees internal controls in general.

Also, in order to enhance the medium- to long-term corporate value of JSF, leadership is important not only at JSF but also at the group companies that make up our business portfolio. On this point, organizationally, effectiveness is ensured by having senior executives of JSF serve as directors of subsidiaries, with the Executive Officer & President concurrently serving as a director of JSF Trust and Banking Co., Ltd., while the Chairperson of the Executive Officers concurrently serves as a director of Nihon Building Co., Ltd.. A general overview of management refers to these activities.

In this way, at JSF, as a company with a Nomination Committee, etc., supervision and execution are separated. The Chairperson is on the executive side and is in a position to oversee business execution jointly with the President, but the President ultimately has the authority to direct and lead management, and is not restricted by the Chairperson's wishes. This point is documented by internal rules that were adopted by resolutions of the Nomination Committee and the Board of Directors.

Please note that the "Corporate Governance System (CGS) Study Group Report" (hereinafter, "CGS Study Group Report") published by the Ministry of Economy, Trade and Industry on March 10, 2017, states that, "there are companies where it is appropriate for the Chairperson of the Board of Directors and the President & CEO to work together as the top management team to jointly execute business operations, from the perspective of strengthening the leadership of management."

As an enterprise that supports the infrastructure of the securities and financial markets, it is important for JSF to have high creditworthiness based on financial soundness, fairness, and neutrality. We believe that, as a top executive structure to support such corporate creditworthiness, it is necessary for the President and the Chairperson to share roles as described above, while ensuring the President's direction and leadership, to enhance corporate value over the medium to long term.

Also, as this Proposal is related to the appointment and role of the Chairperson of the Executive Officers, the Nomination Committee has deliberated on this Proposal and concluded that the role of the Chairperson is important to JSF's operations, and that is no need to establish a provision such as that of this Proposal in the Articles of Incorporation.

In light of the foregoing, the Board of Directors has 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	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.
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Proposal 3	Amendment to the Articles of Incorporation concerning disclosure of individual remuneration for the Representative Executive Officer & President
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(1) Content of Proposal

The following new Chapter and Articles shall be added to the current Articles of Incorporation.

Chapter 9 Disclosure of Compensation of Officers

Article 38 (Disclosure of Compensation of Representative Executive Officer & President)

The Company shall individually disclose the amount of compensation (including non-monetary compensation) paid to the Executive Officers with representation authority in the previous fiscal year in the Corporate Governance Report that the Company submits to the Tokyo Stock Exchange.

(2) Reason for Proposal

The Company appoints Mr. Shigeki Kushida ("Mr. Kushida") as its Representative Executive Officer & President because of his "extensive experience and knowledge in the field of finance and securities" as the reason for his appointment. However, Mr. Kushida has repeatedly stated in meetings with proposing shareholders and at briefings on financial results that "the stock price is calculated by discounting future cash flows by the cost of capital, and has nothing to do with ROE or net assets," and that "if we use market capitalization as the E of ROE, as WACC is also calculated using market value, the Company's ROE is high."

Mr. Kushida is a former director of the Bank of Japan and a current director of the Securities Analysts Association of Japan, but contrary to his background, he lacks basic knowledge related to stock valuations.

Although the Company announced this year its policy "not to include anyone from the public sector (for Mr. Kushida's future successor)," if Mr. Kushida, who has no knowledge of stock valuations and allows the stock price to remain below its dissolution value, will continue to serve as president, the Company should at least disclose Mr. Kushida's compensation in order to improve the governance of the Company.

**The Board of Directors opposes this Proposal.**

JSF is continuing its efforts to achieve its medium-term management policy and a 5% ROE and other targets in its Seventh Medium-term Management Plan (through FY2025), which is the embodiment of its Medium-term Management Policy. Although JSF is still in the process of achieving this target, we have achieved our target of 4% ROE for FY2022 (actual ROE of 4.36% for FY2022), which was set as an interim milestone for the above target, and our total shareholder return has also significantly exceeded TOPIX in recent years under our shareholder return policy aiming for a total payout ratio of 100%.

Based on JSF's corporate philosophy and management policy, the remuneration, etc. for JSF's Officers is provided under a system and at a level that meets 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. With the start of the Seventh Medium-term Management Plan, we formulated and announced a remuneration system for officers after repeated consideration by the Remuneration Committee to ensure that the incentives are consistent with our management policy, starting from FY2023 under the Seventh Medium-term Management Plan. The total amount of remuneration for Officers is also disclosed for each category of officers in accordance with applicable laws and regulations.

Furthermore, although the Proposing Shareholders claim that the Representative Executive Officer & President lacks the qualifications required of executive officers, but with regard to JSF's Directors & Representative Executive Officer & President, the skills matrix for Directors, the qualifications for Executive Officers, and the qualifications for President and Representative Executive Officer as their leader, respectively, have been established by resolutions of the Nomination Committee and Board of Directors. Based on this, he has been appropriately appointed through resolutions of Nomination Committee, the Board of Directors, and the General Meeting of Shareholders.

As this Proposal relates to the remuneration of the Representative Executive Officer & President, the Remuneration Committee deliberated this Proposal, and concluded that the governance related to the remuneration of JSF's Executive Officers was properly managed by the Remuneration Committee, that the remuneration was properly disclosed, and that there is no need to establish a provision such as that of this Proposal in the Articles of Incorporation.

In light of the foregoing, the Board of Directors has 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	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.
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Proposal 4	Amendment to the Articles of Incorporation concerning the prohibition of reemployment, etc. of persons who have served as President
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(1) Content of Proposal

The following Chapter and Articles shall be newly added to the current Articles of Incorporation.

Chapter 10 Remuneration for Persons who have Served as President

Article 39 (Prohibition of Reemployment of Persons who have Served as President)

1. The Company shall not allow any person who has retired as President of the Company to become a Corporate Officer or employee ("Corporate Officer, etc.") of the Company that utilizes the title of officer, advisor, consultant, etc., nor shall it allow any person who has retired as President of the Company to become a Corporate Officer, etc. of any wholly owned subsidiary of the Company.

2. The Company shall not enter into any mandate agreement, outsourcing agreement or other continuing agreement ("Continuing Agreement") with any person who has served as President of the Company, nor shall it allow any of its wholly owned subsidiaries to enter into a Continuing Agreement with any such person.

(2) Reason for Proposal

It is a well-known fact that governance issues have been raised regarding the existence of advisors and consultants. Although there is currently no Special Advisor at the Company, the Company states that "persons who have served as President may be appointed as Special Advisors." In addition, following the tradition of the Company that has continued since 1990, it is presumed that Eizo Kobayashi, the current Chairperson, will naturally be appointed as a Special Advisor in the near future.

Last year, the proposing shareholders sought to abolish Special Advisors through a shareholder proposal, but the Company's Board of Directors opposed the shareholder proposal, arguing that the existence of Special Advisors is significant because "they are expected to maintain relationships in the business world, etc., and have a PR effect, and thus enhance the Company's corporate value."

However, the then Special Advisor, Mr. Minoru Masubuchi, resigned after last year's Annual General Meeting of Shareholders, and it became clear that the Special Advisor was not particularly necessary for the Company.

As it has become apparent that the claimed significance of the existence of the board of directors is unnecessary, the system of reemployment, etc., after the retirement of the president, including Special Advisors, should be abolished.

**The Board of Directors opposes this Proposal.**

JSF may appoint a person who has retired as President to the positions of Chairperson of the Executive Officers, Special Advisor, and Honorary Advisor.

As stated in the opinion of the Board of Directors regarding Proposal 2, we do not believe that it is appropriate to establish in the Articles of Incorporation matters prohibiting the appointment of the Chairperson of the Executive Officers.

JSF may also appoint special advisors for the purpose of engaging in business community activities and social contribution activities. We believe it is meaningful for JSF, which is supported by a wide range of stakeholders, that the roles of maintaining JSF's network in the economic and financial industry in general, raising JSF's recognition, and contributing to society be shared by the current President and Chairperson, who are in charge of corporate affairs, as well as other individuals who have past experience as President or Chairperson, in order to enhance the corporate value of JSF. A Special Advisor is not involved in any management decision-making.

The CGS Study Group Report also states, "Enhancement of corporate value is generated by the contributions of various stakeholders, such as employees, customers, business partners, and local communities. When a former president or CEO takes on roles such as advisor or consultant in social activities or public duties, it can be considered significant from the perspective of corporate governance."

JSF does not currently have a Special Advisor, but the appointment of a Special Advisor is determined by the Nomination Committee, a majority of which is made up of Outside Directors, adopting a framework that ensures transparency in the appointment, and this is also disclosed in the Corporate Governance Report.

Also, Honorary Advisors are only granted permission to use the title, without remuneration and with no fixed term of office. Honorary Advisor are not involved in any management decision-making, and are also disclosed in the Corporate Governance Report.

As this Proposal relates to the appointment of a Chairperson of the Executive Officers, Special Advisor and Honorary Advisor who has served as President, the Nomination Committee has deliberated this Proposal, and has reached the conclusion that the appointment was made appropriately through a transparent process, that the appointment of the person as Chairperson of the Executive Officers, Special Advisor and Honorary Advisor will contribute to enhancing the corporate value of JSF, and that there is no need to establish a provision as that of this Proposal in the Articles of Incorporation.

In light of the foregoing, the Board of Directors has 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	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.
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Proposal 5	Amendment to the Articles of Incorporation concerning disclosure of remuneration for officers who have served as President after their retirement from office
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(1) Content of Proposal

The following new Article shall be added to the current Articles of Incorporation.

Article 40 (Disclosure of Remuneration)

When the Company has provided benefits or favors during the previous fiscal year to a person who has served as president of the Company and who is not a full-time officer or employee of the Company (“retired President”), it shall individually disclose the details of such benefits or favors (here and hereinafter in this paragraph, including, but not limited to, acts allowing the use of golf memberships, company cars, or facilities, at no cost or significantly discounted prices) in the Corporate Governance Report that the Company submits to the Tokyo Stock Exchange. The same shall apply when a wholly owned subsidiary of the Company provides benefits or favors to the retired President.

(2) Reason for Proposal

The Company has a position of Honorary Advisor in addition to the position of Special Advisor. The names of the Honorary Advisors are not disclosed, but at least Mr. Kunio Kojima (“Mr. Kojima”), a former director of the Bank of Japan and a former president of the Company, continues to serve as an Honorary Advisor to the Company.

The Company discloses that Honorary Advisors “only have permission to use their title and receive no compensation.” However, it is possible that the Company may have provided some form of non-monetary benefits or favors to Mr. Kojima and other Honorary Advisors, who are *amakudari* from the Bank of Japan, such as holding golf memberships, allowing them to use company cars, and providing them with office space, in order to avoid disclosure.

Furthermore, there is a concern that to evade disclosure, the Company may be treating persons who have served as President of the Company, who are *amakudari* from the Bank of Japan, as advisors to its wholly owned subsidiaries, etc.

Note, since these suspicions are nothing more than possibilities, if the Company declares that it has not provided any benefits or favors as described above, the proposing shareholder will withdraw this Proposal.

**The Board of Directors opposes this Proposal.**

As described in the opinion of the Board of Directors with respect to Proposal 4, JSF may commission a Special Advisor for the purpose of engaging in business community activities and social contribution activities. JSF does not currently have a Special Advisor, but the remuneration of Special Advisors is determined by the Remuneration Committee, a majority of which is made up of outside directors, adopting a framework that ensures transparency in the determination of remuneration, and this is disclosed in the Corporate Governance Report.

Also, a person with past experience as Special Advisor may continue to serve as Honorary Advisor, without remuneration and with no fixed term of office.

JSF believes that it is meaningful for the Special Advisor or Honorary Advisor to engage in business community activities and social contribution activities to enhance the corporate value of JSF, which is supported by an extensive range of stakeholders. In line with such activities, expenses, office space, transportation, etc. are required, but these are necessary and incidental to business community and social contribution activities and are not benefits or favors as alleged by the Proposing Shareholders. Also, with regard to the two Honorary Advisors who are currently with JSF, although they do not represent JSF, they continue to contribute to JSF in the areas of business community and social contribution activities that they have been engaged in since their tenure as Special Advisors, etc. Therefore, JSF pays only the actual cost and provides office space but does not bear any additional burden for the Honorary Advisors. The appropriateness of these expenses and amounts has been confirmed by the Remuneration Committee. Furthermore, none of the Honorary Advisors have received golf memberships from JSF, nor are they advisors to any of JSF's consolidated subsidiaries.

In light of the foregoing, the Board of Directors has 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	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.
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Proposal 6	<b>Amendment to the Articles of Incorporation concerning disclosure of material proposed actions taken by major shareholders</b>
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(1) Content of Proposal

The following Chapter and Articles shall be newly added to the current Articles of Incorporation.

Chapter 11 Disclosure of Material Proposal Information

Article 41 (Disclosure of Material Proposal Information)

1. When the Company receives a proposal that falls under the category of a material proposed action, etc. (those provided for in Article 27-26, Paragraph 1 of the Financial Instruments and Exchange Act and each item of Article 14-8-2, Paragraph 1 of the Order for Enforcement of the Financial Instruments and Exchange Act; hereinafter, a "Material Proposal"), from a material shareholder (a shareholder with a shareholding ratio of more than 20% as stated in the most recently filed substantial shareholding report or its amendment report.), the Company shall disclose at least the following matters in the first Corporate Governance Report (the "CG Report") that the Company submits to the Tokyo Stock Exchange after the Material Proposal is made. However, this shall not apply if such Material Shareholder opposes such disclosure.

- (1) Date on which the Material Proposal was made
- (2) Name or title of the material shareholder
- (3) Details of the Material Proposal
- (4) The Company's response policy

2. The Material Proposals subject to disclosure in the preceding paragraph shall be Material Proposals made within one year prior to the date on which the Company submits the CG Report.

(2) Reason for Proposal

Symphony Financial Partners ("SFP") is a major shareholder of the Company, holding more than 20% of the total issued and outstanding shares of the Company (the "Over 20% Shareholder"). If the Over 20% Shareholder is a corporation, it is easy to imagine the magnitude of the impact that SFP will have on the Company, given that the Company will be accounted for by the equity method of accounting.

In other words, we believe that any Material Proposal made by SFP to the Company is highly feasible beyond the scope of a typical engagement and could have a significant impact on the Company's management and shareholder value, as well as on the interests of our general shareholders.

Therefore, to protect the interests of general shareholders, we seek disclosure of the details of the Material Proposals received from the Over 20% Shareholder. Furthermore, we would like to add that the proposing shareholder agrees with the intent of the "Disclosure on Dialogue with Shareholders" published by the Tokyo Stock Exchange on March 31, 2023, and has no objection to the disclosure of the details of the proposal made by the proposing shareholder to the Company.

<p>Opinion of the Board of Directors</p>	<p><b><u>The Board of Directors opposes this Proposal.</u></b></p> <p>JSF is committed to constructive dialogue with shareholders within reasonable limits based on the Corporate Governance Code. During such dialogue, we ensure that our responses are fully in compliance with laws, regulations and disclosure regulations.</p> <p>JSF's policy and status of its shareholder dialogue efforts have been promptly disclosed, as set out in the Attachment, and will continue to be updated in response to the Tokyo Stock Exchange's request on March 31, 2023.</p> <p>The Attachment discloses our dialogue with shareholders in general, including domestic and foreign institutional investors, and is more comprehensive and exhaustive than the disclosure of dialogue with individual shareholders as required by the Proposing Shareholders. Through such disclosure, JSF aims to promote mutual understanding through dialogue with various shareholders with differing interests and attributes, to conduct a balanced dialogue with these various shareholders, and to provide them with fair information. JSF considers this method to be the most conducive method for the purpose of the Corporate Governance Code, which advocates a balanced understanding of stakeholders' positions through dialogue between listed companies and their shareholders, as well as for the purpose of the disclosure required by the Tokyo Stock Exchange.</p> <p>On the other hand, the content of the proposal from the Proposing Shareholders is not only unnecessary but also does not contribute to the provision of balanced information to JSF's shareholders and those who are considering investing in JSF, as it further targets only dialogues with specific shareholders, from among JSF's disclosure as described above.</p> <p>In light of the foregoing, the Board of Directors has determined that there is no need to establish a provision such as that of the Proposal in the Articles of Incorporation.</p>
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(Attachment) Disclosure of the status of dialogue between JSF and its shareholders as requested by the Tokyo Stock Exchange

○ Status of Dialogue with Shareholders (FY2022)

As a prime market listed company, JSF, based on the Corporate Governance Code, responds to dialogues with its shareholders in a positive manner, within reasonable limits, in order to contribute to the sustainable growth and the enhancement of corporate value over the medium to long term.

The status of the dialogues with shareholders conducted by JSF's management and others during FY2022 is as follows.

[Main persons to providing responses]

- The Representative Executive Officer & President and the Senior Managing Executive Officer in charge of Corporate Planning are providing responses.
- Depending on the substance of the dialogue, outside Directors may also respond.

[Overview of shareholders with whom dialogue was held]

Total: 41 times

- Individual interviews: 39 times

(Domestic investors: 9; Foreign investors: 4; Total: 13 companies)

- Information sessions: 2 times (total of 23 companies participated).

[Main themes, matters of interest to shareholders, etc.]

- The three main themes and matters of interest in dialogues with shareholders are as follows.
  - (1) Initiatives and achievements to enhance corporate value and capital efficiency
  - (2) Officer nomination process and initiatives in governance
  - (3) Information disclosure

Below, we introduce specific examples of dialogues, including shareholder opinions, matters that were brought to our attention by shareholders and our response to them, and matters that were explained to and understood by shareholders.

(1) Initiatives and achievements to enhance corporate value and capital efficiency

The Company explained that it has been striving to improve profitability and capital efficiency by setting a management goal for achieving a ROE of 5% in excess of the cost of equity (mid 4% range), during the period of the Seventh Medium-term Management Plan in our Medium-term Management Policy, and also that JSF's ROE has been steadily increasing in recent years as a result of the initiatives under the Sixth Medium-term Management Plan, and JSF is making steady progress toward achieving its ROE target of 4% for FY2022.

Many shareholders understand our cost of equity and management goal, given our nature as a securities finance company, and have positively assessed our efforts and accomplishments over the past several years. However, there were differences in perception among a portion of the shareholders regarding the level of the ROE target and the time frame for achieving it.

In addition, we received feedback from shareholders that they would like to see continued efforts to enhance corporate value after the Seventh Medium-term Management Plan period is over. In light of this, we have indicated that we will further promote our efforts to enhance corporate value, and will continue our management efforts to achieve a higher ROE level in FY2026 and beyond.

(2) Officer nomination process and governance initiatives

The Company transitioned to a company with a Nomination Committee, etc. in 2019 and is working to further enhance and strengthen its corporate governance. The Company published its policy regarding the composition of the Board of Directors and the appointment of Executive Officers in FY2021. In our dialogues with shareholders, we provided explanations regarding

governance at JSF, focusing on the details of the nomination process for these Officers.

Many of our shareholders have appreciated JSF's governance initiatives.

We also received feedback that, from now on, they expect the disclosure of information to focus on the evolution of governance efforts to date, the specific status of the nomination process, the roles played by outside directors, and human capital initiatives. In light of these comments, in March 2023, we disclosed on our website our approach to the appointment of JSF's management and our internal human resources development policy in anticipation of these appointments.

<https://www.jsf.co.jp/about/corporate-governance/senninkangaekata/>

On this webpage, we disclosed the following cases that were proposed as issues raised by outside Directors regarding the actual operational aspects of Nomination and Remuneration Committees and the Board of Directors led by outside Directors.

- Succession planning for the current Representative Executive Officer & President
- Internal human resource development initiatives in response to the business portfolio
- More proactive disclosure of our approach to human capital

### (3) Information disclosure

Although many shareholders have stated that the dialogue has made it possible for them to understand JSF's management policies and the special characteristics of JSF on which they are based, and our various governance initiatives, they also commented that such information should be widely disseminated to the general public. In response to this, in FY2022, JSF formulated and published its first Integrated Report incorporating such information. Also, as mentioned above, in March 2023, we disclosed on our website in March 2023 our approach to the appointment of JSF's management and our internal human resource development in anticipation of these appointments. Specifically, the website sets out JSF's approach to the appointment of management based on the business development JSF aims to achieve and the qualities considered important for each of its business portfolios, and explains its approach to the composition of the management executive team and succession planning for the Representative Executive Officer & President. Also, from the perspective that the development of internal human resources is important for ensuring the effectiveness of management succession planning, the report explains the direction of human resource development and specific initiatives. Together, it also describes the specific commitments of the Nomination Committee and the Board of Directors in the above mentioned initiatives.

We recognize through discussions at the Board of Directors that we need to develop tools and systems to enhance information disclosure, and JSF will continue to proactively disseminate information with regard to this as well.

### [Feedback from shareholders to the Board of Directors]

- JSF reports the status of dialogues with shareholders to the Board of Directors promptly after each dialogue.
- Through these initiatives, we strive to ensure that the Board of Directors and the various committees hold discussions that also take into account the feedback of shareholders.

END

## I Matters Pertaining to the Current Status of the Company's Group

### (1) Business progress and its results

#### (Primary business activities of the corporate group)

The Group consists of the Company, two consolidated subsidiaries (JSF Trust and Banking Co., Ltd. and Nihon Building Co., Ltd.), and two equity method affiliates. While we firmly recognize our public role in supporting the infrastructure of the securities and financial markets, we proactively respond to the diverse requirements of the securities and financial industries and provide a variety of securities and financial related services, with a focus on the securities finance business centered on the margin loan business. Given that the margin loan business is significantly affected by market fluctuations, we will also continue our efforts to diversify our revenue sources and work to achieve our management goals while being more conscious than ever of improving capital efficiency in each of our businesses. 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 investment business, trust banking business and real estate management business.

#### (Financial and economic environment)

Although the economic environment in this fiscal year is recovering from the stagnation caused by the COVID-19 infection, the outlook remains uncertain due to the situation in Ukraine, rising prices, and the risk of economic downturn caused by monetary tightening policies in the U.S. and European countries.

Looking at the stock market, the Nikkei Stock Average, which started at 27,665 yen at the beginning of the period, rose to 29,222 yen on August 17, 2022, the highest level of the fiscal year, due to the strong performance of exporting companies against the backdrop of a weakening yen. This, however, was followed by a sell-off due to the sense of caution over the rapid monetary tightening in the U.S. After October 2022, when the rise in U.S. interest rates reached a plateau, the price continued on an upward trend. However, it fell sharply due to the revision of domestic monetary policy, dropping to 25,716 yen on January 4, 2023, its lowest price for the period. However, the price subsequently rose again to close at 28,041 yen at the end of the period.

Looking at the the balance of standardized margin transactions buying on the Tokyo market, etc. (TSE, NSE, and PTS) during this period, it began at the 2.04 trillion yen range at the beginning of the period and declined to bottom-out at 1.83 trillion yen range for the period, when stock prices rose in August 2022. Subsequently, as the stock price once again dropped, buyers began to buy, however, it increased to the 2.24 trillion yen range, the peak of the fiscal year, when stock prices fell in December 2022, and to the 2.06 trillion yen level at the end of March 2023. Meanwhile, the balance of standardized margin transactions sales declined from the 530 billion yen level at the beginning of the period to bottom-out at the 420 billion yen range in May 2022, and then increased as stock prices rose, reaching as high as 710 billion yen in March 2023 amid rough price fluctuations. The balance was in the 600 billion yen range at the end of March 2023.

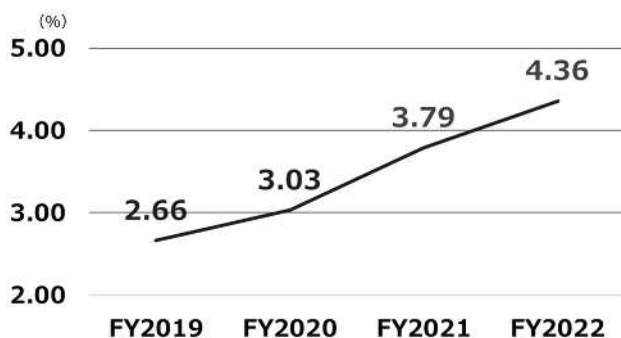
(Company's initiatives for FY2022 (fiscal year ended March 31, 2023))

① Achievements and results

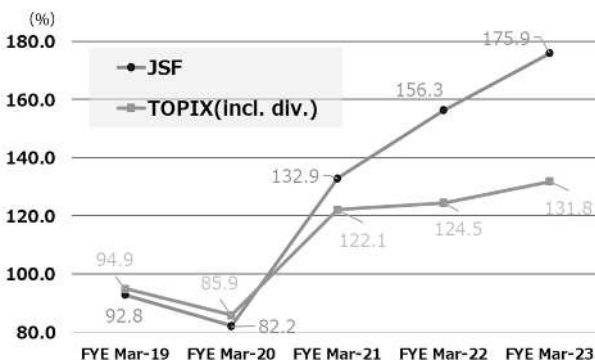
Under the Sixth Medium-term Management Plan formulated in March 2020, JSF has worked to strengthen the foundation of its competitiveness by establishing an efficient business operation structure, while promoting efforts to strengthen the foundation of its licensed margin loan business and to diversify its revenue sources. From the perspective of ensuring further commitment and transparency to achieve sustainable growth and to enhance the corporate value over the medium to long term based on the advanced governance system as a Company with Nomination Committee, etc., in November 2021, JSF formulated our Medium-term Management Policy and set a management goal for achieving a ROE of 5% in excess of the cost of equity (mid 4% range), during the period of the Seventh Medium-term Management Plan (FY2023-FY2025). We also have been promoting management reform efforts by mobilizing all the Group's resources toward achieving this goal.

Actually, the level of ROE has been steadily increasing since FY2019, when JSF became a Company with Nomination Committee, etc., mainly due to the increased contribution to earnings from the securities financing business, which we have been steadily working on since the Sixth and earlier Medium-term Management Plans. It has steadily increased from 2.66% in FY2019 to 4.36% in FY2022, achieving the interim target of 4% ROE set in the Medium-term Management Policy. We continue to make progress in a manner that puts us on track to achieve the 5% target by FY2025.

Also, from the perspective of further enhancing shareholder payout, JSF aims to achieve a total payout ratio of 100% on a cumulative basis by flexibly implementing dividends and share buy-backs from FY2021 through FY2025 (when it will achieve its ROE target of 5%). Under this policy, the Company declared an annual dividend of 32 yen per share for FY2022, and together with the dividend, implemented a share buy-back of approximately 3 billion yen. As a result, the total payout ratio for FY2022 was 97.6%. In addition to enhanced profitability, as a result of these proactive shareholder returns, the Company's share price and P/B ratio have been on an upward trend, and the total shareholder return has risen to a level significantly higher than the TOPIX average. Please note that FY2023 shareholder payout are projected to be 34 yen per share (an increase of 2 yen year-on-year), with a maximum share buy-back limit of 3.3 million shares (3.8% of total shares issued) or 3.3 billion yen. The total payout ratio for FY2023 will be 101.4%.



< Return on Equity (ROE) >



< Total Shareholders' Return (TSR) >



## ② Efforts in Corporate Governance

JSF has introduced a system to separate supervision and execution as a Company with Nomination Committee, etc. in 2019, and is working to further enhance and strengthen corporate governance. In FY2022, we mainly made efforts on the following matters.

- Increased transparency in the nomination process of management

In FY2021, the Company published its approach to the composition of the Board of Directors and its approach to the appointment of Executive Officers. Based on this, in FY2022, once determined by the Nomination Committee and the Board of Directors, the specific operational status of the nomination process for management, in particular the proactive and active involvement of outside Directors in the Nomination Committee, and the approach to internal human resource development in anticipation to the appointment of management, were announced in March 2023.

- Determined a remuneration system for Officers in line with the Seventh Medium-term Management Plan

Based on our corporate philosophy and management policy, the system and level of remuneration for Officers are designed to match the roles and expected functions of Directors and Executive Officers from the perspective of achieving sustainable growth and enhancing corporate value over the medium to long term. The Remuneration Committee considered the design of remuneration for officers based on the approach of corporate governance, and determined the remuneration for Officers starting from FY2023, in order to create incentives consistent with the management policies under the Seventh Medium-term Management Plan starting from FY2023.

[Overview of the new remuneration system for Officers]

- Regarding performance-linked remuneration, it is divided into short-term and long-term incentives, with bonuses positioned as short-term incentives and stock-based remuneration as long-term incentives.
- Regarding bonuses, consolidated current fiscal year net income shall be used as a reference index from the perspective of defining management responsibility for each fiscal year as a short-term incentive.
- Regarding stock-based remuneration, ROE and consolidated recurring income, which are the management goals of the Seventh Medium-term Management Plan, will be used as reference indicators as a long-term incentive.

## ③ Enhancement of information disclosure

In order to provide our shareholders and other stakeholders with a better understanding of the Company, JSF is proactive in the enhancement of information disclosure. As part of this effort, in FY2022, JSF formulated our first Integrated Report. The Integrated Report describes the Company's business model, management policies, characteristics of the Company as a securities finance company, information on corporate governance including the activities of the Board of Directors and each Committee, and the status of the Company's efforts to address sustainability issues.

Also, as described in ②above, in March 2023, we disclosed on our website our approach to the appointment of management of the Company and our internal human resources development in anticipation of this appointment.

We will continue to make ongoing efforts to enhance information disclosure.

④ Efforts to address sustainability issues.

For the realization of a sustainable society, it is also a critical factor 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 market participants by providing various services, including the margin loan business, as an enterprise supporting the securities and financial 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 promoting environmental (E) and social (S) initiatives. Our main initiatives in FY2022 included the promotion of academic research activities through industry-academia collaboration, in which we conducted a joint research project with the University of Tokyo to conduct empirical research on security finance transactions using distributed ledger technology. We plan to publish a paper summarizing the results of this research in the near future.

In other areas, we are continuing our efforts to contribute to overseas securities and financial market infrastructure (technical cooperation and funding for an Indonesian securities finance company).

We also recognize that addressing climate change is a critical management issue, and in line with TCFD recommendations, we have disclosed information on climate change on the Company's website and in our Integrated Report.

(Financial results for FY2022 (fiscal year ended March 31, 2023))

Unit: million of yen

	FY2021	FY2022	Amount of Change	Percentage of Change
Operating revenues	30,138	42,518	12,380	41.1 %
Operating expenses	16,533	28,765	12,231	74.0 %
General and administrative expenses	7,368	7,398	29	0.4 %
Operating income	6,235	6,354	119	1.9 %
Recurring income	7,164	7,601	436	6.1 %
Profit attributable to owners of parent	5,174	5,966	792	15.3 %

For FY2022, JSF Group's performance showed an increase in revenue in the securities financing business due to strong JGB repo/lending and Equity repo and despite an increase in operating expenses due to the replacement of securities holdings, consolidated operating income increased 1.9% year-on-year to 6,354 million yen and consolidated recurring profit increased 6.1% year-on-year to 7,601 million yen, both of which were higher. Net income attributable to owners of the parent increased 15.3% year on year to 5,966 million yen due to a decrease in retirement benefit obligations resulting from a retirement benefit system change, which was also recorded as extraordinary profit.

## (Operating Conditions by Business Segment)

Consolidated operating revenues for the current fiscal year increased by 41.1% year-on-year to 42,518 million yen due to an increase in revenues from the securities financing business and a gain on sales of securities due to the sale of a portion of securities holdings.

### ◆Securities Finance Business

Looking at operating revenues by business segment, operating revenues from the Securities Finance Business amounted to 38,594 million yen (up 45.3% year-on-year).

#### • Margin Loan Business

Looking at operating revenues by business segment, operating revenues from the margin loan business increased 30.8% year-on-year to 8,003 million yen. While the average of margin loans during the period decreased by 28.4 billion yen year-on-year to 254.7 billion yen, and interest on margin loans decreased. On the other hand, the average of stock loans during the period increased by 13.3 billion yen year-on-year to 188.9 billion yen, and both lending fees and premium charges on over-lent stock loan issues both increased.

	FY2021	FY2022	Amount of Change	Percentage of Change
Amount of Average (billion yen)				
Margin Loan	283.1	254.7	△28.4	△10.0 %
Stock Loan	175.5	188.9	13.3	7.6 %

#### • Securities Financing Business

Operating revenue in the securities financing business increase by 42.8% year-on-year to 21,952 million yen.

Of this amount, the balance of bond repo/lending transactions (18,929 million yen, up 47.4% year on year) remained strong as transaction requirements increased due to tight supply and demand for JGBs on the back of the Bank of Japan's expanded purchases of JGBs and expectations of policy changes. Loans to financial instrument companies (1,529 million yen, up 27.8% year on year) increased due to an increase in the average balance of Equity repo during the period. The balance of general stock lending (799 million yen, up 21.6% year on year) increased year on year due to increased stock borrowing demand, while the balance of retail loan (544 million yen, up 6.6% year on year) increased due to improvements in product appeal, both of which resulted in higher revenues. On the other hand, loans for negotiable margin transactions (149 million yen, down 4.6% year on year) experienced a decrease in revenues due to a decrease in outstanding balance.

#### • Others

Other income (8,638 million yen, up 70.3% year-on-year) increased mainly due to carry trade income from securities investments and gains on sales of government bonds and other securities holdings resulting from portfolio replacements. Together with this, a loss on sales of foreign bonds was recorded as an operating expense.

### ◆Trust and Banking Business

Looking at operating revenues by business segment, operating revenues from the Trust and Banking Business amounted to 3,115 million yen (up 13.8% year-on-year). Trust fees from custodian type trust services remained strong.

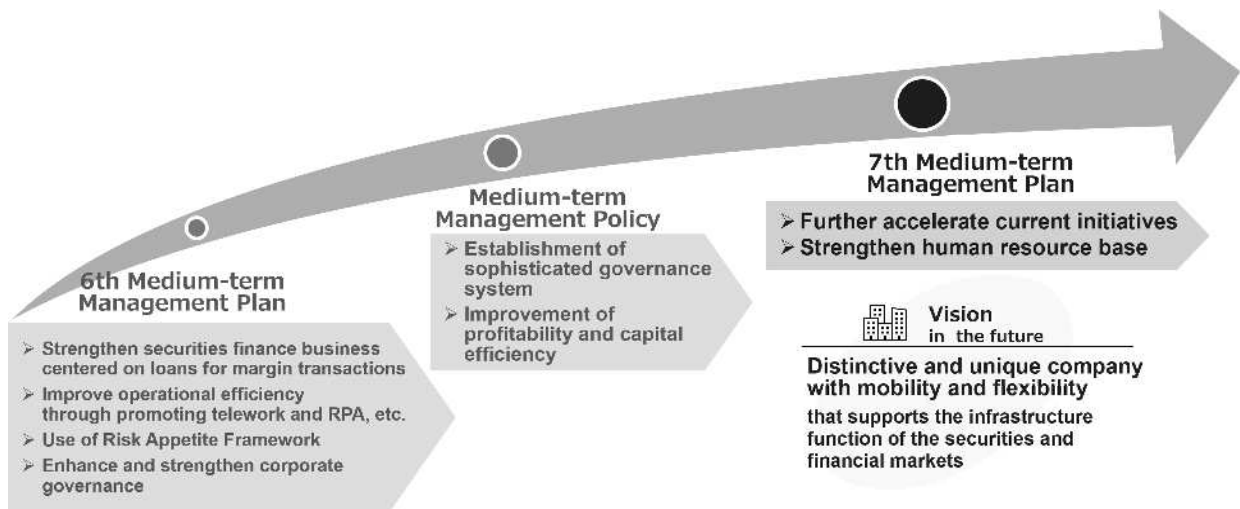
### ◆Real Estate Management Business

Operating revenue in the real estate leasing business amounted to 808 million yen (down 4.0% year-on-year).

(2) Issues to be addressed

On February 6, 2023, the Company published its Seventh Medium-term Management Plan (FY2023-FY2025), which began in FY2023. This summarizes the Company's management policy for the next three years and the strategies and measures that will embody this policy in order to achieve the medium-term management goal for achieving a ROE of 5% in excess of the cost of equity (mid 4% range). Under the new Medium-term Management Plan, JSF will accelerate and deepen the management reform efforts that the Company has been pursuing, and in order to flexibly and nimbly respond to the various environmental changes of business, we will further develop an efficient business operation structure while striving to improve corporate vitality and organizational transformation through human resource development and ensuring diversity.

(Positioning of the Seventh Medium-term Management Plan)



(Overview of the Seventh Medium-term Management Plan)



### (The Direction of Specific Initiatives)

As part of “enhance the margin loan business,” JSF will respond appropriately to changes in the stock market environment to ensure stable operations of the margin loan business, and consider measures to promote the use of loans for margin transactions by accurately grasping the trading requirements of market participants.

In the securities financing business, we will leverage our accumulated expertise in funds transactions and securities transactions to proactively respond to diverse transactions with domestic and overseas counterparties and expand profit-earning opportunities by expanding the range of counterparties, target currencies, securities, etc.

In addition to this, we have recently set forth a new strategy of “strengthening human resource development and improve engagement” and formulated “Human Capital Policies” as our basic approach for promoting initiatives related to the formation of “human capital,” such as human resource development, with the aim of strengthening the foundation of human resource capabilities, which are the source of enterprise value creation.

### (Human Capital Policies)

Vision	<ul style="list-style-type: none"><li>● We respect the diverse values of our employees and will strive to provide opportunities and supportive environments so that diverse individuals can maximize their individuality and strengths and grow on their own through the performance of their work.</li><li>● We will promote the creation of comfortable work environments so that employees can engage in their work with peace of mind.</li><li>● We will improve our corporate vitality and organizational transformation capability, and achieve more productive working styles by working to improve employee engagement.</li></ul>
Our image of expectations for human resources	<ul style="list-style-type: none"><li>● Talent that respect diverse values and work together with other employees to enhance corporate value</li><li>● Talent who are able to accurately and stably perform even the most complicated tasks and contribute to maintaining the reliability of the Company's infrastructure function</li><li>● Talent who are able to strive to gain a deeper and broader understanding of their assigned work, and who are able to lead business transformation while enhancing their expertise in the relevant field</li><li>● Talent who have expertise in a certain field and are able to lead and contribute within the company by making use of their expertise</li><li>● Talent who are able to voluntarily set high goals and work independently to realize them with the involvement of the people around them</li><li>● Talent who are able to take a leading role in management strategy from a broad perspective</li></ul>

Efforts towards our Vision	1. Recruitment	<ul style="list-style-type: none"> <li>● In addition to the hiring of new graduates, we actively and continuously hire people with prior experience in order to secure a diverse workforce.</li> </ul>
	2. Training and career advice	<ul style="list-style-type: none"> <li>● We have created environments for autonomous career development that allows employees to maximize their individuality and strengths and grow on their own through the performance of their work.</li> <li>● In order to support autonomous career development and challenges, we have established new human resources development programs, including revised and new training programs.</li> <li>● We are strengthening the talent pool that can take a leading role in management strategy based on diversity, expertise, and independence.</li> </ul>
	3. Evaluation and remuneration	<ul style="list-style-type: none"> <li>● We will appropriately assess our contribution to the performance of our employees' work, including the degree to which they have developed their abilities, demonstrated their performance, and fulfilled their expected roles.</li> <li>● We will assess our independent approach and actions toward employees' work, such as work reform, work efficiency improvement, and voluntary efforts to achieve highly evaluated goals.</li> </ul>
	4. Environment	<ul style="list-style-type: none"> <li>● We will create a workplace environment that ensures work-life balance by promoting the use of various leave systems to help employees balance childcare/nursing care with their work.</li> <li>● We will promote the creation of a comfortable workplace environment that enables diverse work styles through the utilization of telework.</li> </ul>

JSF aims to maintain the high degree of financial soundness required of a securities finance company that supports the infrastructure of the securities and financial markets, and to become a unique company with the agility and flexibility to achieve sustainable growth and increase the medium to long-term enhancement of its corporate value under the Company's corporate philosophy and the Seventh Medium-term Management Plan that has been formulated this time.

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

		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 )	FY2022 ( From April 1, 2022 to March 31, 2023 )
Operating revenues	(mil yen)	29,101	30,924	30,138	42,518
Recurring income	(mil yen)	4,894	5,558	7,164	7,601
Profit attributable to owners of parent	(mil yen)	3,556	3,971	5,174	5,966
Net income per share	(yen)	38.47	43.28	56.61	67.76
Total net assets	(mil yen)	126,687	135,166	137,996	135,728
Book value per share	(yen)	1,381.22	1,473.24	1,545.03	1574.64

### (4) Main Business (As of March 31, 2023)

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

#### ① Securities Finance Business

##### Margin Loan Business

Loan of funds and stock certificates to securities companies, necessary for Standardized Margin Transaction conducted on every stock exchange markets and on proprietary trading systems (PTS)

##### Securities Financing 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 Laon ( Securities-backed loan for Individuals and business corporations)
Securities Lending	Bond repo / lending transactions General Stock lending (Lending stock certificates needed to settle stock trading)

##### Securities Investment Business

#### ② Others

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

### (5) Business Office (As of March 31, 2023)

#### ① JSF

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

#### ② 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

### (6) Capital Investment

Capital investments totaling ¥0.6 bn were made during the fiscal year under review. These investments were mainly due to the server replacement of our core system.

## (7) Employees of the Group (As of March 31, 2023)

### ① JSF group

Segment	The number of employees	Year on Year	
Securities Finance Business	211 [4]	+4	[—]
Trust and Banking Business	42 [1]	+1	[—]
Real Estate Management Business	15 [0]	△1	[—]
Total	268 [5]	+4	[—]

(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.

### ② JSF

The number of employees	Year on Year	Average age	Average employment longevity
211 [4]	+1 [—]	44.4	21.0

(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.

## (8) Subsidiary Companies (As of March 31, 2023)

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.

## (9) Major Borrowings (As of March 31, 2023)

Disclosure is omitted because the amount of borrowings is immaterial.



## II Matters Concerning Shares of the Company (As of March 31, 2023)

- (1) Total number of authorized shares                    200,000,000 shares
- (2) Number of issued shares                                96,000,000 shares
- (3) Number of shareholders                                 10,561 persons

(4) Major Shareholders (Top 10)

Name	Number of Shares Held (thousand)	The shareholding ratio (%)
THE SFP VALUE REALIZATION MASTER FUND LTD.	12,674	14.5
The Master Trust Bank of Japan, Ltd. (Trust account)	10,214	11.7
Capital Market Promotion Foundation	4,654	5.3
THE CHASE MANHATTAN BANK, N.A. LONDON SPECIAL OMNIBUS SECS LENDING ACCOUNT	4,307	4.9
Mizuho Bank, Ltd.	3,536	4.1
Custody Bank of Japan, Ltd. (Trust account)	3,480	4.0
INTERTRUST TRUSTEES(CAYMAN) LIMITED SOLELY IN ITS CAPACITY AS TRUSTEE OF JAPAN-UP	3,109	3.6
INTERTRUST TRUSTEES CAYMAN LIMITED AS TRUSTEE OF JAPAN-UP UNIT TRUST	1,725	2.0
STATE STREET BANK WEST CLIENT – TREATY 505234	1,670	1.9
BNYM AS AGT/CLTS 10 PERCENT	1,479	1.7

(Note) In addition to the above, there are 8,770,527 shares of treasury stock owned by the Company, as of March 31, 2023.  
The shareholding ratio is calculated excluding treasury stock.

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

	Number of shares	Number of persons issued shares
Executive officer	55,600 shares	1 person

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

(6) Other important matters concerning shares

JSF canceled 8,000,000 shares of treasury stock on April 20, 2023 based on a resolution passed at a meeting of the Board of Directors held on March 20, 2023.

## III Matter related to the director of the company

### (1) Directors (As of March 31, 2023)

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 Takeei Corporation Outside Director of Janome Corporation
Director	Shuya Iimura	Audit Committee Member (Chairperson)	Audit & Supervisory Board member of Intellex Co., Ltd.
Director	Kensuke Futagoishi	Nomination Committee Member Remuneration Committee Member	
Director	Takayoshi Yamakawa	Audit Committee Member Remuneration Committee Member	Representative Partner of Business Producer LLC Outside Director of Akatsuki Securities, Inc. Outside Director of FP Corporation
Director (Representative Executive Officer & President)	Shigeki Kushida	Nomination Committee Member Remuneration Committee Member	Director of JSF Trust and Banking Co., Ltd. Outside Director of Denso Corp.
Director	Hiroshi Asakura	Audit Committee Member	

(Note)1. The five Directors, Mr. Naotaka Obata, Ms. Shoko Sugino, Mr. Shuya Iimura, Mr. Kensuke Futagoishi and Mr. Takayoshi Yamakawa are outside Directors.

- The Company has selected Shuya Iimura as a Standing Member of the Audit Committee from the perspective of ensuring the effectiveness of the Audit Committee's audits.
- The Company has designated outside directors, Mr. Naotaka Obata, Ms. Shoko Sugino, Mr. Shuya Iimura, Mr. Kensuke Futagoishi and Mr. Takayoshi Yamakawa as Independent Officers pursuant to the provisions of the Tokyo Stock Exchange, Inc., and has notified the Tokyo Stock Exchange, Inc. to that effect.
- Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has entered into Limited Liability Agreements with directors (excluding executive directors, etc.) 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 in the Companies Act.
- 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.
- The Company has concluded a Directors' and Officers' Liability Insurance Policy as stipulated in Article 430-3, paragraph (1) of the Companies Act, insuring its directors, executive officers, corporate officers, and other important employees, as well as officers of subsidiaries. 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	13/13 (100%)	8/8 (100%)	—	7/7 (100%)
Shoko Sugino	13/13 (100%)	8/8 (100%)	13/13 (100%)	7/7 (100%)
Shuya Iimura	13/13 (100%)	—	13/13 (100%)	—
Kensuke Futagoishi	10/10 (100%)	8/8 (100%)	—	6/6 (100%)
Takayoshi Yamakawa	10/10 (100%)	—	11/11 (100%)	6/6 (100%)
Shigeki Kushida	13/13 (100%)	8/8 (100%)	—	7/7 (100%)
Hiroshi Asakura	13/13 (100%)	—	13/13 (100%)	—

(Note) Attendance at meetings of the board of directors and committees held after assuming as directors.

## (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 effective supervision over the Company's management, determination of medium- to long-term management policies, 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 Plan 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 Plan 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 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 Iimura	Shuya Iimura 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 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.
Kensuke Futagoishi	Kensuke Futagoishi draws on his extensive experience and broad insight in the management of financial institutions with unique and cutting-edge business models to sufficiently fulfill the roles and responsibilities required of an outside Director, including supervision of management and advice on overall management. At Meetings of the Board of Directors, provides advice on the formulation of the Medium-term Management Plan and risk management systems. 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.
Takayoshi Yamakawa	Takayoshi Yamakawa draws on his extensive experience and broad insight into trends in technological innovation and corporate management related to digital transformation, etc. to sufficiently fulfill the roles and responsibilities required of an outside Director, including effective supervision over the Company's management and advice on overall management. At Meetings of the Board of Directors, provides advice on the formulation of the Medium-term Management Plan and business operations related to financial transactions. At the Remuneration Committee, as a member of the Committee, he 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 Committee, she drafts audit plans, interviews the accounting auditor regarding the status of the audits and their results thereof, and expresses his opinions as necessary.

(4) Executive Officers (As of March 31, 2023)

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	Director of JSF Trust and Banking Co., Ltd. Outside Director of Denso Corp.
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

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

2. Shunichiro Higuchi, Vice President, retired from his position on March 31, 2023 due to the expiration of his term of office.

Also, as of April 1, 2023, Morikuni Shimoyamada, Executive Managing Officer, was promoted to Senior Executive Managing Officer, and Wataru Sato was newly appointed to the position of Executive Managing Officer.

**[Reference] Executive Officers (as of April 1, 2023)**

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

(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 (persons)
		Base remuneration	Performance-linked remuneration, etc.		
			Bonus	Non-monetary and stock-based remuneration	
Directors	69,960	69,960	—	—	6
of which Outside Directors	61,560	61,560	—	—	5
Executive Officers	329,977	219,480	72,230	38,267	7
Total	399,937	289,440	72,230	38,267	

(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 2,702 stocks, 8,610 million yen, and 5,966 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 6,774 million yen.

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

- ① 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 Remuneration Committee determines remuneration, etc. on an individual basis based on the following policy determined by the Remuneration Committee. The Remuneration 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.

- ② 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%

- ③ 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.

## IV 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 ¥16 per share according to the resolution of the Board of Directors meeting held on May 15, 2023.

Together with the interim dividend of ¥16 per share, which has already been paid, the annual dividend will be ¥32 per share (up ¥2 from the previous fiscal year). The effective date of the year-end dividend payment will be Thursday, June 1, 2023.

# Consolidated Financial Statements

## Consolidated Balance Sheets

Unit: millions of yen

Account	Fiscal 2022 (As of March 31, 2023)
<b>Assets</b>	
Total Current assets	13,261,853
Cash and deposits	1,598,274
Securities	71,013
Operating loans	955,550
Securities purchased under resale agreements	3,561,406
Cash collateral provided for securities borrowed	6,669,821
Other	405,951
Allowance for doubtful Accounts	△165
Total Non-current assets	794,364
Total property, plant and equipment	5,997
Buildings and structures, net	2,150
Tools, furniture and fixtures, net	580
Land	3,264
Construction in progress	1
Intangible assets	916
Software	902
Other	14
Total Investments and other assets	787,450
Investment securities	745,621
Bad debts	81
Retirement benefit assets	1,180
Other	40,648
Allowance for doubtful accounts	△81
<b>Total assets</b>	<b>14,056,217</b>

Account	Fiscal 2022 (As of March 31, 2023)
<b>Liabilities</b>	
Total Current liabilities	13,682,448
Call money	2,190,400
Short-term borrowings	92,010
Current portion of long-term borrowings	1,000
Commercial papers	451,000
Securities sold under repurchase agreements	4,781,801
Cash collateral received for securities lent	5,073,776
Income taxes payable	750
Provision for bonuses	495
Provision for bonuses for directors and other officers	107
Borrowed money from trust account	871,335
Other	219,774
Total Non-current liabilities	238,040
Long-term borrowings	232,700
Deferred tax liabilities	2,196
Deferred tax liabilities for land revaluation	74
Provision for share awards for directors and other officers	240
Retirement benefit liabilities	217
Asset retirement obligations	56
Derivative liabilities	2,013
Other	542
<b>Total liabilities</b>	<b>13,920,489</b>
<b>Net assets</b>	
Total Shareholders' equity	129,925
Share capital	10,000
Capital surplus	8,878
Retained earnings	118,702
Treasury shares	△7,655
Total accumulated other comprehensive income	5,802
Valuation difference on available-for-sale securities	△4,300
Deferred gains or losses on hedges	9,782
Revaluation reserve for land	168
Remeasurements of defined benefit plans	152
<b>Total net assets</b>	<b>135,728</b>
<b>Total liabilities and net assets</b>	<b>14,056,217</b>

Note) Amounts less than one million yen are disregarded.

# Consolidated Statement of Income

Unit: millions of yen

Account	Fiscal 2022 (From April 1, 2022 to March 31, 2023)	
Total operating revenues		42,518
Interest on loans receivable	2,486	
Interest on securities purchased under resale agreements	10,683	
Interest income on collateral provided for securities borrowed	2,553	
Securities lending fees	12,844	
Other operating revenue	13,949	
Total operating expenses		28,765
Interest expenses	1,033	
Interest expenses on securities sold under repurchase agreements	6,015	
Securities borrowing fees	13,456	
Other operating expenses	8,258	
Operating gross profit		13,753
Total general and administrative expenses		7,398
Operating profit		6,354
Total non-operating income		1,257
Interest income and dividend income	454	
Share of profit of entities accounted for using equity method	523	
Gain on investments in investment partnerships	156	
Miscellaneous income	122	
Total non-operating expenses		10
Interest expenses	0	
Commission for purchase of treasury shares	8	
Loss on investments in investment partnerships	2	
Miscellaneous expenses	0	
Ordinary profit		7,601
Total extraordinary income		671
Gain on revision of retirement benefit plan	671	
Profit before income taxes		8,273
Income taxes-current	1,965	
Income taxes-deferred	340	2,306
Profit		5,966
Profit attributable to non-controlling interests		—
Profit attributable to owners of parent		5,966

Note) Amounts less than one million yen are disregarded.



# Consolidated Statement of Changes in Equity

(From April 1, 2022 to March 31, 2023)

Unit: millions of yen

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at April 1, 2022	10,000	8,878	115,521	△4,680	129,719
Changes arising during the year					
Cash dividends			△2,786		△2,786
Net income attributable to owners of parent			5,966		5,966
Purchase of treasury share				△3,000	△3,000
Disposal of treasury share				26	26
Net changes other than shareholders' equity					
Total changes during the year	—	—	3,180	△2,974	206
Balance at March 31, 2023	10,000	8,878	118,702	△7,655	129,925

Unit: millions of yen

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at April 1, 2022	9,920	△1,967	168	156	8,277	137,996
Changes arising during the year						
Cash dividends						△2,786
Net income attributable to owners of parent						5,966
Purchase of treasury share						△3,000
Disposal of treasury share						26
Net changes other than shareholders' equity	△14,220	11,749	—	△4	△2,474	△2,474
Total changes during the year	△14,220	11,749	—	△4	△2,474	△2,268
Balance at March 31, 2023	△4,300	9,782	168	152	5,802	135,728

Note) Amounts less than one million yen are disregarded.

# Financial Statements

## Balance Sheets

		Unit: millions of yen	
Account	Fiscal 2022 (As of March 31, 2023)	Account	Fiscal 2022 (As of March 31, 2023)
<b>Assets</b>		<b>Liabilities</b>	
Total Current assets	12,093,173	Total Current liabilities	12,306,998
Cash and deposits	797,098	Call money	1,710,400
Securities	44,120	Short-term borrowings	85,270
Operating loans	445,723	Current portion of long-term borrowings	1,000
Margin loan	282,157	Commercial papers	451,000
Loan to securities companies and individual investors	94,065	Securities sold under repurchase agreements	4,781,801
Other loans	69,500	Cash collateral received for securities lent	5,061,056
Securities purchased under resale agreements	3,561,406	Income taxes payable	350
Cash collateral provided for securities borrowed	6,840,232	Provision for bonuses	419
Other	404,643	Provision for bonuses for directors and other officers	107
Allowance for doubtful accounts	△51	Cash collateral received for margin loans	97,263
Total Non-current assets	389,117	Other	118,330
Total property, plant and equipment	1,971	Total Non-current liabilities	53,720
Buildings and structures, net	587	Long-term borrowings	50,800
Tools, furniture and fixtures, net	552	Deferred tax liabilities	883
Land	830	Deferred tax liabilities for land revaluation	74
Construction in progress	0	Provision for share awards for directors and other officers	240
Intangible assets	634	Other	1,722
Software	621	<b>Total liabilities</b>	<b>12,360,718</b>
Other	13	<b>Net assets</b>	
Total Investments and other assets	386,511	Total Shareholders' equity	118,925
Investment securities	323,497	Share capital	10,000
Shares of subsidiaries and associates	25,538	Capital surplus	8,878
Bad debts	81	Capital reserve	5,181
Retirement benefit assets	1,007	Other Capital surplus	3,697
Other	36,468	Retained earnings	107,693
Allowance for doubtful accounts	△81	Legal retained earnings	2,278
		Other Retained earnings	105,415
		Reserve for dividends	2,030
		Voluntary reserve	77,030
		Retained earnings brought Forward	26,355
		Treasury shares	△7,646
		Valuation and translation adjustments	2,647
		Valuation difference on available-for-sale securities	△4,442
		Deferred gains or losses on hedges	6,922
		Revaluation reserve for land	168
<b>Total assets</b>	<b>12,482,291</b>	<b>Total net assets</b>	<b>121,573</b>
		<b>Total liabilities and net assets</b>	<b>12,482,291</b>

Note) Amounts less than one million yen are disregarded.

# Statement of Income

Unit: millions of yen

Account	Fiscal 2022 (From April 1, 2022 to March 31, 2023)	
Total operating revenues		38,631
Interest on loans receivable	2,454	
Interest on securities purchased under resale agreements	10,683	
Interest income on collateral provided for securities borrowed	2,578	
Commission income	407	
Securities lending fees	12,828	
Other operating revenue	9,680	
Total operating expenses		28,268
Interest expenses	674	
Interest expenses on securities sold under repurchase agreements	6,015	
Commission expenses	790	
Securities borrowing fees	13,655	
Other operating expenses	7,132	
Operating gross profit		10,363
Total general and administrative expenses		5,972
Operating profit		4,390
Total non-operating income		5,895
Interest income and dividend income	5,619	
Gain on investments in investment partnerships	156	
Miscellaneous revenue	120	
Total non-operating expenses		10
Commission for purchase of treasury shares	8	
Loss on investments in investment partnerships	2	
Miscellaneous expenses	0	
Ordinary profit		10,274
Total extraordinary income		671
Gain on revision of retirement benefit plan	671	
Profit before income taxes		10,946
Income taxes-current	1,279	
Income taxes-deferred	364	1,644
Profit		9,302

Note) Amounts less than one million yen are disregarded.

# Statement of Changes in Equity

(From April 1, 2022 to March 31, 2023)

Unit: millions of yen

	Shareholders' equity								
	Share capital	Capital surplus			Legal retained earnings	Retained earnings			
		Capital reserve	Other capital surplus	Total capital surplus		Other retained earnings			Total Retained earnings
						Reserve for dividends	Voluntary reserve	Retained earnings brought forward	
Balance at April 1, 2022	10,000	5,181	3,697	8,878	2,278	2,030	77,030	19,839	101,177
Changes arising during the year									
Cash dividends								△2,786	△2,786
Net income								9,302	9,302
Purchase of treasury share									
Disposal of treasury share									
Net changes other than shareholders' equity									
Total changes during the year	—	—	—	—	—	—	—	6,516	6,516
Balance at March 31, 2023	10,000	5,181	3,697	8,878	2,278	2,030	77,030	26,355	107,693

Unit: millions of yen

	Shareholders' equity		Valuation and translation adjustments				Total net assets
	Treasury share	Total Shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Total Valuation and translation adjustments	
Balance at April 1, 2022	△4,672	115,383	7,257	△1,631	168	5,794	121,178
Changes arising during the year							
Cash dividends		△2,786					△2,786
Net income		9,302					9,302
Purchase of treasury share	△3,000	△3,000					△3,000
Disposal of treasury share	26	26					26
Net changes other than shareholders' equity			△11,700	8,553	—	△3,147	△3,147
Total changes during the year	△2,974	3,541	△11,700	8,553	—	△3,147	394
Balance at March 31, 2023	△7,646	118,925	△4,442	6,922	168	2,647	121,573

Note) Amounts less than one million yen are disregarded.