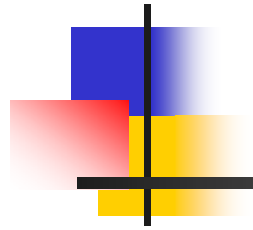




Financial Presentation for 1st Half, FY2008

Japan Securities Finance Co.,Ltd

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Financial Presentation

Financial Summary for 1H, FY2008

¥ mil

	Parent			Consolidated		
	FY2008 1H	FY2007 1H	Change	FY2008 1H	FY2007 1H	Change
Operating Revenues	17,986	21,130	▲3,144 (▲14.9%)	23,282	26,597	▲3,314 (▲12.5%)
EX Premium Charges	12,817	17,255	▲4,438 (▲25.7%)	18,113	22,722	▲4,609 (▲20.3)
Operating Profit	1,853	4,682	▲2,828 (▲60.4%)	▲1,751	5,365	▲7,116 (—)
Recurring Income	2,779	5,006	▲2,227 (▲44.5%)	▲1,453	6,306	▲7,760 (—)
Net Income	1,965	3,143	▲1,177 (▲37.5%)	▲2,391	4,083	▲6,474 (—)

Operating Revenues by Each Business

	¥ mil	
	Sep-07	Sep-08
Margin Loan Business	13,081	9,813
	(49.2%)	(42.2%)
Interest on Loans	6,652	2,491
Interest on collateral money of securities procured	814	999
Fees on Lending Securities	5,320	6,125
Premium Charges	3,874	5,169
Lending Fees	1,446	955
Bond Financing and General Loans Business	728	639
	(2.7%)	(2.7%)
Bond financing & General Loans	500	515
Loans for Negotiable Margin Transactions	227	123
Securities Lending Business	3,721	2,417
	(14.0%)	(10.4%)
General Stock Lending	483	292
Bond Lending	3,237	2,124
Trust Business	5,003	5,009
	(18.8%)	(21.5%)
Interest on Loans	1,667	1,855
Trust Charges	100	103
Bond Trading	2,498	2,900
Real Estate Management Business	559	552
	(2.1%)	(2.4%)
Others	3,504	4,850
	(13.2%)	(20.8%)
Bond Trading (Parent only)	3,074	4,377
Operating Revenues	26,597	23,282
(excluded Premium Charges)	22,722	18,113

【Margin Loan】

- As a result of weak standardized margin buying transactions, margin loan balance declined and Interest on loans decreased.
- Lending fees increased.

【Bond Financing and General Loans】

- Loans to individuals extended, while Loans for negotiable margin transactions decreased.

【Securities Lending】

- Borrowing demands of both stock lending and bond lending declined.

【Trust Bank】

- Interest on loans increased because loans to government increased.

【Others】

- Coupon income on JGBs increased.

Financial Highlights for 1H, FY2008

1 As the outstanding balanced of standardized margin buying transactions declined, Margin Loan Balance decreased, YoY.

- Avg. Margin Loan Balance for 1H, FY08: ¥423bn (▲¥734bn, YoY)
Avg. Stock Loan Balance for 1H, FY08 : ¥442bn (▲¥238bn, YoY)

- ◆ Interest on Loans decreased remarkably (-62.6%, YoY)
- ◆ Fees on Lending Securities
Premium charges increased (+33.4%, YoY)
Lending Fees decreased(-34.0%, YoY)

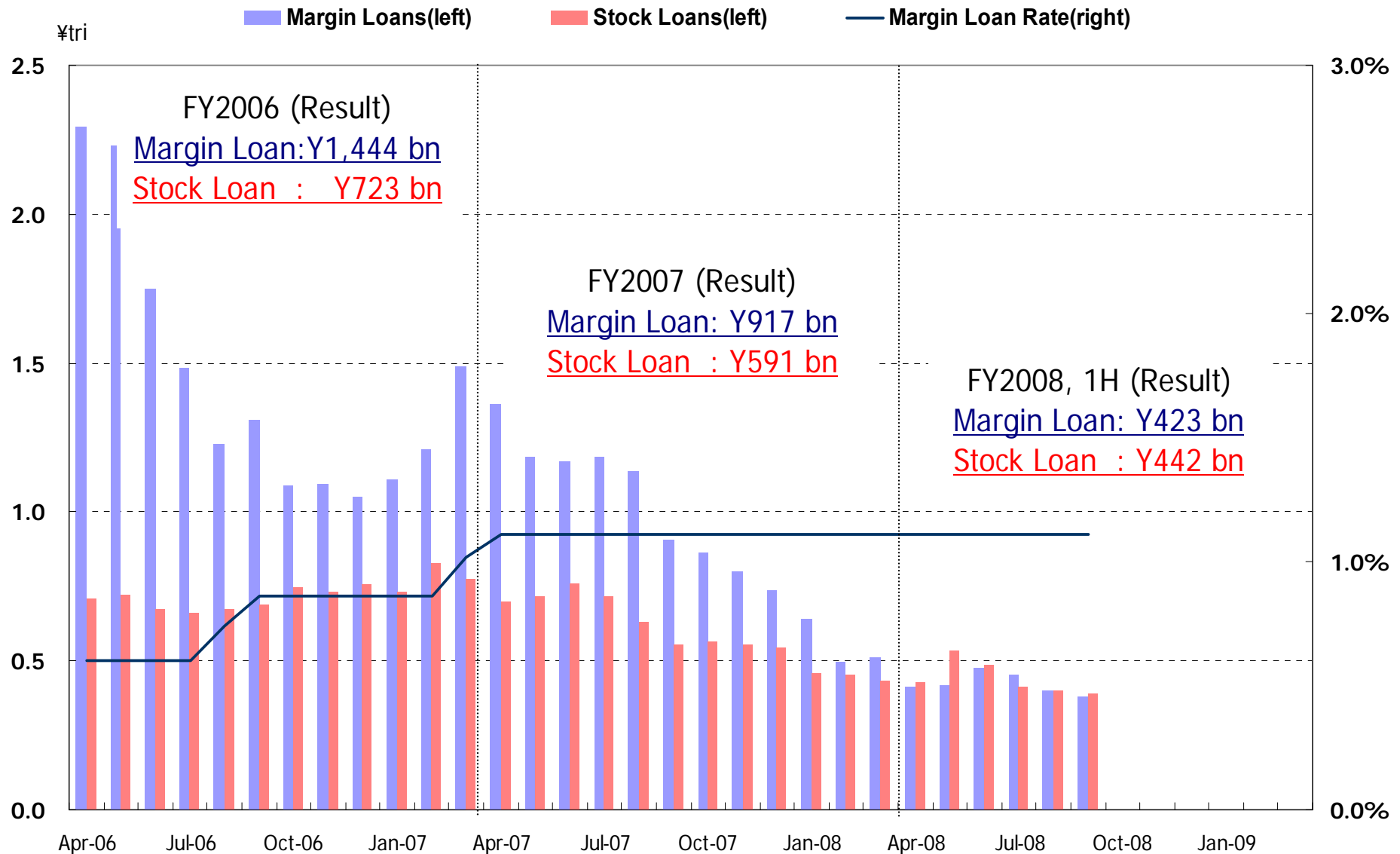
	Sep-07	Sep-08	change
Margin Loan Business	13,081	9,813	-25.0%
Interest on Loans	6,652	2,491	-62.6%
Interest on collateral money of securities procured	814	999	22.7%
Fees on Lending Securities	5,320	6,125	15.1%
Premium Charges	3,874	5,169	33.4%
Lending Fees	1,446	955	-34.0%

¥ mil

2 Booked valuation loss of securities

Impairment of ¥4,312mil for CDOs and Equities, held by mainly JSF Trust bank, because of market turmoil

Avg. Balance of Margin Loans and Stock Loans



Financial Results of JSF Trust Bank

¥mil

	FY2008 1H	FY2007 1H
Recurring Revenues	5,057	5,371
Recurring Income	▲3,896	387
Net Income	▲3,873	228

◆ Booked valuation loss of securities for ¥4,173mil

Impairment of Equities...¥528mil

Impairment of CDOs...¥3,242mil

Expected redemption loss of CDOs...¥402mil

◆ Discontinued Financial Instruments Department in Jun-08

(established in Apr-07)

◆ Costs elimination by business scale reduction

Fair value appraisal on investment securities

Mark 15Y Floating rate JGBs with theoretical value offered by a market vendor

■ Fair value appraisal

With theoretical value offered by a market vendor

■ Assets to be valued

15Y Floating rate JGBs

■ Division of accounting (no change)

Investments in securities
「Other securities」

		¥ mil		
JSF		Sep-07	Mar-08	Sep-08
JGB Balance		970,887	1,709,872	1,237,755
	less than 1Y	733,566	1,475,909	995,818
	over 1Y	237,320	233,963	241,936
	(15Y floating JGB)	187,040	175,408	187,212
Net unrealized gain or loss on securities on B/S		-3,415	-5,354	1,261

		¥ mil		
JSF Trust Bank		Sep-07	Mar-08	Sep-08
JGB Balance		548,277	520,221	448,517
	less than 1Y	507,262	482,789	408,746
	over 1Y	41,014	37,432	39,771
	(15Y floating JGB)	41,014	37,432	39,771
Net unrealized gain or loss on securities on B/S		-2,596	-4,884	-2,685

Revision of Forecast for Mar09

¥mil

	Parent			Consolidated		
	Mar09 Revision	before	change	Mar09 Revision	Before	change
Operating Revenues	33,000	31,000	+2,000 (+6.5%)	42,000	41,000	+1,000 (2.4%)
Operating profit	2,300	2,300	- (-)	▲5,100	2,600	▲7,700 (-)
Recurring Income	3,400	3,400	- (-)	▲4,500	3,400	▲7,900 (-)
Net Income	2,300	2,300	- (-)	▲5,800	2,000	▲7,800 (-)
EPS (Yen)	24.50	24.50		▲62.09	21.41	
Preconditions	Margin Loan balance : ¥370bn Stock Loan balance : ¥360bn					

Assumption Balance of Loans for Margin Transactions

1H, FY2008 Results

Excess of Margin Loan ¥160bn	Excess of Stock Loan ¥180bn
Matching ¥262bn	

Margin Loan Stock Loan
¥423bn ¥442bn

FY2008 Original Assumption

Excess of margin loan ¥180bn	Excess of Stock Loan ¥180bn
Matching ¥250bn	
Margin Loan ¥430bn	Stock Loan ¥430bn

FY2008 Amended Assumption

Excess of Margin Loan ¥150bn	Excess of Stock Loan ¥140bn
Matching ¥220bn	

Margin Loan Stock Loan
¥370bn ¥360bn

Preconditions

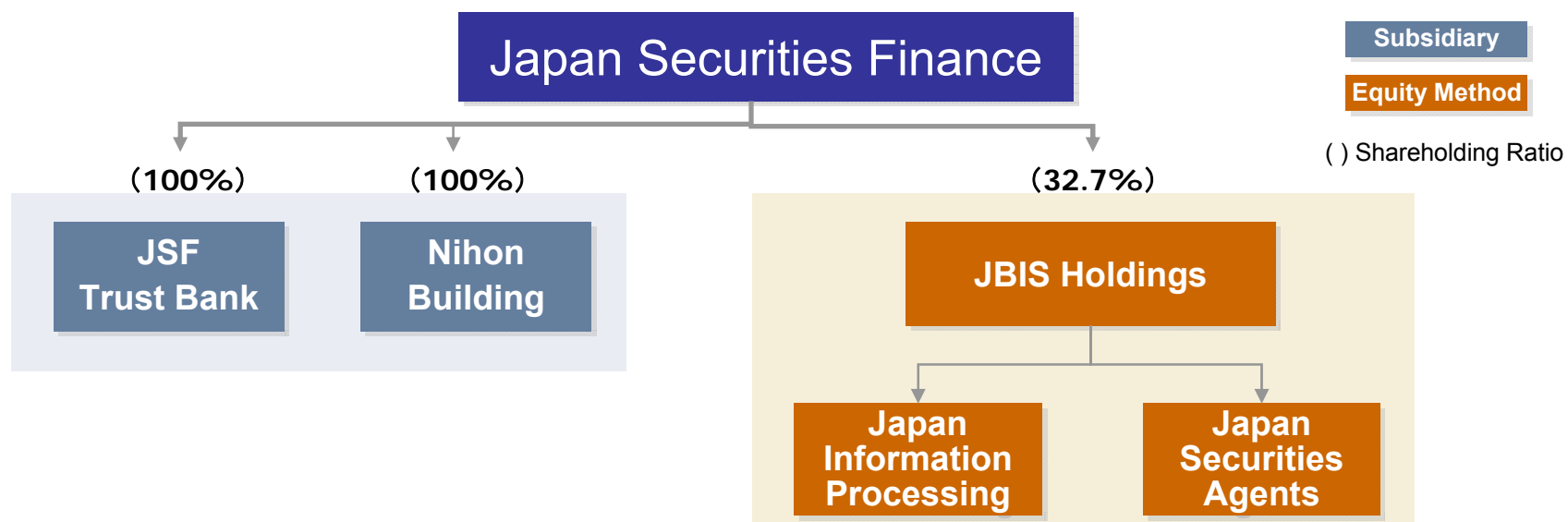
- Loan Rate: 1.11%
- Interest on Collateral Money: 0%
- Lending Fee: 0.40%

Forecast of Group Companies

¥ mil

	Shareholding Ratio	1H, FY2008 Results			FY2008 Forecast		
		Operating Revenues*	Recurring Income	Net Income	Operating Revenues*	Recurring Income	Net Income
Consolidated		23,282	▲ 1,453	▲ 2,391	42,000	▲ 4,500	▲ 5,800
JSF	-	17,986	2,779	1,965	33,000	3,400	2,300
JSF Trust Bank	100%	5,057	▲ 3,896	▲ 3,873	9,000	▲ 7,945	▲ 7,922
Nihon Building	100%	733	334	127	1,450	580	260

* Figure of JSF Trust Bank is Recurring Revenues.



Impairment of CDOs

- ◆ **Big fall of CDOs prices after credit events on CDSs' reference companies as a result of world wide financial market turmoil**
- ◆ **Synthetic Portfolio Note is expected to be redeemed before maturity**
(¥1bn out of ¥4bn were sold to JSF in Jul, because of risk control matter at JSF trust bank)

● CDOs

as of the end of Sep/08

¥mil

Issue	Original Principal	Mar-08 Balance	Ratings			Maturity	Sep-08 Balance
			original	change	change		
Self Managed CDO Credit-Linked Note	4,000	2,111	AAA	BBB-	B-	2014/9/25	1,047
Self Managed CDO Credit-Linked Note	4,000	1,978	AA	BB+	B-	2014/9/25	912
Self Managed CDO Credit-Linked Note	4,000	1,907	A	BB	B-	2014/9/25	794
Synthetic Portfolio Note	4,000	3,976	expected to be redeemed before maturity				
Total	16,000	9,972					2,754

* impairment:¥6,003mil

* impairment:¥3,242mil

* Rating of CDOs have been changed on 16/Jun/08 and 13/Oct/08

CDSs' reference companies

Area:

North America 52%、Europe 36% Asia & Oceania 12%

Industry:

Finance 32%、telecommunication 15%、construction 10%

Revision of Forecast of JSF Trust Bank

¥mil

	FY2008 Forecast	FY2008, 1H Results	FY2007 Results
Operating Revenues	9,000	5,057	11,206
Recurring Income	▲7,945	▲3,896	▲5,965
Net Income	▲7,922	▲3,873	▲6,254

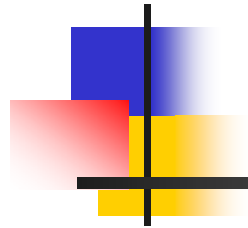
Factors

- **Additional Impairment of CDOs: ▲¥2.7bn**

assume additional impairment loss, because the price of CDOs is still dropping by world wide financial market turmoil

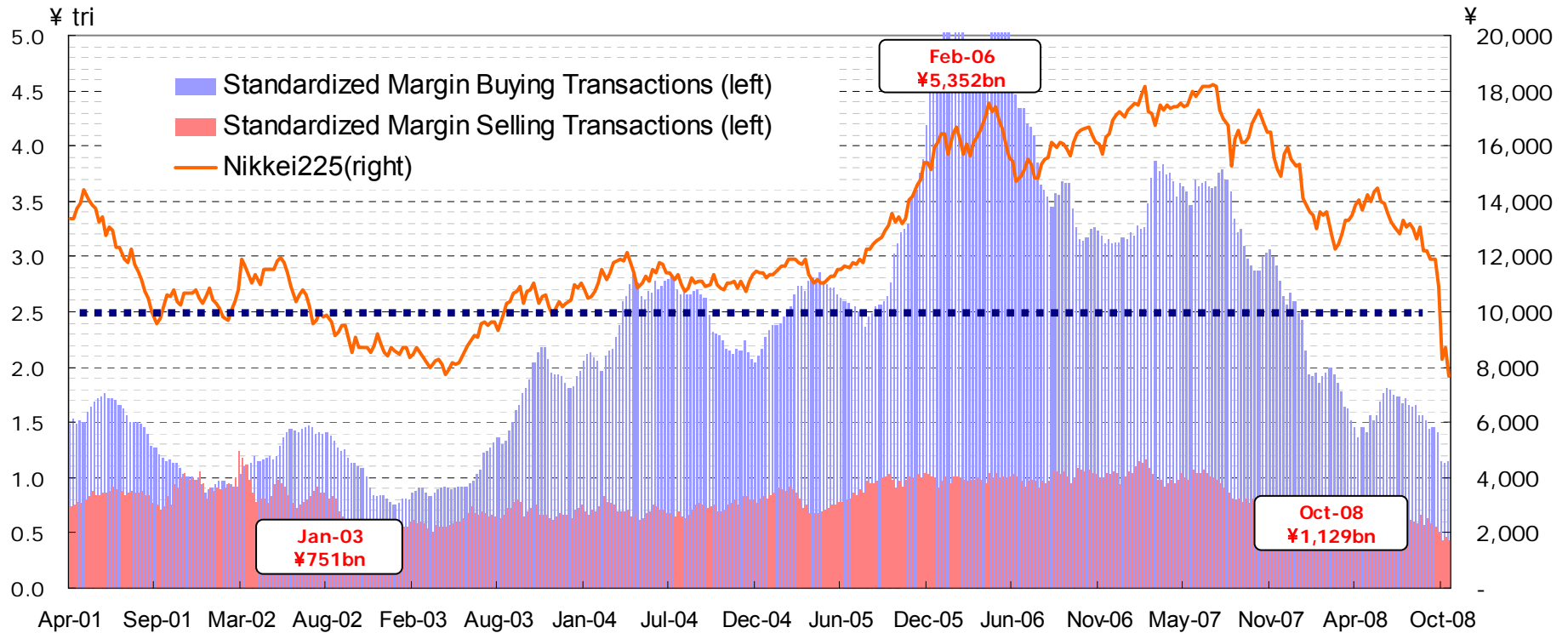
- **Loss on sale of Equities, etc: ▲¥1bn**

assume loss on sale of equities, etc to exclude the influence on profit by market fluctuations

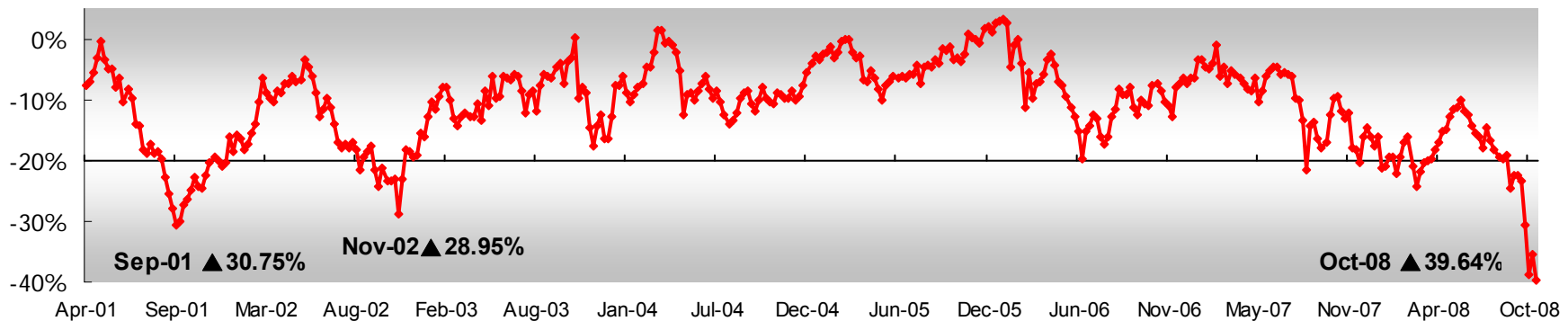


Management Matters

Outstanding Balance of Standardized Margin Transactions (TSE+JDQ)



Margin valuation gain or loss



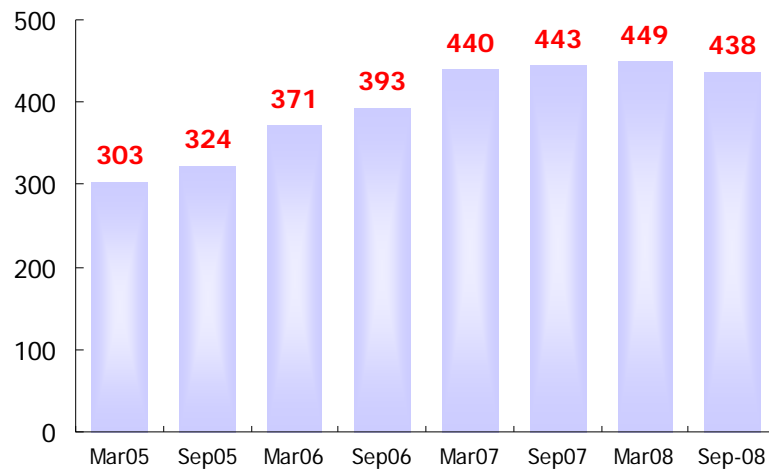
Increase the number of Loanable Issues

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

The customers for borrowing stock certificates:438

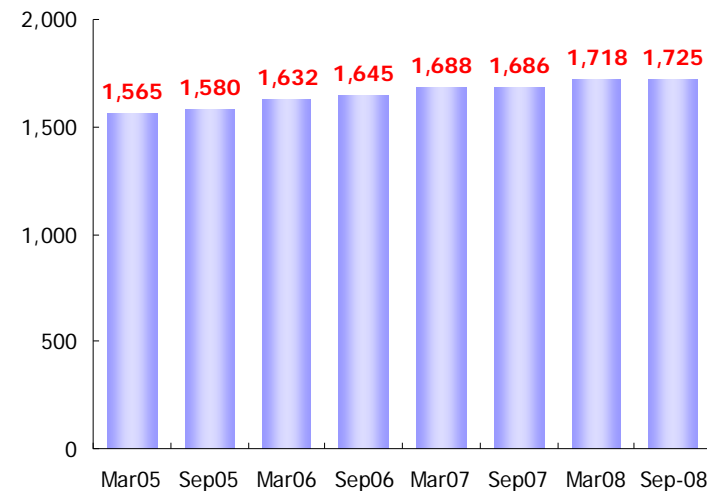
The number of Loanable Issues 1,725 (+7 from Mar08)

Customers for Stock Borrowing Agreement



* exclude financial institutions

Loanable Issues (TSE+JDQ)



- ◆ ETFs to Loans for Margin Transactions

- Select various ETFs which are linked to foreign stock index or Gold price
- 56 ETFs are selected as eligible for Loans for margin transactions

Capital increase of JSF Trust Bank

◆ Solid capital, strengthen financial base

- Capital decreased with worsen valuation loss on securities
- Increase another ¥8bn and strengthen financial base

Capital increase of JSF Trust Bank

- (1) New stock to be issued : common stock 200,000 shs
- (2) Issue value : ¥40,000 per share
- (3) Value to be paid : ¥8bn
- (4) Amount credited to equity : ¥20,000 per share (total ¥4bn)
- (5) Due date to be paid : 14/Nov/2008 (scheduled)

After capital Increase

- Total number of shares issued : 400,000 shs
(JSF's shareholding ratio 100%)
- Common stock : ¥14bn (before ¥10bn)
- Capital Adequacy Ratio : 15.81% (Sep-09 : 9.44%)

	Sep-08 Results	after capital increased (¥8bn)
Common stock	10,000	10,000
Capital surplus	8,000	8,000
Retained earnings	465	465
Other retained earnings	△ 118	△ 118
Net Income	△ 3,873	△ 3,873
Net unrealized gain or loss on securities	△ 2,685	△ 2,685
Capital increased		8,000
Tier 1	11,787	19,787
Tier 2	284	284
Tier1 + Tier2	12,072	20,072
deduction from capital	220	220
Capital	11,852	19,852

Capital Adequacy Ratio (approximate)	9.44%	15.81%
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Business Strategy of JSF Trust Bank

● Securities Holdings

¥mil

Basic Strategy

Core : Trust Business

Supplementary : Banking Business

Present Measures

1. Remove influence by market fluctuations

• CDOs, Equities and Investment funds are to be sold

2. Strengthen Profitability

• Reinforce trust business...increase trust fees

• Cost elimination...non-personnel expenses, personnel expenses, etc

	Sep-07	Sep-08	change	Notes
JGB	548,277	448,517	-99,760	
less than 1Y	507,262	408,746	-98,516	
over 1Y	41,014	39,771	-1,243	15Y Floating JGB
Short-term Bond	5,993	0	-5,993	
Corporate Bond	28,592	78,248	49,656	Government Guaranteed Bond
Equity	2,763	1,325	-1,438	
Other Securities	43,575	29,897	-13,678	
Foreign Securities	26,076	23,277	-2,799	Euroyen Bond
Investment Fund	2,544	1,047	-1,497	including REIT
CDO	14,829	5,351	-9,478	including "expected to be redeemed before maturity" CDOs
others	124	220	96	
Total	629,201	557,988	-71,213	

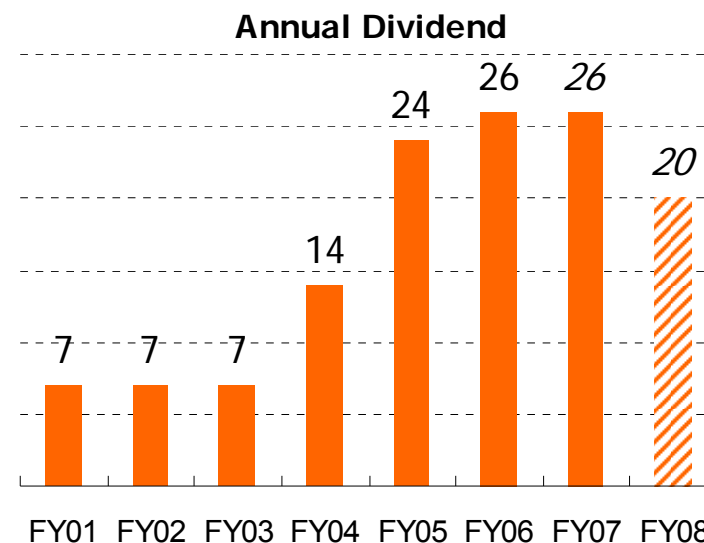
Dividend Policy

◆ Dividend Policy

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

FY2008 : Annual ¥20 (Interim ¥10、year-end ¥10)

	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Annual Dividend per share	¥14	¥24	¥26	¥26	¥20
(year-end)	¥14	¥14	¥14	¥13	¥10
(interim)	—	¥10	¥12	¥13	¥10
Parent : DPR	41.8%	38.1%	38.1%	52.3%	81.6%
Consolidated : DPR	25.9%	49.0%	61.8%	-	-
Consolidated : DOE	1.1%	1.9%	2.1%	2.2%	1.7%



Share Buyback Program

Result of share buyback program

(announced on 21/Apr/08)

- Term : from 1/Apr/08 to 18/Apr/08
- Total numbers of shares acquired : 4,312,800 shs
- Total value of acquisition : ¥2,999mil

Result of share buyback program

(announced on 12/Jun/08)

- Term : from 15/May/08 to 11/Jun/08
- Total numbers of shares acquired : 978,900 shs
- Total value of acquisition : ¥999mil

Result of share buyback program

(announced on 28/Jul/08)

- Term : from 27/Jun/08 to 25/Jul/08
- Total numbers of shares acquired : 1,000,000 shs
- Total value of acquisition : ¥881mil

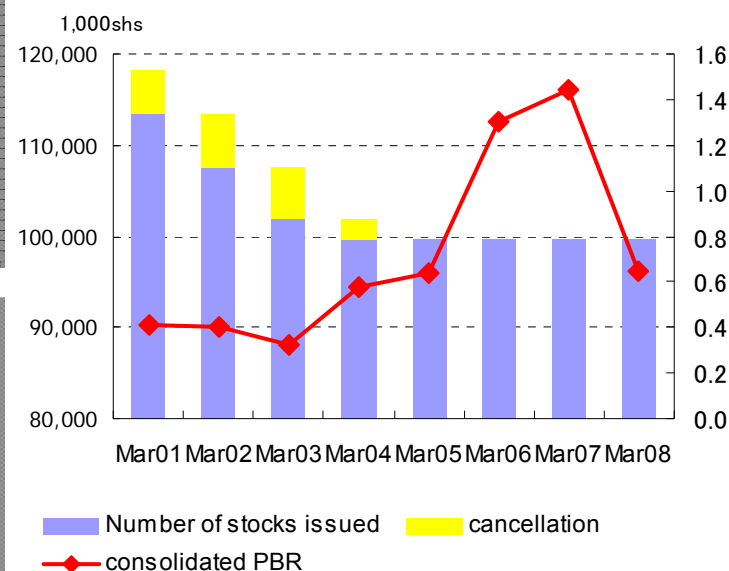
Cancellation of treasury shares on 24/Sep/08

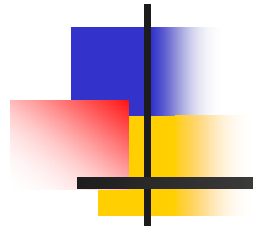
- Total numbers of treasury shares cancelled:
6,004,000 shs
- Total number of shares issued after cancellation :
93,700,000 shs

Number of stocks issued and cancellation

Unit:1,000shs

	Number of stocks issued	cancellation
Mar01	113,474	4,800
Mar02	107,509	5,965
Mar03	101,810	5,699
Mar04	99,704	2,106
Mar05	99,704	0
Mar06	99,704	0
Mar07	99,704	0
Mar08	99,704	0





Appendix

Operating Revenues by Each Business

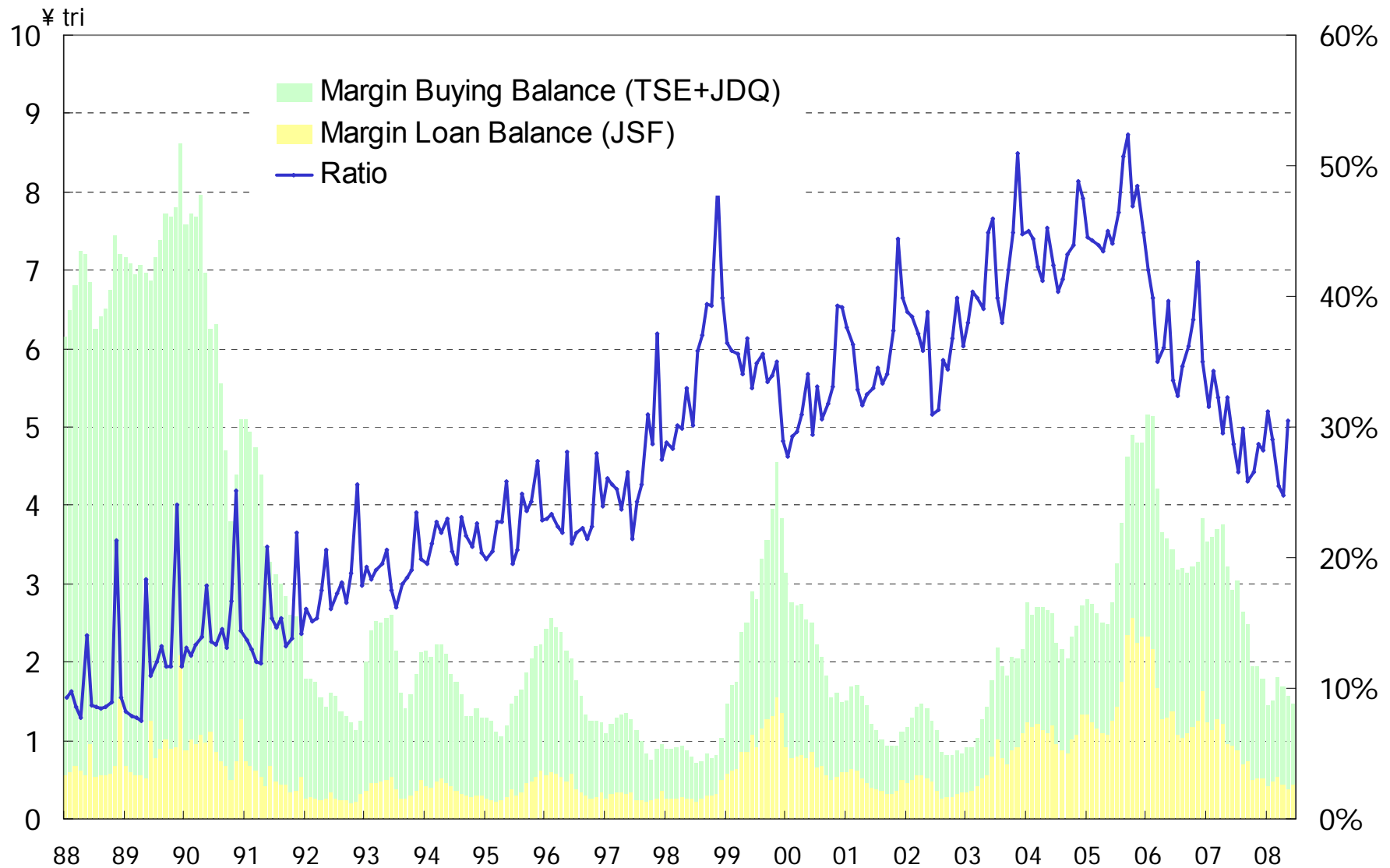
	Mar-06	Mar-07	Sep-07	Mar-08	Sep-08
					¥ mil
Margin Loan Business	22,993	23,186	13,081	23,156	9,813
	(61.8%)	(53.3%)	(49.2%)	(45.8%)	(42.2%)
Interest on Loans	10,158	10,954	6,652	10,581	2,491
Interest on collateral money of securities procured	892	1,345	814	1,683	999
Fees on Lending Securities	11,226	10,224	5,320	10,383	6,125
Premium Charges	8,468	7,168	3,874	7,862	5,169
Lending Fees	2,757	3,056	1,446	2,520	955
Bond Financing and General Loans Business	864	1,254	728	1,428	639
	(2.3%)	(2.9%)	(2.7%)	(2.8%)	(2.7%)
Bond financing & General Loans	842	938	500	1,016	515
Loans for Negotiable Margin Transactions	22	315	227	412	123
Securities Lending Business	2,699	5,093	3,721	6,297	2,417
	(7.3%)	(11.7%)	(14.0%)	(12.5%)	(10.4%)
General Stock Lending	1,465	1,441	483	848	292
Bond Lending	1,234	3,651	3,237	5,448	2,124
Trust Business	4,286	6,981	5,003	10,844	5,009
	(11.5%)	(16.0%)	(18.8%)	(21.4%)	(21.5%)
Interest on Loans	1,382	2,964	1,667	3,833	1,855
Trust Charges	161	177	100	198	103
Bond Trading	2,210	3,095	2,498	5,317	2,900
Real Estate Management Business	871	1,014	559	1,118	552
	(2.3%)	(2.3%)	(2.1%)	(2.2%)	(2.4%)
Others	2,517	5,993	3,504	7,736	4,850
	(6.8%)	(13.8%)	(13.2%)	(15.3%)	(20.8%)
Bond Trading (Parent only)	2,328	5,038	3,074	6,767	4,377
Operating Revenues	37,226	43,523	26,597	50,582	23,282
(excluded Premium Charges)	28,757	36,355	22,722	42,719	18,113

Avg. & Outstanding Loan Balance

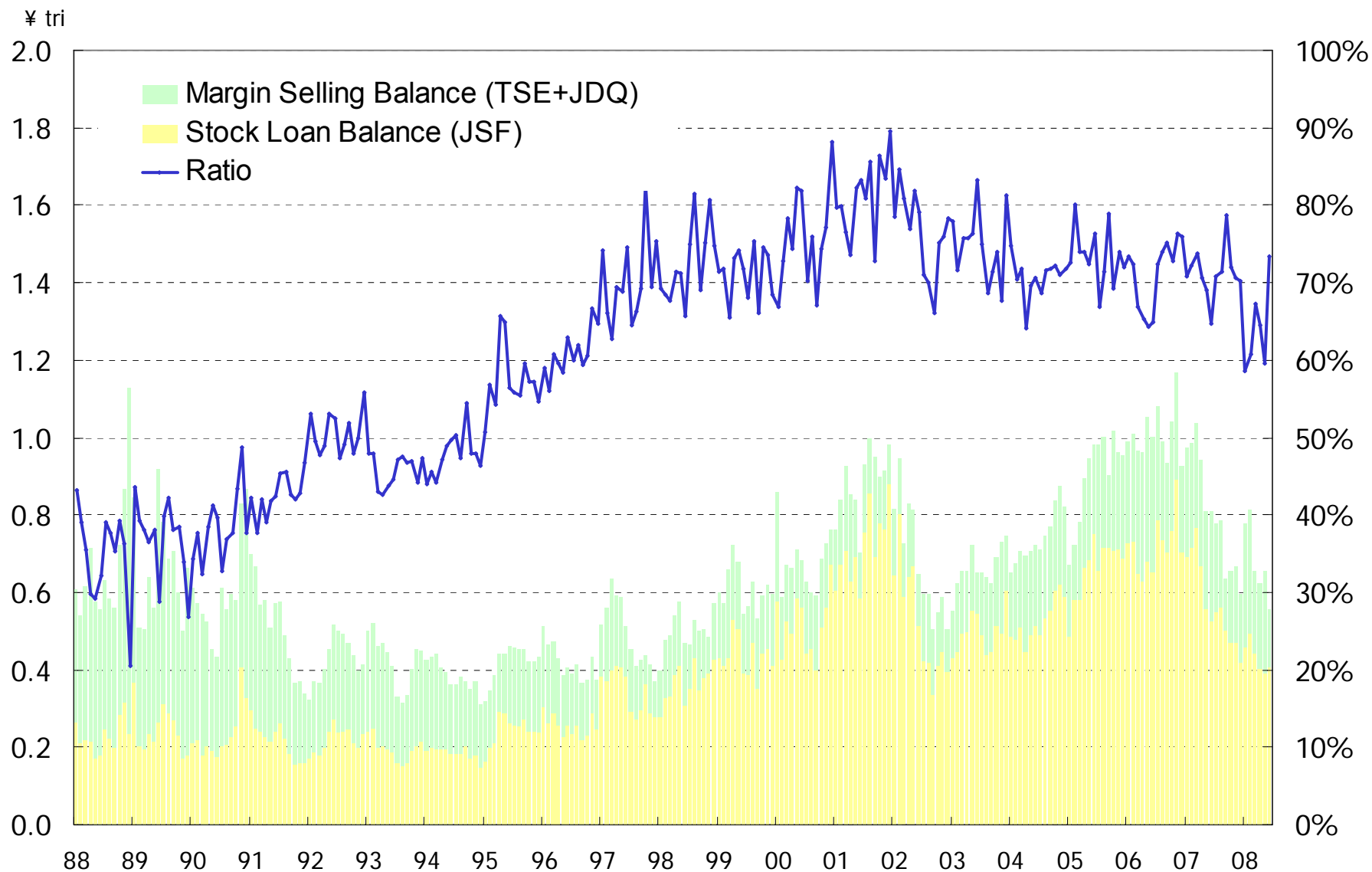
¥ mil

		FY2005	FY2006	FY2007 Interim	FY2007	FY2008 Interim
Margin Loans	avg.	1,637,698	1,444,347	1,157,854	917,219	423,294
	term-end	2,328,082	1,634,700	938,923	508,587	446,412
Bond Financing	avg.	1,831	830	121	119	116
	term-end	19,029	27	20	17	17
General Loans	avg.	44,605	78,595	80,688	76,822	60,760
	term-end	78,269	79,832	74,658	68,577	51,756
Loans for negotiable margin transactions	avg.	2,559	33,770	38,267	34,374	20,185
	term-end	25,340	40,309	32,821	25,154	11,316
Sales under repurchase agreement	avg.	53,865	8,923	55,634	48,390	164
	term-end	12,000	-	-	0	0
Trust Bank Loans	avg.	1,016,474	711,937	389,259	448,938	472,348
	term-end	751,967	306,572	496,531	546,702	434,677
Others	avg.	5,578	7,300	7,500	7,500	7,500
	term-end	5,578	7,500	7,500	7,500	7,500
Total	avg.	2,760,053	2,251,934	1,691,058	1,498,990	964,185
	term-end	3,194,928	2,028,633	1,517,633	1,131,385	940,364
Stock Loans	avg.	651,097	723,840	680,602	591,023	442,503
	term-end	686,971	702,702	522,951	419,503	407,807

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



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



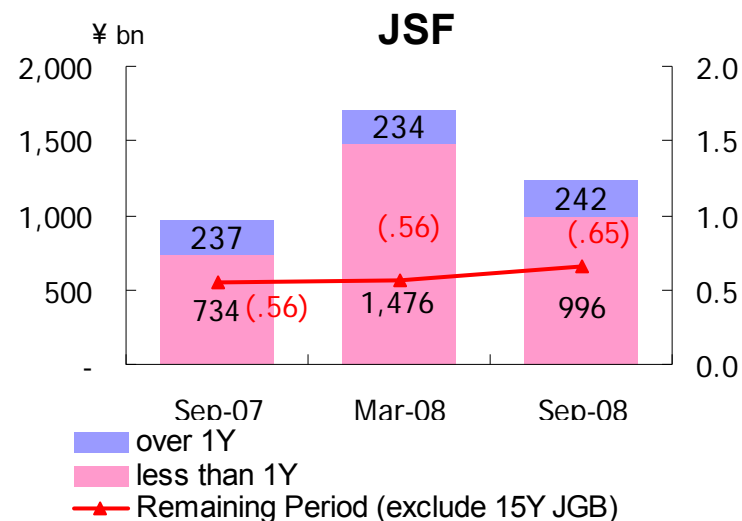
Securities Account

	Sep-08	notes
Assets		
	Y mil	
Loans	940,364	
Margin Loans	446,412	margin loan
Bond Financing	17	
General Loans	51,756	
Loans for Negotiable Margin Transaction	11,316	
Others	7,500	
Trust Bank Loans	434,677	
Collateral Money of Securities Borrowed	1,341,077	
Stock Loan	183,208	Excess of stock loan
Bond Lending	1,151,850	
Securities Account		
Securities Lent	419,409	
Loans for Margin Transactions	407,807	stock loan
Bond Lending	5,000	
Securities in Custody	0	
Bond		
Equity		
Securities in Deposit	223,651	Excess of margin loan
Total of Securities Account	643,061	

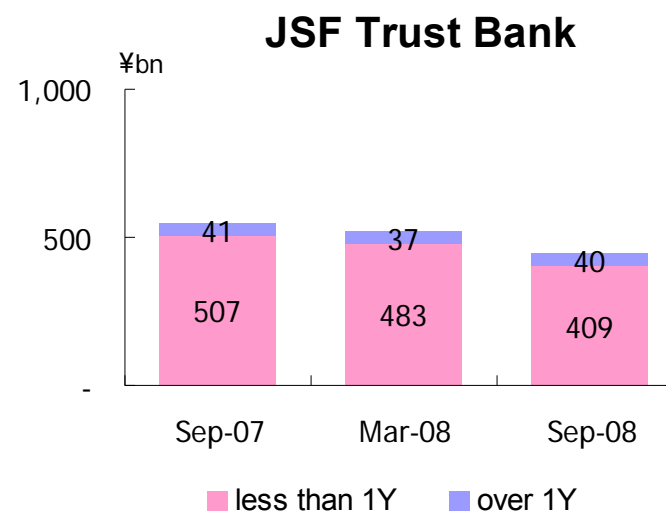
	Sep-08	notes
Liabilities		
	Y mil	
Collateral Money of Securities Lent	647,342	
Margin Loans	407,807	stock loan
Bond Borrowing	224,534	
Securities Account		
Collateral Securities Deposited	446,412	margin loan
Securities Borrowed	191,420	
Loans for Margin Transactions	185,046	Excess of stock loan
Bond Borrowing	5,000	
Securities Lent Opposite Account	5,228	
Total of Securities Account	643,061	

JGB Balance

JSF		¥ mil		
		Sep-07	Mar-08	Sep-08
JGB Balance		970,887	1,709,872	1,237,755
	less than 1Y	733,566	1,475,909	995,818
	over 1Y	237,320	233,963	241,936
	(15Y floating JGB)	187,040	175,408	187,212
Net unrealized gain or loss on securities on B/S		-3,415	-5,354	1,261
Remaining Period (exclude 15Y JGB)		(.56)	(.56)	(.65)



JSF Trust Bank		¥ mil		
		Sep-07	Mar-08	Sep-08
JGB Balance		548,277	520,221	448,517
	less than 1Y	507,262	482,789	408,746
	over 1Y	41,014	37,432	39,771
	(15Y floating JGB)	41,014	37,432	39,771
Net unrealized gain or loss on securities on B/S		-2,596	-4,884	-2,685



Mid-term Management Plan

Management Achievement (amended in May08)

➤ Achieve Recurring Income **Y3.4bn** in FY2008

Preconditions

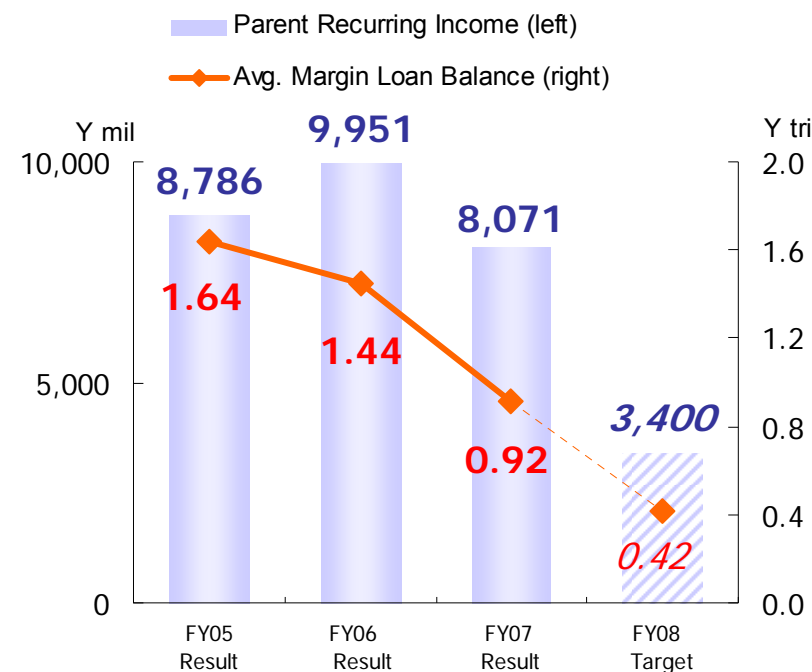
- ✓ Avg. Margin Loan Balance for Y420bn in FY2008
- ✓ Short-term interest rates keep its present level of 0.50%

Preconditions

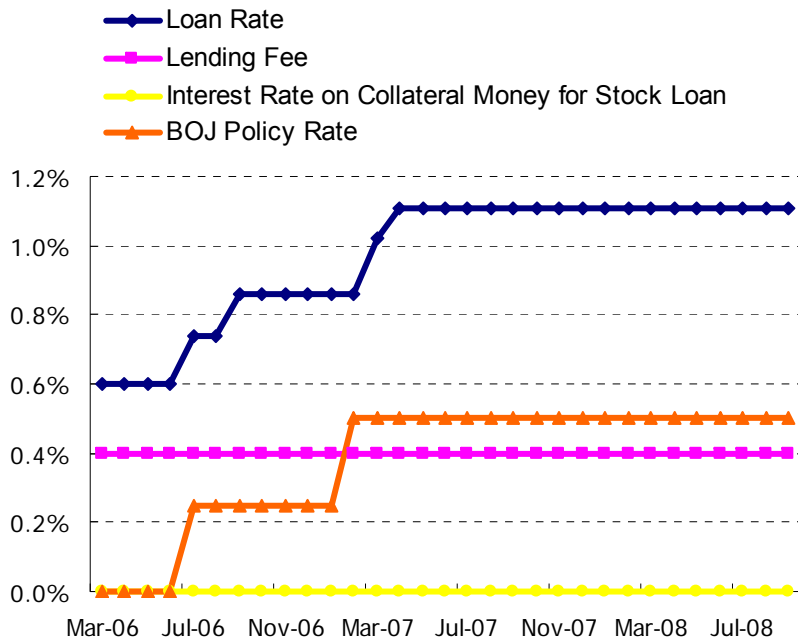
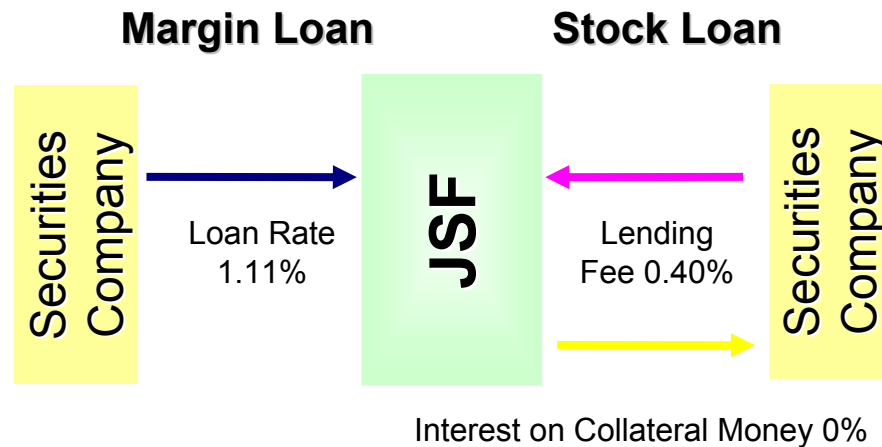
	FY2007	MMP FY2008
Avg. Margin Loan Balance	Y917bn	Y420bn
Short-term Interest Rate	0.50%	0.50%

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



Margin Loan Rates



BOJ Policy Interest Rate

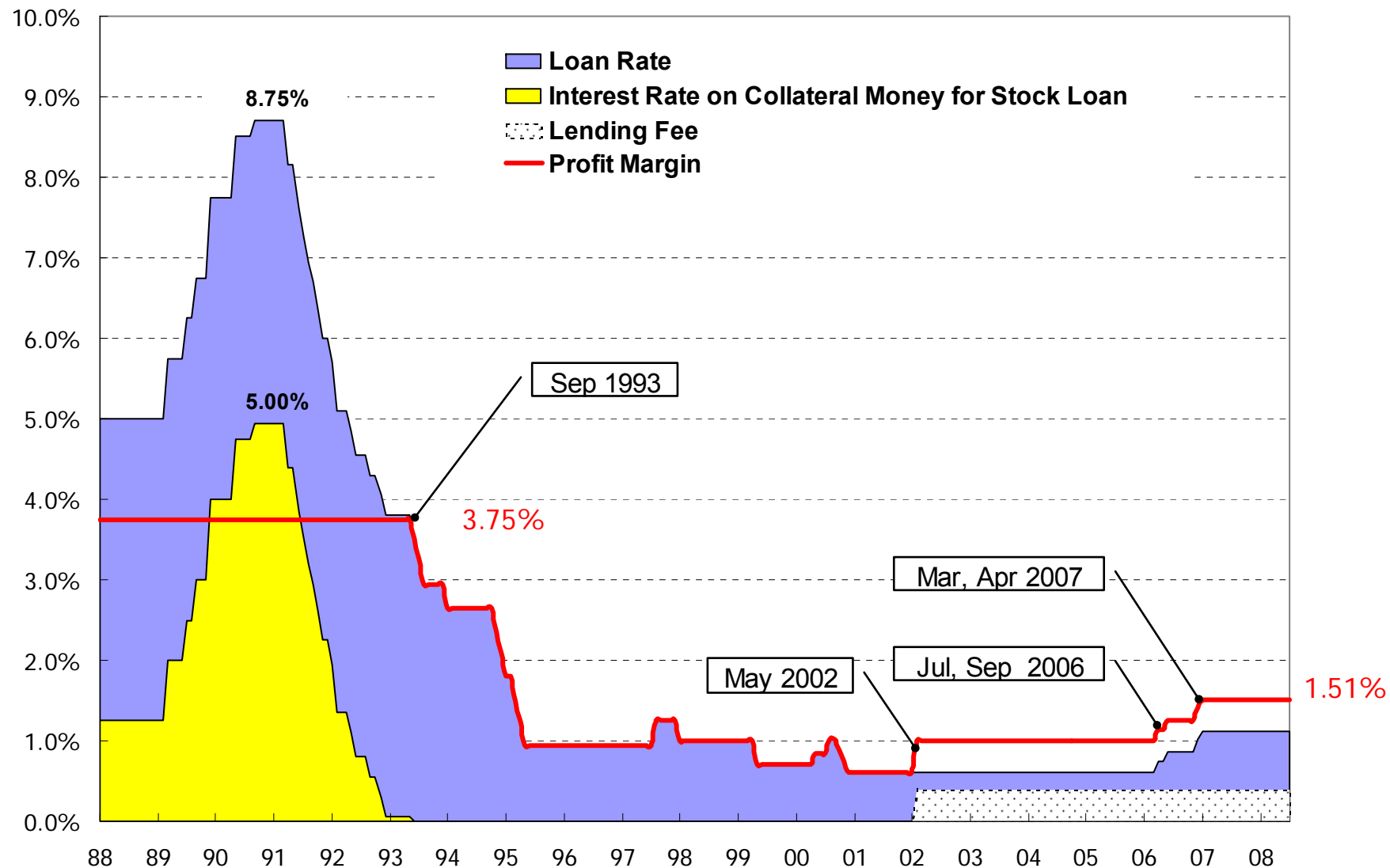
- Jul 2006 Uncollateralized O/N Call Rate : **0.25%**
- Feb 2007 Uncollateralized O/N Call Rate : **0.50%**

Change of Margin Loan Rate

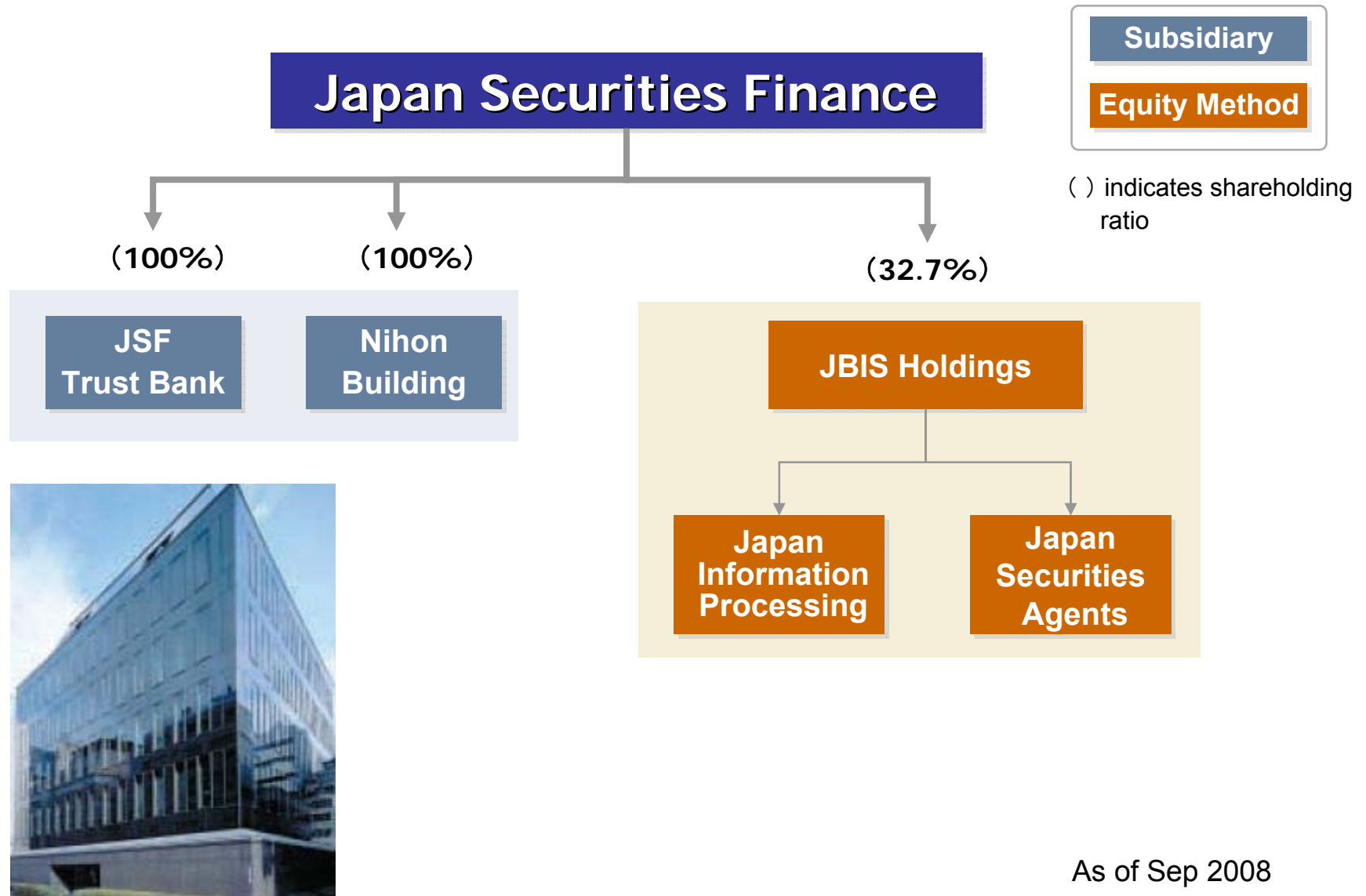
- 27/Jul/2006 **0.74% (+0.14%)**
- 22/Sep/2006 **0.86% (+0.12%)**
- 15/Mar/2007 **1.02% (+0.16%)**
- 05/Apr/2007 **1.11% (+0.09%)**

◆ Margin Loan Rates are decided by reflecting the change of market rates and BOJ's Policy Interest Rate.

Loan Rate of Loans for Margin Transactions



JSF Group Companies



As of Sep 2008

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.