

June 1, 2017

To Shareholders

President
Eizo Kobayashi
JAPAN SECURITIES FINANCE CO., LTD.
1-2-10, Nihonbashi-Kayabacho, Chuo-ku, Tokyo, Japan

NOTICE OF THE 107th ORDINARY GENERAL MEETING OF SHAREHOLDERS~*extract*

Dear Shareholders,

You are hereby advised of the convocation of the 107th Ordinary General Meeting of Shareholders of the Company, details of which are indicated below. We hope very much that you will be able to attend this Meeting.

In order to exercise your rights, please review the attached reference materials, and indicate your approval or disapproval of the proposals on the enclosed document, then return it or vote on the Internet site (<http://www.e-sokai.jp>) by 5:20 p.m. Japan Standard Time on 22nd June, 2017.

We are pleased to announce you that we participate in the ICJ voting platform, improving the voting environment for all our shareholders. The ICJ is offering access to the world's most widely used and sophisticated electronic voting platform, Broadridge's Proxy Edge voting platform.

Details

1. Date and Time: 10:00 a.m. on Friday, 23rd June, 2017

2. Venue: JAPAN SECURITIES FINANCE CO., LTD., Conference Room
1-2-10 Nihonbashi-Kayabacho, Chuo-ku, Tokyo, Japan

3. Agenda for the Meeting**Items to be reported:**

Report 1: The 107th fiscal year (from Apr. 1, 2016 to Mar. 31, 2017)

Business Report, Consolidated Financial Statements and Report of audits of the consolidated financial statements by the Accounting Auditor and the Board of Auditors.

Report 2: The 107th fiscal year (from Apr. 1, 2016 to Mar. 31, 2017)

Financial Statements.

Items to be resolved:

Agenda 1: Appropriation of Retained Earnings

Agenda 2: Election of nine Directors

Agenda 3: Election of one Substitute Auditor

Note: This English version is not a legally accurate translation of the original Japanese text.

REFERENCE DOCUMENTS PERTAINING TO EXERCISE OF VOTING RIGHTS

Agenda and Reference Information

Agenda 1: Appropriation of Retained Earnings

The Company proposes the appropriation of retained earnings in the following manner.

Year-end dividend

The Company considers the long-term, stable return of profits to shareholders to be among its most important management tasks and therefore has a basic guideline of paying dividends according to results after provisioning the capital and interval reserves that it requires as a financial institution. Concretely, Our dividend policy is that the consolidated payout ratio, as a standard that reflects our business performance, shall not fall below the 60% level and that we shall return profits to shareholders while taking into account the consolidated dividend on equity ratio.

Following the above basic policy, Company's year-end dividends will be calculated at 10 yen per share. Accordingly, annual dividends which include the interim dividends of 8 yen per share will be calculated at 18 yen per share.

(1) Type of dividend asset

Cash

(2) Allocation of dividend assets and total amount of allocation

10 yen per share of common stock

Total amount of payout: 968,294,640 yen

(3) Effective date of dividend payment

June 26, 2017

Agenda 2: Election of nine Directors

As the term of office of ten directors will expire at the conclusion of this Ordinary General Meeting of Shareholders, the Company proposes the election of nine directors.

The candidates are as listed below.

No.	Name	Current Position and Duty at the Company	Attributes of the Candidate
1	Minoru Masubuchi	Representative Director Chairperson	Reappointment
2	Eizo Kobayashi	Representative Director President	Reappointment
3	Shunichiro Higuchi	Representative Director Vice President Responsibility for Audit Dept and Compliance Dept	Reappointment
4	Toshihiro Oritate	Senior Managing Director Responsibility for Business Development Dept, Treasury Dept, Settlement & Custody Dept and International Relations	Reappointment
5	Kenji Fukushima	Managing Director Responsibility for Margin Loan Dept, Institutional Sales Dept, Retail Business Dept and Information Systems Planning Dept	Reappointment
6	Kazuhiro Maeda	Managing Director Responsibility for Risk Management Dept, Human Resources Dept, Corporate Planning Dept and Affiliates	Reappointment
7	Takashi Imai	Director	Reappointment Candidate for Outside Director Candidate for Independent Director
8	Tetsuo Mae	Director	Reappointment Candidate for Outside Director Candidate for Independent Director
9	Eiko Shinotsuka	Director	Reappointment Candidate for Outside Director Candidate for Independent Director

(Note) No candidate has any relationship of special interest with the Company.

No.	Name (Date of birth)	Career Summary, Position and Duty (Significant concurrent positions)	Shares of JSF owned
1	Minoru Masubuchi (Nov. 3, 1943)	<p>May. 1993 Adviser to Governor of Market Operations Dept, Bank of Japan (BOJ)</p> <p>May. 1994 Director-General of Financial and Payment System Dept., BOJ</p> <p>Reappointment</p> <p>Jul. 1998 Executive Director of BOJ</p> <p>Jul. 2002 Standing Adviser of IBM Japan, Ltd.</p> <p>Jun. 2004 President of JSF</p> <p>Jun. 2005 Director of JSF Trust and Banking Co., Ltd.</p> <p>Jun. 2006 Director of Japan Information Processing Service Co., Ltd. (to the present)</p> <p>Jun. 2008 Director of Nihon Building Co., Ltd. (to the present)</p> <p>Jun. 2012 Chairperson of JSF (to the present)</p> <p>【Significant concurrent positions】 Director of Nihon Building Co., Ltd. Director of Japan Information Processing Service Co., Ltd. Director of Tokyo Rope Manufacturing Co., Ltd.</p> <p>【Reasons for Nomination as the Candidate】 Minoru Masubuchi filled key posts such as Executive Director of BOJ, through which he gained abundant insights and experiences in financial and securities sector. In addition, he has been involved in the management of the company as the President since 2004, as the Chairperson since 2012. Then the Company selected him as a candidate, believing that he will contribute to its management as a Director.</p>	71,000

No.	Name (Date of birth)	Career Summary, Position and Duty (Significant concurrent positions)	Shares of JSF owned
2	Reappointment Eizo Kobayashi (Sep. 8, 1948)	May. 1999 Director-General of Personnel and Corporate Affairs Dept., BOJ May. 2000 Director-General of Bank Examination and Surveillance Dept., BOJ Jun. 2002 Executive Director of BOJ May. 2006 Senior Advisor of Aflac Japan Jul. 2007 Vice Chairman of Aflac Japan May. 2010 Adviser of JSF Jun. 2010 Senior Managing Director of JSF Jun. 2012 President of JSF (to the present) 【Significant concurrent positions】 Director of Shinhan Bank Japan Director (Audit/Supervisory Committee Member) of Fujimori Kogyo Co., Ltd. 【Reasons for Nomination as the Candidate】 Eizo Kobayashi filled key posts such as Executive Director of BOJ, through which he gained abundant insights and experiences in financial and securities sector. In addition, he has been involved in the execution of our business as the Director since 2010. Furthermore, he has been involved in the management of the Company as the President since 2012. Then the Company selected him as a candidate, believing that he will contribute to its management as a Director.	39,000

No.	Name (Date of birth)	Career Summary, Position and Duty (Significant concurrent positions)	Shares of JSF owned
3	<div>Reappointment</div> Shunichiro Higuchi (Nov. 2, 1953)	<p>Jul. 1997 Director-General of Budget Bureau, Ministry of Finance</p> <p>Jul. 2000 Manager of Credit System Division, Planning and Coordination Bureau, Financial Services Agency of Japan</p> <p>Jul. 2007 Chief of Kinki Local Finance Bureau, Ministry of Finance</p> <p>Jul. 2008 President of Policy Research Institute</p> <p>Apr. 2011 Visiting Professor of Department of Cross-Cultural Studies, Faculty of Policy Studies, Chuo University</p> <p>Jun. 2012 Executive Managing Director of Lifenet Insurance Company</p> <p>Jun. 2016 Vice President of JSF, Responsibility for Audit Dept and Compliance Dept (to the present)</p> <p>【Reasons for Nomination as the Candidate】 Shunichiro Higuchi filled key posts such as President of Policy Research Institute, through which he gained abundant insights and experiences in financial and securities sector. After his experience as an executive managing director of Lifenet Insurance Company ,he has been involved in the management of the Company as the Vice President since 2016. Then the Company selected him as a candidate, believing that he will contribute to its management as a Director.</p>	2,600

No.	Name (Date of birth)	Career Summary, Position and Duty (Significant concurrent positions)	Shares of JSF owned
4	<div>Reappointment</div> Toshihiro Oritate (Dec. 6, 1957)	<p>Jan. 2002 General Manager of Aomori Branch, BOJ</p> <p>Jul. 2006 Deputy Director-General of Personnel and Corporate Affairs Dept, BOJ</p> <p>Apr. 2008 Director-General of Payment and Settlement Systems Dept, BOJ</p> <p>Nov. 2009 Director-General of Currency Issue Dept, BOJ</p> <p>Jun. 2010 Director-General of Personnel and Corporate Affairs Dept, BOJ</p> <p>May. 2012 Advisor of JSF</p> <p>Jun. 2012 Managing Director of JSF Responsibility for General Affairs Dept, Accounting Dept and Affiliates</p> <p>Jun. 2013 Managing Director of JSF Responsibility for General Affairs Dept, Accounting Dept, Affiliates and International Relations</p> <p>Jun. 2015 Managing Director of JSF Responsibility for General Affairs Dept, Accounting Dept, Risk Management Dept, Affiliates and International Relations</p> <p>Jun. 2016 Senior Managing Director of JSF Responsibility for Business Development Dept, Treasury Dept, Settlement & Custody Dept and International Relations</p> <p>(to the present)</p> <p>【Reasons for Nomination as the Candidate】 Toshihiro Oritate has abundant insights and experiences in financial and securities sector, has been involved in the execution of our business since 2012. Then the Company selected him as a candidate, believing that he will contribute to its management as a Director.</p>	17,100

No.	Name (Date of birth)	Career Summary, Position and Duty (Significant concurrent positions)	Shares of JSF owned
5	Reappointment Kenji Fukushima (Nov. 28, 1959)	Apr. 1982 Joined JSF Feb. 2008 General Manager of Margin Loan Dept Jun. 2011 Executive Officer & General Manager of Information Systems Planning Dept Jun. 2015 Executive Officer & General Manager of Planning Dept Jun. 2016 Managing Director of JSF Responsibility for Margin Loan Dept, Institutional Sales Dept, Retail Business Dept and Information Systems Planning Dept (to the present) 【Reasons for Nomination as the Candidate】 Kenji Fukushima has thorough knowledge of our business, has been involved in the execution of our business as an Executive officer since 2011. Furthermore, he has been involved in the management of the Company as the Director since 2016. Then the Company selected him as a candidate, believing that he will contribute to its management as a Director.	29,100
6	Reappointment Kazuhiro Maeda (Jul. 30, 1959)	Apr. 1982 Joined JSF Jun. 2007 General Manager of General Affairs Dept Jun. 2011 Executive Officer & General Manager of General Affairs Dept Jun. 2016 Managing Director of JSF Responsibility for Risk Management Dept, Human Resources Dept, Corporate Planning Dept and Affiliates (to the present) 【Reasons for Nomination as the Candidate】 Kazuhiro Maeda has thorough knowledge of our business, has been involved in the execution of our business as an Executive officer since 2011. Furthermore, he has been involved in the management of the Company as the Director since 2016. Then the Company selected him as a candidate, believing that he will contribute to its management as a Director.	32,390

No.	Name (Date of birth)	Career Summary, Position and Duty (Significant concurrent positions)	Shares of JSF owned
7	<p>Reappointment</p> <p>Candidate for Outside Director</p> <p>Candidate for Independent Director</p> <p>Takashi Imai (Dec. 23, 1929)</p> <p>【Attendance at the BOD meetings】 100% Number of meetings during term of appointment : 10 Number of attendance : 10 【Term of office】 15 years</p>	<p>Jun. 1993 President of Nippon Steel Corp.</p> <p>Apr. 1998 Chairman of Nippon Steel Corp.</p> <p>May. 1998 Chairman of Nippon Keidanren (Japan Business Federation)</p> <p>May. 2002 Honorary Chairman of Nippon Keidanren (to the present)</p> <p>Jun. 2002 Director of JSF (to the present)</p> <p>Apr. 2003 Director & Senior Adviser / Honorary Chairman of Nippon Steel Corp.</p> <p>Jun. 2003 Senior Adviser (<i>Sodanyaku</i>) / Honorary Chairman of Nippon Steel Corp.</p> <p>Jun. 2008 Senior Adviser (<i>Shayuu</i>) / Honorary Chairman of Nippon Steel Corp. (to the present)</p> <p>【Significant concurrent positions】 Director of Nippon Television Holdings, Inc. Auditor of Nippon Life Insurance Co. Director of Tokyo Financial Exchange Inc.</p> <p>【Reasons for Nomination as the Candidate】 The Company expects that Takashi Imai will provide management supervision and advice to the Company from a broad perspective based on his abundant knowledge and experience in business community. The Company selected him as a candidate based on our judgment that he would make a contribution to the management of the Company as an Outside Director given that he meets the Criteria for Independence of Outside Directors / Auditors set by the Company and is in an objective position, independent of the executive management of the Company.</p> <p>【Independence】 He is an independent director in accordance with the rule of the Tokyo Stock Exchange Group, Inc. In the case this proposal is approved at the General Meeting of Shareholders, he will continue to be an independent director.</p>	4,000

No.	Name (Date of birth)	Career Summary, Position and Duty (Significant concurrent positions)	Shares of JSF owned
8	<div> <div>Reappointment</div> <div>Candidate for Outside Director</div> <div>Candidate for Independent Director</div> </div> <p>Tetsuo Mae (Jul. 25, 1945)</p> <p>【Attendance at the BOD meetings】 100%</p> <p>Number of meetings during term of appointment : 10</p> <p>Number of attendance : 10</p> <p>【Term of office】 3 years</p>	<p>Jun. 2003 Deputy President of Daiwa Securities Co., Ltd. & Executive Officer of Daiwa Securities Group Inc.</p> <p>Jun. 2004 Deputy President of Daiwa Securities Co., Ltd. & Director & Corporate Executive Officer, Deputy President of Daiwa Securities Group Inc.</p> <p>Apr. 2008 Adviser of Daiwa Securities Co., Ltd.</p> <p>Jul. 2010 Chairman of Japan Securities Dealers Association</p> <p>Jul. 2011 Chairman of Japan Investor Protection Fund</p> <p>Jun. 2013 Chairman of NPO-APROSIS (Association for Promoting Securities Investment and Study)</p> <p>Jul. 2013 Adviser of Daiwa Securities Co., Ltd. (to the present) Adviser of Japan Securities Dealers Association (to the present)</p> <p>Jun. 2014 Director of JSF (to the present)</p> <p>【Reasons for Nomination as the Candidate】 The Company expects that Tetsuo Mae will provide management supervision and advice to the Company from a broad perspective based on his abundant knowledge and experience in securities community. The Company selected him as a candidate based on our judgment that he would make a contribution to the management of the Company as an Outside Director given that he meets the Criteria for Independence of Outside Directors / Auditors set by the Company and is in an objective position, independent of the executive management of the Company.</p> <p>【Independence】 He is an independent director in accordance with the rule of the Tokyo Stock Exchange Group, Inc. In the case this proposal is approved at the General Meeting of Shareholders, he will continue to be an independent director.</p>	6,000

No.	Name (Date of birth)	Career Summary, Position and Duty (Significant concurrent positions)	Shares of JSF owned
9	<p>Eiko Shinotsuka (May. 1, 1942)</p> <p>【Attendance at the BOD meetings】 100%</p> <p>Number of meetings during term of appointment : 10 Number of attendance : 10 【Term of office】 2 years</p>	<p>Apr. 1993 Professor at Faculty of Human Life and Environmental Sciences of Ochanomizu University</p> <p>Apr. 1998 Member of the Policy Board, Bank of Japan</p> <p>Apr. 2001 Visiting Research Fellow of Japan Center for Economic Research (to the present)</p> <p>Jan. 2002 Professor at Faculty of Letters and Education of Ochanomizu University</p> <p>Jul. 2005 Outside Auditor of Sumitomo Life Insurance Co.</p> <p>Mar. 2008 Emeritus professor of Ochanomizu University (to the present)</p> <p>Apr. 2009 Executive Director of Japan Legal Support Center</p> <p>Apr. 2010 Commissioner of the National Personnel Authority</p> <p>May. 2013 Adviser of the National Personnel Authority</p> <p>Jun. 2015 Director of JSF (to the present)</p> <p>【Significant concurrent positions】 Auditor of Komatsu Ltd. Director of Lifenet Insurance Company</p> <p>【Reasons for Nomination as the Candidate】 The Company expects that Eiko Shinotsuka will provide management supervision and advice to the Company based on her high level of expertise and abundant experience in finance and economics. The Company selected her as a candidate based on our judgment that she would make a contribution to the management of the Company as an Outside Director given that she meets the Criteria for Independence of Outside Directors / Auditors set by the Company and is in an objective position, independent of the executive management of the Company. According to the above-mentioned reasons, we made the decision that she could adequately carry out her assignment as one of the Company's Outside Directors, even though she has not been directly involved in corporate management except for acting as an Outside Director.</p> <p>【Independence】 She is an independent director in accordance with the rule of the Tokyo Stock Exchange Group, Inc. In the case this proposal is approved at the General Meeting of Shareholders, she will continue to be an independent director.</p>	—

Agenda 3: Election of one Substitute Auditor

At the commencement of this Ordinary General Meeting of Shareholders, the decision of the 106th Ordinary General Meeting of Shareholders held on June 24th, 2016 to elect Masato Denawa as Substitute Auditor will expire. Accordingly, the Company proposes the reappointment of Masato Denawa as Substitute Auditor in order to provide for the possible case scenario in which the number of incumbent auditors provided by laws or regulations becomes insufficient.

The candidate is as listed below.

The consent of the Board of Auditors has been obtained for this proposal.

Name (Date of birth)	Career Summary (Significant concurrent positions)	Shares of JSF owned
<div>Candidate for Substitute Outside Auditor</div> <div>Candidate for Independent Auditor</div> Masato Denawa (Feb. 5, 1964)	Apr. 1990 Registered Lawyer (Daiichi Tokyo Bar Association) Joined Okinobu & Ishihara Law Office (currently, Spring Partners)	—
	Jan. 1999 Partner attorney at Spring Partners (to the present)	
	Jun. 2000 Auditor of Kinkan Co., Ltd. (to the present)	
	Apr. 2002 Lecturer at Keio Univ. Faculty of Law.	
	Jul. 2007 Director of Advise Link Co., Ltd. (to the present)	
	Sep. 2007 Auditor of Japan Prime Realty Investment Corp. (to the present)	
	Jun. 2008 Substitute Auditor of JSF (to the present)	
	Apr. 2009 Lecturer at Keio Law School	
	Apr. 2011 Practicing-Attorney-Professor for Civil Advocacy at the Legal Training and Research Institute of the Supreme Court of Japan	
	Apr. 2013 Practicing-Attorney-Senior Professor for Civil Advocacy at the Legal Training and Research Institute of the Supreme Court of Japan	
	Sep. 2014 Lecturer at Keio Law School	
	Jun. 2015 Auditor of Ichikawa Co.,Ltd (to the present)	
【Significant concurrent positions】 Auditor of Ichikawa Co.,Ltd		
【Reasons for Nomination as the Candidate】 The Company asks for his election in expectation of his special knowledge and abundant experience as a lawyer.		
【Independence】 In the event of the candidate becoming elected, upon assumption of office in case that the number of incumbent auditors provided by laws or regulations becomes insufficient, the Company will register him with the Tokyo Stock Exchange as an independent auditor.		

(Note) The Company has no conflict of interest with a candidate.

(reference)

Criteria for Independence of Outside Directors / Auditors

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

1. A person who is currently:

(1) Major shareholder

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

(2) Major Business Partners

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

(3) Specialist

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

(4) Donations

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

(5) Close Relative

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

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

End

CONSOLIDATED BALANCE SHEETS

As of March 31, 2017

Millions of Yen

ASSETS	
Current assets:	
Cash	1,076,761
Call Loans	33,000
Short-term investments	238,498
Operating loans	587,752
Deferred tax assets	278
Collateral money for securities borrowed	1,930,722
Other current assets	75,682
Allowance for doubtful receivables	(254)
Total current assets	3,942,440
Non-current assets:	
Tangible non-current assets:	
Buildings and structures	2,608
Tools, furniture and fixtures	748
Land	3,264
	6,621
Intangible non-current assets:	
Software	4,205
Software in progress	114
Other intangible non-current assets	27
	4,346
Investments and other assets:	
Investments in securities	690,208
In-house loan	24
Fixed operating claims	1,160
Other investments and other assets	1,407
Allowance for doubtful receivables	(1,158)
	691,642
Total non-current assets	702,610
Total Assets	4,645,051

As of March 31, 2017

Millions of Yen

LIABILITIES AND NET ASSETS	
Current liabilities:	
Call Money	626,898
Short-term borrowings	13,010
Commercial paper	185,000
Accrued income taxes	387
Allowance for bonuses (Employees)	534
Allowance for bonuses (Directors & Executive Officers)	67
Collateral money received for securities lent	2,492,578
Borrowed money from trust account	1,095,054
Other current liabilities	63,908
Total current liabilities	4,477,440
Non-current liabilities:	
Long-term Borrowings	4,000
Deferred tax liabilities	9,410
Deferred tax liabilities for land revaluation	74
Allowance for officers retirement rewards	41
Liabilities for retirement and severance benefit	2,941
Stock benefits accrued	51
Asset retirement obligations	50
Derivative financial instruments	10,680
Other non-current liabilities	648
Total non-current liabilities	27,898
Total liabilities	4,505,339
Net assets:	
Shareholders' equity	
Common stock	10,000
Capital surplus	11,325
Retained earnings	106,196
Treasury stock	(2,207)
Total shareholders' equity	125,314
Accumulated other comprehensive income	
Net unrealized gain on other securities	19,736
Deferred loss on hedges	(5,083)
Gain on revaluation of land	168
Accumulated amount for adjustment retirement and severance benefit	(423)
Total accumulated other comprehensive income	14,397
Total net assets	139,712
Total liabilities and net assets	4,645,051

CONSOLIDATED STATEMENTS OF OPERATIONS

<i>For the year ended March 31, 2017</i>	Millions of Yen
Operating revenues	23,066
Operating expenses	11,892
Operating profit	11,173
General and administrative expenses	8,371
Operating income	2,802
Non-operating revenues	
Interest received and dividends received	652
Miscellaneous revenues	162
	814
Non-operating expenses	
Miscellaneous expenses	5
	5
Recurring income	3,611
Extraordinary profit	
Gain on sales of investment securities	63
	63
Extraordinary loss	
Loss on retirement of non-current assets	113
Loss on sales of golf club memberships	2
	116
Income before income taxes	3,558
Income taxes	
Current	577
Deferred	(97)
	480
Income before minority interests	3,078
Minority interests	—
Net income	3,078

NON-CONSOLIDATED BALANCE SHEETS

As of March 31, 2017

Millions of Yen

ASSETS

Current assets:

Cash	366,639
Short-term investments	64,540
Loan for margin transactions	368,508
Bond financing and General loans	40,872
Other loans	2,000
Deferred tax assets	248
Collateral money for securities borrowed	1,947,163
Other current assets	68,127
Allowance for doubtful receivables	(146)

Total current assets	2,857,954
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Non-current assets:

Tangible non-current assets:	2,009
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Buildings and structures	474
Tools, furniture and fixtures	704
Land	830

Intangible non-current assets:	4,292
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Software	4,149
Software in progress	116
Other intangible non-current assets	25

Investments and other assets:	553,712
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Investments in securities	525,135
Shares in affiliates	26,893
Other investments and other assets	2,622
Allowance for doubtful receivables	(938)

Total non-current assets	560,015
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Total Assets	3,417,969
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As of March 31, 2017

Millions of Yen

LIABILITIES AND NET ASSETS	
Current liabilities:	
Call Money	584,598
Short-term borrowings	1,970
Commercial paper	185,000
Accrued income taxes	154
Allowance for bonuses (Employees)	481
Allowance for bonuses (Directors & Executive Officers)	67
Collateral money received for margin transactions	61,895
Collateral money received for securities lent	2,437,985
Other current liabilities	1,708
Total current liabilities	3,273,861
Non-current liabilities:	
Long-term Borrowings	1,000
Deferred tax liabilities	6,393
Deferred tax liabilities for land revaluation	74
Allowance for employees retirement benefits	2,332
Allowance for officers retirement rewards	41
Stock benefits accrued	51
Derivatives liabilities	3,464
Other non-current liabilities	75
Total non-current liabilities	13,432
Total liabilities	3,287,293
Net assets:	
Shareholders' equity	
Common stock	10,000
Capital surplus	11,325
Additional paid-in capital	5,181
Other capital surplus	6,144
Retained earnings	95,889
Earned surplus reserve	2,278
Other retained earnings	93,611
Reserve for dividends	2,030
Special reserve	77,030
Retained earnings carried forward	14,551
Treasury stock	(2,199)
Total shareholders' equity	115,015
Valuation and translation adjustments	
Net unrealized gain on other securities	13,345
Deferred Gain or Loss on Hedges	2,146
Gain on revaluation of land	168
Total valuation and translation adjustments	15,660
Total net assets	130,676
Total liabilities and net assets	3,417,969

NON-CONSOLIDATED STATEMENTS OF INCOME

<i>For the year ended March 31, 2017</i>	Millions of Yen
Operating revenues	19,418
Operating expenses	10,540
Operating profit	8,877
General and administrative expenses	7,009
Operating income	1,868
 Non-operating revenues	
Interest received and dividends received	711
Miscellaneous revenues	61
	773
 Non-operating expenses	
Miscellaneous expenses	5
	5
Recurring income	2,636
 Extraordinary profit	
	—
 Extraordinary loss	
Loss on retirement of non-current assets	117
Loss on sales of golf club memberships	2
	120
 Income before income taxes	2,516
Income taxes	
Current	283
Deferred	(99)
	184
 Net income	2,332

With regard to the Exercise of Voting Rights via the Internet etc.

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 (<http://www.e-sokai.jp>). However, please note that the voting service website is not available from a mobile which the Internet can be connected.
- ② If you are exercising your voting rights via the Internet, please enter your “voting code” and “password” indicated on the proxy voting form and follow the instructions on the screen to register whether you approve or disapprove of each proposal, and are kindly requested to exercise your voting rights on or before 5:20 p.m. (Japan standard time) on Thursday, June 22, 2017.
- ③ To prevent unauthorized access by parties other than shareholders and the alteration of shareholder votes, shareholders voting via the Internet will be asked to change their “password” on the Voting Rights Exercise Site.
- ④ If you exercise your voting rights via the Internet multiple times, the vote cast last shall prevail.
- ⑤ Connection fees payable to the providers and communication expenses payable to telecommunication carriers when accessing the website for the exercise of voting rights will be borne by the shareholders.

2. Platform for the Electronic Exercise of Voting Rights

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

End