

JAPAN SECURITIES FINANCE CO.,LTD.

Consolidated Financial Results for the Third Quarter ended December 31, 2018

Name : Japan Securities Finance Co.,Ltd.

Listing : First Section, Tokyo Stock Exchange

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(Millions of yen, rounded down to nearest million)

1.Consolidated Financial Results for the Third Quarter of Fiscal 2018(April 1,2018-December31,2018)

(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 2018	20,206	△3.0	3,664	△5.0	4,464	△2.6	3,343	△11.4
Third Quarter of Fiscal 2017	20,828	22.3	3,857	35.0	4,582	36.1	3,775	32.6
Fiscal 2017	26,333	14.2	3,881	38.5	4,685	29.7	4,225	37.3

Reference:Comprehensive Income: Fiscal2018 3Q:¥39million(△99.4%) Fiscal2017 3Q: ¥6,952million(911.6%)

	Net Income per Share EPS (Yen)	Net Income per Share (Yen) (fully diluted)
Third Quarter of Fiscal 2018	35.43	—
Third Quarter of Fiscal 2017	39.44	—
Fiscal 2017	44.25	—

(2)Consolidated Financial Position

	Total Assets (Millions of Yen)	Net Assets (Millions of Yen)	Equity Ratio (%)
As of Dec.31, 2018	4,896,478	140,525	2.9
Fiscal 2017	4,960,161	143,811	2.9

Reference: Shareholders Equity:¥140,525million (Fiscal2017: ¥143,811million)

2. Dividends

	Dividends per Share		
	Interim (Yen)	Year-End (Yen)	Annual (Yen)
Fiscal 2017	9.00	17.00	26.00
Fiscal 2018	11.00	11.00	22.00
Fiscal 2018 (Forecast)			

Note : Amendment of Forecast No

3. Consolidated Estimated Figures for fiscal 2017(April 1,2018—March 31,2019)

	Operating Income (Millions of yen)	Recurring Income (Millions of yen)	Net Income (Millions of yen)	Net Income per Share EPS (Yen)
Full-year	3,800	4,700	3,400	36.10

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, 2018 : 100,000,000 as of Mar.31, 2018 : 100,000,000
 - ②Number of Treasury stocks
as of Dec.31, 2018 : 6,330,354 as of Mar.31, 2018 : 5,311,432
 - ③Average number of shares
For nine months ended Dec.31, 2018 : 94,355,704
For nine months ended Dec.31, 2017 : 95,718,035

Consolidated Balance Sheets

【Assets】	Third Quarter Dec.31,2018	<i>Fiscal 2017</i> <i>Mar.31,2018</i>
	(millions of yen)	(millions of yen)
I Current Assets	4,297,321	4,161,486
Cash	665,641	777,895
Call Loans	116,064	95,000
Short-term Investments	155,429	60,817
Operating Loans	767,961	1,002,931
Receivables under resale agreements	605,797	—
Collateral Money for Securities Borrowed	1,900,735	2,168,170
Other Current Assets	86,601	57,790
Allowance for Doubtful Receivables	△ 910	△ 1,118
II Non-current Assets	599,157	798,674
Investments in Securities	589,111	787,231
Other Non-current Assets	10,651	12,121
Allowance for Doubtful Receivables	△ 605	△ 678
Total Assets	4,896,478	4,960,161

【Liabilities and Net Assets】	Third Quarter Dec.31,2018	Fiscal 2017 Mar.31,2018
	(millions of yen)	(millions of yen)
I Current Liabilities	4,730,355	4,792,452
Call Money	601,459	771,414
Short-term Borrowings	118,650	15,510
Commercial Paper	46,000	459,000
Payables under repurchase agreements	1,490,264	—
Collateral Money for Securities Lent	1,698,261	2,505,135
Borrowed Money from Trust Account	705,965	961,611
Other Current Liabilities	69,754	79,781
II Non-current Liabilities	25,598	23,897
Long-term Borrowings	4,000	3,000
Deferred Tax Liabilities	8,757	9,628
Liabilities for Retirement and Severance Benefits	41	41
Other Non-current Liabilities	12,799	11,227
Total Liabilities	4,755,953	4,816,350
I Shareholders' Equity	126,836	126,819
II Accumulated Other Comprehensive Income	13,688	16,991
Net Unrealized Gain on Other Securities	22,267	24,484
Deferred Losses on Hedges	△ 8,368	△ 7,242
Others	△ 211	△ 249
Total Net Assets	140,525	143,811
Total Liabilities and Net Assets	4,896,478	4,960,161

Consolidated Statement of Operations

	Third Quarter Apr.1,2017- Dec.31,2017	Third Quarter Apr.1,2018- Dec.31,2018	Fiscal 2017 Apr.1,2017- Mar.31,2018
	(millions of yen)	(millions of yen)	(millions of yen)
Operating Revenues	20,828	20,206	26,333
Interest on Loans	2,136	2,150	3,014
Interest on Collateral Money for Securities Borrowed	1,341	1,133	1,665
Fees on Lending Securities	11,150	8,905	14,014
Other Operating Revenues	6,200	8,016	7,639
Operating Expenses	10,907	10,645	13,330
Interest on Borrowing & Commercial Paper	977	1,141	1,259
Fees on Borrowing Securities	8,481	6,697	10,406
Other Operating Expenses	1,448	2,806	1,664
Operating Profit	9,920	9,561	13,002
General and Administrative Expenses	6,063	5,896	9,121
Operating Income	3,857	3,664	3,881
Non-operating Revenues	732	813	814
Non-operating Expenses	7	13	9
Recurring Income	4,582	4,464	4,685
Extraordinary Profit	5	0	133
Extraordinary Loss	2	41	2
Net Income before Income Taxes	4,585	4,423	4,817
Current Income Taxes	698	669	938
Deferred Income Taxes	112	410	△ 346
Net Income	3,775	3,343	4,225

Consolidated Average Outstanding Balance of Loans

	Third Quarter Apr.1,2017 - Dec.31,2017		Third Quarter Apr.1,2018 - Dec.31,2018		Fiscal 2017 Apr.1,2017 - Mar.31,2018	
	(billions of yen)	(% ratio)	(billions of yen)	(% ratio)	(billions of yen)	(% ratio)
Loans for Margin Transactions	326.6	55.2	305.4	36.7	350.1	52.2
General Loans	37.9	6.4	84.2	10.1	46.3	6.9
Loans for Negotiable Margin Transactions	9.0	1.5	11.3	1.4	10.0	1.5
Trust Bank Loans	226.7	38.3	442.5	53.2	273.5	40.8
Other Loans	0.2	0.1	0.0	0.0	0.1	0.1
Total	591.5	100.0	832.2	100.0	670.2	100.0
Securities Lent for Margin Transactions	384.3	—	261.1	—	366.1	—

Business Information for Consolidated Operating Revenues

	Third Quarter Apr.1,2017 - Dec.31,2017		Third Quarter Apr.1,2018 - Dec.31,2018		Fiscal 2017 Apr.1,2017 - Mar.31,2018	
	(millions of yen)	(% ratio)	(millions of yen)	(% ratio)	(millions of yen)	(% ratio)
Securities Finance Business	17,734	85.2	17,636	87.3	22,487	85.4
Loans for Margin Transactions	10,702	51.4	7,151	35.4	13,253	50.3
(Interest on Loans)	1,568	7.5	1,455	7.2	2,225	8.5
(Interest on Collateral Money of Securities Borrowed)	894	4.3	510	2.5	1,073	4.1
(Fees on Lending Securities)	7,925	38.0	4,959	24.5	9,481	36.0
General Loans	647	3.1	968	4.8	917	3.5
Securities Lending	3,600	17.3	4,982	24.7	5,035	19.1
(Stocks)	991	4.8	1,258	6.2	1,458	5.5
(Bonds)	2,609	12.5	3,724	18.4	3,576	13.6
Other Business	2,783	13.4	4,533	22.4	3,281	12.5
Trust Banking Business	2,437	11.7	1,904	9.4	2,971	11.3
(Interest on Loans)	70	0.3	46	0.2	89	0.3
(Trust Charges)	552	2.7	554	2.7	741	2.8
(Others)	1,814	8.7	1,304	6.5	2,140	8.1
Real Estate Management Business	655	3.1	664	3.3	873	3.3
Total	20,828	100.0	20,206	100.0	26,333	100.0