

JAPAN SECURITIES FINANCE CO.,LTD.

Consolidated Financial Results for the Third Quarter ended December 31, 2019

Name : Japan Securities Finance Co.,Ltd.

Listing : First Section, Tokyo Stock Exchange

Stock code number : 8511

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(Millions of yen, rounded down to nearest million)

1.Consolidated Financial Results for the Third Quarter of Fiscal 2019(April 1,2019—December31,2019)

(1)Consolidated Results of Operations

(% change from year-on-year for those items)

| | Operating Revenues | | Operating Income | | Recurring Income | | Net Income | |
|-------------------------------------|--------------------|-------------|-------------------|-------------|-------------------|-------------|-------------------|-------------|
| | (millions of Yen) | (% change) | (millions of Yen) | (% change) | (millions of Yen) | (% change) | (millions of Yen) | (% change) |
| Third Quarter of Fiscal 2019 | 22,307 | 10.4 | 3,514 | △4.1 | 4,081 | △8.6 | 3,015 | △9.8 |
| Third Quarter of Fiscal 2018 | 20,206 | △3.0 | 3,664 | △5.0 | 4,464 | △2.6 | 3,343 | △11.4 |
| Fiscal 2018 | 24,321 | △7.6 | 3,981 | 2.6 | 5,046 | 7.7 | 3,765 | △10.9 |

Reference:Comprehensive Income: Fiscal2019 3Q:¥3,051million(—%) Fiscal2018 3Q: ¥39million(△99.4%)

| | Net Income per Share EPS (Yen) | Net Income per Share (Yen) (fully diluted) |
|-------------------------------------|--|---|
| Third Quarter of Fiscal 2019 | 32.58 | — |
| Third Quarter of Fiscal 2018 | 35.43 | — |
| Fiscal 2018 | 40.03 | — |

(2)Consolidated Financial Position

| | Total Assets (Millions of Yen) | Net Assets (Millions of Yen) | Equity Ratio (%) |
|---------------------------|-----------------------------------|---------------------------------|---------------------|
| As of Dec.31, 2019 | 8,091,071 | 141,502 | 1.7 |
| Fiscal 2018 | 5,291,372 | 140,793 | 2.7 |

Reference: Shareholders Equity:¥141,502million (Fiscal2018: ¥140,793million)

2. Dividends

| | Dividends per Share | | |
|---------------------------|---------------------|-------------------|-----------------|
| | Interim (Yen) | Year-End (Yen) | Annual (Yen) |
| Fiscal 2018 | 11.00 | 11.00 | 22.00 |
| Fiscal 2019 | 11.00 | | |
| Fiscal 2019 (Forecast) | | 11.00 | 22.00 |

Note : Amendment of Forecast No

3. Consolidated Estimated Figures for fiscal 2018(April 1,2019—March 31,2020)

| | Operating Income (Millions of yen) | Recurring Income (Millions of yen) | Net Income (Millions of yen) | Net Income per Share EPS (Yen) |
|--|--|--|---------------------------------|-----------------------------------|
| | | | | |
| Full-year | 4,100 | 4,600 | 3,300 | 35.69 |
| Change from previous estimated figures | 200 | △100 | △200 | — |
| Change from previous estimated figures (%) | 5.1 | △2.1 | △5.7 | — |

4. Others

- (1) Changes in the scope of important consolidation for subsidiaries (yes/no):No
- (2) Adoption of specified accounting methods for quarterly consolidated financial statements : No
- (3) Changes in accounting policies and changes or restatement of accounting estimates
 - ①Changes in accounting policies caused by revision of accounting standards: No
 - ②Changes in accounting policies other than ①: No
 - ③Changes in accounting estimates: No
 - ④Restatement: No
- (4) Number of Issued Shares(common stock)
 - ①Number of issued shares (Including treasury stock)
as of Dec.31, 2019 : 100,000,000 as of Mar.31, 2019 : 100,000,000
 - ②Number of Treasury stocks
as of Dec.31, 2019 : 7,878,555 as of Mar.31, 2019 : 7,330,865
 - ③Average number of shares
For nine months ended Dec.31, 2019 : 92,572,264
For nine months ended Dec.31, 2018 : 94,355,704

Consolidated Balance Sheets

| 【Assets】 | Third Quarter Dec.31,2019 | <i>Fiscal 2018</i> <i>Mar.31,2019</i> |
|--|------------------------------|--|
| | (millions of yen) | (millions of yen) |
| I Current Assets | 7,372,207 | 4,776,406 |
| Cash | 1,208,956 | 990,670 |
| Call Loans | 100,000 | 100,000 |
| Short-term Investments | 173,712 | 238,643 |
| Operating Loans | 767,545 | 668,894 |
| Receivables under resale agreements | 1,840,125 | 546,542 |
| Collateral Money for Securities Borrowed | 3,090,024 | 2,137,589 |
| Other Current Assets | 192,698 | 94,802 |
| Allowance for Doubtful Receivables | 854 | 736 |
| II Non-current Assets | 718,863 | 514,965 |
| Investments in Securities | 708,972 | 505,163 |
| Other Non-current Assets | 10,048 | 10,035 |
| Allowance for Doubtful Receivables | 157 | 233 |
| Total Assets | 8,091,071 | 5,291,372 |

| 【Liabilities and Net Assets】 | Third Quarter Dec.31,2019 | <i>Fiscal 2018</i> <i>Mar.31,2019</i> |
|---|------------------------------|--|
| | (millions of yen) | (millions of yen) |
| I Current Liabilities | 7,914,586 | 5,115,112 |
| Call Money | 1,110,701 | 1,016,460 |
| Short-term Borrowings | 74,500 | 16,547 |
| Commercial Paper | 308,000 | 214,000 |
| Payables under repurchase agreements | 3,228,118 | 1,453,352 |
| Collateral Money for Securities Lent | 2,135,399 | 1,563,430 |
| Borrowed Money from Trust Account | 962,242 | 743,329 |
| Other Current Liabilities | 95,624 | 107,993 |
| II Non-current Liabilities | 34,982 | 35,467 |
| Long-term Borrowings | 3,000 | 4,000 |
| Deferred Tax Liabilities | 9,544 | 10,075 |
| Liabilities for Retirement and Severance Benefits | — | 41 |
| Other Non-current Liabilities | 22,437 | 21,350 |
| Total Liabilities | 7,949,568 | 5,150,579 |
| I Shareholders' Equity | 127,305 | 126,631 |
| II Accumulated Other Comprehensive Income | 14,197 | 14,161 |
| Net Unrealized Gain on Other Securities | 28,432 | 29,171 |
| Deferred Losses on Hedges | 13,497 | 14,133 |
| Others | 737 | 876 |
| Total Net Assets | 141,502 | 140,793 |
| Total Liabilities and Net Assets | 8,091,071 | 5,921,372 |

Consolidated Statement of Operations

| | Third Quarter Apr.1,2018- Dec.31,2018 | Third Quarter Apr.1,2019- Dec.31,2019 | <i>Fiscal 2018</i> <i>Apr.1,2018- Mar.31,2019</i> |
|--|---|---|--|
| | (millions of yen) | (millions of yen) | (millions of yen) |
| Operating Revenues | 20,206 | 22,307 | 24,321 |
| Interest on Loans | 2,150 | 1,588 | 2,698 |
| Interest on Collateral Money for Securities Borrowed | 1,133 | 1,659 | 1,509 |
| Fees on Lending Securities | 8,905 | 10,240 | 11,699 |
| Other Operating Revenues | 8,016 | 8,819 | 8,414 |
| Operating Expenses | 10,645 | 12,643 | 12,284 |
| Interest on Borrowing & Commercial Paper | 1,141 | 958 | 1,526 |
| Fees on Borrowing Securities | 6,697 | 9,001 | 8,970 |
| Other Operating Expenses | 2,806 | 2,683 | 1,787 |
| Operating Profit | 9,561 | 9,664 | 12,037 |
| General and Administrative Expenses | 5,896 | 6,149 | 8,056 |
| Operating Income | 3,664 | 3,514 | 3,981 |
| Non-operating Revenues | 813 | 581 | 1,081 |
| Non-operating Expenses | 13 | 14 | 15 |
| Recurring Income | 4,464 | 4,081 | 5,046 |
| Extraordinary Profit | 0 | 0 | 0 |
| Extraordinary Loss | 41 | 36 | 41 |
| Net Income before Income Taxes | 4,423 | 4,045 | 5,005 |
| Current Income Taxes | 669 | 894 | 842 |
| Deferred Income Taxes | 410 | 135 | 397 |
| Net Income | 3,343 | 3,015 | 3,765 |

Consolidated Average Outstanding Balance of Loans

| | Third Quarter Apr.1,2018 - Dec.31,2018 | | Third Quarter Apr.1,2019 - Dec.31,2019 | | Fiscal 2018 Apr.1,2018 - Mar.31,2019 | |
|--|--|--------------|--|--------------|--|--------------|
| | (billions of yen) | (% ratio) | (billions of yen) | (% ratio) | (billions of yen) | (% ratio) |
| Loans for Margin Transactions | 305.4 | 36.7 | 210.4 | 27.4 | 284.2 | 35.7 |
| General Loans | 84.2 | 10.1 | 77.2 | 10.0 | 81.1 | 10.2 |
| Loans for Negotiable Margin Transactions | 11.3 | 1.4 | 10.5 | 1.4 | 10.6 | 1.3 |
| Trust Bank Loans | 442.5 | 53.2 | 481.3 | 62.6 | 431.2 | 54.1 |
| Total | 832.2 | 100.0 | 768.9 | 100.0 | 796.6 | 100.0 |
| Securities Lent for Margin Transactions | 261.1 | — | 355.6 | — | 261.6 | — |

Business Information for Consolidated Operating Revenues

| | Third Quarter Apr.1,2018 - Dec.31,2018 | | Third Quarter Apr.1,2019 - Dec.31,2019 | | Fiscal 2018 Apr.1,2018 - Mar.31,2019 | |
|---|--|--------------|--|--------------|--|--------------|
| | (millions of yen) | (% ratio) | (millions of yen) | (% ratio) | (millions of yen) | (% ratio) |
| Securities Finance Business | 17,636 | 87.3 | 19,357 | 86.8 | 20,969 | 86.3 |
| Loans for Margin Transactions | 7,151 | 35.4 | 9,843 | 44.1 | 9,661 | 39.7 |
| (Interest on Loans) | 1,455 | 7.2 | 1,022 | 4.6 | 1,799 | 7.4 |
| (Interest on Collateral Money of Securities Borrowed) | 510 | 2.5 | 969 | 4.3 | 708 | 2.9 |
| (Fees on Lending Securities) | 4,959 | 24.5 | 7,675 | 34.4 | 6,819 | 28.0 |
| General Loans | 968 | 4.8 | 905 | 4.1 | 1,242 | 5.1 |
| Securities Lending | 4,982 | 24.7 | 5,033 | 22.6 | 6,480 | 26.7 |
| (Stocks) | 1,258 | 6.2 | 734 | 3.3 | 1,517 | 6.2 |
| (Bonds) | 3,724 | 18.4 | 4,299 | 19.3 | 4,962 | 20.4 |
| Other Business | 4,533 | 22.4 | 3,575 | 16.0 | 3,586 | 14.8 |
| Trust Banking Business | 1,904 | 9.4 | 2,277 | 10.2 | 2,467 | 10.1 |
| (Interest on Loans) | 46 | 0.2 | 35 | 0.2 | 58 | 0.2 |
| (Trust Charges) | 554 | 2.7 | 578 | 2.6 | 746 | 3.1 |
| (Others) | 1,304 | 6.5 | 1,663 | 7.5 | 1,662 | 6.8 |
| Real Estate Management Business | 664 | 3.3 | 673 | 3.0 | 884 | 3.6 |
| Total | 20,206 | 100.0 | 22,307 | 100.0 | 24,321 | 100.0 |