

JAPAN SECURITIES FINANCE CO.,LTD.

Consolidated Financial Results for the Second Quarter ended September 30, 2018

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 2018(April 1,2018—September 30,2018)

(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)
Second Quarter of Fiscal 2018	12,052	△6.6	2,226	△8.0	2,695	△1.0	1,946	△12.6
Second Quarter of Fiscal 2017	12,909	20.8	2,420	36.2	2,723	32.8	2,227	27.4
Fiscal 2017	26,333	14.2	3,881	38.5	4,685	29.7	4,225	37.3

Reference:Comprehensive Income: Fiscal2018 2Q:¥1,511million(△63.7%) Fiscal2017 2Q:¥4,167million(—%)

	Net Income per Share	Net Income per Share
	EPS (Yen)	(Yen) (fully diluted)
Second Quarter of Fiscal 2018	20.59	—
Second Quarter of Fiscal 2017	23.22	—
Fiscal 2017	44.25	—

(2)Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio
	(Millions of Yen)	(Millions of Yen)	(%)
As of Sep.30, 2018	5,460,926	143,505	2.6
Fiscal 2017	4,960,161	143,811	2.9

Reference: Shareholders Equity: ¥143,505million (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		
Fiscal 2018 (Forecast)		11.00	22.00

Note : Amendment of Forecast No

3. Consolidated Estimated Figures for fiscal 2018(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	3,600	4,500	3,200	33.87

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, 2018 : 100,000,000 as of Mar.31, 2018 : 100,000,000
 - ②Number of Treasury stocks
as of Sep.30, 2018 : 5,609,625 as of Mar.31, 2018 : 5,311,432
 - ③Average number of shares
For six months ended Sep.30, 2018 : 94,547,034
For six months ended Sep.30, 2017 : 95,920,813

Consolidated Balance Sheets

【Assets】	Second Quarter Sep.30,2018	<i>Fiscal 2017</i> <i>Mar.31,2018</i>
	(millions of yen)	(millions of yen)
I Current Assets	4,825,059	4,161,486
Cash	1,042,461	777,895
Call Loans	75,000	95,000
Short-term Investments	142,437	60,817
Operating Loans	881,989	1,002,931
Receivables under resale agreements	428,892	—
Collateral Money for Securities Borrowed	2,179,271	2,168,170
Other Current Assets	76,134	57,790
Allowance for Doubtful Receivables	△ 1,126	△ 1,118
II Non-current Assets	635,866	798,674
Investments in Securities	622,400	787,231
Other Non-current Assets	14,075	12,121
Allowance for Doubtful Receivables	△ 609	△ 678
Total Assets	5,460,926	4,960,161

【Liabilities and Net Assets】	Second Quarter Sep.30,2018	Fiscal 2017 Mar.31,2018
	(millions of yen)	(millions of yen)
I Current Liabilities	5,297,432	4,792,452
Call Money	1,254,497	771,414
Short-term Borrowings	8,010	15,510
Commercial Paper	194,000	459,000
Payables under repurchase agreements	426,196	—
Collateral Money for Securities Lent	2,392,698	2,505,135
Borrowed Money from Trust Account	935,944	961,611
Other Current Liabilities	86,085	79,781
II Non-current Liabilities	19,988	23,897
Long-term Borrowings	3,000	3,000
Deferred Tax Liabilities	8,918	9,628
Liabilities for Retirement and Severance Benefits	41	41
Other Non-current Liabilities	8,028	11,227
Total Liabilities	5,317,420	4,816,350
I Shareholders' Equity	126,948	126,819
II Accumulated Other Comprehensive Income	16,556	16,991
Net Unrealized Gain on Other Securities	19,502	24,484
Deferred Losses on Hedges	△ 2,723	△ 7,242
Others	△ 223	△ 249
Total Net Assets	143,505	143,811
Total Liabilities and Net Assets	5,460,926	4,960,161

Consolidated Statement of Income

	Second Quarter Apr.1,2017- Sep.30,2017	Second Quarter Apr.1,2018- Sep.30,2018	<i>Fiscal 2017</i> Apr.1,2017- Mar.31,2018
	(millions of yen)	(millions of yen)	(millions of yen)
Operating Revenues	12,909	12,052	26,333
Interest on Loans	1,373	1,505	3,014
Interest on Collateral Money for Securities Borrowed	893	754	1,665
Fees on Lending Securities	6,783	5,955	14,014
Other Operating Revenues	3,859	3,837	7,639
Operating Expenses	6,518	5,748	13,330
Interest on Borrowing & Commercial Paper	664	445	1,259
Fees on Borrowing Securities	5,125	4,361	10,406
Other Operating Expenses	728	941	1,664
Operating Profit	6,391	6,303	13,002
General and Administrative Expenses	3,970	4,077	9,121
Operating Income	2,420	2,226	3,881
Non-operating Revenues	364	471	814
Non-operating Expenses	62	3	9
Recurring Income	2,723	2,695	4,685
Extraordinary Profit	5	—	133
Extraordinary Loss	2	41	2
Net Income before Income Taxes	2,726	2,654	4,817
Current Income Taxes	481	421	938
Deferred Income Taxes	18	286	△ 346
Net Income	2,227	1,946	4,225

Consolidated Average Outstanding Balance of Loans

	Second Quarter Apr.1,2017 - Sep.30,2017		Second Quarter Apr.1,2018 - Sep.30,2018		Fiscal 2017 Apr.1,2017 - Mar.31,2018	
	(billions of yen)	(% ratio)	(billions of yen)	(% ratio)	(billions of yen)	(% ratio)
Loans for Margin Transactions	313.8	58.5	326.0	39.1	350.1	52.2
General Loans	36.2	6.7	94.0	11.3	46.3	6.9
Loans for Negotiable Margin Transactions	8.8	1.6	11.8	1.4	10.0	1.5
Trust Bank Loans	186.3	34.7	413.5	49.6	273.5	40.8
Other Loans	0.3	0.1	0.0	0.0	0.1	0.1
Total	536.7	100.0	833.7	100.0	670.2	100.0
Securities Lent for Margin Transactions	373.8	—	261.6	—	366.1	—

Business Information for Consolidated Operating Revenues

	Second Quarter Apr.1,2017 - Sep.30,2017		Second Quarter Apr.1,2018 - Sep.30,2018		Fiscal 2017 Apr.1,2017 - Mar.31,2018	
	(millions of yen)	(% ratio)	(millions of yen)	(% ratio)	(millions of yen)	(% ratio)
Securities Finance Business	11,092	85.9	10,247	85.0	22,487	85.4
Loans for Margin Transactions	6,640	51.4	4,707	39.1	13,253	50.3
(Interest on Loans)	1,000	7.7	1,031	8.6	2,225	8.5
(Interest on Collateral Money of Securities Borrowed)	587	4.6	331	2.8	1,073	4.1
(Fees on Lending Securities)	4,805	37.2	3,175	26.4	9,481	36.0
General Loans	414	3.3	659	5.5	917	3.5
Securities Lending	2,242	17.3	3,281	27.2	5,035	19.1
(Stocks)	508	3.9	907	7.5	1,458	5.5
(Bonds)	1,734	13.4	2,374	19.7	3,576	13.6
Other Business	1,794	13.9	1,598	13.2	3,281	12.5
Trust Banking Business	1,380	10.7	1,364	11.3	2,971	11.3
(Interest on Loans)	50	0.4	33	0.3	89	0.3
(Trust Charges)	360	2.8	371	3.1	741	2.8
(Others)	970	7.5	958	7.9	2,140	8.1
Real Estate Management Business	435	3.4	441	3.7	873	3.3
Total	12,909	100.0	12,052	100.0	26,333	100.0