

JAPAN SECURITIES FINANCE CO.,LTD.

Consolidated Financial Results for the Third Quarter ended December 31, 2017

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 2017(April 1,2017-December31,2017)

(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 2017	20,828	22.3	3,857	35.0	4,582	36.1	3,775	32.6
Third Quarter of Fiscal 2016	17,032	5.5	2,856	34.7	3,366	14.3	2,848	19.1
Fiscal 2016	23,066	4.7	2,802	9.5	3,611	7.8	3,078	16.3

Reference:Comprehensive Income: Fiscal2017 3Q:¥6,952million(911.6%) Fiscal2016 3Q: ¥687million(△81.5%)

	Net Income per Share EPS (Yen)	Net Income per Share (Yen) (fully diluted)
Third Quarter of Fiscal 2017	39.44	—
Third Quarter of Fiscal 2016	29.49	—
Fiscal 2016	31.91	—

(2)Consolidated Financial Position

	Total Assets (Millions of Yen)	Net Assets (Millions of Yen)	Equity Ratio (%)
As of Dec.31, 2017	4,926,880	144,076	2.9
Fiscal 2016	4,645,051	139,712	3.0

Reference: Shareholders Equity:¥144,076million (Fiscal2016: ¥139,712million)

2. Dividends

2. Dividends			
	Dividends per Share		
	Interim (Yen)	Year-End (Yen)	Annual (Yen)
Fiscal 2016	8.00	10.00	18.00
Fiscal 2017	9.00		
Fiscal 2017 (Forecast)			

Note : Amendment of Forecast Yes

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

	Operating Income	Recurring Income	Net Income	Net Income per Share
	(Millions of yen)	(Millions of yen)	(Millions of yen)	EPS (Yen)
Full-year	3,900	4,800	4,100	42.93

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, 2017 : 100,000,000 as of Mar.31, 2017 : 100,000,000
 - ②Number of Treasury stocks
as of Dec.31, 2017 : 5,110,858 as of Mar.31, 2017 : 3,821,515
 - ③Average number of shares
For nine months ended Dec.31, 2017 : 95,718,035
For nine months ended Dec.31, 2016 : 96,579,984

Consolidated Balance Sheets

【Assets】	Third Quarter Dec.31,2017	<i>Fiscal 2016</i> <i>Mar.31,2017</i>
	(millions of yen)	(millions of yen)
I Current Assets	4,133,710	3,942,440
Cash	1,267,456	1,076,761
Call Loans	70,000	33,000
Short-term Investments	128,334	238,498
Operating Loans	861,010	587,752
Deferred Tax Assets	295	278
Collateral Money for Securities Borrowed	1,736,637	1,930,722
Other Current Assets	70,269	75,682
Allowance for Doubtful Receivables	△ 293	△ 254
II Non-current Assets	793,169	702,610
Investments in Securities	781,232	690,208
Other Non-current Assets	12,783	13,560
Allowance for Doubtful Receivables	△ 846	△ 1,158
Total Assets	4,926,880	4,645,051

【Liabilities and Net Assets】	Third Quarter Dec.31,2017	Fiscal 2016 Mar.31,2017
	(millions of yen)	(millions of yen)
I Current Liabilities	4,759,154	4,477,440
Call Money	1,032,389	626,898
Short-term Borrowings	14,010	13,010
Commercial Paper	173,000	185,000
Collateral Money for Securities Lent	2,400,048	2,492,578
Borrowed Money from Trust Account	1,071,815	1,095,054
Other Current Liabilities	67,891	64,898
II Non-current Liabilities	23,649	27,898
Long-term Borrowings	3,000	4,000
Deferred Tax Liabilities	10,391	9,410
Liabilities for Retirement and Severance Benefits	41	41
Other Non-current Liabilities	10,215	14,446
Total Liabilities	4,782,803	4,505,339
I Shareholders' Equity	126,502	125,314
II Accumulated Other Comprehensive Income	17,574	14,397
Net Unrealized Gain on Other Securities	24,076	19,736
Deferred Losses on Hedges	△ 6,217	△ 5,083
Others	△ 284	△ 255
Total Net Assets	144,076	139,712
Total Liabilities and Net Assets	4,926,880	4,645,051

Consolidated Statement of Operations

	Third Quarter Apr.1,2016- Dec.31,2016	Third Quarter Apr.1,2017- Dec.31,2017	<i>Fiscal 2016</i> <i>Apr.1,2016-</i> <i>Mar.31,2017</i>
	(millions of yen)	(millions of yen)	(millions of yen)
Operating Revenues	17,032	20,828	23,066
Interest on Loans	1,926	2,136	2,599
Interest on Collateral Money for Securities Borrowed	1,008	1,341	1,476
Fees on Lending Securities	8,346	11,150	11,723
Other Operating Revenues	5,751	6,200	7,267
Operating Expenses	8,156	10,907	11,892
Interest on Borrowing & Commercial Paper	861	977	1,217
Fees on Borrowing Securities	6,219	8,481	8,810
Other Operating Expenses	1,075	1,448	1,865
Operating Profit	8,875	9,920	11,173
General and Administrative Expenses	6,018	6,063	8,371
Operating Income	2,856	3,857	2,802
Non-operating Revenues	653	732	814
Non-operating Expenses	143	7	5
Recurring Income	3,366	4,582	3,611
Extraordinary Profit	63	5	63
Extraordinary Loss	2	2	116
Net Income before Income Taxes	3,427	4,585	3,558
Current Income Taxes	497	698	577
Deferred Income Taxes	82	112	△ 97
Net Income	2,848	3,775	3,078

Consolidated Average Outstanding Balance of Loans

	Third Quarter Apr.1,2016 - Dec.31,2016		Third Quarter Apr.1,2017 - Dec.31,2017		Fiscal 2016 Apr.1,2016 - Mar.31,2017	
	(billions of yen)	(% ratio)	(billions of yen)	(% ratio)	(billions of yen)	(% ratio)
Loans for Margin Transactions	258.2	57.6	326.6	55.2	265.4	56.8
General Loans	45.5	10.2	37.0	6.3	44.8	9.6
Loans for Negotiable Margin Transactions	9.6	2.2	9.0	1.5	9.5	2.0
Trust Bank Loans	136.6	30.5	226.7	38.3	149.9	32.1
Other Loans	7.5	1.7	1.1	0.2	7.0	1.5
Total	448.0	100.0	591.5	100.0	467.2	100.0
Securities Lent for Margin Transactions	266.8	—	384.3	—	291.3	—

Business Information for Consolidated Operating Revenues

	Third Quarter Apr.1,2016 - Dec.31,2016		Third Quarter Apr.1,2017 - Dec.31,2017		Fiscal 2016 Apr.1,2016 - Mar.31,2017	
	(millions of yen)	(% ratio)	(millions of yen)	(% ratio)	(millions of yen)	(% ratio)
Securities Finance Business	14,161	83.2	17,734	85.2	19,407	84.1
Loans for Margin Transactions	7,606	44.7	10,702	51.4	10,721	46.5
(Interest on Loans)	1,242	7.3	1,568	7.5	1,694	7.3
(Interest on Collateral Money of Securities Borrowed)	602	3.5	894	4.3	887	3.8
(Fees on Lending Securities)	5,528	32.5	7,925	38.0	7,771	33.7
General Loans	677	4.0	646	3.1	907	3.9
Securities Lending	3,164	18.6	3,600	17.3	4,453	19.3
(Stocks)	750	4.4	991	4.8	941	4.1
(Bonds)	2,413	14.2	2,609	12.5	3,512	15.2
Other Business	2,712	15.9	2,784	13.4	3,325	14.4
Trust Banking Business	2,222	13.0	2,437	11.7	2,792	12.1
(Interest on Loans)	114	0.7	70	0.3	147	0.6
(Trust Charges)	489	2.9	552	2.7	668	2.9
(Others)	1,618	9.5	1,814	8.7	1,977	8.6
Real Estate Management Business	648	3.8	655	3.1	865	3.8
Total	17,032	100.0	20,828	100.0	23,066	100.0