

March 20, 2023

To whom it may concern

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Review of Executive Remuneration

Japan Securities Finance Co., Ltd. (the “Company”) hereby announces that the Remuneration Committee, at its meeting held today, reviewed the Executive Remuneration System and resolved to change it as shown in the attachment.

The Company disclosed its 7th Medium-Term Management Plan (FY2023-FY2025) in its “Announcement of Formulation of Medium-term Management Plan” on February 6, 2023 that it will accelerate and deepen the management reform initiatives that it has been pursuing to date in order to achieve our medium-term management goal of a 5% ROE. We have also been working to enhance and strengthen its corporate governance since transitioning to a company with a nominating committee, etc. in 2019, and we will continue to work towards further effectiveness.

The Company has established a system and level of remuneration for executive remuneration that is consistent with the Company's mission and management policies from a perspective of achieving sustainable growth and medium- to long-term corporate value enhancement in accordance with the roles and expected functions of Directors and Executive Officers. The Remuneration Committee has conducted a series of reviews of the design of officers' remuneration, taking into account the concept of corporate governance, to ensure that incentives are consistent with the management policies under the new Medium-Term Management Plan. Accordingly, the Company has decided to review Executive Officer remuneration starting in FY2023.

We will continue to strive to enhance and strengthen corporate governance and implement necessary measures in order to achieve sustainable growth and medium- to long-term corporate value enhancement.

We thank you for your understanding of the Company's management philosophy and look forward to your continued support and cooperation moving forward.

End.

Overview of the Executive Remuneration System

I Executive Officers

1. Composition (continuing as at present)

- Based on our management philosophy of playing a public role in supporting the infrastructure functions of the securities and financial markets, maintaining financial soundness, and performing stable operations, while at the same time achieving sustainable growth and medium- to long-term corporate value enhancement, the ratio of fixed remuneration to performance-linked remuneration shall be as follows.

Basic remuneration (Fixed)	Bonuses	Stock remuneration
65%	20%	15%

2. Performance-linked remuneration (change)

(1) Approach

- Performance-linked remuneration is divided into short-term and long-term incentives, with bonuses positioned as short-term incentives and stock remuneration as long-term incentives.

(2) Bonuses

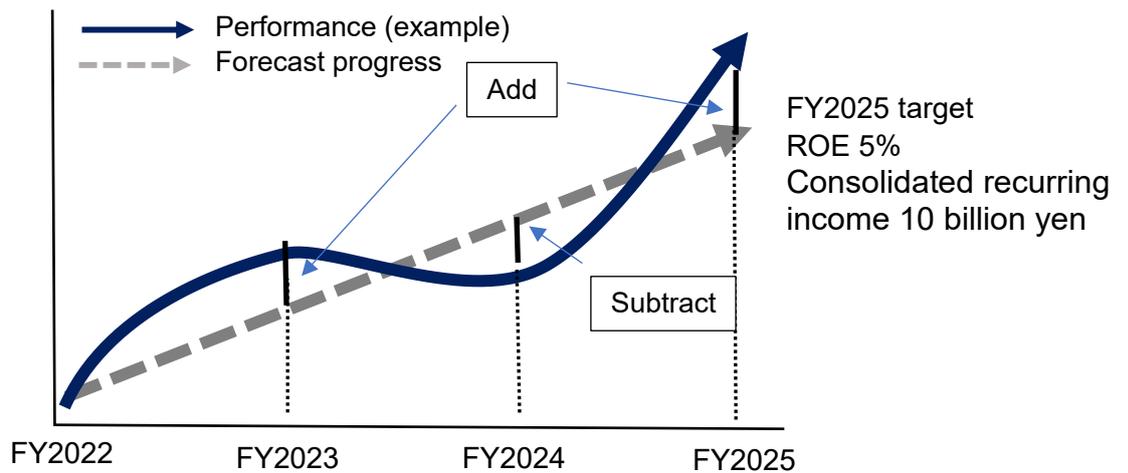
- Consolidated current fiscal year net income will be used as a reference index with a viewpoint of clarifying management responsibility for each fiscal year as a short-term incentive.
- As a method of reflecting this, the performance-linked coefficient shall be the ratio of the current fiscal year's consolidated net income to the previous year's consolidated net income, and shall be multiplied by the standard calculation amount according to the position.
- Officer Bonuses shall be divided into the performance-linked portion and the personal assessment portion, and the personal assessment portion shall be increased or decreased according to the personal assessment.

(Example) Image of the Executive Officer's personal assessment

Fixed remuneration (65%)	Bonuses (20%)	Stock remuneration (15%)
	Performance-linked portion (15%)	Personal assessment portion (5%)

(3) Stock remuneration

- As a long-term incentive, the ROE and consolidated recurring income, which are our management goals of the 7th Medium-term Management Plan, will be used as a reference indicator.
- As a method of reflecting this, the forecast progress for each fiscal year through FY2025 will be used as the reference value, and the performance-linked coefficient will be the comparison with the actual results for each fiscal year.



II Directors (continuing as at present)

- Directors will receive only a fixed monthly remuneration (basic remuneration) from the perspective of exercising their supervisory function, and performance-linked remuneration, etc. will not be paid.
- Remuneration of individual Directors shall be determined in accordance with their responsibilities as Directors, such as being full-time or part-time and their being appointed as Chairperson.
- Directors who also serve as Executive Officers shall not be paid remuneration as a Director.

End.