



Matsui Securities Co., Ltd.

(First Section of TSE: 8628)

Annual Results for 3QFY2015

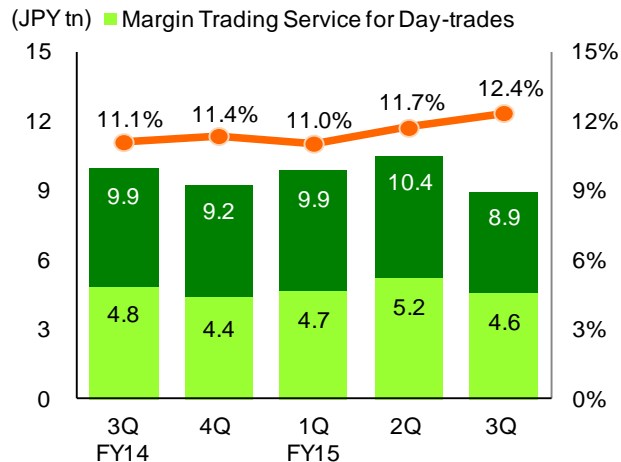
January 2016

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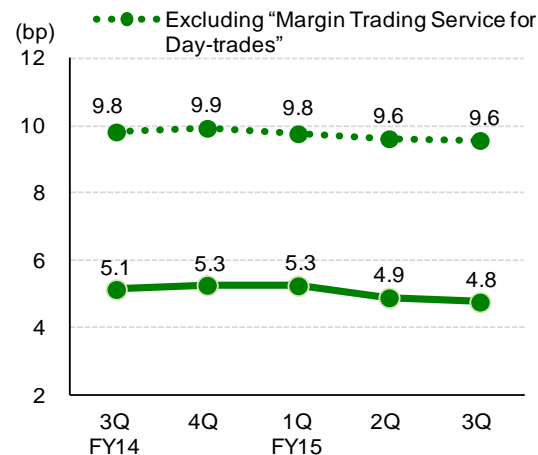
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Results of Operation

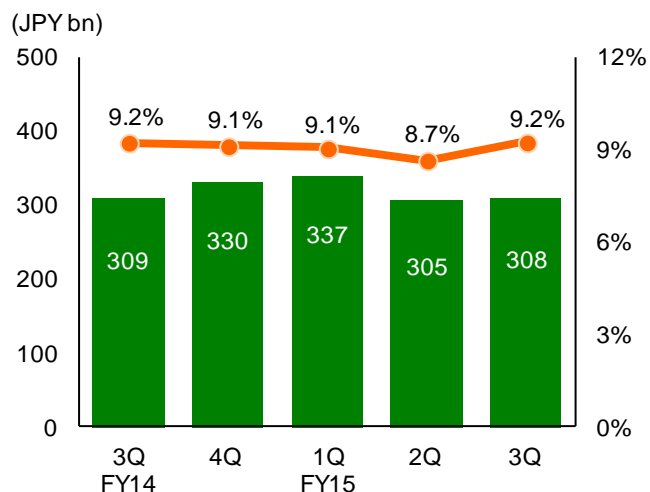
◆ Equity trading value / Market share



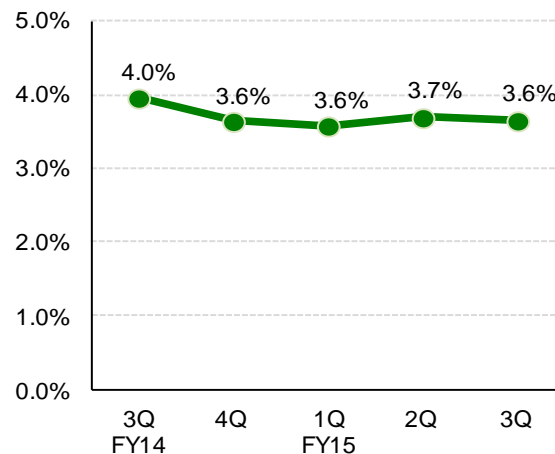
◆ Equity commission rate



◆ Margin balance / Market share

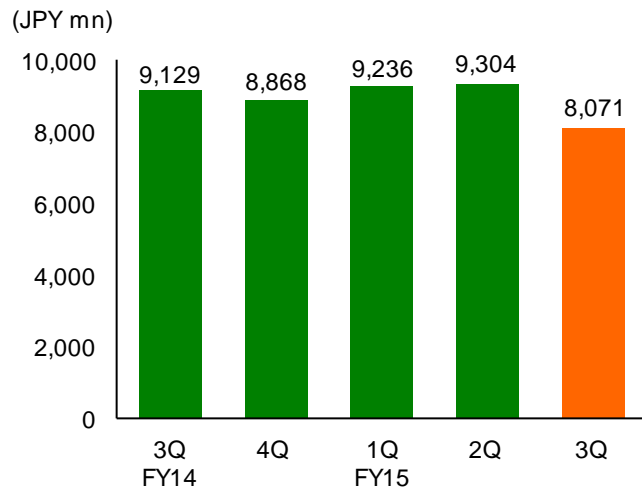


◆ Net interest income ratio

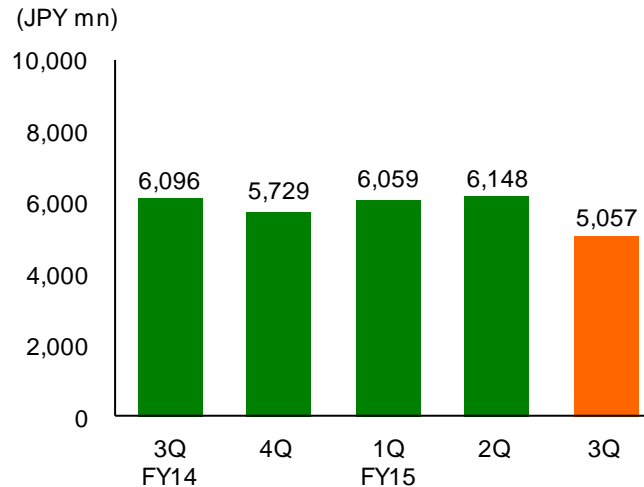


Financial Results

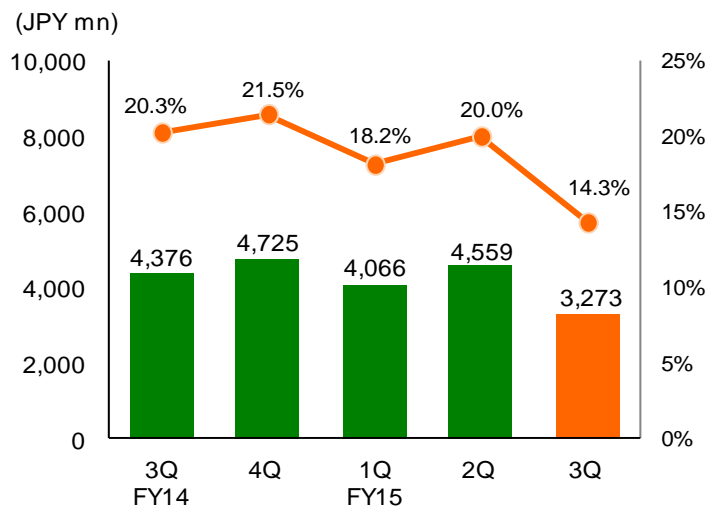
◆ Operating revenues



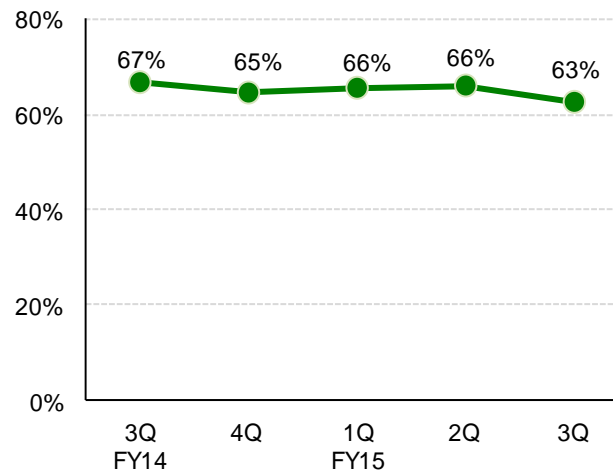
◆ Ordinary income



◆ Net income / ROE¹



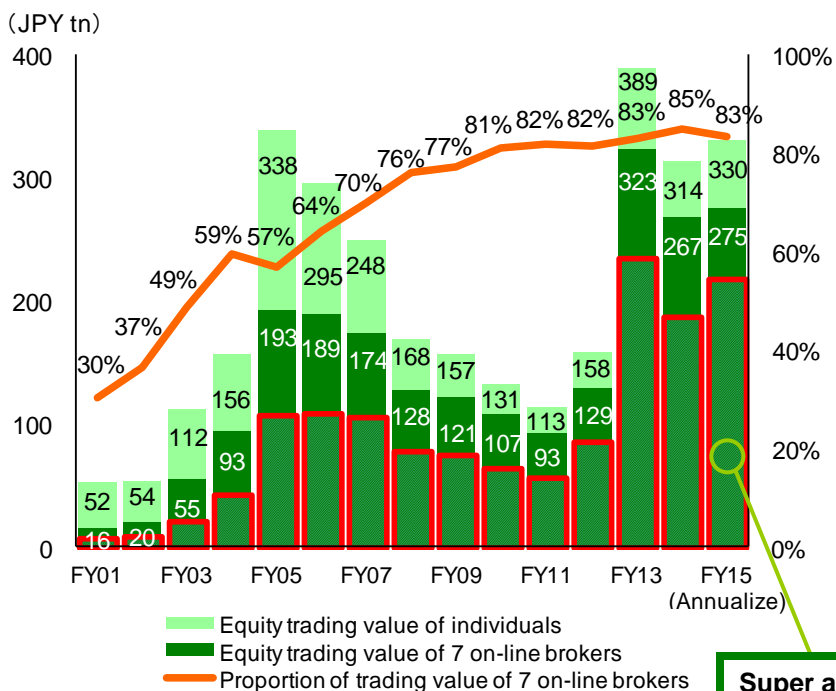
◆ Ordinary income ratio



Note 1: Annualized on each quarter

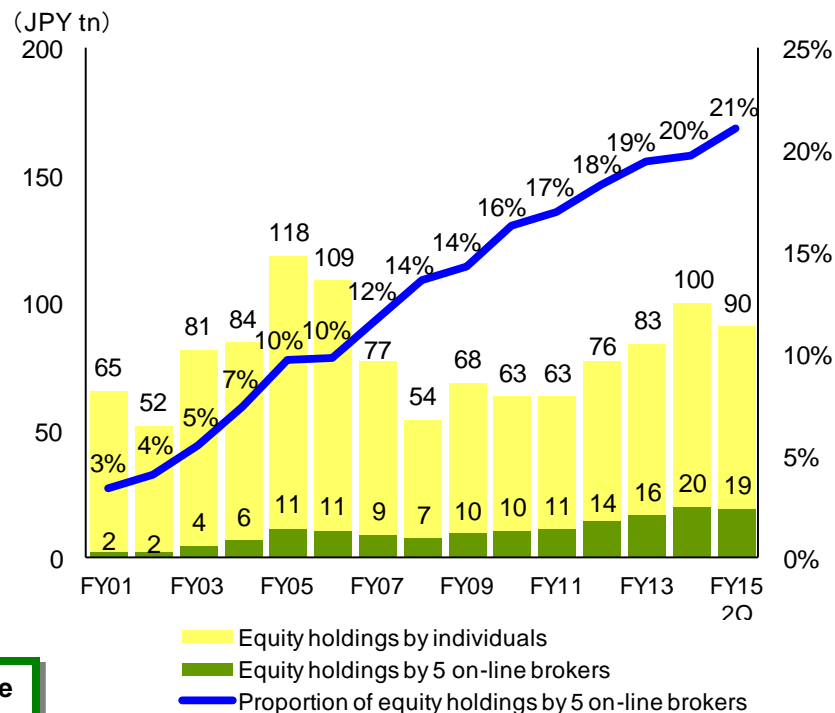
Overview of Retail Equity Trading Market

◆ Equity trading value of individuals¹ (FLOW)



Super active traders²
JPY 220 tn
(Estimate)

◆ Equity holdings by individuals¹ (STOCK)



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 (3Q FY15)

	(JPY mn)		
	3Q(Apr.-Dec.) FY2015	3Q(Apr.-Dec.) FY2014	YoY
Operating Revenues	26,611	25,438	5%
Commissions	16,744	15,590	7%
Interest & dividend income	9,858	9,838	0%
Interest expenses	1,116	971	15%
Net operating revenues	25,496	24,467	4%
SG&A	8,320	8,100	3%
Operating income	17,176	16,367	5%
Ordinary income	17,264	16,472	5%
Net income	11,898	10,845	10%
Ordinary income ratio	65%	65%	-
Matsui's trading value (JPY tn)	29.3	27.6	6%
Daily average trading value on TSE (JPY tn)	3.4	2.7	25%

Breakdown of Net Operating Revenues (3Q FY15)

(JPY mn)

	3Q(Apr.-Dec.) FY2015	3Q(Apr.-Dec.) FY2014	YoY
Commissions	16,744	15,590	7%
Brokerage	15,732	14,804	6%
Equity & ETF	14,645	13,818	6%
Futures & Options	1,087	941	16%
Others	962	784	23%
Net gain (loss) on trading	5	6	-20%
Interest & dividend income (1)	9,858	9,838	0%
Total operating revenues	26,611	25,438	5%
Interest expenses (2)	1,116	971	15%
Net operating revenues	25,496	24,467	4%
Net interest income (1) - (2)	8,743	8,867	-1%
Average margin balance (JPY bn)	320	297	8%

Breakdown of SG&A (3Q FY15)

(JPY mn)

	3Q(Apr.-Dec.) FY2015	3Q(Apr.-Dec.) FY2014	YoY
Transaction related expenses	3,518	3,532	-0%
Advertisement	363	393	-8%
Employees' compensation & benefits	1,643	1,416	16%
Occupancy & rental	668	663	1%
Data processing & office supplies	1,289	1,282	1%
Depreciation	866	982	-12%
Duties & taxes other than income taxes	222	139	59%
Provision of allowance for doubtful accounts	10	-18	-
Others	103	104	-1%
Total SG&A	8,320	8,100	3%

Summary of Financial Results (Quarterly)

(JPY mn)

	FY15	FY15	QoQ	FY15	FY14		YoY	FY14 TOTAL
	3Q	2Q		1Q	4Q	3Q		
Operating Revenues	8,071	9,304	-13%	9,236	8,868	9,129	-12%	34,306
Commissions	4,946	5,918	-16%	5,880	5,577	5,835	-15%	21,167
Interest & dividend income	3,123	3,382	-8%	3,353	3,289	3,290	-5%	13,126
Interest expenses	323	345	-7%	448	442	292	10%	1,413
Net operating revenues	7,749	8,959	-14%	8,788	8,426	8,837	-12%	32,893
SG & A	2,732	2,817	-3%	2,771	2,705	2,778	-2%	10,806
Operating income	5,017	6,143	-18%	6,017	5,720	6,059	-17%	22,087
Ordinary income	5,057	6,148	-18%	6,059	5,729	6,096	-17%	22,202
Net income	3,273	4,559	-28%	4,066	4,725	4,376	-25%	15,571
Ordinary income ratio	63%	66%	-	66%	65%	67%	-	65%
Matsui's trading value (JPY tn)	8.9	10.4	-14%	9.9	9.2	9.9	-10%	36.8
Daily average trading value on TSE (JPY tn)	3.2	3.6	-13%	3.4	3.3	3.3	-4%	2.9

Breakdown of Net Operating Revenues (Quarterly)

(JPY mn)

	FY15	FY15	QoQ	FY15	FY14		YoY	FY14
	3Q	2Q		1Q	4Q	3Q		TOTAL
Commissions	4,946	5,918	-16%	5,880	5,577	5,835	-15%	21,167
Brokerage	4,620	5,546	-17%	5,566	5,221	5,540	-17%	20,025
Equity & ETF	4,286	5,128	-16%	5,231	4,868	5,119	-16%	18,686
Futures & Options	334	418	-20%	335	349	411	-19%	1,290
Others	277	372	-26%	313	355	295	-6%	1,139
Net gain (loss) on trading	1	2	-75%	2	2	3	-80%	8
Interest & dividend income (1)	3,123	3,382	-8%	3,353	3,289	3,290	-5%	13,126
Total operating revenues	8,071	9,304	-13%	9,236	8,868	9,129	-12%	34,306
Interest expenses (2)	323	345	-7%	448	442	292	10%	1,413
Net operating revenues	7,749	8,959	-14%	8,788	8,426	8,837	-12%	32,893
Net interest income (1) - (2)	2,801	3,037	-8%	2,905	2,846	2,998	-7%	11,713
Average margin balance (JPY bn)	307	329	-7%	325	313	303	1%	301

Breakdown of SG&A (Quarterly)

(JPY mn)

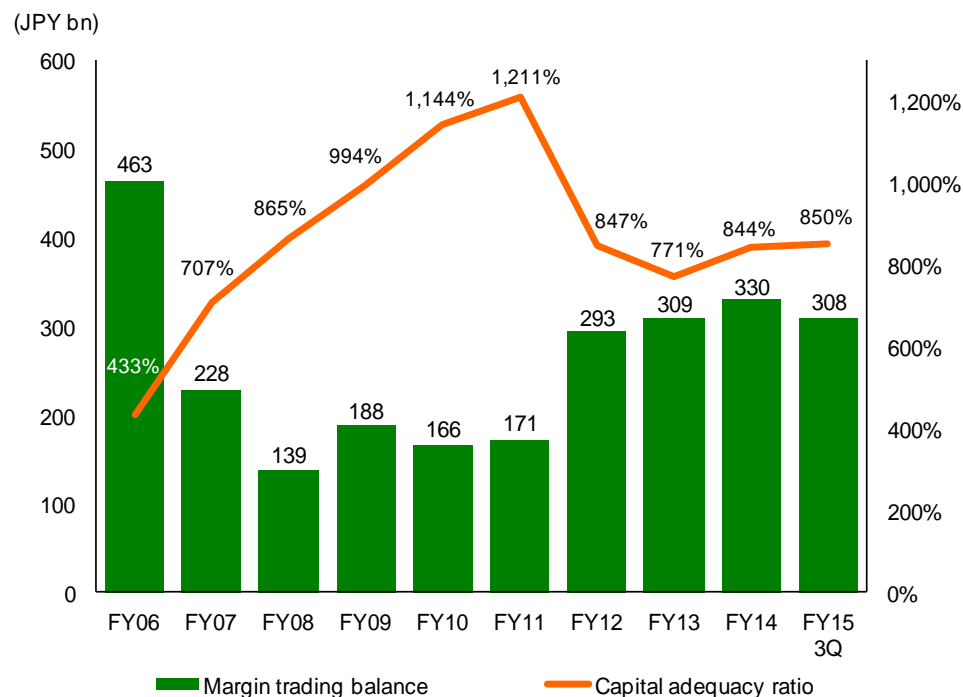
	FY15	FY15	QoQ	FY15	FY14		YoY	FY14
	3Q	2Q		1Q	4Q	3Q		TOTAL
Transaction related expenses	1,122	1,199	-6%	1,197	1,187	1,198	-6%	4,719
Advertisement	120	122	-2%	121	153	130	-8%	547
Employees' compensation & benefits	542	584	-7%	517	614	483	12%	2,030
Occupancy & rental	221	219	1%	227	216	220	1%	878
Data processing & office supplies	428	419	2%	442	395	435	-1%	1,677
Depreciation	298	288	4%	280	264	302	-1%	1,246
Duties & taxes other than income taxes	62	80	-22%	80	54	49	29%	194
Provision of allowance for doubtful accounts	21	- 0	-	-11	-59	50	-	-77
Others	37	28	33%	39	34	43	-14%	138
Total SG & A	2,732	2,817	-3%	2,771	2,705	2,778	-2%	10,806

Regulatory Capital

◆ Capital adequacy ratio (As of 31 December 2015)

		(JPY mn)
Tier 1		(A) 82,615
Tier 2	Net unrealized gain on investment	2,265
	Statutory reserves	3,176
	Allowance for doubtful accounts	25
Sub total		(B) 5,466
Assets to be deducted from equity capital		(C) 5,350
Net Capital		
(A) + (B) - (C)		(D) 82,732
Total risk	Market risk	530
	Counterparty risk	6,504
	Basic risk	2,693
	Total	(E) 9,727
Capital Adequacy ratio		(D)/(E) 850%

◆ Margin trading balance and capital adequacy ratio



Shareholders Return I

Plan to pay year-end dividend of 20 yen per share for FY15.

◆ Dividends for FY15

- Interim : Paid 25 yen per share
- Year-end : Plan to pay 20 yen per share

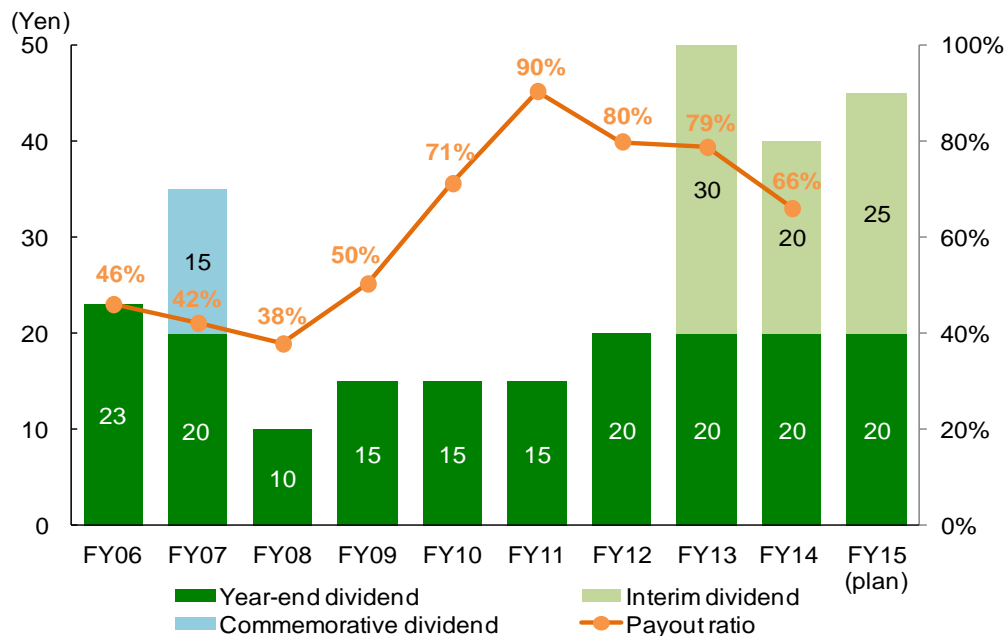
◆ Dividend policy¹

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

◆ Cancellation of treasury shares

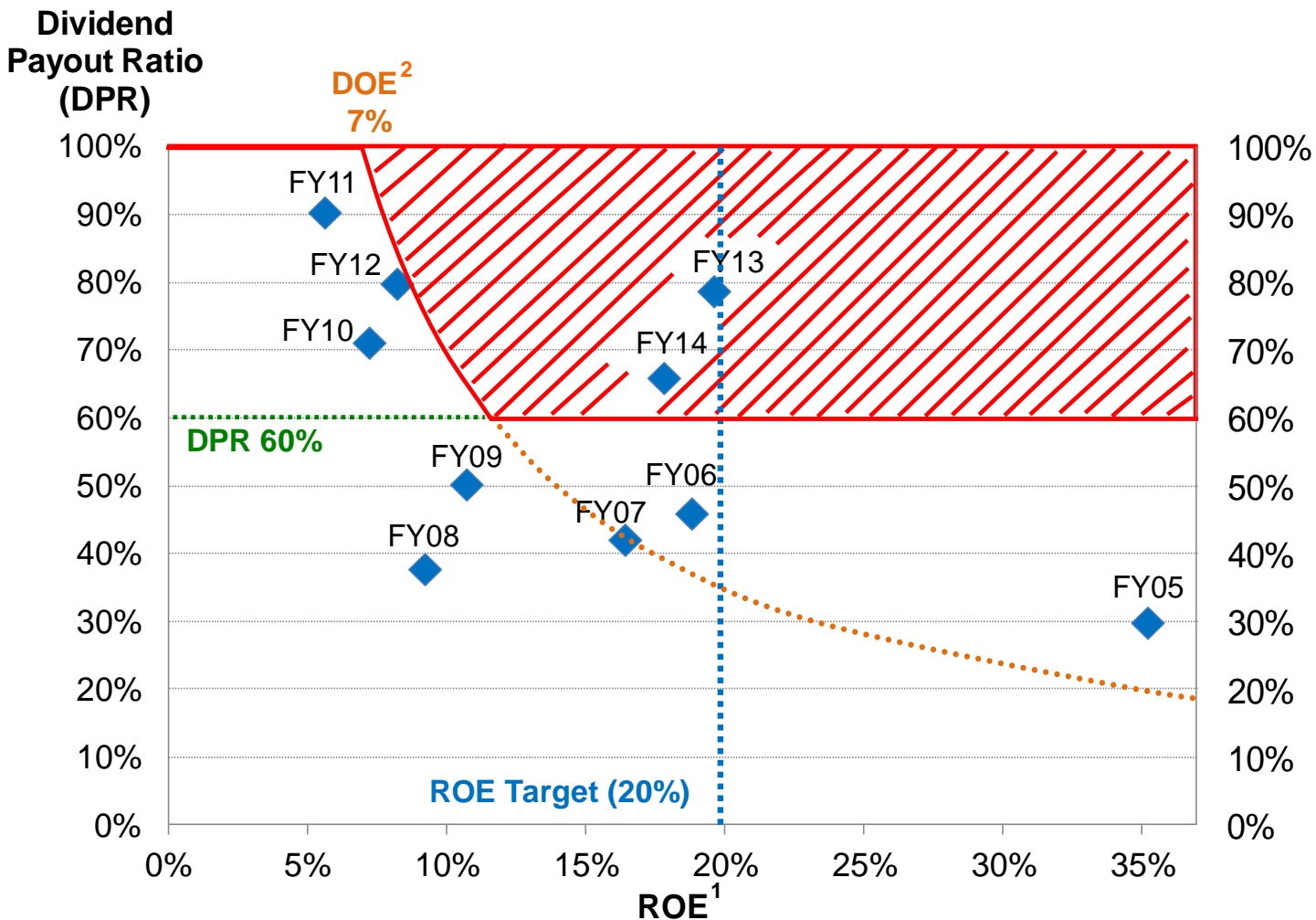
- Type of shares to be cancelled :
Share of common stock
- # of shares to be cancelled :
10,000,000 shares
- Scheduled date of cancellation :
February 3, 2016

◆ Matsui's dividend per share and payout ratio²



Shareholders Return II

◆ Dividend payment for last 10 years



Note1: ROE = $\frac{\text{Net income for fiscal year}}{(\text{Total net assets at the beginning of fiscal year} + \text{Total net assets at the end of fiscal year}) / 2}$

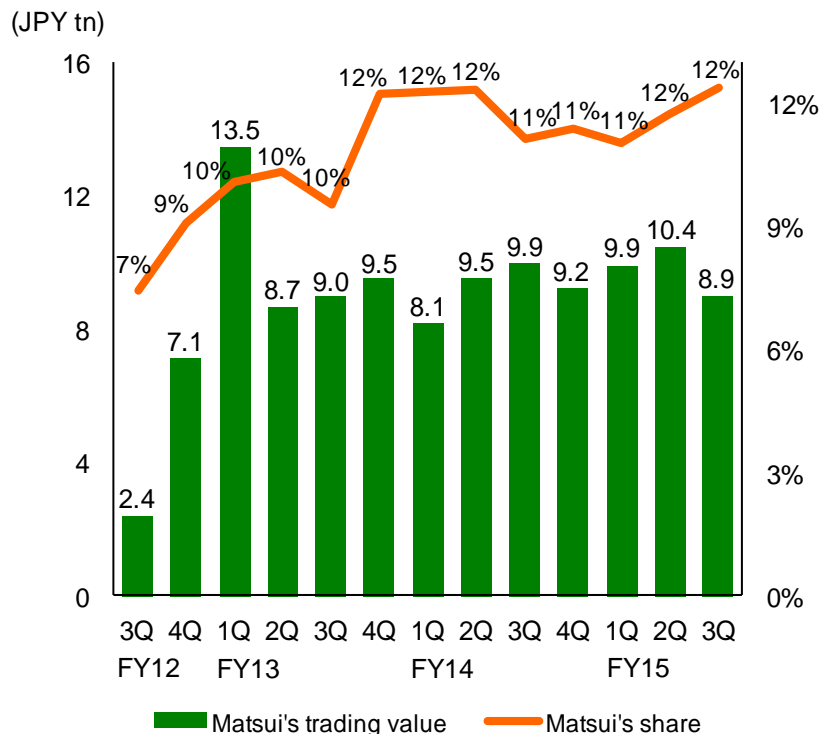
Note2: DOE = $\frac{\text{Dividends per share (annual)}}{(\text{Stockholders' equity per share at the beginning of fiscal year} + \text{Stockholders' equity per share at the end of fiscal Year}) / 2}$

Results of Operation

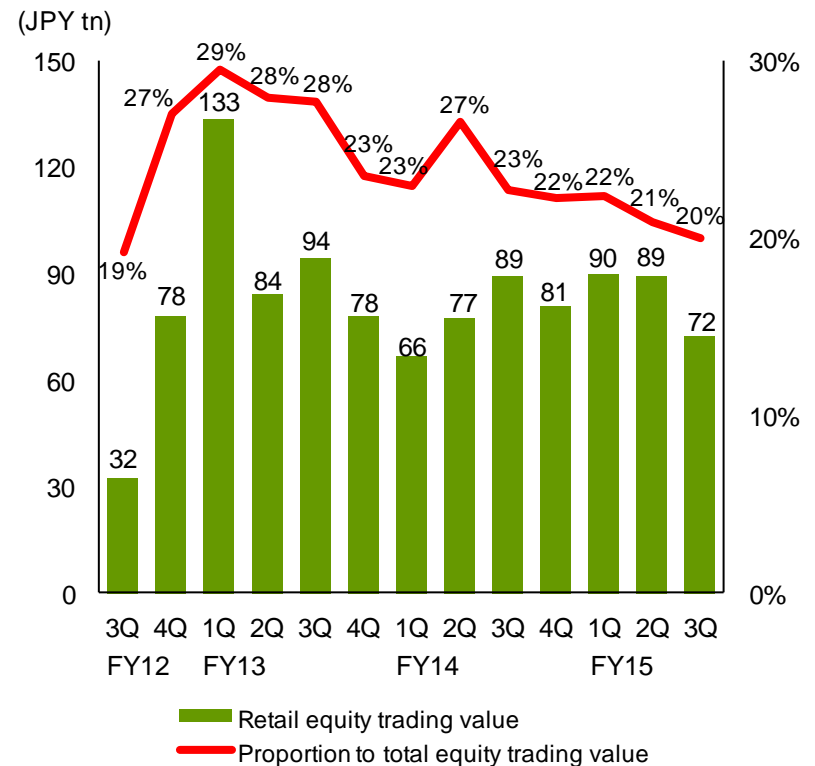
Section 2

Equity Trading Value

◆ Matsui's equity trading value and its market share¹

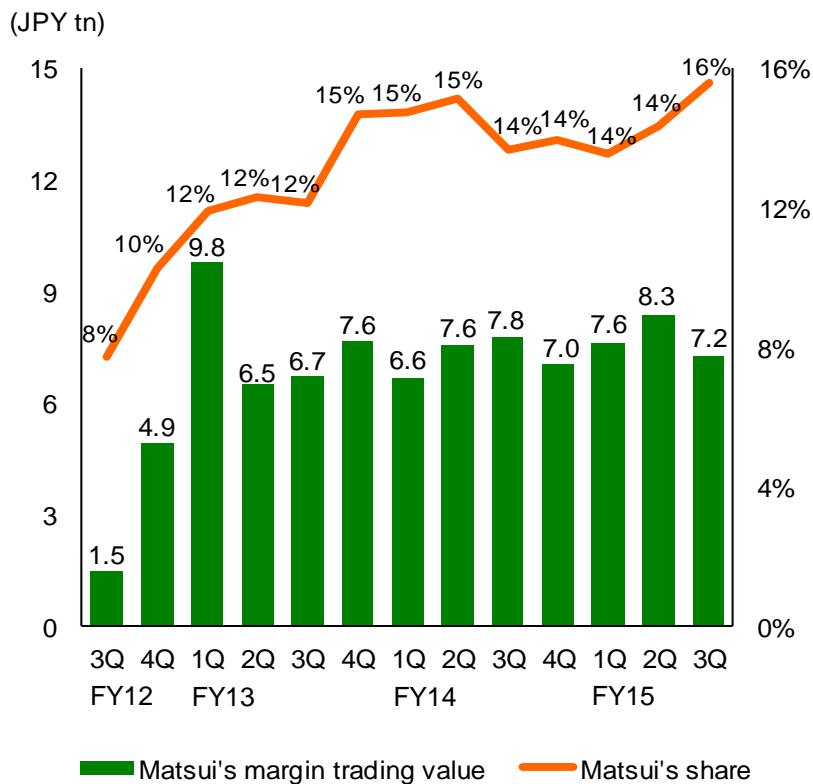


◆ Retail equity trading value¹ and proportion to total equity trading value

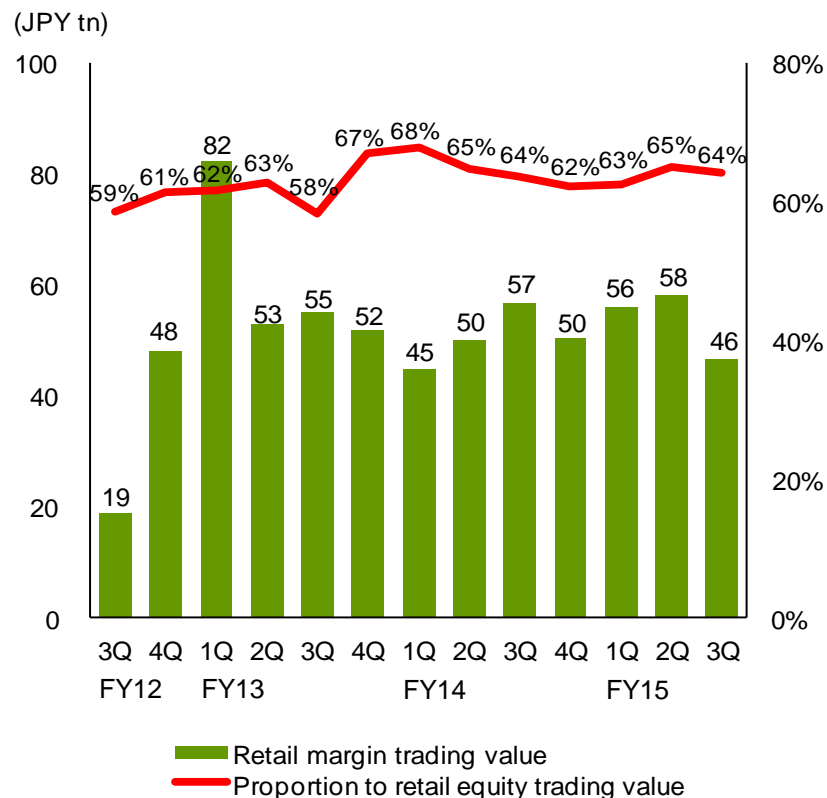


Margin Trading Value

◆ Matsui's margin trading value and its market share¹

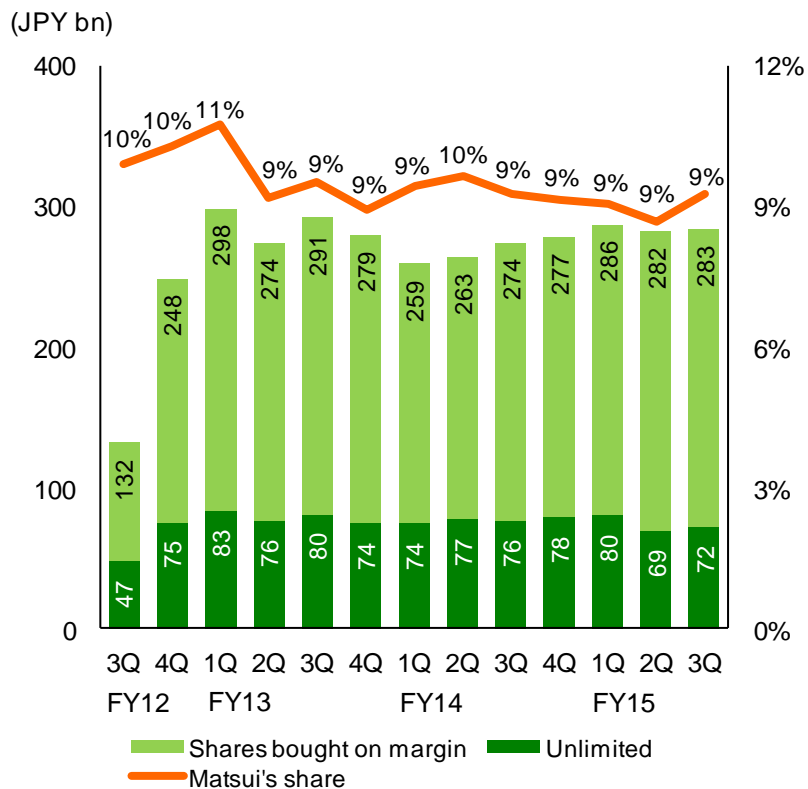


◆ Retail margin trading value¹ and proportion to total retail equity trading value

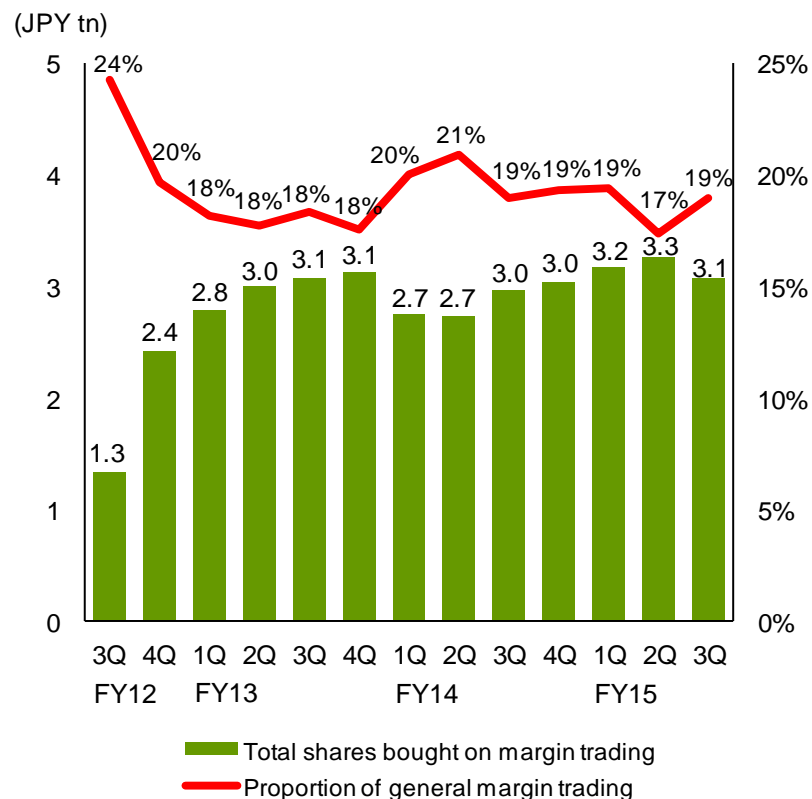


Margin Trading Balance

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



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

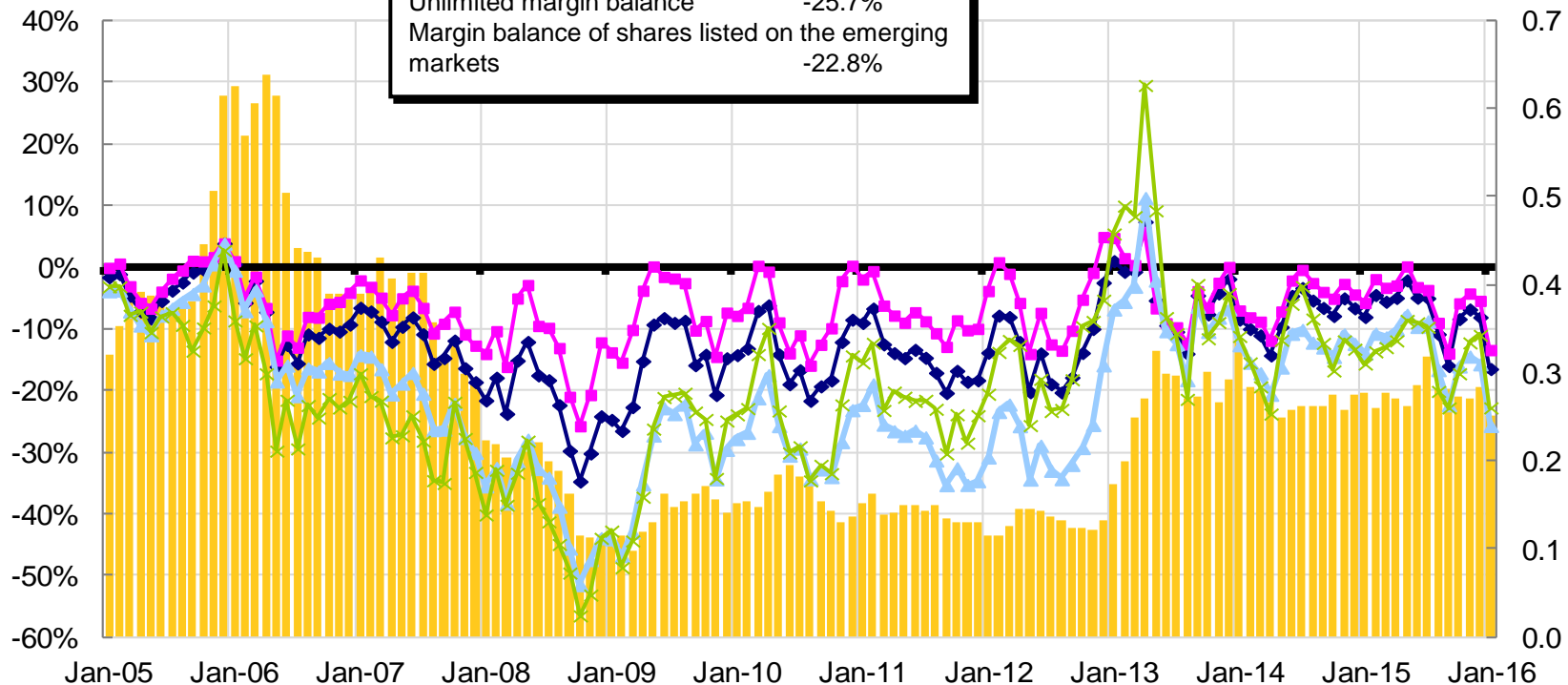


Unrealized Losses on Matsui's Margin Balance

As of 22 January 2016

Average	-16.4%
Normal margin balance	-13.4%
Unlimited margin balance	-25.7%
Margin balance of shares listed on the emerging markets	-22.8%

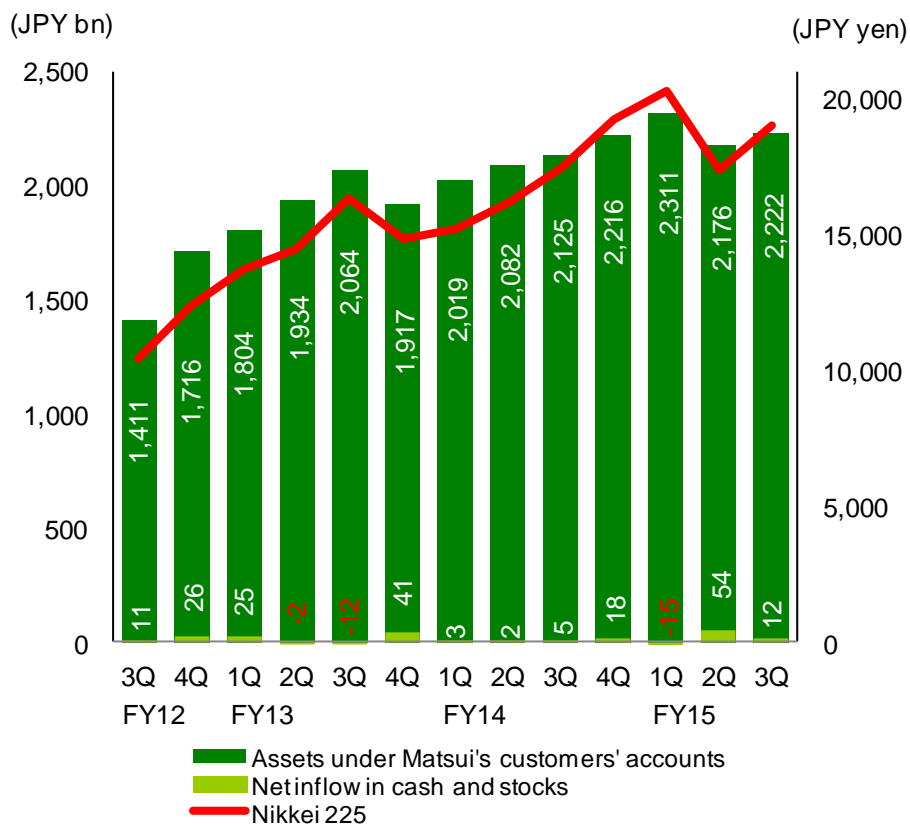
(JPY tn)



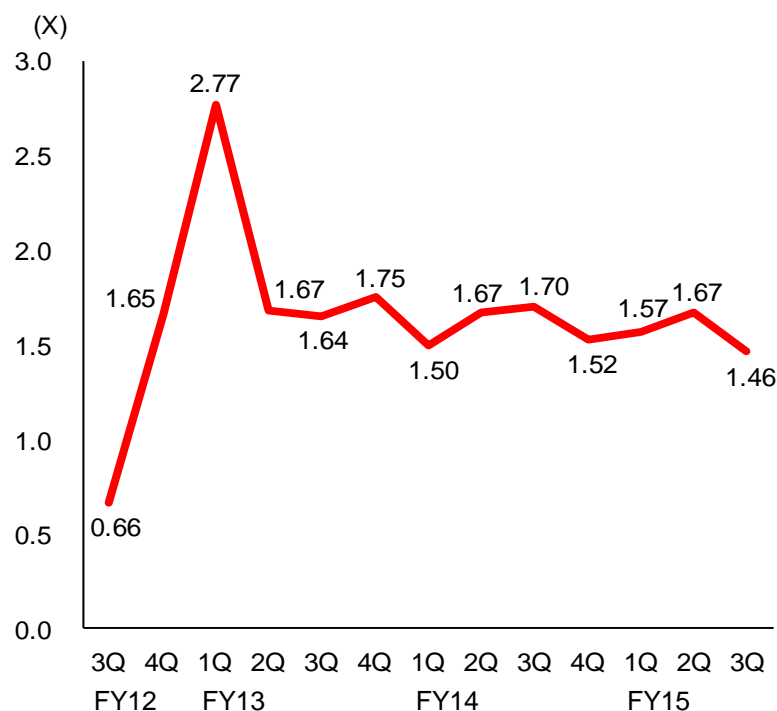
- Matsui's shares bought on margin (right axis)
- ◆— Average (left axis)
- Normal (left axis)
- ▲— Unlimited (left axis)
- ×— Shares listed on the emerging markets (left axis)

Assets under Customers' Accounts / Trading Turnover

◆ Assets under Matsui's customers' accounts

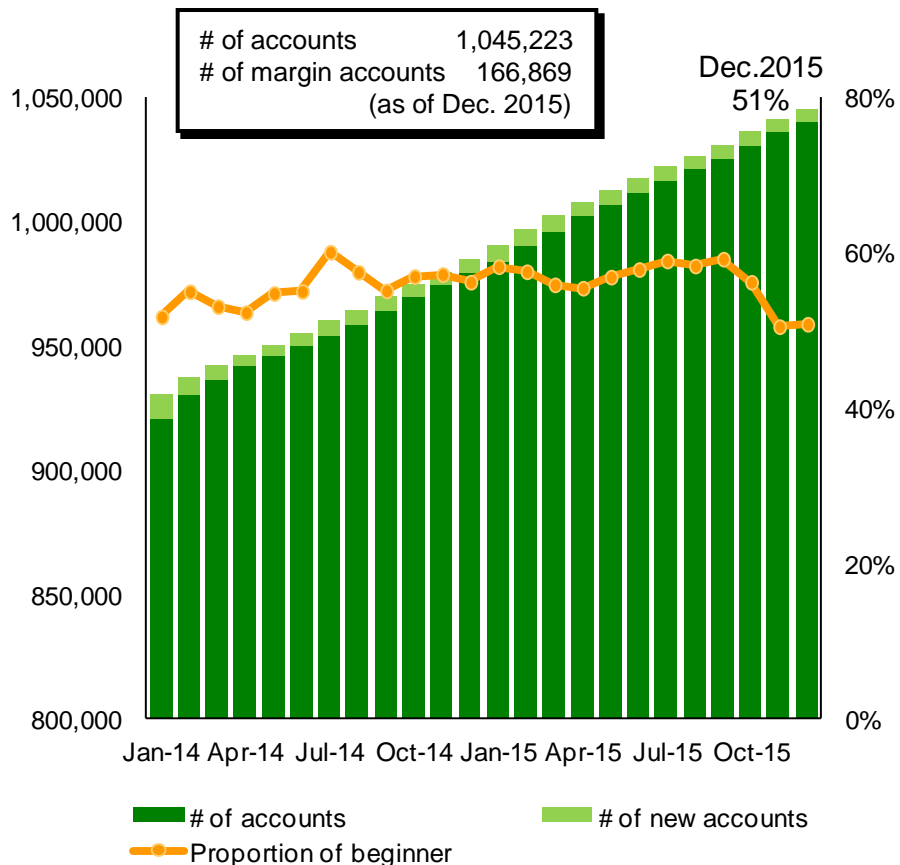


◆ Equity trading turnover¹ of Matsui's customers

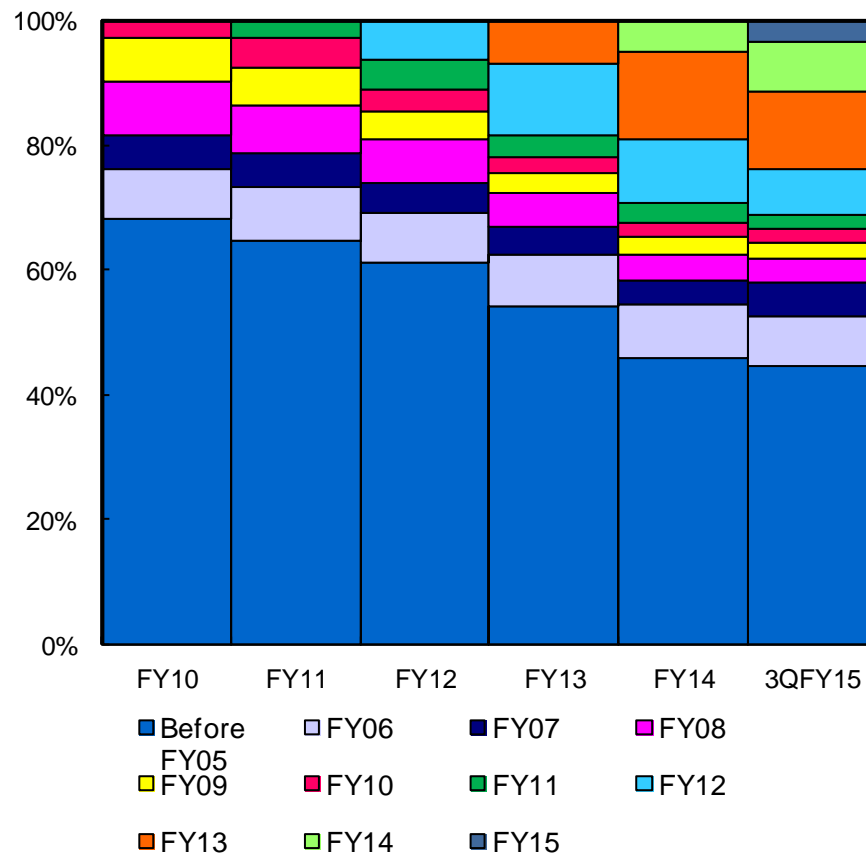


Number of Accounts / Breakdown of Trading Value

◆ Number of accounts at Matsui¹

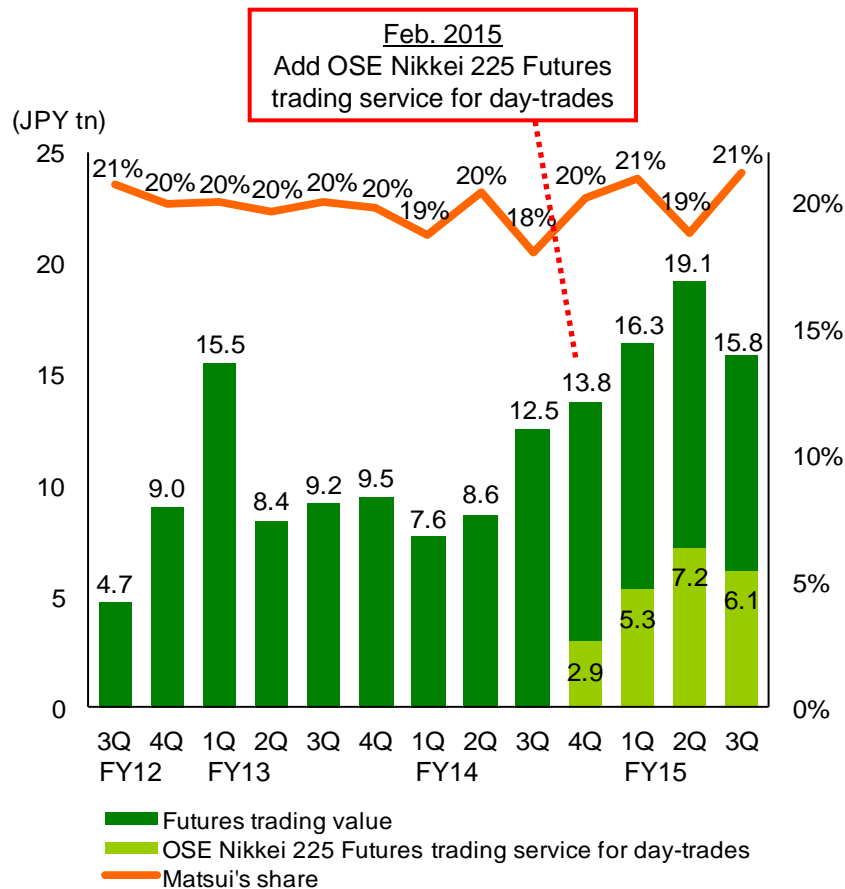


◆ Breakdown of trading value by customers opening the accounts in each fiscal year

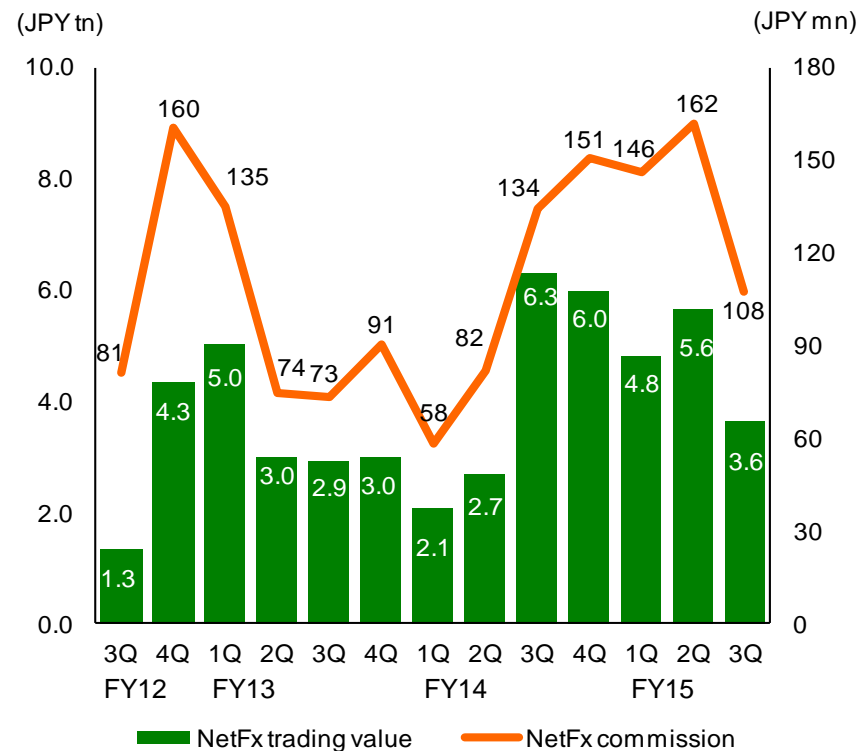


Futures Trading Value / FX Margin Trading Value

◆ 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 I

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. New trading platform "Netstock Smart", automated asset allocation platform

Corporate Strategy II

Mutual fund markets

- Only Yen100 tr. Balance (cf. Yen1,700 tr. financial assets)
- High turn-over
- Increase in foreign-currency-denominated mutual funds
- Strong emphasis on accumulating customers' assets through fund wrap services

Issues on mutual funds

- Churning
- Insufficient performance as compared with high commission charge
- Many of high-risk products being in disregard of customers' suitability
- Compliance with fiduciary duty

Retail investors' demand

Increase in asset building needs through international diversified investment

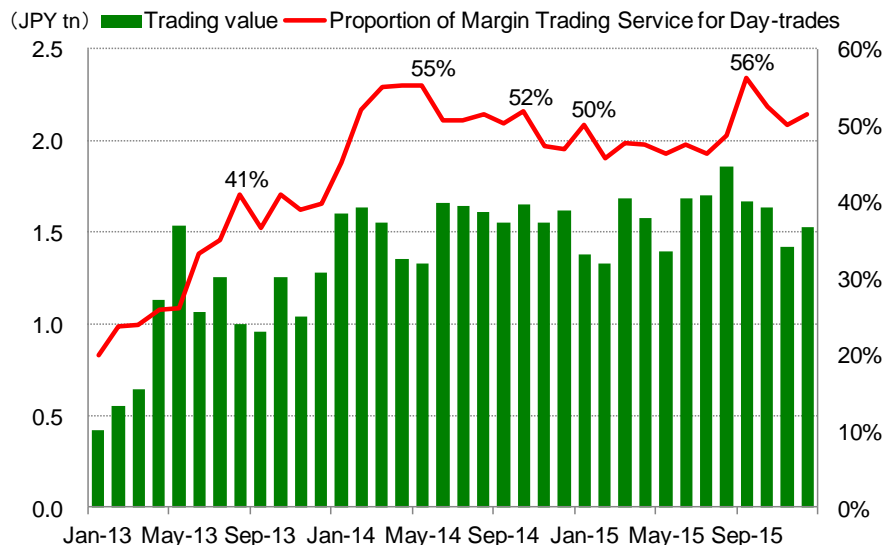
Progressive move outside of Japan

Expansion in personal investment management and advisory services by newly setup Fintech ventures

Plan to offer low-cost investment advisory service using “Robo-advisor”

Margin Trading Service for Day-trades

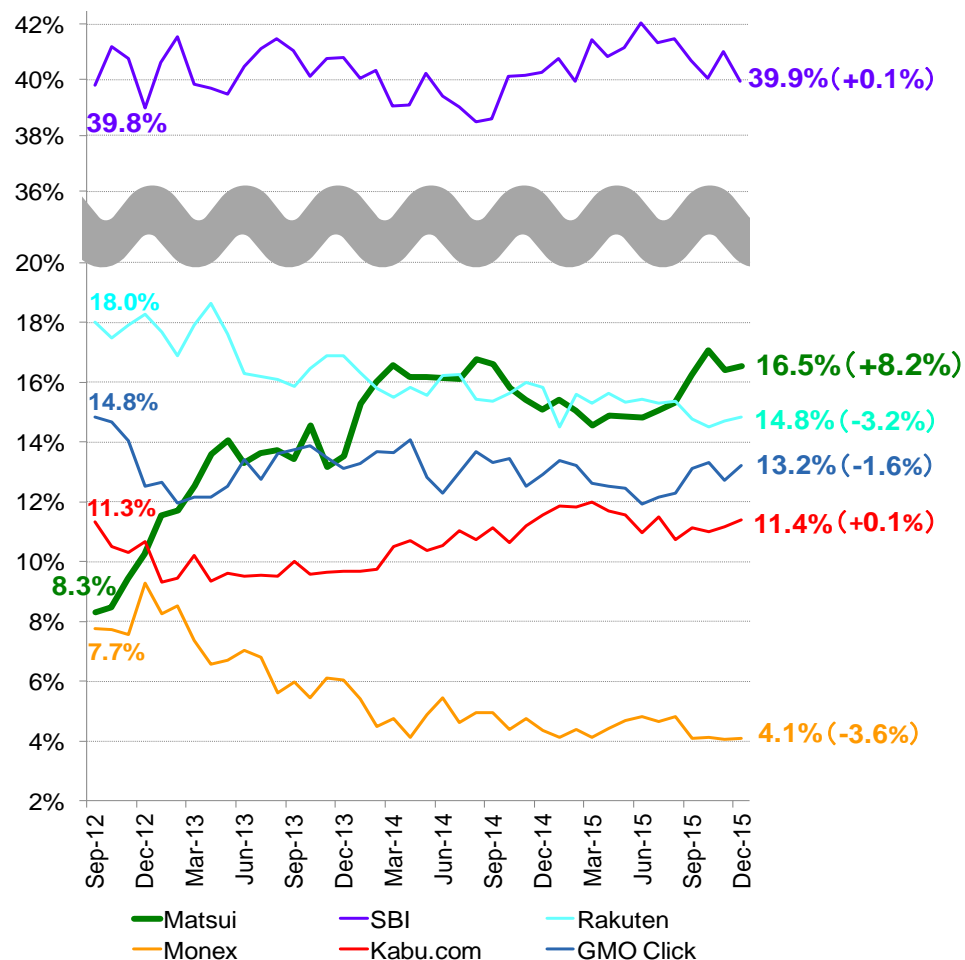
◆ Trading results



◆ Recent developments

- Implement continuous improvements such as increase number of eligible stocks for the Premium Short-Selling Service, development of trading tools, expansion of investment information including trading report for each customer etc.
- Acquired the patent rights on system realizing the Premium Short-Selling Service in January 2016.

◆ Market share¹ of margin trading



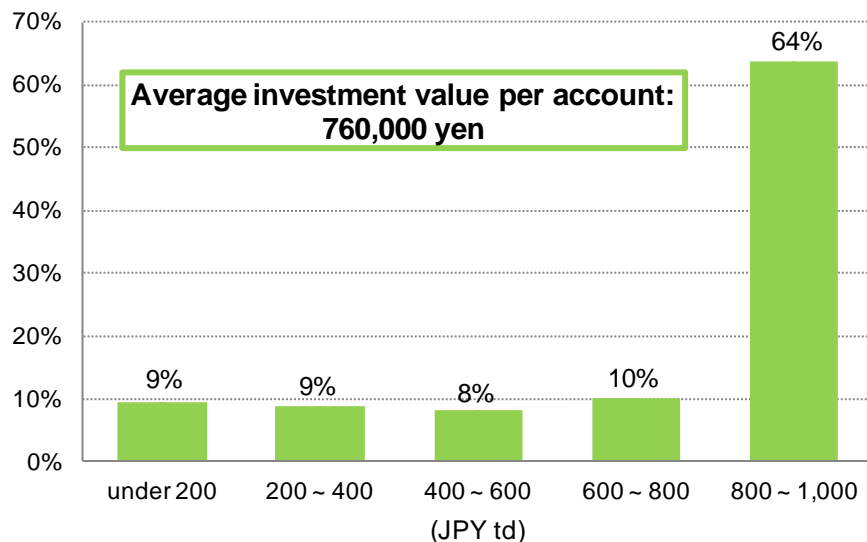
NISA I

Active account ratio for NISA¹ is 66%, the highest level among 5 online securities brokers²

◆ Number of NISA accounts and customers' assets (as of Dec. 2015)

Total number of accounts	101,077
Number of active accounts ³	66,299
Active account ratio	66%
Total investment value(JPY mn) ⁴	50,442
Customers' assets(JPY mn) ⁵	52,179

◆ Distribution of the invested amount (as of Dec. 2015)



◆ Top 3 ranking in trading value (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 has raised to 1.2 million yen and “Junior NISA” will be also introduced in April 2016.

◆ Matsui's development

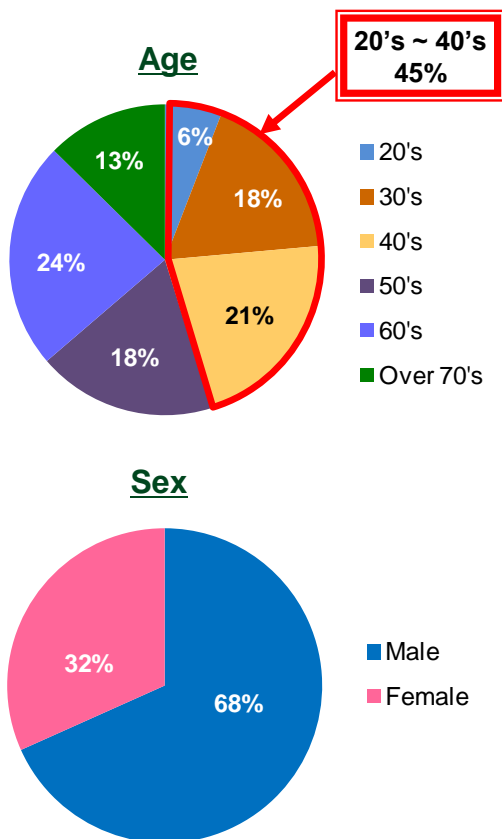
Matsui has decided to offer no commission charge on Junior NISA account in addition to NISA account, and also has been offering commission free campaign for the infant accounts.

We continuously promote the transfer of assets to future generations and support the generations for their investment management, in order to shift individual financial assets from savings to investment.

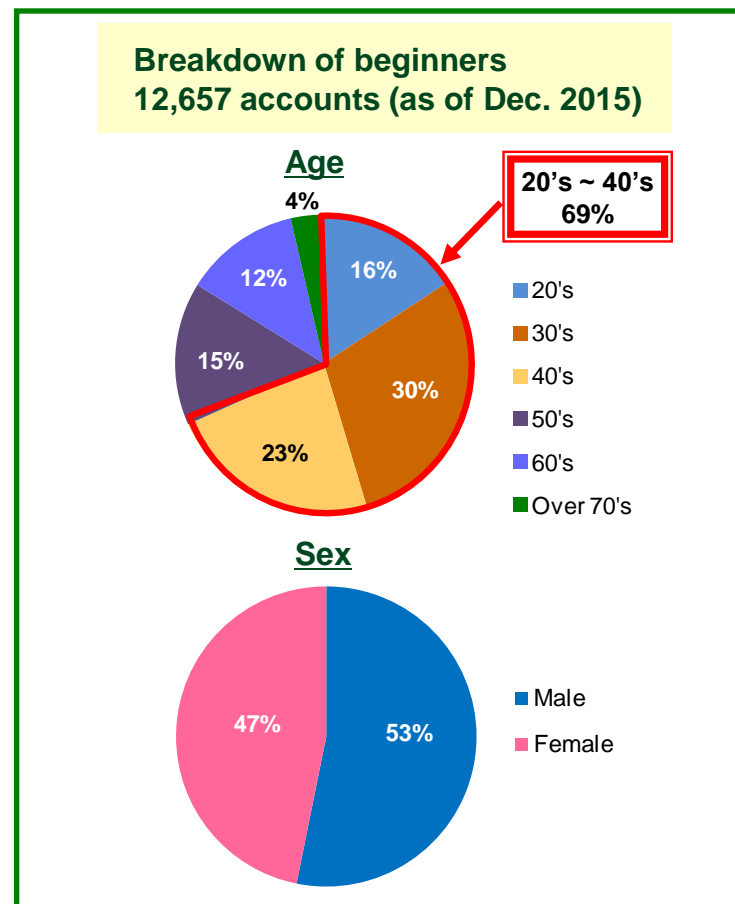
NISA II

Number of new customers¹⁾ accounts is 18,769 (as of Dec. 2015),
67% of the new customers' accounts is beginner

◆ Breakdown of NISA accounts
101,077 accounts (as of Dec. 2015)



◆ Number of new customers
18,769 accounts (as of Dec. 2015)



The material is intended to provide the financial results for the quarter ended 31 December 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 27 January 2016. 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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