



# Financial Presentation for 1Q FY2015

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Japan Securities Finance Co.,Ltd

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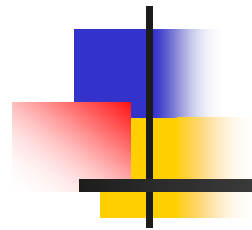
# Agenda

## ◆ Financial Summary (P3~13)

- Financial Summary for 1Q FY2015 (P4)
- Breakdown of Operating Revenues by business (P5)
- Financial Highlights for 1Q FY2015 (P6~P10)
- Financial Results of Group Companies (P11)
- Financial Results of JSF Trust Bank (P12)
- Estimated Figures for FY2015 (P13~P14)

## Appendix (P15 ~ 32)

- Shareholder Return Policy
- Dividend
- Share Buyback Program
- Breakdown of Operating Revenues by business
- Outstanding Loan Balance
- Margin Transactions & Margin Loans
- Revenue structure of Loans for margin transactions
- Margin Loan Rates
- Loan Rate of Loans for Margin Transactions
- Features of Balance Sheet (Consolidated)
- Securities Holdings
- JSF Trust Bank (Loan Balance)
- The 4<sup>th</sup> mid-term Management Plan
- Business Strategies for the 4<sup>th</sup> MMP
- Reinforcing Management Systems for the 4<sup>th</sup> MMP
- Business Strategies of JSF Trust Bank
- Rating Information



# Financial Summary

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# Financial Summary for 1Q FY2015

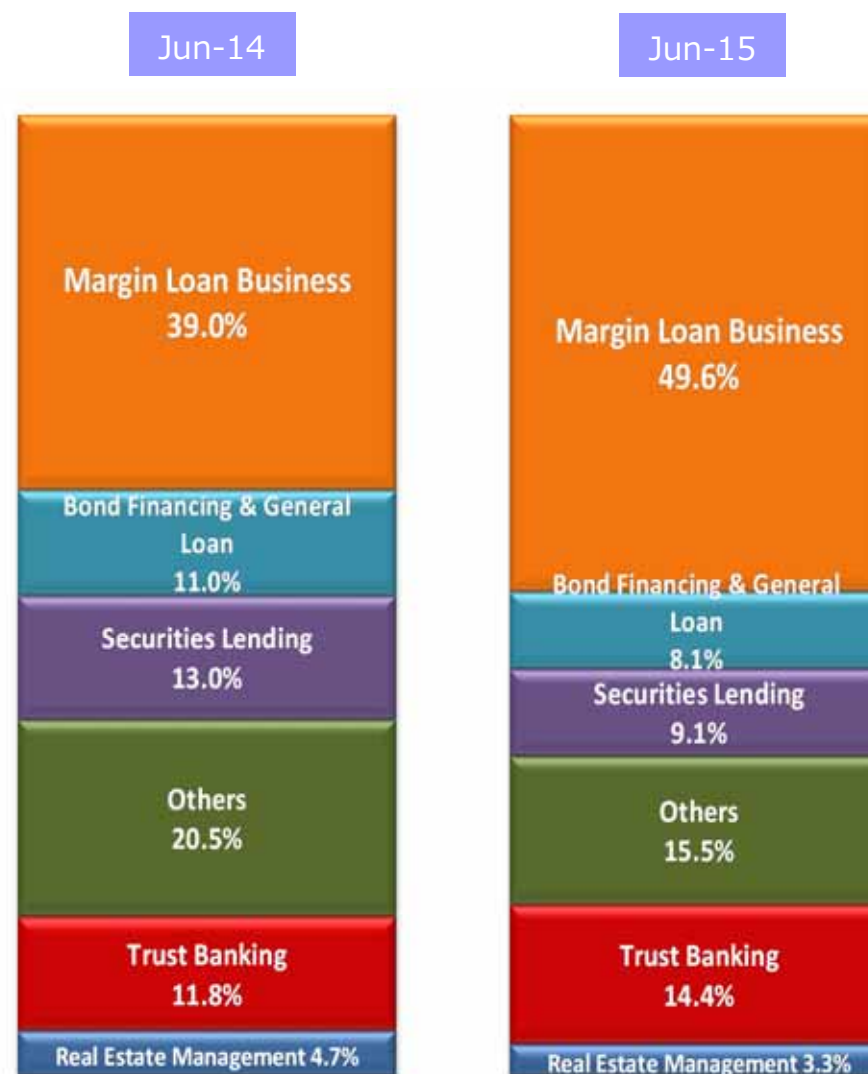
¥ mil

	Parent			Consolidated		
	FY2014 1Q	FY2015 1Q	Change	FY2014 1Q	FY2015 1Q	Change
Operating Revenues	<b>3,942</b>	<b>5,039</b>	1,097	<b>4,713</b>	<b>6,111</b>	1,397
ex Premium charges	3,333	3,312	▲20	4,104	4,384	279
Operating Expenses	1,654	2,661	1,006	1,941	3,068	1,127
ex Premium charges	1,045	935	▲109	1,332	1,342	10
General & Administrative Expenses	1,638	1,604	▲34	1,651	1,896	245
Operating Income	<b>648</b>	<b>773</b>	124 (19.3%)	<b>1,121</b>	<b>1,146</b>	24 (2.2%)
Gain or Loss in Equity-Method	—	—	—	▲62	▲17	▲45
Recurring Income	<b>1,048</b>	<b>1,146</b>	98 (9.4%)	<b>1,352</b>	<b>1,406</b>	53 (3.9%)
Extraordinary Profit or Loss	—	—	—	—	—	—
Net Income	<b>770</b>	<b>931</b>	161 (20.9%)	<b>1,015</b>	<b>1,118</b>	103 (10.2%)

# Breakdown of Operating Revenues by business

¥ mil  
( ): ratio of OR

	Jun-14	Jun-15
<b>Securities Finance Business</b>	<b>3,936</b>	<b>5,033</b>
<b>Margin Loan Business</b>	<b>1,839</b>	<b>3,029</b>
	(39.0%)	(49.6%)
Interest on Loans	851	726
Interest on collateral money of securities borrowed	130	206
Fees on Lending Securities	799	2,031
Premium Charges	609	1,727
Lending Fees	190	304
<b>Bond Financing and General Loans Business</b>	<b>521</b>	<b>499</b>
	(11.0%)	(8.1%)
Bond financing & General Loans	317	276
Loans for Negotiable Margin Transactions	66	41
<b>Securities Lending Business</b>	<b>608</b>	<b>557</b>
	(13.0%)	(9.1%)
General Stock Lending	148	251
Bond Lending	459	305
<b>Others</b>	<b>967</b>	<b>946</b>
	(20.5%)	(15.5%)
Bond Investment (Parent only)	938	919
<b>Trust Business</b>	<b>555</b>	<b>878</b>
	(11.8%)	(14.4%)
Interest on Loans	56	39
Trust Charges	124	155
Bond Investment	367	675
<b>Real Estate Management Business</b>	<b>221</b>	<b>199</b>
	(4.7%)	(3.3%)
<b>Operating Revenues</b>	<b>4,713</b>	<b>6,111</b>
<b>(excluded Premium Charges)</b>	<b>4,104</b>	<b>4,384</b>

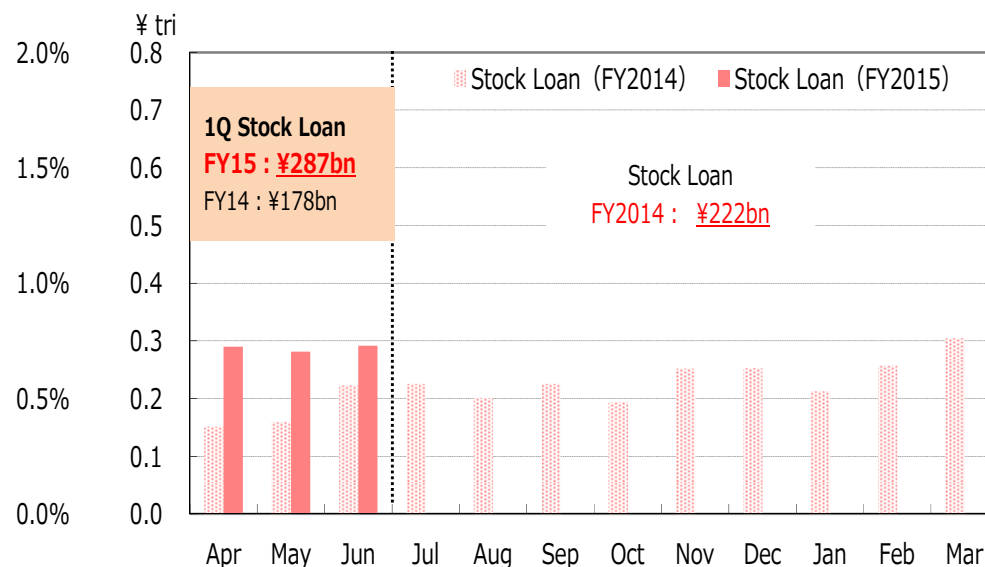
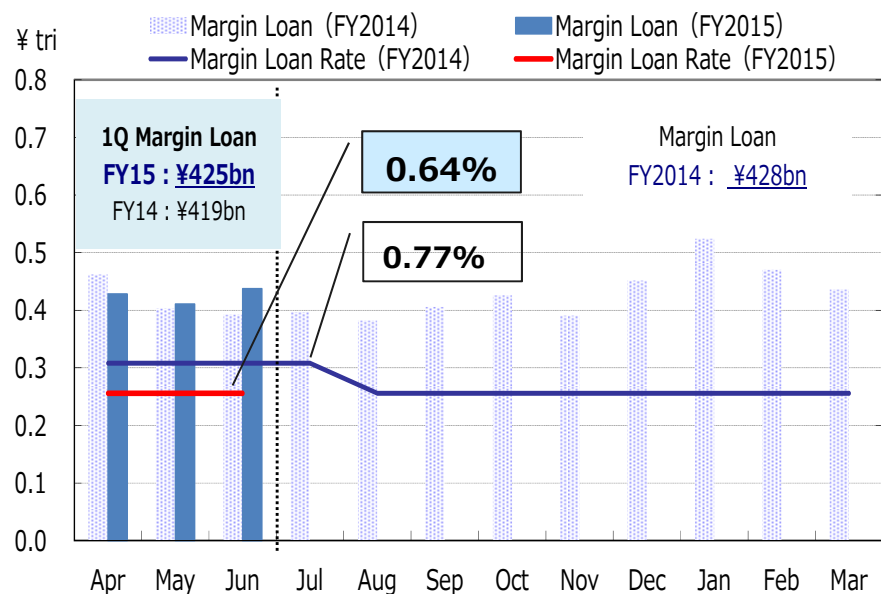


# Financial Highlights 1Q FY2015①

## 1 Margin Loan Balance for 1Q FY2015

- ✓ Though the growth in average of Margin Loan was limited, the growth in average Stock Loan Balance was strong.

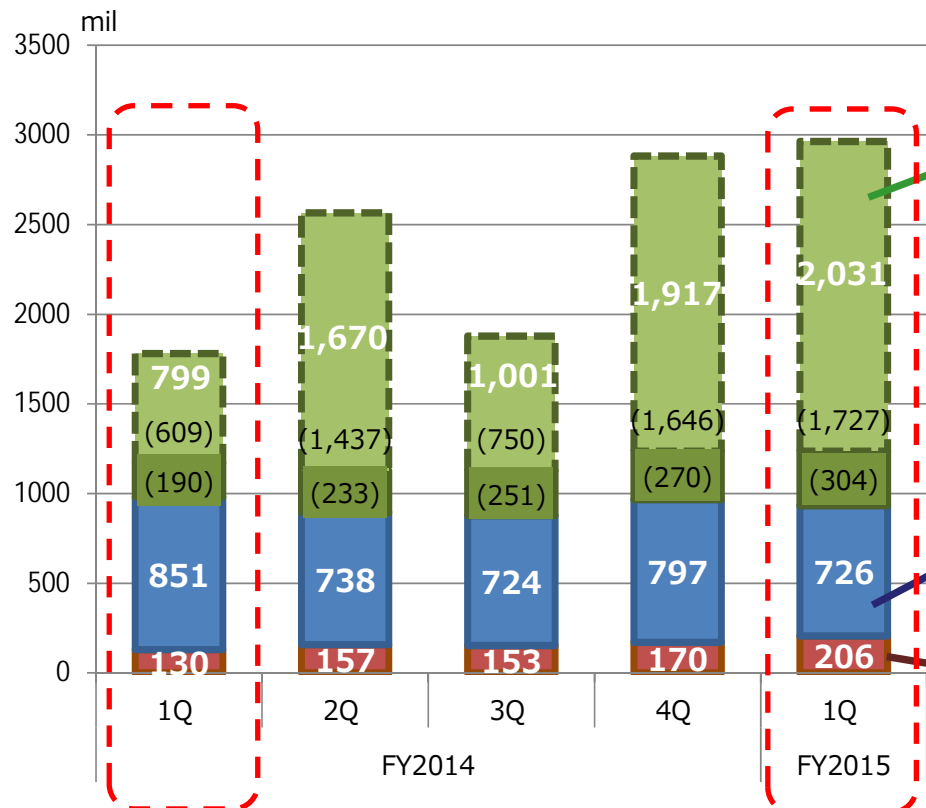
(¥ bn, %)	FY2014						FY2015	YoY
	1Q	2Q	H1	3Q	4Q	full year	1Q	
Margin Loan	419	394	406	423	477	428	<b>425</b>	6
Margin Loan Rate	0.77	0.64	-	0.64	0.64	-	<b>0.64</b>	▲0.13
Stock Loan	178	218	198	233	258	222	<b>287</b>	109



# Financial Highlights 1Q FY2015②

## 2 Margin Loan Business recorded robust growth in revenue

【Operating Revenues Transition】



	1Q revenue	1Q point
Margin Loan Business	3,029 mil (YoY +64.7%)	
(ex premium charges)	1,302 mil (YoY +5.9%)	

**Fees on Lending Securities**

**2,031 mil**  
(YoY +154.0%)

**Premium Charges**

1,727 mil  
(YoY +183.5%)

**Lending Fees**

304 mil  
(YoY +59.7%)

**Interest on Loans**

**726 mil**  
(YoY △14.7%)

**Interest on collateral money of securities borrowed**

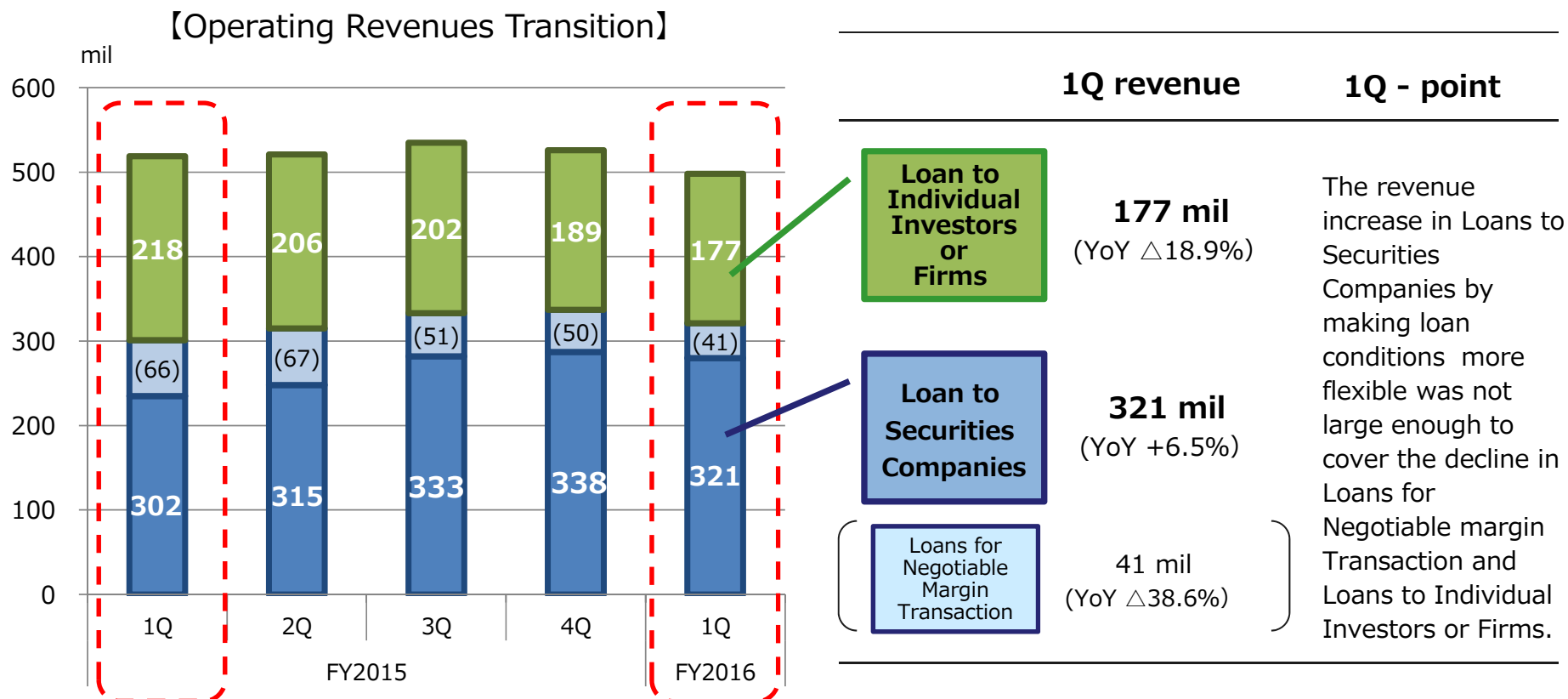
**206 mil**  
(YoY +58.6%)

- ✓ Both Lending fees and Premium Charges resulted in large increases, because of increase of Stock Loan balance.
- ✓ Interest on Loans decreased, because of Loan rate lowered on last Aug.
- ✓ Operating revenues of this business, except Premium Charges, is also increased.

# Financial Highlights 1Q FY2015③

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## General Loans declined somewhat

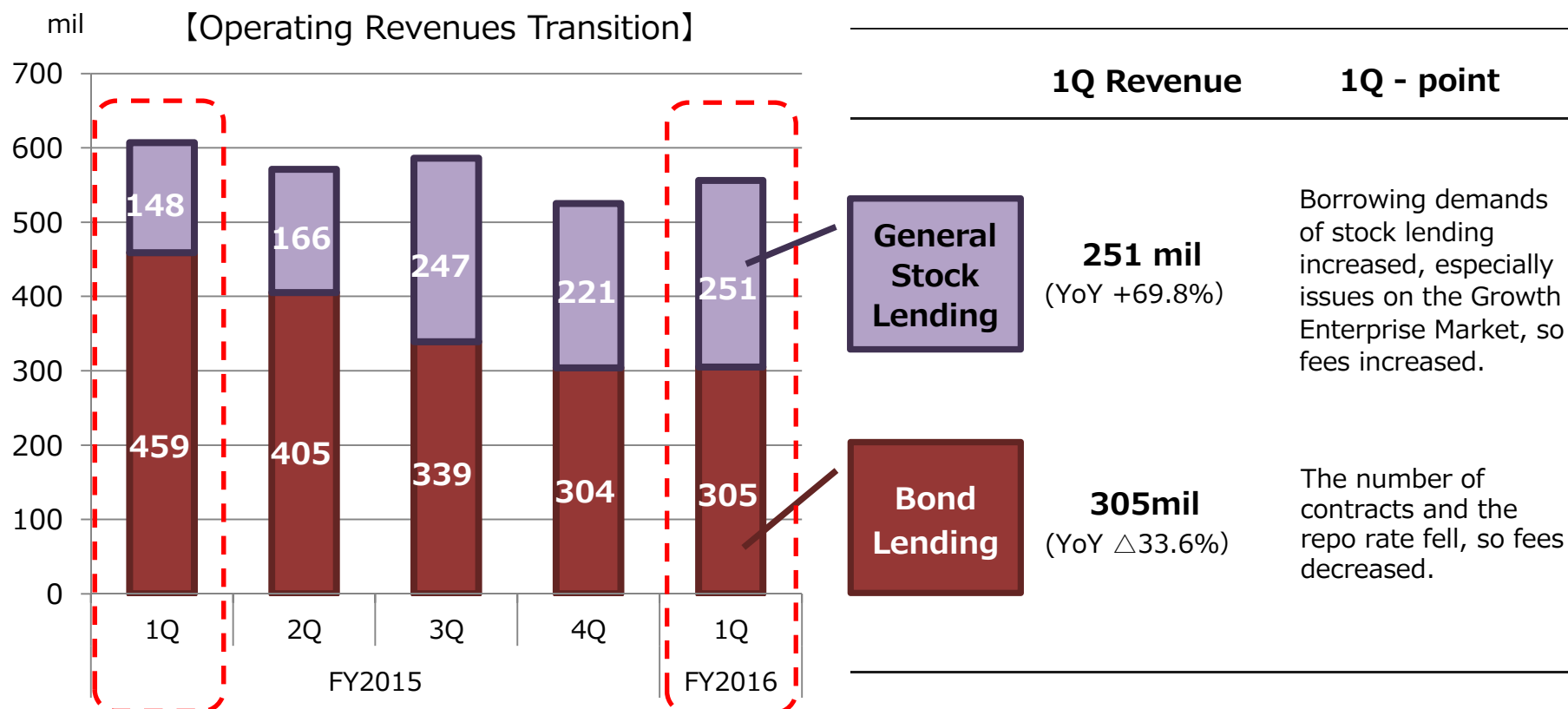


### < Loan Lineup >

- ◆ Loan to Securities Companies ... General Loans, Bond Financing, Loans for Negotiable margin Transaction, Stabilizing fund loan, Equity Repo(Cash-secured Stock Lending Transaction)
- ◆ Loan to Individual Investors or Firms ... Com-STOCK Loan

# Financial Highlights 1Q FY2015④

## 4 Securities Lending Business : General Stock Lending remains solid

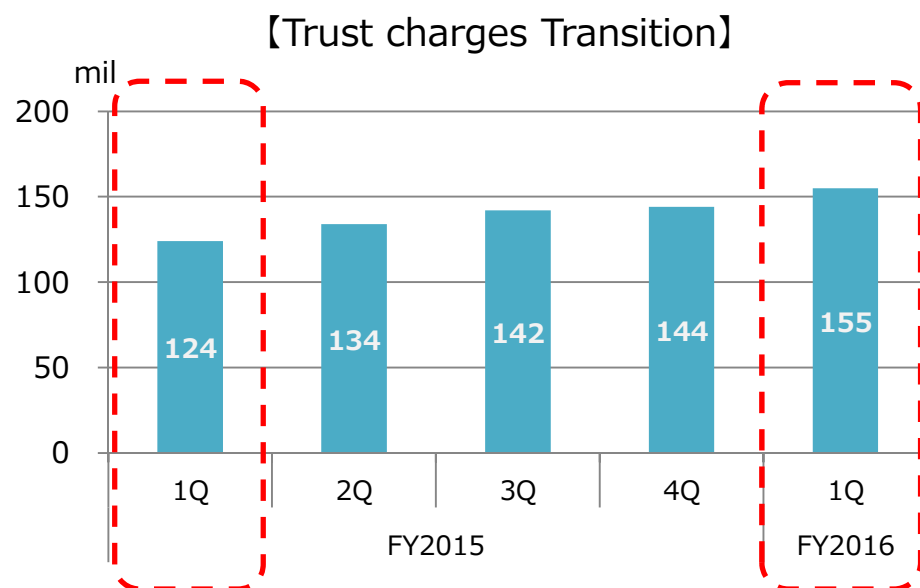


### ※ Genera Stock Lending is ...

- Lending stock to securities companies depending on their various demands (ex. Fail-cover, arbitrage), except on demand to settle Margin Transaction
- Main business partner – 【Lenders】 Institutional investors, etc    【Borrowers】 Securities Companies

# Financial Highlights 1Q FY2015 ⑤ ⑥

## 5 JSF Trust Bank : Trust charges continued to increase



1Q Revenue

1Q - point

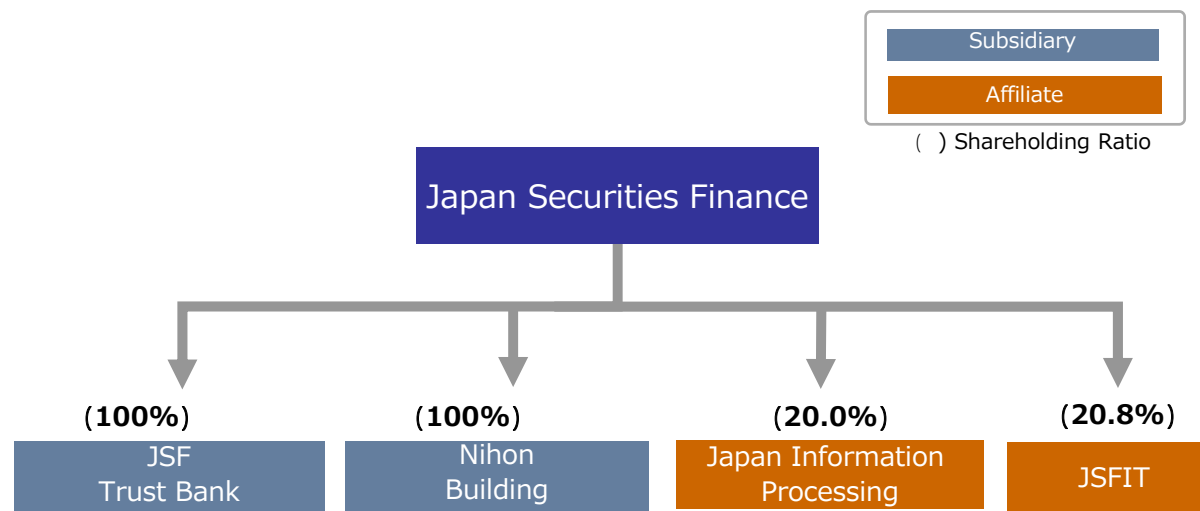
**155mil**  
(YoY +25.2%)

Trust charges continued to increase, contributing from strengthening custodian type trust service (trust for the segregated management of cash margin and other deposits, ABL trust, etc).

## 6 Bond investment (JSF)

- ✓ Income from bond investment was almost flat compare with the same quarter of the previous year contributing from investment in not only medium- and long-term JGBs but also foreign government bonds, despite a decline in gains on sales of securities.

# Financial Results of Group Companies



¥ mil

	Shareholding Ratio	FY 2015, 1Q Results			(Reference) FY2014 1Q Net Income
		Operating Revenues	Recurring Income	Net Income	
<b>Consolidated</b>		<b>6,111</b>	<b>1,406</b>	<b>1,118</b>	<b>1,015</b>
<b>JSF</b>	-	5,039	1,146	931	770
<b>JSF Trust Bank</b>	100%	900*	264	241	332
<b>Nihon Building</b>	100%	296	163	113	118
<b>Equity-method</b>	Gain or Loss in Equity-Method			17	62

\* Figure of JSF Trust Bank is Recurring Revenues.

# Financial Results of JSF Trust Bank

¥mil

	FY2014 1Q	FY2015 1Q	Change
Recurring Revenues	839	900	60
Trust charges	124	155	31
Reversal of ADR*	283	9	▲274
Recurring Expenses	507	636	128
Provision of ADR*	—	—	—
Recurring Income	332	264	▲67
Net Income	332	241	▲90
Net Assets	24,288	25,499	1,210
Total Assets	758,317	320,913	▲437,403

## Highlights

- ◆ Trust charges increased , contributing from strengthening custodian type trust service.
- ◆ Interest on Loans decreased, because loan balance decreased.
- ◆ Recurring Income and Net Income decreased compared with the last year due to decrease of the reversal of Allowance for Doubtful Receivables.

Equity Ratio(estimation) :86.02% (Jun-15)

\*ADR: Allowance for Doubtful Receivables

# Estimated Figures for FY2015

## Precondition Balance of Margin Loans

FY2015 Precondition	
Over-lent Margin Loan ¥300bn	Over-lent Stock Loan ¥120bn
Matching ¥150bn	
Margin Loan ¥450bn	Stock Loan ¥270bn

(Reference)  
FY2014 Results

Over-lent Margin Loan ¥296bn	Over-lent Stock Loan ¥90bn
Matching ¥132bn	
Margin Loan ¥428bn	Stock Loan ¥222bn

¥mil

	FY2015 Estimated Figures			(Reference) FY2014 Net Income
	Operating Income	Recurring Income	Net Income	
Consolidated	2,500 (▲525)	3,200 (▲1,030)	2,600 (▲920)	3,520
JSF	2,000 (▲10)	2,700 (+46)	2,300 (+80)	2,219
JSF Trust Bank	—	185 (▲1,095)	165 (▲1,008)	1,173
Nihon Building	400 (▲105)	470 (▲113)	300 (▲108)	408

※( ) is change from FY2014.

### Preconditions

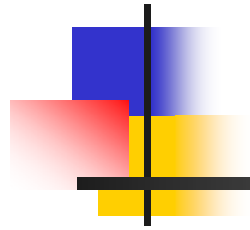
- Loan Rate : 0.64%
- Interest on Collateral Money : 0%
- Lending Fee : 0.40%

# Estimated Figures for FY2015(Full year, 1Q-2Q)

¥mil

	Parent			Consolidated		
	FY2015 1Q Result	FY2015 1Q-2Q	FY2015 1Q-4Q	FY2015 1Q Result	FY2015 1Q-2Q	FY2014 1Q-4Q
Operating Income	773	<b>1,200</b> (-)	<b>2,000</b> (▲100)	1,146	<b>1,700</b> (+200)	<b>2,500</b> (▲100)
Recurring Income	1,146	<b>1,700</b> (-)	<b>2,700</b> (-)	1,406	<b>2,000</b> (+200)	<b>3,200</b> (-)
Net Income	931	<b>1,400</b> (-)	<b>2,300</b> (-)	1,118	<b>1,600</b> (+200)	<b>2,600</b> (-)
EPS (Yen)	9.34	<b>14.06</b>	<b>23.13</b>	11.21	<b>16.07</b>	<b>26.15</b>
preconditions	Avg. Margin Loan Balance:¥ 450bn(+20bn) Avg. Stock Loan Balance:¥ 270bn( 20bn) Margin Loan Rate:0.64% Interest on collateral money:0% Lending Fee:0.40%					

※( ) is change from Estimated Figures released on May 11.



# Appendix

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# Shareholder Return Policy

## 1 Basic Policy

- ◆ Retain solid equity capital to secure the financial health and management stability that society demands of the company as the infrastructure of securities market, and **provide stable long-term return of profits to shareholders** by comprehensively considering revenues environment or investment plans. etc. (medium-term management plan, management policy)



- ◆ Based upon this policy, we will strive to place more importance on shareholder return in the future.

## 2 Shareholder Return Policy (released on 11 May 2015)

### (1) Dividend Payment Policy

- ◆ Our policy is that **the consolidated payout ratio**, as a standard that reflects our business performance, **shall not fall below the 60% level** and that we shall return profits to shareholders while taking into account the consolidated dividend on equity ratio (DOE = ratio of the dividend amount to shareholder equity).

### (2) Share Buyback Policy

- ◆ With a view to offering even more rewarding returns to shareholders, **we will buy back shares as needed in future** while considering the company's financial situation, stock price levels, and so forth.

# Dividend

## ➤ FY2015(Forecast)

Annual ¥16 [Interim ¥8, year-end ¥8] (+¥1 FY2014)

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015 Forecast
Annual Dividend per share	¥14	¥14	¥14	¥14	¥14	¥15	<b>¥16</b>
(year-end )	¥7	¥7	¥7	¥7	¥7	¥8	<b>¥8</b>
(interim)	¥7	¥7	¥7	¥7	¥7	¥7	<b>¥8</b>
<Consolidated> : EPS	¥38.6	¥37.7	¥8.4	¥19.1	¥60.4	¥33.9	<b>¥26.1</b>
: DPR	36.5%	37.1%	166.3%	73.3%	23.2%	44.2%	<b>61.3%</b>
: DOE	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	<b>1.2%</b>
<Parent> : EPS	¥27.0	¥17.3	¥13.2	¥11.0	¥55.3	¥21.4	<b>¥23.1</b>
: DPR	51.9%	80.7%	106.0%	127.1%	25.3%	70.1%	<b>69.3%</b>

# Share Buyback Program

## Resolution of share buyback program (announced on May11, 2015)

- ◆ Number of shares to be acquired : **up to 3million shares**
- ◆ Ratio to total shares issued : **3.0%**
- ◆ Total value to be acquired : **Y2.5bn**
- ◆ Schedule : **from 12May2015 to 18Mar2016**

## 【The past results】

	start	end	total shares purchased		amount		cancellation	shares issued
			shs	(digestive rate)	¥ mil	(digestive rate)	shs	shs
Result In FY2014	2014/5/13	2015/3/20	7,464,400	-	4,652	-	7,307,063	100,000,000
<b>Limit for FY2015</b>	<b>2015/5/12</b>	<b>2016/3/18</b>	<b>3,000,000</b>		<b>2,500</b>		<b>-</b>	<b>-</b>
Result	May-15		90,000	(3.0%)	66	(2.6%)	0	100,000,000
	June-15		410,000	(13.7%)	306	(12.2%)	0	100,000,000
<b>Total</b>	<b>1Q, FY2015</b>		<b>500,000</b>	<b>(16.7%)</b>	<b>372</b>	<b>(14.9%)</b>	<b>0</b>	<b>100,000,000</b>

# Breakdown of Operating Revenues by business (historical)

	Mar-11	Mar-12	Mar-13	Mar-14	Jun-14	Mar-15	Jun-15
¥ mil							
<b>Securities Finance Business</b>	<b>17,558</b>	<b>15,186</b>	<b>14,093</b>	<b>16,363</b>	<b>3,936</b>	<b>17,162</b>	<b>5,033</b>
<b>Margin Loan Business</b>	<b>8,922</b>	<b>6,756</b>	<b>6,625</b>	<b>9,240</b>	<b>1,839</b>	<b>9,667</b>	<b>3,029</b>
	(39.0%)	(33.4%)	(37.5%)	(47.2%)	(39.0%)	(47.6%)	(49.6%)
Interest on Loans	2,809	1,783	1,760	4,012	851	3,111	726
Interest on collateral money of securities borrowed	826	639	652	436	130	611	206
Fees on Lending Securities	4,807	3,957	3,746	4,132	799	5,389	2,031
Premium Charges	3,811	3,147	2,957	3,371	609	4,443	1,727
Lending Fees	996	809	789	761	190	945	304
<b>Bond Financing and General Loans Business</b>	<b>1,047</b>	<b>827</b>	<b>810</b>	<b>1,959</b>	<b>521</b>	<b>2,107</b>	<b>499</b>
	(4.6%)	(4.1%)	(4.6%)	(10.0%)	(11.0%)	(10.4%)	(8.1%)
Bond financing & General Loans	659	492	440	1,149	317	1,279	276
Loans for Negotiable Margin Transactions	200	189	175	323	66	236	41
<b>Securities Lending Business</b>	<b>1,754</b>	<b>1,701</b>	<b>1,862</b>	<b>2,217</b>	<b>608</b>	<b>2,294</b>	<b>557</b>
	(7.7%)	(8.4%)	(10.5%)	(11.3%)	(13.0%)	(11.3%)	(9.1%)
General Stock Lending	331	219	289	425	148	784	251
Bond Lending	1,422	1,482	1,573	1,791	459	1,509	305
<b>Others</b>	<b>5,834</b>	<b>5,901</b>	<b>4,794</b>	<b>2,946</b>	<b>967</b>	<b>3,094</b>	<b>946</b>
	(25.5%)	(29.2%)	(27.1%)	(15.1%)	(20.5%)	(15.2%)	(15.5%)
Bond Investment (Parent only)	5,754	5,824	4,719	2,838	938	2,979	919
<b>Trust Business</b>	<b>4,360</b>	<b>4,224</b>	<b>2,762</b>	<b>2,322</b>	<b>555</b>	<b>2,269</b>	<b>878</b>
	(19.1%)	(20.9%)	(15.6%)	(11.9%)	(11.8%)	(11.2%)	(14.4%)
Interest on Loans	1,079	741	590	317	56	186	186
Trust Charges	308	300	338	485	124	545	545
Bond Investment	2,657	3,134	1,808	1,494	367	1,507	1,507
<b>Real Estate Management Business</b>	<b>930</b>	<b>818</b>	<b>819</b>	<b>880</b>	<b>221</b>	<b>868</b>	<b>199</b>
	(4.1%)	(4.0%)	(4.7%)	(4.5%)	(4.7%)	(4.3%)	(3.3%)
<b>Operating Revenues</b>	<b>22,848</b>	<b>20,229</b>	<b>17,675</b>	<b>19,566</b>	<b>4,713</b>	<b>20,300</b>	<b>6,111</b>
<b>(excluded Premium Charges)</b>	<b>19,037</b>	<b>17,082</b>	<b>14,718</b>	<b>16,195</b>	<b>4,104</b>	<b>15,856</b>	<b>4,384</b>

# Outstanding Loan Balance

(Year average and year-end balance)

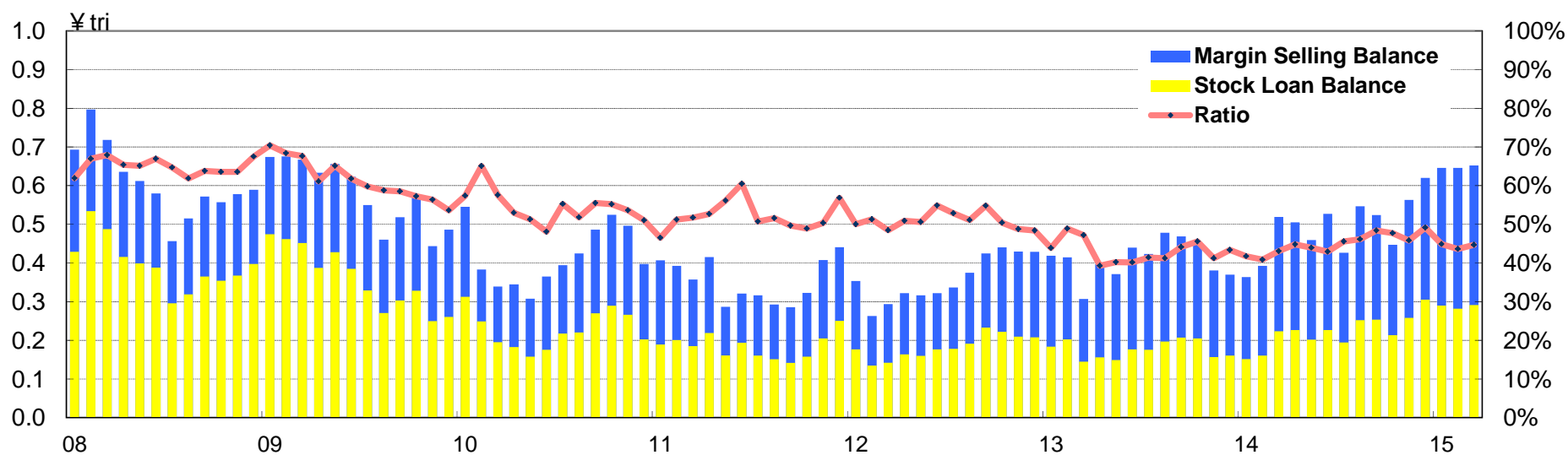
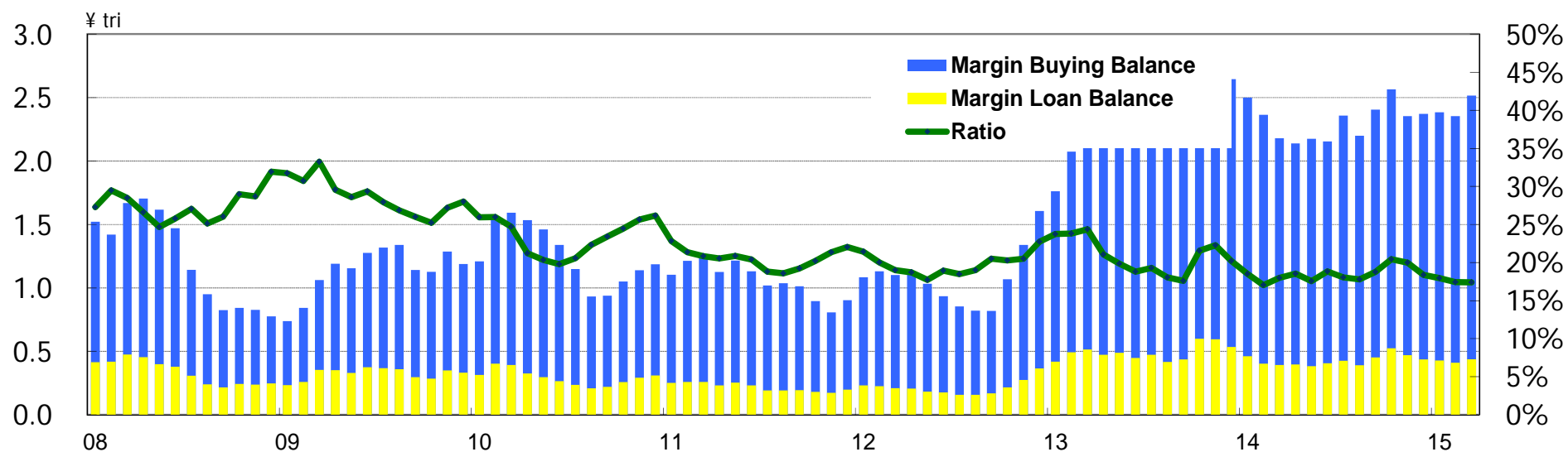
¥ mil

		FY2010	FY2011	FY2012	FY2013	FY2014 1Q	FY2014	FY2015 1Q
Margin Loans	avg.	293,429	218,059	214,164	490,635	419,140	428,329	425,306
	term-end	305,083	241,035	502,322	601,206	439,391	541,052	466,783
Bond Financing & General Loans	avg.	45,850	50,893	55,865	157,232	188,524	223,484	203,946
	term-end	39,782	96,488	122,011	201,076	183,254	254,717	170,859
Loans for negotiable margin transactions	avg.	18,405	20,330	18,472	36,223	34,759	29,168	22,185
	term-end	18,143	25,727	34,380	48,103	30,065	30,939	15,528
Trust Bank Loans	avg.	303,778	141,310	101,094	77,612	64,359	58,677	52,257
	term-end	211,527	98,260	78,641	63,043	62,290	54,831	49,890
Others	avg.	14,423	12,530	13,213	23,092	32,500	32,500	32,500
	term-end	12,500	18,000	29,500	32,500	32,500	32,500	32,500
Total	avg.	657,481	422,793	384,338	748,572	704,523	742,991	714,010
	term-end	568,893	453,784	732,475	897,825	717,436	883,101	720,033

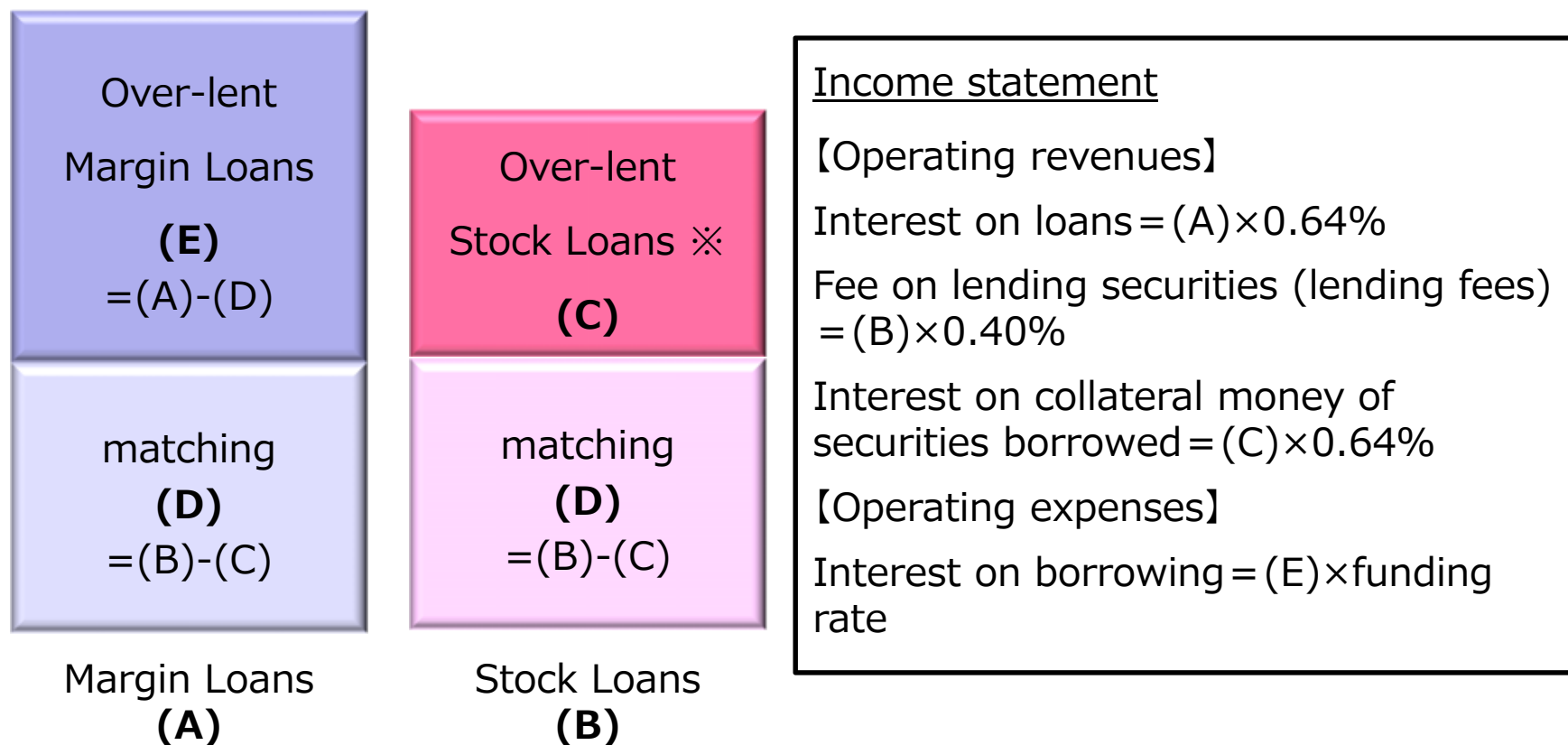
  

Stock Loans	avg.	228,050	184,698	183,013	176,476	178,425	222,031	287,682
	term-end	196,442	259,058	216,206	198,781	222,811	316,544	312,067

# Margin Transactions & Loans for Margin Transactions



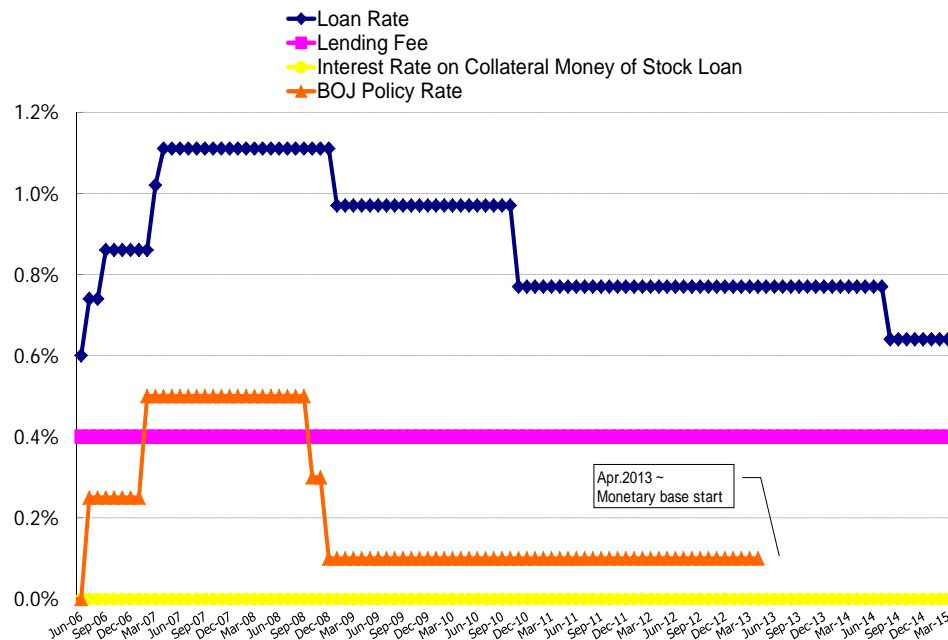
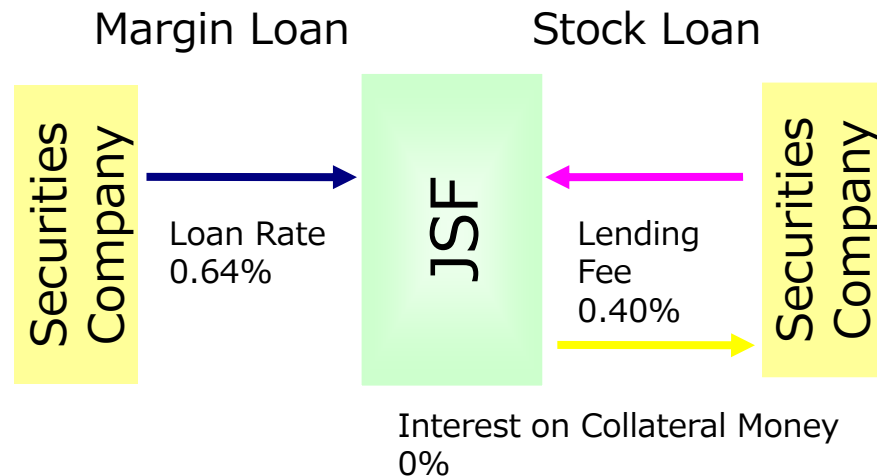
# Revenue structure of Loans for margin transactions



◆ Besides the above, Premium Charges are posted in Operating Revenues (Fees on Lending Securities) in a part of Over-lent Stock Loan. But the same amount are posted in Operating Expenses (Fees of Borrowing Charges), so the amount of Premium Charges does not affect our profit.

【revenue】 Fees on lending securities (premium charges) = 【expense】 Fees on borrowing securities (premium charges) =  $(C) \times \text{rate of Premium charges}$

# Margin Loan Rates



## BOJ Policy Interest Rate

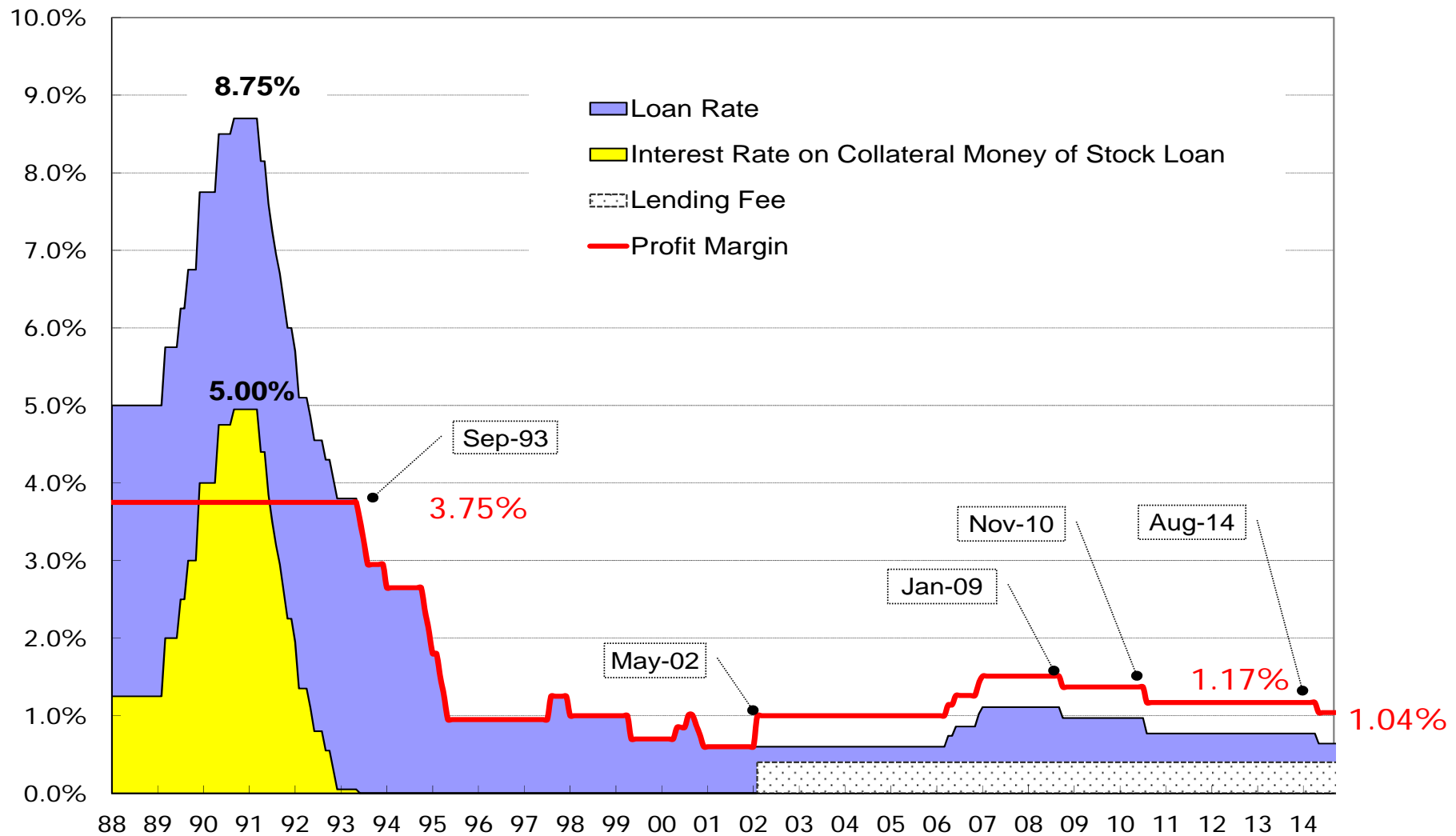
- Jul 2006 Uncollateralized O/N Call Rate: 0.25%
- Feb 2007 Uncollateralized O/N Call Rate: 0.50%
- Oct 2008 Uncollateralized O/N Call Rate: 0.30% ( 0.20%)
- Dec 2008 Uncollateralized O/N Call Rate: 0.10% ( 0.20%)
- Oct 2010 Uncollateralized O/N Call Rate: 0 ~ 0.10% ( 0.10~0%)
- Apr 2013 Switched from interest rate to monetary base

## 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%)
- 06/Aug/2014 0.64% ( 0.13%)

◆ 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



# Features of Balance Sheet (Consolidated)

¥mil

	Jun-15	Change from Mar-15	
<b>Total assets</b>	<b>3,065,946</b>	<b>▲ 416,655</b>	
<b>Current assets</b>	<b>2,084,830</b>	<b>▲ 399,587</b>	
Cash & Deposit	34,043	2,251	Deposit at BOJ
Short-term investments	270,335	▲ 318,477	JGB and other bonds (Maturity: 1year or less)
Short-term loans receivable	720,033	▲ 163,067	Margin loan / Loans for negotiable margin transactions / General loans / Trust bank loans
Collateral money of securities borrowed	1,054,410	79,437	Collateral money of bond borrowing Collateral money of stock borrowing
<b>Non-current assets</b>	<b>981,116</b>	<b>▲ 17,067</b>	
Investments in securities	970,924	▲ 16,972	JGB and other bonds (Maturity: more than 1year), Stock
<b>Total liabilities</b>	<b>2,928,576</b>	<b>▲ 416,880</b>	
<b>Current liabilities</b>	<b>2,912,857</b>	<b>▲ 416,267</b>	
Call money	1,297,100	▲ 289,900	
Short-term borrowings	419,210	▲ 20,300	Bank borrowing Market operation by BOJ
Commercial Paper	301,000	▲ 139,000	
Collateral money received of securities lent	864,724	76,007	Collateral money of bond lending Collateral money of stock lending
<b>Non-current liabilities</b>	<b>15,719</b>	<b>▲ 612</b>	
<b>Total net assets</b>	<b>137,370</b>	<b>225</b>	

## 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

### (3) Funding with low rate

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

# Securities Holdings

¥ mil

Securities Holdings	Jun-14		Mar-15		Jun-15		notes
	B/S Amount	Unrealized profits and losses	B/S Amount	Unrealized profits and losses	B/S Amount	Unrealized profits and losses	
<b>Equity</b>	<b>9,222</b>	<b>4,627</b>	<b>11,951</b>	<b>7,356</b>	<b>13,709</b>	<b>9,114</b>	
<b>Bond</b>	<b>1,541,408</b>	<b>9,203</b>	<b>1,516,245</b>	<b>13,651</b>	<b>1,178,682</b>	<b>12,490</b>	
JGB&Municipal Bond	1,410,610	9,074	1,383,045	12,442	1,068,927	11,513	
Corporate Bond	122,450	31	98,932	▲19	68,273	26	
Others	8,347	97	34,267	1,228	41,480	950	Foreign government bonds
<b>Other Securities</b>	<b>1,448</b>	<b>512</b>	<b>1,750</b>	<b>813</b>	<b>1,838</b>	<b>902</b>	
<b>Total</b>	<b>1,552,079</b>	<b>14,343</b>	<b>1,529,947</b>	<b>21,821</b>	<b>1,194,230</b>	<b>22,506</b>	
<b>held-to-maturity bonds</b>	<b>B/S Amount</b>	<b>Unrealized profits and losses</b>	<b>B/S Amount</b>	<b>Unrealized profits and losses</b>	<b>B/S Amount</b>	<b>Unrealized profits and losses</b>	<b>notes</b>
<b>JGB</b>	<b>39,918</b>	<b>270</b>	<b>40,736</b>	<b>135</b>	<b>41,040</b>	<b>218</b>	

(Breakdown of Japanese yen)	Jun-14		Mar-15		Jun-15		notes
	JSF	JSF Trust Bank	JSF	JSF Trust Bank	JSF	JSF Trust Bank	
<b>JGB Balance</b>	<b>940,707</b>	<b>445,557</b>	<b>962,712</b>	<b>417,413</b>	<b>943,691</b>	<b>130,055</b>	
1 year or less	297,361	70,039	238,216	255,102	207,958	30,029	
over 1Y	634,997	375,518	724,496	162,311	735,732	100,026	
(Floating JGB)	150,586	39,918	150,152	39,926	150,478	39,929	
<b>Municipal Bond</b>	<b>0</b>	<b>72,611</b>	<b>0</b>	<b>43,656</b>	<b>0</b>	<b>36,221</b>	
<b>Corporate Bond</b>	<b>0</b>	<b>122,450</b>	<b>0</b>	<b>98,932</b>	<b>0</b>	<b>68,273</b>	Mainly Government Guaranteed Bond
<b>Remaining Period</b>	<b>2.56</b>	<b>2.26</b>	<b>2.81</b>	<b>2.11</b>	<b>3.33</b>	<b>4.69</b>	

※Remaining Period is calculated excluding Floating JGB & held-to-maturity bonds

# JSF Trust Bank ( Loan Balance)

## ● Loan Banance by Industry

¥mil

	Jun-14		Mar-15		Jun-15	
	Loan Balance	ratio	Loan Balance	ratio	Loan Balance	ratio
Manufacturing	13,640	21.8%	11,284	20.5%	10,283	20.5%
Fishery	-	0.0%	0	0.0%	0	0.0%
Mining	192	0.3%	96	0.2%	96	0.2%
Construction	-	0.0%	0	0.0%	0	0.0%
Energy & Utilities	-	0.0%	0	0.0%	0	0.0%
Communication	-	0.0%	0	0.0%	0	0.0%
Transportation	5,586	8.9%	6,790	12.3%	6,741	13.4%
Wholesale	4,400	7.0%	1,500	2.7%	1,500	3.0%
Retail	-	0.0%	0	0.0%	0	0.0%
Finance & Insurance	5,030	8.0%	5,602	10.2%	3,002	6.0%
Real Estate	8,631	13.8%	6,407	11.6%	6,365	12.7%
Service Industries	1,601	2.6%	1,600	2.9%	1,600	3.2%
Governments	23,581	37.6%	21,781	39.6%	20,531	41.0%
Total	62,663		55,062		50,121	

# The 4th Mid-term Management Plan (FY2014~FY2016)

## Corporate identity

- As an institution specializing in the securities finance business, Japan Securities Finance has a mission, while always maintaining a keen awareness of our public role
- Contribute to the development of the securities industry by proactively meeting the diverse needs of securities and financial circles
- Working to boost the long-term interests of securities market users and participants

## Management Policy

- Establish solid credibility
- Retain solid equity capital, stable return of profits to shareholders
- Further solidify the profit base
- Further improve the efficiency of organizational and business management

# Business Strategies for the 4th MMP

## 1. Expand the Loans for Margin Transactions Business as Key Infrastructure for the Securities Market

- Increase the number of loanable issues and improve both the system and operation of loans for margin transactions
- Enhance our informational outreach activities concerning the system of margin transactions and loans for margin transaction
- Expand the use of loans for negotiable margin transactions

## 2. Responding to the Diversifying Needs of Financial Instruments Companies and Other Customers

- Further strengthen our network of financial instruments companies and other partners
- Respond proactively to the diversifying needs for funding and securities
- Work to expand our customer loans business in collaboration with financial instruments companies

## 3. Strengthening System Infrastructure

- Implement a complete rebuild of business system (JSF-Net)
- Reinforce our capacity on the system side to support all of our business strategies

## 4. Other Business Strategies

- Strengthen coordination among our Group companies
- Monitor trends in rapidly developing Asia and other foreign markets
- Improve the efficiency of our fund management under appropriate risk controls

# Reinforcing Management Systems for the 4th MMP

## ① Enhancing Internal Controls

- Enhance the effectiveness of our compliance and internal auditing
- Work ever harder to improve our risk management in view of the increasingly diverse and complex risks associated

## ② Strengthening Our Business Management Structure

- Enhance the role and functions of our Business Promotion Meetings
- Maintenance of the system to oversee the implementation of business plans
- Thoroughgoing cost management

## ③ Promote Human Resources Development

- Train the human resources needed to increase our corporate value and make possible the creation of future opportunities for long-term growth

# Business Strategies of JSF Trust Bank

## Management Policy (Outline)

As a trust bank supporting the business infrastructure of securities companies, etc., JSF Trust and Banking Co., Ltd. provides customers with finely-tuned services that cannot be expected from other banks, including mega banks, and aims at the establishment of the business model mainly on the following duties.

- Make efforts in trust services and plan expansion of it, mainly on products or service for securities industry
- Deals with products and service such as the loan to securities companies and performs banking functions that are commensurate with its management capacity
- View the role of the securities investment as complementing profit
- Offer financial services in connection with JSF

# Rating Information

As of 30/Jun/2015		JCR		R&I		Standard & Poor's	
		Rating	Outlook	Rating	Outlook	Rating	Outlook
Japan Securities Finance	Long-term	AA-	Stable	AA-	Stable	A	Stable
	Short-term	J-1+ (Highest)		a-1+ (Highest)		A-1	
	CP Issue	¥1tri		¥1tri		—	
JSF Trust Bank	Long-term	A+	Stable	A+	Stable	—	—
	Short-term	J-1+ (Highest)		a-1		—	—

# Notice

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