



# Matsui Securities Co., Ltd.

(First Section of TSE and OSE: 8628)

## Annual Results for 3Q FY2011

January 2012

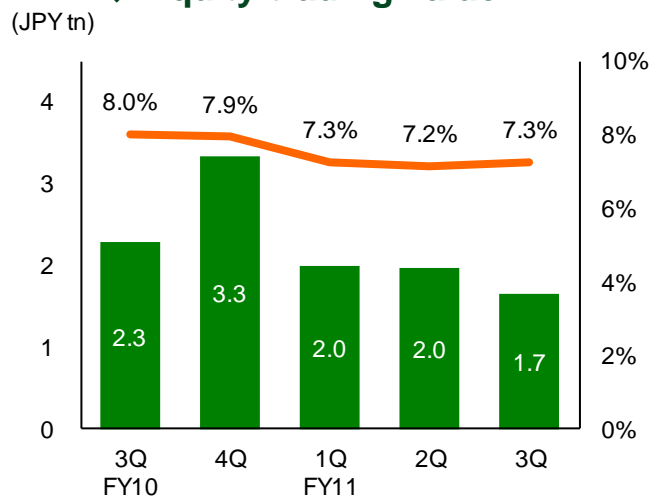
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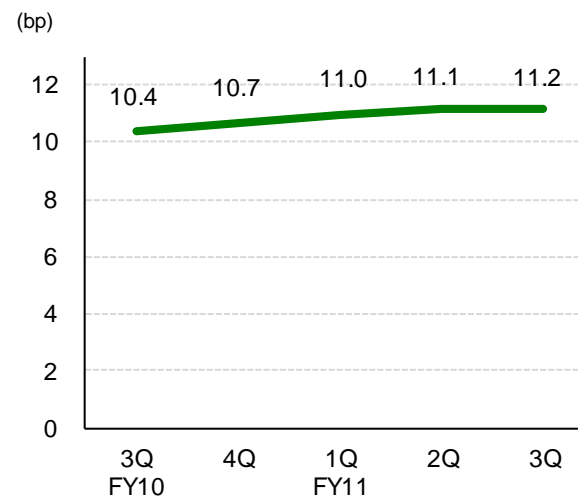
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# Results of Operation

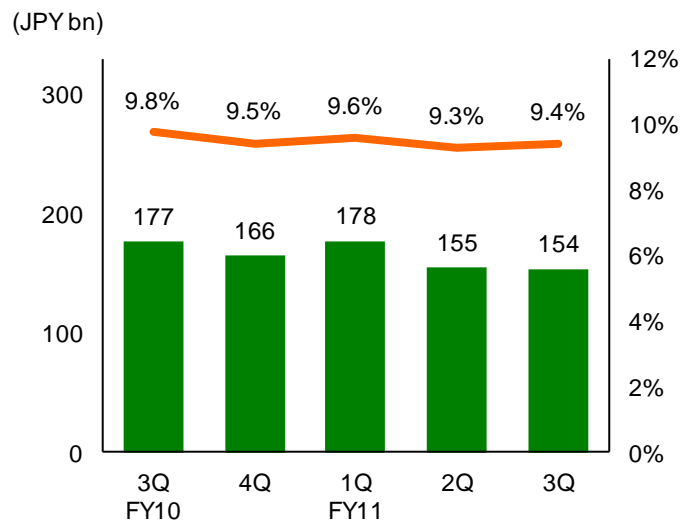
## ◆ Equity trading value



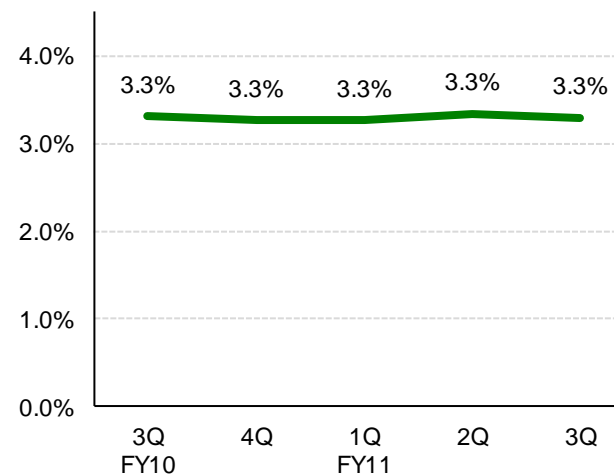
## ◆ Equity commission rate



## ◆ Margin balance

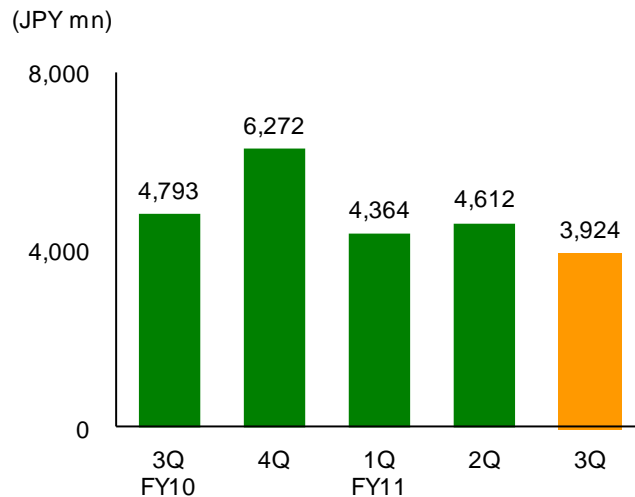


## ◆ Net interest income ratio

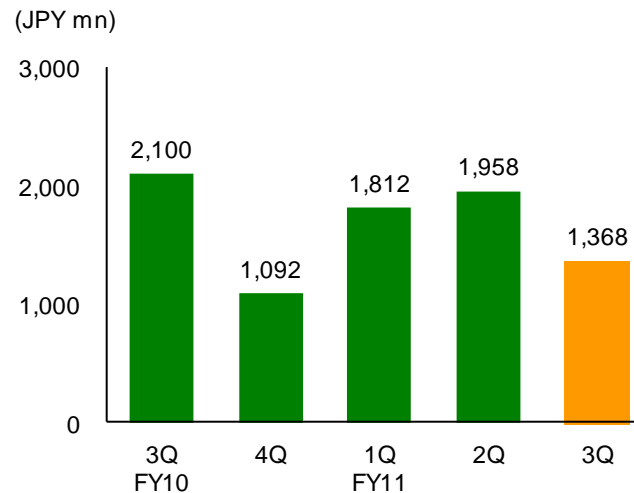


# Financial Results

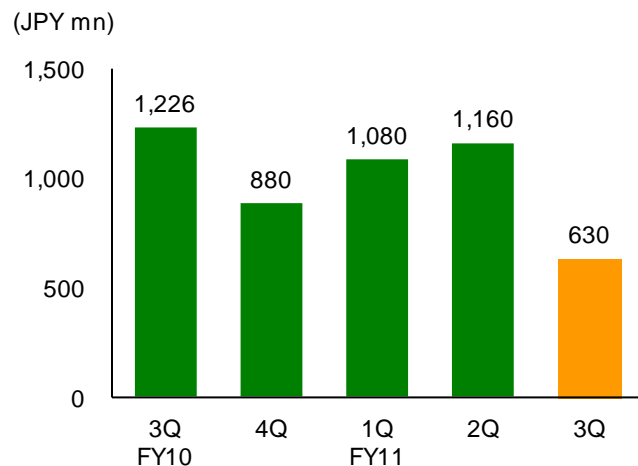
## ◆ Operating revenues



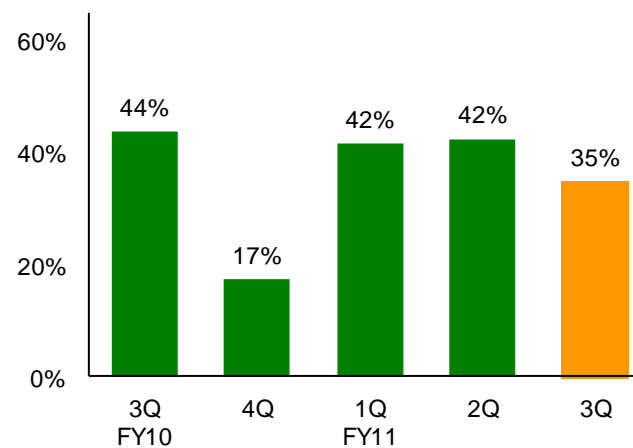
## ◆ Ordinary income



## ◆ Net income

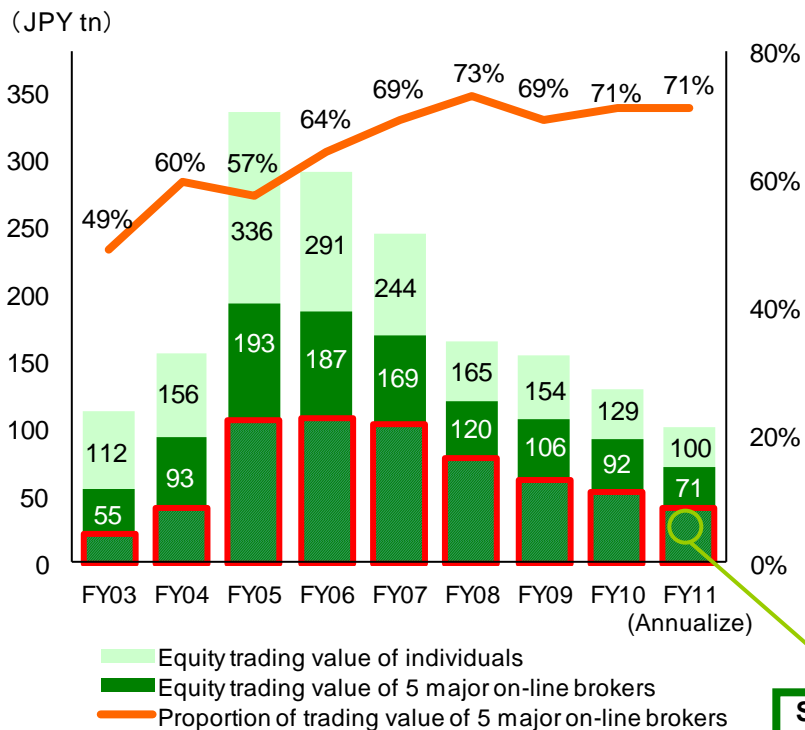


## ◆ Ordinary income ratio

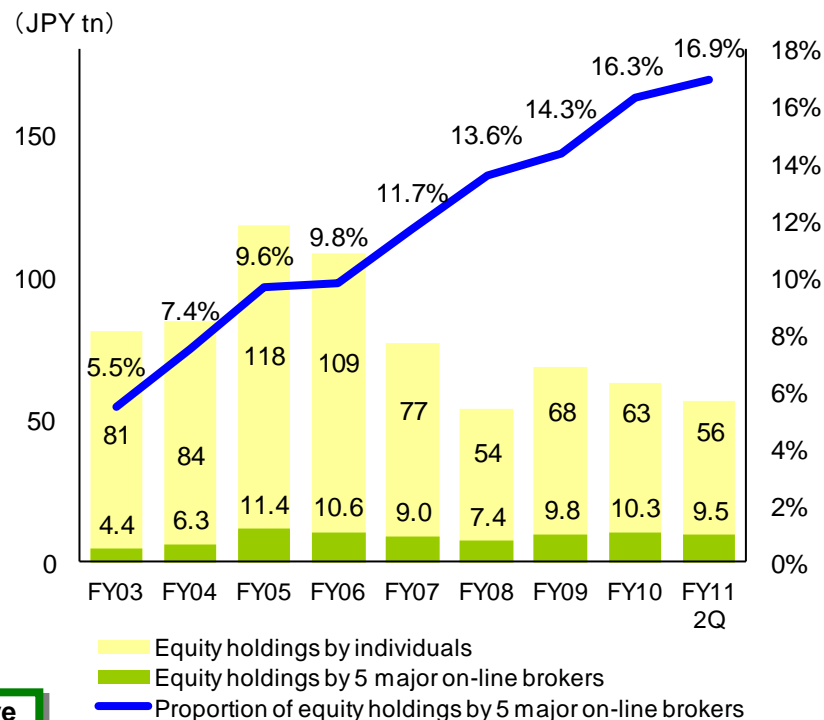


# Overview of Retail Equity Trading Market

## ◆ Equity trading value of individuals<sup>1</sup> (FLOW)



## ◆ Equity holdings by individuals<sup>1</sup> (STOCK)



# Financial Summary

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## Section 1

# Summary of Financial Results (3Q FY11)

(JPY mn)

	3Q(Apr.-Dec.) FY2011	3Q(Apr.-Dec.) FY2010	YoY
Operating Revenues	12,900	15,819	-18%
Commissions	8,245	10,467	-21%
Interest & dividend income	4,711	5,349	-12%
Interest expenses	692	559	24%
Net operating revenues	12,208	15,259	-20%
SG&A	7,106	7,887	-10%
Operating income	5,102	7,372	-31%
Ordinary income	5,139	7,387	-30%
Net income	2,870	4,531	-37%
Ordinary income ratio	40%	47%	-
Matsui's trading value (JPY tn)	5.6	7.1	-20%
Daily average trading value on TSE (JPY tn)	1.3	1.5	-12%

# Breakdown of Net Operating Revenues (3Q FY11)

(JPY mn)

	3Q(Apr.-Dec.) FY2011	3Q(Apr.-Dec.) FY2010	YoY
Commissions	8,245	10,467	-21%
Brokerage	7,444	9,227	-19%
Equity	6,241	7,548	-17%
Futures & Options	758	1,335	-43%
Others	800	1,237	-35%
Net gain (loss) on trading	-56	3	-
Interest & dividend income (1)	4,711	5,349	-12%
Total operating revenues	12,900	15,819	-18%
Interest expenses (2)	692	559	24%
Net operating revenues	12,208	15,259	-20%
Net interest income (1) - (2)	4,019	4,790	-16%



# Breakdown of SG&A (3Q FY11)

(JPY mn)

	3Q(Apr.-Dec.) FY2011	3Q(Apr.-Dec.) FY2010	YoY
Transaction related expenses	2,310	2,473	-7%
Advertisement	353	265	33%
Employees' compensation & benefits	1,360	1,493	-9%
Occupancy & rental	840	831	1%
Data processing & office supplies	1,327	1,485	-11%
Depreciation	1,322	1,390	-5%
Duties & taxes other than income taxes	73	86	-15%
Provision of allowance for doubtful accounts	-215	-	-
Others	89	129	-31%
<b>Total SG&amp;A</b>	<b>7,106</b>	<b>7,887</b>	<b>-10%</b>

# Summary of Financial Results (Quarterly)

(JPY mn)

	FY11	FY11	QoQ	FY11	FY10		YoY	FY10
	3Q	2Q		1Q	4Q	3Q		TOTAL
Operating Revenues	3,924	4,612	-15%	4,364	6,272	4,793	-18%	22,091
Commissions	2,470	2,974	-17%	2,800	4,570	3,190	-23%	15,037
Interest & dividend income	1,453	1,653	-12%	1,605	1,704	1,602	-9%	7,053
Interest expenses	211	261	-19%	220	211	185	14%	770
Net operating revenues	3,713	4,350	-15%	4,144	6,061	4,608	-19%	21,320
SG&A	2,347	2,393	-2%	2,366	4,983	2,512	-7%	12,870
Operating income	1,366	1,958	-30%	1,778	1,078	2,097	-35%	8,450
Ordinary income	1,368	1,958	-30%	1,812	1,092	2,100	-35%	8,479
Net income	630	1,160	-46%	1,080	880	1,226	-49%	5,410
Ordinary income ratio	35%	42%	-	42%	17%	44%	-	38%
Matsui's trading value (JPY tn)	1.7	2.0	-16%	2.0	3.3	2.3	-28%	10.4
Daily average trading value on TSE (JPY tn)	1.1	1.4	-21%	1.4	1.9	1.4	-25%	1.6

Source: TSE

# Breakdown of Net Operating Revenues (Quarterly)

(JPY mn)

	FY11	FY11	QoQ	FY11	FY10		YoY	FY10
	3Q	2Q		1Q	4Q	3Q		TOTAL
Commissions	2,470	2,974	-17%	2,800	4,570	3,190	-23%	15,037
Brokerage	2,205	2,665	-17%	2,574	4,227	2,883	-24%	13,455
Equity	1,844	2,201	-16%	2,196	3,578	2,373	-22%	11,126
Futures & Options	249	304	-18%	204	480	364	-32%	1,815
Others	265	309	-14%	226	342	304	-13%	1,579
Net gain (loss) on trading	1	-15	-	-41	-2	1	-22%	0
Interest & dividend income (1)	1,453	1,653	-12%	1,605	1,704	1,602	-9%	7,053
Total operating revenues	3,924	4,612	-15%	4,364	6,272	4,793	-18%	22,091
Interest expenses (2)	211	261	-19%	220	211	185	14%	770
Net operating revenues	3,713	4,350	-15%	4,144	6,061	4,608	-19%	21,320
Net interest income (1) - (2)	1,242	1,391	-11%	1,385	1,493	1,418	-12%	6,283

# Breakdown of SG&A (Quarterly)

(JPY mn)

	FY11	FY11	QoQ	FY11	FY10		YoY	FY10 TOTAL
	3Q	2Q		1Q	4Q	3Q		
Transaction related expenses	800	766	4%	743	892	782	2%	3,365
Advertisement	180	97	85%	76	111	83	116%	375
Employees' compensation & benefits	443	456	-3%	461	482	490	-10%	1,974
Occupancy & rental	262	284	-8%	294	296	279	-6%	1,128
Data processing & office supplies	445	432	3%	449	445	462	-4%	1,931
Depreciation	460	425	8%	437	435	453	2%	1,825
Duties & taxes other than income taxes	18	23	-20%	32	32	22	-17%	118
Provision of allowance for doubtful accounts	-96	-20	-	-98	2,378	-	-	2,378
Others	14	27	-49%	49	22	23	-40%	151
<b>Total SG&amp;A</b>	<b>2,347</b>	2,393	-2%	2,366	4,983	2,512	-7%	12,870

# Policy of Profit Sharing with Shareholders

## Plan to pay 15 yen per share as dividends for FY11

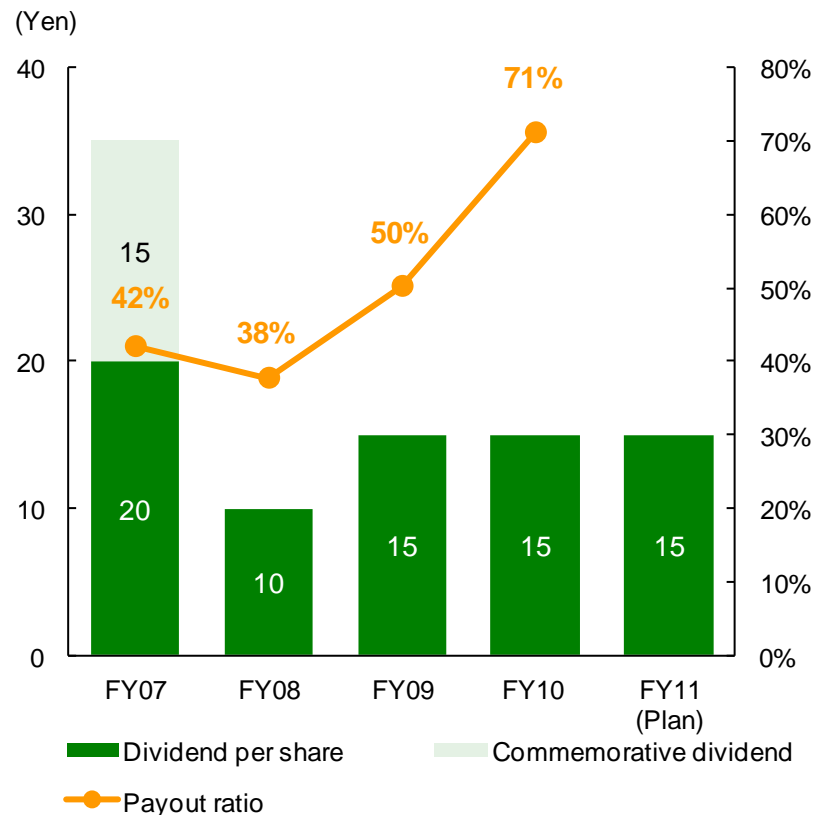
### ◆ Dividend policy

- Maintain the performance based return to the shareholders
- Target of payout ratio is “30% and above”

### ◆ Dividends for FY11

- Plan to pay 15 yen per share

### ◆ Matsui's dividend per share and payout ratio<sup>1</sup>

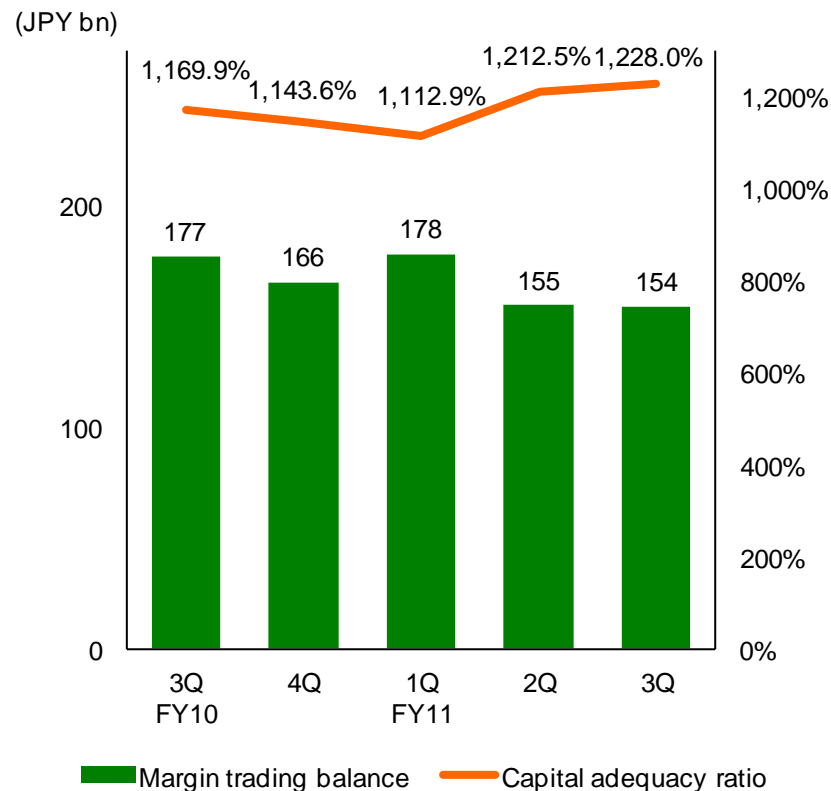


# Capital Adequacy Ratio

## ◆ Capital adequacy ratio (As of 31 December 2011)

		(JPY mn)
Tier 1	(A)	74,670
Tier 2	Net unrealized gain on investment	-
	Statutory reserves	1,108
	Allowance for doubtful accounts	13
	Sub total (B)	1,121
Assets to be deducted from equity capital	(C)	8,231
Net Capital		
	(A) + (B) - (C) (D)	67,560
Total risk	Market risk	0
	Counterparty risk	3,322
	Basic risk	2,178
	Total (E)	5,501
Capital Adequacy ratio (D)/(E)		1,228.0%

## ◆ Margin trading balance and capital adequacy ratio



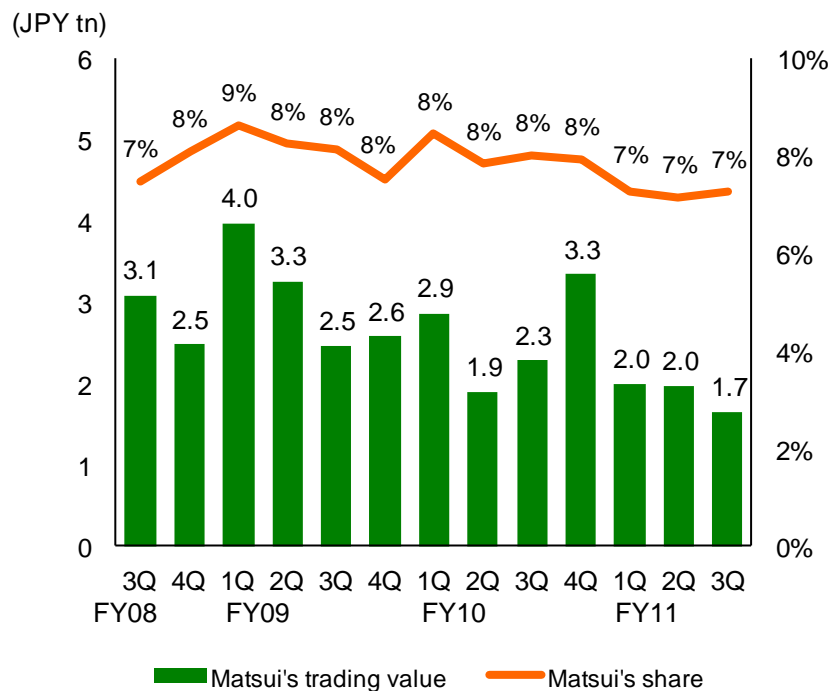
# Results of Operation

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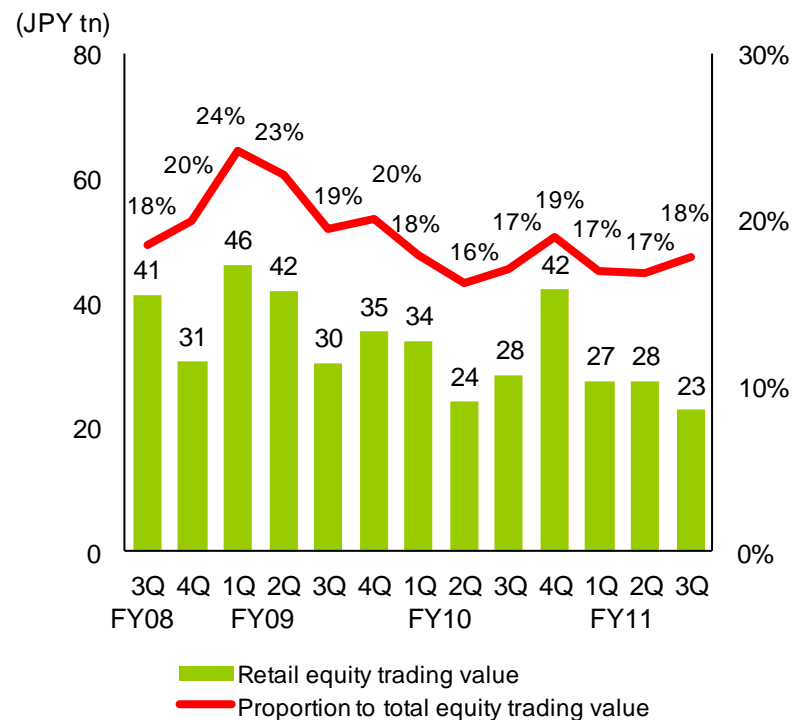
## Section 2

# Equity Trading Value

## ◆ Matsui's equity trading value and its market share<sup>1</sup>



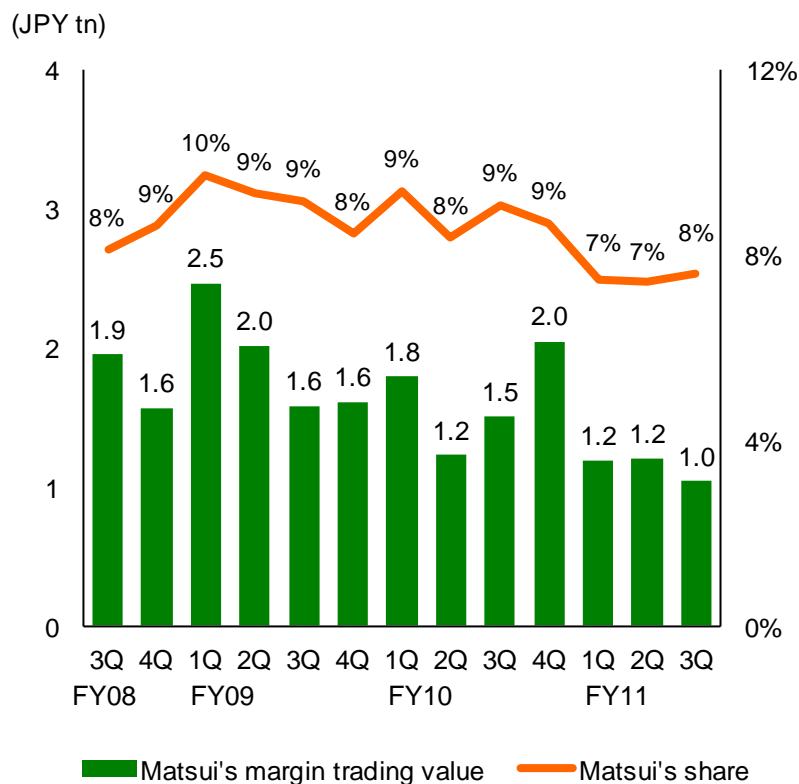
## ◆ Retail equity trading value<sup>1</sup> and proportion to total equity trading value



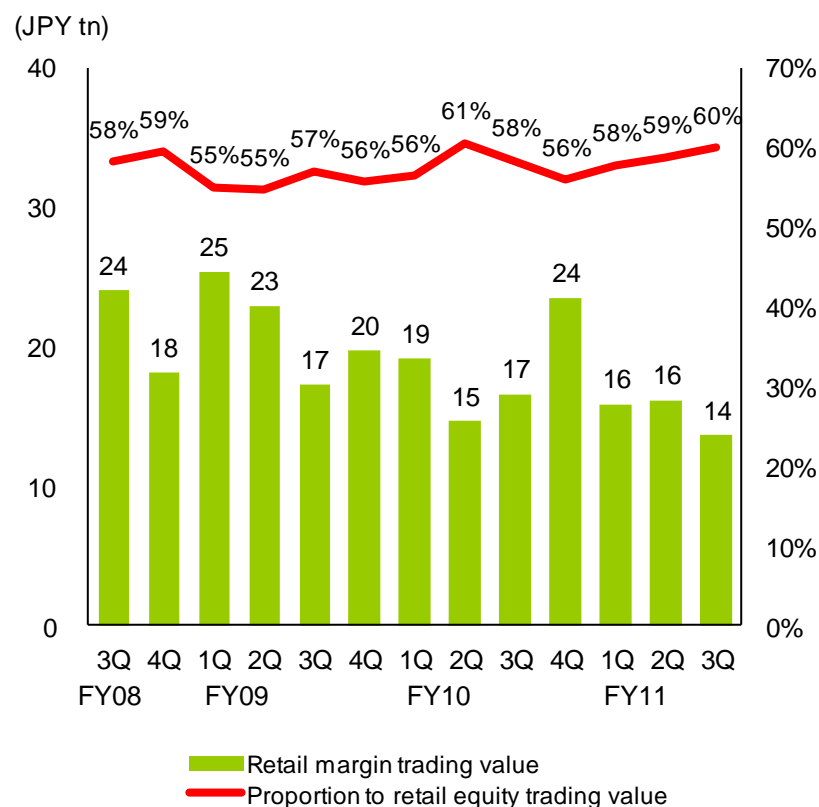


# Margin Trading Value

## ◆ Matsui's margin trading value and its market share<sup>1</sup>

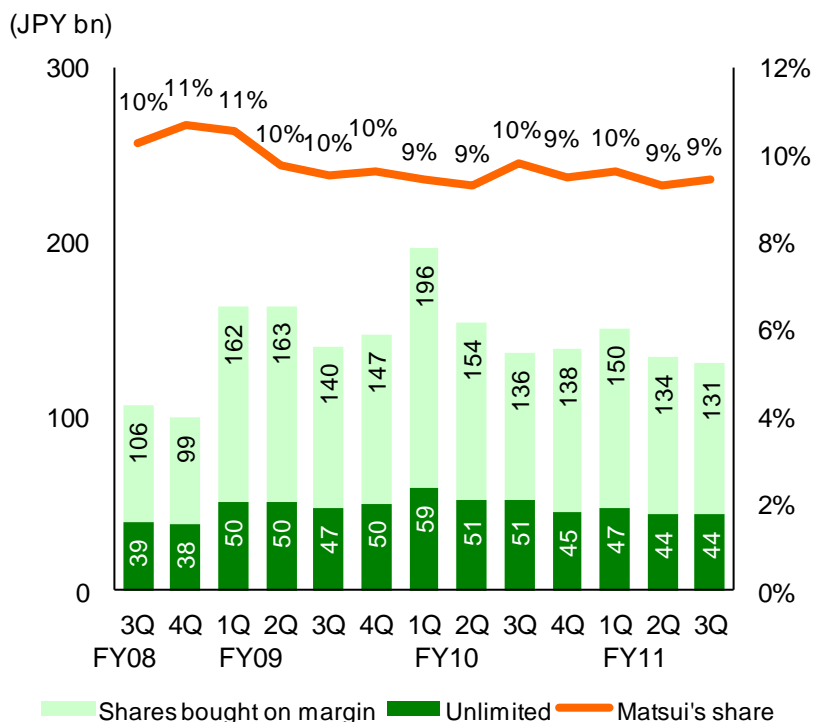


## ◆ Retail margin trading value<sup>1</sup> and proportion to total retail equity trading value

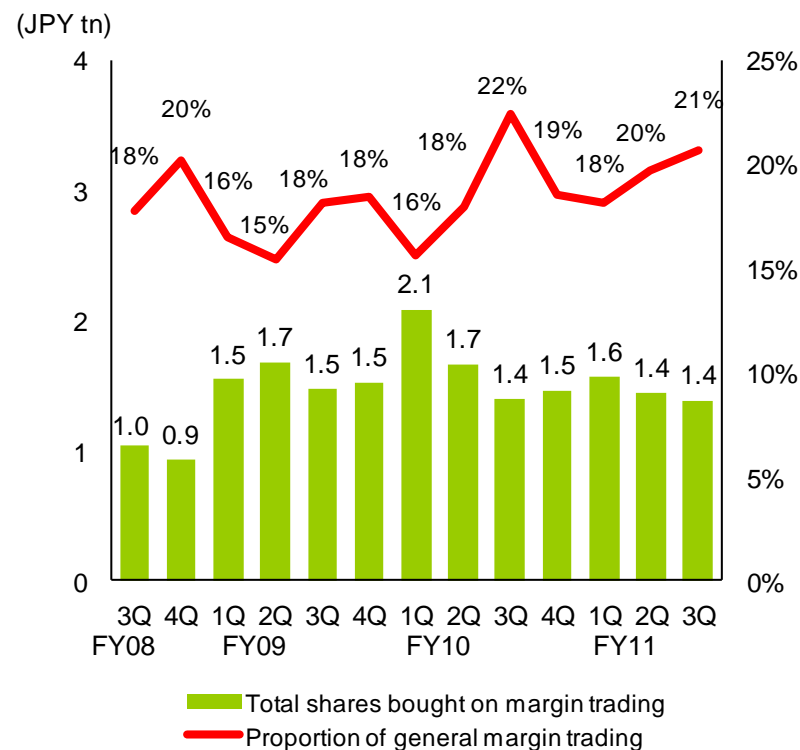


# Margin Trading Balance

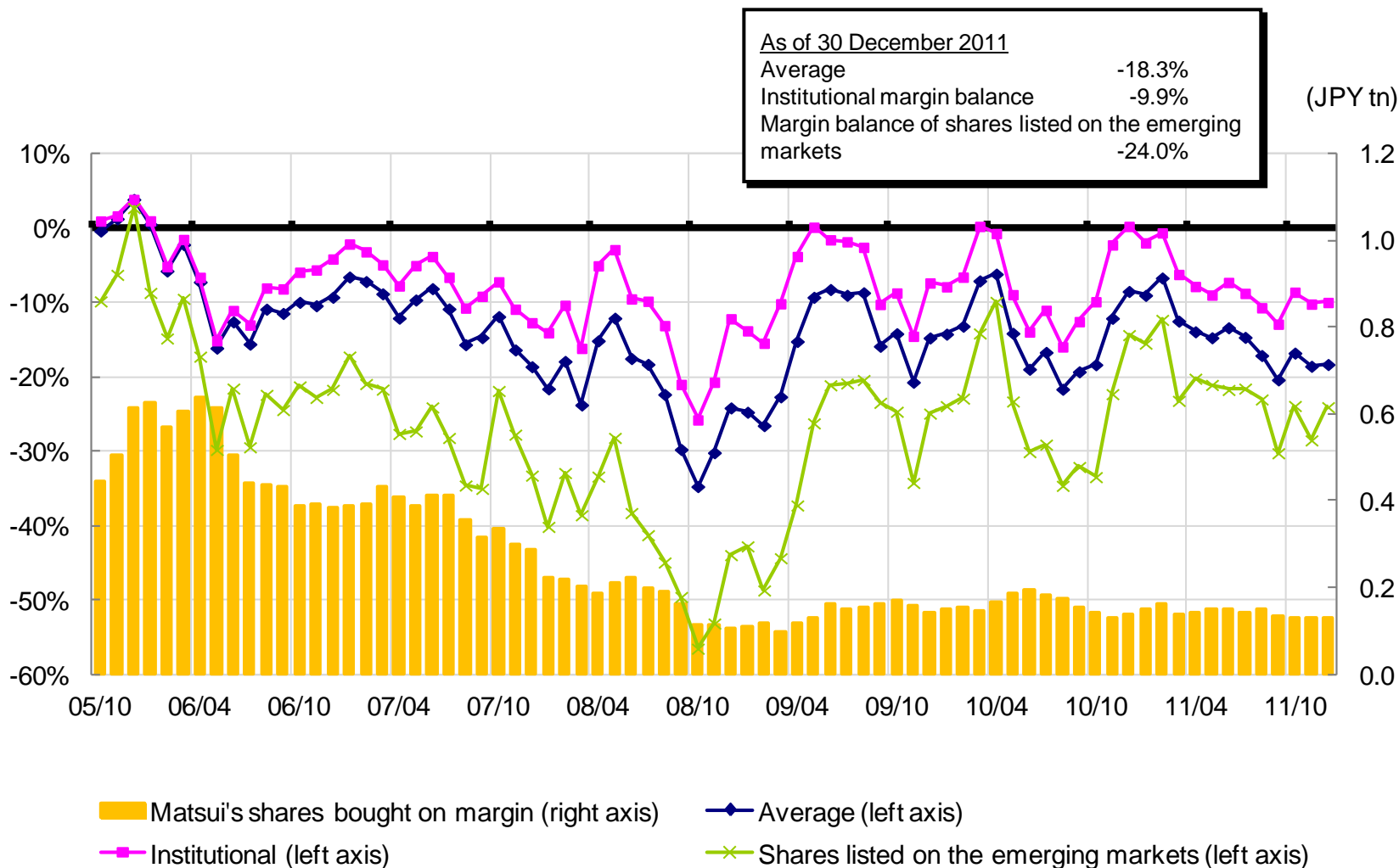
## ◆ Matsui's shares bought on margin<sup>1</sup> and its market share<sup>2</sup>



## ◆ Total shares bought on margin<sup>1</sup> and proportion of general margin trading

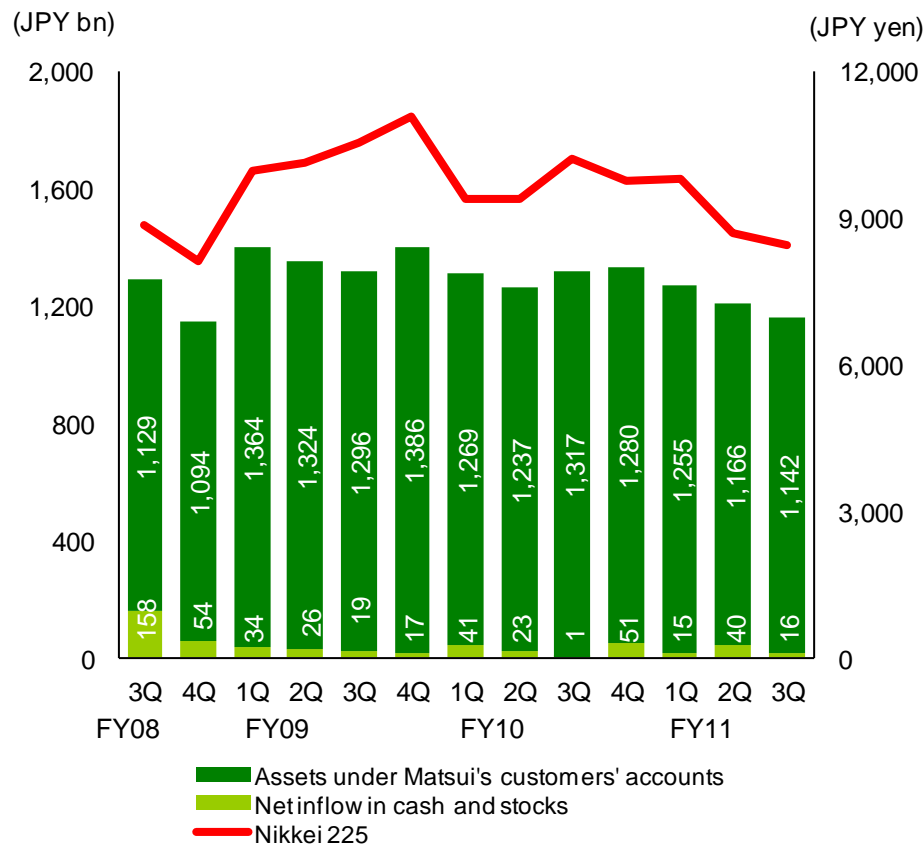


# Evaluation Losses on Matsui's Margin Balance

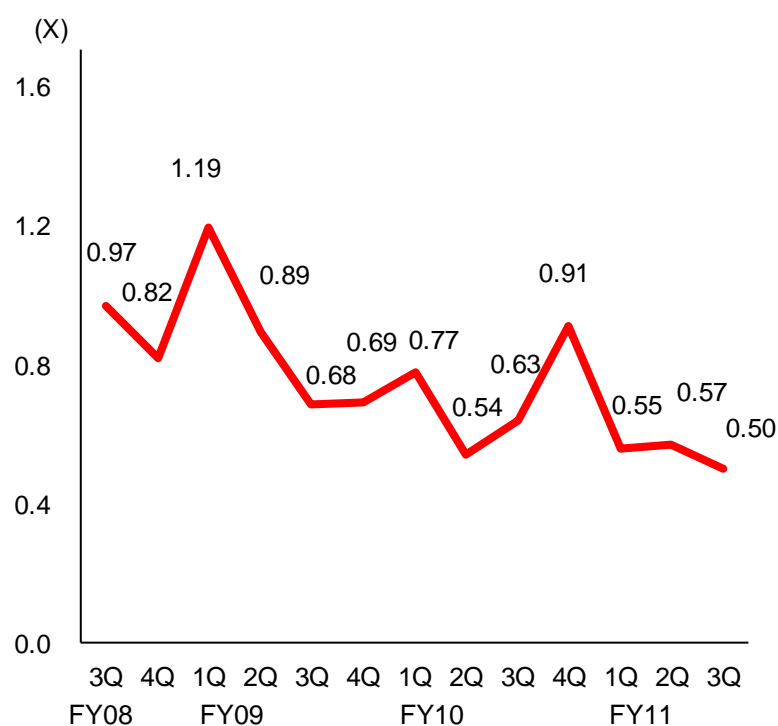


# Assets under Customers' Accounts / Trading Turnover

## ◆ Assets under Matsui's customers' accounts



## ◆ Equity trading turnover<sup>1</sup> of Matsui's customers



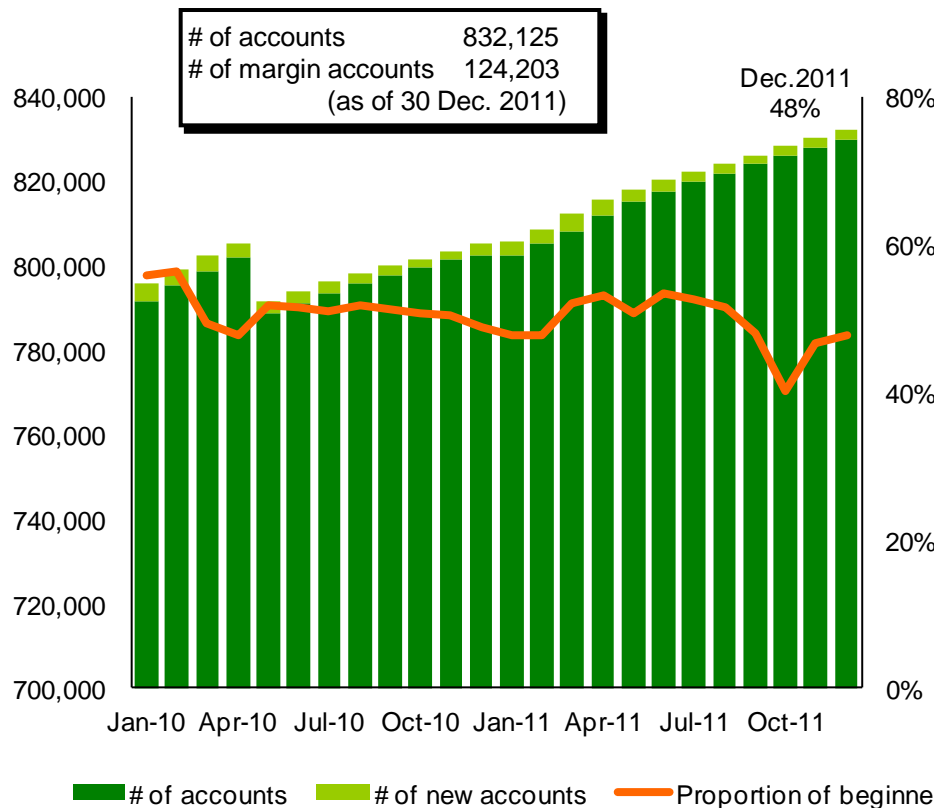
Note 1: Equity trading turnover = (monthly average trading value) / (quarterly average assets under customers' accounts\*)

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

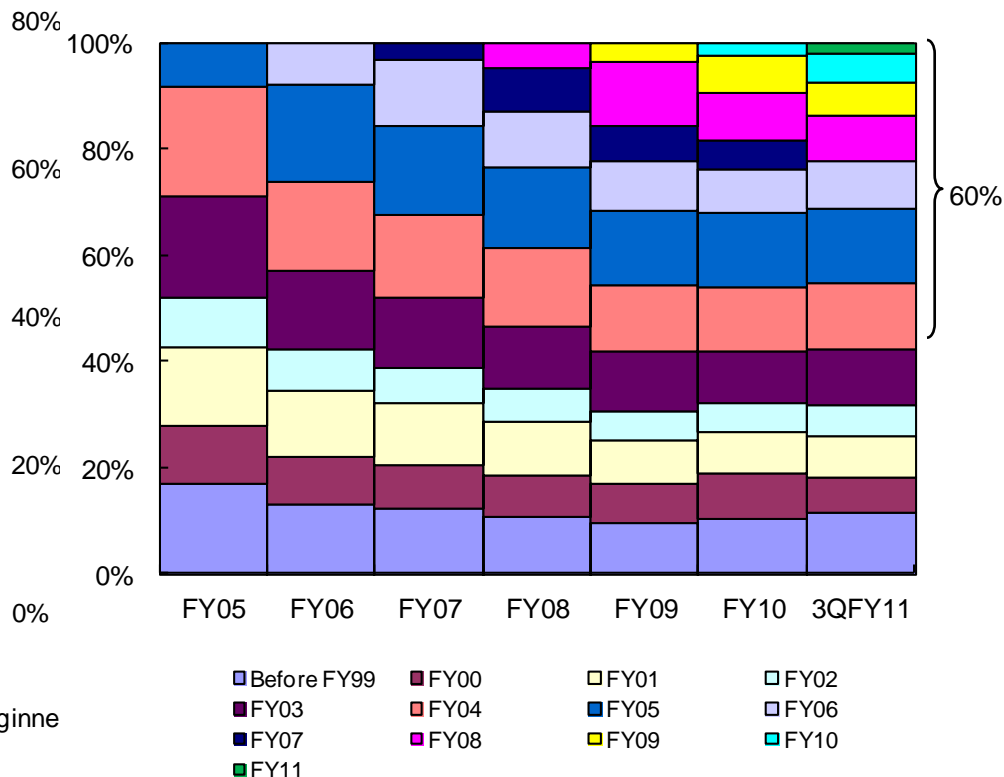
Note 2: Nikkei 225 is the closed price at the end of each quarter

# Number of Accounts / Breakdown of Trading Value

## ◆ Number of accounts at Matsui<sup>1</sup>



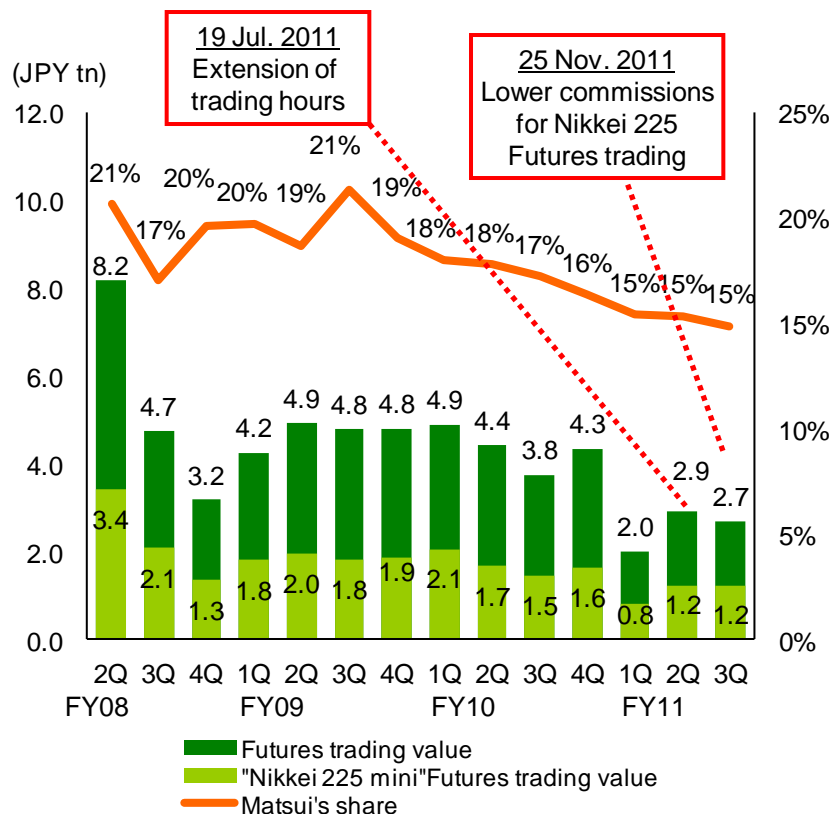
## ◆ Breakdown of trading value by customers opening the accounts in each fiscal year



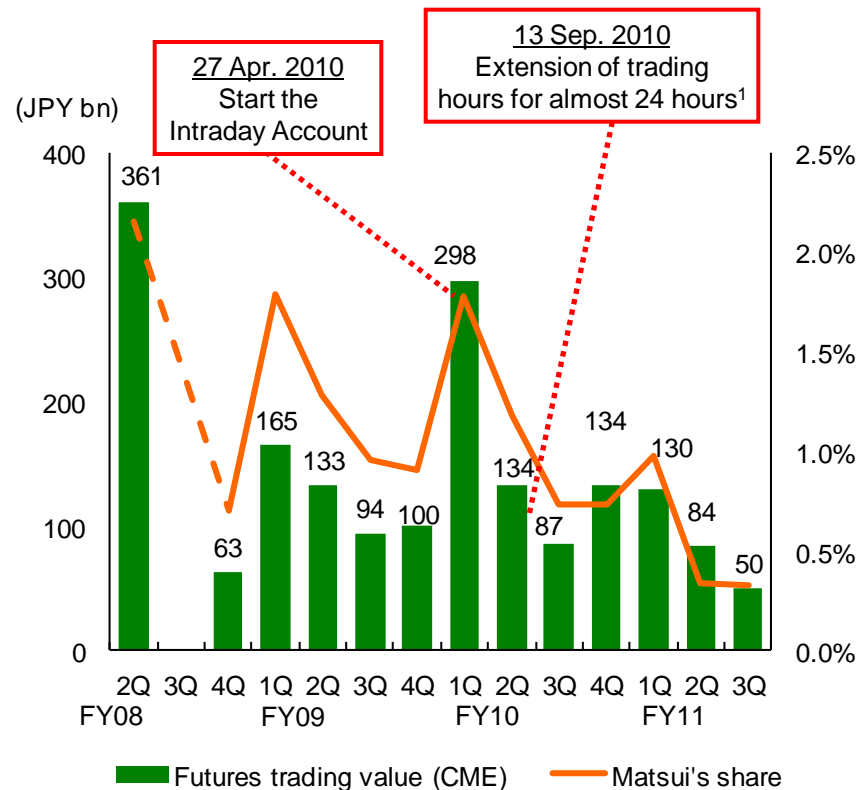
Note 1: Number of accounts as of the end of each month  
Dormant accounts were closed down 16,431 in May 2010 and 1,925 in Jan. 2011

# Nikkei 225 Futures

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

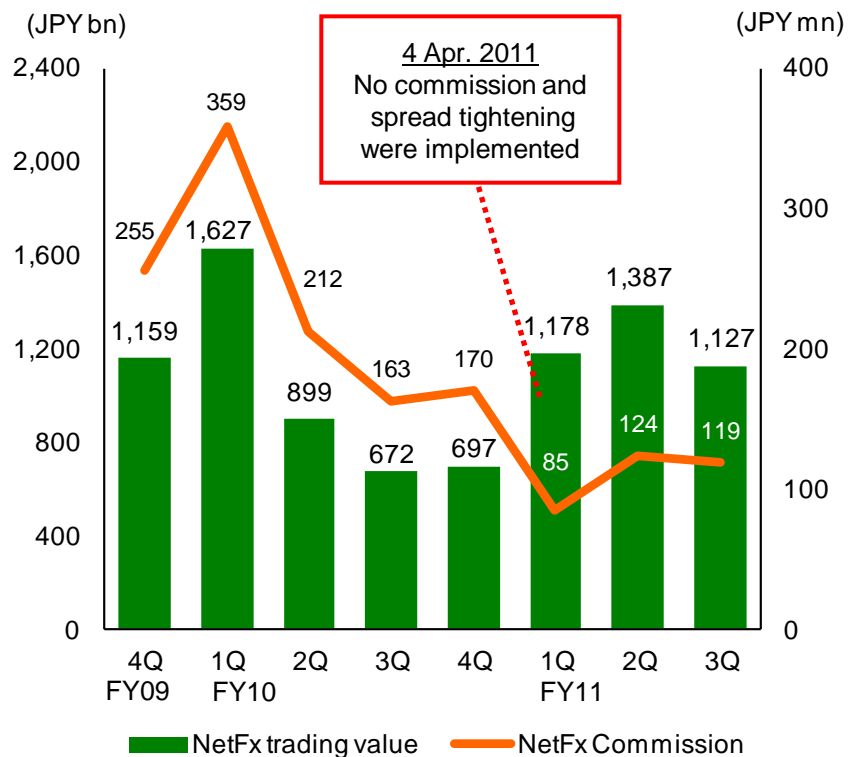


## ◆ Matsui's CME Nikkei225 Futures trading value

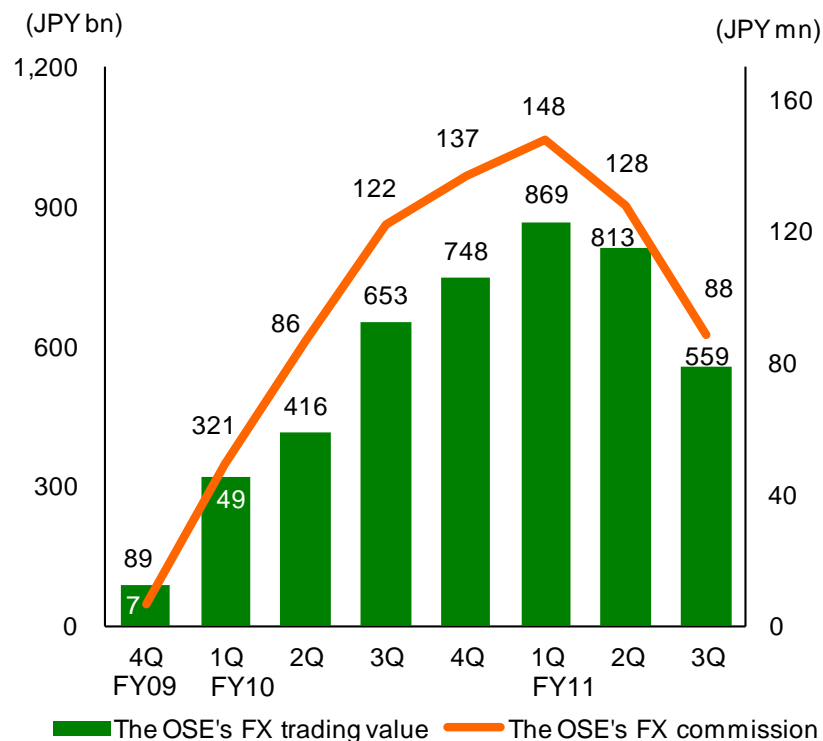


# FX Margin Trading

## ◆ Matsui's OTC FX trading value and commission



## ◆ The OSE's FX trading value in Matsui and commission



# Recent Developments

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## Section 3



# Corporate Strategy

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## Our Purpose

We will provide superior quality of trading platform for retail investors based upon "customer-centered strategy"



## Our Achievements

- ◆ Pioneer in providing full-fledged online brokerage services in Japan
- ◆ Customer-oriented trading rule for margin trading
- ◆ "Box Rate" fee structure
- ◆ Pioneer in developing unlimited margin trading
- ◆ Pioneering approach to "NetFx" "Nikkei 225 futures and Nikkei 225 Options"
- ◆ Pioneer in providing specific application available for smartphone
- ◆ Introduced "RTGS based margin transaction"

## Our Direction

- ◆ Develop unique and innovative services
- ◆ Focus on brokerage business
- ◆ Pursue the services which expand brokerage (flow) business rather than asset gathering related (stock) services

# Real Time Gross Settlement

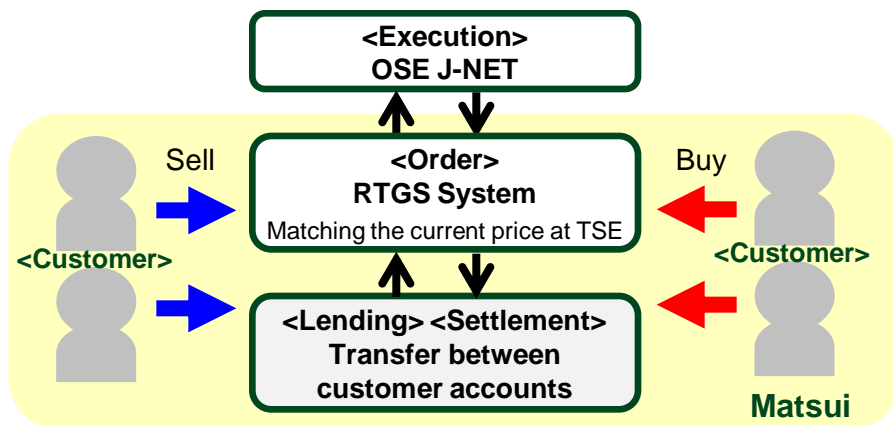
## Implement continuous improvements to increase liquidity

### ◆ Outline of RTGS

Settlement	Immediate (Real time)
Pricing method	Matching the current price at TSE
Execution	Executed by off-floor trading on OSE (J-NET)
Type of transaction	Cash transaction / Margin transaction
Trading channel	Web(PC), Netstock High Speed
Commission for margin transaction	<b>No commission</b> (annual interest: 7.3%)
Commission for cash transaction	<b>0 yen up to 1mn yen of trading value</b> 1,680yen up to 2mn yen, +840yen per 1mn yen
Eligible shares	<b>64 shares</b> (Cross listed shares on TSE and OSE)
# of account	Cash:56,016    Margin:8,742

※As of 23 Dec.

### ◆ Structure of RTGS



### ◆ Undertaking in 3QFY11

#### ■ Enhancement of trading function (Nov. 2011)

Enhance the order function and simplify the bid and offer pricing board.

#### ■ Enhancement of trading tool (Jan. 2012)

Enable to order from real time trading tool "Netstock High Speed".

#### ■ Expansion of eligible shares (Jan. 2012)

Add 7 new names so that the total number of eligible shares is 64.

### ◆ Future Developments

#### ▪ Enhancement of trading tools

Enable to order from real time trading tools, such as KABU touch etc.

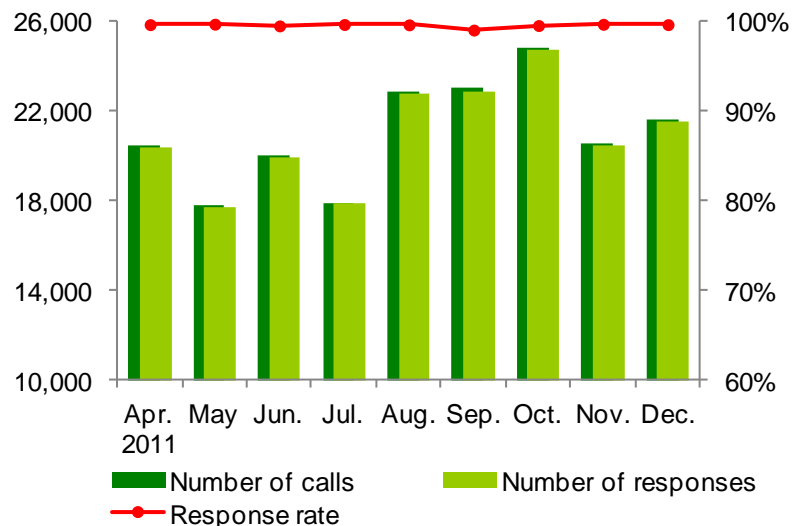
#### ▪ Expansion of eligible shares

#### ▪ Increase of liquidity by accepting orders from other brokers

Other than those above, plan to implement drastic measures to increase liquidity in the following spring

# Customer Support

## ◆ Response Rate to Customers' Calls



- Maintain a high response rate of over 99% each month
- Improve customer satisfaction with 180 professional staffs (as of Dec. 2011)

## ◆ Undertakings in 3QFY11

### Start new helpline for smartphone users

- ⇒ Support customers who are not familiar with using the "Smartphone" (Nov. 2011)

## ◆ Award-Winning

### HDI (Help Desk Institute)\* - Japan

**Matsui Securities was awarded by HDI-Japan the highest rating of "Three Stars" in the evaluation of customer service among the securities industry in Jan. 2012.**

※HDI (Help Desk Institute) is the world's largest membership association for the service and support industry. HDI-Japan has been evaluating customer service centers of the major companies in each industry.



### **【Evaluation Results for Matsui Securities】**

Kind support by every staff with courteous and genuine is highly evaluated, especially "communication" and "process" of staff's responses are highly evaluated.

Win the perfect score in the response rate due to the smooth connection to incoming calls from customers.

# Details of Newly Offered Services

Campaign/Promotion	Improvement in Quality of Services to Customers
<ul style="list-style-type: none"> <li>◆ Starting campaign for “NetFx”-OTC FX trading (2011/10/3-12/24)</li> <li>◆ No commission charge for RTGS based cash transaction for new customers (2011/10/11-)</li> <li>◆ No commission charge for cash transaction, the OSE’s FX and transferring stocks from other brokers (2011/12/1-2012/1/31)</li> <li>◆ No commission charge for RTGS based cash transaction executed by “Netstock High Speed” (2012/1/4-1/31)</li> <li>◆ Starting campaign for “NetFx”-OTC FX trading (2012/1/2-3/31)</li> </ul>	<ul style="list-style-type: none"> <li>◆ Start the RTGS based margin transaction (2011/10/11-)</li> <li>◆ Start new helpline for smartphone users (2011/11/7-)</li> <li>◆ Enhance the trading function for the RTGS (2011/11/19-)</li> <li>◆ Enhance the trading function for the Real Time Chart for globally traded index (2011/11/21-)</li> <li>◆ Lower commissions for Nikkei 225 Futures trading (2011/11/25-)</li> <li>◆ Enhance the trading tool of “Netstock High Speed” for RTGS (2012/1/4-)</li> <li>◆ Expand eligible shares for RTGS (2012/1/4-)</li> </ul>

The material is intended to provide the financial results for the quarter ended 31 December 2011 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 January 2011. 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.

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## Contact information

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