

JAPAN SECURITIES FINANCE CO.,LTD.

Consolidated Financial Results for the Second Quarter ended September 30, 2016

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 Second Quarter of Fiscal 2016(April 1,2016-September 30,2016)

(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 2016	10,683	△7.0	1,777	3.1	2,049	△2.6	1,747	0.7
Second Quarter of Fiscal 2015	11,492	13.7	1,724	△2.0	2,104	△5.7	1,734	△7.0
Fiscal 2015	22,035	8.5	2,558	△15.4	3,349	△20.8	2,645	△24.9

Reference:Comprehensive Income: Fiscal2016 2Q:¥39million(△97.4%) Fiscal2015 2Q:¥1,494million(△28.5%)

	Net Income per Share	Net Income per Share
	EPS (Yen)	(Yen) (fully diluted)
Second Quarter of Fiscal 2016	18.06	—
Second Quarter of Fiscal 2015	17.48	—
Fiscal 2015	26.90	—

(2)Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio
	(Millions of Yen)	(Millions of Yen)	(%)
A s o f Sep.30, 2016	3,328,200	141,063	4.2
Fiscal 2015	3,249,170	142,030	4.4

Reference: Shareholders Equity: ¥141,063million (Fiscal2015: ¥142,030million)

2. Dividends

	Dividends per Share		
	Interim (Yen)	Year-End (Yen)	Annual (Yen)
Fiscal 2015	8.00	8.00	16.00
Fiscal 2016	8.00		
Fiscal 2016 (Forecast)		8.00	16.00

Note : Amendment of Forecast None

3. Consolidated Estimated Figures for fiscal 2016(April 1,2016—March 31,2017)

	Operating Income (Millions of yen)	Recurring Income (Millions of yen)	Net Income (Millions of yen)	Net Income per Share EPS (Yen)
Full-year	2,500	3,200	2,600	26.91

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: Yes
 - 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, 2016 : 100,000,000 as of Mar.31, 2016 : 100,000,000
 - ②Number of Treasury stocks
as of Sep.30, 2016 : 3,684,011 as of Mar.31, 2016 : 3,183,566
 - ③Average number of shares
For six months ended Sep.30, 2016 : 96,746,118
For six months ended Sep.30, 2015 : 99,243,462

Consolidated Balance Sheets

【Assets】	Second Quarter Sep.30,2016	<i>Fiscal 2015</i> <i>Mar.31,2016</i>
	(millions of yen)	(millions of yen)
I Current Assets	2,436,241	2,336,363
Cash	770,748	266,377
Short-term Investments	102,391	431,565
Operating Loans	442,033	567,748
Deferred Tax Assets	236	167
Collateral Money for Securities Borrowed	1,063,947	1,025,617
Other Current Assets	57,133	45,122
Allowance for Doubtful Receivables	△ 251	△ 236
II Non-current Assets	891,959	912,806
Investments in Securities	878,550	900,167
Other Non-current Assets	14,591	14,197
Allowance for Doubtful Receivables	△ 1,182	△ 1,557
Total Assets	3,328,200	3,249,170

【Liabilities and Net Assets】	Second Quarter Sep.30,2016	Fiscal 2015 Mar.31,2016
	(millions of yen)	(millions of yen)
I Current Liabilities	3,151,944	3,075,453
Call Money	464,800	720,900
Short-term Borrowings	13,010	198,010
Commercial Paper	7,500	122,000
Collateral Money for Securities Lent	1,741,257	1,549,653
Borrowed Money from Trust Account	891,932	452,773
Other Current Liabilities	33,443	32,117
II Non-current Liabilities	35,192	31,686
Long-term Borrowings	4,000	3,000
Deferred Tax Liabilities	11,541	11,553
Liabilities for Retirement and Severance Benefits	41	41
Other Non-current Liabilities	19,609	17,090
Total Liabilities	3,187,137	3,107,139
I Stockholders' Equity	124,826	124,085
II Accumulated Other Comprehensive Income	16,236	17,944
Net Unrealized Gain on Other Securities	24,707	27,877
Deferred Losses on Hedges	△ 7,849	△ 9,248
Others	△ 621	△ 683
Total Net Assets	141,063	142,030
Total Liabilities and Net Assets	3,328,200	3,249,170

Consolidated Statement of Income

	Second Quarter Apr.1,2015- Sep.30,2015	Second Quarter Apr.1,2016- Sep.30,2016	<i>Fiscal 2015</i> <i>Apr.1,2015- Mar.31,2016</i>
	(millions of yen)	(millions of yen)	(millions of yen)
Operating Revenues	11,492	10,683	22,035
Interest on Loans	2,263	1,302	4,121
Interest on Collateral Money for Securities Borrowed	1,008	508	1,662
Fees on Lending Securities	4,546	4,881	8,510
Other Operating Revenues	3,674	3,990	7,740
Operating Expenses	5,747	4,909	11,537
Interest on Borrowing & Commercial Paper	1,570	559	2,869
Fees on Borrowing Securities	3,558	3,475	6,677
Other Operating Expenses	618	874	1,990
Operating Profit	5,745	5,774	10,497
General and Administrative Expenses	4,021	3,996	7,939
Operating Income	1,724	1,777	2,558
Non-operating Revenues	409	417	813
Non-operating Expenses	29	145	21
Recurring Income	2,104	2,049	3,349
Extraordinary Loss	—	2	—
Net Income before Income Taxes	2,104	2,047	3,349
Current Income Taxes	260	297	458
Deferred Income Taxes	108	1	245
Net Income	1,734	1,747	2,645

Consolidated Average Outstanding Balance of Loans

	Second Quarter Apr.1,2015- Sep.30,2015		Second Quarter Apr.1,2016 - Sep.30,2016		Fiscal 2015 Apr.1,2015 - Mar.31,2016	
	(billions of yen)	(% ratio)	(billions of yen)	(% ratio)	(billions of yen)	(% ratio)
Loans for Margin Transactions	442.3	61.8	263.6	58.3	401.4	62.0
Bond Financing & General Loans	189.9	26.5	47.5	10.5	162.3	25.1
Loans for Negotiable Margin Transactions	18.3	2.6	9.1	2.0	15.5	2.4
Trust Bank Loans	50.8	7.1	133.7	29.5	54.5	8.4
Other Loans	32.5	4.6	7.5	1.7	28.7	4.5
Total	715.6	100.0	452.4	100.0	647.0	100.0
Securities Lent for Margin Transactions	255.6	—	227.3	—	227.4	—

Business Information for Consolidated Operating Revenues

	Second Quarter Apr.1,2015- Sep.30,2015		Second Quarter Apr.1,2016 - Sep.30,2016		Fiscal 2015 Apr.1,2015 - Mar.31,2016	
	(millions of yen)	(% ratio)	(millions of yen)	(% ratio)	(millions of yen)	(% ratio)
Securities Finance Business	9,712	84.5	8,563	80.2	17,776	80.6
Loans for Margin Transactions	5,810	50.6	4,395	41.1	10,579	48.0
(Interest on Loans)	1,512	13.2	840	7.9	2,720	12.3
(Interest on Collateral Money of Securities Borrowed)	351	3.1	305	2.9	575	2.6
(Fees on Lending Securities)	3,704	32.2	3,074	28.8	6,840	31.0
Bond Financing and General Loans	984	8.5	457	4.3	1,753	7.9
Securities Lending	1,164	10.2	1,958	18.4	2,241	10.2
(Stocks)	513	4.5	487	4.6	907	4.1
(Bonds)	651	5.7	1,471	13.8	1,334	6.1
Other Business	1,752	15.2	1,752	16.4	3,201	14.5
Trust Banking Business	1,388	12.1	1,690	15.8	3,451	15.7
(Interest on Loans)	75	0.7	81	0.8	144	0.7
(Trust Charges)	315	2.7	321	3.0	627	2.8
(Others)	998	8.7	1,288	12.1	2,679	12.2
Real Estate Management Business	391	3.4	428	4.0	807	3.7
Total	11,492	100.0	10,683	100.0	22,035	100.0