

JAPAN SECURITIES FINANCE CO., LTD.

Consolidated Financial Results for Fiscal 2016

Name : JAPAN SECURITIES FINANCE CO., LTD.

Listing : 1st 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 Fiscal 2016 (April 1,2016 – March 31,2017)

(1) Consolidated Results of Operations

(% change from previous year)

	Operating Revenues		Operating Income		Recurring Income		Net Income	
	(Millions of yen)	(% change)	(Millions of yen)	(% change)	(Millions of yen)	(% change)	(Millions of yen)	(% change)
Fiscal 2016	23,066	4.7	2,802	9.5	3,611	7.8	3,078	16.3
Fiscal 2015	22,035	8.5	2,558	△15.4	3,349	△20.8	2,645	△24.9

Reference: Comprehensive Income: Fiscal 2016: ¥△469million (—%) Fiscal 2015: ¥8,410million (4.1%)

	Net Income per Share		Return on Equity	Recurring Income /Total Assets	Operating Income /Operating Revenues
	EPS (Yen)	(Yen) (fully diluted)	ROE (%)	ROA (%)	(%)
Fiscal 2016	31.91	—	2.2	0.1	12.1
Fiscal 2015	26.90	—	1.9	0.1	11.6

Reference: Equity in earnings/losses of affiliates: ¥92million (Fiscal 2015: ¥54million)

(2) Consolidated Financial Position

	Total assets	Net Assets	Equity Ratio	Net Assets per Share
	(Millions of yen)	(Millions of yen)	(%)	(Yen)
Fiscal 2016	4,645,051	139,712	3.0	1,452.64
Fiscal 2015	3,249,170	142,030	4.4	1,467.01

Reference: Shareholders Equity: ¥139,712million (Fiscal 2015: ¥142,030million)

(3) Consolidated Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at end of Year
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
Fiscal 2016	818,189	△7,507	△1,902	1,069,150
Fiscal 2015	247,148	△9,959	△3,604	260,371

2. Dividends

	Dividends per Share			Total Cash Dividends (Full-year) (Millions of Yen)	Dividends Payout Ratio (Consolidated) (%)	Dividends on Equity (Consolidated) DOE (%)
	Interim (Yen)	Year-End (Yen)	Annual (Yen)			
Fiscal 2015	8.00	8.00	16.00	1,561	59.5	1.1
Fiscal 2016	8.00	10.00	18.00	1,744	56.4	1.2
Fiscal 2017 (Forecast)	8.00	8.00	16.00		59.2	

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

(% change from previous year)

	Operating Income		Recurring Income		Net Income		Net Income per Share EPS (Yen)
	(Millions of yen)	(% change)	(Millions of yen)	(% change)	(Millions of yen)	(% change)	
Full-year	2,600	△7.2	3,300	△8.6	2,600	△15.5	27.03

4. Others

- (1) Changes in the scope of important consolidation for subsidiaries (yes/no): No
 (2) Changes in accounting policies and changes or restatement of accounting estimates

- ① Changes in accounting policies caused by revision of accounting standards: Yes
 ② Changes in accounting policies other than ①: No
 ③ Changes in accounting estimates: No
 ④ Restatement: No

- (3) Number of Issued Shares(common stock)

- ① Number of issued shares (Including treasury stock)
 as of Mar.31, 2017 : 100,000,000 as of Mar.31, 2016 : 100,000,000
 ② Number of Treasury stocks
 as of Mar.31, 2017 : 3,821,515 as of Mar.31, 2016 : 3,183,566
 ③ Average number of shares
 Fiscal 2016 : 96,481,122 Fiscal 2015 : 98,343,854

Consolidated Balance Sheets

【Assets】	<i>Fiscal 2015</i> <i>Mar.31,2016</i>	<i>Fiscal 2016</i> <i>Mar.31,2017</i>
	(millions of yen)	(millions of yen)
I Current Assets	2,336,363	3,942,440
Cash	266,377	1,076,761
Call Loans	—	33,000
Short-term Investments	431,565	238,498
Operating Loans	567,748	587,752
Deferred Tax Assets	167	278
Collateral Money for Securities Borrowed	1,025,617	1,930,722
Other Current Assets	45,122	75,682
Allowance for Doubtful Receivables	△ 236	△ 254
II Non-current Assets	912,806	702,610
Investments in Securities	900,167	690,208
Other Non-current Assets	14,197	13,560
Allowance for Doubtful Receivables	△ 1,557	△ 1,158
Total Assets	3,249,170	4,645,051

【Liabilities and Net Assets】	<i>Fiscal 2015 Mar.31,2016</i>	<i>Fiscal 2016 Mar.31,2017</i>
	(millions of yen)	(millions of yen)
I Current Liabilities	3,075,453	4,477,440
Call Money	720,900	626,898
Short-term Borrowings	198,010	13,010
Commercial Paper	122,000	185,000
Collateral Money for Securities Lent	1,549,653	2,492,578
Borrowed Money from Trust Account	452,773	1,095,054
Other Current Liabilities	32,117	64,898
II Non-current Liabilities	31,686	27,898
Long-term Borrowings	3,000	4,000
Deferred Tax Liabilities	11,553	9,410
Liabilities for Retirement and Severance Benefits	41	41
Other Non-current Liabilities	17,090	14,446
Total Liabilities	3,107,139	4,505,339
I Shareholders' Equity	124,085	125,314
II Accumulated Other Comprehensive Income	17,944	14,397
Net Unrealized Gain on Other Securities	27,877	19,736
Deferred Losses on Hedges	△ 9,248	△ 5,083
Others	△ 683	△ 255
Total Net Assets	142,030	139,712
Total Liabilities and Net Assets	3,249,170	4,645,051

Consolidated Statement of Operations

	<i>Fiscal 2015</i> <i>Apr. 1, 2015-</i> <i>Mar. 31, 2016</i>	<i>Fiscal 2016</i> <i>Apr. 1, 2016-</i> <i>Mar. 31, 2017</i>
	(millions of yen)	(millions of yen)
Operating Revenues	22,035	23,066
Interest on Loans	4,121	2,599
Interest on Collateral Money for Securities Borrowed	1,662	1,476
Fees on Lending Securities	8,510	11,723
Other Operating Revenues	7,740	7,267
Operating Expenses	11,537	11,892
Interest on Borrowing & Commercial Paper	2,869	1,217
Fees on Borrowing Securities	6,677	8,810
Other Operating Expenses	1,990	1,865
Operating Profit	10,497	11,173
General and Administrative Expenses	7,939	8,371
Operating Income	2,558	2,802
Non-operating Revenues	813	814
Non-operating Expenses	21	5
Recurring Income	3,349	3,611
Extraordinary Profit	—	63
Extraordinary Loss	—	116
Net Income before Income Taxes	3,349	3,558
Current Income Taxes	458	577
Deffered Income Taxes	245	△ 97
Net Income	2,645	3,078

Consolidated Average Outstanding Balance of Loans

	Fiscal 2015 Apr. 1, 2015- Mar. 31, 2016		Fiscal 2016 Apr. 1, 2016- Mar. 31, 2017		Increase(Decrease)	
	(billions of yen)	(% ratio)	(billions of yen)	(% ratio)	(billions of yen)	(% ratio)
Loans for Margin Transactions	401.4	62.0	265.4	56.8	Δ 135.9	Δ 33.9
Bond Financing & General Loans	162.3	25.1	44.8	9.6	Δ 117.5	Δ 72.4
Loans for Negotiable Margin Transactions	15.5	2.4	9.5	2.0	Δ 5.9	Δ 38.3
Trust Bank Loans	54.5	8.4	149.9	32.1	95.3	174.8
Other Loans	28.7	4.5	7.0	1.5	Δ 21.7	Δ 75.6
Total	647.0	100.0	467.2	100.0	Δ 179.7	Δ 27.8
Securities Lent for Margin Transactions	227.4	—	291.3	—	63.9	28.1

Business Information for Consolidated Operating Revenues

	Fiscal 2015 Apr. 1, 2015- Mar. 31, 2016		Fiscal 2016 Apr. 1, 2016- Mar. 31, 2017		Increase(Decrease)	
	(millions of yen)	(% ratio)	(millions of yen)	(% ratio)	(millions of yen)	(% ratio)
Securities Finance Business	17,776	80.6	19,407	84.1	1,631	9.2
Loans for Margin Transactions	10,579	48.0	10,721	46.5	142	1.3
(Interest on Loans)	2,720	12.3	1,694	7.3	Δ 1,026	Δ 37.7
(Interest on Collateral Money of Securities Borrowed)	575	2.6	887	3.8	312	54.3
(Fees on Lending Securities)	6,840	31.0	7,771	33.7	930	13.6
Bond Financing and General Loans	1,753	7.9	907	3.9	Δ 846	Δ 48.3
Securities Lending	2,241	10.2	4,453	19.3	2,212	98.7
(Stocks)	907	4.1	941	4.1	34	3.8
(Bonds)	1,334	6.1	3,512	15.2	2,177	163.2
Other Business	3,201	14.5	3,325	14.4	123	3.9
Trust Banking Business	3,451	15.7	2,792	12.1	Δ 658	Δ 19.1
(Interest on Loans)	144	0.7	147	0.6	2	1.6
(Trust Charges)	627	2.8	668	2.9	40	6.5
(Others)	2,679	12.2	1,977	8.6	Δ 702	Δ 26.2
Real Estate Management Business	807	3.7	865	3.8	58	7.3
Total	22,035	100.0	23,066	100.0	1,031	4.7