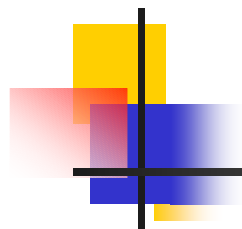




Financial Presentation for FY2006

May 16, 2007
JAPAN SECURITIES FINANCE

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Financial Results



Financial Summary for Mar2007

Y mil

	Parent			Consolidated		
	Mar 2007	Mar 2006	Change	Mar 2007	Mar 2006	Change
Operating Revenues	35,010	29,084	+5,925 (+20.4%)	43,523	37,226	+6,297 (+16.9%)
EX Premium Charges	27,842	20,615	+7,226 (+35.1%)	36,355	28,757	+7,598 (+26.4%)
Operating Profit	9,084	7,011	+2,072 (+29.6%)	9,642	8,926	+715 (+8.0%)
Recurring Income	9,951	8,786	+1,165 (+13.3%)	9,447	8,293	+1,153 (+13.9%)
Net Income	6,785	6,367	+417 (+6.6%)	4,155	4,952	▲796 (▲16.1%)

Operating Revenues by Each Business

() indicates YoY

	Y mil	
	Mar2006	Mar2007
Margin Loan Business	22,993	23,186
	(61.8%)	(53.3%)
Interest on Loans	10,158	10,954
Interest on collateral money of securities procured	892	1,345
Fees on Lending Securities	11,226	10,224
Premium Charges	8,468	7,168
Lending Fees	2,757	3,056
General Loans and Bond Financing Business	864	1,254
	(2.3%)	(2.9%)
Bond Financing	7	3
General Loans	835	934
Loans for Negotiable Margin Transactions	22	315
Securities Lending Business	2,699	5,093
	(7.3%)	(11.7%)
General Stock Lending	1,465	1,441
Bond Lending	1,234	3,651
Trust Business	4,286	6,981
	(11.5%)	(16.0%)
Interest on Loans	1,382	2,964
Trust Charges	161	177
Bond Trading	2,210	3,095
Real Estate Management Business	871	1,014
	(2.3%)	(2.3%)
Others	2,517	5,993
	(6.8%)	(13.8%)
Bond Trading (Parent only)	2,328	5,038
Information Processing Business	2,992	-
	(8.0%)	-
Operating Revenues	37,226	43,523
(exclude Premium Charges)	28,757	36,355

【Margin Loan】(+Y193mil、+0.8%)

• Loan Balance decreased, but Interest on Loans increased because of the hike of Loan Rate

【General Loan and Bond Financing】(+Y389mil、+45.0%)

• Loans for Negotiable Margin Transactions extended well

【Securities Lending】(+Y2,393mil、+88.6%)

• Bond lending rate rose because of the rise of short-term interest rate

【Trust Bank】(+Y2,694mil、+62.9%)

• Loan rate was hiked because of the rise of short-term interest rate

【Others】(+Y483mil、+8.8%)

• Increased because of the rise of JGB coupon (compared without Information Processing Business)



Financial Highlights for Parent Results

✓ **Margin Loan Revenues increased slightly because of the hike of Loan Rate, while Margin Loan Balance were less than last FY.**

- Avg. Margin Loan Balance for FY2006: Y1,444bil (▲Y193bil, YoY)
Avg. Stock Loan Balance for FY2006: Y 723bil(+Y72bil, YoY)
- Margin Loan Rate: 0.60% (start of the period) → 1.02% (end of the period)

✓ **Coupon received on JGB increased because of the rise of interest rate**

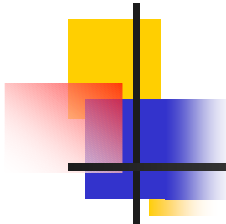
Other Operating Revenues (Bond Trading): Y5,038mil(+Y2,709mil, YoY)

✓ **Dividend from Affiliated Companies**

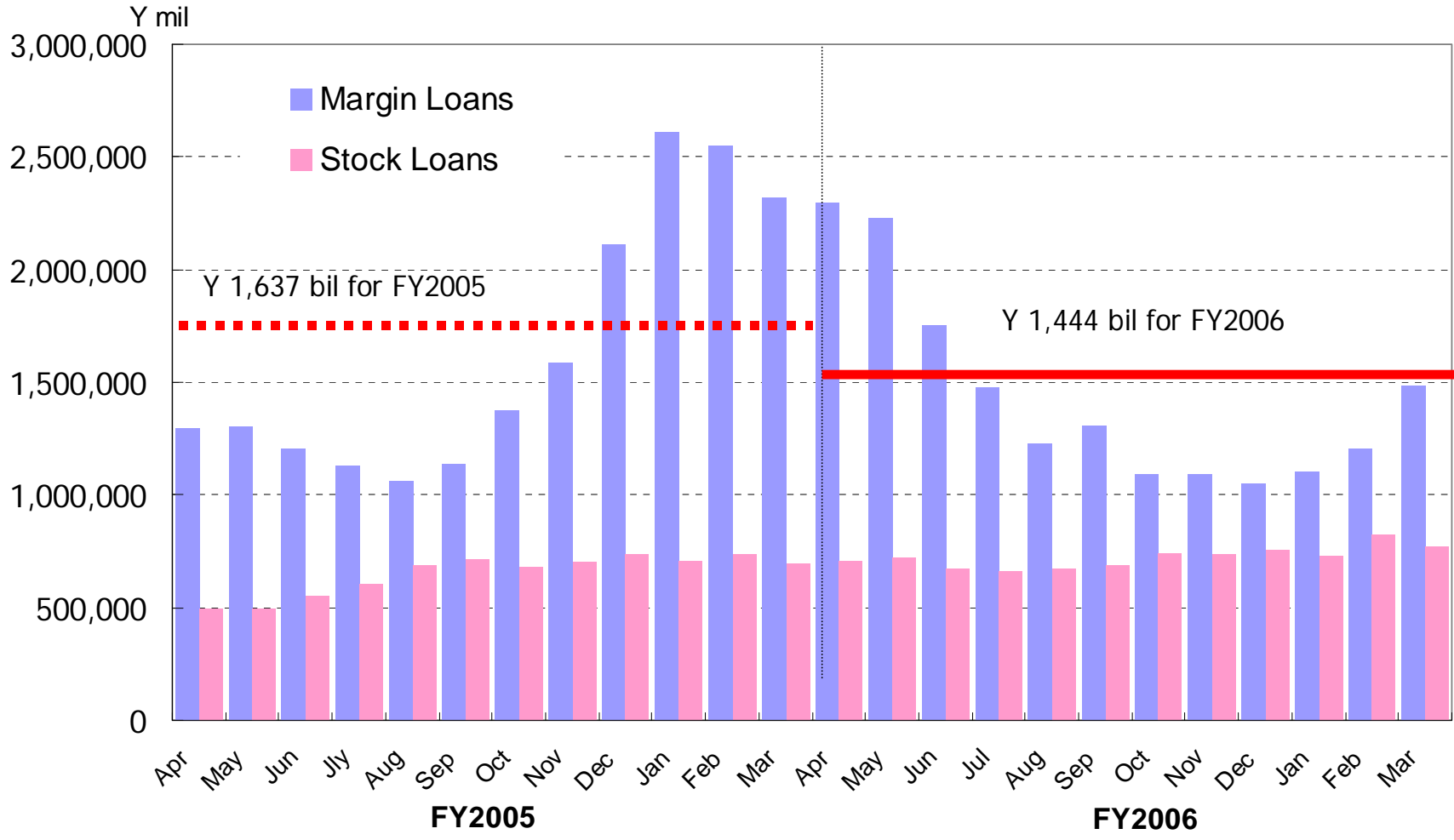
- Dividend from JSFIT (Non-Operating Revenues: Y506mil)
- No dividend from JSF Trust Bank, while Y1,440mil in Mar2006.

✓ **Reversal of Allowance for Doubtful Receivables**

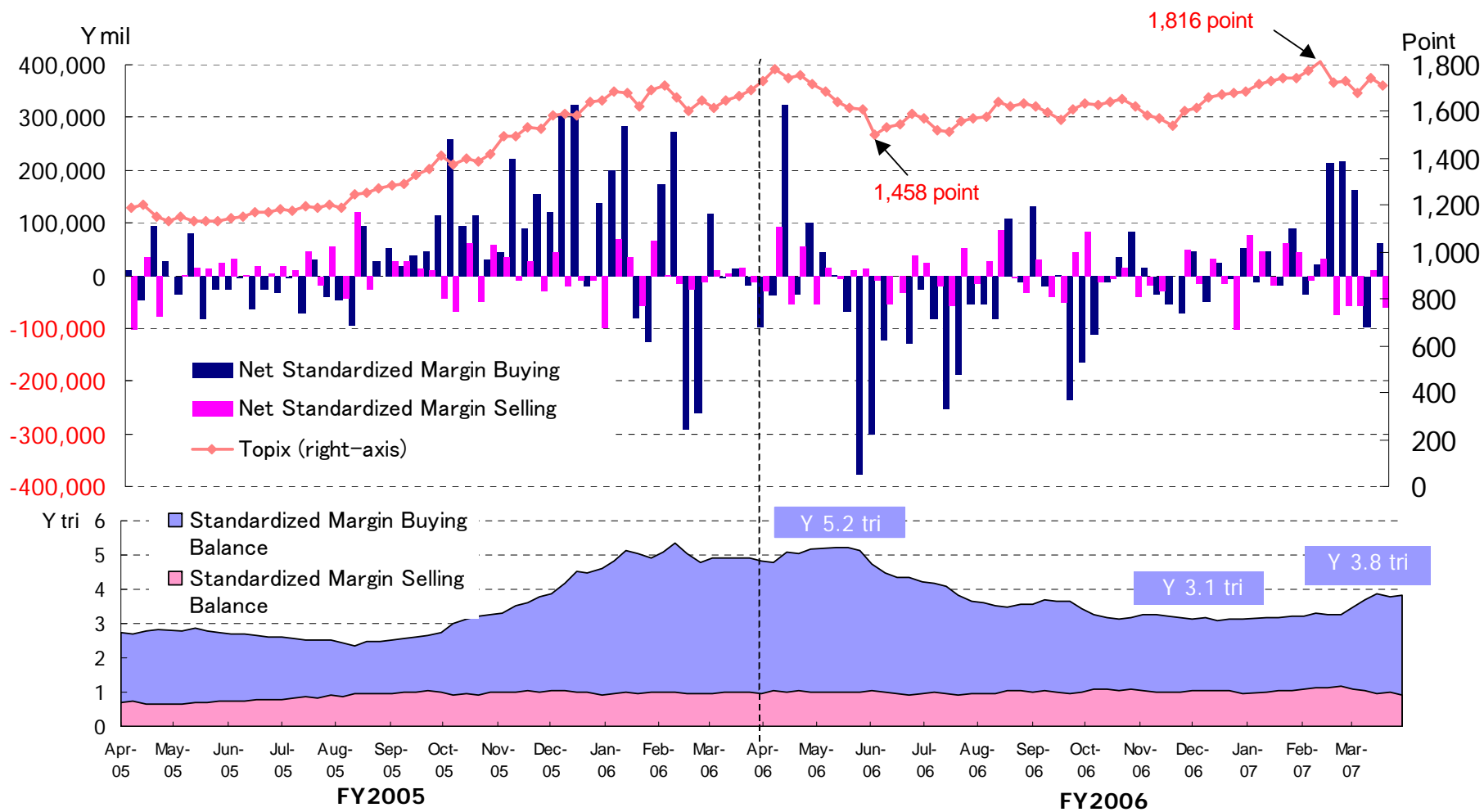
- Booked Y790mil for “Reversal of Allowance for Doubtful Receivables” as extraordinary profit, as the result of the decrease of outstanding balance of loans.



Avg. Balance of Margin Loans and Stock Loans (TSE+JDQ)

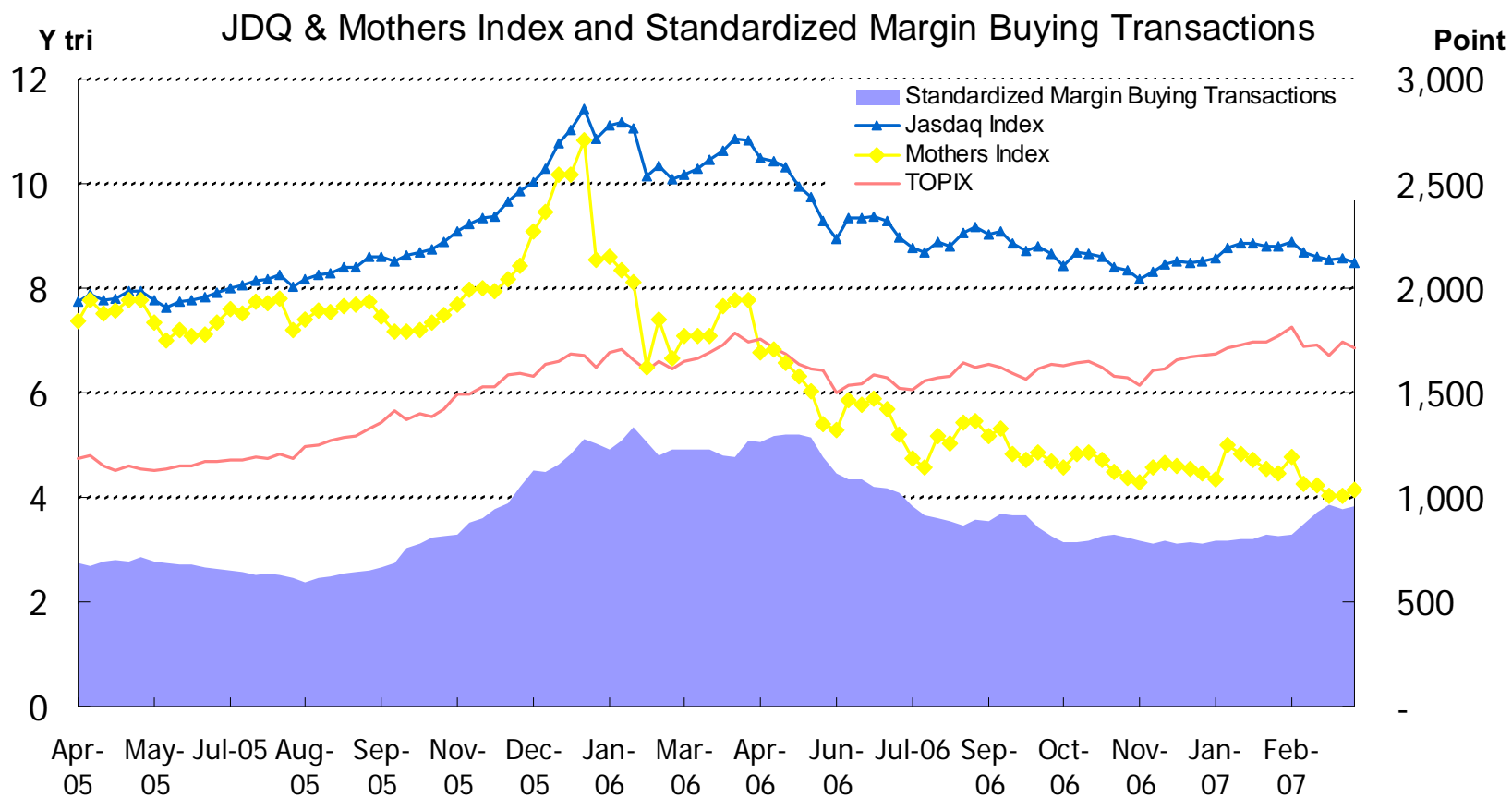


Present Condition of Margin Transaction(1)



Present Condition of Margin Transaction(2)

- ✓ Margin Buying Balance continued to decrease, while TOPIX was rising
- ✓ Movement of Individual Investors was careful because the emerging markets was sluggish





Change of Margin Loan Rate

BOJ Monetary Policy

- Jul2006
Uncollateralized Call Rate, O/N:
0.25%
- Feb2007
Uncollateralized Call Rate, O/N:
0.50%

Change of Margin Loan Rate

- 27/Jul/2006 trade (1/Aug/2006 settle) **0.74% (+0.14%)**
- 22/Sep/2006 trade (27/Sep/2006 settle) **0.86% (+0.12%)**
- 15/Mar/2007 trade (20/Mar/2007 settle) **1.02% (+0.16%)**
- 05/Apr/2007 trade (10/Apr/2007 settle) **1.11% (+0.09%)**

- Reflecting short-term interest rate and BOJ's guideline for the money market operations
- Lending Fee (0.40%) is not linked to short-term interest rate



Financial Highlights for Consolidated Results

✓ **Net Income of JSF Trust Bank decreased**

- Loss by the sale of JGB

✓ **Improvement of Loss in Equity-Method (Non-Operating Expenses)**

- Loss in equity-method decreased, because the loss of JSA has been reduced.
(FY2005: ▲Y815mil → FY2006: ▲Y431mil)

✓ **Dilution Loss from changes in equity interest (▲Y1,276mil)**

- As the sale of JSFIT shares and the business integration between JIP and JSA, the dilution loss from changes in equity interest was booked in extraordinary loss.



Special Factors of Mar2007

Y mil

Special Factors	Parent	Consolidated
Non-Operating Revenues 〈Dividends from JSFIT〉	+506	Eliminated
Extraordinary Profit 〈Gain on sale of JSFIT shares〉	+306	Eliminated
〈Reversal of Allowance for Doubtful Receivables〉	+790	+576
Extraordinary Loss 〈Dilution Loss from changes in equity interest〉	—	▲1,276



Financial Results of JSF Trust Bank

Financial Results for Mar2007

Recurring Revenues : Y7,125mil (+Y2,769mil, YoY)

Recurring Income : Y120mil (▲Y1,365mil, YoY)

Net Income : Y69mil (▲ Y815mil, YoY)

● Decreased the balance of JGB and shortened its duration to control interest rate risk and prepare for Basel II Regulation

JGB balance : Y545bil (▲Y236bil, YoY)

<Gain by the sale of JGB: Y236mil, Loss by the sale of JGB: ▲Y1,073mi>

● Interest on loans increased because loan rates were hiked, while the outstanding balance of loans decreased

Avg. Loan Balance : Y711bil (▲Y304bil, YoY)

* Loan to government sector decreased, mainly

Interest on Loans : Y2,792mil (+Y1,474mil, YoY)



Other Group Companies

- **Japan Securities Agents (equity-method 32.7%)** booked still loss because the fees from Securities Handling business and Transfer Agents business decreased.

Recurring Loss : ▲Y1,571mil (+434mil, YoY)

Net Loss : ▲Y1,697mil (+Y1,906mil, YoY)

- **Japan Information Processing (equity-method 32.7%)** turned to red because the sales in financial field decreased and the development and sale of soft products were partly carried over to next fiscal year.

Recurring Loss : ▲Y1,111mil (▲1,966mil, YoY)

Net Loss : ▲Y473mil (▲801mil, YoY)

- **JBIS Holdings (equity-method 32.7%)** resulted in black because of the receiving of fees and dividends from subsidiary companies.

Recurring Income : Y261mil

Net Income : Y241mil

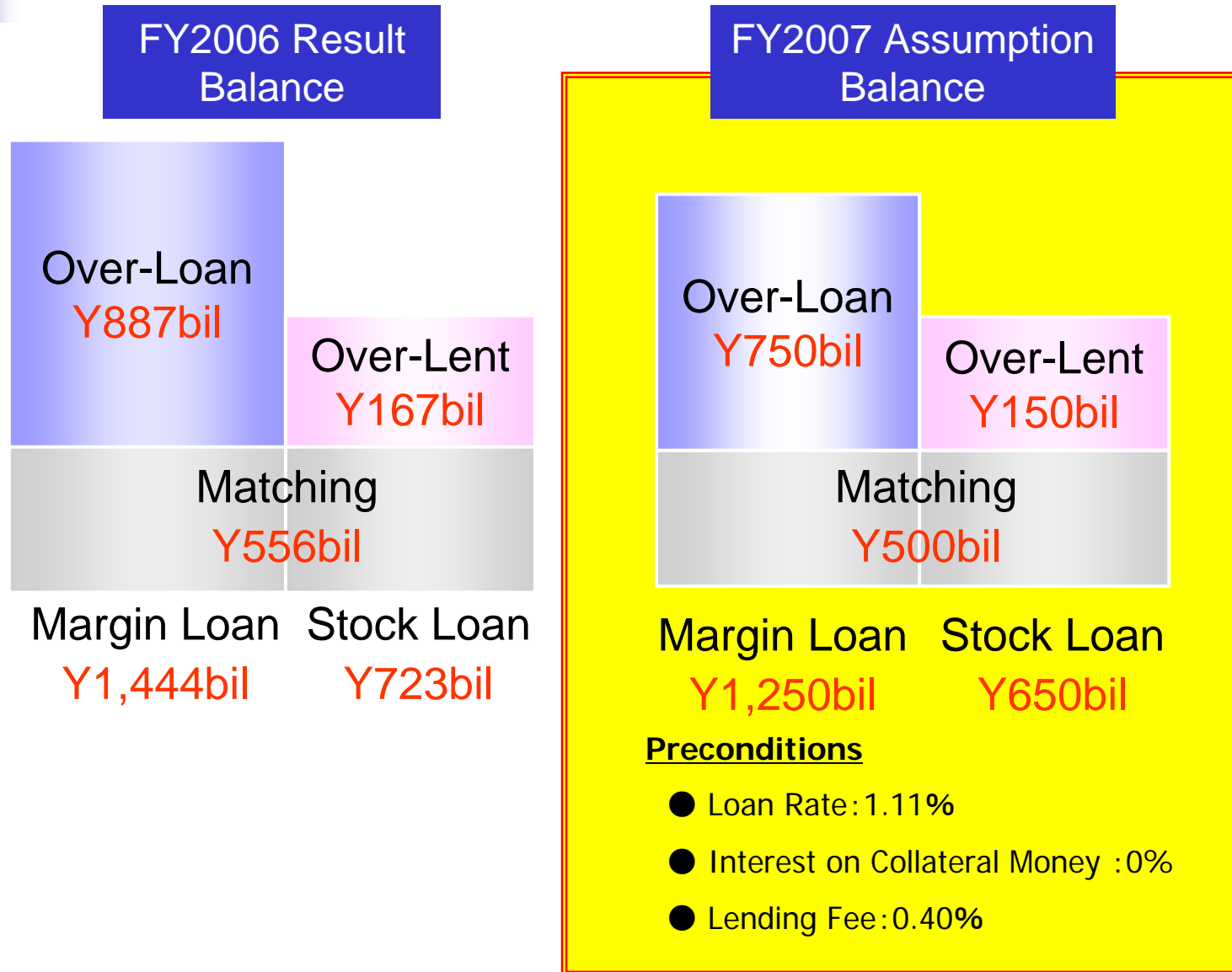


Forecast for Mar2008

Y mil

	Parent			Consolidated		
	Mar 2008	Mar 2007	Change	Mar 2008	Mar 2007	Change
Operating Revenues	43,000	35,010	+7,989 (+22.8%)	57,000	43,523	+13,476 (+31.0%)
Operating Income	10,300	9,084	+1,215 (+13.4%)	11,600	9,642	+1,957 (+20.3%)
Recurring Income	10,700	9,951	+748 (+7.5%)	13,000	9,447	+3,552 (+37.6%)
Net Income	6,500	6,785	▲285 (▲4.2%)	7,100	4,155	+2,944 (+70.8%)

Assumption Balance of Loans for Margin Transactions



Forecast of Group Companies

Y mil

	Investment Ratio	Mar2007 Results			Mar2008 Forecast		
		Operating Revenues	Recurring Income	Net Income	Operating Revenues	Recurring Income	Net Income
Consolidated		43,523	9,447	4,155	57,000	13,000	7,100
JSF	-	35,010	9,951	6,785	43,000	10,700	6,500
JSF Trust Bank	100%	7,061	120	69	13,000	700	400
Nihon Building	100%	1,342	446	355	1,480	610	360
JBIS Holdings	32.7%	537	261	241	920	460	460
(JSA*)	32.7%	8,919	-1,571	-1,697	not disclosed		
(JIP*)	32.7%	28,151	-1,111	-473	not disclosed		
NetWing Securities	25.3%	3,015	103	12	3,550	570	300

* JSA and JIP are still JSF's equity-method companies.

* NetWing Securities are expected to integrate with Maruwa Securities in Oct2007.



Business Environment and Management Matters



Business Environment

1. Stock Market

- ◇ Movement of “From Saving to Investment” keep going.
- ◇ Financial assets of household shift from saving to stock or investment fund.

2. Trend of Short-term Interest Rate

- ◇ Short-term interest rate will continue to rise, slowly.

3. Margin Transaction

- ◇ Margin transaction is established as a familiar trading tool.



Progress of Mid-term Management Plan(1)

Management Achievement

➤ Achieve Recurring Income **Y 12 billion** in FY2008

Preconditions

✓ Avg. Balance of Margin Loans for Y1.6tri in FY2008

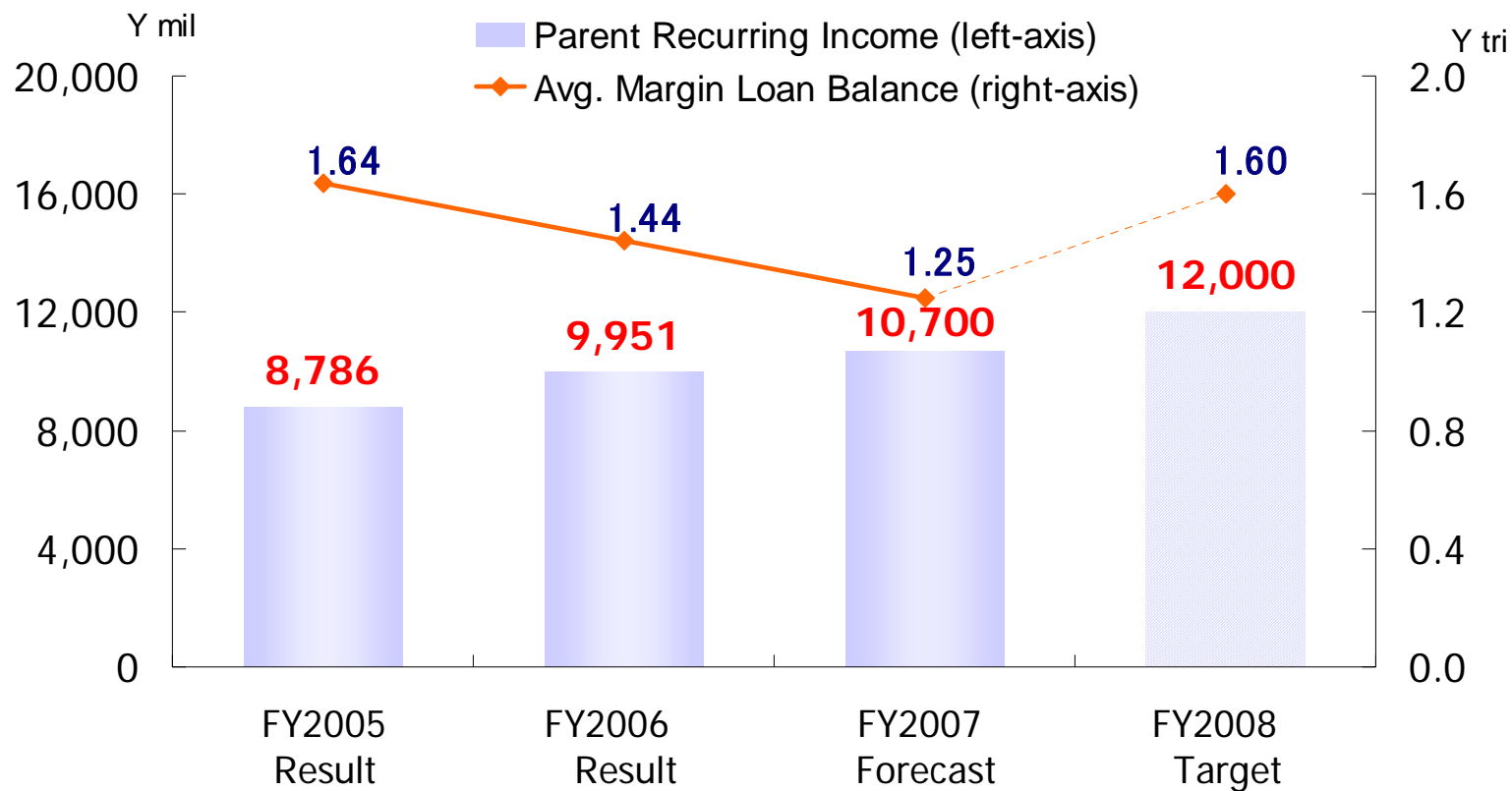
✓ Short-term interest rate rise by 0.50%* (*0% in Mar2006 when planned)

Business Strategy

- ① Strengthen Margin Loan Business
- ② Expand secured loan and stock loan through JSFNET
- ③ Boost Loans for Negotiable Margin Transactions and Loans to individuals through internet facility
- ④ Offer low-priced and good quality service by strengthening cash funding sources and effecting organization and business operation
- ⑤ Active action for Securities Settlement Systems Reform
- ⑥ Strengthen Corporate Governance and Risk Management, and Enhance Compliance Program
- ⑦ Review capital tie-up with group companies for synergy and unrestricted management

Progress of Mid-term Management Plan(2)

	Preconditions of MMP for FY2008	⇒	Preconditions for FY2007
Avg. Margin Loan Balance:	Y1.60tri		Y1.25tri
Short-term Interest Rate:	0.50%		0.50%



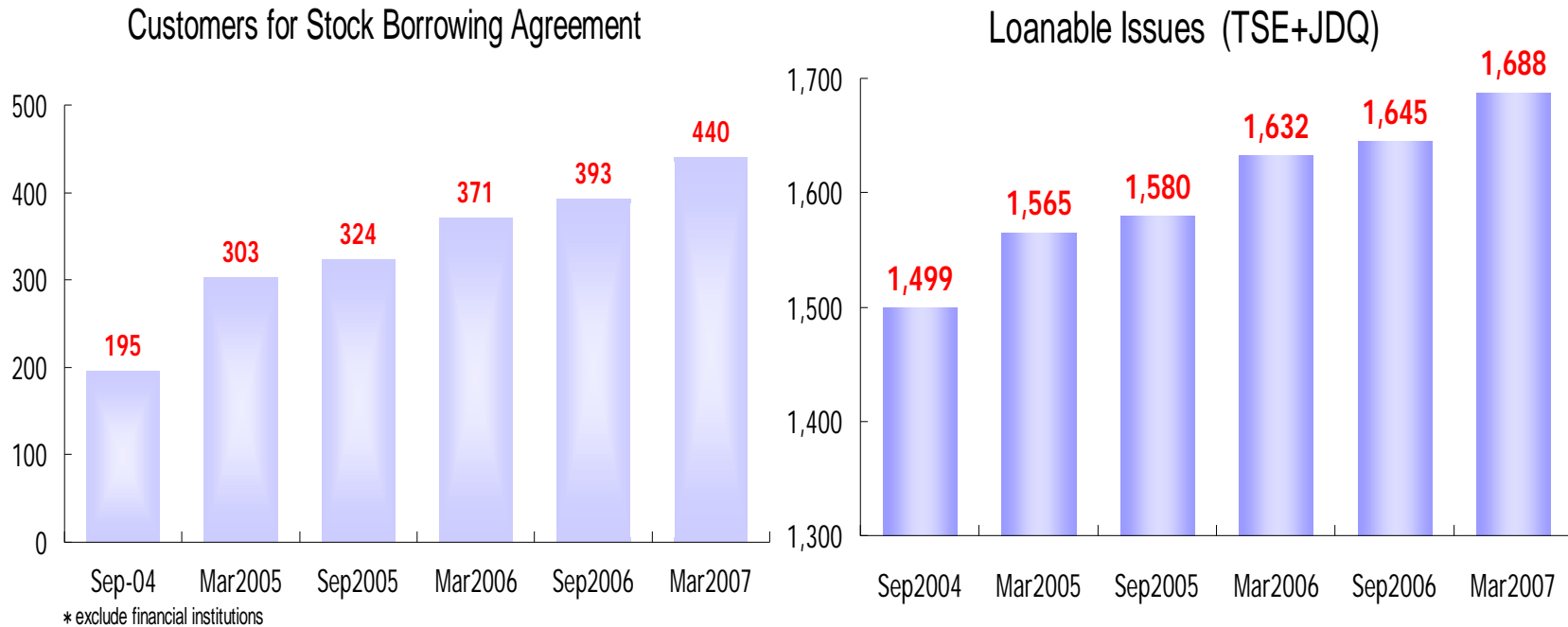
Strategy①

Strengthen Margin Loan Business (1)

- ◆ Improve the convenience of Loans for Margin Transactions by increasing the number of loanable issues

→ Increase the customers for borrowing stock certificates
(440 customers as of Mar2007)

The number of Loanable issues 1,688 (+43 from Sep2006, +56 from Mar2006)





Strategy①

Strengthen Margin Loan Business (2)

- Introduction of margin trading with respect to stocks issued by foreign corporations

- Select 5 issues for loanable transactions

Japaninvest Group plc (3827)

Posco (5412)

Henderson Land Development (8990)

Xinhua Finance Ltd. (9399)

Deutsche Telekom AG (9496)



Strategy② Expand Secured Loan

Alliance with Nomura for Secured Loan Business

- ◆ Alliance for large amount secured loans on securities to customers
- ◆ Offer low rate loan on securities to customers who have safekeeping deposit in Nomura
- ◆ Effective funding for listed company owners to utilize company's own stocks

【Contents】

Name	JSF large secured loan on securities
Customers	Individual and Corporate
Loan Amount	from Y200mil to Y1,000mil
Loan Rate	3.8% (as of 27/Apr/2007)

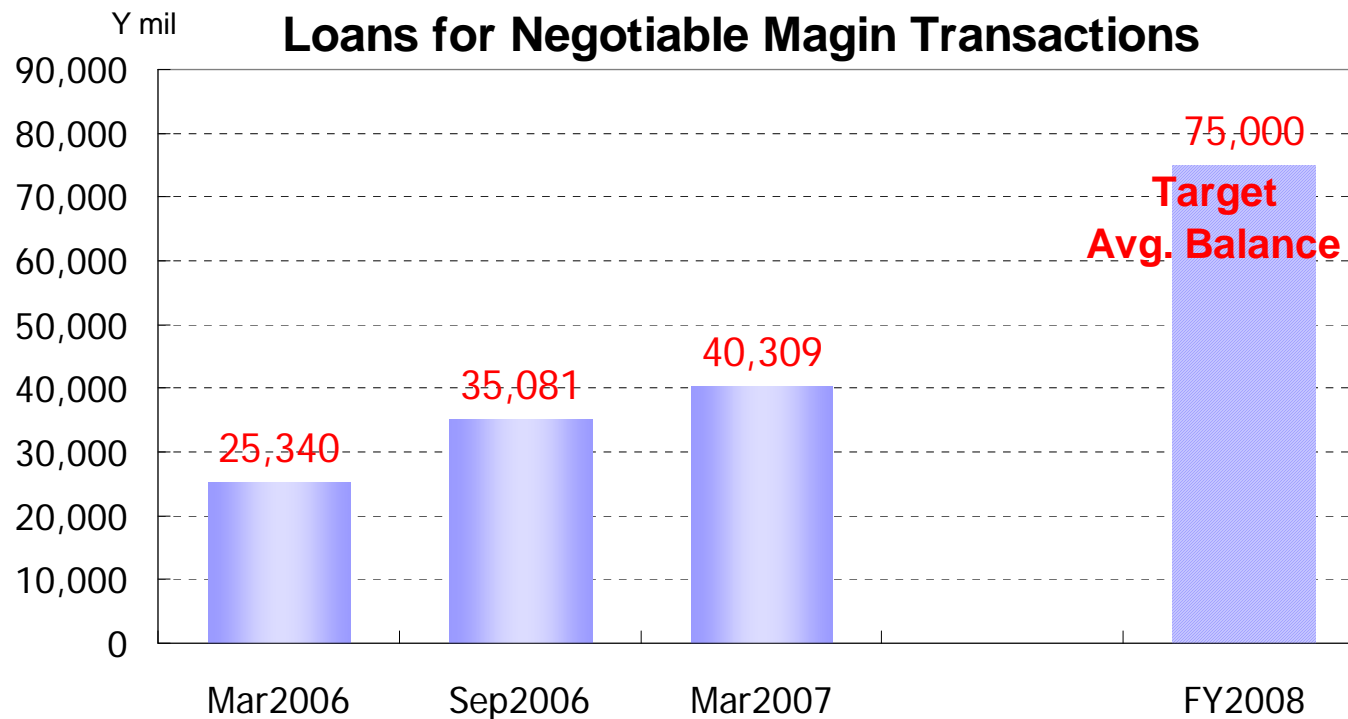
Strategy③

Boost Loans for Negotiable Margin Transactions

Loan Balance Target : Y75bil (Avg. Balance for FY2008)

Outstanding Loan Balance as of Mar2007 : Y40bil

(contact with 10 securities companies)





Strategy⑦

Review Capital Tie-up with Group Companies

- ◆ Sale of JSFIT shares → Jul/2006
- ◆ Foundation of JBIS Holdings → Oct/2006

(Business Integration of JIP and JSA)



- ◆ Business Integration of NetWing Securities and Maruwa Securities
→ expected in Oct/2007

* Shareholding Ratio after Integration
is not decided (now:25.3%)

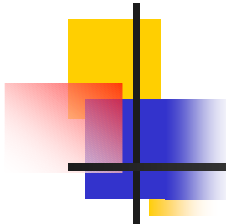




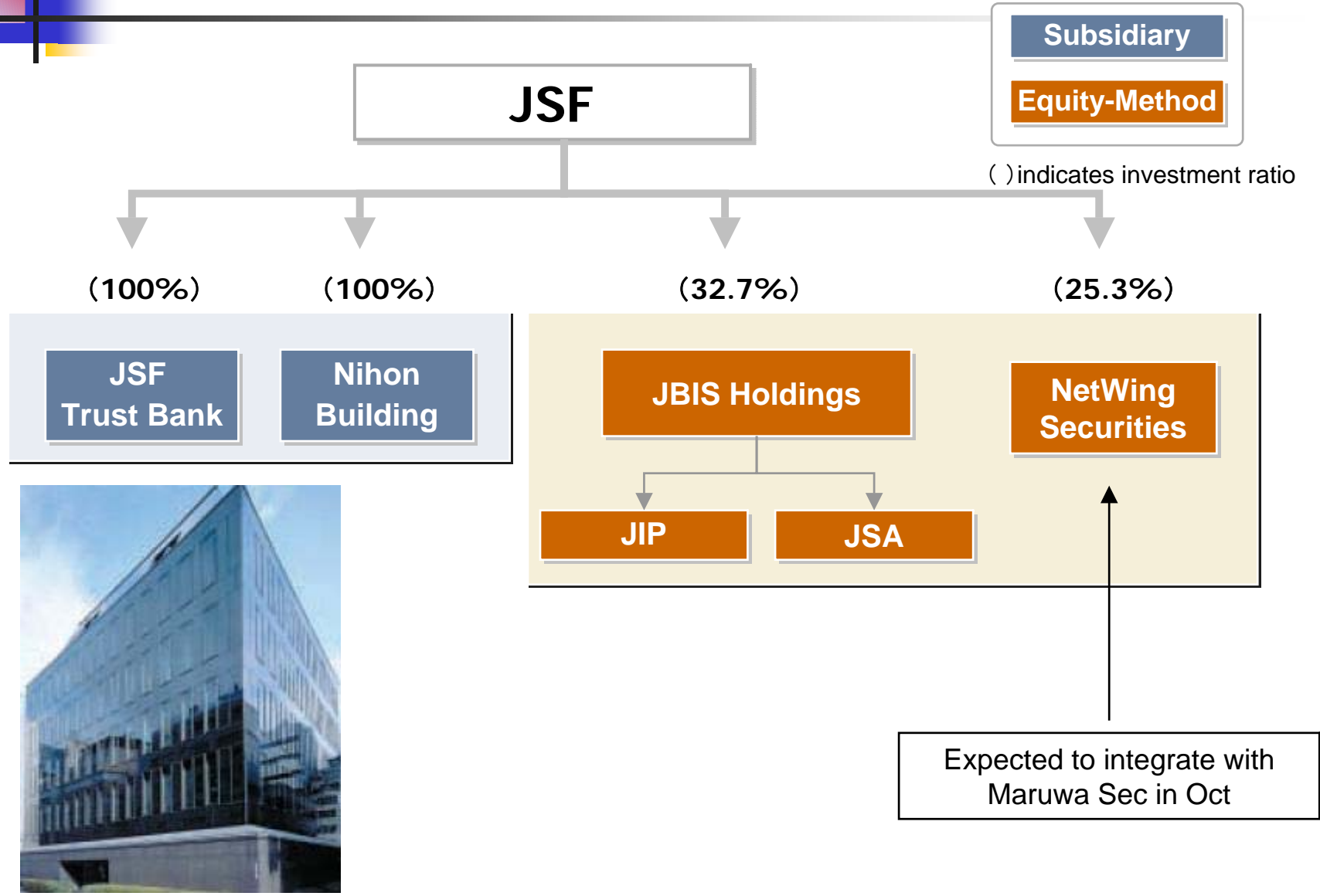
About JBIS Holdings

- **Integration of securities operating system and Synergy**
Combined to JIP's system(SIGMA 21), Compress overlapped investment costs
- **Integration of Management Sources**
 - Sale of Head Office building of JIP
Apr/2007 Transfer Contract
Jun/2007 Delivery(expected)
Sale Value:Y11.5bil * Extraordinary profit of Y7.7bil will be booked

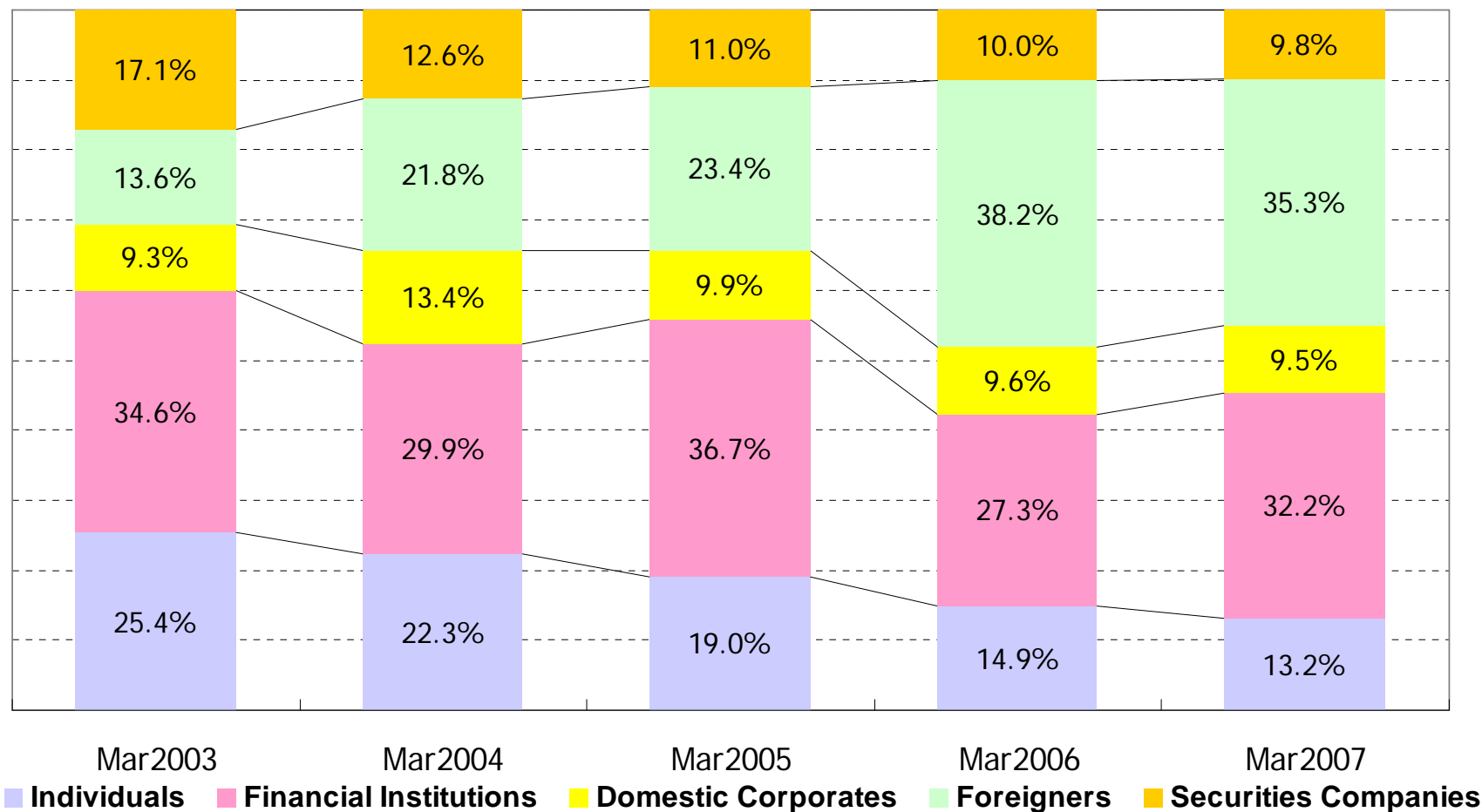
	Consolidated		Non-consolidated	
	Mar2008 Forecast	Mar2007 Results	Mar2008 Forecast	Mar2007 Results
Operating Revenues	50,000	39,381	920	537
Recurring Income	3,000	▲336	460	261
Net Income	5,500	▲143	460	241



JSF Group Companies



Shareholders Ratio by Investor type





Dividend Policy

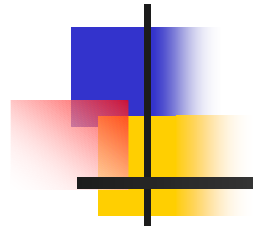
- **Present Dividend Policy** : Dividend Payout Ratio of about 40% on Parent Financial Results

Mar2007 : **Annual Y26 (Interim Y12, year-end Y14)**

- **Future Dividend Policy** : Basically, Dividend Payout Ratio of about 40% on Parent Financial Results, and considering Consolidated DPR or Dividend on Equity (DOE) Ratio.

Mar2008 (Forecast) : **Annual Y26 (Interim Y13, year-end Y13)**

	Mar2004	Mar2005	Mar2006	Mar2007	Mar2008
Annual Dividend per share	Y7	Y14	Y24	Y26	Y26
(year-end dividend)	Y7	Y14	Y14	Y14	Y13
(interim dividend)	—	—	Y10	Y12	Y13
【Parent】DPR	40.7%	41.8%	38.1%	38.1%	39.7%
【Consolidated】DPR	18.1%	25.9%	49.0%	61.8%	36.2%
【Consolidated】DOE	0.60%	1.14%	1.92%	2.05%	



Appendix

Operating Revenues by Each Business

	Mar2003	Mar2004	Mar2005	Mar2006	Mar2007
Margin Loan Business	16,680	14,146	17,309	22,993	23,186
	(58.2%)	(45.8%)	(47.9%)	(61.8%)	(53.3%)
Interest on Loans	2,535	4,060	6,794	10,158	10,954
Interest on collateral money of securities procured	1,520	1,238	889	892	1,345
Fees on Lending Securities	12,402	8,454	9,040	11,226	10,224
Premium Charges	10,469	6,322	6,773	8,468	7,168
Lending Fees	1,933	2,132	2,267	2,757	3,056
General Loans and Bond Financing Business	1,238	958	887	864	1,254
	(4.3%)	(3.1%)	(2.5%)	(2.3%)	(2.9%)
Bond Financing	33	15	14	7	3
General Loans	1,204	943	873	835	934
Loans for Negotiable Margin Transactions	-	-	-	22	315
Securities Lending Business	1,409	1,517	1,926	2,699	5,093
	(4.9%)	(4.9%)	(5.3%)	(7.3%)	(11.7%)
General Stock Lending	638	725	1,015	1,465	1,441
Bond Lending	770	792	910	1,234	3,651
Trust Business	3,122	4,680	8,205	4,286	6,981
	(10.9%)	(15.1%)	(22.7%)	(11.5%)	(16.0%)
Interest on Loans	936	1,078	1,067	1,382	2,964
Trust Charges	206	229	227	161	177
Bond Trading	1,831	2,880	6,424	2,210	3,095
Real Estate Management Business	980	962	938	871	1,014
	(3.4%)	(3.1%)	(2.6%)	(2.3%)	(2.3%)
Others	1,864	5,244	3,910	2,517	5,993
	(6.5%)	(17.0%)	(10.8%)	(6.8%)	(13.8%)
Bond Trading (Parent only)	1,609	4,868	3,738	2,328	5,038
Information Processing Business	3,365	3,376	2,966	2,992	-
	(11.7%)	(10.9%)	(8.2%)	(8.0%)	-
Operating Revenues	28,661	30,896	36,145	37,226	43,523
(exclude Premium Charges)	18,192	24,574	29,372	28,757	36,355

Avg. and Outstanding Loan Balance

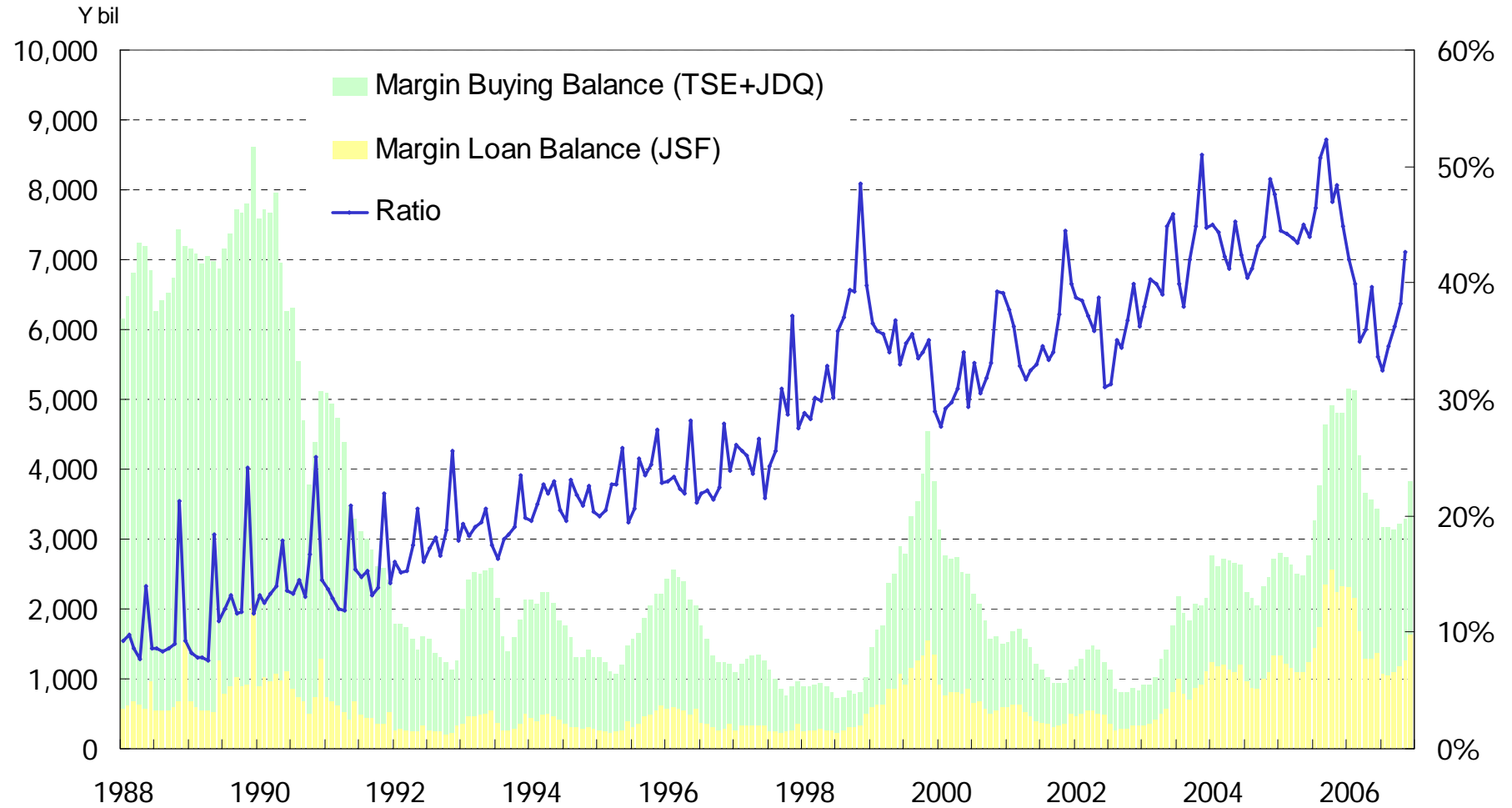
		FY2004	FY2005	FY2006 Interim	FY2006
		Y mil	Y mil	Y mil	Y mil
Margin Loans	avg. balance	1,098,660	1,637,698	1,714,300	1,444,347
	term-end balance	1,386,619	2,328,082	1,360,073	1,634,700
Bond Financing	avg. balance	3,527	1,831	1,531	830
	term-end balance	2,042	19,029	28	27
General Loans	avg. balance	41,806	44,605	76,283	78,595
	term-end balance	45,592	78,269	75,831	79,832
Loans for negotiable margin transactions	avg. balance	-	2,559	28,978	33,770
	term-end balance	-	25,340	35,081	40,309
Sales under repurchase agreement	avg. balance	6,707	53,865	4,386	6,910
	term-end balance	0	12,000	39,972	0
Trust Bank Loans	avg. balance	1,158,065	1,016,474	813,509	711,937
	term-end balance	1,076,242	751,967	866,585	306,572
Others	avg. balance	5,599	5,578	7,102	7,300
	term-end balance	5,578	5,578	7,500	7,500
Total	avg. balance	2,314,366	2,760,053	2,617,114	2,251,934
	term-end balance	2,528,075	3,194,928	2,349,992	2,028,633
Stock Loans	avg. balance	538,249	651,097	688,103	723,840
	term-end balance	593,713	686,971	649,288	702,702

Avg. Margin Loan Balance (TSE+JDQ)

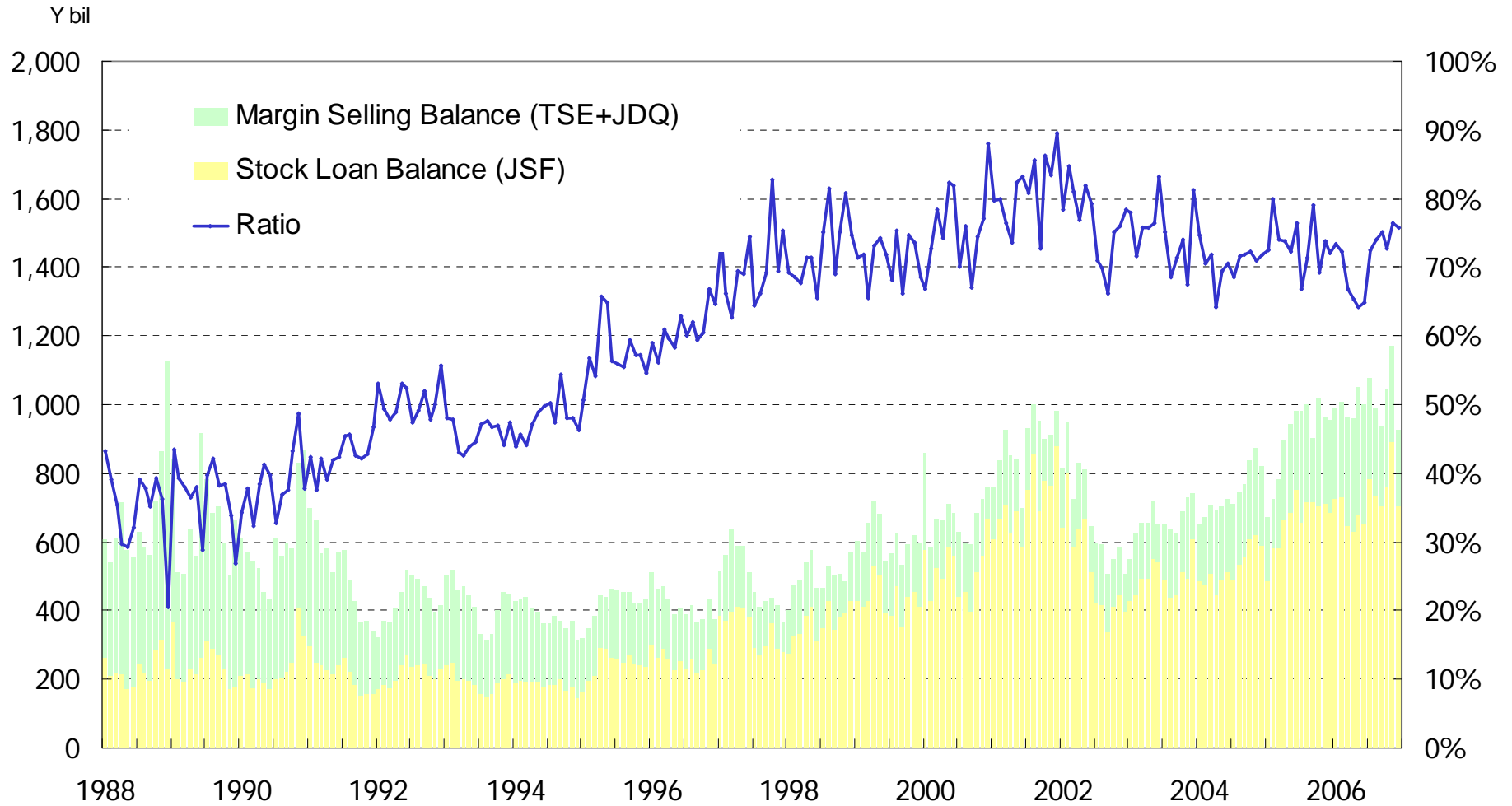
Y mil

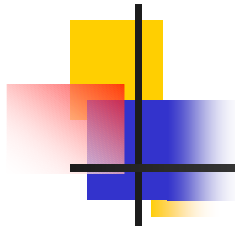
Avg. Balance of Loans for Margin Transactions			
	Margin Loans	Stock Loans	Over-lent
Apr-05	1,292,532	499,829	127,463
May-05	1,305,067	499,983	123,740
Jun-05	1,204,245	555,151	155,245
Jul-05	1,129,026	603,556	185,565
Aug-05	1,063,898	686,895	243,755
Sep-05	1,138,582	717,519	260,159
Oct-05	1,379,057	678,944	178,868
Nov-05	1,589,823	705,198	164,850
Dec-05	2,114,206	734,854	122,397
Jan-06	2,611,080	706,533	79,309
Feb-06	2,551,836	734,126	69,810
Mar-06	2,316,552	694,530	85,632
FY2005	1,637,513	651,097	150,092
Apr-06	2,294,542	708,695	75,874
May-06	2,229,296	721,095	87,682
Jun-06	1,748,999	674,312	80,837
Jul-06	1,481,506	658,691	101,626
Aug-06	1,229,058	674,969	140,631
Sep-06	1,308,239	691,172	151,350
Dec-06	1,091,038	744,862	242,487
Jan-07	1,093,410	733,064	220,904
Feb-07	1,050,376	754,347	239,771
Mar-07	1,105,548	731,699	227,184
Apr-07	1,207,793	826,589	284,189
May-07	1,489,599	773,684	187,771
FY2006	1,444,227	723,840	169,501

Margin Buying Balance & JSF Margin Loans (TSE+JDQ)



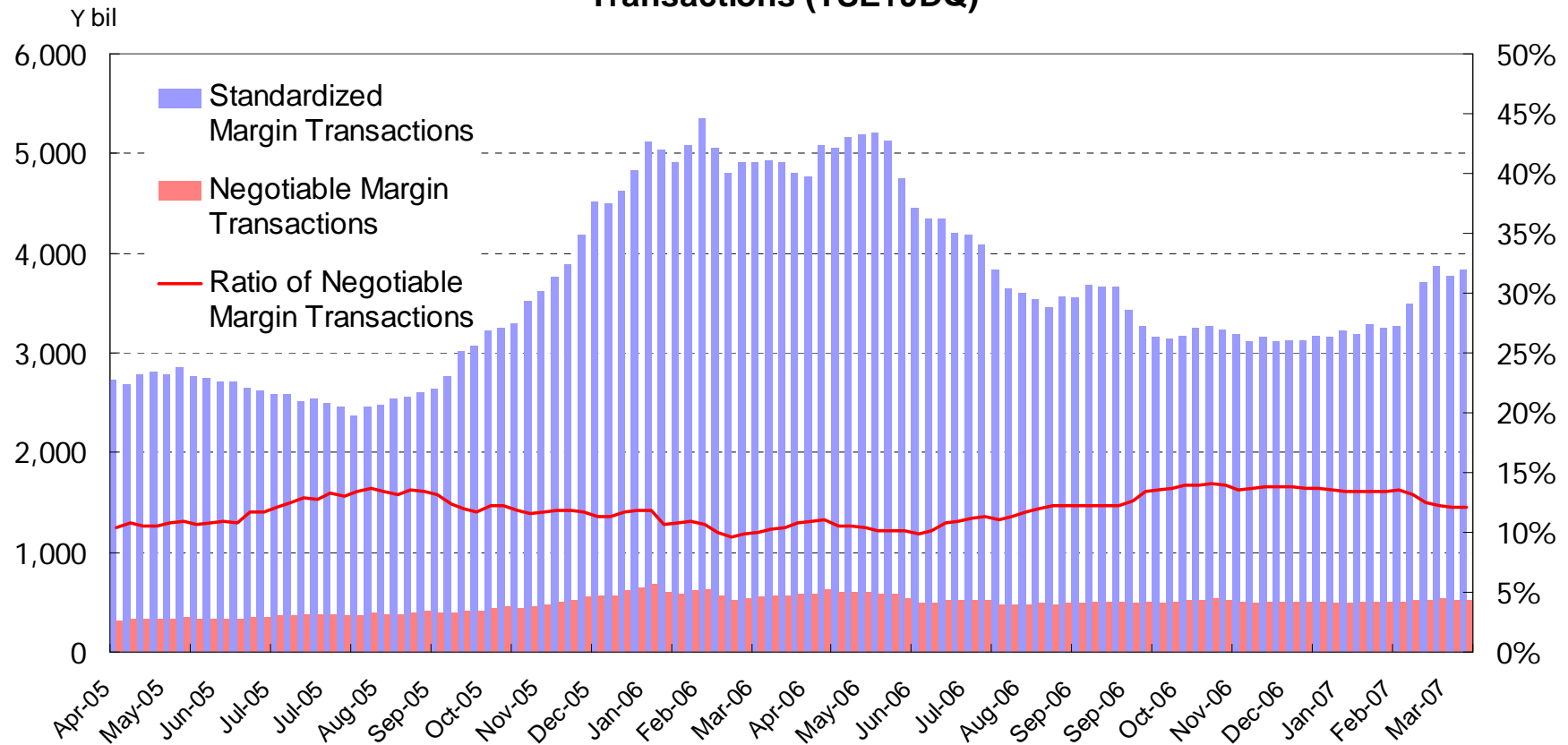
Margin Selling Balance & JSF Stock Loans (TSE+JDQ)





Standardized and Negotiable Margin Buying Transactions (TSE+JDQ)

Outstanding Balance of Standardized and Negotiable Margin Buying Transactions (TSE+JDQ)



Securities Account

	Mar2007	notes
Assets		
	Y mil	
Loans	1,722,060	
Margin Loans	1,634,700	margin loan
Bond Financing	27	
General Loans	79,832	
Loans for Negotiable Margin Transaction	40,309	
Others	7,500	
Collateral Money of Securities Borrowed	1,606,454	
Stock Loan	181,221	over-lent
Bond Lending	1,425,233	
Securities Account		
Securities Lent	713,295	
Loans for Margin Transactions	702,702	stock loan
Bond Lending	5,000	
Securities in Custody	161,317	
Equity	116,017	
Bond	45,300	
Securities in Deposit	1,114,258	over-loan
Total of Securities Account	1,988,870	

	Mar2007	notes
Liabilities		
	Y mil	
Collateral Money of Securities Lent	1,959,445	
Margin Loans	702,702	stock loan
Bond Borrowing	1,250,423	
Securities Account		
Collateral Securities Deposited	1,634,700	margin loan
Securities Borrowed	349,644	
Loans for Margin Transactions	181,707	over-lent
Bond Borrowing	50,300	
Others	116,569	
Securities Lent Opposite Account	4,525	
Total of Securities Account	1,988,870	

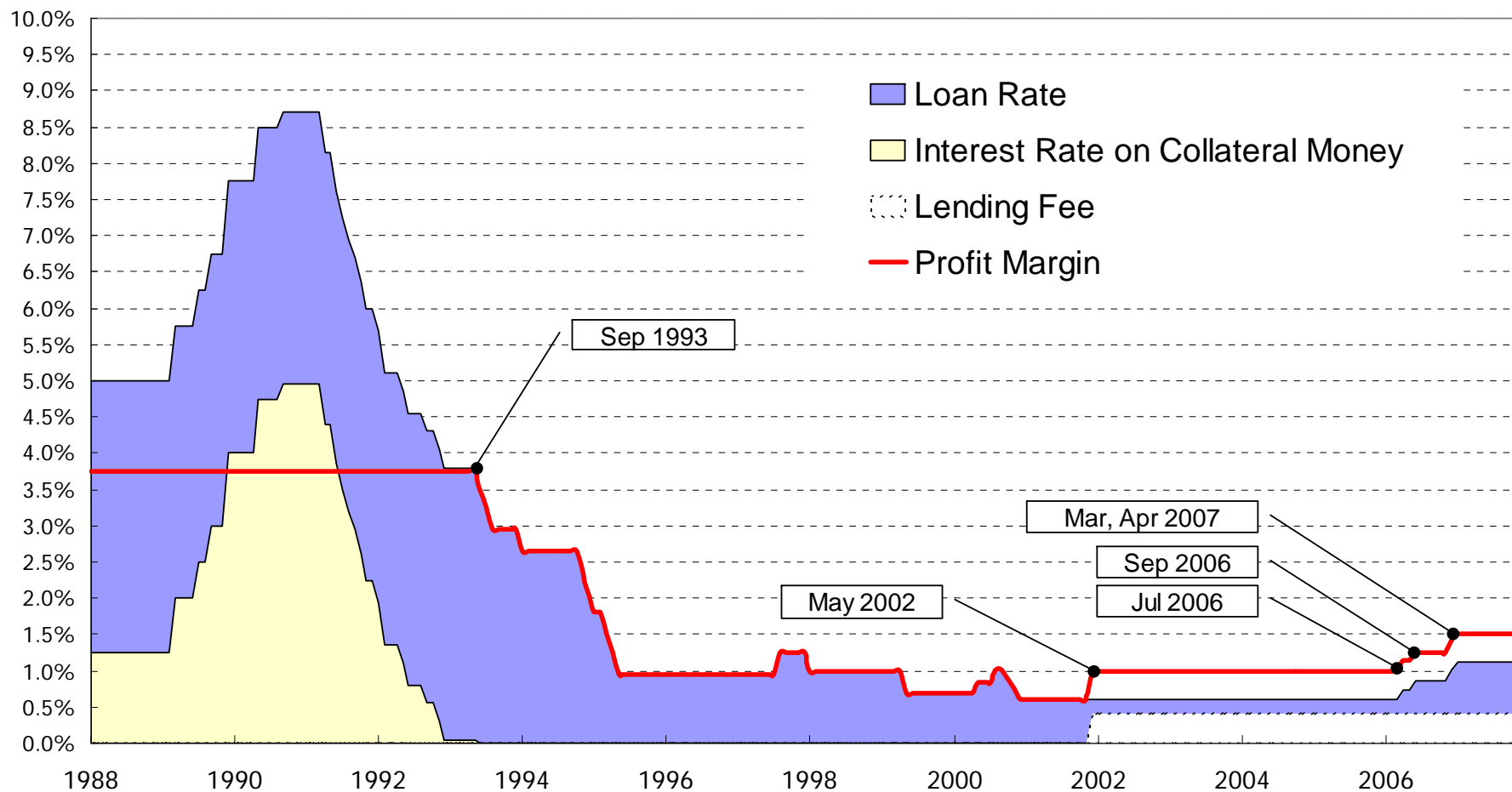


Balance of Japanese Government Bonds

Y mil

		Mar2006	Sep2006	Mar2007
JSF	JGB Balance	1,172,670	787,148	666,327
	less than 1Y	854,497	460,647	360,517
	over 1Y	318,173	326,501	305,809
	(15Y floating JGB)	222,981	239,175	218,430
	Net unrealized gain or loss on securities on B/S	-6,056	-2,344	-3,139
	Remaining Period (exclude 15Y JGB)	(.751)	(1.216)	(1.74)
JSF Trust Bank	JGB Balance	781,658	903,688	545,365
	less than 1Y	453,448	797,433	471,291
	over 1Y	328,210	106,254	74,074
	Net unrealized gain or loss on securities on B/S	-2,713	-1,617	-1,472

Loan Rate of Loans for Margin Transactions





Notice

This document includes statements for business forecast. These statements don't guarantee our future achievement and that involve risk or uncertain factors. Our future achievement may be changed drastically up to stock market or financial conditions.