



Matsui Securities Co., Ltd.

(First Section of TSE: 8628)

Annual Results for 2QFY2015

October 2015

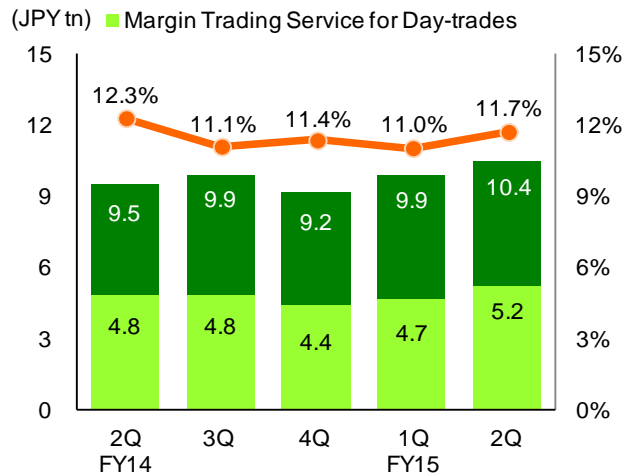
Table of Contents

Section 1	Financial Summary	5
Section 2	Results of Operation	14
Section 3	Recent Developments	22

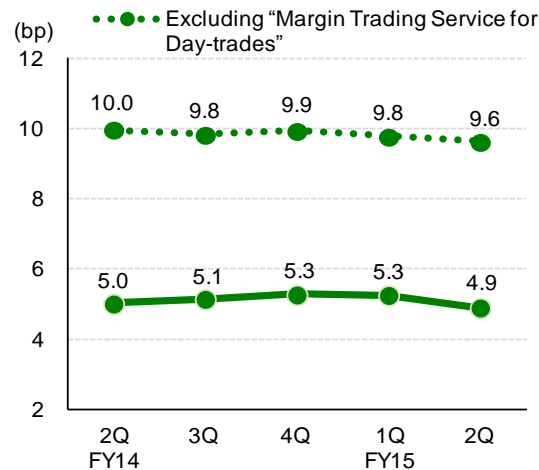
NOTE: Trading value of ETF and REIT is included in the equity trading value of individuals and Matsui's customers.

Results of Operation

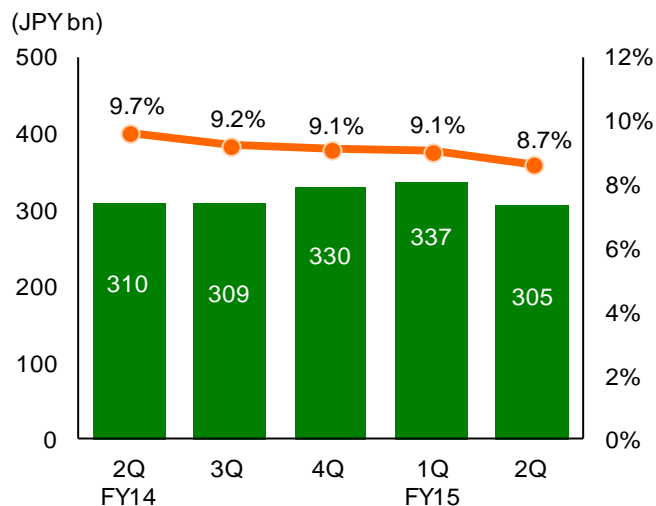
◆ Equity trading value / Market share



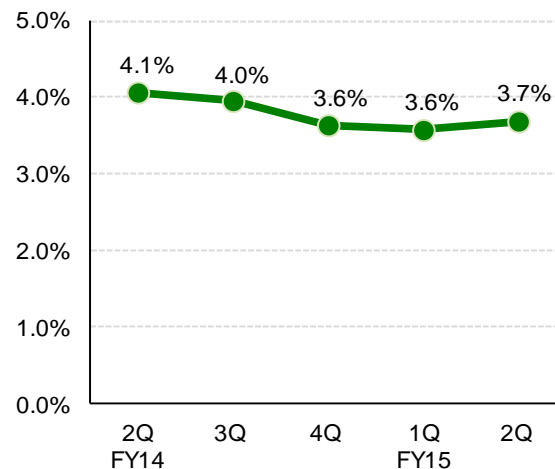
◆ Equity commission rate



◆ Margin balance / Market share

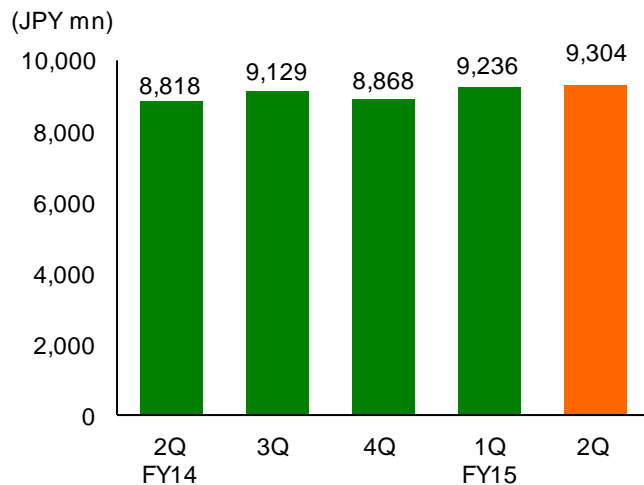


◆ Net interest income ratio

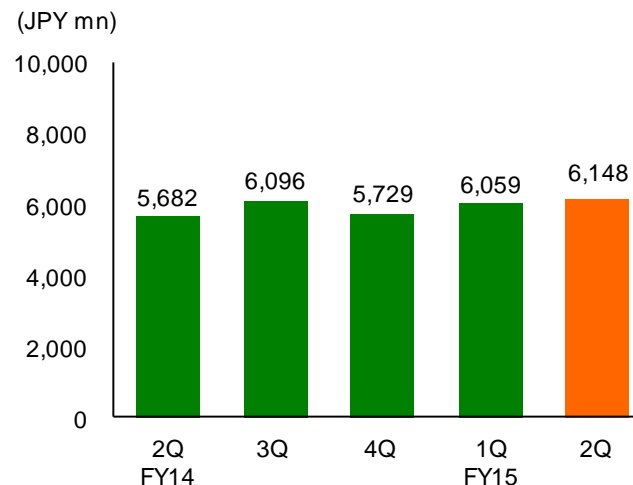


Financial Results

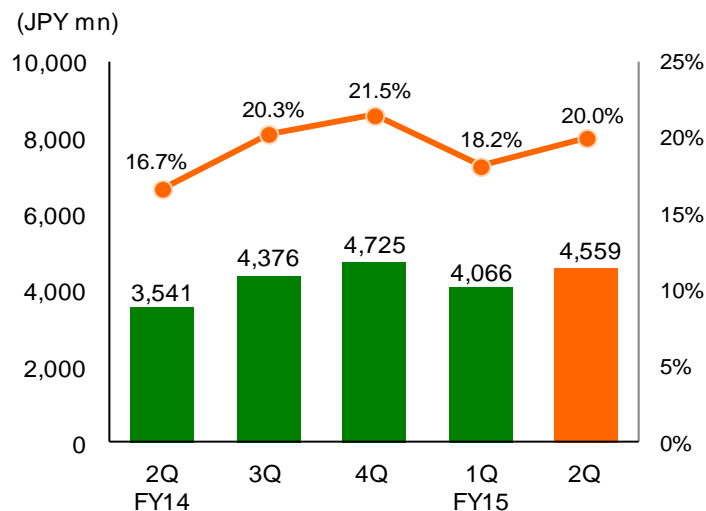
◆ Operating revenues



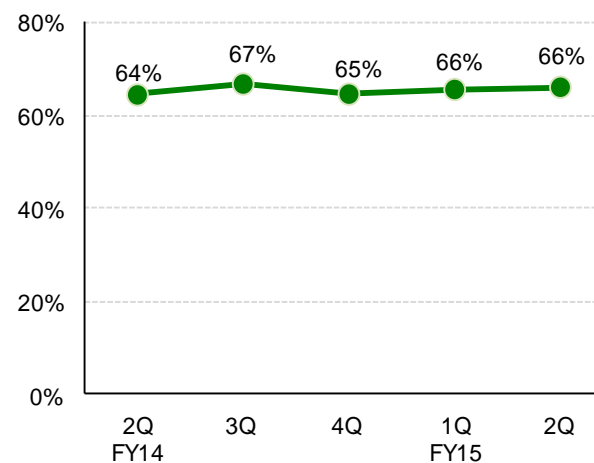
◆ Ordinary income



◆ Net income / ROE¹

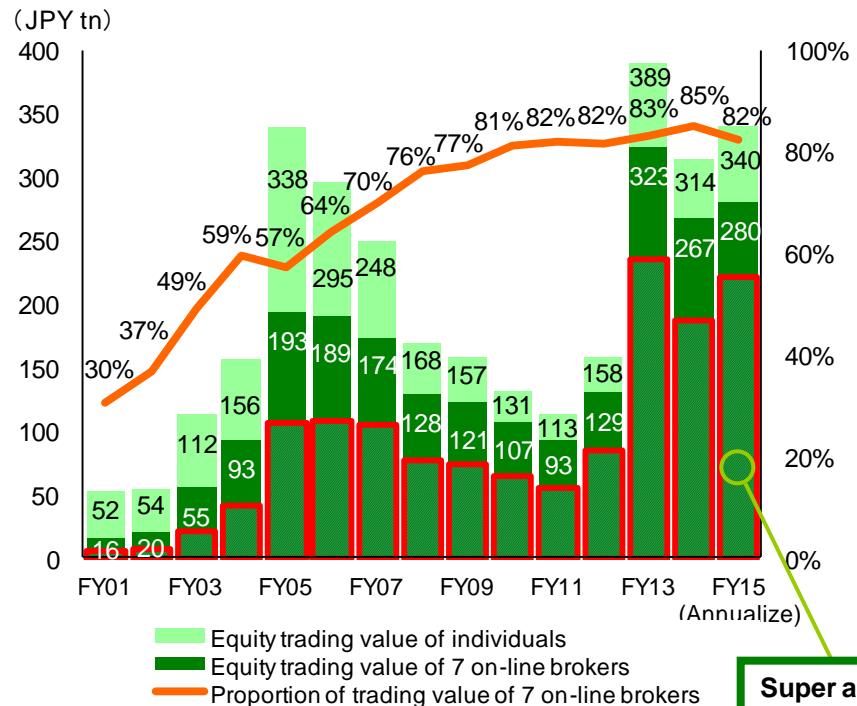


◆ Ordinary income ratio

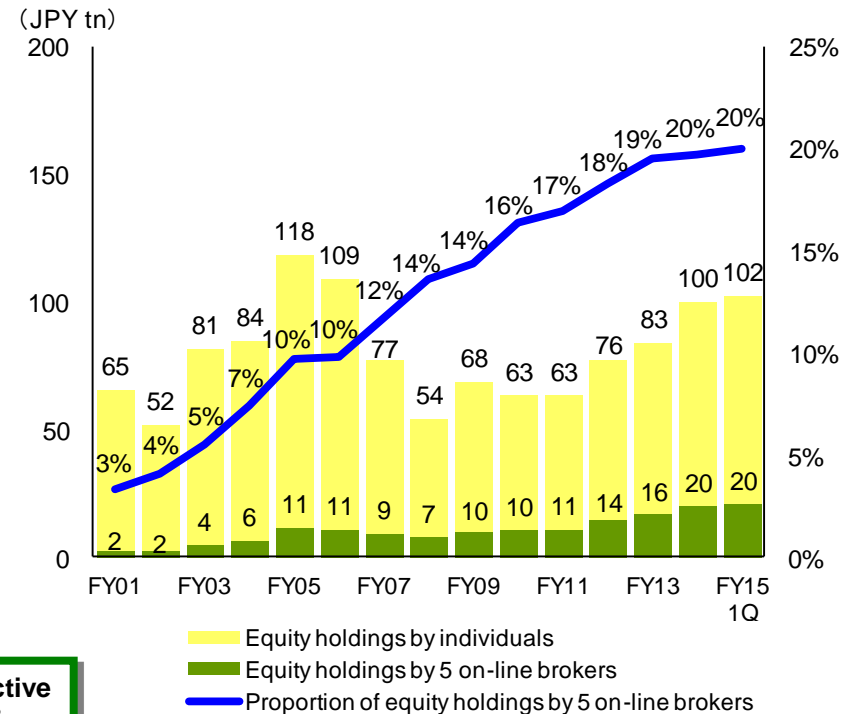


Overview of Retail Equity Trading Market

◆ Equity trading value of individuals¹ (FLOW)



◆ Equity holdings by individuals¹ (STOCK)



Super active traders²
JPY 220 tn
(Estimate)

Source: TSE, Company data, Company Website, BOJ
 Note 1: 5 on-line brokers are Matsui, SBI, Rakuten, Monex and Kabu.com
 7 on-line brokers include the 5 brokers and GMO Click and Okasan Online
 Note 2: Super active traders : number of trades per month is over 100 times

Financial Summary

Section 1

Summary of Financial Results (1HF FY15)

(JPY mn)

	FY15	FY14			YoY	FY14
	1HF	2HF	HFoHF	1HF		TOTAL
Operating Revenues	18,540	17,997	3%	16,309	14%	34,306
Commissions	11,798	11,412	3%	9,755	21%	21,167
Interest & dividend income	6,735	6,578	2%	6,548	3%	13,126
Interest expenses	793	734	8%	679	17%	1,413
Net operating revenues	17,747	17,263	3%	15,630	14%	32,893
SG & A	5,588	5,484	2%	5,322	5%	10,806
Operating income	12,159	11,779	3%	10,308	18%	22,087
Ordinary income	12,208	11,826	3%	10,376	18%	22,202
Net income	8,625	9,101	-5%	6,469	33%	15,571
Ordinary income ratio	66%	66%	-	64%	-	65%
Matsui's trading value (JPY tn)	20.3	19.1	6%	17.6	15%	36.8
Daily average trading value on TSE (JPY tn)	3.5	3.3	8%	2.5	43%	2.9

Breakdown of Net Operating Revenues (1HF FY15)

(JPY mn)

	FY15	FY14			YoY	FY14
	1HF	2HF	HFoHF	1HF		TOTAL
Commissions	11,798	11,412	3%	9,755	21%	21,167
Brokerage	11,112	10,761	3%	9,264	20%	20,025
Equity & ETF	10,359	9,987	4%	8,699	19%	18,686
Futures & Options	754	760	-1%	530	42%	1,290
Others	686	650	5%	489	40%	1,139
Net gain (loss) on trading	4	4	-4%	3	34%	8
Interest & dividend income (1)	6,735	6,578	2%	6,548	3%	13,126
Total operating revenues	18,540	17,997	3%	16,309	14%	34,306
Interest expenses (2)	793	734	8%	679	17%	1,413
Net operating revenues	17,747	17,263	3%	15,630	14%	32,893
Net interest income (1) - (2)	5,942	5,844	2%	5,869	1%	11,713
Average margin balance (JPY bn)	327	308	6%	293	11%	301

Breakdown of SG&A (1HF FY15)

(JPY mn)

	FY15	FY14			YoY	FY14
	1HF	2HF	HFoHF	1HF		TOTAL
Transaction related expenses	2,396	2,385	0%	2,334	3%	4,719
Advertisement	243	284	-14%	263	-8%	547
Employees' compensation & benefits	1,101	1,097	0%	933	18%	2,030
Occupancy & rental	446	435	3%	443	1%	878
Data processing & office supplies	860	830	4%	848	2%	1,677
Depreciation	568	566	0%	680	-16%	1,246
Duties & taxes other than income taxes	160	103	56%	91	76%	194
Provision of allowance for doubtful accounts	-11	-9	-	-68	-	-77
Others	67	76	-13%	62	8%	138
Total SG & A	5,588	5,484	2%	5,322	5%	10,806

Summary of Financial Results (Quarterly)

(JPY mn)

	FY15	FY15	QoQ	FY14			YoY	FY14 TOTAL
	2Q	1Q		4Q	3Q	2Q		
Operating Revenues	9,304	9,236	1%	8,868	9,129	8,818	6%	34,306
Commissions	5,918	5,880	1%	5,577	5,835	5,349	11%	21,167
Interest & dividend income	3,382	3,353	1%	3,289	3,290	3,466	-2%	13,126
Interest expenses	345	448	-23%	442	292	426	-19%	1,413
Net operating revenues	8,959	8,788	2%	8,426	8,837	8,392	7%	32,893
SG & A	2,817	2,771	2%	2,705	2,778	2,718	4%	10,806
Operating income	6,143	6,017	2%	5,720	6,059	5,674	8%	22,087
Ordinary income	6,148	6,059	1%	5,729	6,096	5,682	8%	22,202
Net income	4,559	4,066	12%	4,725	4,376	3,541	29%	15,571
Ordinary income ratio	66%	66%	-	65%	67%	64%	-	65%
Matsui's trading value (JPY tn)	10.4	9.9	6%	9.2	9.9	9.5	10%	36.8
Daily average trading value on TSE (JPY tn)	3.6	3.4	6%	3.3	3.3	2.5	47%	2.9

Breakdown of Net Operating Revenues (Quarterly)

(JPY mn)

	FY15	FY15	QoQ	FY14			YoY	FY14 TOTAL
	2Q	1Q		4Q	3Q	2Q		
Commissions	5,918	5,880	1%	5,577	5,835	5,349	11%	21,167
Brokerage	5,546	5,566	-0%	5,221	5,540	5,064	10%	20,025
Equity & ETF	5,128	5,231	-2%	4,868	5,119	4,773	7%	18,686
Futures & Options	418	335	25%	349	411	274	52%	1,290
Others	372	313	19%	355	295	285	31%	1,139
Net gain (loss) on trading	2	2	9%	2	3	3	-17%	8
Interest & dividend income (1)	3,382	3,353	1%	3,289	3,290	3,466	-2%	13,126
Total operating revenues	9,304	9,236	1%	8,868	9,129	8,818	6%	34,306
Interest expenses (2)	345	448	-23%	442	292	426	-19%	1,413
Net operating revenues	8,959	8,788	2%	8,426	8,837	8,392	7%	32,893
Net interest income (1) - (2)	3,037	2,905	5%	2,846	2,998	3,039	-0%	11,713
Average margin balance (JPY bn)	329	325	1%	313	303	299	10%	301

Breakdown of SG&A (Quarterly)

(JPY mn)

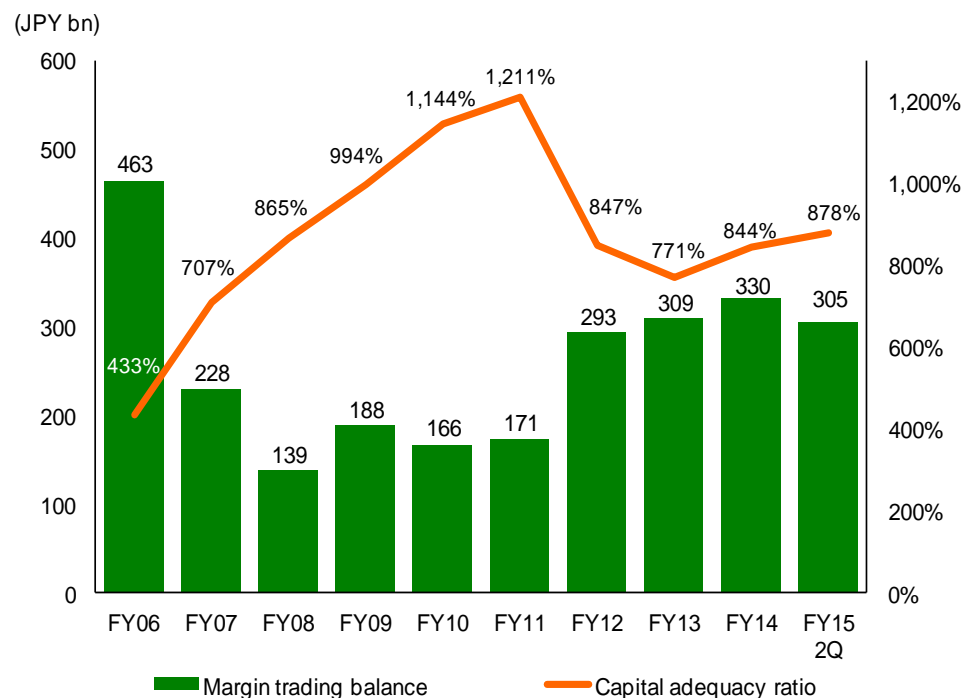
	FY15	FY15	QoQ	FY14			YoY	FY14 TOTAL
	2Q	1Q		4Q	3Q	2Q		
Transaction related expenses	1,199	1,197	0%	1,187	1,198	1,219	-2%	4,719
Advertisement	122	121	0%	153	130	144	-15%	547
Employees' compensation & benefits	584	517	13%	614	483	468	25%	2,030
Occupancy & rental	219	227	-3%	216	220	222	-1%	878
Data processing & office supplies	419	442	-5%	395	435	421	-0%	1,677
Depreciation	288	280	3%	264	302	315	-9%	1,246
Duties & taxes other than income taxes	80	80	1%	54	49	45	78%	194
Provision of allowance for doubtful accounts	- 0	-11	-	-59	50	7	-	-77
Others	28	39	-30%	34	43	20	35%	138
Total SG & A	2,817	2,771	2%	2,705	2,778	2,718	4%	10,806

Regulatory Capital

◆ Capital adequacy ratio (As of 30 September 2015)

		(JPY mn)
Tier 1	(A)	84,477
Tier 2	Net unrealized gain on investment	2,053
	Statutory reserves	3,007
	Allowance for doubtful accounts	11
	Sub total	(B) 5,072
Assets to be deducted from equity capital	(C)	5,388
Net Capital		
(A) + (B) - (C)		(D) 84,161
Total risk	Market risk	482
	Counterparty risk	6,438
	Basic risk	2,662
	Total	(E) 9,583
Capital Adequacy ratio		(D)/(E) 878%

◆ Margin trading balance and capital adequacy ratio



Shareholders Return

Plan to pay 25 yen per share of interim dividend for FY15.

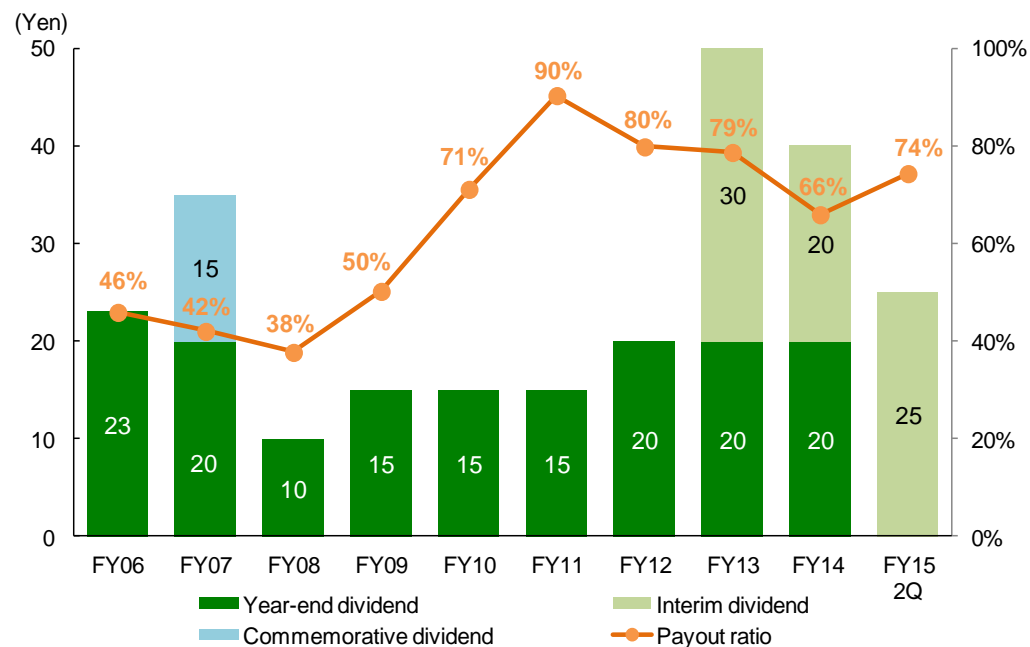
◆ Dividends for FY15

- Interim : Plan to pay **25 yen** per share
- Dividends payout ratio : **74%**
- DOE : **14%**
(ROE : 19%)

◆ Dividend policy¹

- Dividends Payout Ratio: Between 60% and 100% inclusive
- and
- Dividends on Equity(DOE) : 7% and above

◆ Matsui's dividend per share and payout ratio²

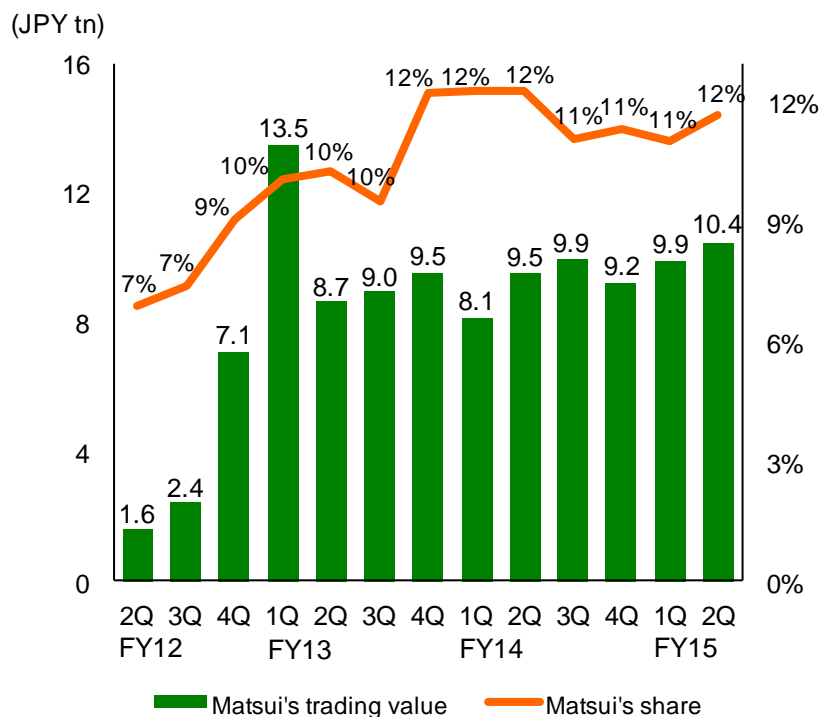


Results of Operation

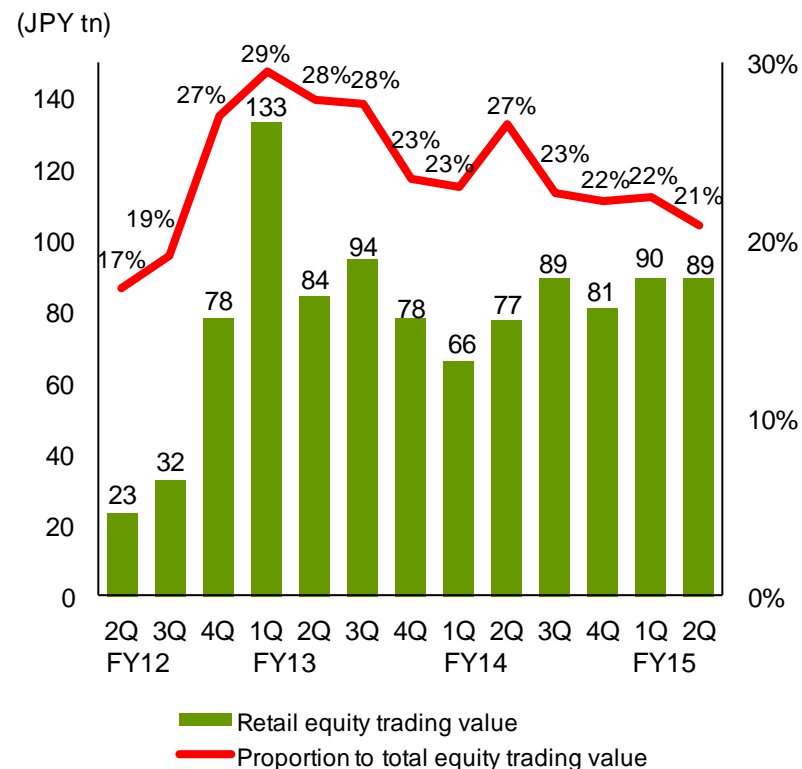
Section 2

Equity Trading Value

◆ Matsui's equity trading value and its market share¹

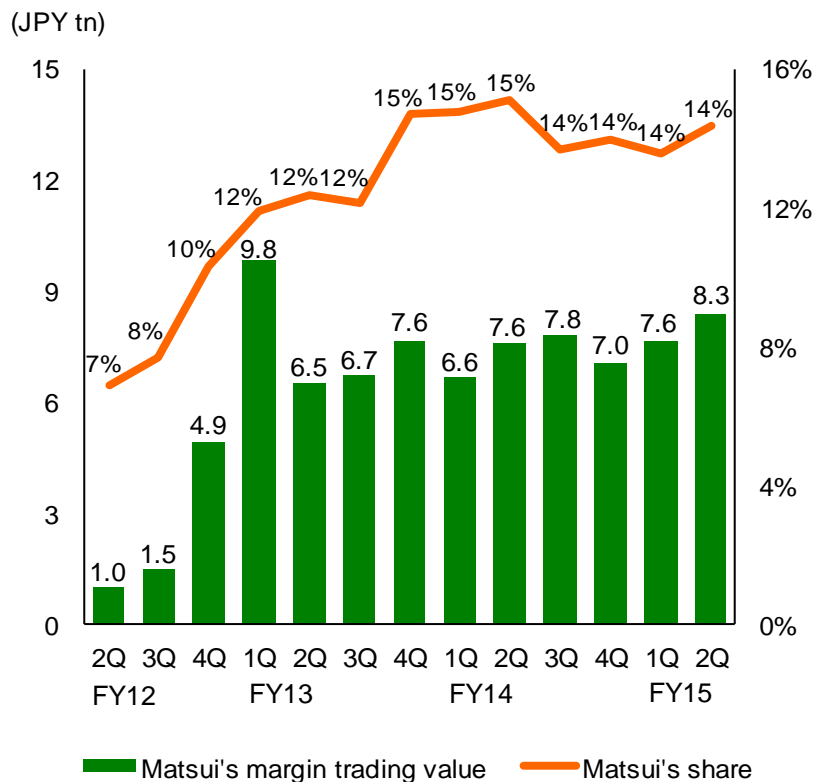


◆ Retail equity trading value¹ and proportion to total equity trading value

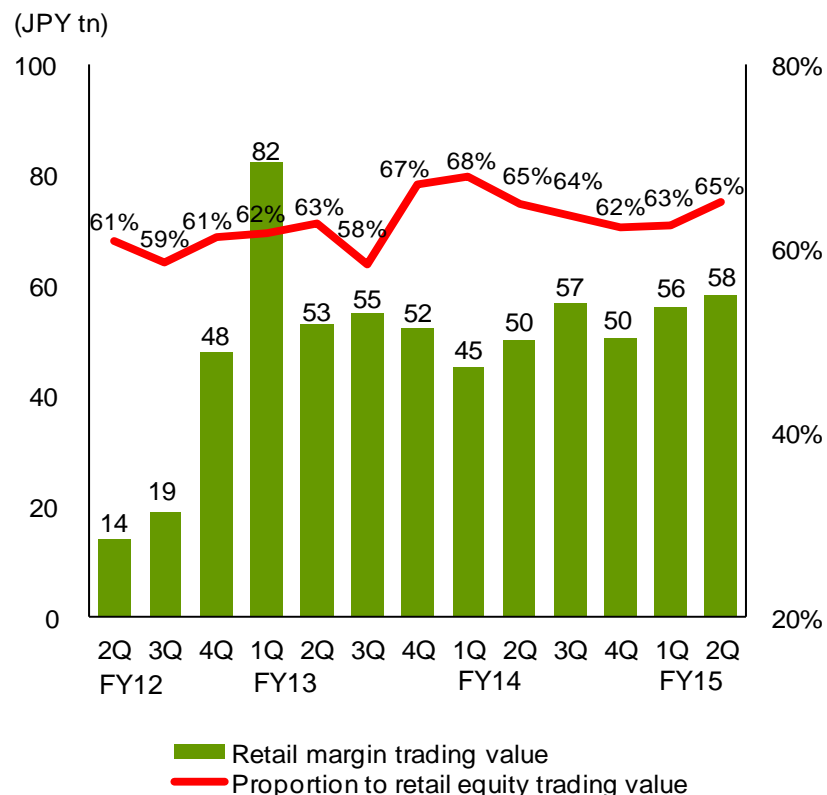


Margin Trading Value

◆ Matsui's margin trading value and its market share¹

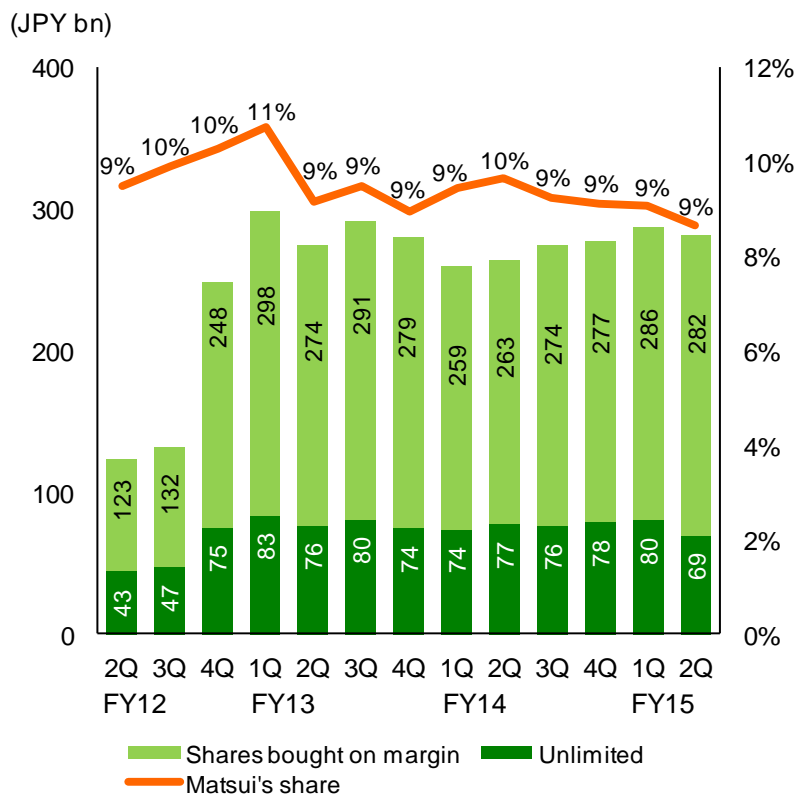


◆ Retail margin trading value¹ and proportion to total retail equity trading value

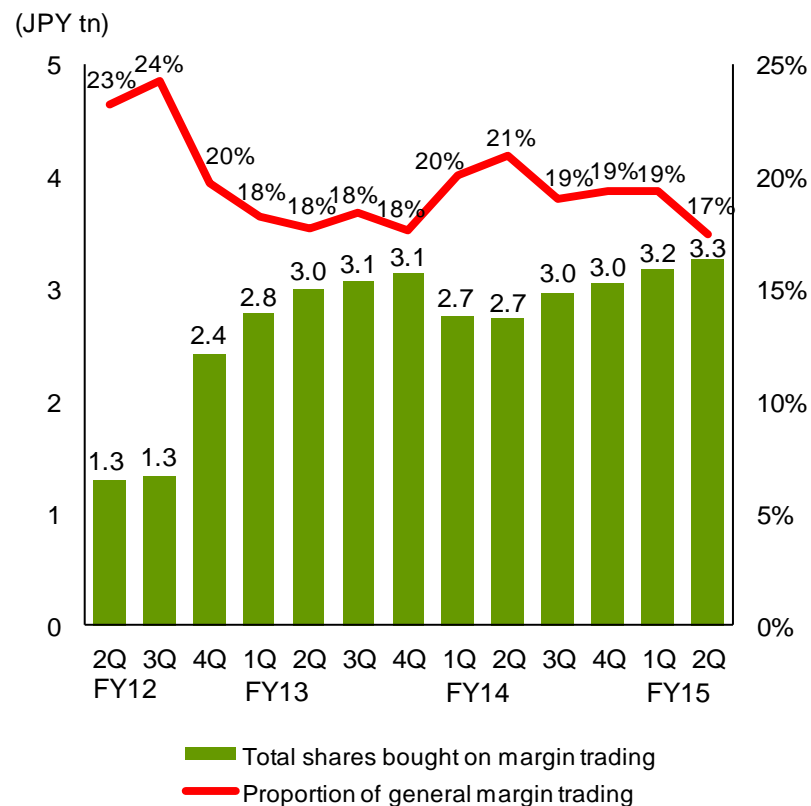


Margin Trading Balance

◆ Matsui's shares bought on margin¹ and its market share²



◆ Total shares bought on margin¹ and proportion of general margin trading

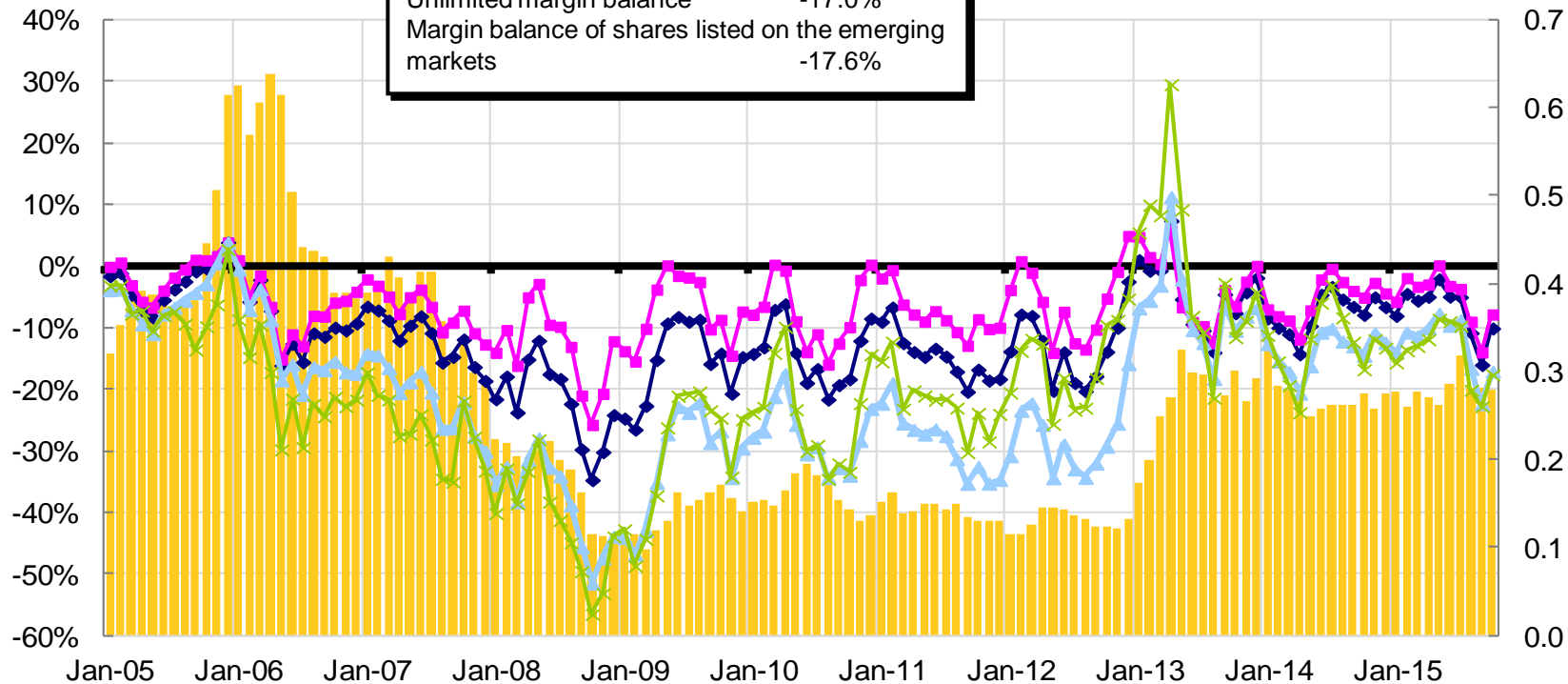


Unrealized Losses on Matsui's Margin Balance

As of 16 October 2015

Average	-10.1%
Normal margin balance	-7.8%
Unlimited margin balance	-17.0%
Margin balance of shares listed on the emerging markets	-17.6%

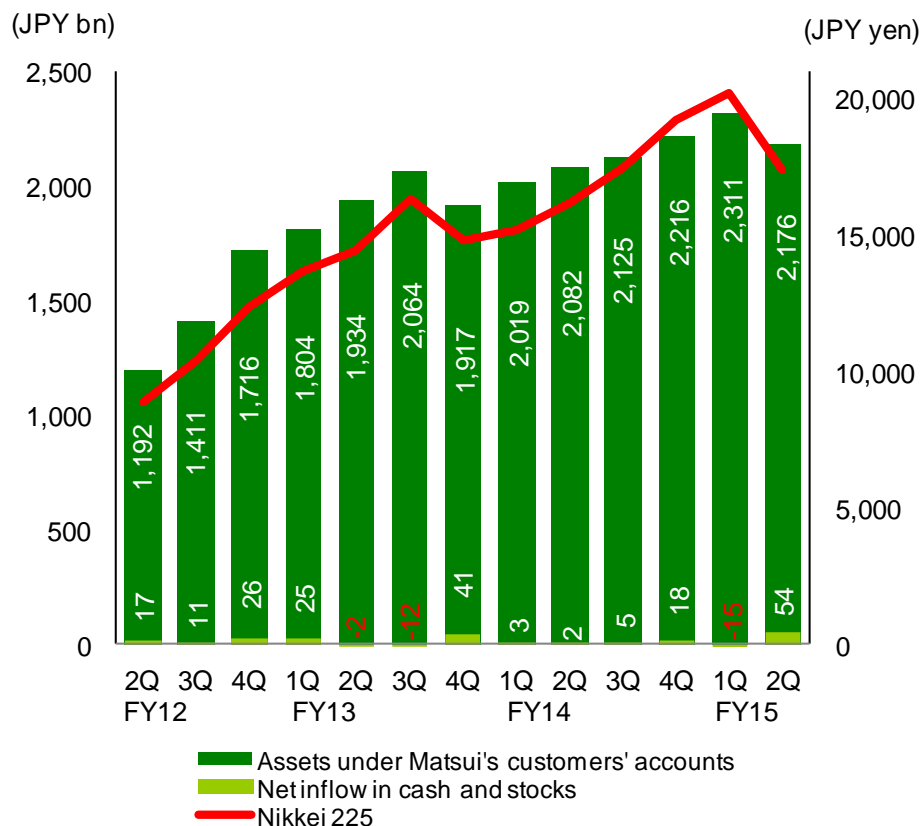
(JPY tn)



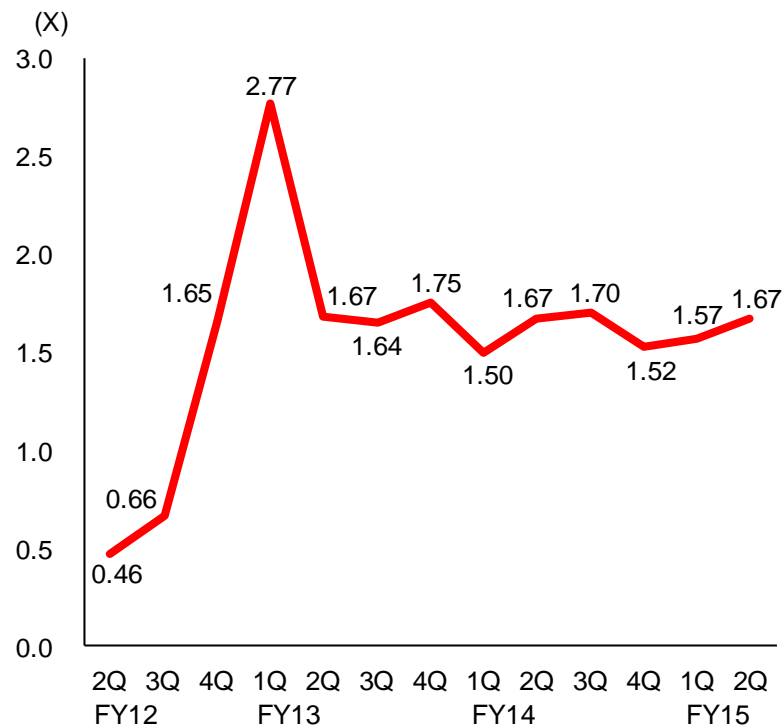
- Matsui's shares bought on margin (right axis)
- Normal (left axis)
- ✕ Shares listed on the emerging markets (left axis)
- ◆ Average (left axis)
- ▲ Unlimited (left axis)

Assets under Customers' Accounts / Trading Turnover

◆ Assets under Matsui's customers' accounts



◆ Equity trading turnover¹ of Matsui's customers



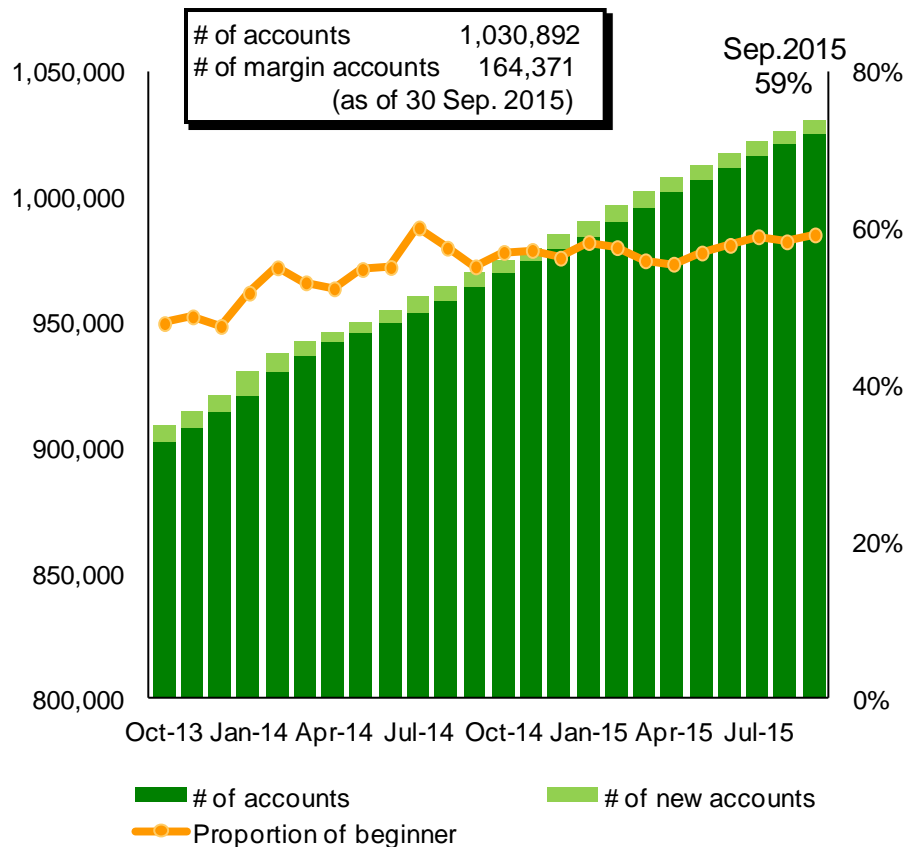
Note 1: Equity trading turnover = (monthly average trading value) / (quarterly average assets under customers' accounts*)

* assets under customers' accounts of Matsui's related persons are excluded

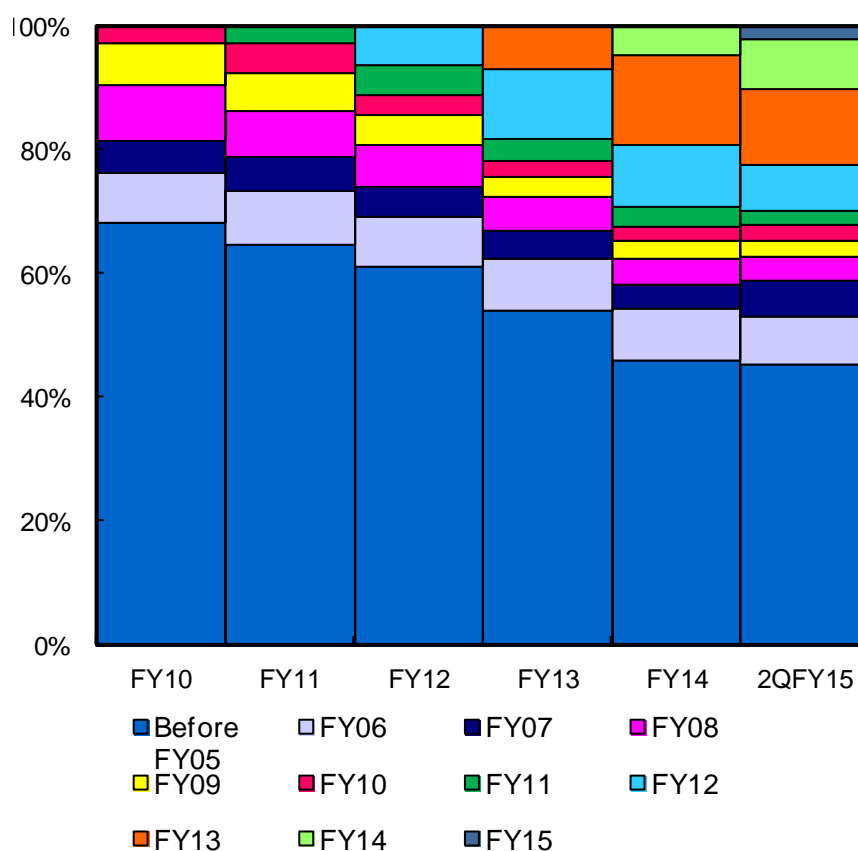
Note 2: Nikkei 225 is the closed price at the end of each quarter

Number of Accounts / Breakdown of Trading Value

◆ Number of accounts at Matsui¹

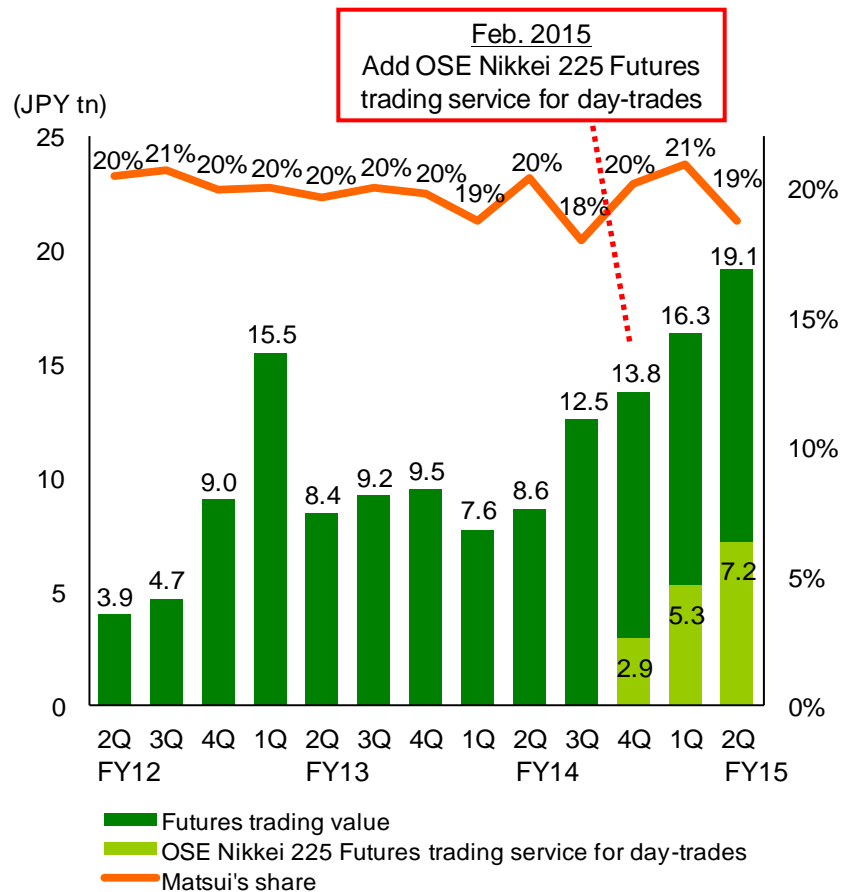


◆ Breakdown of trading value by customers opening the accounts in each fiscal year

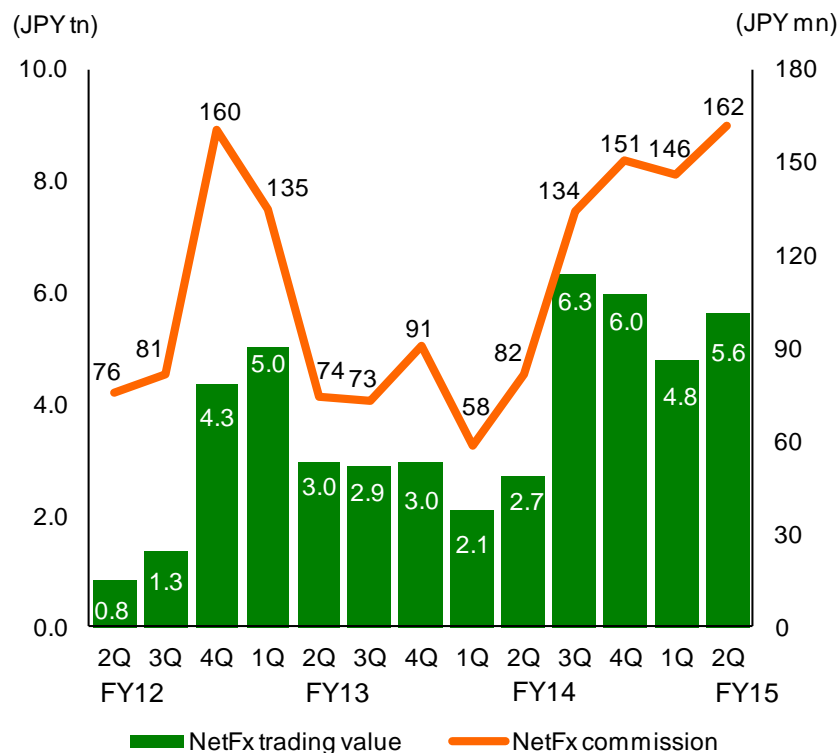


Futures Trading Value / FX Margin Trading Value

◆ Matsui's OSE Nikkei 225 Futures trading value and its market share¹



◆ Matsui's OTC FX trading value and commission



Recent Developments

Section 3

Corporate Strategy

Business Principle

We are to provide superior quality of trading platform for retail investors based upon "customer-centric approach"



Business Strategy

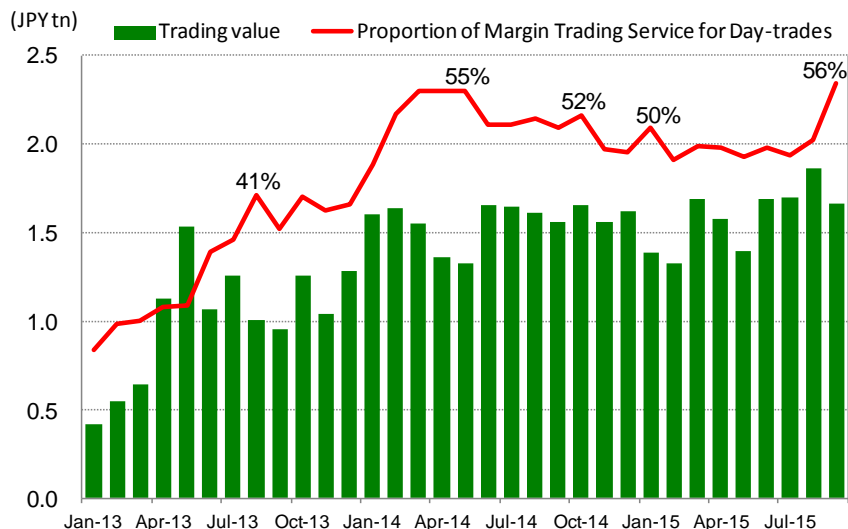
- ◆ Stimulate demand for customers and offer services in advance of other firms
- ◆ Develop unique and innovative services regardless of industry practice or tradition
- ◆ Focus on profitable online based brokerage business in Japan and adopt a policy of no heedless diversification and no useless activity

Basic Policy for Service Development

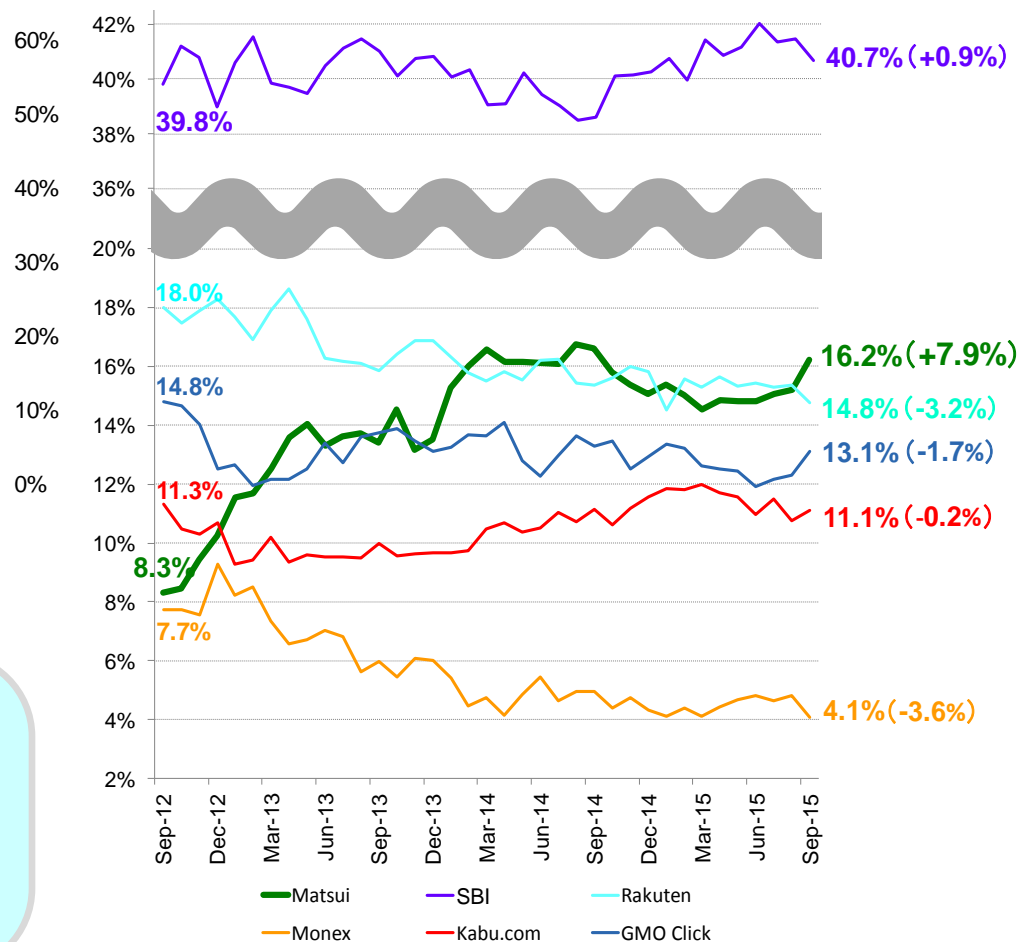
- ◆ Continue to focus on expansion of services for active customers
e.g. Margin trading services for day-trading, Premium short-selling services, Intraday-trading service for Nikkei 225 Futures
- ◆ Develop suitable services for inactive but affluent customers (who have low transaction value but high assets in custody)
e.g. Trading system and platform, automated asset allocation platform

Margin Trading Service for Day-trades

◆ Trading results



◆ Market share¹ of margin trading



◆ Future developments

Implement continuous improvements of the Premium Short-Selling Service, such as increase number of eligible stocks for short-selling, development of trading tools, expansion of investment information including trading report for each customer etc.

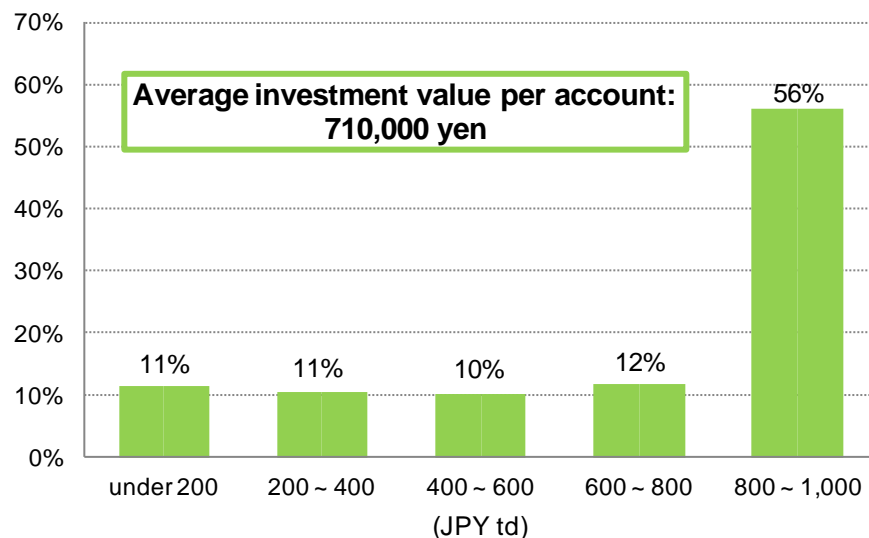
NISA I

Active account ratio for NISA¹ is 62%, high level among online securities brokers

◆ Number of NISA accounts and customers' assets (as of Sep. 30, 2015)

Total number of accounts	97,502
Number of active accounts ²	60,129
Active account ratio	62%
Total investment value(JPY mn) ³	42,904
Customers' assets(JPY mn) ⁴	45,412

◆ Distribution of the invested amount (as of Sep. 30, 2015)



◆ Top 3 ranking in trading value (from Jan. to Sep. 2015)

Rank	Equity	ETF / REIT
1	Mizuho Financial Group	NEXT FUNDS Nikkei 225 Leveraged Index ETF
2	Mitsui Corporation	WTI Crude Oil Price Linked ETF
3	Mitsubishi UFJ Financial Group	NEXT FUNDS NOMURA Crude Oil Long Index

◆ Situation of NISA

NISA has been introduced since January 2014. Main customer base is advanced and senior investors. From January 2016, in order to promote investment in NISA account, the upper limit of 1 million yen for annual investment amount will be raised to 1.2 million yen and “Junior NISA” will be also introduced in April 2016.

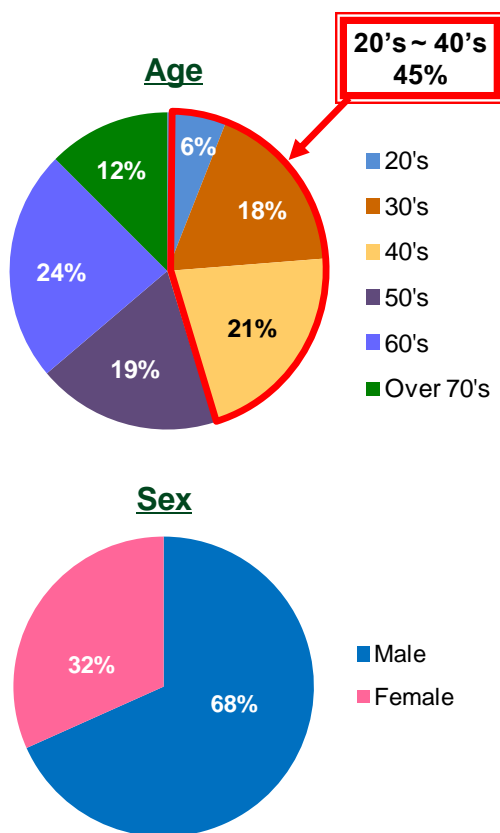
◆ Matsui's development

Matsui has decided to offer no commission charge on Junior NISA account and has offered commission free campaign for the infant accounts. We have been promoting the use of “Living Donation Support Service” ; it would be critical to promote the transfer of assets to future generations and to support the generations for their investment management, in order to shift individual financial assets from savings to investment.

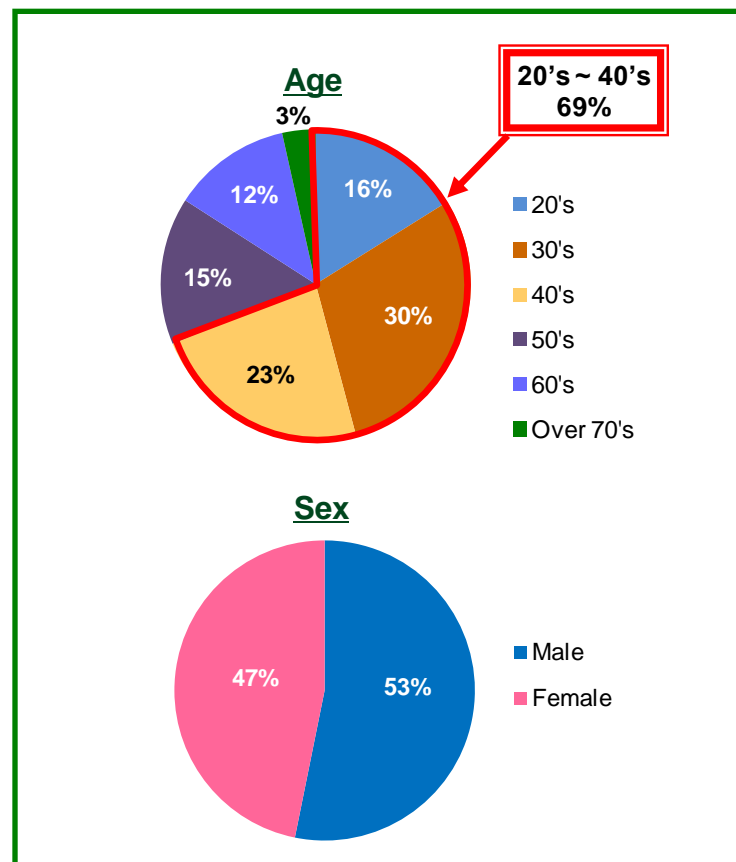
NISA II

Number of new customers¹ accounts is 17,572 (as of Sep. 30, 2015),
67% of the new customers' accounts is beginner

◆ Breakdown of NISA accounts
97,502 accounts (as of Sep. 30, 2015)



◆ Breakdown of the new customers
17,572 accounts (as of Sep. 30, 2015)



The material is intended to provide the financial results for the quarter ended 30 September 2015 and the company's business strategy, and does not constitute a solicitation of an offer to buy the securities issued by the company. The material is created based upon information as of October 2015. The information herein identifies our views at the time of creation of the material, and the company does not make any representation or warranty as to its accuracy or completeness, therefore, the information may be changed without any notices. The company does not assume responsibility for any omissions or errors of any data and descriptions in the material.

This presentation may contain forward looking information. Please keep in mind that they are based on projections of the company and subject to changes depending on the situation. We will under no circumstances assume the obligation to revise this presentation in case such situation occurs.

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