

Japan Securities Finance Co., Ltd.

Third quarter, FY2022 Financial Results Presentation

■ 1. Executive summary (Consolidated)	P 3
■ 2. Summary Financial Results for the 1-3Q of FY2022	P 4
■ 3. Summary Financial Results for the 1-3Q of FY2022 (JSF parent)	P 5
■ 4. Financial Highlight (Margin Loan Business)	P 6
■ 5. Financial Highlight (Securities Financing)	P 7
■ 6. Financial Highlight (Securities Investment of JSF parent)	P 8
■ 7. Summary Financial Results for the 1-3Q of FY2022 (JSF Trust Bank)	P 9
■ 8. Estimated Figures for FY2022	P 10
■ 9. Shareholder Returns	P 11
(Appendix)	P 13 - 36

1. Executive Summary (Consolidated)

(¥ mil)	1-3Q FY2022			Highlights
		YoY Δ	$\Delta\%$	
Operating Income	6,704	+1,674	+33.3%	✓ Increased year on year by 33.3% mainly thanks to firm earnings from securities financing, particularly from bond lending and equity repo transactions.
Recurring Income	7,584	+1,959	+34.8%	
Net Income	5,911	+1,879	+46.6%	✓ Recorded extraordinary gains on reduction in retirement benefit liabilities due to change in retirement bonus structure.

2. Summary of Financial Results for the 1-3Q of FY2022

(¥ mil)	Consolidated			Non-consolidated					
	1-3Q FY2022	YoY.Δ	(%Δ)	JSF		JSF Trust Bank		Nihon Building	
					YoY.Δ		YoY.Δ		YoY.Δ
Operating Revenues	31,638	9,275	(+41.5%)	28,885	9,194	2,374	159	900	▲66
<i>Except Premium Charges</i>	28,786	8,301	(+40.5%)	26,033	8,219				
Operating Expenses	19,582	7,641	(+64.0%)	19,405	7,634	389	50	19	0
<i>Except Premium Charges</i>	16,731	6,641	(+65.8%)	16,553	6,634				
General & Administrative Expenses	5,350	▲40	(△0.8%)	4,336	▲117	842	83	473	▲32
Operating Income	6,704	1,674	(+33.3%)	5,143	1,677	1,142	25	406	▲34
Recurring Income	7,584	1,959	(+34.8%)	8,566	3,479	1,143	25	514	▲28
<i>Gain or Loss in Equity-Method</i>	232	52	(+29.0%)						
Extraordinary Profit or Loss	671	647	(+2,728%)	671	647	—	—	—	—
Net Income	5,911	1,879	(+46.6%)	7,423	3,402	787	15	340	▲17

3. Summary of Financial Results for the 1-3Q of FY2022 (Non-consolidated)

Japan Securities Finance (Non-consolidated) *Excluding premium charge

(¥ mil)	1-3Q FY2022	YoY.Δ	(%Δ)
Operating Revenues*	26,033	8,219	(+46.1%)
Operating Expenses*	16,553	6,634	(+66.9%)
Operating Profit	9,479	1,559	(+19.7%)
Margin Loan Business*	2,268	140	(+6.6%)
Securities Financing	4,066	1,323	(+48.3%)
Others	3,144	95	(3.1%)
General & Administrative Expenses	4,336	▲117	(△2.6%)
Operating Income	5,143	1,677	(+48.4%)
Recurring Income	8,566	3,479	(+68.4%)
Extraordinary Profit or Loss	671	647	(+2,728%)
Net Income	7,423	3,402	(+84.6%)

Key Points

● Gross Profit

➤ Based on firm earnings from securities financing, gross profit increased by ¥1,559 million YoY to ¥9,479 million (+19.7%).

-Securities financing revenues increased on higher balances for bond lending and equity repo.

-Income from Others (mainly securities investment) increased slightly due to the repositioning of held securities to enable future portfolio management.

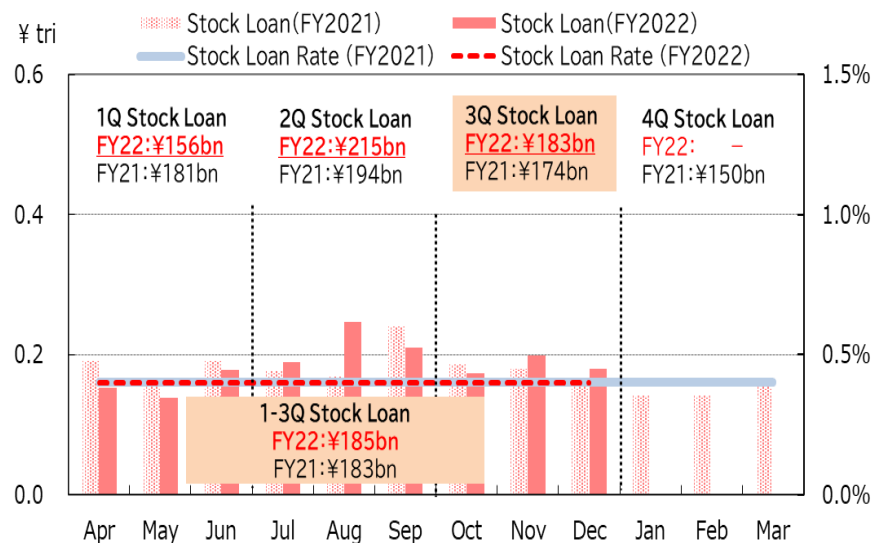
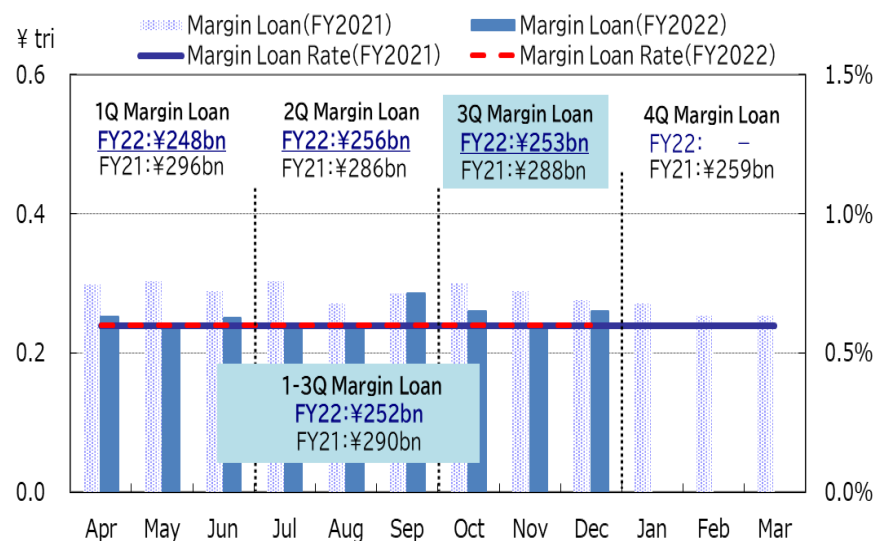
● General & Administrative Expenses

➤ System depreciation expenses decreased but expenses increased slightly YoY due to the removal of special factors from the previous fiscal year (recorded reversal following revision of the method to calculate the allowance for doubtful accounts) .

4. Financial Highlights (Margin Loan Business)

- Margin loan balances low, down YoY.
- Stock loan balance remained steady at a level higher than the same period of the previous fiscal year

(¥ bn, %)	FY2021						FY2022					YoY	
	1Q	2Q	1H	3Q	YTD	4Q	1Q	2Q	1H	3Q	YTD	3Q	YTD
Margin Loan	296	286	291	288	290	259	248	256	252	253	252	▲35	▲38
Stock Loan	181	194	188	174	183	150	156	215	185	183	185	9	2



5. Financial Highlights (Securities Financing)

- Bond lending and equity repo benefitted from capturing diverse needs to continue upward trend
- Also secured income for Others that was largely unchanged YoY

(¥ mil)

	Type of transaction	1-3Q FY2022			
			YoY△	YoY%	
Securities Financing	Loans for Negotiable Margin Transactions	81	▲15	△16.0%	✓ Remained almost the same level as the same period of the previous year.
	Loan to Securities Companies*	1,114	280	+33.6%	✓ Outstanding equity repo transactions have been on increasing.
	Retail	281	16	+6.4%	✓ The mainstay COM-STOCK Loan remained steady.
	General Stock Lending	368	92	+33.5%	✓ General stock lending largely unchanged YoY thanks to recovery of borrowing demand for fail-cover.
	Bond Lending	2,220	949	+74.7%	✓ Both outstanding <i>gensaki</i> transactions and repo transactions have been increasing.
	<i>Total Gross Profit</i>	4,066	1,323	+48.3%	

* General Loans, stabilizing funding loan, equity repo, etc.

6. Financial Highlights (Securities Investment / Non-consolidated)

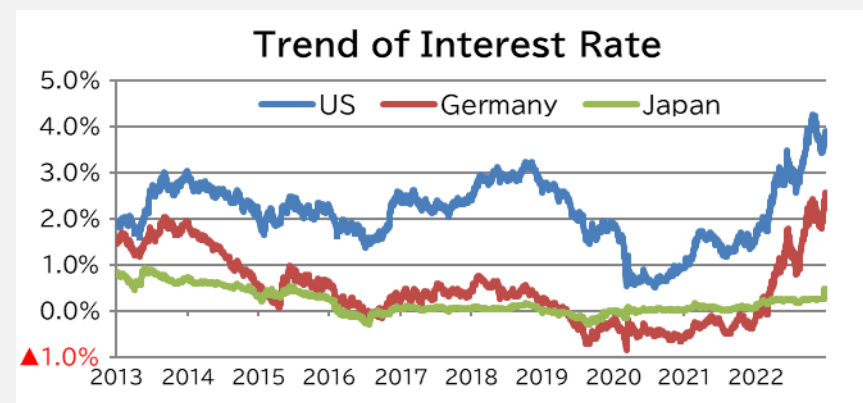
- Repositioned for future portfolio management in response to rising interest rates overseas and other changes in operating environment.
- This resulted in recording gains on sales of domestic bonds and losses on sales of foreign currency bonds.

Gains on management of market assets (JSF)

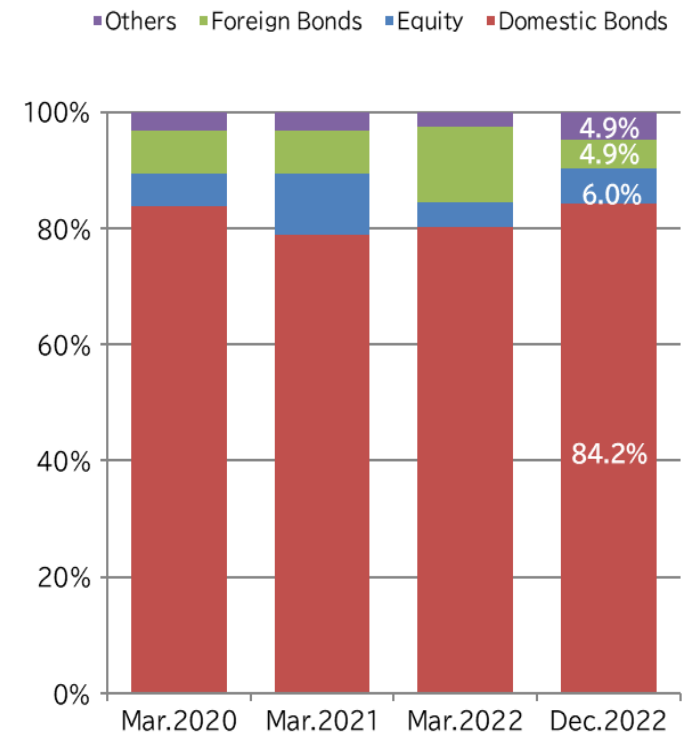
	1-3Q FY2022	YoY
Yen-based	¥ 7,617 mil	¥ 5,004 mil
Domestic Bonds	¥ 5,634 mil	¥ 4,598 mil
Stocks and Others	¥ 1,982 mil	¥ 406 mil
In foreign currencies	△¥ 4,172 mil	△¥ 4,676 mil
Total	¥ 3,144 mil	¥ 95 mil

Ref. Trend of Interest Rate

Source) Bloomberg



Changes in Investment Portfolio



7. Summary of Financial Results for the 1H of FY2022(JSF Trust Bank)

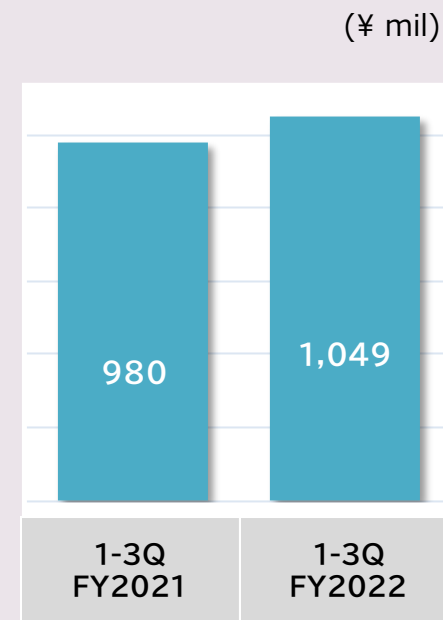
Highlights

- Custodian type trust services, particularly asset-backed loan trusts, drove increased revenues from trust fees.
- Recurring revenues increased on growth in trust fees and having recorded gains on sale of securities.

JSF Trust Bank (Non-consolidated)

(¥ mil)	1-3Q FY2022	YoY	
			(%)
Recurring Revenue	¥ 2,412	140	(+6.1%)
Trust Fees	1,049	68	(+7.0%)
Recurring Expenses	1,268	114	(+9.9%)
Recurring Income	1,143	25	(+2.2%)
Net Income	787	15	(+1.9%)

【Trust Fees】



8. Estimated Figures for FY2022

Precondition

FY2022 Estimate

Over-lent
Margin Loan
¥160bn

Over-lent
Stock Loan
¥80bn

Matching
¥90bn

Margin Loan
¥250bn

Stock Loan
¥170bn

(Reference)

FY2021 Results

Over-lent
Margin Loan
¥182bn

Over-lent
Stock Loan
¥74bn

Matching
¥101bn

Margin Loan
¥283bn

Stock Loan
¥175bn

(¥ mil)		FY2022 Estimated Figures	YoY.Δ	Δ from prev. EF
Consolidated				
Operating Income		6,300	+ 64	▲200
Recurring Income		7,500	+ 335	—
Net Income		5,800	+ 625	+100
JSF	Operating Income	4,358	+ 111	▲180
	Recurring Income	10,237	+ 4,308	+ 2,253
	Net Income	9,278	+ 4,738	+ 2,444
JSF Trust and Banking	Recurring Income	1,400	+ 14	—
	Net Income	971	▲52	—
Nihon Building	Operating Income	520	▲75	▲5
	Recurring Income	635	▲72	▲5
	Net Income	420	▲45	▲5

Preconditions of Loans for Margin Transactions

●Loan Rate: 0.60%, ●Interest on Collateral Money: 0%, ●Lending Fee: 0.40%

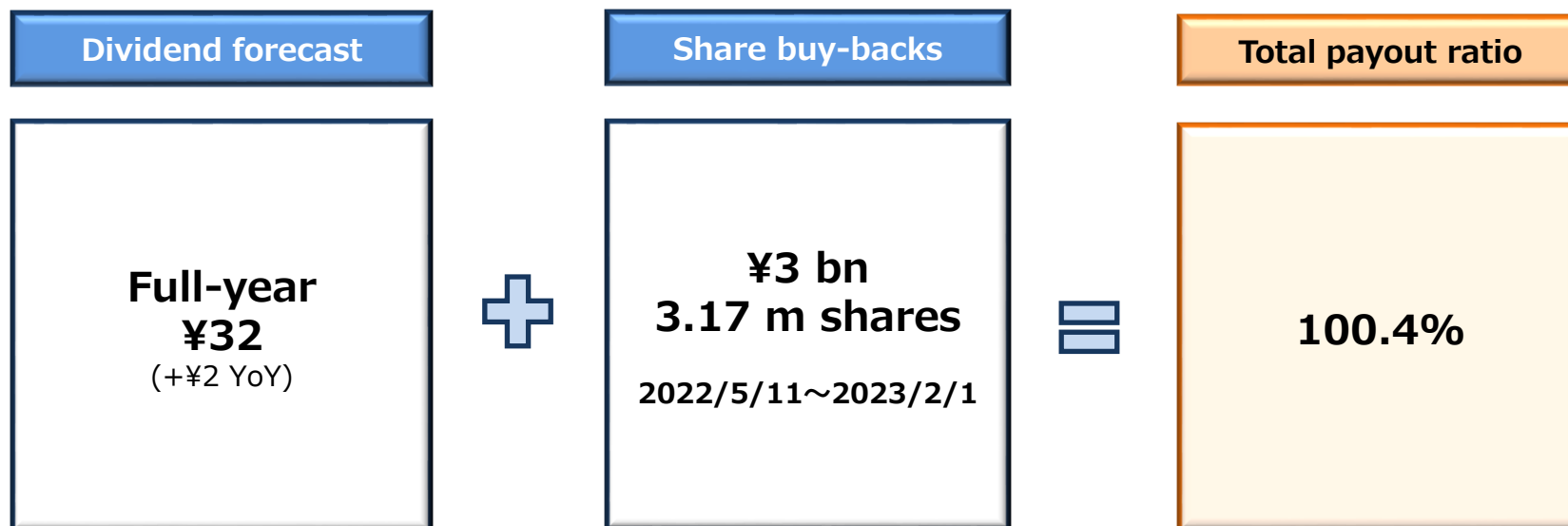
<Approach to Estimated Figures for FY2022>

- ✓ In light of strong securities financing performance for Japan Securities Financing, we conducted an upward revision to previously announced figures.

Policy for shareholder returns

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

Shareholder returns in FY2022



Appendix

- Dividend and Share Buyback Program (Historical)
- Financial Result Trends (Consolidated)
- Gross Profit by Business
- Breakdown of Operating Revenues by Business (Historical Data)
- Breakdown of Operating Revenues by Business
- Analysis of YoY Change in Operating Revenue by Business (Quarterly)
- Outstanding Balance of Transactions by Group Business
- Margin Transactions & Loans for Margin transactions
- Structure of Margin Transactions & Loans for Margin Transactions
- Revenue Structure of Loans for Margin Transactions
- Balance Sheet Summary (end of Sep-2022, consolidated)
- About the Margin Loan Rates
- Rate of Loans for Margin Transactions
- Securities Holdings
- JSF Trust Bank (Loan Balance)
- Our Group Companies
- Rating Information
- ESG/SDGs Initiatives
- Our Corporate Philosophy and History to Date
- Our Business Field (image chart)

● Dividend and Share Buyback Program (Historical)

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY2022 Forecast/ Framework
Annual Dividend per share	¥18	¥26	¥22	¥22	¥26	¥30	¥32 (Interim ¥16 Year-end ¥16)
Share Buyback (shares)	0.63mil	1.5mil	2.0mil	1.0mil	—	2.4mil	3.17mil
(amount)	¥0.3bn	¥0.9bn	¥1.2bn	¥0.5bn	—	¥2.3bn	¥3.0bn
Total Payout Ratio	56.4%	58.8%	55.0%	57.2%	60.1%	53.0%	100.4%
<Consolidated> : Net Income	¥3.0bn	¥4.2bn	¥3.7bn	¥3.5bn	¥3.9bn	¥5.1bn	¥5.8bn
:EPS	¥31.9	¥44.2	¥40.0	¥38.4	¥43.2	¥56.6	¥65.8
(reference) : DPR	56.4%	58.8%	55.0%	57.2%	60.1%	53.0%	48.6%

Note for FY2022 (Forecast)

- The number of shares and the amount of the “Share Buyback” are both subject to a repurchase limit
- The “Annual Dividend per share” is a forecast
- “Net income (consolidated)” refers to the estimated figure announced on May 10, 2022. Moreover, EPS and DPR have been calculated using this estimated figure.

● Financial Result Trends (Consolidated)

¥ mil

	FY2017	FY2018	FY2019	FY2020	1-3Q FY2021	FY2021	1-3Q FY2022
Operating Revenues	26,333	24,321	29,101	30,924	22,362	30,138	31,638
Ex Premium charges	18,383	18,603	20,846	23,711	20,485	27,305	28,786
Operating Expenses	13,330	12,284	16,835	18,018	11,941	16,533	19,582
Ex Premium charges	5,385	6,566	8,585	10,819	10,089	13,728	16,731
General & Administrative Expenses	9,121	8,056	8,136	8,129	5,391	7,368	5,350
Operating Income	3,881	3,981	4,129	4,777	5,029	6,235	6,704
Gain or Loss in Equity-Method	123	248	306	395	180	446	232
Recurring Income	4,685	5,046	4,894	5,558	5,625	7,164	7,584
Extraordinary Profit or Loss	131	▲41	▲36	43	23	▲17	671
Net Income	4,225	3,765	3,556	3,971	4,032	5,174	5,911

● Gross Profit by Business

¥ mil

	Operating Revenues (ex. premium charges)			Gross Profit		
	1-3Q FY2021	FY2021	1-3Q FY2022	1-3Q FY2021	FY2021	1-3Q FY2022
Consolidated	20,485	27,305	28,786	10,421	13,604	12,055
Securities Finance Business	17,813	23,753	26,033	7,920	10,251	9,479
Margin Loan Business (ex. Premium charges)	2,556	3,285	2,418	2,128	2,814	2,268
Securities Financing	11,353	15,391	15,750	2,742	3,766	4,066
Loans for Negotiable Margin Transactions	112	156	95	96	135	81
Loans to Securities Companies	849	1,196	1,126	834	1,179	1,114
Retail	383	510	404	264	352	281
Stock Lending	505	657	584	275	355	368
Bond Lending	9,502	12,869	13,538	1,271	1,742	2,220
Others(mainly securities investment)	3,903	5,076	7,864	3,049	3,670	3,144
Trust Business	2,215	2,960	2,374	1,876	2,524	1,984
Real Estate Management Business	966	1,286	900	947	1,261	880

Note)

Figures for each Group company are on a non-consolidated basis (before elimination of consolidation), and the sum of these figures does not correspond to the figures for “Operating Revenues (A)” and “Gross Profit (A-B)”.

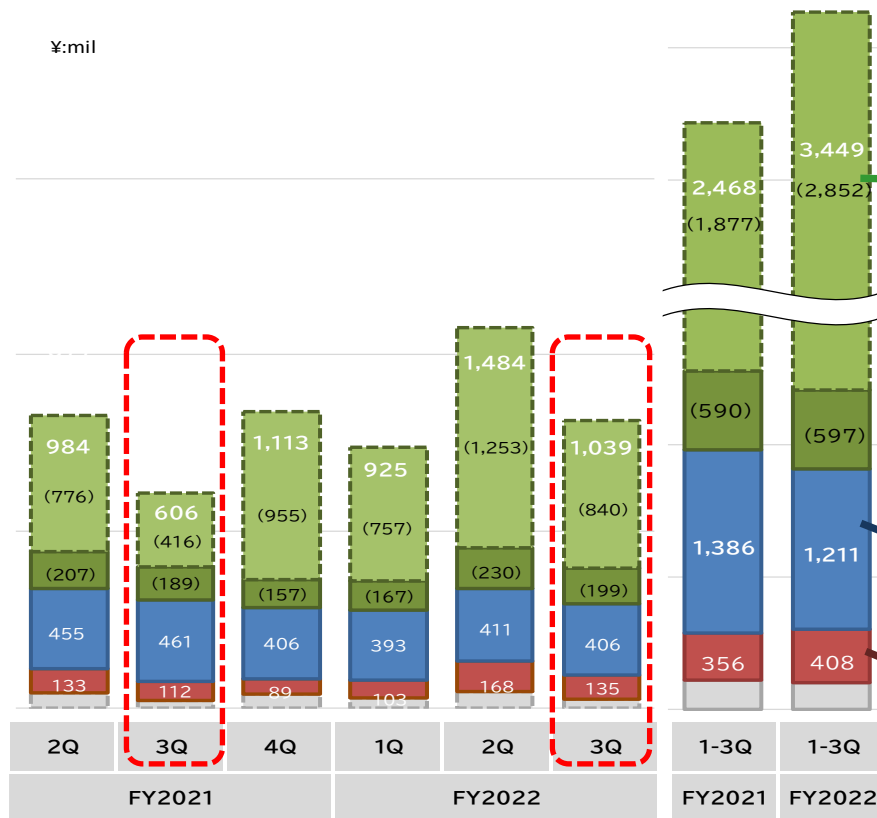
● Breakdown of Operating Revenues by Business (Margin Loan Business) © JSF

- Margin loan balances decreased YoY, resulting in decreased revenues when excluding premium charges for over-lent stock loans

Changes in Operating Revenues

Quarterly

¥:mil

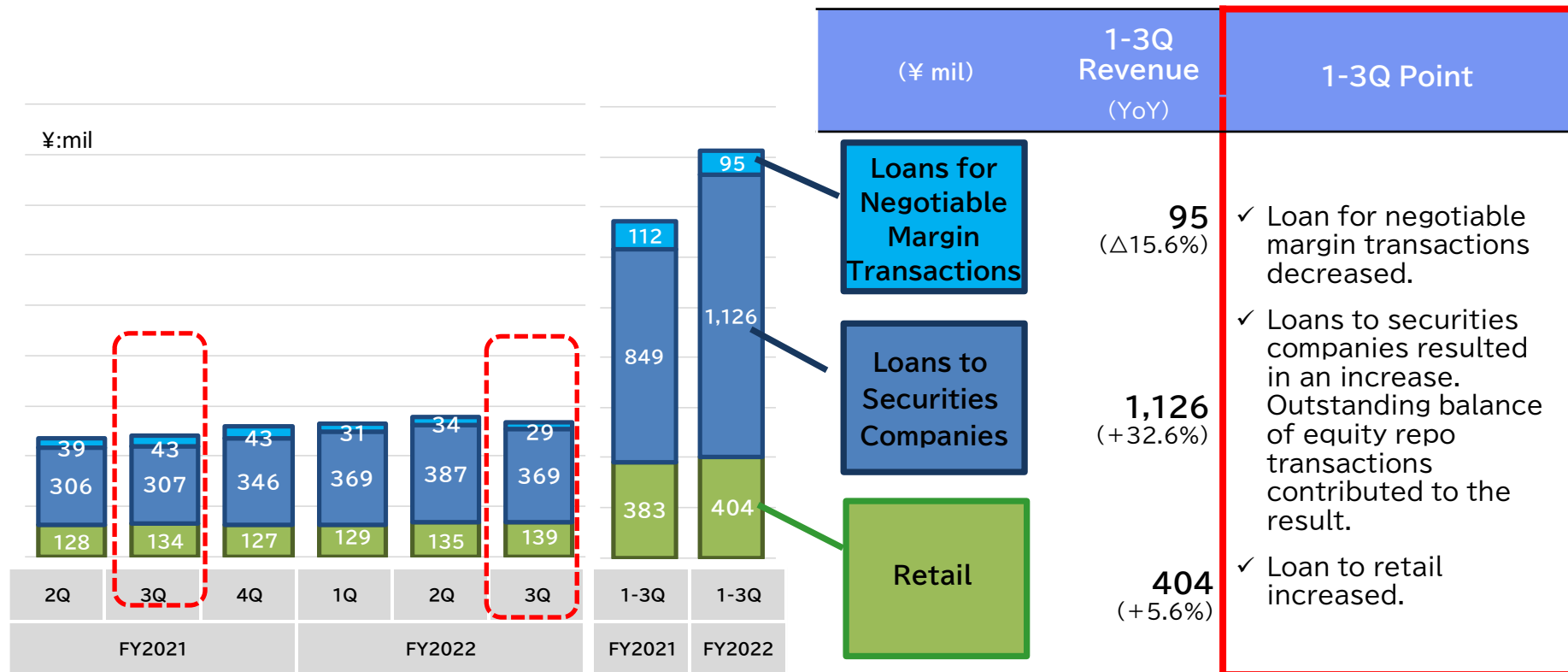


(mil)	1-3Q Revenue (YoY)	1-3Q Point
Margin Loan Business	5,271 (+18.9%)	✓ Operating revenues for services decreased even when excluding premium charges.
(ex premium charges)	2,418 (Δ5.4%)	
Fees on Lending Securities	3,449 (+39.8%)	✓ Revenues from lending fees decreased due to YoY decline in stock loan balances.
Premium Charges	2,852 (+51.9%)	
Lending Fees	597 (+1.2%)	
Interest on Loans	1,211 (Δ12.6%)	
Interest on collateral money of securities borrowed	408 (+14.5%)	✓ Revenues from interest on loans decreased due to YoY decline in margin loan balances.

● Breakdown of Operating Revenues by Business (Securities Financing (I)) © JSF

- Loans to securities companies resulted in an increase.
Outstanding balance of equity repo transactions contributed to the result.

Changes in Operating Revenues Quarterly



< Loan Lineup >

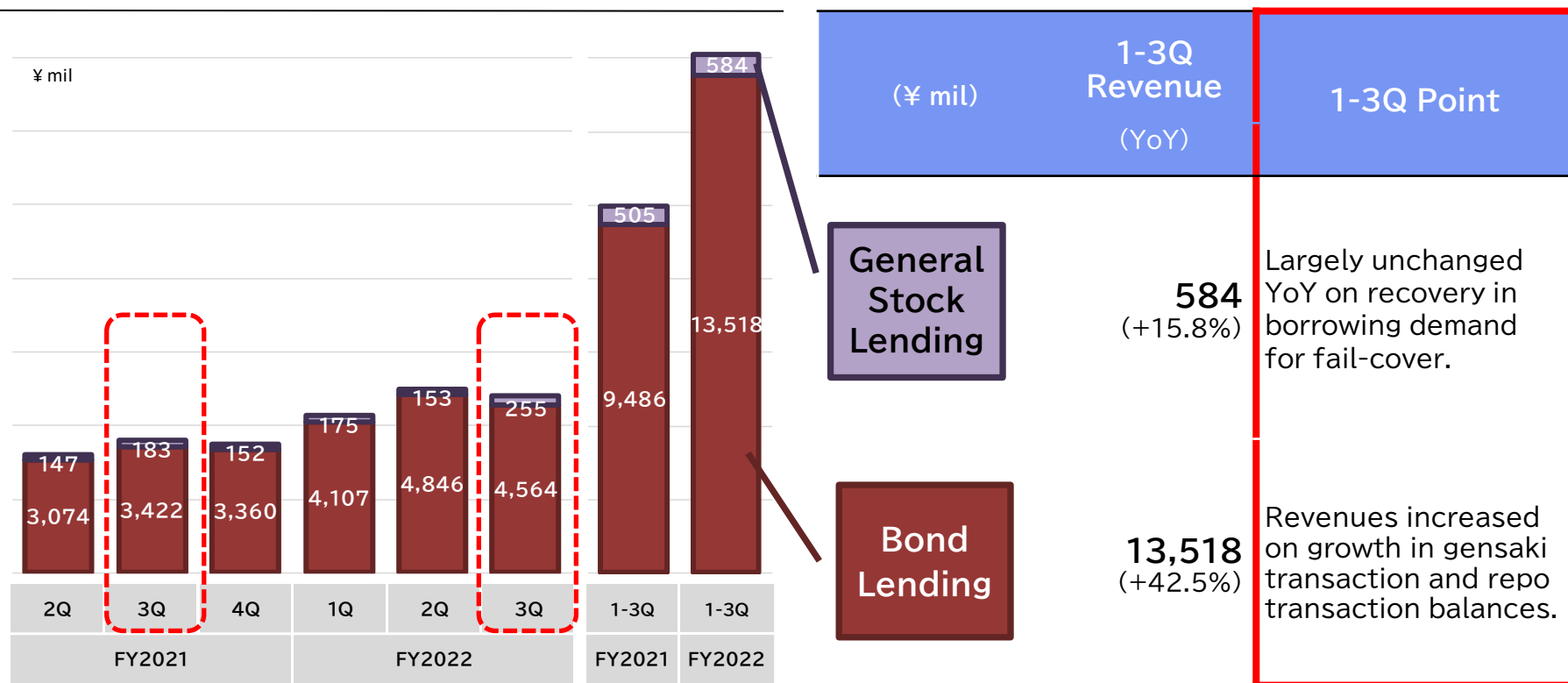
- Loans to securities companies: General loans, bon financing, loans for negotiable margin transactions, stabilizing fund loans, equity repo (cash-secured stock lending transactions)
- Loan to retail: Com-STOCK loans

● Breakdown of Operating Revenues by Business (Securities Financing (2)) © JSF

- Bond lending revenues increased on growth in gensaki transaction and repo transaction balances
- General stock lending largely unchanged YoY thanks to recovery of borrowing demand for fail-cover.

Changes in Operating Revenues

Quarterly



*General stock lending is ...

- Lending stock to securities companies depending on their various demands (ex. fail-cover and arbitrage), except on demand to settle margin transactions.

● Breakdown of Operating Revenues by Business

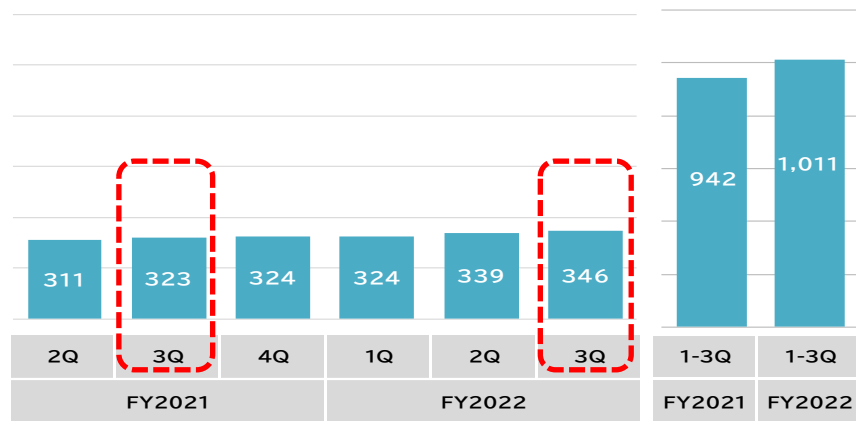
(JSF Trust Bank)

- Balances for crypto asset related trusts declined due to downturn on crypto asset market but secured increase in trust fees on continued favorable performance of asset-backed loan trusts.

Changes in Trust Fees

Quarterly

¥ mil



*Consolidated base

(¥ mil)	1-3Q Revenue (YoY)	1-3Q Point
Trust Charges	1,011 (+7.3%)	Favorable asset-backed loans driving continued increase

Trust Lineup

Trusts for the separate management of money and securities

Trust for segregated deposits which securities companies receive from customers

Trusts for currency future trading

Trust for segregated guarantee deposits which FX business operators receive from customers

Crypto-asset related trust

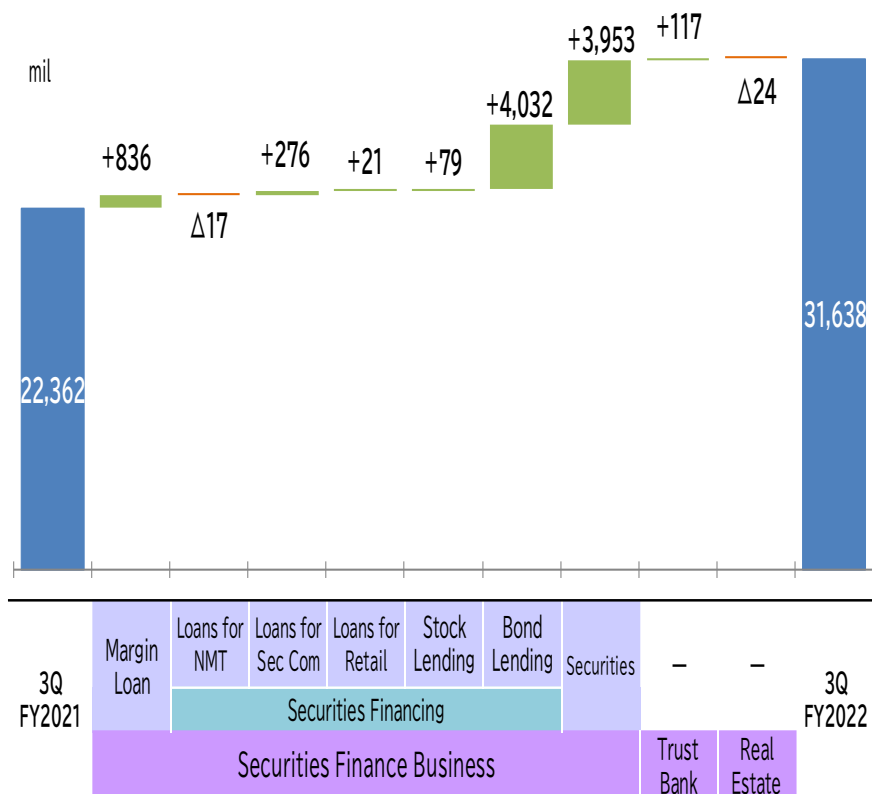
Trust for segregated guarantee deposits which crypt-asset exchangers receive from customers

Asset Backed Loan (ABL) Trust

For setting up ABL, which is an investment product for institutional investors, JSFTB provides functions as SPC.

● Analysis of YoY Change in Operating Revenue by Business (Quarterly)

【1-3Q】 YoY ¥ 9,275 mil(+41.5%)



Summary of the Significant Points for quarterly

Margin Loan Business

- Margin loan revenues increased but revenues decreased when excluding premium charges for over-lent stock loans due to a decline in financing and stock loan balances

Securities Financing Business

- Revenues from capital loans to securities companies increased on high balances for equity repo.
- Revenues from loans to retail increased on higher balances for COM-STOCK loans.
- General stock lending largely unchanged YoY thanks to recovery of borrowing demand for fail-cover.
- Bond Lending revenues increased on high balances for gensaki transactions and repo transactions.

Others

- Revenues increased YoY on recording gain on sales of held securities (also recorded loss on sales).

Trust Business

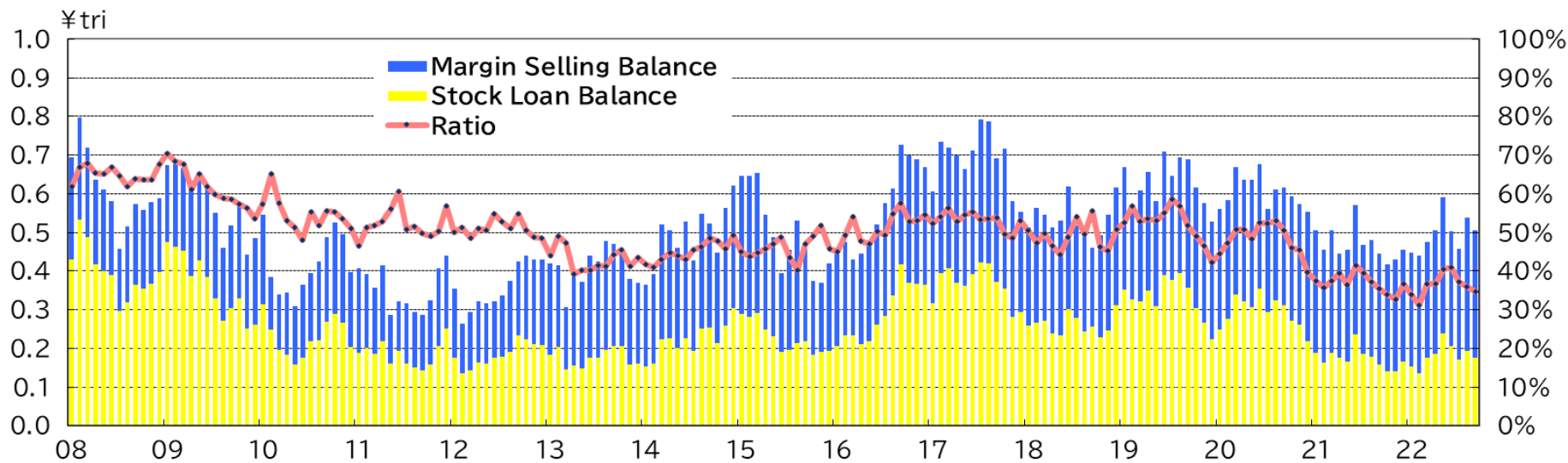
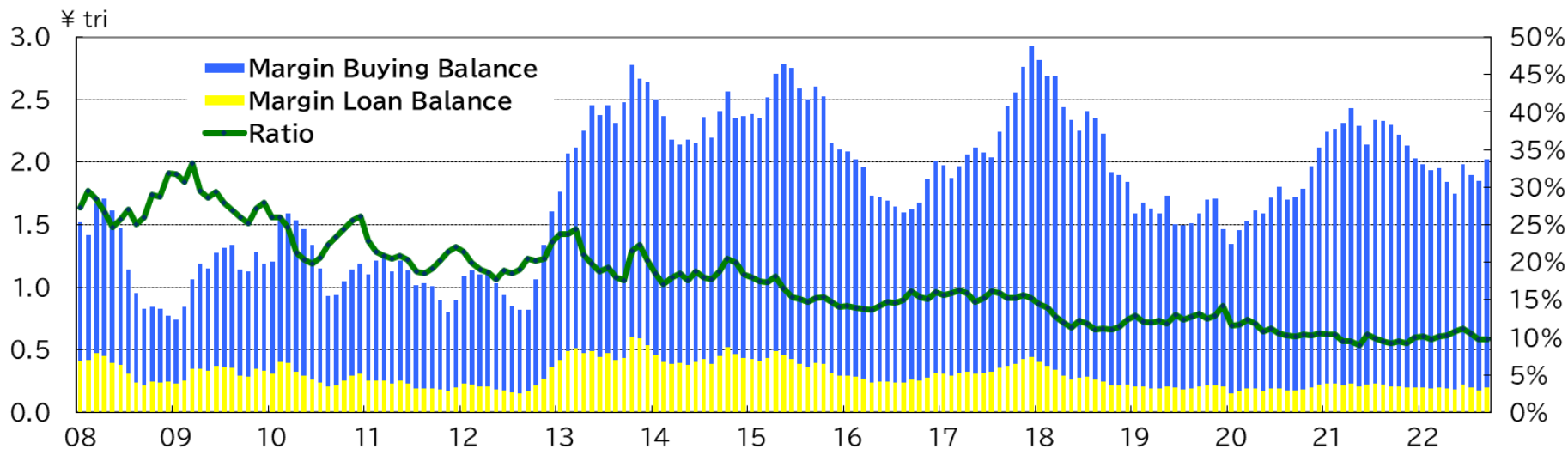
- Revenues increased on growth in trust fees.

● Outstanding Balance of Transactions by Group Business (Average Balance) © JSF

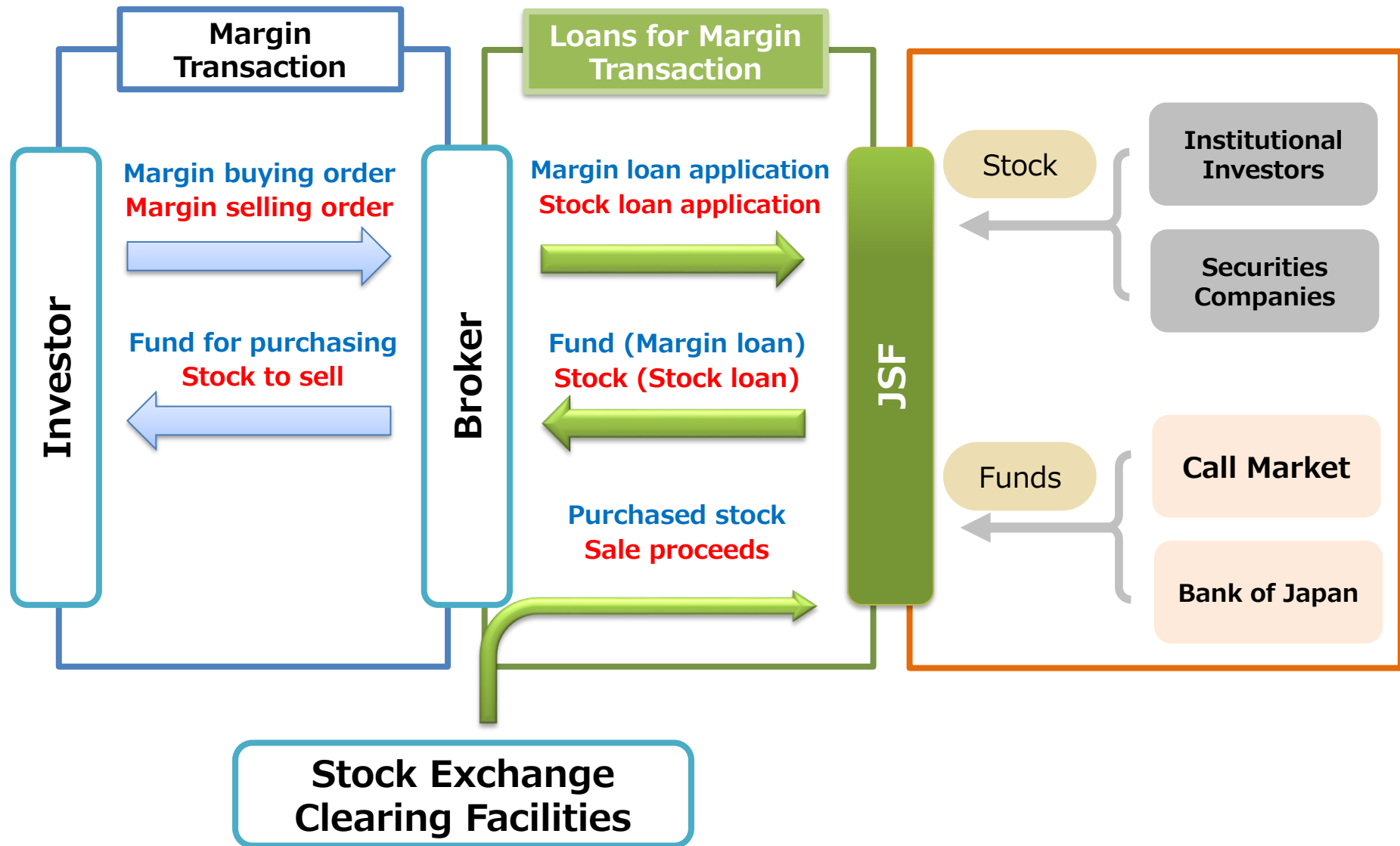
¥ mil

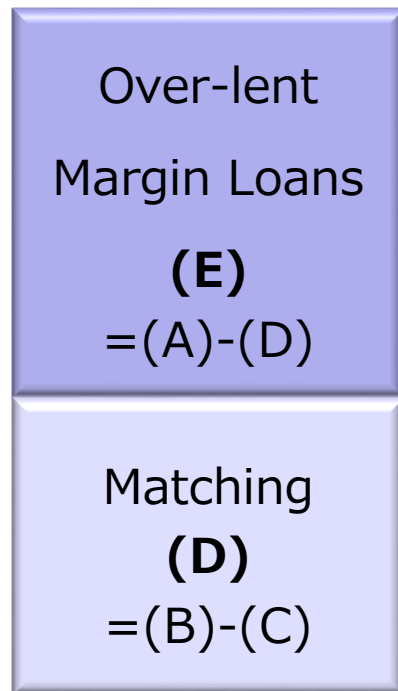
Transaction Type	1Q-3Q FY2021	FY2021	1Q-3Q FY2022
Margin Loans	290,707	283,118	252,690
Stock Loans	183,662	175,578	185,271
Securities Financing	9,625,047	9,969,762	11,634,905
Loans for Negotiable Margin Transaction	20,622	21,509	17,151
Loans to Securities Companies	554,319	585,974	687,642
Retail	14,780	14,993	16,446
General Stock Lending	44,781	47,509	52,153
Bond Lending	8,990,542	9,299,775	10,861,511
Trust Bank Loans	697,171	682,499	546,800

● Margin Transactions & Loans for Margin Transactions © JSF

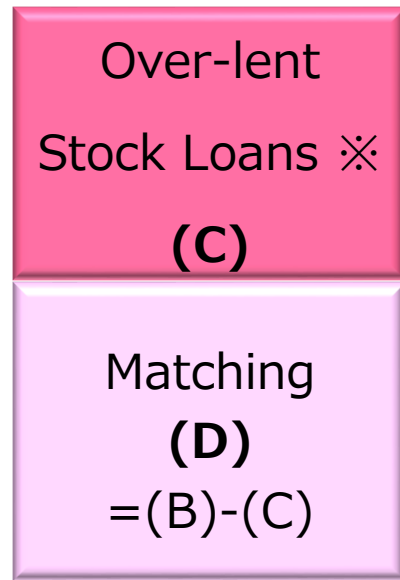


● Structure of Margin Transactions & Loans for Margin Transactions





Margin Loans
(A)



Stock Loans
(B)

Income Statement

Operating revenues:

Interest on loans $= (A) \times 0.60\%$

Fee on lending securities (lending fees)
 $= (B) \times 0.40\%$

Interest on collateral money of
securities borrowed $= (C) \times 0.60\%$

Operating expenses:

Interest on borrowing $= (E) \times \text{funding rate}$

◆ Besides the above, premium charges are posted in operating revenues (fees on lending securities) in part of over-lent stock loans. However, the same amount is posted in operating expenses (fees of borrowing charges), so the amount of premium charges does not affect our profit.

Revenue: Fees on lending securities (premium charges) = Expenses: Fees on borrowing securities (premium charges) $= (C)' \times \text{rate of premium charges}$

● Balance Sheet Summary (end of Dec-2022, consolidated)

¥mil

	Dec-22	Change from Mar-22	
Total assets	13,523,609	▲ 645,046	
Cash & Deposit	851,099	▲ 447,971	Deposit at BOJ
Short-term investments	63,061	▲ 46,663	JGB and other bonds (Maturity: 1year or less)
Short-term loans receivable	930,238	38,752	Margin loan / Loans for negotiable margin transactions / General loans / Trust bank loans
Receivables under resale agreements	4,538,639	610,492	
Collateral money of securities borrowed	5,797,455	▲ 701,966	Collateral money of bond borrowing Collateral money of stock borrowing
Investments in securities	783,451	▲ 259,044	JGB and other bonds (Maturity: more than 1year), Stock
Total liabilities	13,388,226	▲ 642,432	
Call money	1,360,200	▲ 498,200	
Short-term borrowings	43,010	▲ 196,200	Bank borrowing Market operation by BOJ
Commercial Paper	405,500	▲ 90,500	
Payables under repurchase agreements	6,652,628	1,107,729	
Collateral money received of securities lent	3,779,338	▲ 927,158	Collateral money of bond lending Collateral money of stock lending
Borrowed money from trust account	1,014,775	▲ 16,636	
Total net assets	135,382	▲ 2,614	

Features of Assets

The major components of assets are margin loans (short-term loans receivable), deposits in current account balance at the BOJ (cash and deposits), both of which are subject to daily fluctuations, collateral deposited for the procurement of securities (collateral money of securities borrowed/receivables under resale agreements), and securities held for investment.

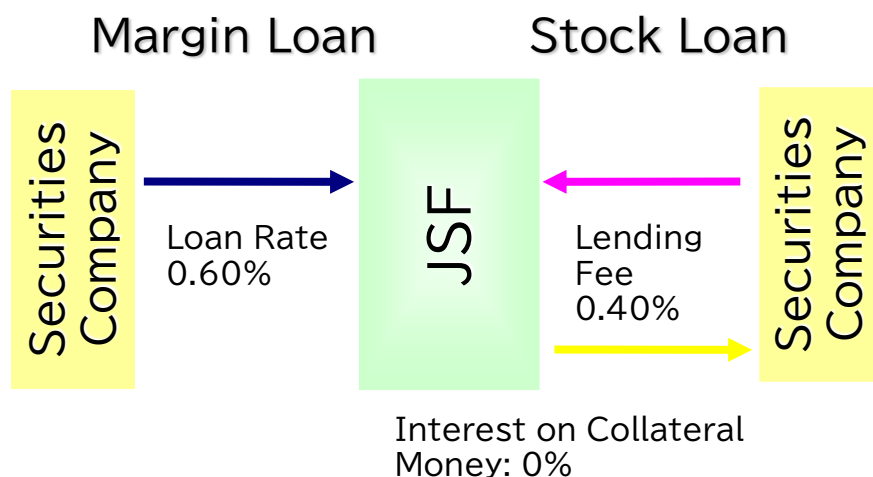
Cash and cash equivalents may change significantly depending on the amount of standby funds in the trust account of JSF Trust and Banking Co., Ltd. and the surplus of cash position of the Group as a whole.

Features of Liabilities

In addition to market funding, such as call money and commercial paper, which can be adjusted daily in order to address daily changes in assets, major liabilities are collateral deposits received against lending securities (collateral money received of securities lent/payables under repurchase agreements).

Ref) Capital adequacy ratio*
at the end of Dec 2022: 360%
*Based on FIEA

● About the Margin Loan Rate



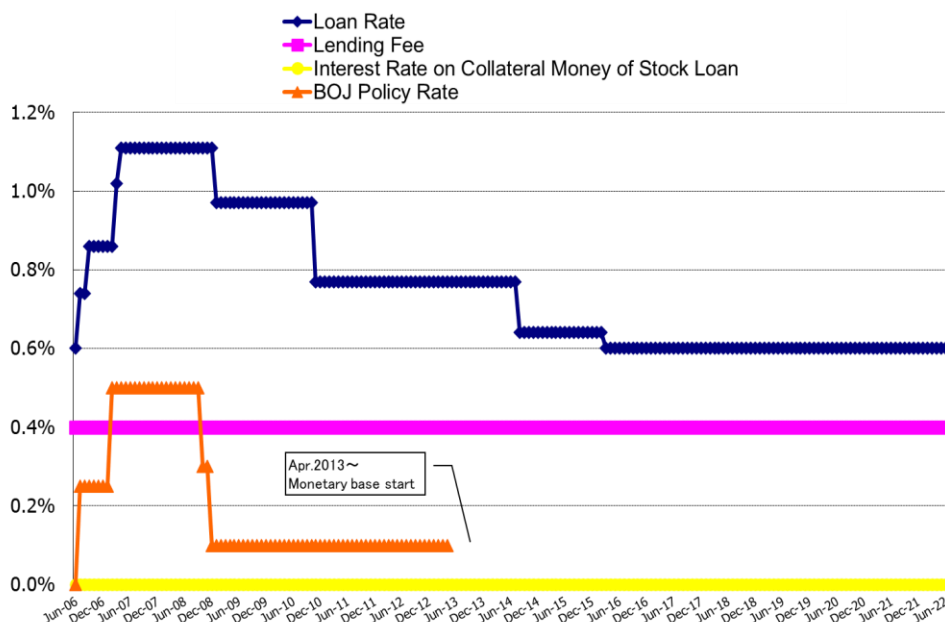
BOJ Policy Interest Rate

- Jul 2006 Uncollateralized O/N Call Rate: **0.25%**
- Feb 2007 Uncollateralized O/N Call Rate: **0.50%**
- Oct 2008 Uncollateralized O/N Call Rate: **0.30%** (▲0.20%)
- Dec 2008 Uncollateralized O/N Call Rate: **0.10%** (▲0.20%)
- Oct 2010 Uncollateralized O/N Call Rate: **0~0.10%** (▲0.10~0%)
- Apr 2013 Switched from an interest rate to monetary base
- Jan 2016 Embraced negative interest rates
- Sep 2016 Introduced QQE with yield curve control

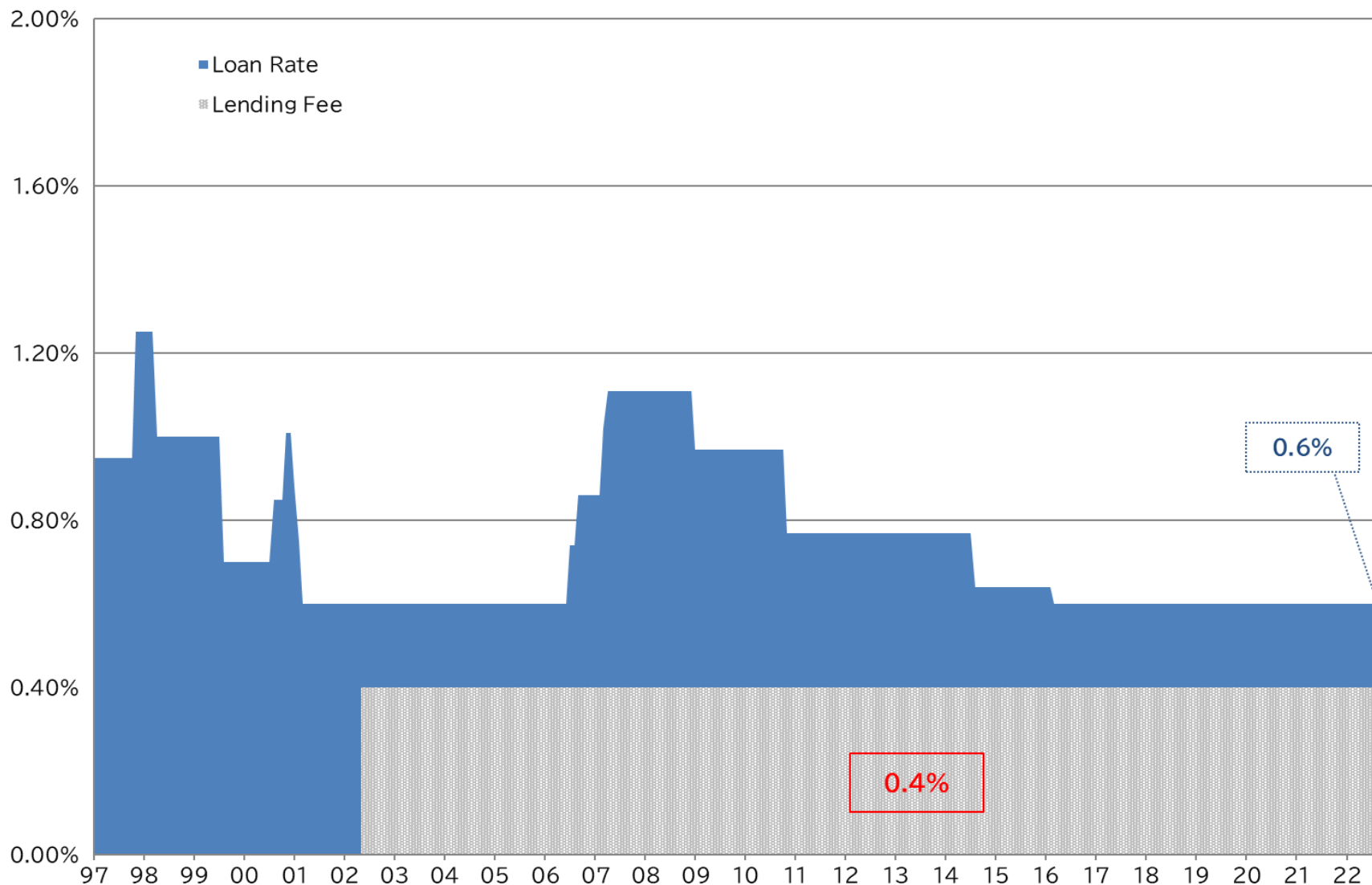
Margin Loan Rate

- 27/Jul/2006 **0.74%** (+0.14%)
- 22/Sep/2006 **0.86%** (+0.12%)
- 15/Mar/2007 **1.02%** (+0.16%)
- 05/Apr/2007 **1.11%** (+0.09%)
- 29/Jan/2009 **0.97%** (▲0.14%)
- 22/Nov/2010 **0.77%** (▲0.20%)
- 06/Aug/2014 **0.64%** (▲0.13%)
- 09/Mar/2016 **0.60%** (▲0.04%)

◆ The margin loan rate is decided by reflecting the changes in market rates and the BOJ's Policy Interest Rate.



● Rate of Loans for Margin Transactions



¥ mil

Securities Holdings	Mar-22		Dec-22		Notes
	B/S Amount	Unrealized Profits and Losses	B/S Amount	Unrealized Profits and Losses	
Equity	26,955	12,207	22,409	9,525	
Bond	1,100,835	3,587	798,412	▲32,684	
JGB&Municipal Bond	527,826	4,267	358,578	▲23,429	Government guaranteed bonds etc.
Corporate Bond	447,409	▲786	362,912	▲1,808	
Others	125,600	106	76,921	▲7,446	Foreign government bonds etc.
Other Securities	14,571	0	17,381	2,811	
Total	1,142,362	15,794	838,203	▲ 20,346	
(included the effects of derivatives)	—	(11,290)	—	(6,605)	

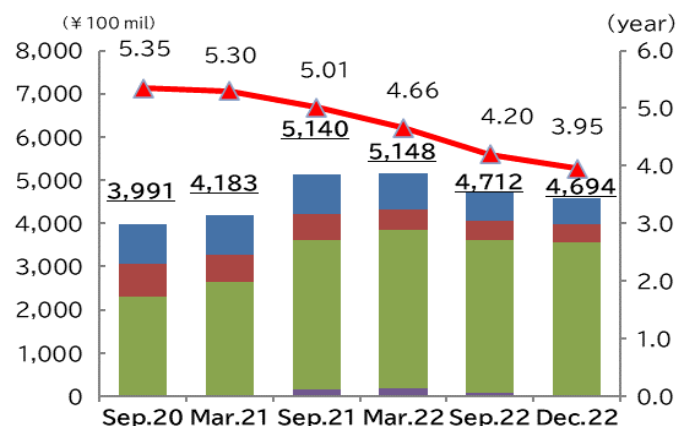
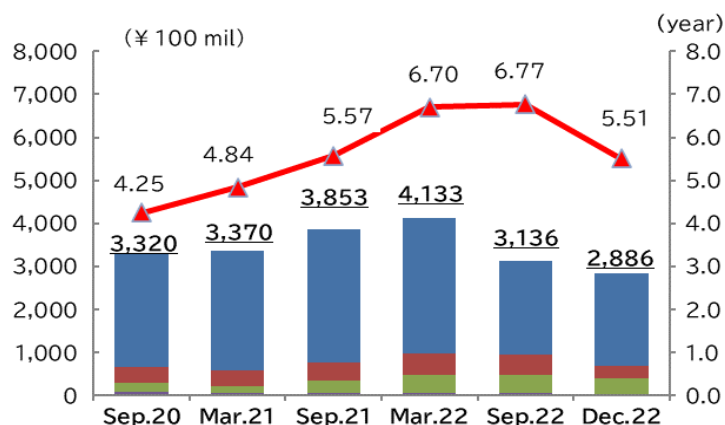
Held-to-maturity bonds	B/S Amount	Unrealized Profits and Losses	B/S Amount	Unrealized Profits and Losses	Notes
JGB	1,511	162	—	—	

*Unrealized profits and losses is not included the effects of hedging with derivatives

Yen Bond Portfolio(JSF)

Yen Bond Portfolio (JSF Trust Bank)

Over 10 years 5 years to 10 years 1 year to 5 years Within 1 year ▲ Average remaining period



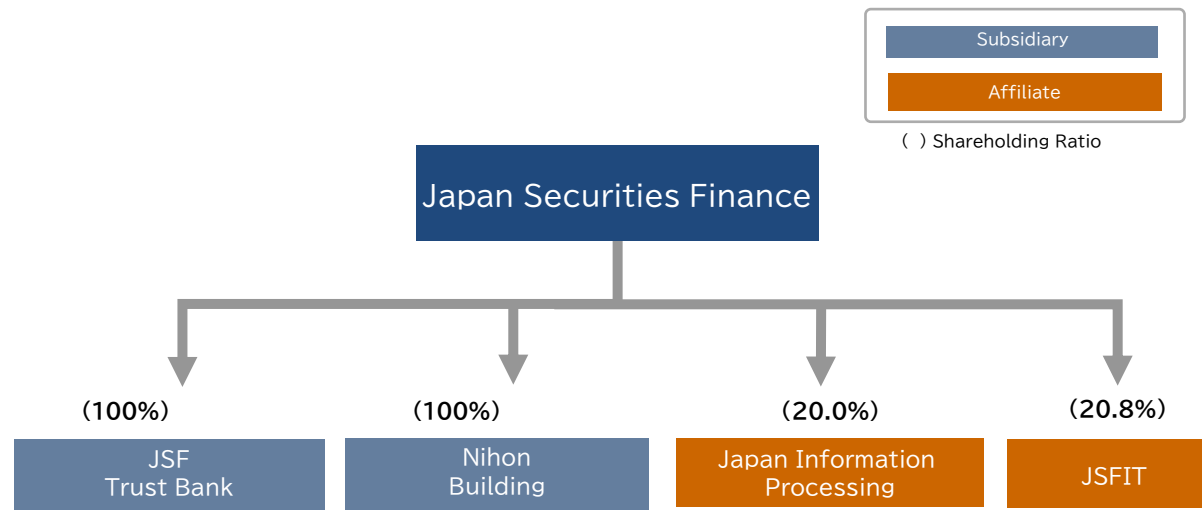
(Note) The average remaining period is calculated excluding held-to-maturity bonds and bonds for which hedge-accounting is applied

● Loan Balance by Industry

¥mil

	Dec-21		Mar-22		Dec-22	
	Loan Balance	Ratio	Loan Balance	Ratio	Loan Balance	Ratio
Manufacturing	0	0.0%	0	0.0%	0	0.0%
Fishery	0	0.0%	0	0.0%	0	0.0%
Mining	0	0.0%	0	0.0%	0	0.0%
Construction	0	0.0%	0	0.0%	0	0.0%
Energy & Utilities	0	0.0%	0	0.0%	0	0.0%
Communication	0	0.0%	0	0.0%	0	0.0%
Transportation	689	0.1%	689	0.1%	0	0.0%
Wholesale	0	0.0%	0	0.0%	0	0.0%
Retail	0	0.0%	0	0.0%	0	0.0%
Finance & Insurance	1,000	0.1%	4,650	0.9%	4,150	0.8%
Real Estate	1,198	0.2%	1,196	0.2%	1,226	0.2%
Service Industries	0	0.0%	0	0.0%	0	0.0%
Governments	681,751	99.6%	526,090	98.8%	534,755	99.0%
Total	684,638		532,625		540,132	

● Our Group Companies



Shareholding Ratio	Name	Capital (mill yen)	Business Overview
100%	JSF Trust and Banking Co., Ltd.	14,000	Trust service and banking service
100%	Nihon Building Co., Ltd.	100	Real estate ownership and leasing Real estate trading and brokerage
20.0%	Japan Information Processing Service Co., Ltd	2,460	Information processing services Software development and sales
20.8%	JSF Information Technology Co., Ltd	100	Information processing services Software development and sales

As of 31/Dec/2022		JCR		R&I		Standard & Poor's	
		Rating	Outlook	Rating	Outlook	Rating	Outlook
Japan Securities Finance	Long-term	AA-	Stable	AA-	Stable	A	Stable
	Short-term	J-1+ (Highest)		a-1+ (Highest)		A-1	
	CP Issue	¥1tri		¥1tri		—	
JSF Trust Bank	Long-term	AA-	Stable	AA-	Stable	—	—
	Short-term	J-1+ (Highest)		a-1+ (Highest)		—	—

The development of infrastructure that forms the foundation of socio-economic activities is a key element to realize a sustainable society. It is also one of the Sustainable Development Goals (SDGs: Goal 9). Our Group provides a variety of services, including the Margin Loan Business, as a part of the infrastructure of the securities market and strives to improve the liquidity of securities and financial markets and to improve convenience for market participants. Through these activities, we aim to play a role that includes supporting market participants who are engaged in similar initiatives to realize a sustainable society.

Our Group believes that it is important to build a system that ensures stable operations even under various circumstances as it assumes responsibility for the infrastructure of securities and financial markets. To this end, it is important not only to respond to disasters in a narrow sense, but also to ensure the stability and high reliability of our business base.




In addition, we believe that there are issues to which we can contribute by utilizing the know-how and other resources that our Group has cultivated over the years.

Based on this perspective, we are currently aware of the following material issues (materialities). Our Group recognizes the roles expected of our Group in addressing these material issues (materialities) and will advance various initiatives while flexibly responding to future changes in the social environment.

Important issues we recognize

Classification	Item	Challenges
E S	Climate change	<ul style="list-style-type: none"> Promote a reduction in environmental impact
	Education	<ul style="list-style-type: none"> Promote financial and economic education activities Promote academic research activities
	Human resources	<ul style="list-style-type: none"> Promote diversity Develop and secure human resources and create a pleasant workplace
	Human rights	<ul style="list-style-type: none"> Respect human rights, non-discrimination and diversity Prohibit various types of harassment
	Capital market	<ul style="list-style-type: none"> Enhance functions as infrastructure for securities and financial markets Contribute to overseas securities and financial market infrastructure
G	Corporate governance	<ul style="list-style-type: none"> Continuously improve corporate governance
	BCP	<ul style="list-style-type: none"> Stably operate business that is not affected by disasters etc.
	Compliance	<ul style="list-style-type: none"> Operate business based on a high awareness of compliance
	Risk management	<ul style="list-style-type: none"> Implement the Risk Appetite Framework (RAF)

Specific Initiatives on Key Issues

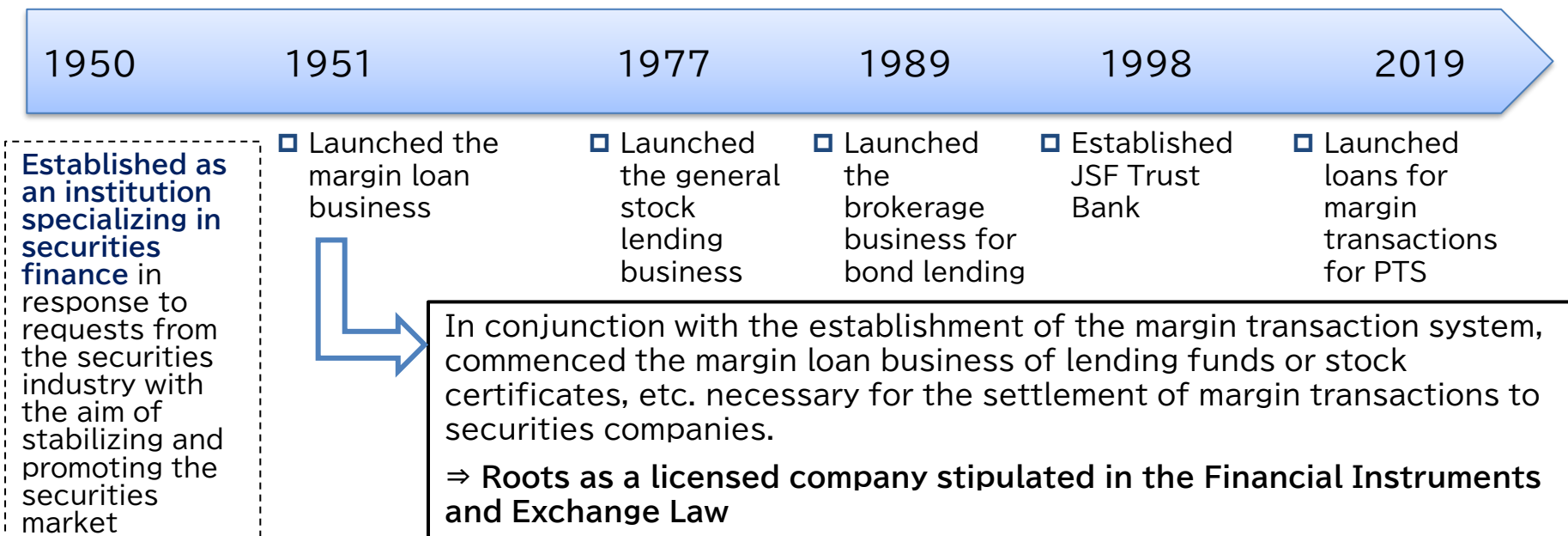
Classification	Challenges	Initiatives
E S  	Reduce environmental impact	<ul style="list-style-type: none"> ● Improve company facilities to conserve electricity and be conscious of environmental impact ● Promote paperless operations in all areas of the company
	Promote financial and economic education activities	<ul style="list-style-type: none"> ● Hold various seminars on margin transactions ● Hold seminars for investors and training for securities company employees, etc.
	Promote academic research activities	<ul style="list-style-type: none"> ● Conduct joint empirical research with the University of Tokyo (Securities Lending and Lending Transactions Utilizing Distributed Ledger Technology) ● Collaborate with Kyoto University in Index Development Utilizing Margin and Credit/Debit Transaction Data
	Contribute to overseas securities and financial market infrastructure	<ul style="list-style-type: none"> ● Provide technical assistance and investment in Indonesian Securities Finance
	Realize diverse work styles for employees	<ul style="list-style-type: none"> ● Provide support for childbirth, childcare, and nursing care <ul style="list-style-type: none"> – Introduce company-wide teleworking – Understand employee engagement 
G	Enhance corporate governance	<ul style="list-style-type: none"> ● Strive to enhance governance as a company with a Nominating Committee etc. <ul style="list-style-type: none"> – Ensure that the majority of directors are independent outside directors – Ensure that the Chairman of the Board of Directors and Chairman of the 3 Committees are Independent Outside Directors ● Establish dedicated departments to address various corporate governance issues with a sense of urgency
	Implement risk management	<ul style="list-style-type: none"> ● Implement RAF and establish a system to integrate business management and risk management
	Implement BCP	<ul style="list-style-type: none"> ● Continue to strengthen the BCP system and cyber security system to ensure stable business operations as a part of the infrastructure of securities and financial markets
	Implement compliance	<ul style="list-style-type: none"> ● Prepare manuals and establish Compliance Enhancement Month

Corporate Philosophy

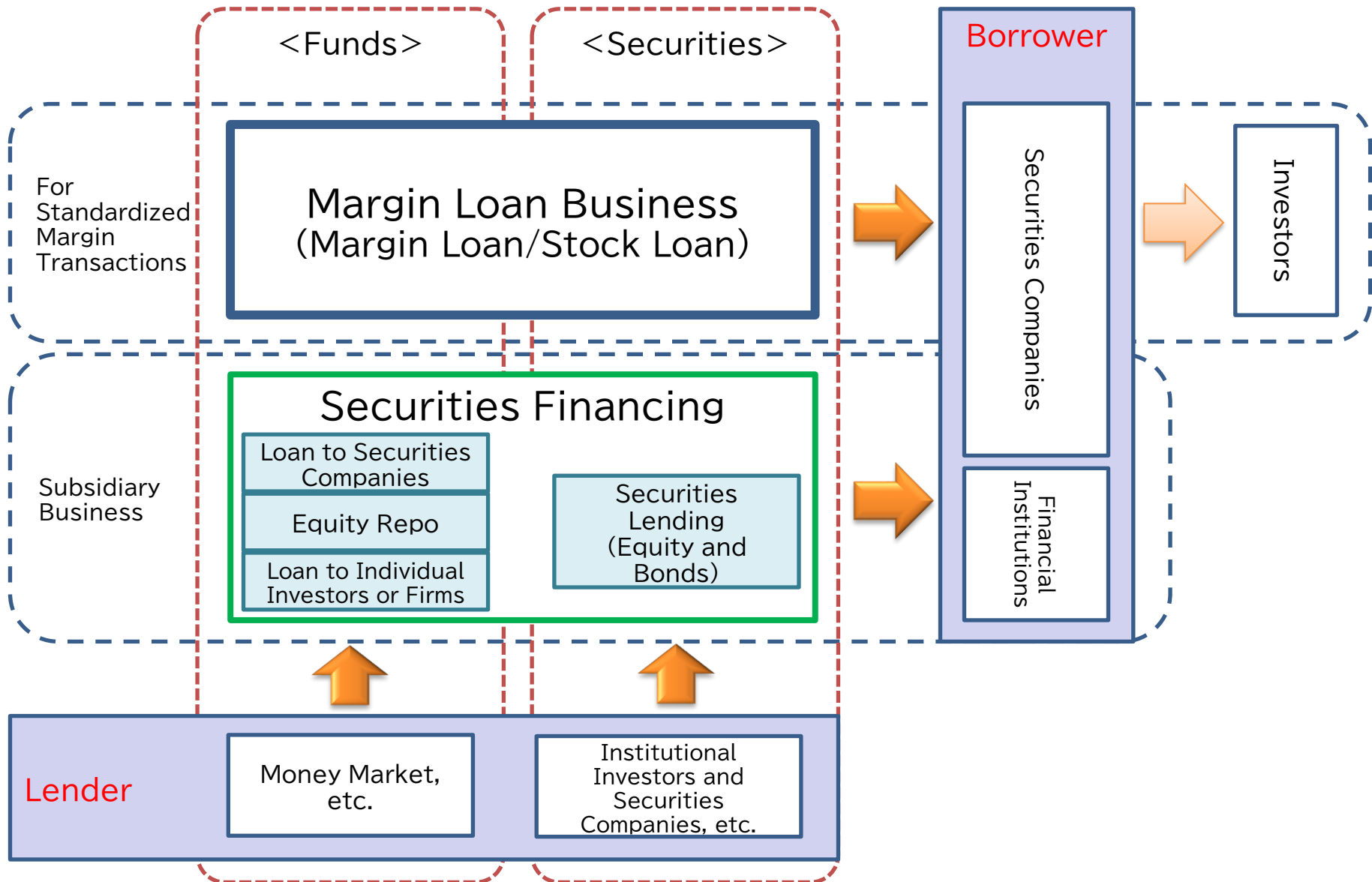
As an institution specializing in securities finance, JSF has a mission to contribute to the development of the securities market by proactively meeting the diverse needs of the securities and financial sectors and to enhance the long-term interests of users, while always maintaining a keen awareness of its public role.

Our History to Date

- Focus on stable management of the margin loan business and improving convenience as infrastructure for securities markets
- We will also engage in new operations that meet market needs.



● Our Business Field (Image Chart)



This document includes statements relating to business forecasts. These statements do not guarantee future business performance; they contain risks and uncertainties. Future business performance may vary significantly depending on the stock market and financial conditions or other factors.