

June 1, 2020

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 THE 110th ORDINARY GENERAL MEETING OF SHAREHOLDERS

~**extract**

Dear Shareholders,

We would like to express our appreciation to you for your continued support and patronage.

You are hereby notified of the 110th Ordinary General Meeting of Shareholders of Japan Securities Finance Co., Ltd. (the “Company”). The meeting will be held for the purposes as described below.

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 (<https://www.e-sokai.jp>) by 5:20 p.m. Japan Standard Time on 22 June, 2020.

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.

In order to prevent the spread of the new type of coronavirus, shareholders are asked to exercise their voting rights in advance as much as possible at the General Meeting of Shareholders and to refrain from attending the meeting regardless of their health status.

Details

Date and Time:	10:00 a.m. on Tuesday, 23 th June, 2020
Venue:	JAPAN SECURITIES FINANCE CO., LTD., Conference Room 1-2-10 Nihonbashi-Kayabacho, Chuo-ku, Tokyo, Japan
Agenda for the Meeting <i>Items to be reported:</i> <i>Items to be resolved:</i>	<p>Report 1: The 110th fiscal year (from Apr. 1, 2019 to Mar. 31, 2020) Business Report, Consolidated Financial Statements and Report of audits of the consolidated financial statements by the Independent Auditor and Audit Committee.</p> <p>Report 2: The 110th fiscal year (from Apr. 1, 2019 to Mar. 31, 2020) Financial Statements.</p> <p>Agenda: Election of 5 Directors</p>
Notes on the Execution of Votes	Please refer to “Notes on the Execution of Votes” on page 18

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 : Election of five Directors

The term of office of five directors will expire at the conclusion of this Ordinary General Meeting of Shareholders, the Company proposes the election of five directors.

The candidates are as listed below.

[Reference] List of director candidates

If five candidates for the Board of Directors (including one woman) are elected at the General Meeting of Shareholders and will assume the following positions.

No.	Name	Position	Nomination Committee	Audit Committee	Remuneration Committee	Remarks
1	Naotaka Obata	Chairperson of the Board of Directors	Chairperson		Chairperson	<u>Reappointment</u> Outside Director
2	Shoko Sugino		member	member	member	<u>Reappointment</u> Outside Director
3	Shuya Iimura			Chairperson		<u>Reappointment</u> Outside Director
4	Shigeki Kushida		member		member	<u>Reappointment</u> Representative Executive Officer & President
5	Hiroshi Nasuno			member		<u>Reappointment</u> Non-executive director

No.	Name (Date of birth)	Career Summary, Positon and Duty (Significant concurrent positions)	Number of Company Shares owned
1	Obata Naotaka (Oct. 15, 1944) Gender : Male	Apr. 1968 Joined The Mitsubishi Bank, Ltd.	—
		May.1999 Managing Executive Officer of The Bank Of Tokyo-Mitsubishi, Ltd.	
		Jan. 2004 Senior Managing Executive Officer of The Bank Of Tokyo-Mitsubishi, Ltd.	
	Reappointment	Jun. 2004 Deputy President, The Bank of Tokyo-Mitsubishi, Ltd	Term of Office 1 year * At the conclusion of this general meeting
		Jun. 2005 President and CEO, Diamond Lease Company Limited	
	Candidate for Outside Director	Apr. 2007 President and CEO, Mitsubishi UFJ Lease & Finance Company Limited	Attendance rate Board of Directors 8 / 8 (100%) Remuneration Committee 2 / 2 (100%) Nomination Committee 2 / 2 (100%)
	Candidate for Independent Director	Jun. 2010 Chairman, Mitsubishi UFJ Lease & Finance Company Limited	
		Jun. 2012 Advisor, Mitsubishi UFJ Lease & Finance Company Limited	
		Apr. 2013 Board member of Japan Pension Service	
		Jun. 2018 Senior Advisor, Mitsubishi UFJ Lease & Finance Company Limited (to the present)	
		Jun. 2019 Director of JSF (to the present)	
(Significant concurrent positions)			
—			
Reason for Nomination as the Candidate The Company expects that Naotaka Obata will fulfill a sufficient role in highly effective supervision of our management from an independent and objective standpoint, utilizing his extensive experience and broad knowledge in the financial industry.			
Independence Naotaka Obata 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. In addition, there were no transactions between Mitsubishi UFJ Lease & Finance Company Limited and us, where he served as President and Director until June 2010.			

No.	Name (Date of birth)	Career Summary, Positon and Duty (Significant concurrent positions)	Number of Company Shares owned
2	Shoko Sugino (Aug. 7, 1945) Gender : Female	Apr. 1973 Registered Lawyer Joined Fujibayashi Law Office Apr. 1994 Partner attorney at Fujibayashi Law Office (to the present) Apr. 1997 Professor for The Legal Training and Research Institute of Japan Apr. 2000 Tokyo Family Court Conciliation Committee Member	400
	Reappointment	Jul. 2005 Environment Dispute Coordination Commission Member	Term of Office
	Candidate for Outside Director	Mar. 2007 Audit & Supervisory Board Member of Kitoku Shinryo Co., LTD. (to the present)	1 year * At the conclusion of this general meeting
	Candidate for Independent Director	Jun. 2018 Audit & Supervisory Board Member of Takeei Corp (to the present) Jun. 2019 Director of JSF (to the present)	Attendance rate
			Board of Directors 8 / 8 (100%) Remuneration Committee 2 / 2 (100%) Nomination Committee 2 / 2 (100%) Audit Committee 8 / 8 (100%)
		(Significant concurrent positions)	
		Partner attorney at Fujibayashi Law Office Audit & Supervisory Board member of Kitoku Shinryo Co., LTD. Audit & Supervisory Board member of Takeei Corp.	
Reason for Nomination as the Candidate As an attorney at law, Shoko Sugino is a candidate for Outside Director because the Company expects that she will play a sufficient role in highly effective supervision of our management from an independent and objective standpoint, utilizing her extensive experience and broad knowledge in corporate legal affairs. She has never been involved in corporate management other than becoming an Outside Director in the past, but the Company believes that she is able to properly perform her duties as an Outside Director for the reasons described above.			
Independence Shoko Sugino 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.			

No.	Name (Date of birth)	Career Summary, Positon and Duty (Significant concurrent positions)	Number of Company Shares owned
3	Shuya limura (Feb. 13, 1964) Gender : Male	Apr. 1987 Joined Tokyo Stock Exchange(TSE) Jul. 2001 Chief of Public Relations office of General Affairs Dept, TSE Jun. 2010 Director of Derivatives Dept, TSE Mar. 2014 Director of Market Planning Dept, Osaka Exchange Apr. 2016 Human Resouce Dept, Japan Exchange Group	7,400 Term of Office
	Reappointment	Jun. 2016 Audit & Supervisory Board member of JSF	1 year
	Candidate for Outside Director	Aug. 2018 Audit & Supervisory Board member of Intellex Co., LTD. (to the present)	* At the conclusion of this general meeting
	Candidate for Independent Director	Jun. 2019 Director of JSF (to the present)	Attendance rate
			Board of Directors 8 / 8 (100%) Audit Committee 8 / 8 (100%)
		(Significant concurrent positions)	
		Audit & Supervisory Board member of Intellex Co., LTD.	
Reason for Nomination as the Candidate Shuya limura is engaged in the monitoring and auditing of our business operations as a full-time Audit & Supervisory Board member until 2019. The Company expects that he will play a sufficient role in the effective supervision of our management and other matters from an independent and objective standpoint. He has never been involved in corporate management other than becoming an Outside Director in the past, but the Company believes that he is able to properly perform his duties as an Outside Director for the reasons described above.			
Independence He is an independent director pursuant to the rules and regulations of the Tokyo Stock Exchange. In the case this proposal is approved at the General Meeting of Shareholders, he will continue to be an independent director.			

No.	Name (Date of birth)	Career Summary, Positon and Duty (Significant concurrent positions)	Number of Company Shares owned
4	Shigeki Kushida (Jun. 8, 1958) Gender : Male	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	3,300 Term of Office
	Reappointment	May. 2011 General Manager of Nagoya Branch, BOJ	1 year * At the conclusion of this general meeting
		May. 2013 Executive Director of BOJ Apr. 2017 Senior Advisor of Aflac Japan May. 2019 Advisor of JSF Jun. 2019 Director of JSF (to the present) Representative Executive Officer & President of JSF (to the present)	Attendance rate Board of Directors 8 / 8 (100%) Remuneration Committee 2 / 2 (100%) Nomination Committee 2 / 2 (100%)
		(Significant concurrent positions) Director of Denso Corp.	
Reason for Nomination as the Candidate Shigeki Kushida 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 Representative Executive Officer & President since 2019. Then the Company selected him as a candidate, believing that he will contribute to its management as a Director.			

No.	Name (Date of birth)	Career Summary, Positon and Duty (Significant concurrent positions)	Number of Company Shares owned
5	Hiroshi Nasuno (Jan. 12, 1950) Gender : Male	Apr. 1973 Joined JSF Jun. 2000 General Manager of Securities Custody Dept. Jun. 2002 General Manager of Settlement & Custody Dept. Jun. 2005 Director & General Manager of Accounting Dept. Jun. 2006 Corporate Officer & General Manager of Accounting Dept.	40,000
	Reappointment	Jun. 2007 Managing Director of JSF Jun. 2012 Seneior Managing Director of JSF (retired on Jun. 2013) Jun. 2013 President of Nihon Building Co., (retired on Jun. 2016) Jun. 2019 Director of JSF (to the present)	Term of Office 1 year * At the conclusion of this general meeting
			Attendance rate Board of Directors 8 / 8 (100%) Audit Committee 8 / 8 (100%)
		(Significant concurrent positions)	
		—	
Reason for Nomination as the Candidate Hiroshi Nasuno has thorough knowledge of our business and has experience in our management as a director until 2013. Then the Company selected him as a candidate, believing that he will contribute to its management as a Director.			

- Notes: 1. There are no conflicts of interests between the Company and the above candidates for Directors.
2. The Company has concluded with Naotaka Obata, Shoko Sugino, Shuya Iimura, Hiroshi Nasuno liability-limiting agreements as prescribed in Article 423, Paragraph 1 of the Companies Act pursuant to the provisions of Article 427, Paragraph 1 of said Act, and set an upper limit of the liability for damages under said agreement to the minimum amount of liability for damages set forth in Article 425, Paragraph 1 of said Act.
3. Attendance rate covers the meetings that were held during the fiscal year under review and after the Company converted to a Company with Nominating Committee, etc., in June 2019.

(reference)

Criteria for Independence of Outside Directors

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

1. A person who is currently:

(1) Major shareholder

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

(2) Major Business Partners

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

(3) Specialist

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

(4) Donations

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

(5) Close Relative

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

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

End

CONSOLIDATED BALANCE SHEETS

As of March 31, 2020

Millions of Yen

ASSETS	
Current assets:	
Cash	1,299,935
Call Loans	75,000
Short-term investments	68,292
Operating loans	687,679
Receivables under resale agreements	2,747,396
Collateral money for securities borrowed	3,877,826
Other current assets	259,805
Allowance for doubtful receivables	(662)
Total current assets	9,015,273
Non-current assets:	
Tangible non-current assets:	
Buildings and structures	2,221
Tools, furniture and fixtures	313
Land	3,264
	5,799
Intangible non-current assets:	
Software	2,366
Software in progress	24
Other intangible non-current assets	15
	2,407
Investments and other assets:	
Investments in securities	790,182
In-house loan	1
Fixed operating claims	148
Other investments and other assets	831
Allowance for doubtful receivables	(148)
	791,014
Total non-current assets	799,221
Total Assets	9,814,494

LIABILITIES AND NET ASSETS

Current liabilities:	
Call Money	1,176,795
Short-term borrowings	101,473
Commercial paper	366,000
Payables under repurchase agreements	3,923,414
Collateral money received for securities lent	3,104,029
Accrued income taxes	662
Reserve for bonuses	494
Reserve for bonuses to directors	120
Borrowed money from trust account	869,488
Other current liabilities	106,112
Total current liabilities	9,648,590
Non-current liabilities:	
Long-term Borrowings	3,000
Deferred tax liabilities	5,463
Deferred tax liabilities for land revaluation	74
Stock benefits accrued	185
Liabilities for retirement and severance benefit	1,439
Asset retirement obligations	53
Derivative liabilities	28,385
Other non-current liabilities	615
Total non-current liabilities	39,216
Total liabilities	9,687,807
Net assets:	
Shareholders' equity	
Common stock	10,000
Capital surplus	11,325
Retained earnings	111,193
Treasury stock	(4,865)
Total shareholders' equity	127,653
Accumulated other comprehensive income	
Net unrealized gain on other securities	20,277
Deferred loss on hedges	(20,308)
Gain on revaluation of land	168
Accumulated amount for adjustment retirement and severance benefit	(1,102)
Total accumulated other comprehensive income	(965)
Total net assets	126,687
Total liabilities and net assets	9,814,494

CONSOLIDATED STATEMENTS OF OPERATIONS

For the year ended March 31, 2020	Millions of Yen
Operating revenues	29,101
Operating expenses	16,835
Operating profit	12,266
General and administrative expenses	8,136
Operating income	4,129
Non-operating revenues	
Interest received and dividends received	417
Miscellaneous revenues	365
	783
Non-operating expenses	
Miscellaneous expenses	18
	18
Recurring income	4,894
Extraordinary loss	
Loss on sales of investment securities	36
	36
Income before income taxes	4,857
Income taxes	
Current	1,259
Deferred	41
	1,301
Income before minority interests	3,556
Minority interests	—
Net income	3,556

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Millions of Yen

	Shareholders' equity				Total shareholders' equity
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	
Balance at April 1, 2019	10,000	11,325	109,687	(4,382)	126,631
Changes arising during the year:					
Cash dividends			(2,050)		(2,050)
Net Income			3,556		3,556
Purchase of treasury stock				(506)	(506)
Retirement of treasury stock		(0)		23	23
Net changes other than shareholders' equity					
Total changes during the year	—	(0)	1,505	(483)	1,021
Balance at March 31, 2020	10,000	11,325	111,193	(4,865)	127,653

	Accumulated other comprehensive income					Total net assets
	Net unrealized gain or loss on securities	Deferred gains or losses on hedges	Gain on revaluation of land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at April 1, 2019	29,171	(14,133)	168	(1,044)	14,161	140,793
Changes arising during the year						
Cash dividends						(2,050)
Net Income						3,556
Purchase of treasury stock						(506)
Retirement of treasury stock						23
Net changes other than shareholders' equity	(8,893)	(6,175)	—	(58)	(15,127)	(15,127)
Total changes during the year	(8,893)	(6,175)	—	(58)	(15,127)	(14,105)
Balance at March 31, 2020	20,277	(20,308)	168	(1,102)	(965)	126,687

NON-CONSOLIDATED BALANCE SHEETS

As of March 31, 2020

Millions of Yen

ASSETS	
Current assets:	
Cash	1,146,118
Short-term investments	63,080
Loan for margin transactions	189,194
Bond financing and General loans	32,084
Other loans	18,500
Receivables under resale agreements	2,747,396
Collateral money for securities borrowed	3,948,303
Other current assets	241,750
Allowance for doubtful receivables	(415)
Total current assets	8,386,014
Non-current assets:	
Tangible non-current assets:	
Buildings and structures	411
Tools, furniture and fixtures	277
Land	830
	1,519
Intangible non-current assets:	
Software	2,290
Software in progress	13
Other intangible non-current assets	14
	2,318
Investments and other assets:	
Investments in securities	418,304
Shares in affiliates	26,893
Other investments and other assets	1,387
Allowance for doubtful receivables	(148)
	446,437
Total non-current assets	450,275
Total Assets	8,836,290

As of March 31, 2020

Millions of Yen

LIABILITIES AND NET ASSETS	
Current liabilities:	
Call Money	1,138,395
Short-term borrowings	96,993
Commercial paper	366,000
Payables under repurchase agreements	3,923,414
Collateral money received for securities lent	3,073,804
Reserve for bonuses	429
Reserve for bonuses to directors	120
Collateral money received for margin transactions	93,591
Other current liabilities	4,062
Total current liabilities	8,696,811
Non-current liabilities:	
Deferred tax liabilities	2,833
Deferred tax liabilities for land revaluation	74
Stock benefits accrued	185
Other non-current liabilities	18,543
Total non-current liabilities	21,636
Total liabilities	8,718,448
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	97,946
Earned surplus reserve	2,278
Other retained earnings	95,668
Reserve for dividends	2,030
Special reserve	77,030
Retained earnings carried forward	16,608
Treasury stock	(4,857)
Total shareholders' equity	114,414
Valuation and translation adjustments	
Net unrealized gain on other securities	13,668
Deferred Gain or Loss on Hedges	(10,408)
Gain on revaluation of land	168
Total valuation and translation adjustments	3,428
Total net assets	117,842
Total liabilities and net assets	8,836,290

NON-CONSOLIDATED STATEMENTS OF INCOME

For the year ended March 31, 2020	Millions of Yen
Operating revenues	25,383
Operating expenses	15,725
Operating profit	9,657
General and administrative expenses	6,746
Operating income	2,911
Non-operating revenues	
Interest received and dividends received	506
Miscellaneous revenues	31
	538
Non-operating expenses	
Miscellaneous expenses	17
	17
Recurring income	3,432
Extraordinary profit or loss	—
	—
Income before income taxes	3,432
Income taxes	
Current	690
Deferred	252
	942
Net income	2,490

NON-CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Millions of Yen

	Shareholders' equity										
	Capital surplus				Retained earnings						
					Other retained earnings					Total retained earnings	Treasury stock
	Common stock	Additional paid-in capital	Other capital surplus	Total capital surplus	Earned reserves	Reserve for dividends	Special reserves	Retained earnings carried forward			
Balance at April 1, 2019	10,000	5,181	6,144	11,325	2,278	2,030	77,030	16,168	97,506	(4,374)	114,458
Changes arising during the year:											
Cash dividends								(2,050)	(2,050)		(2,050)
Net income								2,490	2,490		2,490
Purchase of treasury stock										(506)	(506)
Retirement of treasury stock			(0)	(0)						23	23
Net changes other than shareholders' equity											
Total changes during the year	—	—	(0)	(0)	—	—	—	439	439	(483)	(44)
Balance at March 31, 2020	10,000	5,181	6,144	11,325	2,278	2,030	77,030	16,608	97,946	(4,857)	114,414

	Valuation and translation adjustments				Total net assets
	Net unrealized gain or loss on securities	Deferred gains or losses on hedges	Gain on revaluation of land	Total valuation and translation adjustments	
Balance at April 1, 2019	20,846	(4,810)	168	16,204	130,662
Changes arising during the year:					
Cash dividends					(2,050)
Net income					2,490
Purchase of treasury stock					(506)
Retirement of treasury stock					23
Net changes other than shareholders' equity	(7,178)	(5,598)	—	(12,776)	(12,776)
Total changes during the year	(7,178)	(5,598)	—	(12,776)	(12,820)
Balance at March 31, 2020	13,668	(10,408)	168	3,428	117,842

Notes on the Execution of Votes.

1. With regard to the exercise of voting rights via the Internet.

- ① Shareholders exercising their voting rights via the Internet can only do so via the website designated by the Company (<https://www.e-sokai.jp>). However, please note that the voting service website is not available from a mobile which the Internet can be connected.
- ② If you are exercising your voting rights via the Internet, please enter your “voting code” and “password” indicated on the proxy voting form and follow the instructions on the screen to register whether you approve or disapprove of each proposal, and are kindly requested to exercise your voting rights on or before 5:20 p.m. (Japan standard time) on Monday, June 22, 2020.
- 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.

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

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