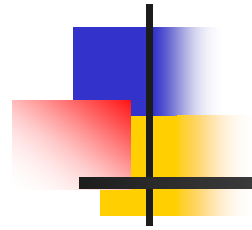




Financial Presentation for 1Q, FY2012

Japan Securities Finance Co.,Ltd

This document is an English translation for non-Japanese investors convenience. Although Japan Securities Finance intend to faithfully translate the Japanese documents into English, the accuracy and correctness of translation are not guaranteed, so you are kindly encouraged to refer to the original Japanese documents.



Financial Summary

Financial Summary FY2012, 1Q

¥ mil

		Parent			Consolidated		
		FY2011 1Q	FY2012 1Q	Change	FY2011 1Q	FY2012 1Q	Change
Operating Revenues		3,889	3,661	▲227 (▲5.9%)	6,350	4,395	▲1,954 (▲30.8%)
	EX Premium Charges	3,351	3,216	▲135 (▲4.0%)	5,812	3,949	▲1,862 (▲32.0%)
Operating Expenses		2,075	1,607	▲468	2,587	1,825	▲762
General & Administrative Expenses		1,319	1,465	146	1,580	1,683	102
Operating Profit		494	588	94 (19.0%)	2,182	887	▲1,295 (▲59.3%)
Gain or Loss in Equity-Method		—	—	—	▲30	32	62
Recurring Income		691	767	75 (11.0%)	2,256	1,003	▲1,253 (▲55.6%)
Extraordinary Profit or Loss		—	17	17	—	17	17
Net Income		438	530	91 (20.9%)	1,963	725	▲1,237 (▲63.0%)

※Comprehensive income: 1,227¥mil (Jun-12) 1,979 ¥mil (Jun-11)

Operating Revenues by Each Business

	¥ mil	
	Jun-11	Jun-12
Securities Finance Business	3,861	3,646
Margin Loan Business	1,443	1,213
	(22.7%)	(27.6%)
Interest on Loans	519	451
Interest on collateral money of securities procured	144	112
Fees on Lending Securities	748	609
Premium Charges	538	445
Lending Fees	209	163
Bond Financing and General Loans Business	194	181
	(3.1%)	(4.1%)
Bond financing & General Loans	118	109
Loans for Negotiable Margin Transactions	36	39
Securities Lending Business	490	543
	(7.7%)	(12.4%)
General Stock Lending	59	70
Bond Lending	431	473
Others	1,733	1,707
	(27.3%)	(38.9%)
Bond Trading (Parent only)	1,715	1,690
Trust Business	2,287	545
	(36.0%)	(12.4%)
Interest on Loans	223	157
Trust Charges	76	75
Bond Trading	1,966	308
Real Estate Management Business	201	203
	(3.2%)	(4.6%)
Operating Revenues	6,350	4,395
(excluded Premium Charges)	5,812	3,949

【Margin Loan】

• Interest on Loans and Fees on Lending Securities decreased due to balance decrease in Margin Loan and Stock Loan.

【Bond Financing and General Loans】

• The interest rate declined.

【Margin Loan】

• Borrowing demands of stock lending increased.
• Borrowing demands of Special Collateral transaction in bond lending increased.

【Others】

• On JGB investment, Interest income decreased, profit on sale increased.

【Trust Bank】

• Bond Trading decreased greatly due to disappearance of CDO-sale profits.

Financial Highlights for FY2012, 1Q

- 1 As the outstanding balance of standardized margin transactions declined, both Margin Loan Balance and Stock Loan Balance decreased.

	Avg. Margin Loan	Avg. Stock Loan
	bn	bn
FY2012 1Q	222	151
FY2011 1Q	256	191
(change)	▲33	▲40
【Reference】 FY2011	218	184

- 2 Profit on bond investment largely decreased in JSF Trust Bank.

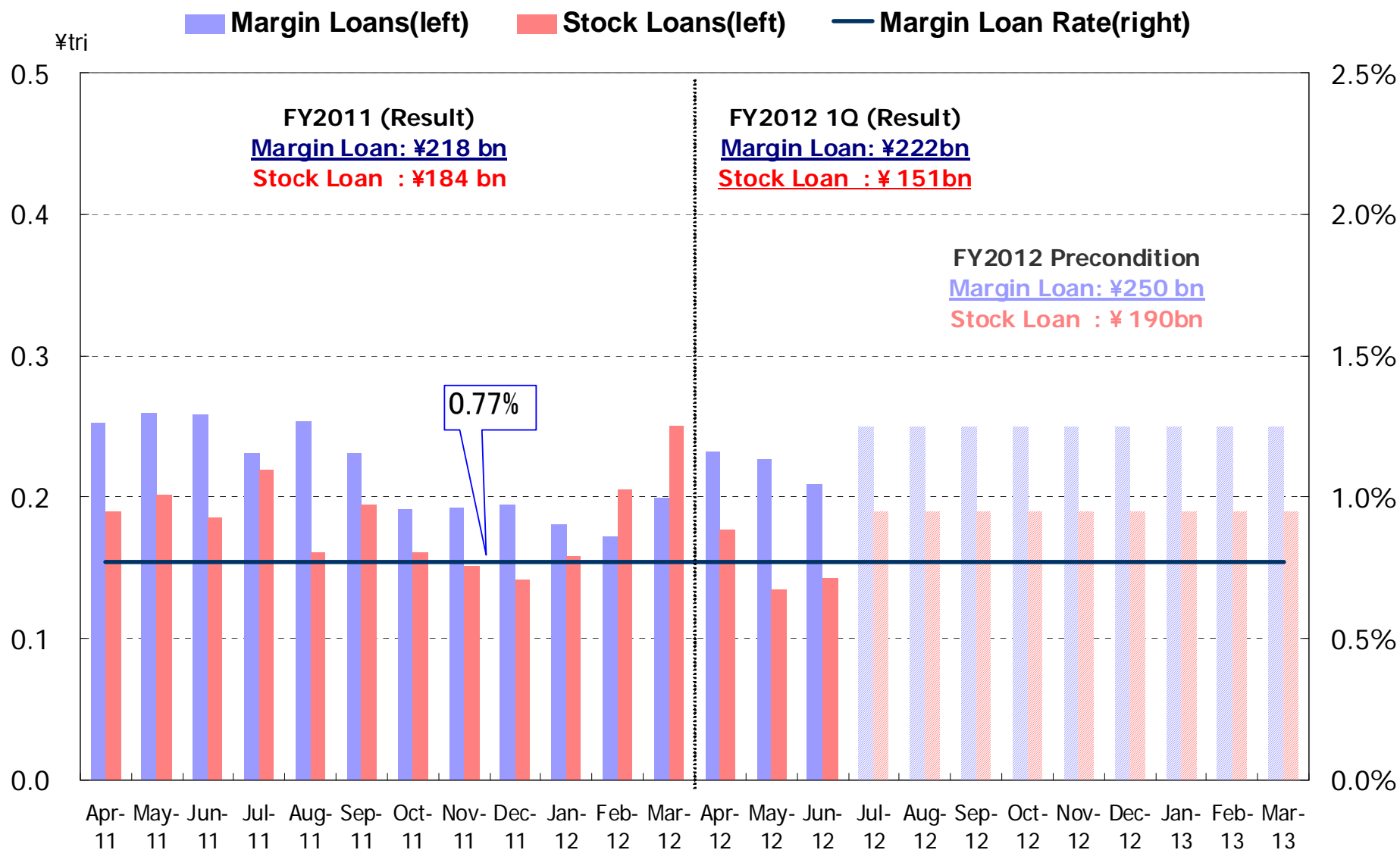
Profit on bond investment largely decreased due to disappearance of CDO-sale profits posted last year.

- 3 Posted Profit in Equity-Method

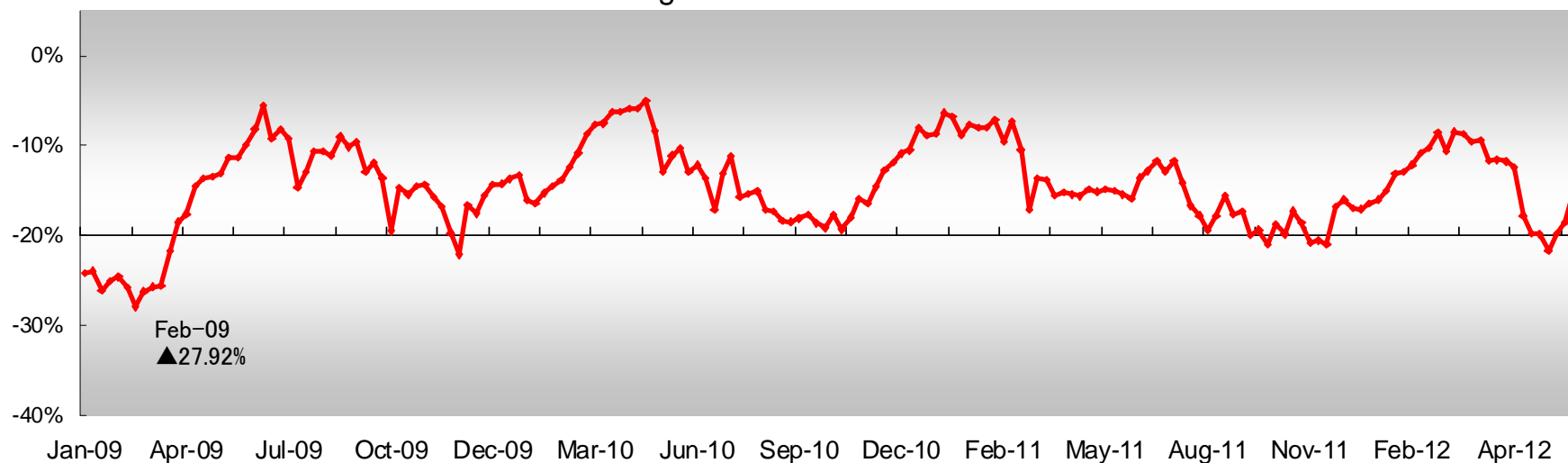
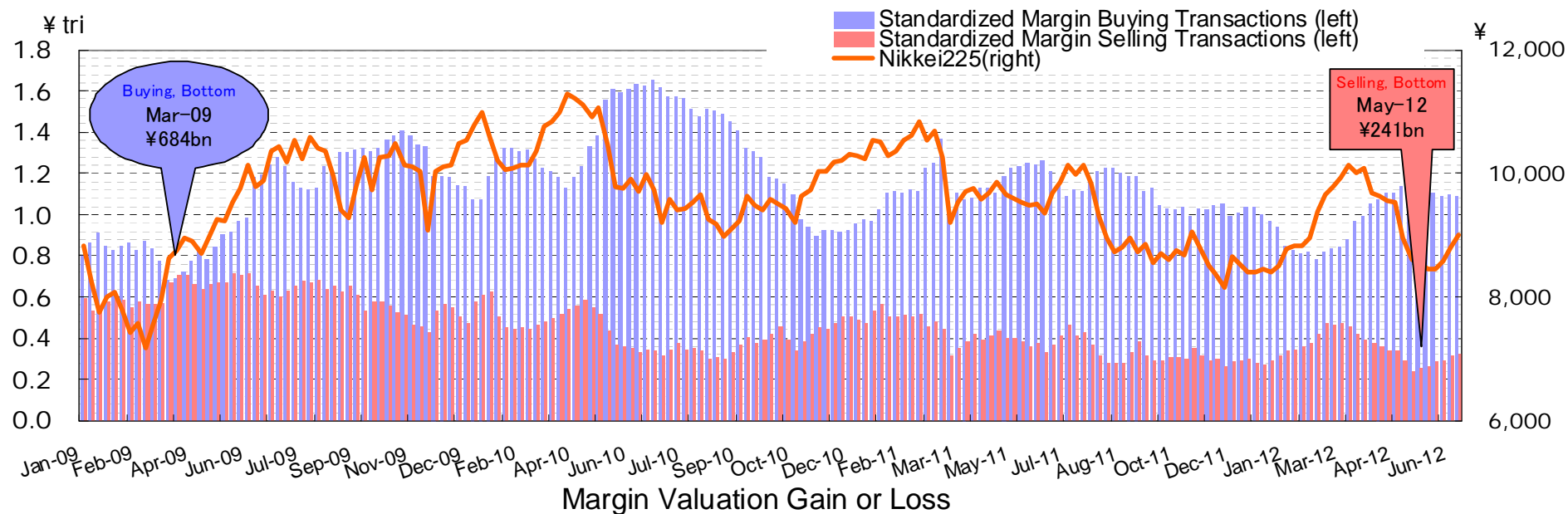
Posted Profit in Equity-Method due to recovery from deficit of JBIS Holdings.

Profit in Equity-Method for FY2012,1Q: ¥32mil (Loss in Equity-Method for FY2011,1Q:¥30mil)

Avg. Outstanding Balance of Margin Loans and Stock Loans



Outstanding Balance of Standardized Margin Transactions

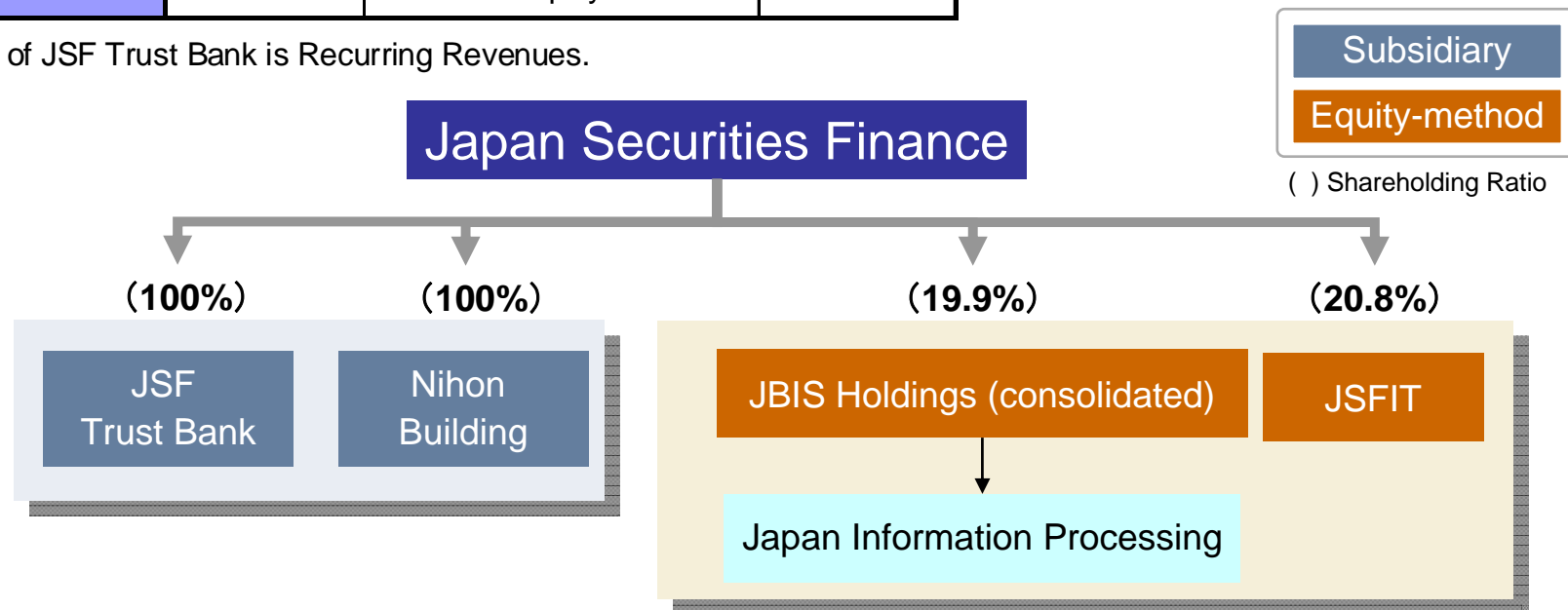


Financial Results of Group Companies

¥ mil

	Shareholding Ratio	FY2012, 1Q Results		
		Operating Revenues*	Recurring Income	Net Income
Consolidated		4,395	1,003	725
JSF	-	3,661	767	530
JSF Trust Bank	100%	640	194	193
Nihon Building	100%	289	114	75
Equity-method	-	Gain in Equity-Method		32

* Figure of JSF Trust Bank is Recurring Revenues.



Financial Results for JSF Trust Bank

¥mil

	FY2011 1Q	FY2012 1Q	change
Recurring Revenues	2,345	640	▲1,704
Trust charges	76	75	▲1
Recurring Income	1,600	194	▲1,405
Net Income	1,599	193	▲1,406
Equity Ratio	28.25%	34.39%	

Financial Highlights for FY2012, 1Q

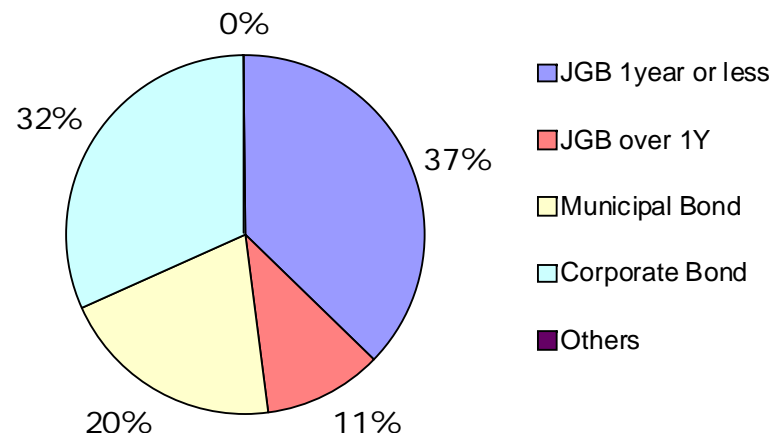
- ◆ Revenue from trust business is the same level as the previous year.
- ◆ Interest on loans decreased primarily due to decreased loans to the government.
- ◆ Profit on bond investment largely decreased due to disappearance of CDO-sale profits posted last year.

Main Assets of JSF Trust Bank

● Securities Holdings

	Sep-11	Mar-12	Jun-12	Notes
JGB	488,822	407,669	358,839	
1year or less	428,939	327,732	278,903	
over 1Y	59,882	79,937	79,936	
Municipal Bond	187,486	158,248	152,523	
Corporate Bond	284,050	224,458	239,880	Mainly Government Guaranteed Bond
Equity	4	4	4	
Other Securities	9,835	307	321	
Foreign Securities	9,470	0	0	
CDO	0	0	0	Sold off in Apr-11
others	365	307	321	
Total	970,198	790,687	751,568	

● Ratio of Securities(as of Jun-12)



● Loan Balance by Industry

	Jun-11		Sep-11		Dec-11		Mar-12		Jun-12	
	Loan Balance	ratio	Loan Balance	ratio	Loan Balance	ratio	Loan Balance	ratio	Loan Balance	ratio
Manufacturing	32,881	21.2%	32,404	36.2%	31,995	34.6%	31,859	32.1%	31,553	31.1%
Fishery	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Mining	480	0.3%	432	0.5%	432	0.5%	384	0.4%	384	0.4%
Construction	2,223	1.4%	2,087	2.3%	2,004	2.2%	1,850	1.9%	1,753	1.7%
Energy & Utilities	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Communication	2,367	1.5%	700	0.8%	700	0.8%	2,687	2.7%	2,687	2.6%
Transportation	11,059	7.1%	11,476	12.8%	12,018	13.0%	11,921	12.0%	12,147	12.0%
Wholesale	5,614	3.6%	5,611	6.3%	5,609	6.1%	5,607	5.7%	5,604	5.5%
Retail	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Finance & Insurance	12,995	8.4%	11,795	13.2%	9,771	10.6%	9,620	9.7%	9,209	9.1%
Real Estate	6,847	4.4%	9,227	10.3%	9,979	10.8%	10,274	10.4%	10,232	10.1%
Service Industries	3,085	2.0%	3,032	3.4%	3,029	3.3%	3,025	3.1%	3,023	3.0%
Governments	77,800	50.1%	12,800	14.3%	16,917	18.3%	21,917	22.1%	24,917	24.5%
Total	155,355		89,568		92,459		99,148		101,512	

Estimated Figures for FY2012

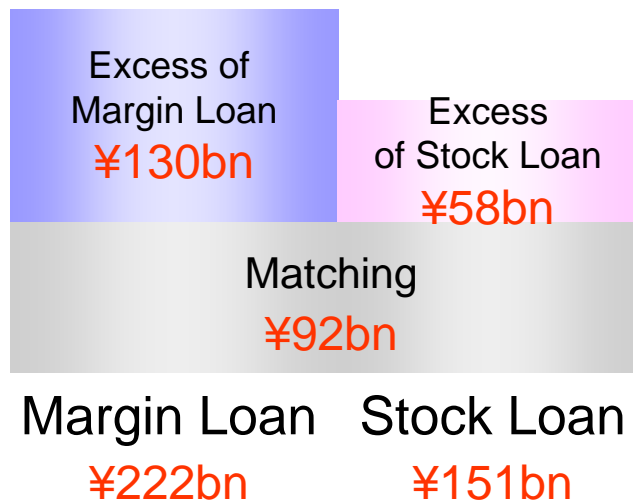
¥mil

	Parent			Consolidated		
	FY2012 1Q Results	FY2012 1Q-2Q	FY2012 1Q-4Q	FY2012 1Q Results	FY2012 1Q-2Q	FY2012 1Q-4Q
Operating Profit	588	500 (+100)	700 (▲400)	887	1,000 (+300)	1,400 (▲300)
Recurring Income	767	700 (+100)	900 (▲500)	1,003	1,100 (+300)	1,700 (▲400)
Net Income	530	500 (+100)	600 (▲300)	725	800 (+300)	1,200 (▲200)
EPS (Yen)	5.70	5.37	6.45	7.80	8.60	12.90
Preconditions	Margin Loan balance:¥250bn, Stock Loan balance:¥190bn Loan Rate:0.77% Interest on Collateral Money:0%, Lending Fee:0.40%					

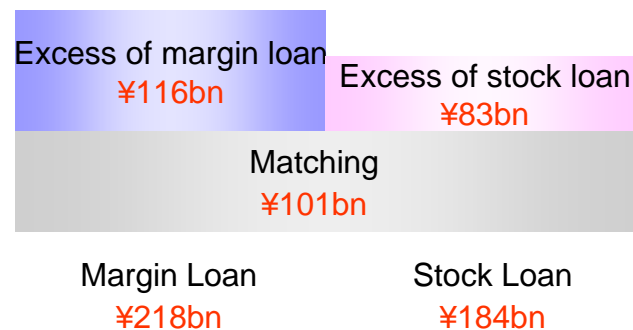
※() is change from Estimated Figures released on May 14.

Precondition Balance of Margin Loans

FY2012,1Q Results



FY2011 Results



FY2012 Precondition



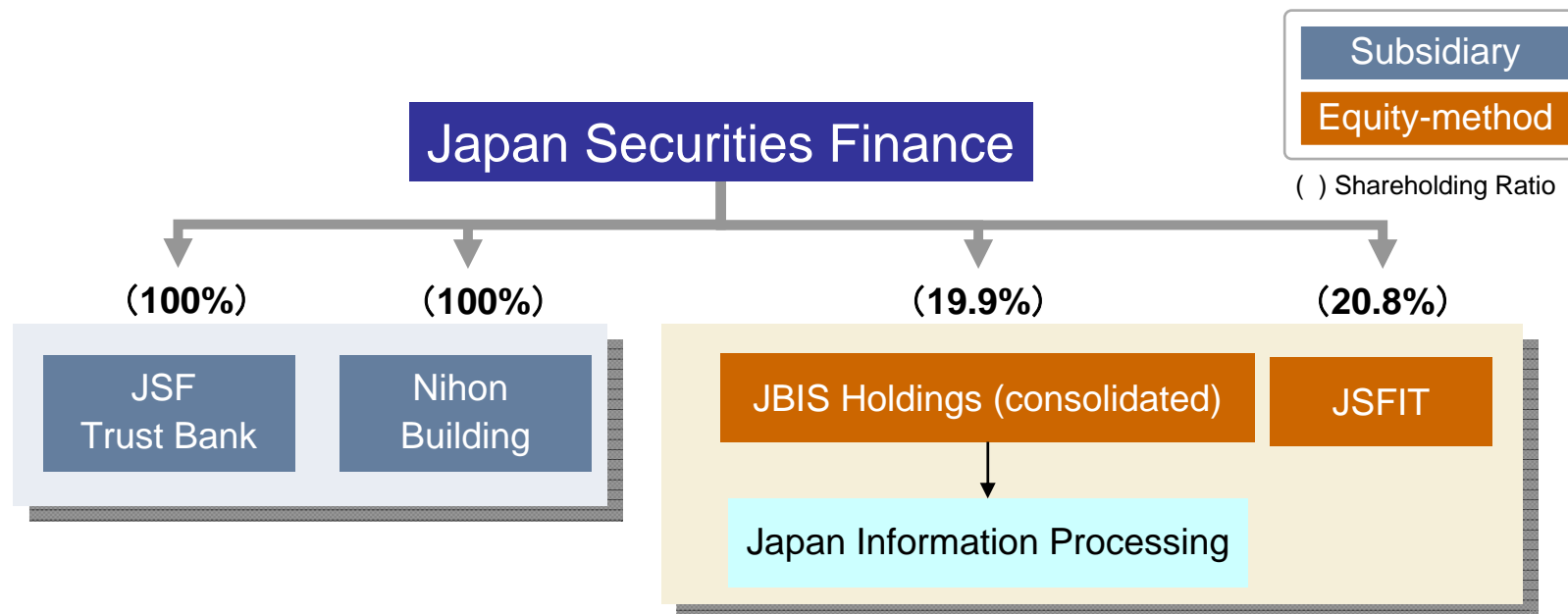
Preconditions

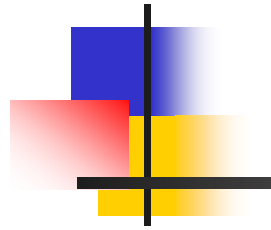
- Loan Rate: 0.77%
- Interest on Collateral Money: 0%
- Lending Fee: 0.40%

Consolidated Estimated Figures

¥ mil

	Shareholding Ratio	FY2012, 1Q Results			FY2012 Estimated Figures		
		Operating Income	Recurring Income	Net Income	Operating Income	Recurring Income	Net Income
Consolidated		887	1,003	725	1,400	1,700	1,200
JSF	—	588	767	530	700	900	600
JSF Trust Bank	100%	—	194	193	—	300	260
Nihon Building	100%	100	114	75	360	390	240





Appendix

Dividend Policy

➤ New Dividend Policy

Basically, Dividend Payout Ratio of about 40% on **Consolidated Financial Results**, considering Dividend on Equity (DOE) Ratio.

FY2012 Forecast: **Annual ¥14 (Interim ¥7, year-end ¥7)**

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Annual Dividend per share	¥26	¥20	¥14	¥14	¥14	¥14
(year-end)	¥13	¥10	¥7	¥7	¥7	¥7
(interim)	¥13	¥10	¥7	¥7	¥7	¥7
<Consolidated> : EPS	¥▲13.1	¥▲80.3	¥38.6	¥37.7	¥8.4	¥12.9
: DPR	-	-	36.3%	37.1%	166.3%	108.5%
: DOE	2.1%	1.7%	1.2%	1.2%	1.2%	1.2%
<Parent> : EPS	¥49.7	¥28.3	¥27.0	¥17.3	¥13.2	¥6.5
: DPR	52.3%	70.7%	51.9%	80.7%	106.0%	217.1%

Operating Revenues by Each Business

¥ mil

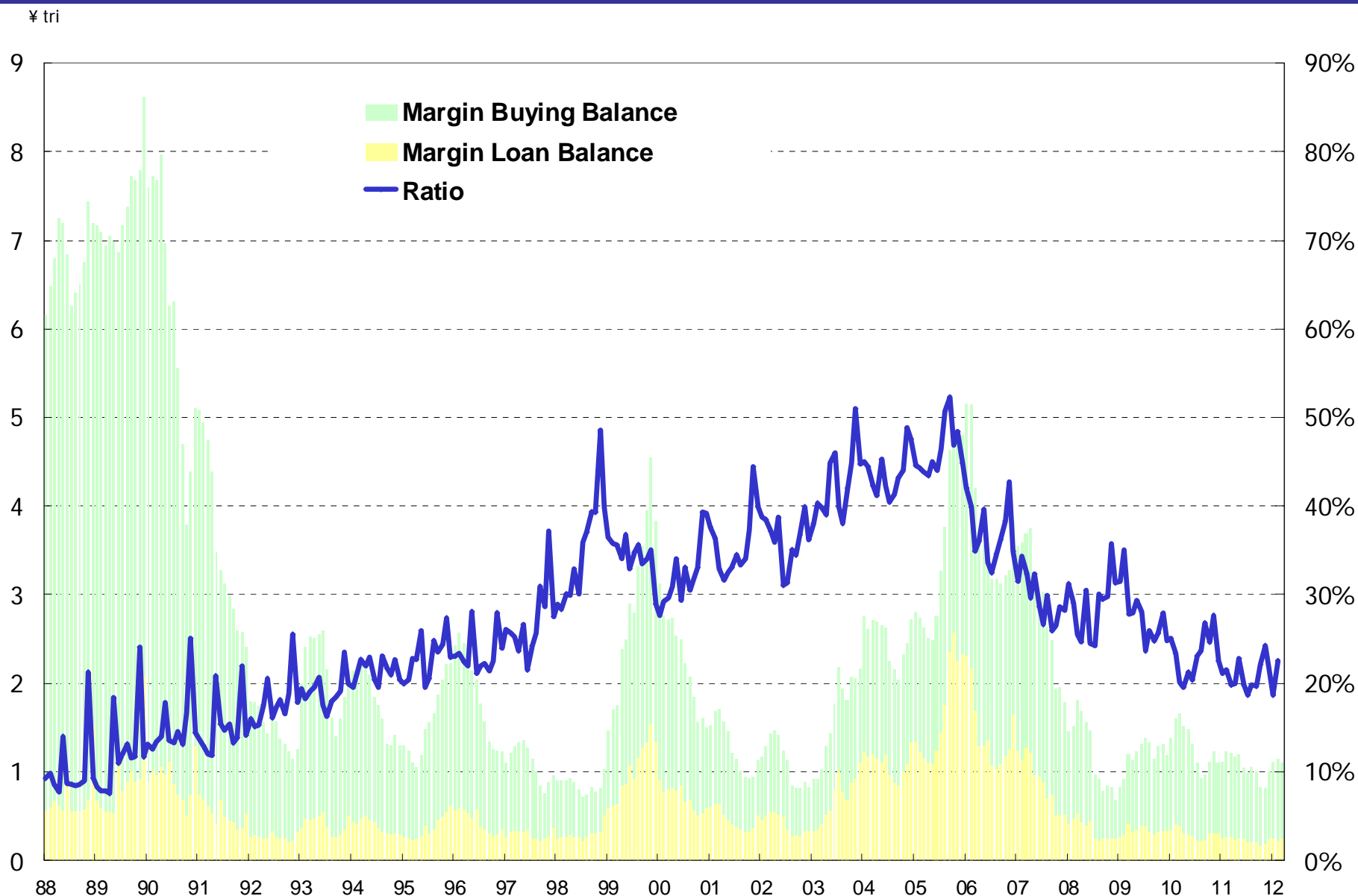
	Mar-08	Mar-09	Mar-10	Mar-11	Jun-11	Mar-12	Jun-12
Securities Finance Business	38,619	34,427	20,817	17,558	3,861	15,186	3,646
Margin Loan Business	23,156	19,638	12,954	8,922	1,443	6,756	1,213
	(45.8%)	(44.3%)	(46.5%)	(39.0%)	(22.7%)	(33.4%)	(27.6%)
Interest on Loans	10,581	3,899	3,324	2,809	519	1,783	451
Interest on collateral money of securities	1,683	1,992	1,774	826	144	639	112
Fees on Lending Securities	10,383	13,278	7,337	4,807	748	3,957	609
Premium Charges	7,862	11,568	5,773	3,811	538	3,147	445
Lending Fees	2,520	1,710	1,563	996	209	809	163
Bond Financing and General Loans Business	1,428	1,275	1,234	1,047	194	827	181
	(2.8%)	(2.9%)	(4.4%)	(4.6%)	(3.1%)	(4.1%)	(4.1%)
Bond financing & General Loans	1,016	951	767	659	118	492	109
Loans for Negotiable Margin Transactions	412	191	204	200	36	189	39
Securities Lending Business	6,297	4,848	1,454	1,754	490	1,701	543
	(12.5%)	(10.9%)	(5.2%)	(7.7%)	(7.7%)	(8.4%)	(12.4%)
General Stock Lending	848	462	308	331	59	219	70
Bond Lending	5,448	4,386	1,146	1,422	431	1,482	473
Others	7,736	8,664	5,174	5,834	1,733	5,901	1,707
	(15.3%)	(19.6%)	(18.6%)	(25.5%)	(27.3%)	(29.2%)	(38.9%)
Bond Trading (Parent only)	6,767	8,129	5,077	5,754	1,715	5,824	1,690
Trust Business	10,844	8,780	6,016	4,360	2,287	4,224	545
	(21.4%)	(19.8%)	(21.6%)	(19.1%)	(36.0%)	(20.9%)	(12.4%)
Interest on Loans	3,833	3,348	1,330	1,079	223	741	157
Trust Charges	198	209	249	308	76	300	75
Bond Trading	5,317	4,935	4,342	2,657	1,966	3,134	308
Real Estate Management Business	1,118	1,091	1,034	930	201	818	203
	(2.2%)	(2.5%)	(3.7%)	(4.1%)	(3.2%)	(4.0%)	(4.6%)
Operating Revenues	50,582	44,299	27,868	22,848	6,350	20,229	4,395
(excluded Premium Charges)	42,719	32,731	22,095	19,037	5,812	17,082	3,949

Avg. & Outstanding Loan Balance

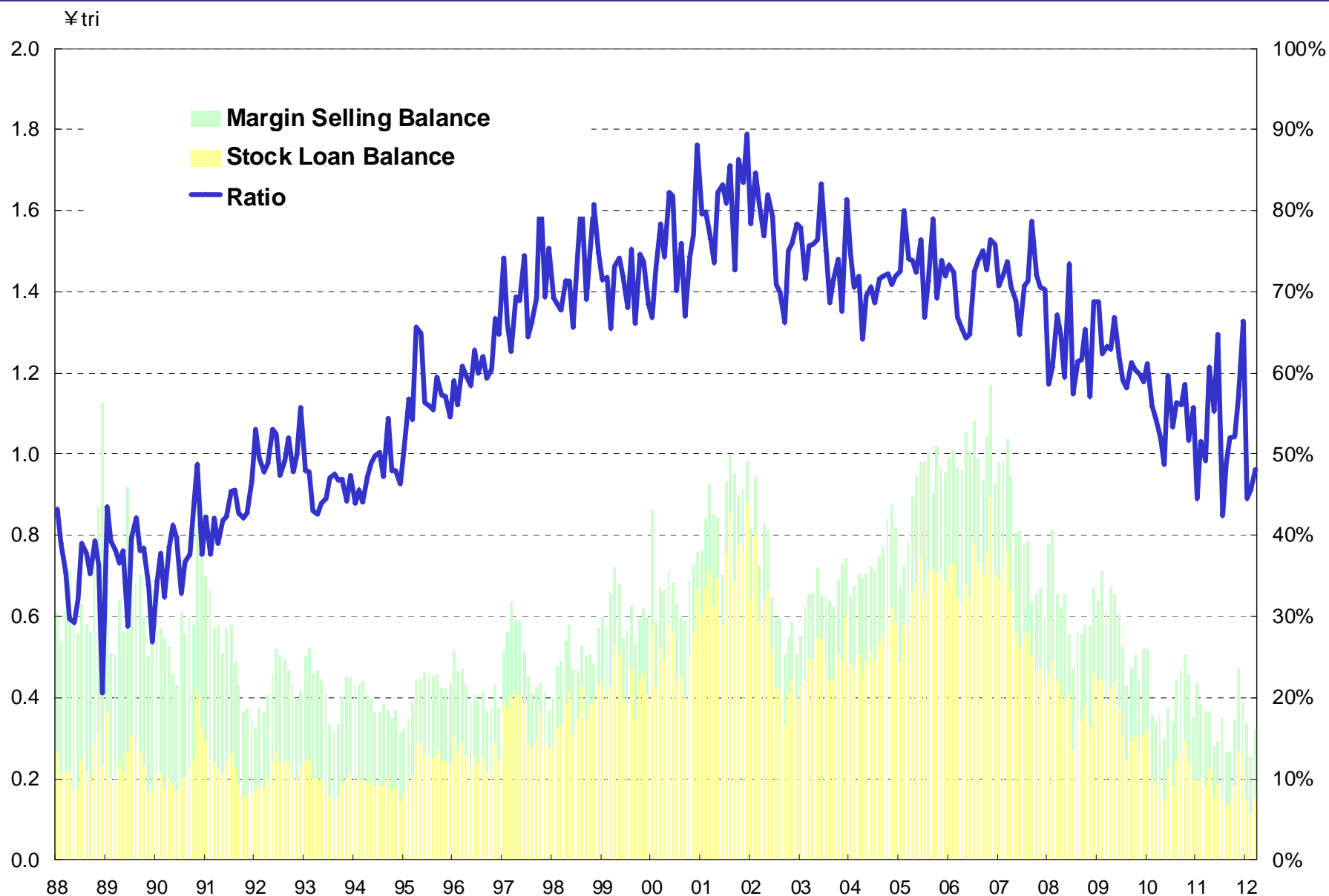
¥ mil

		FY2008	FY2009	FY2010	FY2011 1Q	FY2011	FY2012 1Q
Margin Loans	avg.	336,324	324,205	293,429	256,490	218,059	222,782
	term-end	244,306	328,755	305,083	260,246	241,035	246,191
Bond Financing & General Loans	avg.	51,887	46,863	45,850	38,750	50,893	49,997
	term-end	53,141	51,448	39,782	39,131	96,488	50,867
Loans for negotiable margin transactions	avg.	14,282	17,173	18,405	18,224	20,330	18,996
	term-end	18,714	20,944	18,143	18,949	25,727	19,048
Sales under repurchase agreement	avg.	88	302	0	0	0	0
	term-end	0	0	0	0	0	0
Trust Bank Loans	avg.	410,822	215,308	303,778	216,422	141,310	105,484
	term-end	191,122	260,862	211,527	154,662	98,260	100,638
Others	avg.	7,749	14,500	14,423	12,500	12,530	12,560
	term-end	14,500	14,500	12,500	12,500	18,000	12,500
Total	avg.	806,872	601,180	657,481	524,163	422,793	390,824
	term-end	503,070	655,567	568,893	466,540	453,784	410,197
Stock Loans	avg.	396,181	361,388	228,050	191,953	184,698	151,234
	term-end	459,098	306,394	196,442	179,985	259,058	154,530

Margin Buying Transactions & JSF Margin Loans



Margin Selling Transactions & JSF Stock Loans



Securities Account

	Jun-12	notes
Assets	¥mil	
Loans	410,197	
Margin Loans	246,191	margin loan
Collateral Money of Securities Borrowed	973,783	
Stock Loan	51,385	Excess of stock loan
Securities Account		
Securities Lent	175,727	
Loans for Margin Transactions	154,530	stock loan
Bond Lending	0	
Securities in Custody	22,851	
Bond	2,500	
Equity	20,351	
Securities in Deposit	143,241	Excess of margin loan
Total of Securities Account	341,820	

	Jun-12	notes
Liabilities	¥mil	
Collateral Money of Securities Lent	975,233	
Margin Loans	154,530	stock loan
Securities Account		
Collateral Securities Deposited	246,191	margin loan
Securities Borrowed	74,844	
Loans for Margin Transactions	51,580	Excess of stock loan
Bond Borrowing	2,500	
Securities Lent Opposite Account	20,784	
Total of Securities Account	341,820	

Features of Balance Sheet

Features of Assets

(1) Fluctuation of Loan Balance

Loan balance moves everyday because margin loan is over-night loan

(2) Holding JGBs for flexible cash funding

Holding certain amount of JGBs to fund money flexibly in short-term money market

Features of Liabilities

(1) Fluctuation of money funding amount

Need to response flexibly to fluctuating cash demands, because of the fluctuation of margin loan balance

(2) Dependent on market

Cash funding structure is not stable and depends on money market, because no deposits like banks

(3) Funding with low rate

Required to fund in low cost to supply money for securities market stably and flexibly

Assets

Jun-12

◆ Loans	309,558	<ul style="list-style-type: none"> ·Margin Loan ·Loans for negotiable margin transactions ·Bond financing & General Loans
◆ Short-term Investments	1,092,638	<ul style="list-style-type: none"> ·JGBs, its duration is less than 1 year
◆ Collateral Money of securities borrowed	975,815	<ul style="list-style-type: none"> ·Collateral money of bond borrowing ·Collateral money of excess of Stock Loan
◆ Investments in securities	759,972	<ul style="list-style-type: none"> ·Mainly JGBs, its duration is over 1 year

Liabilities

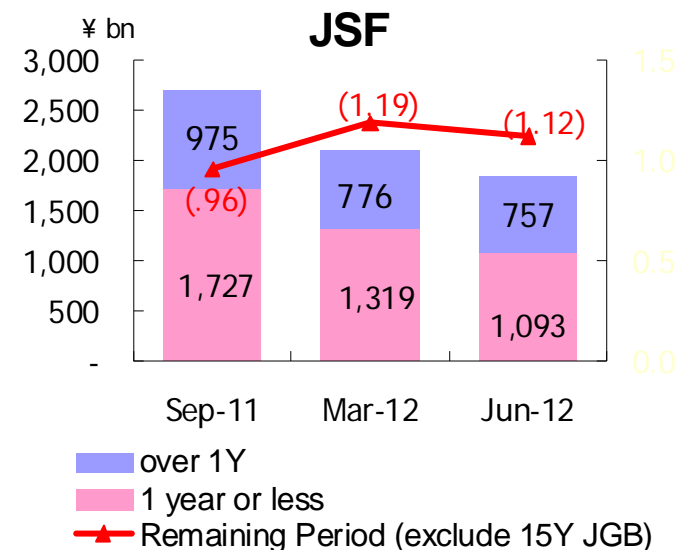
Jun-12

¥ mil

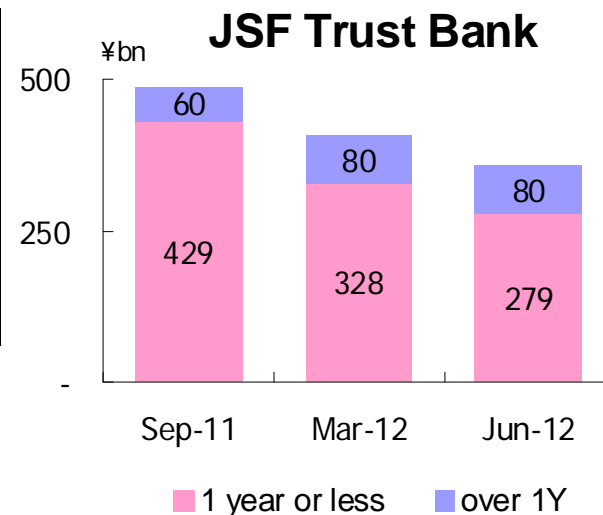
◆ Call Money	1,083,900	
◆ Short-term Borrowings	1,033,600	<ul style="list-style-type: none"> ·Borrowings from banks ·BOJ operation
◆ Collateral Money of securities lent	935,241	<ul style="list-style-type: none"> ·Collateral money of bond lending ·Collateral money of Stock Loan
◆ Long-term Borrowings	2,000	<ul style="list-style-type: none"> ·Borrowings from financial institutions
Net Assets	110,182	

JGB Balance

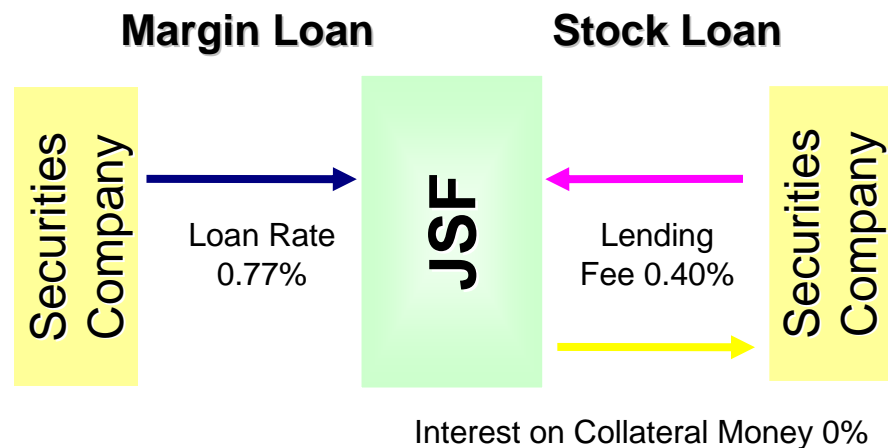
		¥ mil		
JSF		Sep-11	Mar-12	Jun-12
JGB Balance		2,702,225	2,094,731	1,849,923
	1 year or less	1,727,065	1,318,655	1,092,638
	over 1Y	975,160	776,076	757,284
	(15Y floating JGB)	156,760	152,747	153,443
Net unrealized gain or loss on securities on B/S		4,468	5,016	5,497
Remaining Period (exclude 15Y JGB)		(.96)	(1.19)	(1.12)



		¥ mil		
JSF Trust Bank		Sep-11	Mar-12	Jun-12
JGB Balance		488,822	407,669	358,839
	1 year or less	428,939	327,732	278,903
	over 1Y	59,882	79,937	79,936
	(15Y floating JGB)	39,886	39,892	39,895
Net unrealized gain or loss on securities on B/S		▲ 684	▲ 574	▲ 533



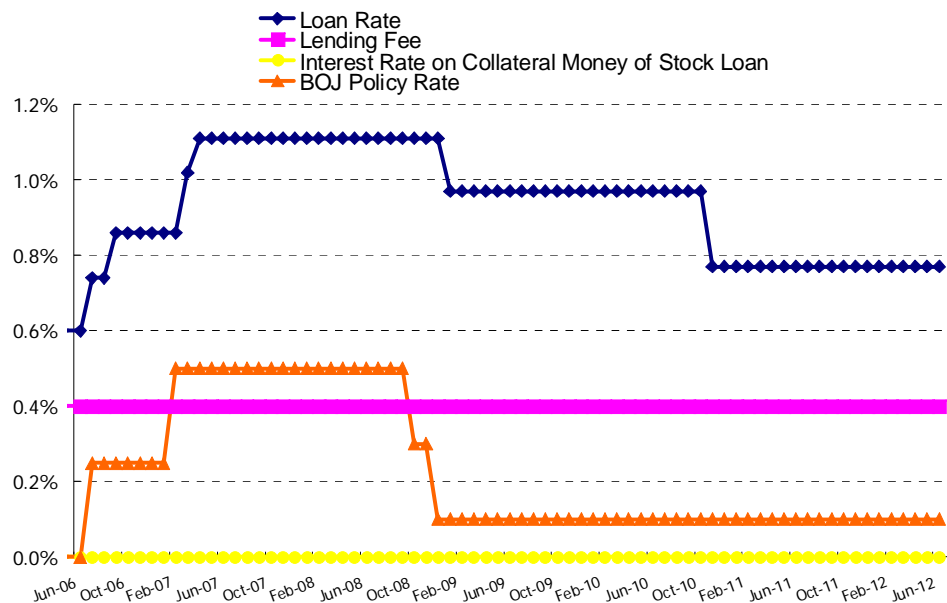
Margin Loan Rates



BOJ Policy Interest Rate

- Jul 2006 Uncollateralized O/N Call Rate: **0.25%**
- Feb 2007 Uncollateralized O/N Call Rate: **0.50%**
- Oct 2008 Uncollateralized O/N Call Rate: **0.30% (▲0.20%)**
- Dec 2008 Uncollateralized O/N Call Rate: **0.10% (▲0.20%)**
- Oct 2010 Uncollateralized O/N Call Rate: **0~0.10% (▲0.10~0%)**

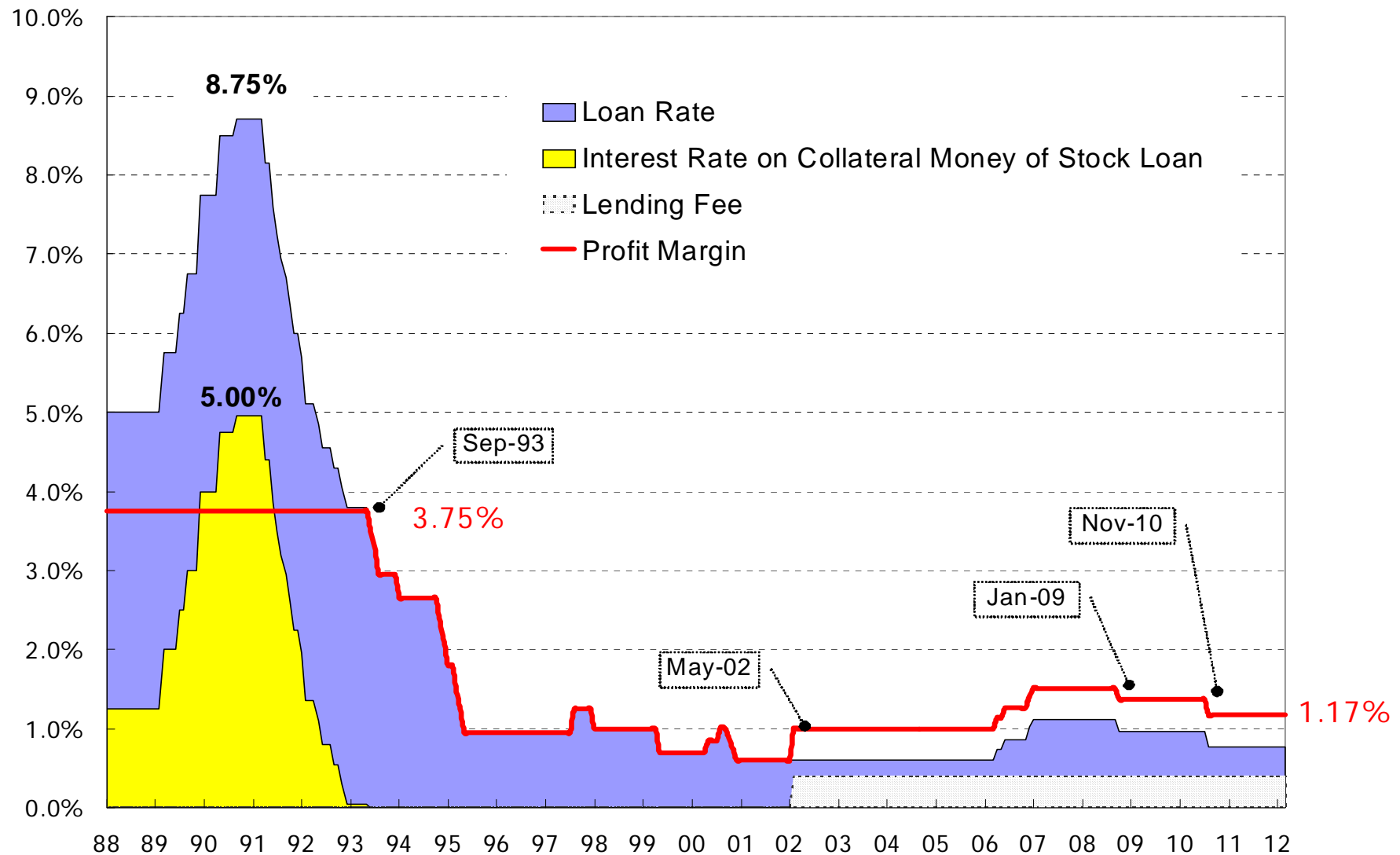
Margin Loan Rate



- 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%)**
- 29/Jan/2009 **0.97% (▲0.14%)**
- 22/Nov/2010 **0.77% (▲0.20%)**

◆ 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

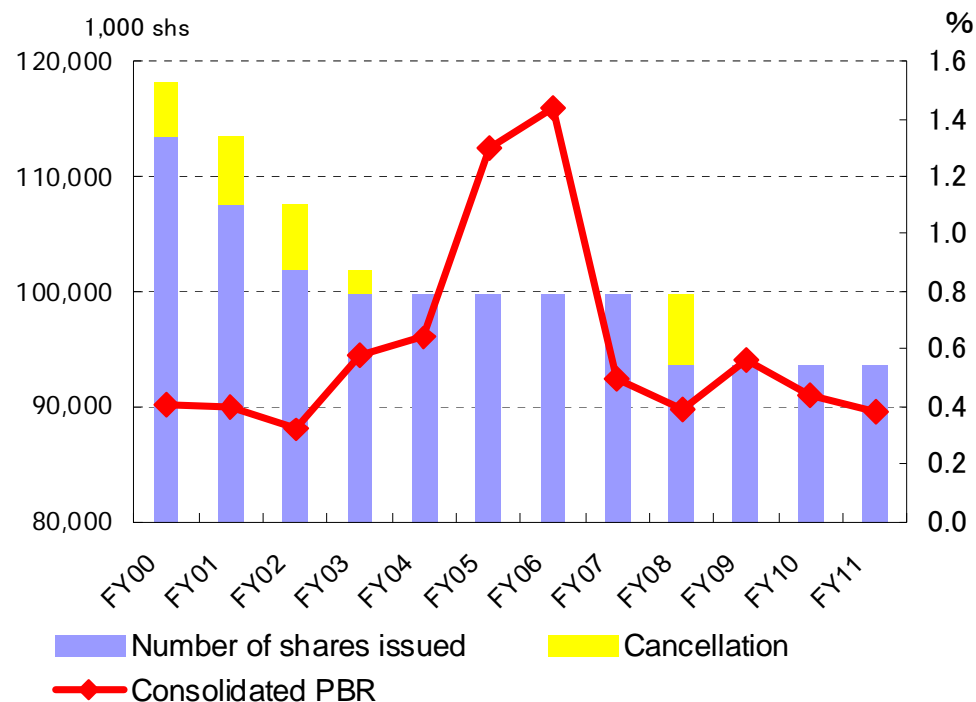


Share Buyback Program

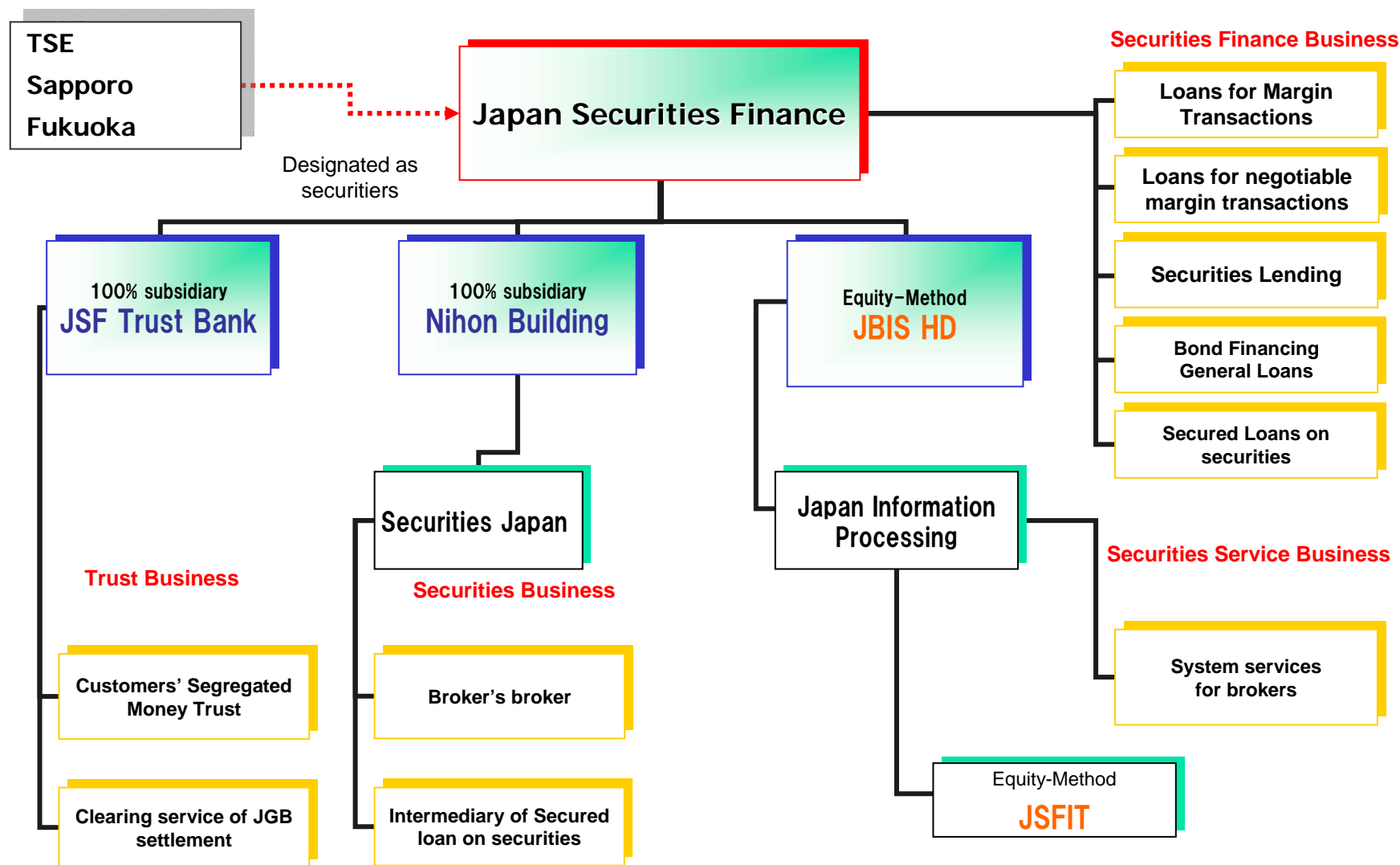
	start	end	total shares purchased	amount	cancellation	shares issued
			shs	¥ mil	shs	shs
FY2008	2008/4/1	2008/4/18	4,312,800	2,999		99,704,000
	2008/5/15	2008/6/11	978,900	999		99,704,000
	2008/6/27	2008/7/25	1,000,000	881		99,704,000
	2008/9/24				6,004,000	93,700,000
			6,291,700	4,881		

Number of shares issued and Cancellation

	Number of shares issued	Cancellation
	1,000 shs	
FY00	113,474	4,800
FY01	107,509	5,965
FY02	101,810	5,699
FY03	99,704	2,106
FY04	99,704	—
FY05	99,704	—
FY06	99,704	—
FY07	99,704	—
FY08	93,700	6,004
FY09	93,700	—
FY10	93,700	—
FY11	93,700	—



Securities-related Business by JSF Group Companies



Notice

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