

JAPAN SECURITIES FINANCE CO.,LTD.

Consolidated Financial Results for the Second Quarter ended September 30, 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 Second Quarter of Fiscal 2017(April 1,2017-September 30,2017)

(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) |
| Second Quarter of Fiscal 2017 | 12,909 | 20.8 | 2,420 | 36.2 | 2,723 | 32.8 | 2,227 | 27.4 |
| Second Quarter of Fiscal 2016 | 10,683 | △7.0 | 1,777 | 3.1 | 2,049 | △2.6 | 1,747 | 0.7 |
| Fiscal 2016 | 23,066 | 4.7 | 2,802 | 9.5 | 3,611 | 7.8 | 3,078 | 16.3 |

Reference:Comprehensive Income: Fiscal2017 2Q:¥4,167million(—%) Fiscal2016 2Q:¥39million(△97.4%)

| | Net Income per Share | Net Income per Share |
|--------------------------------------|----------------------|-----------------------|
| | EPS (Yen) | (Yen) (fully diluted) |
| Second Quarter of Fiscal 2017 | 23.22 | — |
| Second Quarter of Fiscal 2016 | 18.06 | — |
| Fiscal 2016 | 31.91 | — |

(2)Consolidated Financial Position

| | Total Assets | Net Assets | Equity Ratio |
|---------------------------|-------------------|-------------------|--------------|
| | (Millions of Yen) | (Millions of Yen) | (%) |
| As of Sep.30, 2017 | 4,835,853 | 142,519 | 2.9 |
| Fiscal 2016 | 4,645,051 | 139,712 | 3.0 |

Reference: Shareholders Equity: ¥142,519million (Fiscal2016: ¥139,712million)

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) | | 9.00 | 18.00 |

Note : Amendment of Forecast Yes

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

| | Operating Income (Millions of yen) | Recurring Income (Millions of yen) | Net Income (Millions of yen) | Net Income per Share EPS (Yen) |
|-----------|--|--|---------------------------------|-----------------------------------|
| Full-year | 3,400 | 4,100 | 3,300 | 34.48 |

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 Sep.30, 2017 : 100,000,000 as of Mar.31, 2017 : 100,000,000
 - ②Number of Treasury stocks
as of Sep.30, 2017 : 4,510,222 as of Mar.31, 2017 : 3,821,515
 - ③Average number of shares
For six months ended Sep.30, 2017 : 95,920,813
For six months ended Sep.30, 2016 : 96,746,118

Consolidated Balance Sheets

| 【Assets】 | Second Quarter Sep.30,2017 | <i>Fiscal 2016</i> <i>Mar.31,2017</i> |
|--|-------------------------------|--|
| | (millions of yen) | (millions of yen) |
| I Current Assets | 4,003,878 | 3,942,440 |
| Cash | 1,339,661 | 1,076,761 |
| Call Loans | 80,000 | 33,000 |
| Short-term Investments | 218,001 | 238,498 |
| Operating Loans | 634,457 | 587,752 |
| Deferred Tax Assets | 379 | 278 |
| Collateral Money for Securities Borrowed | 1,666,706 | 1,930,722 |
| Other Current Assets | 64,929 | 75,682 |
| Allowance for Doubtful Receivables | △ 256 | △ 254 |
| II Non-current Assets | 831,974 | 702,610 |
| Investments in Securities | 819,957 | 690,208 |
| Other Non-current Assets | 13,113 | 13,560 |
| Allowance for Doubtful Receivables | △ 1,096 | △ 1,158 |
| Total Assets | 4,835,853 | 4,645,051 |

| 【Liabilities and Net Assets】 | Second Quarter Sep.30,2017 | Fiscal 2016 Mar.31,2017 |
|---|---------------------------------------|------------------------------------|
| | (millions of yen) | (millions of yen) |
| I Current Liabilities | 4,668,760 | 4,477,440 |
| Call Money | 963,206 | 626,898 |
| Short-term Borrowings | 14,010 | 13,010 |
| Commercial Paper | 263,000 | 185,000 |
| Collateral Money for Securities Lent | 2,244,111 | 2,492,578 |
| Borrowed Money from Trust Account | 1,108,001 | 1,095,054 |
| Other Current Liabilities | 76,430 | 64,898 |
| II Non-current Liabilities | 24,572 | 27,898 |
| Long-term Borrowings | 3,000 | 4,000 |
| Deferred Tax Liabilities | 10,208 | 9,410 |
| Liabilities for Retirement and Severance Benefits | 41 | 41 |
| Other Non-current Liabilities | 11,322 | 14,446 |
| Total Liabilities | 4,693,333 | 4,505,339 |
| I Shareholders' Equity | 126,181 | 125,314 |
| II Accumulated Other Comprehensive Income | 16,337 | 14,397 |
| Net Unrealized Gain on Other Securities | 24,225 | 19,736 |
| Deferred Losses on Hedges | △ 7,581 | △ 5,083 |
| Others | △ 305 | △ 255 |
| Total Net Assets | 142,519 | 139,712 |
| Total Liabilities and Net Assets | 4,835,853 | 4,645,051 |

Consolidated Statement of Income

| | Second Quarter Apr.1,2016- Sep.30,2016 | Second Quarter Apr.1,2017- Sep.30,2017 | <i>Fiscal 2016</i> Apr.1,2016- Mar.31,2017 |
|--|--|--|--|
| | (millions of yen) | (millions of yen) | (millions of yen) |
| Operating Revenues | 10,683 | 12,909 | 23,066 |
| Interest on Loans | 1,302 | 1,373 | 2,599 |
| Interest on Collateral Money for Securities Borrowed | 508 | 893 | 1,476 |
| Fees on Lending Securities | 4,881 | 6,783 | 11,723 |
| Other Operating Revenues | 3,990 | 3,859 | 7,267 |
| Operating Expenses | 4,909 | 6,518 | 11,892 |
| Interest on Borrowing & Commercial Paper | 559 | 664 | 1,217 |
| Fees on Borrowing Securities | 3,475 | 5,125 | 8,810 |
| Other Operating Expenses | 874 | 728 | 1,865 |
| Operating Profit | 5,774 | 6,391 | 11,173 |
| General and Administrative Expenses | 3,996 | 3,970 | 8,371 |
| Operating Income | 1,777 | 2,420 | 2,802 |
| Non-operating Revenues | 417 | 364 | 814 |
| Non-operating Expenses | 145 | 62 | 5 |
| Recurring Income | 2,049 | 2,723 | 3,611 |
| Extraordinary Profit | — | 5 | 63 |
| Extraordinary Loss | 2 | 2 | 116 |
| Net Income before Income Taxes | 2,047 | 2,726 | 3,558 |
| Current Income Taxes | 297 | 481 | 577 |
| Deferred Income Taxes | 1 | 18 | △ 97 |
| Net Income | 1,747 | 2,227 | 3,078 |

Consolidated Average Outstanding Balance of Loans

| | Second Quarter Apr.1,2016 - Sep.30,2016 | | Second Quarter Apr.1,2017 - Sep.30,2017 | | Fiscal 2016 Apr.1,2016 - Mar.31,2017 | |
|---|---|--------------|---|--------------|--|--------------|
| | (billions of yen) | (% ratio) | (billions of yen) | (% ratio) | (billions of yen) | (% ratio) |
| Loans for Margin Transactions | 263.6 | 58.3 | 313.8 | 58.5 | 265.4 | 56.8 |
| General Loans | 47.5 | 10.5 | 36.1 | 6.7 | 44.8 | 9.6 |
| Loans for Negotiable Margin Transactions | 9.1 | 2.0 | 8.8 | 1.6 | 9.5 | 2.0 |
| Trust Bank Loans | 133.7 | 29.5 | 186.3 | 34.7 | 149.9 | 32.1 |
| Other Loans | 7.5 | 1.7 | 0.3 | 0.1 | 7.0 | 1.5 |
| Total | 452.4 | 100.0 | 536.7 | 100.0 | 467.2 | 100.0 |
| Securities Lent for Margin Transactions | 227.3 | — | 373.8 | — | 291.3 | — |

Business Information for Consolidated Operating Revenues

| | Second Quarter Apr.1,2016 - Sep.30,2016 | | Second Quarter Apr.1,2017 - Sep.30,2017 | | Fiscal 2016 Apr.1,2016 - Mar.31,2017 | |
|--|---|--------------|---|--------------|--|--------------|
| | (millions of yen) | (% ratio) | (millions of yen) | (% ratio) | (millions of yen) | (% ratio) |
| Securities Finance Business | 8,563 | 80.2 | 11,092 | 85.9 | 19,407 | 84.1 |
| Loans for Margin Transactions | 4,395 | 41.1 | 6,640 | 51.4 | 10,721 | 46.5 |
| (Interest on Loans) | 840 | 7.9 | 1,000 | 7.7 | 1,694 | 7.3 |
| (Interest on Collateral Money of Securities Borrowed) | 305 | 2.9 | 587 | 4.6 | 887 | 3.8 |
| (Fees on Lending Securities) | 3,074 | 28.8 | 4,805 | 37.2 | 7,771 | 33.7 |
| General Loans | 457 | 4.3 | 414 | 3.3 | 907 | 3.9 |
| Securities Lending | 1,958 | 18.4 | 2,242 | 17.3 | 4,453 | 19.3 |
| (Stocks) | 487 | 4.6 | 508 | 3.9 | 941 | 4.1 |
| (Bonds) | 1,471 | 13.8 | 1,734 | 13.4 | 3,512 | 15.2 |
| Other Business | 1,752 | 16.4 | 1,794 | 13.9 | 3,325 | 14.4 |
| Trust Banking Business | 1,690 | 15.8 | 1,380 | 10.7 | 2,792 | 12.1 |
| (Interest on Loans) | 81 | 0.8 | 50 | 0.4 | 147 | 0.6 |
| (Trust Charges) | 321 | 3.0 | 360 | 2.8 | 668 | 2.9 |
| (Others) | 1,288 | 12.1 | 970 | 7.5 | 1,977 | 8.6 |
| Real Estate Management Business | 428 | 4.0 | 435 | 3.4 | 865 | 3.8 |
| Total | 10,683 | 100.0 | 12,909 | 100.0 | 23,066 | 100.0 |