

TSE Code 8511

June 3, 2024

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 CONVOCATION OF
THE 114th ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Notice is hereby given that the 114th 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 we ask that you 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 mark your vote for or against the proposals on the enclosed Voting Rights Exercise Form and return the form to the Company by 5:20 p.m. (JST) on Monday, June 24, 2024.

[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

① Date and Time	10:00 a.m. on Tuesday, 25 June, 2024
② Venue	JAPAN SECURITIES FINANCE CO., LTD., Conference Room 1-2-10 Nihonbashi-Kayabacho, Chuo-ku, Tokyo, Japan
③ Agenda for the Meeting	<p>Report:</p> <ol style="list-style-type: none">1. The 114th fiscal year (from April 1, 2023 to March 31, 2024) Business Report, Consolidated Financial Statements and Report of audits of the consolidated financial statements by the Independent Auditor and Audit Committee.2. The 114th fiscal year (from April 1, 2023 to March 31, 2024) Financial Statements <p>Matters for Resolution: Proposal Election of Seven (7) Directors</p>
④ 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 cannot be accessed from a mobile device without an Internet connection.
 - (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. We ask that you exercise your voting rights on or before 5:20 p.m. (Japan standard time) on Monday, June 24, 2024.
 - (3) If you exercise your voting rights via the Internet multiple times, the last cast vote will 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 operated by ICJ Inc. to exercise their voting rights.


END


REFERENCE MATERIALS CONCERNING THE GENERAL MEETING OF SHAREHOLDERS


Proposal 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 Nominating Committee.


The candidates are follows.


No.	Name (Date of Birth)	Career Summary, Position and Duty (Significant concurrent positions)	Number of Company Shares owned	
1	 Naotaka Obata (Oct. 15, 1944) Reappointment Outside Independent	Apr. 1968	Joined The Mitsubishi Bank, Ltd.	— Term of Office 5 years (at the conclusion of this general meeting) Attendance rate Board of Directors 12/12 (100%) Nominating Committee 11/11 (100%) Compensation Committee 8/8 (100%)
		May 1999	Managing Executive Officer of The Bank of Tokyo-Mitsubishi, Ltd.	
		Jan. 2004	Senior Managing Executive Officer of The Bank of Tokyo-Mitsubishi, Ltd.	
		Jun. 2004	Deputy President, The Bank of Tokyo-Mitsubishi, Ltd.	
		Jun. 2005	President and CEO, Diamond Lease Company Limited	
		Apr. 2007	President and CEO, Mitsubishi UFJ Lease & Finance Company Limited (currently Mitsubishi HC Capital Inc.)	
		Jun. 2010	Chairman, Mitsubishi UFJ Lease & Finance Company Limited	
		Jun. 2012	Executive Advisor to the Board, Mitsubishi UFJ Lease & Finance Company Limited	
		Jun. 2018	Special Advisor, Mitsubishi UFJ Lease & Finance Company Limited	
		Jun. 2019	Director and Chairperson of Board of Directors of Japan Securities Finance Co., Ltd. (current position)	
Jun. 2023	Honorary Advisor, Mitsubishi HC Capital Inc. (current position)			
(Reasons for selecting the candidate and expected roles)				
<p>He has extensive experience in corporate management in the financial industry. Through his overseas business experience, he also has extensive knowledge and insight on international business development, and therefore, the Company has determined 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 therefore nominates him as a candidate for director.</p>				
(Independence)				
<p>He is an independent director as provided for under the rules of the Tokyo Stock Exchange, Inc. If this proposal is approved, the Company plans on his continued appointment as an independent director. There are no transactions between the Company and Mitsubishi HC Capital Inc., where he served as the President and CEO until June 2010.</p>				


No.	Name (Date of Birth)	Career Summary, Position and Duty (Significant concurrent positions)	Number of Company Shares owned								
2	 Shoko Sugino (Aug. 7, 1945) <table border="1" data-bbox="264 528 512 607"> <tr> <td>Reappointment</td> <td>Outside</td> </tr> <tr> <td colspan="2">Independent</td> </tr> </table>	Reappointment	Outside	Independent		Apr. 1973 Registered Lawyer Joined Fujibayashi Law Office Apr. 1994 Partner Attorney at Fujibayashi Law Office (current position) Apr. 1997 Professor for The Legal Training and Research Institute of Japan Apr. 2000 Tokyo Family Court Conciliation Committee Member Jul. 2005 Environment Dispute Coordination Commission Member Mar. 2007 Outside Audit & Supervisory Board Member of Kitoku Shinryo Co., Ltd. Jun. 2018 Outside Audit & Supervisory Board Member of Takeei Corp. (current position) Jun. 2019 Director of Japan Securities Finance Co., Ltd. (current position) Jun. 2022 Outside Director of Janome Corp. (current position) (Significant concurrent positions) Partner Attorney at Fujibayashi Law Office Outside Audit & Supervisory Board Member of Takeei Corporation Outside Director of Janome Corporation	2,100 <table border="1" data-bbox="1102 264 1422 315"> <tr> <th>Term of Office</th> </tr> <tr> <td>5 years (at the conclusion of this general meeting)</td> </tr> </table> <table border="1" data-bbox="1102 383 1422 434"> <tr> <th>Attendance rate</th> </tr> <tr> <td>Board of Directors 12/12 (100%) Nominating Committee 11/11 (100%) Audit Committee 12/12 (100%) Compensation Committee 8/8 (100%)</td> </tr> </table>	Term of Office	5 years (at the conclusion of this general meeting)	Attendance rate	Board of Directors 12/12 (100%) Nominating Committee 11/11 (100%) Audit Committee 12/12 (100%) Compensation Committee 8/8 (100%)
		Reappointment	Outside								
Independent											
Term of Office											
5 years (at the conclusion of this general meeting)											
Attendance rate											
Board of Directors 12/12 (100%) Nominating Committee 11/11 (100%) Audit Committee 12/12 (100%) Compensation Committee 8/8 (100%)											
(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 determined 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 therefore nominates her as a candidate for director. Although she has not been directly involved in the management of a corporation, other than as an officer, the Company believes that she is well qualified to serve as an outside director for the reasons stated above.											
(Independence) She is an independent director as provided for under the rules of the Tokyo Stock Exchange, Inc. If this proposal is approved, the Company plans on her continued appointment as an independent director.											

No.	Name (Date of Birth)	Career Summary, Position and Duty (Significant concurrent positions)	Number of Company Shares owned
3	 Kensuke Futagoishi (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)	1,600 Term of Office 2 years (at the conclusion of this general meeting) Attendance rate Board of Directors 10/12 (83%) Nominating Committee 9/11 (82%) Compensation Committee 6/8 (75%)
		<p>(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 determined 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 therefore nominates him as a candidate for director.</p> <p>(Independence) He is an independent director as provided for under the rules of the Tokyo Stock Exchange, Inc. If this proposal is approved, the Company plans on his continued appointment as an independent director. There are no transactions between the Company and Seven Bank, Ltd., where he served as the President and Representative Director until June 2018.</p>	

No.	Name (Date of Birth)	Career Summary, Position and Duty (Significant concurrent positions)	Number of Company Shares owned
4	 Takayoshi Yamakawa (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 of BitStar 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)	2,600 Term of Office 2 years (at the conclusion of this general meeting) Attendance rate Board of Directors 12/12 (100%) Nominating Committee 8/8 (100%) Audit Committee 12/12 (100%) Compensation Committee 3/3 (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 determined 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 therefore nominates him as a candidate for director.			
(Independence) He is an independent director as provided for under the rules of the Tokyo Stock Exchange, Inc. If this proposal is approved, the Company plans on his continued appointment as an independent director. There are also no transactions between the Company and Business Producer LLC, where he is the Representative Partner, and between the Company and Dream Incubator Inc., where 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	 Setsuko Egami (Jul. 16, 1950) Reappointment Outside Independent	Apr. 1983 Chief Editor of <i>Travail</i> of Japan Recruit Center Dec. 2001 Head of Frontier Service Development Laboratory of East Japan Railway Company Apr. 2006 Visiting Professor of Graduate School of Public Management, Waseda University Nov. 2006 Member of Government Tax Commission Jun. 2007 Outside Auditor of Taisho Pharmaceutical Co., Ltd. Apr. 2009 Professor of Graduate School of Humanities, Musashi University Professor of Faculty of Sociology, Musashi University Jun. 2011 Outside Auditor of Yusen Logistics Co., Ltd. Apr. 2012 Dean of Faculty of Sociology, Musashi University Jun. 2015 Outside Director of Mitsubishi Estate Co., Ltd. Jun. 2018 Outside Director of Mitsubishi Motors Corporation Jun. 2020 Outside Director of Resona Holdings, Inc. (current position) Apr. 2021 Professor Emeritus, Musashi University (current position) Jun. 2023 Director of Japan Securities Finance Co., Ltd. (current position)	1,300 Term of Office 1 year (at the conclusion of this general meeting) Attendance rate Board of Directors 8/9 (89%) Compensation Committee 4/5 (80%)
		(Significant concurrent positions) Professor Emeritus, Musashi University Outside Director of Resona Holdings, Inc.	
(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 determined 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 therefore nominates her as a candidate for director.			
(Independence) She is an independent director as provided for under the rules of the Tokyo Stock Exchange, Inc. If this proposal is approved, the Company plans on her continued appointment as an independent director.			

No.	Name (Date of Birth)	Career Summary, Position and Duty (Significant concurrent positions)	Number of Company Shares owned
6	 Shigeki Kushida (Jun. 8, 1958) Reappointment	May 2008 Deputy Director-General of Personnel and Corporate Affairs Dept. (Personnel Management), BOJ Mar. 2009 Director-General of Personnel and Corporate Affairs Dept., BOJ Jun. 2010 Director-General of Monetary Affairs Dept., BOJ May 2011 General Manager of Nagoya Branch, BOJ Mar. 2013 Executive Director of BOJ Apr. 2017 Senior Advisor of American Family Life Assurance Company (currently Aflac Japan Ltd.) May 2019 Advisor of Japan Securities Finance Co., Ltd. Jun. 2019 Director (current position) Representative Executive Officer & President (current position) Jun. 2022 Director of JSF Trust and Banking Co., Ltd. (current position)	18,100 Term of Office 5 years (at the conclusion of this general meeting) Attendance rate Board of Directors 12/12 (100%) Nominating Committee 11/11 (100%) Compensation Committee 8/8 (100%)
		(Significant concurrent positions) Director of JSF Trust and Banking Co., Ltd. Outside Director of Denso Corp.	
(Reasons for selecting as a candidate) He has extensive experience and knowledge in the field of finance and securities, including serving as the Executive Director of the Bank of Japan, and has been involved in the management of the Company as President and Representative Executive Officer since 2019. The Company has determined that as the person who leads and directs the executive officers and as the chief management executive, he 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 concurrently serving as a director, and therefore nominates 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	 Kenji Fukushima (Nov. 28, 1959) <div style="background-color: #444; color: white; padding: 2px; text-align: center;">New</div>	Apr. 1982 Feb. 2008 Jun. 2011	95,400
		Jun. 2015	Term of Office
		Jun. 2016	取締役会等の出席状況
		Jun. 2018 Jun. 2019	—
		Apr. 2022 Jun. 2022	
(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 determined 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 therefore nominates 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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- (Notes) 1. There are no special interests between the respective 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 Ms. Setsuko Egami 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 Mr. Kenji Fukushima is approved, the Company plans to enter into the same Limited Liability Agreement with him.
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 at its subsidiaries. Under this Insurance Policy, the insured Officers, etc. are covered for damages (compensation for damages and litigation expenses) that may arise from liability for the actions related to their duties, or from being subjected to claims in connection with such liability. However, there are certain exemptions, such as cases where the actions are carried out with the understanding that their conduct violates laws and regulations. If each candidate is elected and assumes office as a Director, each candidate will be included in the insurance contract as an insured. This insurance policy is scheduled to be renewed at the next renewal under the same level of coverage.
6. Mitsubishi Motors Corporation, where Ms. 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 suffered the revocation of certification for 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, Ms. Egami expressed her opinions from the viewpoint of compliance with laws and regulations, she alerting others and otherwise appropriately executed her duties.

[Reference 1] Skills List for 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	○	○	○			○	○
Kenji Fukushima		○			○		

[Reference 2] Planned Appointments of Director Candidates to Chairperson of the Board of Directors, and to Nominating, Audit, and Compensation Committees

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

Name	Position	Committees			Remarks
		Nominating Committee	Audit Committee	Compensation 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	Reappointment Outside Director
Shigeki Kushida		Member		Member	Reappointment Representative Executive Officer & President
Kenji Fukushima			Member		New appointment Non-executive director

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. With a firm recognition of our public role in supporting the infrastructure of the securities and financial markets, we proactively respond to the diverse needs 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 leasing business.

(Financial and economic environment)

During the current consolidated cumulative period (from April 1, 2023 to March 31, 2024), the economic environment was characterized by downside risks due to the impact of monetary tightening in the United States and various European countries, concerns over a rapid slowdown in the Chinese economy and other factors. However, the economy continued to recover, supported by improvements in corporate earnings and inbound demand.

Looking at the stock market, the Nikkei 225 (closing price) started at 28,188 yen at the beginning of the period, and continued to rise, mainly driven by expectations over the various initiatives by listed companies to realize management that is conscious of capital costs and stock prices. In October, the market softened due to tensions in the Middle East, but rallied again in November on speculation of the end of US interest rate hikes and strong corporate performance. As the year progressed, such trends accelerated, with the index reaching 39,098 yen on February 22nd, its highest point on record in 34 years. Subsequently, despite the elimination of the BOJ's negative interest rate policy, relief prevailed in the market as the continuation of an accommodative financial environment was confirmed. As the result, the index rose to its highest point of the period, 40,888 yen and closed at 40,369 yen at the end of March.

Looking at the standardized margin trading purchase balance on the Tokyo market and other markets (TSE, NSE, and PTS) during this period, as stock prices rose, the balance gradually decreased, mainly due to profit-taking sales, from the 2.17 trillion yen range at the beginning of the period, to fall to the 1.96 trillion yen range on May 19th, its bottom for the period. However, the balance subsequently increased due to expectations for a rise in stock prices, reaching its peak for the period in the 2.84 trillion yen range on March 15th, and closed at 2.70 trillion range at the end of March. Meanwhile, the standardized margin trading sales balance increased from the 530 billion yen range at the beginning of the period to reach its peak for the period in the 780 billion yen range on May 19th. However, the balance subsequently decreased, reaching its bottom for the period in the 510 billion yen range on October 6th. Thereafter, as the stock price rose, the balance rallied again and closed at 690 billion yen range at the end of March.

(Company's initiatives for FY2023 (fiscal year ended March 31, 2024))

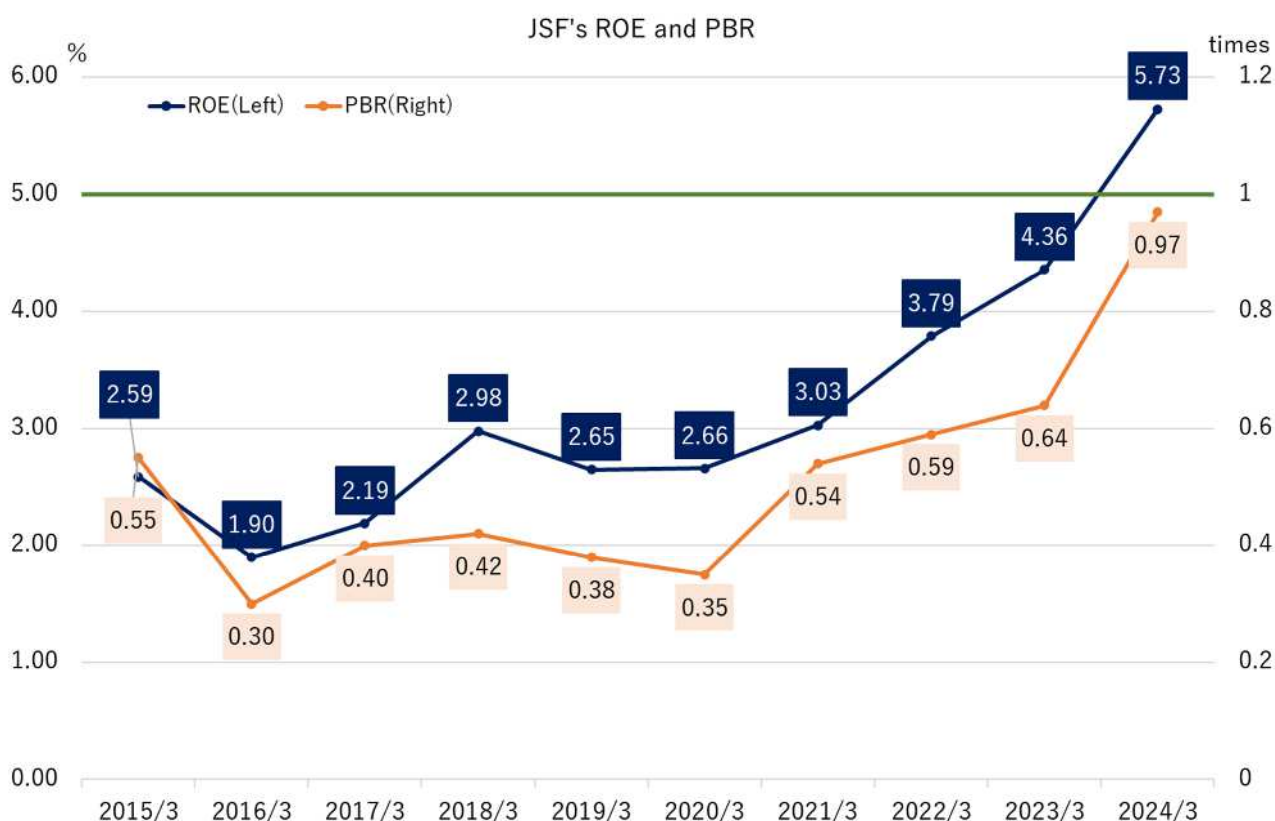
1. Analysis of the Current Situation

Under the Seventh Medium-Term Management Plan, JSF, in its capacity as a TSE Prime-listed company that supports the infrastructure of securities and financial markets, set a management goal of achieving an ROE of 5% by the end of FY2025, while strengthening its corporate governance. Additionally, JSF has focused management efforts on increasing its earning power and improving its capital efficiency.

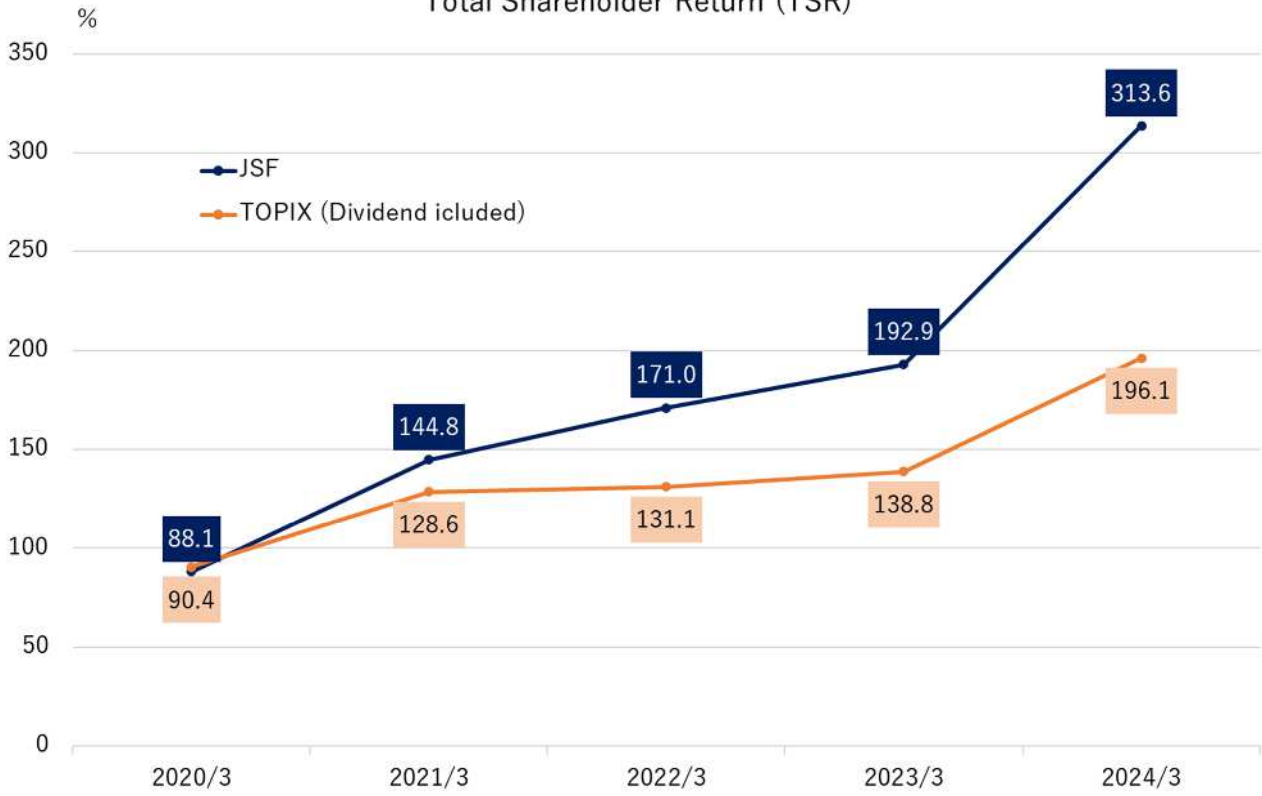
As a result of the efforts directed towards the achievement of these goals, we achieved an ROE of 5.73% in FY2023, two years ahead of our target.

In addition, the market's evaluation of JSF's corporate value has steadily improved, with the price to book ratio (PBR) recently hovering around 1.0. Our total shareholder return (TSR) has also consistently outperformed the TOPIX index by a significant margin.

JSF determines its cost of equity, which serves as the basis for the setting targets and evaluation of performance as mentioned above, by referencing multiple methods that employ objective, long-term chronological data. Our fundamental understanding is that our cost of equity remains in the mid-4% range, even when taking into account the current market environment, JSF is licensed as a securities finance company, and as such it is legally required to maintain financial soundness, and is restricted in its scope of its operations. As a result, our financial and business strategy risks are relatively low, and we believe this to be reflected in our risk premium. We therefore believe our cost of equity is at its natural level.



Total Shareholder Return (TSR)



2. Efforts in FY2023

(1) Formulation and Announcement of the Long-Term Management Vision

(i) Long-Term Management Vision

- In November 2023, JSF formulated and announced its Long-Term Management Vision. The decision to do so was influenced by the Board of Directors' recognition that it was the appropriate time to rethink our future management strategy given that we expected to achieve our goal of 5% ROE two years ahead of schedule in FY2023,—an indicator that JSF had reached a turning point after achieving positive outcomes from its management initiatives. After repeated discussions, the Board resolved that it would be appropriate to establish and release a two-tiered structure that gave consideration to future management by (i) defining a long-term vision for JSF management, and (ii) formulating a medium-term management plan (based on specific business strategies) and a shareholder return policy based on this long-term vision.
- Our Long-Term Management Vision expresses JSF's targeted vision of the future and its ideals over the long term. First, regarding our vision of the future, we have reaffirmed that as Japan's only securities finance company supporting the infrastructure functions of the securities and financial markets, JSF will continue to aim to be a distinct and unique company, with a high degree of agility and flexibility, that achieves sustainable growth and enhances its corporate value, while maintaining strong financial soundness, through its contributions to the development of securities and financial markets.
- Next, we established a new corporate message: "Be unique. Be a pioneer." This expresses what we want to be—a company that, as Japan's only securities finance company, is capable of agilely and flexibly addressing the trading needs of participants in the securities and financial markets, while incorporating advances in financial technology in an ever-changing environment to pioneer the future of both the markets and JSF.

Corporate message

Be unique. Be a pioneer.

- The direction of our long-term management is as follows:
 - JSF will continue to address the trading needs of participants in the securities and financial markets in an agile and flexible manner. Through its contributions to market development, JSF will seek to concentrate the collective efforts of its Group companies to sustain growth and enhance its corporate value, while maintaining strong financial soundness.
 - JSF will continue to steadily strengthen its earnings base and to seek the stable and steady improvement of its capital efficiency, while remaining mindful of the cost of equity, and will continue to work toward the steady improvement of ROE, keeping the 8% level in mind.
 - With regard to shareholder returns, JSF will maintain a total payout ratio of 100% throughout the duration of its Seventh Medium-Term Management Plan, and will strive to enhance shareholder returns thereafter as well.
 - Through these management efforts, JSF aims to establish a market valuation with a PBR exceeding 1.0.
 - Under its organizational design as a company with a Nominating Committee, etc., JSF will strive to strengthen its corporate governance by tackling sustainability issues while focusing on the further improvement of the effectiveness of deliberations by its Board of Directors and its respective committees, the further enhancement of information disclosure, and the development of a robust human capital base.

(ii) Revision of Management Goals under the Seventh Medium-Term Management Plan

- In light of the Long-Term Management Vision, as well as performance in FY2023, JSF has upwardly revised the management goals for the Seventh Medium-Term Management Plan, as follows.

ROE

Maintain at a stable level above 5% and aim for further improvement.

Consolidated ordinary profit

Maintain at a stable level of over 10 billion yen and aim for further improvement.

In conjunction with the abovementioned revisions, only necessary changes have been made to the reference values for share-based compensation, which are based on our projected progress toward achieving goals. No changes have been made to the basic structure of reference indicators or the method of reflection in officers' bonuses and share-based compensation.

(iii) Shareholder Return Policy during the Period of the Seventh Medium-Term Management Plan

- With respect to shareholder returns, we have formulated a Shareholder Return Policy for the Period of the Seventh Medium-Term Management Plan that is in line with the Long-Term Management Vision. Specifically, from the viewpoint of the further enhancement of returns, JSF will continue to aim for a total payout ratio of 100% on a cumulative basis for the three-year period from FY2023 through FY2025, through the payment of dividends and flexible implementation of share buybacks. With regard to dividends, our policy for FY2024 through FY2025 is to actively pay dividends, aiming for a target payout ratio of 70%.

(2) Other Efforts

(i) Enhanced Information Disclosure (Revision of Integrated Reports)

- We are actively enhancing information disclosure in an effort to provide shareholders and various other stakeholders with a deeper understanding of JSF. This includes the production of integrated reports, starting from FY2022. The integrated reports cover matters including our business model, management policy, corporate governance, and sustainability initiatives.
- In the integrated report for FY2023, we enhanced reporting on the abovementioned Long-Term Management Vision, the background and reasoning behind our deliberations, and the newly formulated corporate message in an effort to gain broader understanding and recognition. We also reported on our Human Capital Policy, which is one of the key measures under the Seventh Medium-Term Management Plan.
- Furthermore, since the publication of the FY2022 report, we have endeavored to enhance content based on the opinions we have received from our stakeholders. Specifically, with regard to corporate governance, we have published our approach to the appointment of management executives and our internal human resources development policy, providing not only procedural information on the selection of our management team, but also information on the specific functions of the Board of Directors and Nominating Committee, both of which primarily comprised of outside directors, in the actual nomination process. In addition, we have provided explanations on special features related to the details of our operations, the initiatives we are focusing on, and risk management regarding the securities finance business that has driven our growth in recent years.

(ii) Clarifying the Responsibilities of Executive Officers

- As a company with a Nominating Committee, etc., JSF is structured so that its executive officers execute business under the leadership and direction of the Representative Executive Officer & President and under the highly effective supervision of the Board of Directors, based on the management policies formulated by a Board of Directors which is primarily comprised of outside directors.
- In order to explain the duties of executive officers in a way that is easier for all stakeholders to understand, we have restated and disclosed the duties of each executive officer, as reflected in the discussions by the Nominating Committee for the selection of executive officers and corporate officers in FY2024.

(iii) Company Stock Incentive Program

- As in FY2022, we will continue to grant employees JSF stock in FY2023, based on overall business performance, through the Company's stock incentive program. The granting of shares is scheduled to take place around June 2024. The purpose of the Company's stock incentive program is to raise the motivation of employees for the achievement of management goals, and to enhance their job satisfaction and their interest in the improvement of corporate value by providing them with an opportunity to own JSF shares. The program aims to enhance our medium- to long-term corporate value by promoting the sharing of value among all shareholders.

(iv) Efforts to Address Sustainability Issues

- We also take a proactive approach to key issues related to sustainability. The two main efforts in FY2023 were as follows.

Empirical Research on Securities Finance Transactions Using Distributed Ledger Technology

- JSF and the Graduate School of Engineering of the University of Tokyo (University of Tokyo) have been engaged in empirical research since April 2021 to explore the feasibility of using distributed ledger technology to facilitate transactions involving tokenized securities or collateral in repo transactions and securities lending and borrowing transactions. The two parties released a report* on the results of this research on May 30, 2023.

* Published on JSF's website

- We expect the findings of this research to be utilized for social implementation into a number of fields in the future, including the securities industry. In addition, we believe that this research, through an industry-academia collaboration, has provided positive outcomes that address important sustainability issues recognized by JSF, in particular with regard to the promotion of academic research activities and contributions to the infrastructure of securities and financial markets.

Cooperative Relationships with Indonesia's Securities Market

- JSF is advancing activities that contribute to and support the infrastructure of overseas securities and financial markets, which are key issues in the realization of a sustainable society. As a specific initiative, we are collaborating internationally with the Indonesian securities industry.
- Drawing on our position of supporting the infrastructure of Japan's securities and financial markets, we have provided securities-related organizations in Indonesia with administrative and management related expertise in lending and borrowing operations. We have also conducted numerous briefings on the critical role of securities finance in market revitalization,

with the aim of contributing to the establishment of a securities finance company in Indonesia. Following the establishment of PT Pendanaan Efek Indonesia (PEI) at the end of 2016, we have continued to provide practical support in such areas as risk management and financing. We invested in PEI in August 2020, and began receiving dividends from 2022.

- Currently, we are actively contributing to discussions regarding PEI's management policies and business operations through participation in an advisory committee and the general meeting of shareholders comprised of JSF and other shareholders such as the Indonesia Stock Exchange Group and PEI. From time to time, we also hold seminars in Jakarta and Tokyo directed at the Indonesian securities industry, including supervisory authorities, stock exchange personnel, and securities companies.
- Going forward, we will make greater use of the knowledge we have accumulated in the securities finance business to contribute to the sustainable development of Indonesia's economy as well as its financial and securities markets.

(Financial results for FY2023 (fiscal year ended March 31, 2024))

Unit: millions of yen

	FY2022	FY2023	Amount of Change	Percentage of Change
Operating revenues	42,518	50,008	7,489	17.6 %
Operating expenses	28,765	32,615	3,850	13.4 %
General and administrative expenses	7,398	7,463	65	0.9 %
Operating profit	6,354	9,928	3,574	56.2 %
Ordinary profit	7,601	11,024	3,423	45.0 %
Profit attributable to owners of parent	5,966	8,030	2,063	34.6 %

In the current consolidated cumulative period, our Group posted an increase in consolidated operating revenue to 50,008 million yen (up 17.6% year-on-year), an increase in consolidated operating profits to 9,928 million yen (up 56.2% year-on-year), and an increase in consolidated ordinary profits to 11,024 million yen (up 45.0% year-on-year), due to an increase in margin transaction balances for both loans and securities lending, and has continued to enjoy strong performance in securities financing business, mainly in Bond repo and gensaki transactions and equity repo transactions. Although the profit attributable to owners of parent for the quarter did not include the special profit that accompanied a change to the retirement benefit system recorded in the previous period, it still increased to 8,030 million yen (up 34.6% year-on-year).

(Operating Conditions by Business Segment)

◆ Securities Finance Business

Operating revenues for securities financing services reached 46,049 million yen (up 19.3% year-on-year).

• Margin Loan Business

Operating revenues for margin transactions business reached 11,581 million yen (up 44.7% year-on-year). With an increase in margin transaction balances, and with loan balances averaging 286.9 billion yen during the period (an increase of 32.2 billion yen year-on-year) and securities lending balances averaging 252.4 billion yen during the period (an increase of 63.4 billion yen year-on-year), both interest on loans and securities lending fees increased, resulting in increased revenues.

	FY2022	FY2023	Amount of Change	Percentage of Change
Amount of Average (billion yen)				
Margin Loan	254.7	286.9	32.2	12.7 %
Stock Loan	188.9	252.4	63.4	33.6 %

• Securities Financing Business

Operating revenues for the securities financing business reached 28,360 million yen (up 29.2% year-on-year). Among these, bond repo and gensaki transactions (24,593 million yen, up 29.9% year-on-year) increased significantly, reaching their highest point on record due to continued strong transactional needs arising from tight supply and demand for government bonds. Equity repo transactions and the like (1,799 million yen, up 17.6% year-on-year) increased as balances remained at high levels. General stock lending (1,083 million yen, up 35.6% year-on-year) and loans for negotiable margin transactions (250 million yen, up 67.8% year-on-year) increased due to the high level of outstanding balances accompanying the robust stock market. Retail loans (633 million yen, up 16.3% year-on-year) increased due to the robust stock market and increased balances as the result of successful improvements in product quality.

• Other

Other revenues came in at 6,107 million yen (down 29.3% year-on-year). This was due to a decline in profits from the sale of government bonds held as part of the portfolio replacement carried out in the previous period in our securities investment business, which was conducted from a standpoint of securing liquidity and strengthening the revenue base for our margin transaction business and securities financing business. However, operating expenses also decreased due to a decline in losses from the sale of foreign bonds held.

◆ Trust and Banking Business

Operating revenues for our trust banking business came in at 3,127 million yen (up 0.4% year-on-year). Custodian type trust services continued to perform well and trust fees increased.

◆ Real Estate Leasing Business

Operating revenues for our real estate leasing business reached 831 million yen (up 2.9% year-on-year).

(2) Issues to be addressed

(Long-Term Management Vision)

In November 2023, JSF formulated and announced its Long-Term Management Vision. The decision to do so was influenced by the Board of Directors' recognition that it was the appropriate time to rethink our future management strategy given that JSF expected to achieve its goal of 5% ROE two years ahead of schedule in FY2023—an indicator that JSF had reached a turning point after achieving positive outcomes from its management initiatives.

JSF will continue to address the trading needs of participants in the securities and financial markets in an agile and flexible manner. Through its contributions to market development, JSF will seek to concentrate the collective efforts of its Group companies to sustain growth and enhance its corporate value, while maintaining strong financial soundness.

In addition, JSF will continue to steadily strengthen its earnings base and to seek stable and steady improvement of its capital efficiency, while remaining mindful of the cost of equity, and will continue to work toward the steady improvement of ROE, keeping the 8% level in mind. With regard to shareholder returns, JSF will maintain a total payout ratio of 100% throughout the duration of its Seventh Medium-Term Management Plan, and strive to enhance shareholder returns thereafter as well.

Through these management efforts, JSF aims to establish a market valuation with a PBR exceeding 1.0.

Under its organizational design as a company with a Nominating Committee, etc., JSF will strive to strengthen its corporate governance by tackling sustainability issues while focusing on the further improvement of the effectiveness of deliberations by its Board of Directors and its respective committees, the further enhancement of information disclosure, and the development of a robust human capital base.

(The Seventh Medium-Term Management Plan and Shareholder Return Policy)

In light of the Long-Term Management Vision and its performance in FY2023, JSF has upwardly revised the management goals for the Seventh Medium-Term Management Plan as follows. With respect to shareholder ROE, JSF will maintain a stable level above 5% and aim for further improvement. With respect to consolidated ordinary profit, JSF will maintain a stable level of over 10 billion yen and aim for further improvement.

In order to achieve these management goals, we will continue to focus on strengthening our revenue base, particularly in securities financing centered on loans for margin transactions. We will also work to strengthen the internal management systems that support these operations. For example, we are strengthening the foundation of human resources, which is the source of corporate value creation. We will steadily implement a human resource development program under our human capital policy established in March 2023.

In addition, we are enhancing information disclosure in an effort to provide shareholders and various other stakeholders with a deeper understanding of JSF.

With respect to shareholder returns, we will continue to aim for a total payout ratio of 100% on a cumulative basis through FY2025, through the payment of dividends and the flexible implementation of share buy-backs. With regard to dividends, our policy for FY2024 through FY2025 is to actively pay dividends, aiming for a target payout ratio of 70%.

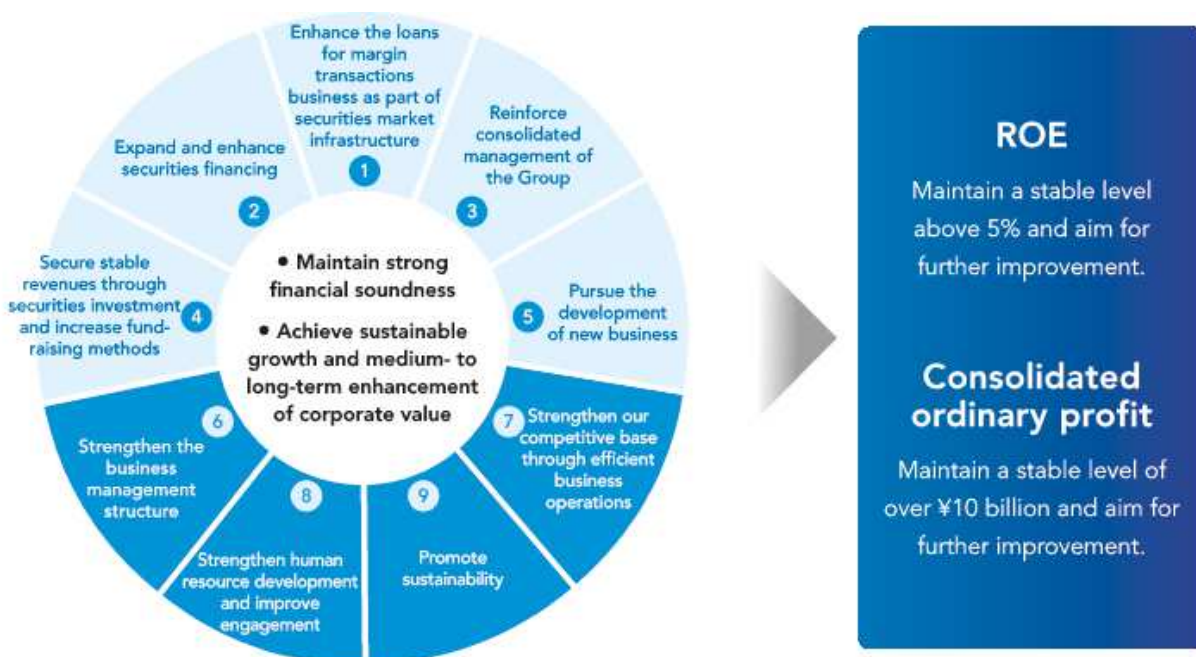
In FY2024, a certain extraordinary profit is expected to be recorded following the sale of a property owned by the Company's subsidiary, which is scheduled to take place during the first quarter. As this extraordinary profit is a one-off gain, separate from the process of working towards JSF's sustainable growth, the corresponding return to shareholders will be made in the form of a special dividend in FY2024. Consequently, the dividend forecast for FY2024 is 70 yen,

comprised of an ordinary dividend of 64 yen and a special dividend of 6 yen. In addition, we have set a share buy-back limit of 1.7 million shares and an amount of 2.6 billion yen. As a result, the total return ratio for FY2024 will be 99.7%.

As Japan's only securities finance company supporting the infrastructure functions of securities and financial markets, we will continue working to maintain our position as a distinct and unique company that operates with a high degree of agility and flexibility. Our goal is to achieve sustainable growth and enhance corporate value, while maintaining strong financial soundness and contributing to the development of securities and financial markets.

We would like to ask our shareholders and other stakeholders for their sincere understanding of our efforts and for their continued support and cooperation.

(Nine Strategies and Two Goals of the Seventh Medium-term Management Plan)



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

		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)	FY2023 (From April 1, 2023 to March 31, 2024)
Operating revenues	(mil yen)	30,924	30,138	42,518	50,008
Ordinary profit	(mil yen)	5,558	7,164	7,601	11,024
Profit attributable to owners of parent	(mil yen)	3,971	5,174	5,966	8,030
Net income per share	(yen)	43.28	56.61	67.76	94.04
Net assets	(mil yen)	135,166	137,996	135,728	144,606
Net assets per share	(yen)	1,473.24	1,545.03	1,574.64	1,725.62

(4) Main Businesses (As of March 31, 2024)

JSF group engages in the following businesses, including the lending and borrowing business, and 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, as required for the standardized margin transactions conducted on all stock exchange markets and on proprietary trading systems (PTS)

Securities Financing Business

Loans for Negotiable Margin Transactions	Lending of the funds required in the settlement of negotiable margin transactions.
Equity repo transactions	Lending of the funds required by securities companies using stocks and other securities as collateral. Cash is deposited in exchange for borrowing stock certificates held by financial institutions.
Retail loans	Loan of funds to individual investors and others using stocks and other securities as collateral. The core service in this business is COM-STOCK loans (securities-backed loans that can be transacted online).
General stock lending	Lending of stocks procured from institutional investors to securities companies as required in trading.
Bond repo and gensaki transactions	Intermediation of government bond repo and gensaki transactions (transactions in which bonds are exchanged for cash).

Securities Investment Business

② Other

Trust and Banking Business	Trust service and banking services
Real Estate Leasing Business	Real estate leasing

(5) Business Offices (As of March 31, 2024)

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 ¥0.1 bn were made during the consolidated fiscal year under review.

These investments arose from modifications to our core system.

(7) Employees of the Group (As of March 31, 2024)

① JSF group

Segment	The number of employees	Year on Year	
Securities Finance Business	212 [6]	+1	[+2]
Trust and Banking Business	43 [1]	+1	[—]
Real Estate Leasing Business	16 [0]	+1	[—]
Total	271 [7]	+3	[+2]

(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 temporary employees per year is shown separately in brackets [].

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

② JSF

The number of employees	Year on Year	Average age	Average employment longevity
212 [6]	+1 [+2]	44.5	20.8

(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 temporary employees per year is shown separately in brackets [].

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

(8) Subsidiary Companies (As of March 31, 2024)

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 Leasing Business

(Notes) 1. Affiliated companies are as follows:

- Japan Information Processing Service Co., Ltd.
- JSF Information Technology Co., Ltd.

2. No subsidiaries are specified wholly owned subsidiaries.

(9) Major Borrowings (As of March 31, 2024)

Disclosure is omitted because the amount of borrowings is immaterial.

II Matters Concerning Shares of the Company (As of March 31, 2024)

- (1) Total number of authorized shares 200,000,000 shares
- (2) Number of issued and outstanding shares 88,000,000 shares
- (3) Number of shareholders 11,557 persons

(4) Major Shareholders (Top 10)

Name	Number of Shares Held (t1000 shares)	Shareholding Ratio (%)
THE SFP VALUE REALIZATION MASTER FUND LTD.	13,406	15.8
The Master Trust Bank of Japan, Ltd. (Trust account)	9,365	11.1
THE CHASE MANHATTAN BANK, N.A. LONDON SPECIAL OMNIBUS SECS LENDING ACCOUNT	4,821	5.7
Capital Market Promotion Foundation	4,654	5.5
Mizuho Bank, Ltd.	3,536	4.2
INTERTRUST TRUSTEES(CAYMAN) LIMITED SOLELY IN ITS CAPACITY AS TRUSTEE OF JAPAN-UP	2,640	3.1
Custody Bank of Japan, Ltd. (Trust account)	2,388	2.8
STATE STREET BANK WEST CLIENT – TREATY 505234	1,606	1.9
BNYM AS AGT/CLTS 10 PERCENT	1,575	1.9
JAPAN SECURITIES AGENTS, LTD.	1,460	1.7

(Note) In addition to the foregoing, 3,245,689 shares of treasury stock are held by the Company as of March 31, 2024. The treasury stock is excluded in the calculation of the shareholding ratio.

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

	Number of shares	Number of persons issued shares
Executive officer	69,600 shares	1 person

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

III Matter related to the director of the company

(1) Directors (As of March 31, 2024)

Classification	Name	Position	Significant concurrent positions
Director Chairperson of the Board of Directors	Naotaka Obata	Nominating Committee Member (Chairperson) Compensation committee Member (Chairperson)	
Director	Shoko Sugino	Nominating Committee Member Audit Committee Member (Chairperson) Compensation committee Member	Partner Attorney at Fujibayashi Law Office Audit & Supervisory Board Member of Takeei Corporation Outside Director of Janome Corporation
Director	Kensuke Futagoishi	Nominating Committee Member Compensation committee Member	
Director	Takayoshi Yamakawa	Nominating Committee Member Audit Committee Member	Representative Partner of Business Producer LLC Outside Director of Akatsuki Securities, Inc. Outside Director of FP Corporation
Director	Setsuko Egami	Compensation committee Member	Professor Emeritus, Musashi University Outside Director of Resona Holdings, Inc.
Director (Representative Executive Officer & President)	Shigeki Kushida	Nominating Committee Member Compensation committee Member	Director of JSF Trust and Banking Co., Ltd. Outside Director of Denso Corp.
Director	Hiroshi Asakura	Audit Committee Member	

(Note)1. Five directors, Mr. Naotaka Obata, Ms. Shoko Sugino, Mr. Kensuke Futagoishi, Mr. Takayoshi Yamakawa and Ms. Setsuko Egami are outside directors.

- The Company does not appoint a full-time Audit Committee member because the appointed Audit Committee members and their assistants attend important meetings, review all important resolution documents, etc., and ensure the effectiveness of audits through cooperation and exchange of information with the accounting auditors, the internal audit department and the auditors at subsidiaries.
- The Company has designated outside directors, Mr. Naotaka Obata, Ms. Shoko Sugino, Mr. Kensuke Futagoishi, Mr. Takayoshi Yamakawa and Ms. Setsuko Egami as Independent Officers pursuant to the rules 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 of note with other companies where outside directors concurrently serve or have served as officers.
- 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 the officers at its 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 covered under this insurance policy. However, there are certain exclusions of liability, such as damages arising from an act committed with knowledge that the act is in violation of laws and regulations. The insurance policy has a deductible, and damages up to the amount of that deductible are not covered.

(2) Attendance at meetings

Name	Board of Directors	Nominating Committee	Audit Committee	Compensation Committee
Naotaka Obata	12/12 (100%)	11/11 (100%)	—	8/8 (100%)
Shoko Sugino	12/12 (100%)	11/11 (100%)	12/12 (100%)	8/8 (100%)
Kensuke Futagoishi	10/12 (83%)	9/11 (82%)	—	6/8 (75%)
Takayoshi Yamakawa	12/12 (100%)	8/8 (100%)	12/12 (100%)	3/3 (100%)
Setsuko Egami	8/9 (89%)	—	—	4/5 (80%)
Shigeki Kushida	12/12 (100%)	11/11 (100%)	—	8/8 (100%)
Hiroshi Asakura	12/12 (100%)	—	12/12 (100%)	—

(Note) Attendance at the meetings of the Board of Directors and Committees held during their term of office.

(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 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 Long-term Management Vision, our efforts in investor relations, and risk management systems. At Nominating Committee and Compensation Committee meetings, he manages the proceedings as the chairperson, and expresses necessary opinions as a member in the review and deliberation of management selection plans, the 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 effective supervision over the Company's management, determination of medium- to long-term management policies, and advice on overall management. At meetings of the Board of Directors, she makes proposals and provides advice on the Long-term Management Vision and our efforts in sustainability. At the Nominating Committee and Compensation Committee, as a member she expresses necessary opinions in the review and deliberation of management selection plans, the composition of the Board of Directors, and other matters. In addition, at the Audit Committee, she manages the proceedings as chairperson, and drafts audit plans, interviews the accounting auditor regarding the status of the audits and the results thereof, and expresses her 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 effective supervision over the Company's management, determination of medium- to long-term management policies, and advice on overall management. At meetings of the Board of Directors, he provides advice on the Long-term Management Vision, the implementation status of the Medium-term Management Plan and risk management systems. At the Nominating Committee and Compensation Committee, as a member he expresses necessary opinions in the review and deliberation of management selection plans, the 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, determination of medium- to long-term management policies, and advice on overall management. At meetings of the Board of Directors, he provides advice on the Long-term Management Vision and our efforts in investor relations and sustainability. At the Nominating Committee, as a member he expresses necessary opinions in the review and deliberation of management selection plans, the composition of the Board of Directors, and other matters. In addition, as a member of the Audit Committee, he drafts audit plans, interviews the accounting auditor regarding the status of the audits and the results thereof, and expresses his opinions as necessary.
Setsuko Egami	Setsuko Egami draws on extensive knowledge and broad insight on human resource development, risk management, and corporate management 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 advice on overall management. At meetings of the Board of Directors, she provides advice on the Long-term Management Vision, the implementation status of the Medium-term Management Plan, and our efforts in investor relations. At the Compensation Committee, as a member she expresses necessary opinions in the review and deliberation of composition of the Board of Directors.

(4) Executive Officers (As of March 31, 2024)

Position	Name	Responsibilities	Significant concurrent positions
Chairperson	Eizo Kobayashi	Assisting and supporting President in general management, primarily in external affairs.	Director of Nihon building Co., Ltd. Director of Japan Information Processing Service Co., Ltd. Outside Director of Tokyo Metro Co., Ltd.
Representative Executive Officer & President	Shigeki Kushida	Directing and leading the executive officers, as the chief executive.	Director of JSF Trust and Banking Co., Ltd. Outside Director of Denso Corp.
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	Commissioned General Manager of Human Resources Dept.	

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

2. Masaru Sekiguchi, Managing Executive Officer, retired from his position on March 31, 2024, upon the expiration of his term of office.

[Reference] Executive Officers (as of April 1, 2024)

Position	Name	Responsibilities	Significant concurrent positions
Chairperson	Eizo Kobayashi	Assisting and supporting President in general management, primarily in external affairs.	Director of Nihon building Co., Ltd. Director of Japan Information Processing Service Co., Ltd. Outside Director of Tokyo Metro Co., Ltd.
Representative Executive Officer & President	Shigeki Kushida	Directing and leading the executive officers, as the chief executive. Internal Audit Dept.	Director of JSF Trust and Banking Co., Ltd. Outside Director of Denso Corp.
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	Shinichi Sugiyama	Corporate Planning Dept. Risk Management Dept. Information System Planning Dept. Group Companies Relations	
Managing Executive Officer	Wataru Sato	Compliance Dept. Human Resources Dept. Settlement & Custody Dept. Osaka Branch	

(5) Amount of compensation for Directors and Executive Officers

Classification	Total amount of compensation, etc. (Thousands of yen)	Total amount of compensation by type (thousands of yen)			Number of persons (persons)
		Base compensation	Performance-linked compensation, etc.		
			Bonus	Non-monetary and stock-based compensation	
Directors	69,990	69,990	—	—	7
of which Outside Directors	60,690	60,690	—	—	6
Executive Officers	329,310	216,960	86,100	26,250	7
Total	399,300	286,950	86,100	26,250	

- (Note) 1. Directors who concurrently serve as Executive Officers are not paid compensation as directors.
2. The business performance indicator for performance-linked compensation, etc. (bonus) is the profit attributable to owners of parent of 8,030 million yen.
3. The business performance indicators for performance-linked compensation, etc. (non-monetary and stock-based compensation) are consolidated ROE and consolidated ordinary income of 5.73% and 11,024 million yen, respectively.

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

- ① Content of policy and method for determining the amount of compensation, etc. for officers or the method for calculating the amount of compensation, etc.

Based on the Company's corporate philosophy and management policy, the compensation, etc. for the Company's officers is established as a system and at a level that matches the roles and expected functions of the directors and executive officers from the perspective of achieving sustainable growth and enhancing corporate value over the medium to long-term. Specifically, the Compensation Committee utilizes the following policy determined by the Compensation to determine compensation, etc. on an individual basis. The Compensation Committee has confirmed that the method of determining the details of compensation, etc. and the details of compensation, etc. determined for each individual director for the current fiscal year are consistent with such determination policy, and has determined that the details of compensation, etc. are in line with this determination policy.

[Directors]

- From the perspective of exercising supervisory function, directors receive only a fixed monthly compensation (base compensation) and shall not receive performance-linked compensation, etc.
- Each individual director's compensation 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 concurrently serve as executive officers will not receive compensation as directors.

[Executive Officers]

- From the standpoint of linking their compensation to the Company's business performance and stock value, executive officers are paid a fixed monthly compensation (base compensation) as well as performance-linked officer bonuses and stock-based compensation.
- The fixed monthly compensation (base compensation) is determined in accordance with each executive officer's position.
- Performance-linked compensation is divided into short-term and long-term incentives, with bonuses serving as a short-term incentive and stock-based compensation serving as a long-term incentive.
- From the standpoint of clarifying management responsibility, officers' bonuses are determined after the end of the fiscal year in conjunction with business performance and individual evaluations in each fiscal year, and are paid within three months after the determination thereof.
- With regard to stock-based compensation, the Company grants points determined in conjunction with medium- to long-term performance, using a Board Benefit Trust mechanism, and delivers the Company's shares in proportion to the number of points at the time of retirement.

- ② Policy on determining the percentage of compensation, etc. to be paid as performance-linked compensation and non-performance-linked compensation, etc.

The percentage of each compensation to be paid to the executive officers based on the base performance shall be determined as follows

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

- ③ Indicators for performance-linked compensation, reasons for selecting these indicators, and method of determining performance-linked compensation

Among the Company's executive officers' compensation, the indicators related to officers' bonuses and stock-based compensation, which are performance-based compensation, are as follows.

[Officer bonus]

- Officers' bonuses are determined by multiplying the standard bonus calculation amount for each executive officer's position by the performance-linked coefficient (bonus).
- In calculating performance-linked compensation (bonus), the Company uses the profits attributable to owners of parent as a reference index for short-term incentives, and the ratio of change from the previous year as a coefficient.

[Stock-based compensation]

- The number of base points will be determined based on each executive officer's position.
- Stock-based compensation is determined by multiplying the base number of points by performance-linked coefficient (bonus).
- In calculating the performance-linked compensation (stock-based compensation), the Company uses the management targets under the medium-term management plan (consolidated ROE and consolidated ordinary profit) as reference indicators, and the compensation is determined based on the achievement of actual results relative to the reference values in each fiscal year, from the perspective of increasing the linkage between the enhancement medium- to long-term corporate value and shareholder profits as a long-term incentive.

IV Dividend Policy

The Company's fundamental policy is to seek the realization of sustainable growth and enhanced corporate value based on maintenance of strong financial soundness as the only securities finance company in Japan supporting the infrastructure of securities market, and to provide stable long-term returns to shareholders by comprehensively taking into consideration the revenue environment, investment plans, and the like. Based on this basic approach, JSF will strive to further enhance shareholder returns.

JSF will aim for a total payout ratio of 100% on a cumulative basis from FY2021 through FY2025, through the payment of dividends and the flexible implementation of share buy-backs. With regard to dividends, from FY2024 through FY2025, JSF will actively pay dividends, aiming for a target payout ratio of 70%.

The year-end dividend for the current fiscal year has been set at ¥30 per share under a resolution of the Board of Directors adopted at a meeting held on May 13, 2024.

Together with the interim dividend of ¥17 per share, which has already been paid, the annual dividend will reach ¥47 per share (up ¥15 from the previous fiscal year). The effective date of the year-end dividend payment (Effective Date) will be Tuesday, June 4, 2024.

Consolidated Financial Statements

Consolidated Balance Sheets

Unit: millions of yen

Account	Fiscal 2023 (As of March 31, 2024)
Assets	
Total Current assets	13,113,382
Cash and deposits	1,977,638
Call loans	20,000
Securities	185,801
Operating loans	1,058,630
Securities purchased under resale agreements	4,753,614
Cash collateral provided for securities borrowed	4,953,081
Other	164,699
Allowance for doubtful Accounts	△83
Total Non-current assets	631,383
Total property, plant and equipment	5,769
Buildings and structures, net	2,061
Tools, furniture and fixtures, net	443
Land	3,264
Intangible assets	677
Software	643
Software suspense accounts	20
Other	14
Total Investments and other assets	624,936
Investment securities	583,146
Bad debts	72
Retirement benefit assets	3,226
Other	38,563
Allowance for doubtful accounts	△72
Total assets	13,744,765

Account	Fiscal 2023 (As of March 31, 2024)
Liabilities	
Total Current liabilities	13,275,805
Call money	1,864,800
Short-term borrowings	92,010
Current portion of long-term borrowings	149,800
Commercial papers	589,066
Securities sold under repurchase agreements	5,949,364
Cash collateral received for securities lent	3,762,412
Income taxes payable	1,197
Provision for bonuses	562
Provision for bonuses for directors and other officers	116
Borrowed money from trust account	740,130
Other	126,345
Total Non-current liabilities	324,353
Long-term borrowings	316,600
Deferred tax liabilities	5,416
Deferred tax liabilities for land revaluation	74
Provision for share awards for directors and other officers	218
Retirement benefit liabilities	243
Asset retirement obligations	57
Derivative liabilities	1,160
Other	581
Total liabilities	13,600,158
Net assets	
Total Shareholders' equity	131,369
Share capital	10,000
Capital surplus	5,181
Retained earnings	121,036
Treasury shares	△4,847
Total accumulated other comprehensive income	13,236
Valuation difference on available-for-sale securities	1,214
Deferred gains or losses on hedges	10,369
Revaluation reserve for land	168
Remeasurements of defined benefit plans	1,484
Total net assets	144,606
Total liabilities and net assets	13,744,765

Note) Amounts less than one million yen are disregarded.

Consolidated Statement of Income

Unit: millions of yen

Account	Fiscal 2023 (From April 1, 2023 to March 31, 2024)	
Total operating revenues		50,008
Interest on loans receivable	2,895	
Interest on securities purchased under resale agreements	14,400	
Interest income on collateral provided for securities borrowed	3,143	
Securities lending fees	17,642	
Other operating revenue	11,926	
Total operating expenses		32,615
Interest expenses	2,452	
Interest expenses on securities sold under repurchase agreements	7,514	
Securities borrowing fees	18,986	
Other operating expenses	3,662	
Operating gross profit		17,392
Total general and administrative expenses		7,463
Operating profit		9,928
Total non-operating income		1,124
Interest income and dividend income	493	
Share of profit of entities accounted for using equity method	556	
Gain on investments in investment partnerships	25	
Miscellaneous income	48	
Total non-operating expenses		28
Interest expenses	0	
Commission for purchase of treasury shares	10	
Loss on investments in investment partnerships	17	
Miscellaneous expenses	0	
Ordinary profit		11,024
Total extraordinary income		18
Gain on revision of retirement benefit plan	18	
Profit before income taxes		11,043
Income taxes-current	3,072	
Income taxes-deferred	△59	3,012
Profit		8,030
Profit attributable to non-controlling interests		—
Profit attributable to owners of parent		8,030

Note) Amounts less than one million yen are disregarded.

Consolidated Statement of Changes in Equity

(From April 1, 2023 to March 31, 2024)

Unit: millions of yen

	Shareholders' equity				Total shareholders' equity
	Share capital	Capital surplus	Retained earnings	Treasury shares	
Balance at April 1, 2023	10,000	8,878	118,702	△7,655	129,925
Changes arising during the year					
Cash dividends			△2,870		△2,870
Net income attributable to owners of parent			8,030		8,030
Purchase of treasury share				△3,802	△3,802
Disposal of treasury share		9		77	87
Cancellation of treasury share		△6,532		6,532	—
Transfer from retained earnings to capital surplus		2,825	△2,825		—
Net changes other than shareholders' equity					
Total changes during the year	—	△3,697	2,334	2,807	1,444
Balance at March 31, 2024	10,000	5,181	121,036	△4,847	131,369

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, 2023	△4,300	9,782	168	152	5,802	135,728
Changes arising during the year						
Cash dividends						△2,870
Net income attributable to owners of parent						8,030
Purchase of treasury share						△3,802
Disposal of treasury share						87
Cancellation of treasury share						—
Transfer from retained earnings to capital surplus						—
Net changes other than shareholders' equity	5,515	587	—	1,331	7,434	7,434
Total changes during the year	5,515	587	—	1,331	7,434	8,878
Balance at March 31, 2024	1,214	10,369	168	1,484	13,236	144,606

Note) Amounts less than one million yen are disregarded.

Financial Statements

Balance Sheets

		Unit: millions of yen	
Account	Fiscal 2023 (As of March 31, 2024)	Account	Fiscal 2023 (As of March 31, 2024)
Assets		Liabilities	
Total Current assets	12,068,014	Total Current liabilities	12,222,781
Cash and deposits	1,510,872	Call money	1,662,500
Securities	7,541	Short-term borrowings	85,370
Operating loans	606,757	Current portion of long-term borrowings	50,800
Margin loan	422,798	Commercial papers	589,066
Loan to securities companies and individual investors	84,958	Securities sold under repurchase agreements	5,949,364
Other loans	99,000	Cash collateral received for securities lent	3,762,412
Securities purchased under resale agreements	4,753,614	Income taxes payable	672
Cash collateral provided for securities borrowed	5,027,216	Provision for bonuses	480
Other	162,064	Provision for bonuses for directors and other officers	116
Allowance for doubtful accounts	△52	Cash collateral received for margin loans	82,325
Total Non-current assets	401,420	Other	39,673
Total property, plant and equipment	1,810	Total Non-current liabilities	117,650
Buildings and structures, net	567	Long-term borrowings	112,600
Tools, furniture and fixtures, net	412	Deferred tax liabilities	3,532
Land	830	Deferred tax liabilities for land revaluation	74
Intangible assets	457	Provision for share awards for directors and other officers	218
Software	441	Other	1,224
Software suspense accounts	2	Total liabilities	12,340,431
Other	12	Net assets	
Total Investments and other assets	399,152	Total Shareholders' equity	120,224
Investment securities	337,735	Share capital	10,000
Shares of subsidiaries and associates	25,538	Capital surplus	5,181
Bad debts	72	Capital reserve	5,181
Prepaid pension costs	1,212	Retained earnings	109,882
Other	34,665	Legal retained earnings	2,278
Allowance for doubtful accounts	△72	Other Retained earnings	107,604
		Reserve for dividends	2,030
		Voluntary reserve	77,030
		Retained earnings brought Forward	28,544
		Treasury shares	△4,839
		Valuation and translation adjustments	8,779
		Valuation difference on available-for-sale securities	1,318
		Deferred gains or losses on hedges	7,292
		Revaluation reserve for land	168
Total assets	12,469,435	Total net assets	129,003
		Total liabilities and net assets	12,469,435

Note) Amounts less than one million yen are disregarded.

Statement of Income

Unit: millions of yen

Account	Fiscal 2023 (From April 1, 2023 to March 31, 2024)	
Total operating revenues		46,070
Interest on loans receivable	2,858	
Interest on securities purchased under resale agreements	14,400	
Interest income on collateral provided for securities borrowed	3,151	
Commission income	403	
Securities lending fees	17,627	
Other operating revenue	7,628	
Total operating expenses		32,475
Interest expenses	2,364	
Interest expenses on securities sold under repurchase agreements	7,514	
Commission expenses	887	
Securities borrowing fees	19,076	
Other operating expenses	2,632	
Operating gross profit		13,594
Total general and administrative expenses		6,121
Operating profit		7,473
Total non-operating income		2,625
Interest income and dividend income	2,553	
Gain on investments in investment partnerships	25	
Miscellaneous revenue	46	
Total non-operating expenses		28
Commission for purchase of treasury shares	10	
Loss on investments in investment partnerships	17	
Miscellaneous expenses	0	
Ordinary profit		10,070
Total extraordinary income		18
Gain on revision of retirement benefit plan	18	
Profit before income taxes		10,088
Income taxes-current	2,259	
Income taxes-deferred	△56	2,203
Profit		7,885

Note) Amounts less than one million yen are disregarded.

Statement of Changes in Equity

(From April 1, 2023 to March 31, 2024)

Unit: millions of yen

	Shareholders' equity								
	Share capital	Capital surplus			Legal retained earnings	Retained earnings			Total Retained earnings
		Capital reserve	Other capital surplus	Total capital surplus		Other retained earnings			
						Reserve for dividends	Voluntary reserve	Retained earnings brought forward	
Balance at April 1, 2023	10,000	5,181	3,697	8,878	2,278	2,030	77,030	26,355	107,693
Changes arising during the year									
Cash dividends								△2,870	△2,870
Net income								7,885	7,885
Purchase of treasury share									
Disposal of treasury share			9	9					
Cancellation of treasury share			△6,532	△6,532					
Transfer from retained earnings to capital surplus			2,825	2,825				△2,825	△2,825
Net changes other than shareholders' equity									
Total changes during the year	—	—	△3,697	△3,697	—	—	—	2,189	2,189
Balance at March 31, 2024	10,000	5,181	—	5,181	2,278	2,030	77,030	28,544	109,882

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, 2023	△7,646	118,925	△4,442	6,922	168	2,647	121,573
Changes arising during the year							
Cash dividends		△2,870					△2,870
Net income		7,885					7,885
Purchase of treasury share	△3,802	△3,802					△3,802
Disposal of treasury share	77	87					87
Cancellation of treasury share	6,532	—					—
Transfer from retained earnings to capital surplus		—					—
Net changes other than shareholders' equity			5,760	370	—	6,131	6,131
Total changes during the year	2,807	1,299	5,760	370	—	6,131	7,430
Balance at March 31, 2024	△4,839	120,224	1,318	7,292	168	8,779	129,003

Note) Amounts less than one million yen are disregarded.