



Financial Presentation for FY2017

Japan Securities Finance Co.,Ltd

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Financial Summary for Mar 2018

(¥ mil)	Consolidated			Parent					
	Mar-17	YoY.Δ	(%Δ)	JSF		JSF Trust Bank		Nihon Building	
					YoY.Δ		YoY.Δ		YoY.Δ
Operating Revenues	¥ 26,333	3,267	(+14.2%)	22,490	3,072	2,979	179	1,267	9
<i>Except Premium Charges</i>	18,383	1,860	(+11.3%)	14,540	1,665				
Operating Expenses	13,330	1,437	(+12.1%)	11,718	1,117	1,608	251	25	2
<i>Except Premium Charges</i>	5,385	26	(+0.5%)	3,772	▲233				
General & Administrative Expenses	9,121	750	(+9.0%)	7,886	857	973	▲48	674	▲55
Operating Income (Operating Income Ratio)	3,881 (14.7%)	1,078	(+38.5%)	2,905 (12.9%)	1,037	397 (13.4%)	▲22	567 (44.8%)	62
Recurring Income (Recurring Income Ratio)	4,685 (15.7%)	1,073	(+29.7%)	3,625 (16.1%)	989	421 (14.1%)	▲5	648 (51.1%)	58
<i>Gain or Loss in Equity-Method</i>	123	3	(+32.5%)						
Extraordinary Profit or Loss	131	184	—	131	251	—	—	—	▲63
Net Income (Net Income Ratio)	4,225 (16.0%)	1,146	(+37.3%)	3,439 (15.3%)	1,107	366 (12.3%)	14	427 (33.7%)	▲3

Financial Summary for Mar 2018 (JSF parent)

Japan Securities Finance (parent)			
(¥ mill)	Mar - 17	YoY.Δ	(%Δ)
Operating Revenues	¥ 26,333	3,072	(+15.8%)
Margin Loan Business	13,253	2,532	(+23.6%)
General Loans Business* ¹	908	0	(+0.1%)
Securities Lending Business* ²	5,037	573	(+12.9%)
Others	3,290	▲34	(Δ1.1%)
<i>Ex. Premium Charges</i>	14,540	1,665	(+12.9%)
Operating Expenses	11,718	1,177	(+11.2%)
<i>Ex. Premium Charges</i>	3,772	▲233	(Δ5.8%)
General & Administrative Expenses	7,866	857	(+12.2%)
Operating Income (Operating Income Ratio)	2,905 (12.9%)	1,037	(+55.5%)
Recurring Income (Recurring Income Ratio)	3,625 (16.1%)	989	(+37.5%)
Extraordinary Profit and Loss	131	251	—
Net Income (Net Income Ratio)	3,439 (15.3%)	1,107	(+47.5%)

Highlights

Operating Revenues

- Margin Loan Business resulted in increase. Stock Loan Balance remained at high level and Margin Loan Balance continued increase mostly in second half.
※For details, see 「Financial Highlights for FY2017①」(P5)
- General Loans Business resulted almost flat. The increase in revenue from Equity Repo covered decrease in revenue from loan to securities companies.
- Securities Lending Business resulted in large increase driven by growth in General Stock Lending and solid performance in Bond Lending.
- The revenue decreased due to decrease in outstanding of investment portfolio. (“Others”).
※For details, see 「Financial Highlights for FY2017②」(P7)

Operating Expenses

- Fees on borrowing securities with respect to LMT and Securities Lending increased.
- Costs on adjustment of investment portfolio decreased.

General & Administrative Expenses

- Amount of transfer to allowance of doubtful receivables increased due to revised calculation method.

* 1 Loans of funds other than Margin Loan Business

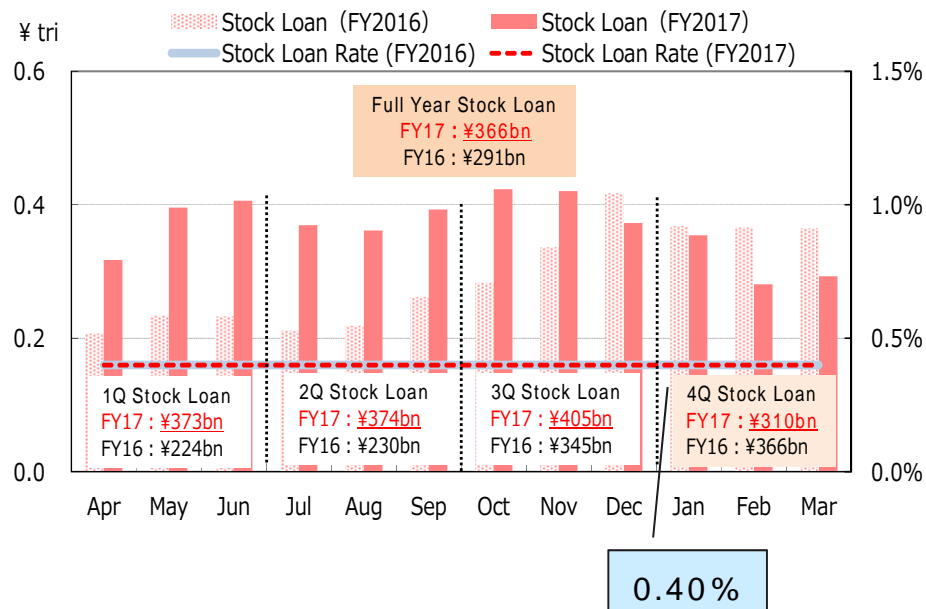
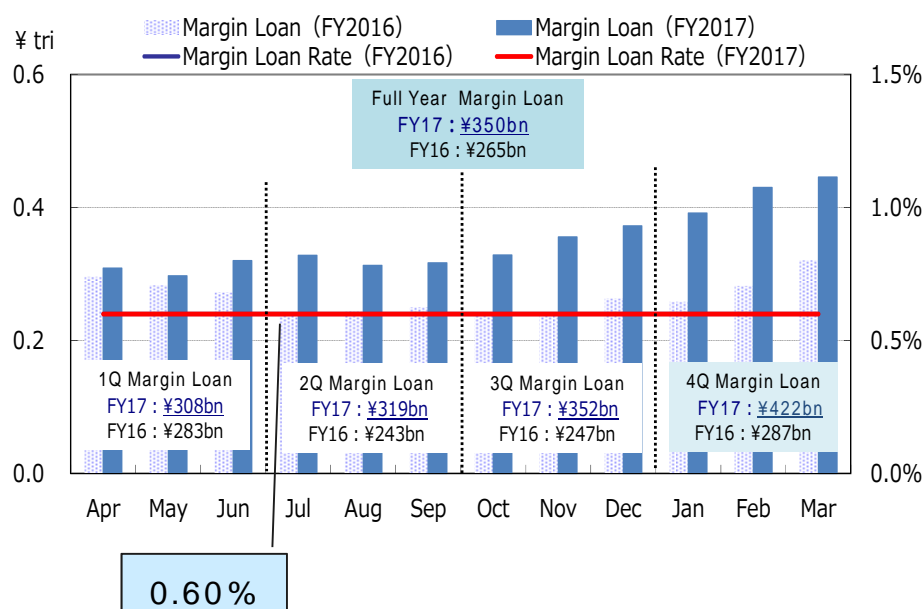
* 2 Securities lending other than Margin Loan Business

Financial Highlights for FY2017 ①

1 Margin Loan Balance for FY2017

✓ **【Full year】** Margin Loan Balance showed a recovery trend, Stock Loan Balance also remained steady.

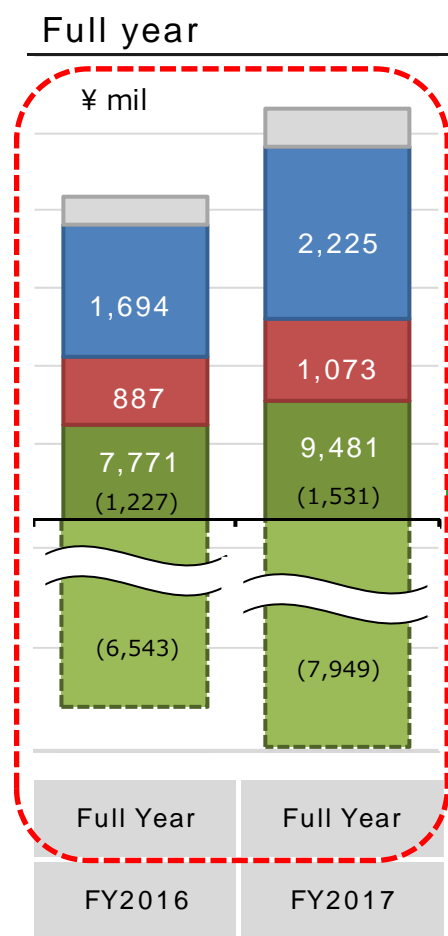
(¥ bn, %)	FY2016						FY2017						4Q YoY	Full Year YoY
	1Q	2Q	1H	3Q	4Q	full year	1Q	2Q	1H	3Q	4Q	full year		
Margin Loan	283	243	263	247	287	265	308	319	313	352	422	350	134	84
Margin Loan Rate	0.60	0.60	-	0.60	0.60	-	0.60	0.60	-	0.60	0.60	-	-	-
Stock Loan	224	230	227	345	366	291	373	374	373	405	310	366	▲55	74



Financial Highlights for FY2017 ① – 2

- Margin Loan Business resulted in increase reflecting growth in Margin Loan Balance and Stock Loan balance.

【Operating Revenues Transition】



(¥ mil)	Full Year Revenue (YoY)	Full Year Point
Margin Loan Business	13,253 (+23.6%)	
(ex premium charges)	5,303 (+27.0%)	✓ Operating revenues of this business, except Premium Charges, resulted in increase.
Interest on Loans	2,225 (+31.3%)	✓ Interest on Loans increased, because Margin Loan Balance continued growth.
Interest on collateral money of securities borrowed	1,073 (+21.0%)	
Fees on Lending Securities	9,481 (+22.0%)	✓ Fees on Lending Securities resulted in increase, because Stock Loan balance remained at higher level of the same period of the previous year and premium charges on over-lent issues increased.
Lending Fees	1,531 (+15.3%)	
Premium Charges	7,949 (+21.5%)	

Financial Highlights for FY2017 ②

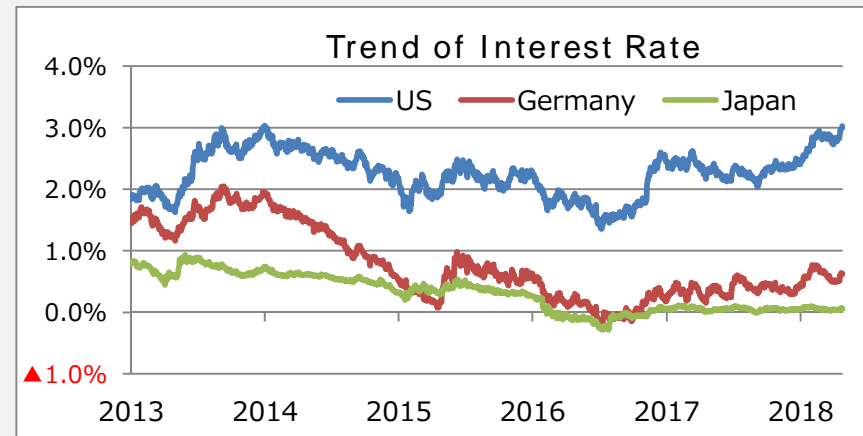
Revenue from Securities Investment (JSF) was almost flat.

Revenue from Securities Investment (JSF)

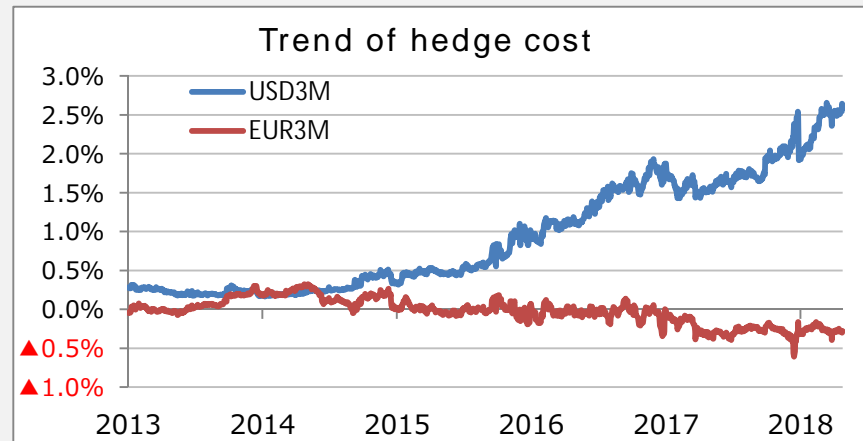
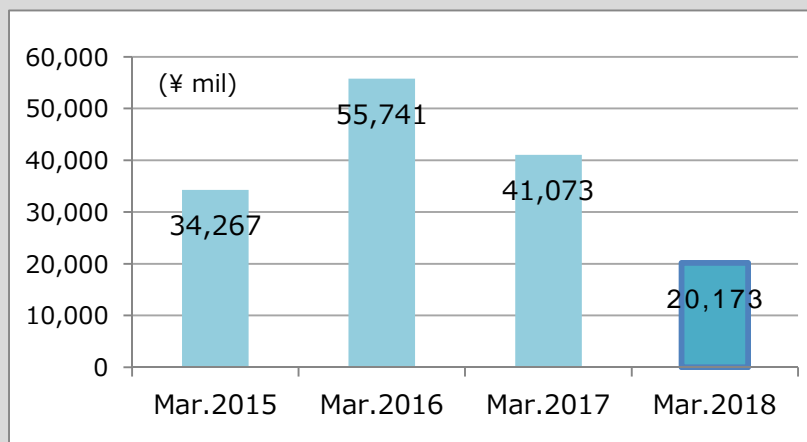
	FY2017	YoY
Domestic Bonds	¥ 1,583 mil	△¥ 246 mil
Foreign Bonds	¥ 684 mil	△¥ 298 mil
Others	¥ 995 mil	+¥ 503 mil
Total	¥ 3,263 mil	△¥ 41 mil

※ Investment trust, etc.

Trend of Interest Rate Market



Trend of Holdings of Foreign Bonds



Source: Bloomberg

Financial Summary of JSF Trust Bank

Highlights

- Trust charges increased, reflecting continued growth in custodian type trust service.
- Interest on Loans decreased somewhat, though loan balance increased.
- Gains on sales of bonds increased. Costs of unwinding IRS also increased, too.
- Recurring Income and Net Income was almost flat compared with the last year.

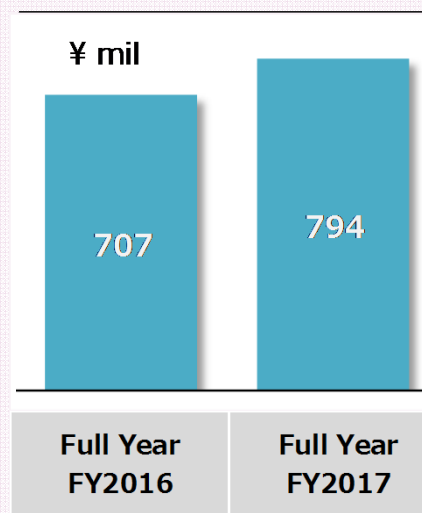
JSF Trust Bank			
(¥ mil)	FY2017	YoY	
			(%)
Recurring Revenue	¥ 3,002	197	(+7.0%)
Trust charges	707	86	(+12.2%)
Interest on Loans	105	▲41	(△28.6%)
Recurring Expenses	2,581	202	(+8.5%)
Provision of ADR*	41	▲50	(△55.0%)
Recurring Income (Recurring Income Ratio)	421 (14.0%)	▲5	(△1.2%)
Net Income (Net Income Ratio)	366 (12.2%)	14	(+4.2%)

*ADR: Allowance for Doubtful Receivables

【Point of Trust Charge】

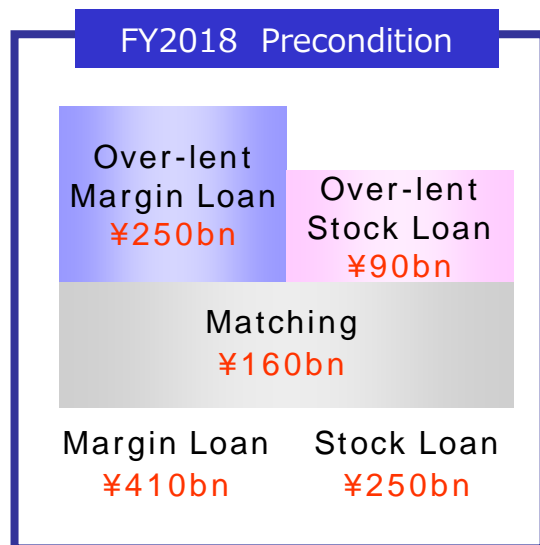
Trust charges posted record level contributing from strengthening custodian type trust service (trusts for the separate management of money and securities, ABL trust, etc).

Full Year



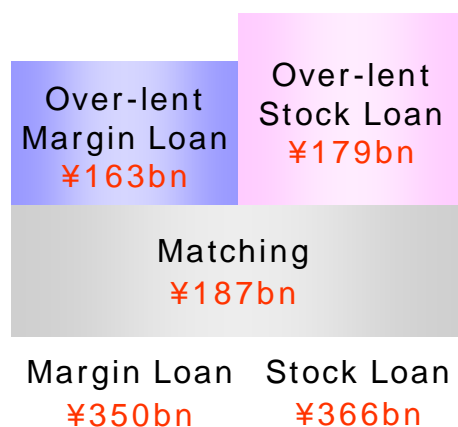
Estimated Figures for FY2018

Precondition Balance of Margin Loans



(Reference)

FY2017 Results



(¥ mil)		FY2017 Results	FY2018 Estimated Figures	YoY.Δ	Δ from prev. EF
Consolidated					
Operating Income		3,881	3,700	▲181	—
Recurring Income		4,685	4,500	▲185	—
Net Income		4,225	3,100	▲1,125	—
JSF					
Operating Income		2,905	2,700	▲205	—
Recurring Income		3,625	3,400	▲225	—
Net Income		3,439	2,400	▲1,039	—
JSF Trust and Banking					
Recurring Income		421	400	▲21	—
Recurring Income		366	340	▲26	—
Nihon Building					
Operating Income		567	560	▲7	—
Recurring Income		648	660	+11	—
Net Income		427	435	+7	—

Preconditions of Loans for Margin Transactions

● Loan Rate : 0.60%, ● Interest on Collateral Money : 0%, ● Lending Fee : 0.40%

Return to stockholders

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 **to ensure profits are returned 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.**

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).
⇒ We strive to maintain stability in dividends payment unaffected by temporary fluctuation in business result.

(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 and Share Buyback Program for FY2018

		FY2017	FY2018 (Forecast, Framework)
Dividend	Annual	¥ 26 (YoY +¥2)	¥ 22 (YoY ▲¥4)
	Interim	¥ 9 (YoY +¥1)	¥ 11 (YoY +¥2)
	Year-end	¥ 17 (YoY +¥7)	¥ 11 (YoY ▲¥6)
	Consolidated DPR	58.8%	67.2%
Share Buyback	No. of shares to be acquired	1.5mil shs	Up to 1.0mil shs
	Ratio to total shares issued	1.5%	1.0%
	Total Value to be acquired	¥ 0.9bn	Up to ¥ 0.8bn
	Period	From 12 May 2017 to 16 Mar 2018	From 6 June 2018 to 22 Mar 2019
Total Return Ratio		79.3%	93.0%

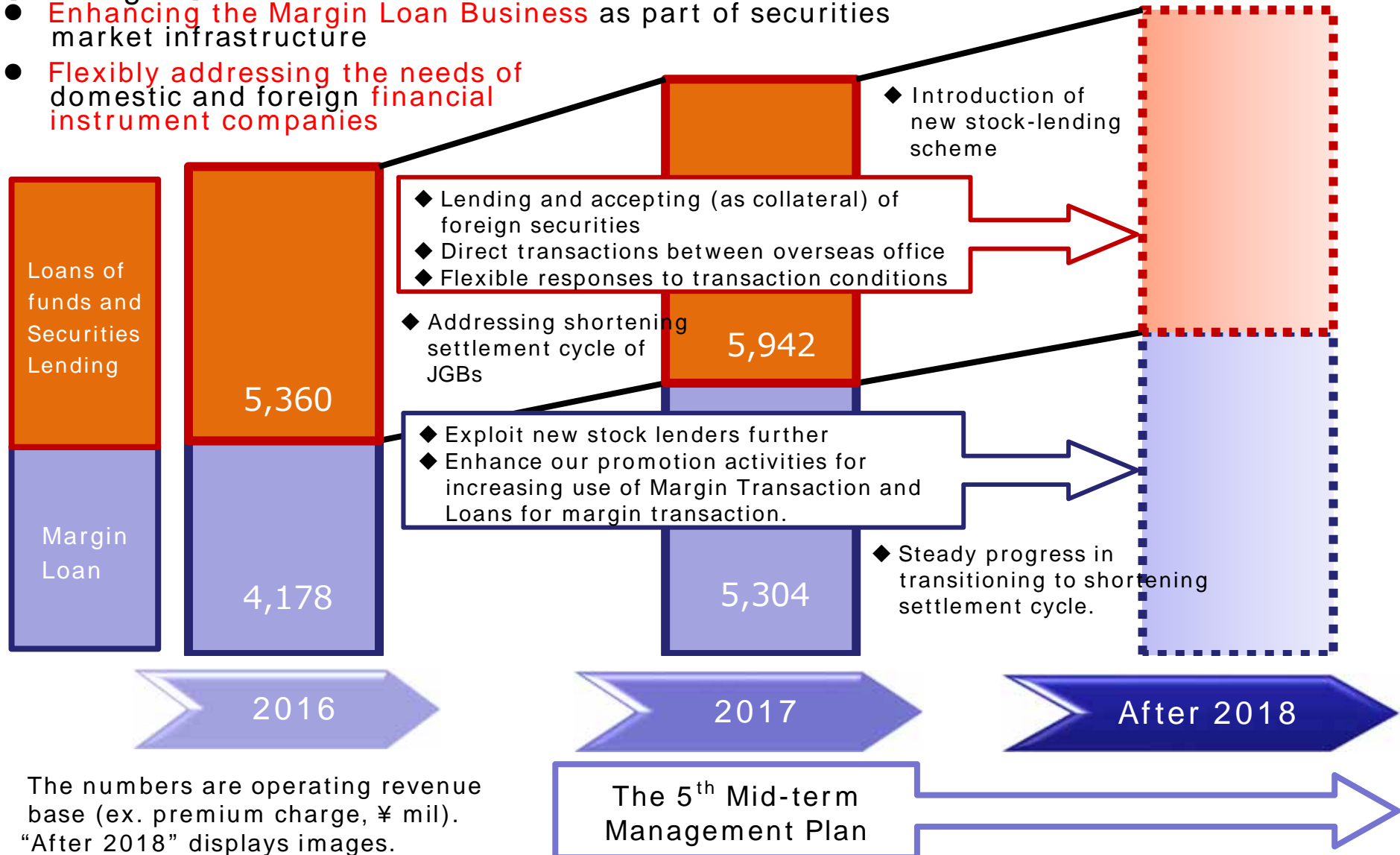
Dividend and Share Buyback Program (historical)

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018 Forecast/ Framework
Annual Dividend per share	¥14	¥14	¥15	¥16	¥18 (Interim ¥8 Year-end ¥10)	¥26 (Interim ¥9 Year-end ¥17)	¥22
Share Buyback (shs)	—	—	7.46mil	3mil	0.63mil	1.5mil	1.0mil
(amount)	—	—	¥4.6bn	¥1.9bn	¥0.3bn	¥0.9bn	¥0.8bn
<Consolidated> : Net Income	¥1.7bn	¥6.2bn	¥3.5bn	¥2.6bn	¥3.0bn	¥4.2bn	¥3.1bn
: EPS	¥19.1	¥60.4	¥33.9	¥26.9	¥31.9	¥44.2	¥32.7
: DPR	73.3%	23.2%	44.2%	59.5%	56.4%	58.8%	67.2%
: DOE	1.2%	1.2%	1.2%	1.2%	1.2%	1.8%	1.4%
(reference) Total Return Ratio	73.3%	23.2%	173.9%	133.1%	66.3%	79.3%	93.0%

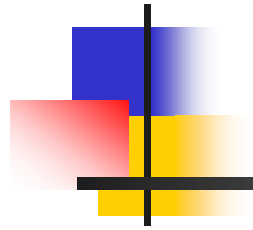
Our Initiatives under the 5th Mid-term Management Plan

[Strategies]

- **Enhancing the Margin Loan Business** as part of securities market infrastructure
- **Flexibly addressing the needs of domestic and foreign financial instrument companies**



The numbers are operating revenue base (ex. premium charge, ¥ mil).
 "After 2018" displays images.



Appendix

Financial Result (Historical data)

¥ mil

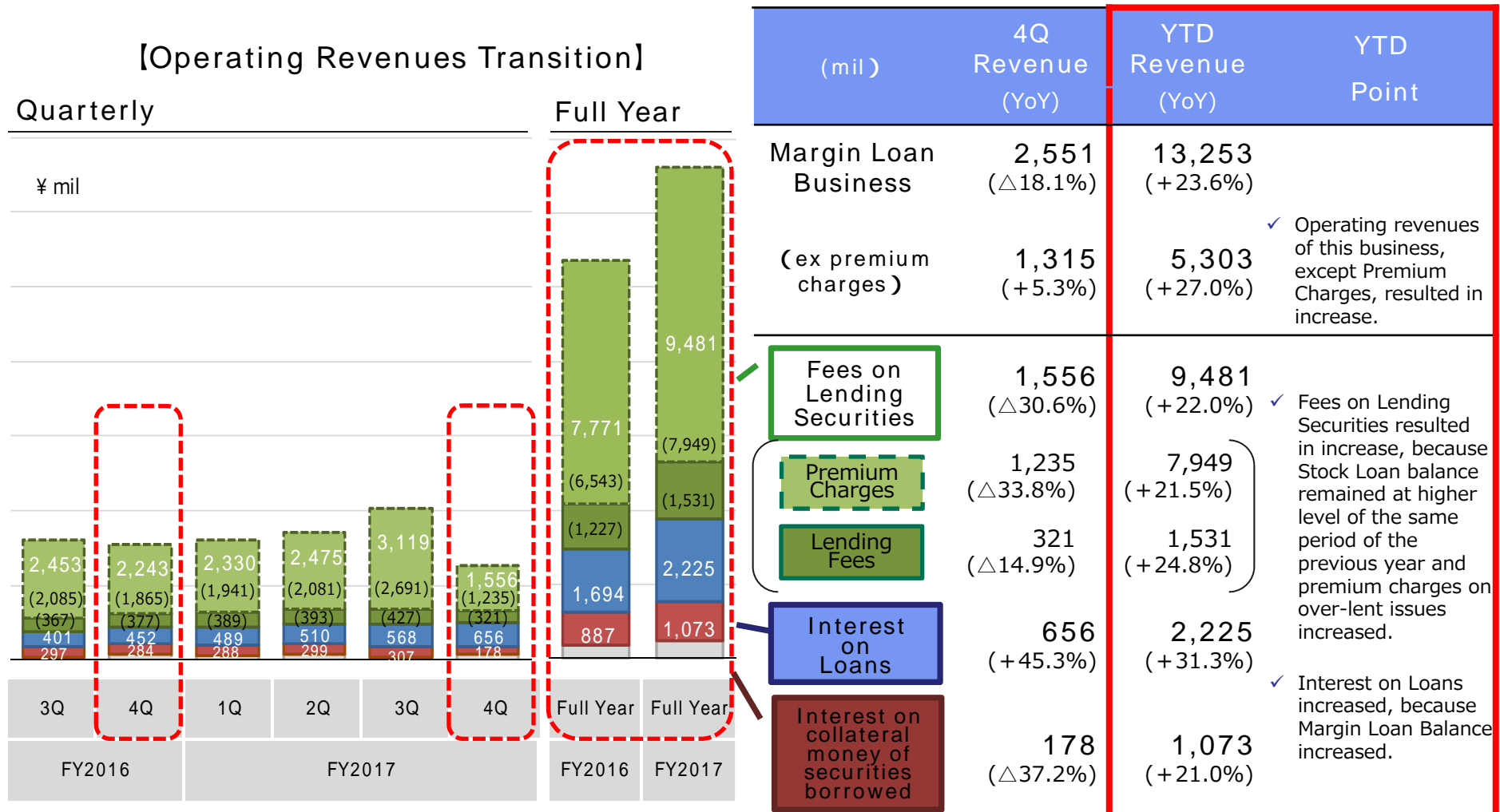
	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
Operating Revenues	17,675	19,566	20,300	22,035	23,066	26,333
Ex Premium charges	14,718	16,195	15,856	16,160	16,522	18,383
Operating Expenses	8,193	8,747	9,450	11,537	11,892	13,330
Ex Premium charges	5,236	5,413	5,008	5,672	5,358	5,385
General & Administrative Expenses	7,694	8,249	7,824	7,939	8,371	9,121
Operating Income	1,787	2,568	3,025	2,558	2,802	3,881
Gain or Loss in Equity-Method	486	179	▲144	54	92	123
Recurring Income	2,557	3,119	4,230	3,349	3,611	4,685
Extraordinary Profit or Loss	13	3,602	54	—	▲52	131
Net Income	1,777	6,211	3,520	2,645	3,078	4,225

Breakdown of Operating Revenues by business (Historical data)

	Mar-12	Mar-13	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18
	¥ mil						
Securities Finance Business	15,186	14,093	16,363	17,162	17,776	19,407	22,487
Margin Loan Business	6,756	6,625	9,240	9,667	10,579	10,721	13,253
	(33.4%)	(37.5%)	(47.2%)	(47.6%)	(48.0%)	(46.5%)	(50.3%)
Interest on Loans	1,783	1,760	4,012	3,111	2,720	1,694	2,225
Interest on collateral money of securities borrowed	639	652	436	611	575	887	1,073
Fees on Lending Securities	3,957	3,746	4,132	5,389	6,840	7,771	9,481
Premium Charges	3,147	2,957	3,371	4,443	5,874	6,543	7,949
Lending Fees	809	789	761	945	966	1,227	1,531
Business other than Margin Loan Business							
Loan to Securities companies & Investors	827	810	1,959	2,107	1,753	907	908
	(0.0%)	(0.0%)	(0.0%)	(0.0%)	(7.9%)	(3.9%)	(3.5%)
Securities Lending Business	1,701	1,862	2,217	2,294	2,241	4,453	5,035
	(8.4%)	(10.5%)	(11.3%)	(11.3%)	(10.2%)	(19.3%)	(19.1%)
Stock Lending	219	289	425	784	907	941	1,458
Bond Lending	1,482	1,573	1,791	1,509	1,334	3,512	3,576
Others	5,901	4,794	2,946	3,094	3,201	3,325	3,290
	(29.2%)	(27.1%)	(15.1%)	(15.2%)	(14.5%)	(14.4%)	(12.5%)
Bond Investment (Parent only)	5,824	4,719	2,838	2,979	3,111	3,305	3,263
Trust Business	4,224	2,762	2,322	2,269	3,451	2,792	2,971
	(20.9%)	(15.6%)	(11.9%)	(11.2%)	(15.7%)	(12.1%)	(11.3%)
Interest on Loans	741	590	317	186	144	147	89
Trust Charges	300	338	485	545	627	668	741
Bond Investment	3,134	1,808	1,494	1,507	2,645	1,899	2,087
Real Estate Management Business	818	819	880	868	807	865	873
	(4.0%)	(4.7%)	(4.5%)	(4.3%)	(3.7%)	(3.8%)	(3.3%)
Operating Revenues	20,229	17,675	19,566	20,300	22,035	23,066	26,333
(excluded Premium Charges)	17,082	14,718	16,195	15,856	16,160	16,522	18,383

Breakdown of Operating Revenues by business (Quarterly)

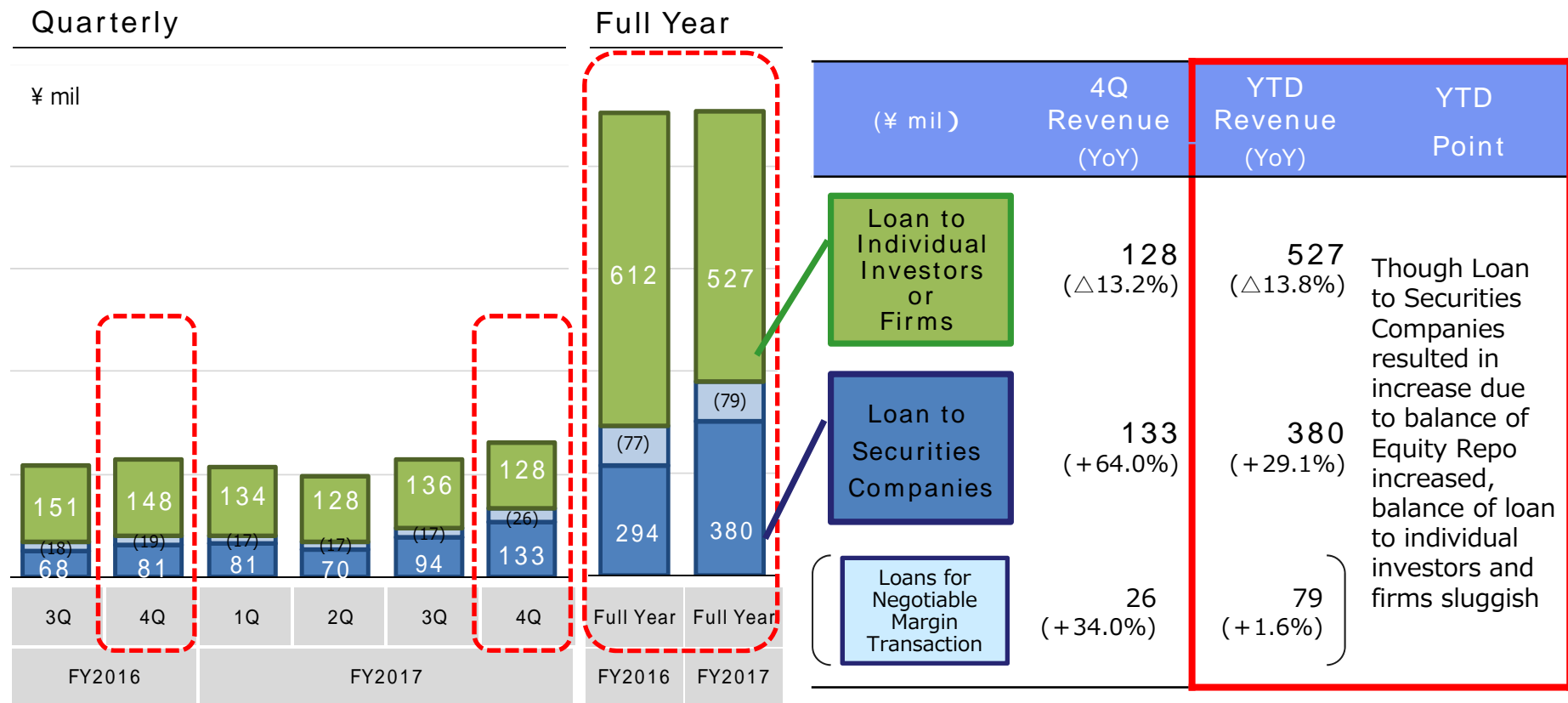
Margin Loan Business resulted in some increase, driven by increase in Stock Loan Balance.



Breakdown of Operating Revenues by business (Quarterly)

● General Loan Business : The increase in revenue from Equity Repo covered decrease in revenue form loan to securities companies.

【Operating Revenues Transition】



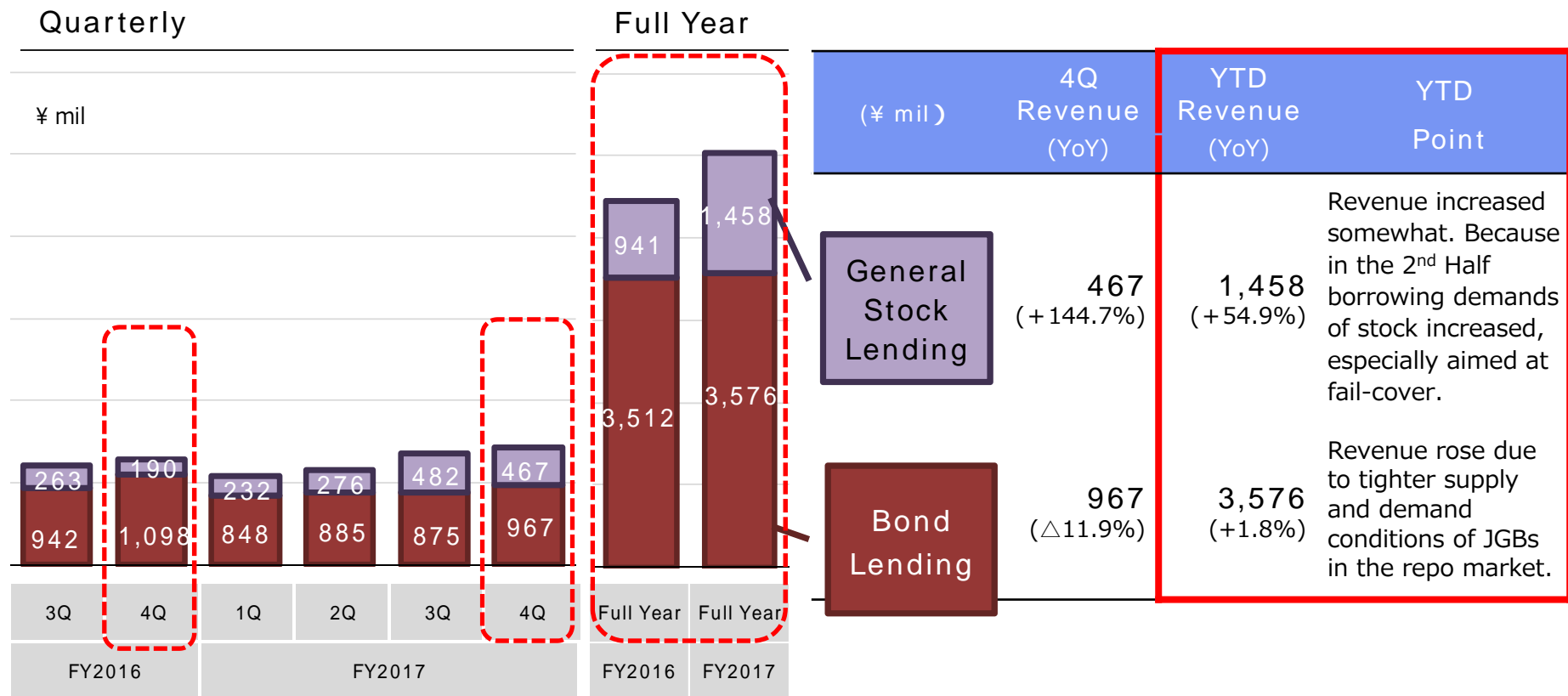
< Loan Lineup >

- ◆ 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

Breakdown of Operating Revenues by business (Quarterly)

Securities Lending Business : Fees in Stock Lending saw large increase.

【Operating Revenues Transition】



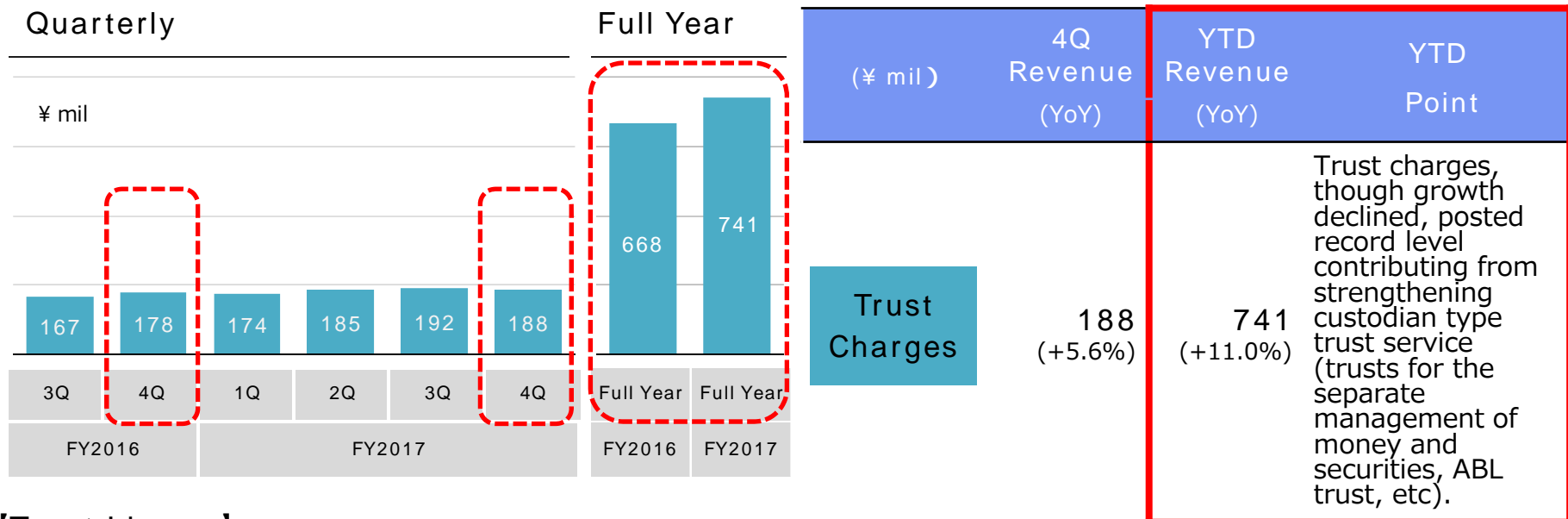
General Stock Lending is ...

- 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

Breakdown of Operating Revenues by business (Quarterly)

JSF Trust Bank : Trust charges continued increasing trend.

【Trust charges Transition】



【Trust Lineup】

Trusts for the separate management of money and securities

Trust for protecting deposits which securities companies received from customers

Trusts for currency future trading

Trust for protecting guarantee deposits which FX business operators received from customers

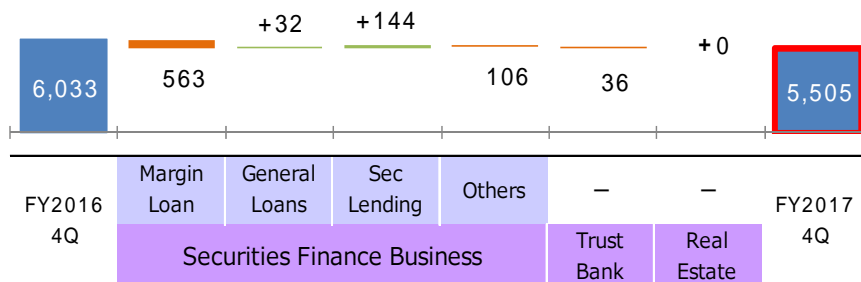
Asset Backed Loan (ABL) Trust

For setting up ABL, which is investment product for institutional investors, JSFTB provides functions as SPC.

Analysis of YoY Change in Operating Revenue by business (Quarterly, Full Year)

[Quarterly] YoY ¥ 528 mil (8.8%)

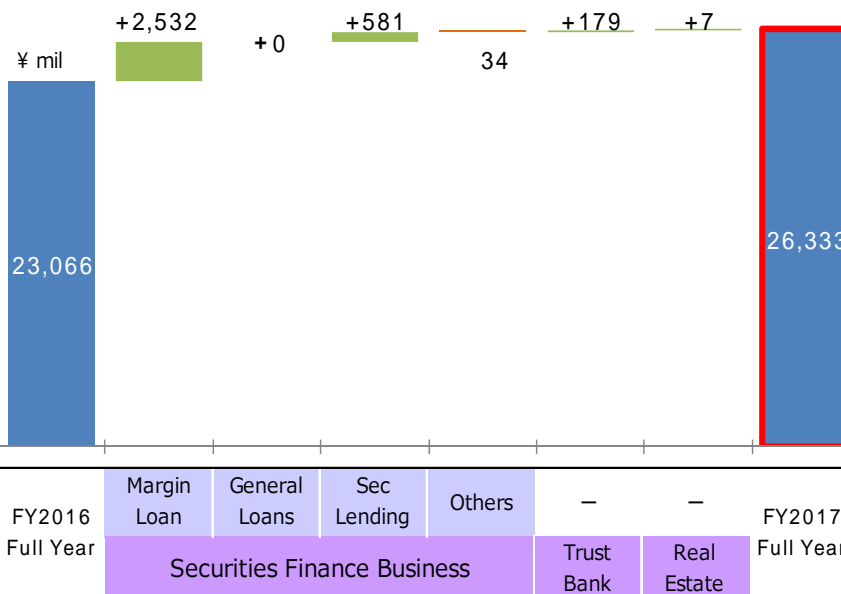
¥ mil



~ Summary of the points for quarterly ~

- Margin Loan Business : Revenue decreased due to a decrease of Stock Loan Balance.
- General Loan Business : Resulted in increase driven by an increase of Equity Repo balance.
- Securities Lending Business : Fees on General Stock Lending increased. Bond Lending Business was also steady.
- Others : Income from investment securities dropped.

[Full Year] YoY + ¥ 3,267 mil (+14.2%)



~ Summary of the points for Full Year ~

- Margin Loan Business : Resulted in increase reflecting growth in Margin Loan Balance and Stock Loan Balance.
- Securities Lending Business : Resulted in large increase in revenue boosted by fees on General Stock Lending and Bond Lending.
- Others : Resulted in decrease due to a decrease of outstanding of investment securities.
- Trust Bank : Gains on sales of bonds increased.

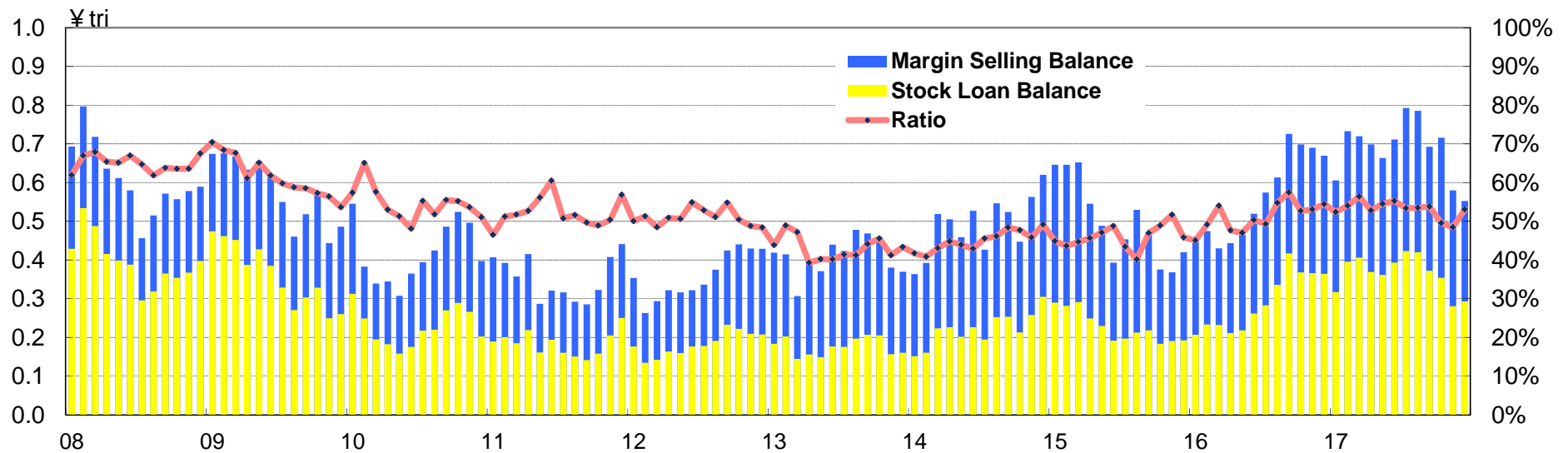
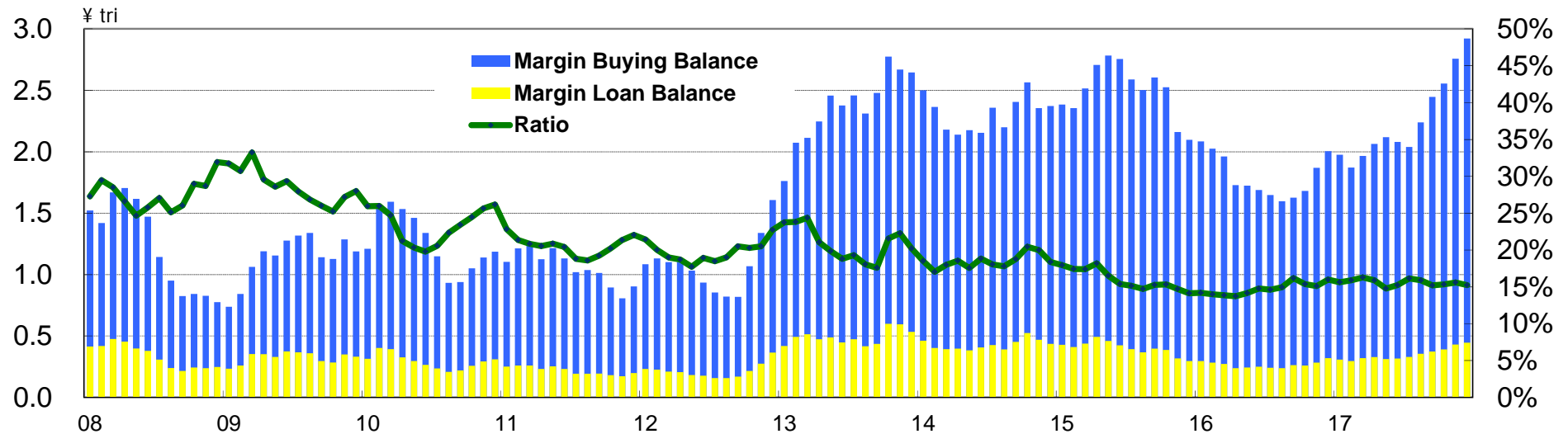
Outstanding Loan Balance

(Year average and year-end balance)

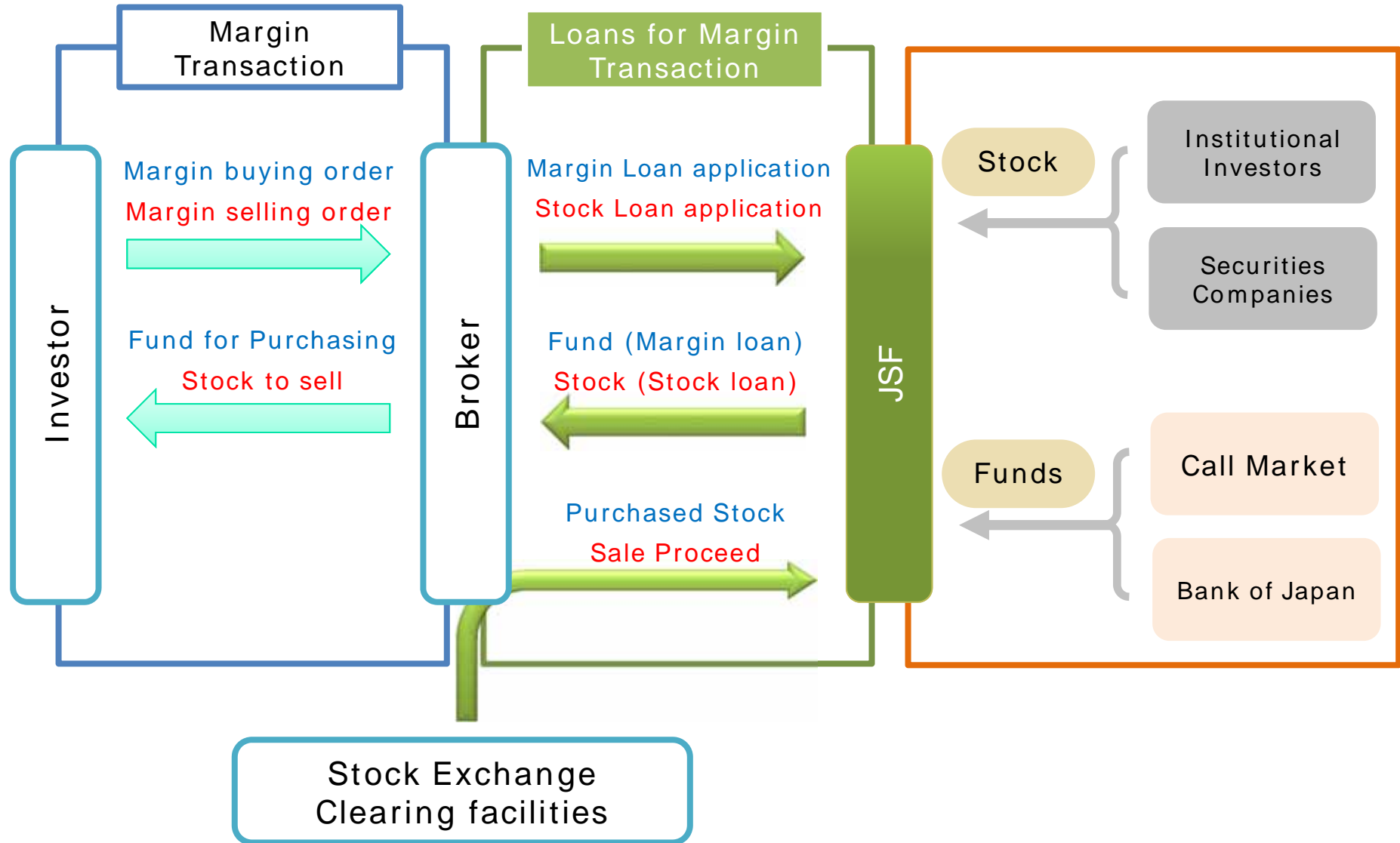
¥ mil

		FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
Margin Loans	avg.	214,164	490,635	428,329	401,400	265,458	350,175
	term-end	502,322	601,206	541,052	324,113	368,508	519,590
Loans of funds other than Margin Loans	avg.	55,865	157,232	223,484	162,347	44,840	41,407
	term-end	122,011	201,076	254,717	95,046	40,872	57,142
Trust Bank Loans	avg.	101,094	77,612	58,677	54,561	149,956	273,561
	term-end	78,641	63,043	54,831	136,089	176,371	425,197
Others	avg.	13,213	23,092	32,500	28,718	7,008	5,075
	term-end	29,500	32,500	32,500	12,500	2,000	1,000
Total	avg.	384,338	748,572	742,991	647,027	467,262	670,220
	term-end	732,475	897,825	883,101	567,748	587,752	1,002,931
Stock Loans	avg.	183,013	176,476	222,031	227,422	291,392	366,147
	term-end	216,206	198,781	316,544	258,656	393,698	369,852

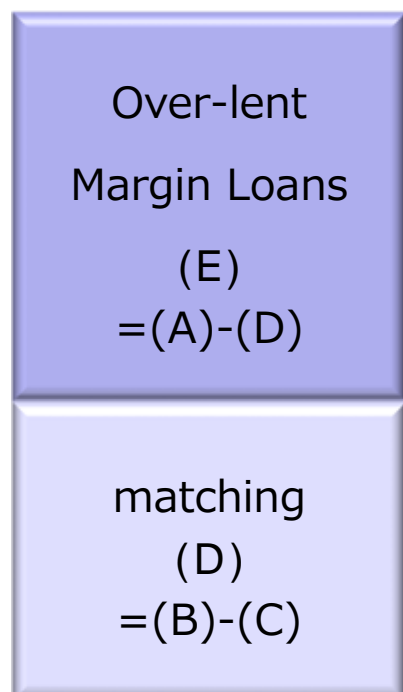
Margin Transactions & Loans for Margin Transactions



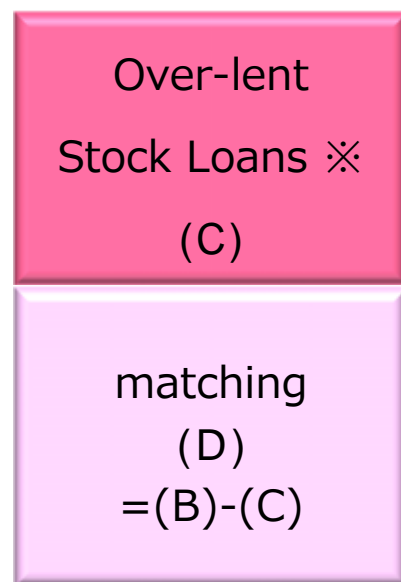
Structure of Margin Transaction & Loans for Margin Transaction



Revenue structure of Loans for margin transactions



Margin Loans (A)



Stock Loans (B)

Income statement

【Operating revenues】

Interest on loans = (A) × 0.60%

Fee on lending securities (lending fees) = (B) × 0.40%

Interest on collateral money of securities borrowed = (C) × 0.60%

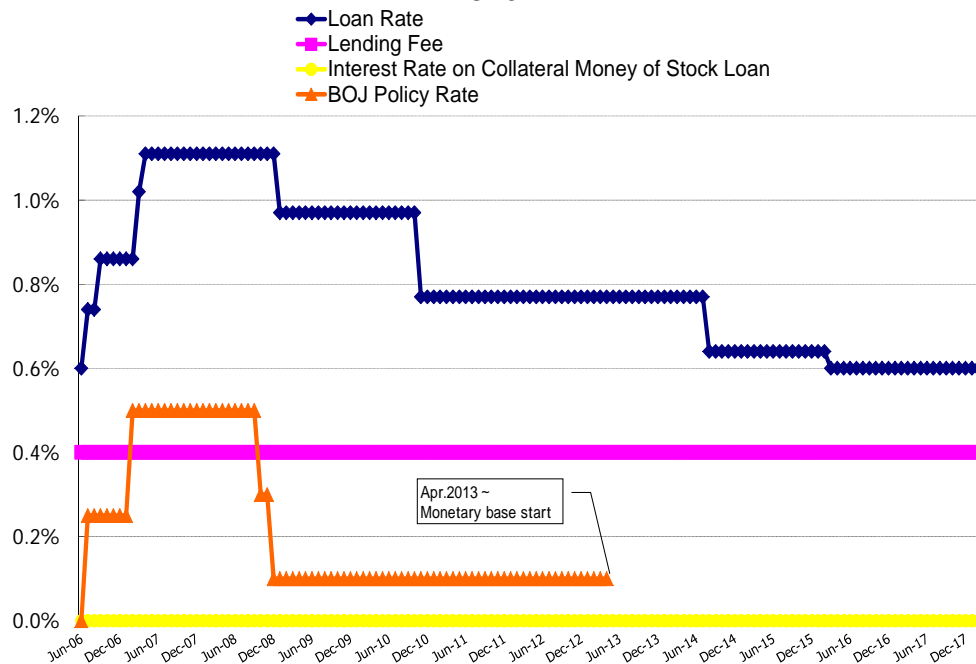
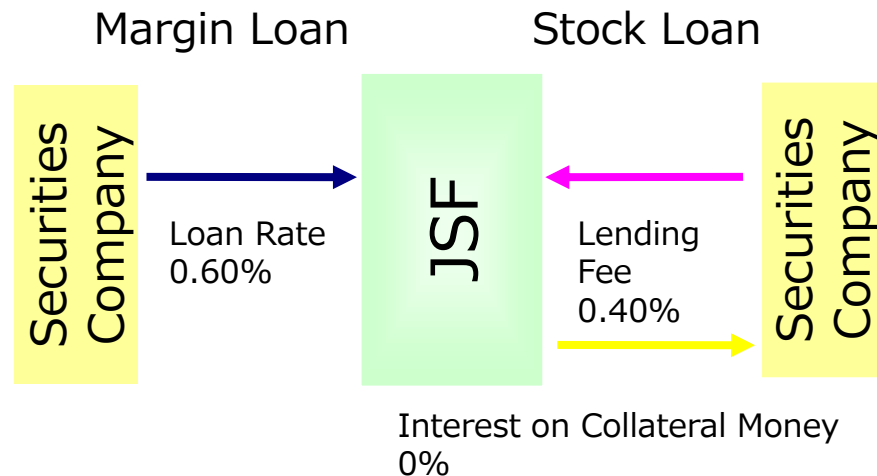
【Operating expenses】

Interest on borrowing = (E) × funding rate

◆ 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) × rate of Premium charges

Margin Loan Rates



BOJ Policy Interest Rate

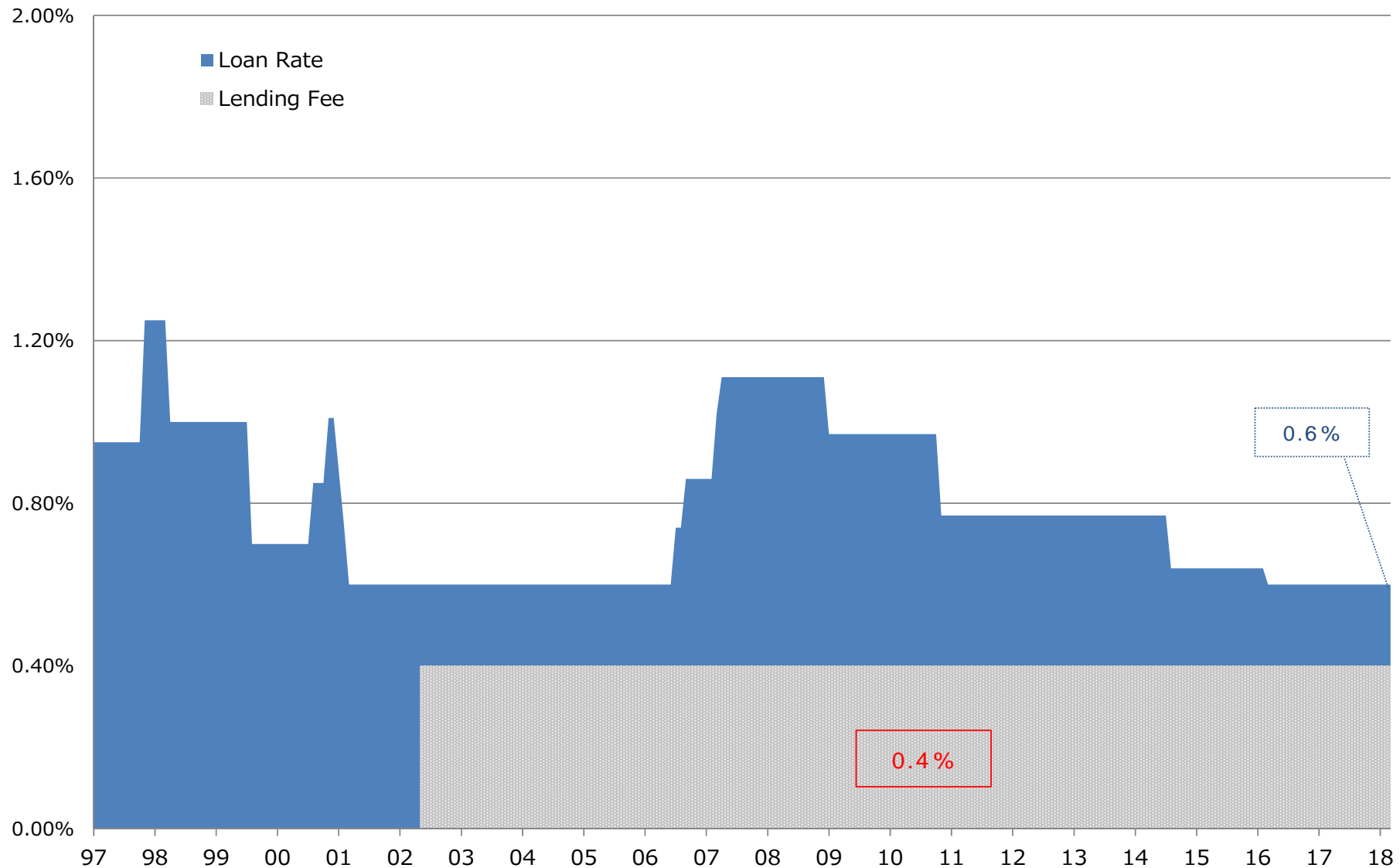
- Jul 2006 Uncollateralized O/N Call Rate: **0.25%**
- Feb 2007 Uncollateralized O/N Call Rate: **0.50%**
- Oct 2008 Uncollateralized O/N Call Rate: **0.30%** (0.20%)
- Dec 2008 Uncollateralized O/N Call Rate: **0.10%** (0.20%)
- Oct 2010 Uncollateralized O/N Call Rate: **0 ~ 0.10%**
(0.10~0%)
- Apr 2013 Switched from interest rate to monetary base
- Jan 2016 Embraced negative interest rates
- Sep 2016 Introduced QQE with Yield Curve Control

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%)
- 09/Mar/2016 **0.60%** (0.04%)

◆ 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

	Mar-18	Change from Mar-17	
Total assets	4,960,928	315,877	
Current assets	4,162,254	219,813	
Cash & Deposit	777,895	▲ 298,866	Deposit at BOJ
Short-term investments	60,817	▲ 177,681	JGB and other bonds (Maturity: 1year or less)
Short-term loans receivable	1,002,931	415,178	Margin loan / Loans for negotiable margin transactions / General loans / Trust bank loans
Collateral money of securities borrowed	2,168,170	237,448	Collateral money of bond borrowing Collateral money of stock borrowing
Non-current assets	798,674	96,063	
Investments in securities	787,231	97,023	JGB and other bonds (Maturity: more than 1year), Stock
Total liabilities	4,817,117	311,778	
Current liabilities	4,792,452	315,011	
Call money	771,414	144,515	
Short-term borrowings	15,510	2,500	Bank borrowing Market operation by BOJ
Commercial Paper	459,000	274,000	
Collateral money received of securities lent	2,505,135	12,556	Collateral money of bond lending Collateral money of stock lending
Borrowed money from trust account	961,611	▲ 133,443	
Non-current liabilities	24,665	3,233	
Total net assets	143,811	4,098	

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

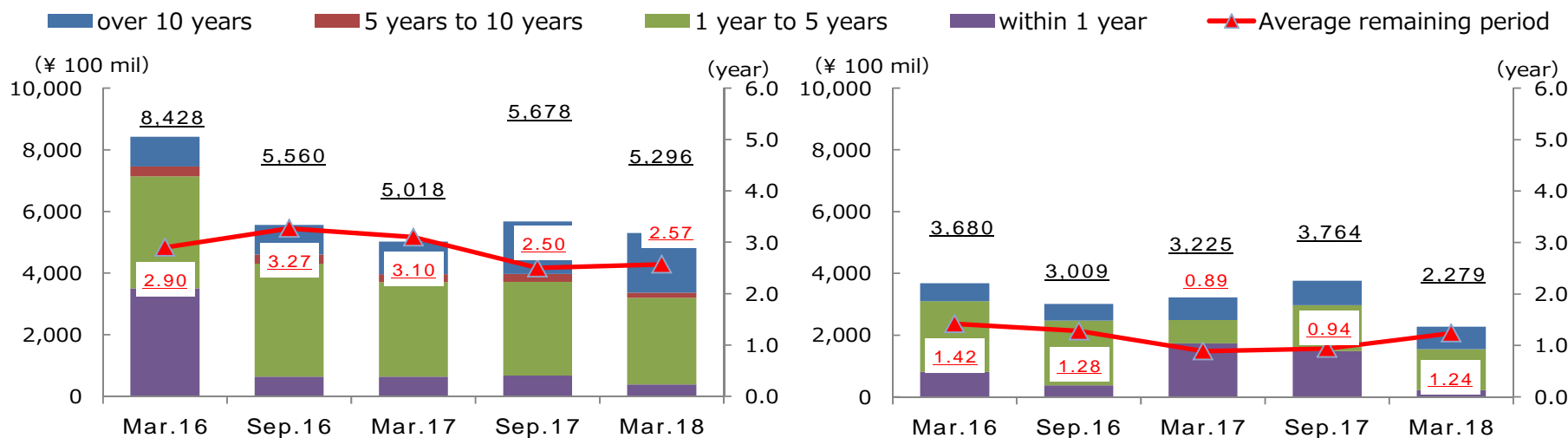
¥ mil

Securities Holdings	Mar-17		Mar-18		notes
	B/S Amount	Unrealized profits and losses	B/S Amount	Unrealized profits and losses	
Equity	11,824	6,516	13,741	8,461	
Bond	893,715	20,900	806,526	25,412	
JGB&Municipal Bond	655,082	24,524	640,687	25,631	
Corporate Bond	197,558	166	145,665	8	Mainly Government Guaranteed Bond
Others	41,073	▲3,791	20,173	▲227	Foreign government bonds
Other Securities	5,791	880	6,255	1,328	
Total	911,330	28,297	826,522	35,203	
(included the effects of derivatives)	-	(24,161)	-	(27,584)	

held-to-maturity bonds	B/S Amount	Unrealized profits and losses	BS計上額	評価損益	notes
JGB	1,515	179	1,514	208	

Yen Bond Portfolio (JSF)

Yen Bond Portfolio (JSF Trust Bank)



(Note) Average remaining period is calculated excluding Floating JGB, held-to-maturity bonds, bonds for which hedge-accounting is applied

JSF Trust Bank (Loan Balance)

- Loan Banance by Industry

¥mil

	Mar-17		Sep-17		Mar-18	
	Loan Balance	ratio	Loan Balance	ratio	Loan Balance	ratio
Manufacturing	5,022	2.8%	5,022	2.5%	4,800	1.1%
Fishery	0	0.0%	0	0.0%	0	0.0%
Mining	0	0.0%	0	0.0%	0	0.0%
Construction	0	0.0%	0	0.0%	0	0.0%
Energy & Utilities	0	0.0%	0	0.0%	0	0.0%
Communication	0	0.0%	0	0.0%	0	0.0%
Transportation	3,941	2.2%	1,769	0.9%	1,769	0.4%
Wholesale	800	0.5%	800	0.4%	800	0.2%
Retail	0	0.0%	0	0.0%	0	0.0%
Finance & Insurance	5,150	2.9%	650	0.3%	1,650	0.4%
Real Estate	1,350	0.8%	500	0.2%	500	0.1%
Service Industries	800	0.5%	800	0.4%	800	0.2%
Governments	159,528	90.3%	194,720	95.3%	414,877	97.6%
Total	176,593		204,263		425,197	

The 5th Mid-term Management Plan (FY2017~FY2019) ①

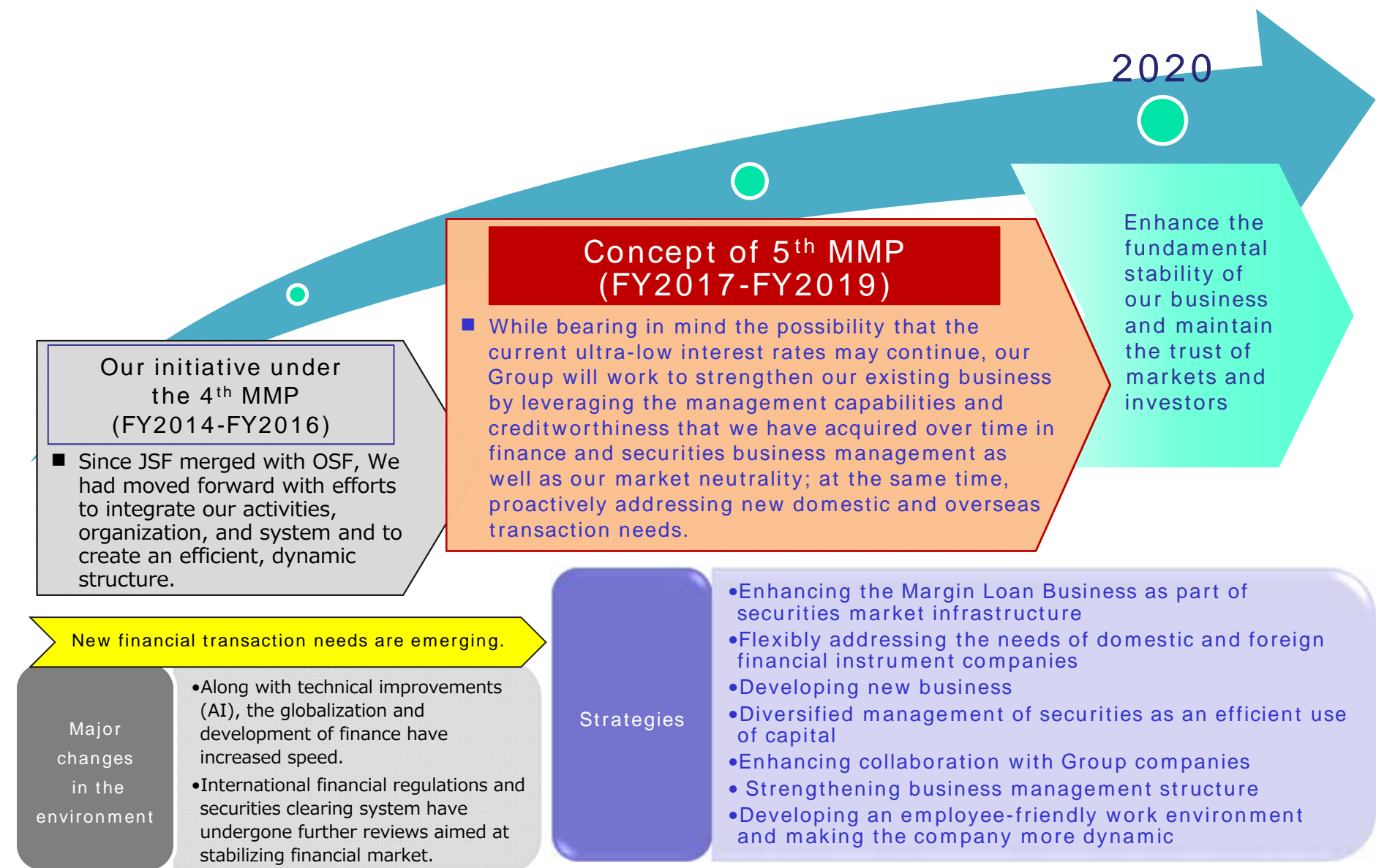
Corporate identity

- 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
- Maintaining solid equity capital, ensure return of profits to shareholders
- Further solidify the profit base
- Further improve the efficiency of organizational and business management

The 5th Mid-term Management Plan (FY2017~FY2019) ②



The 5th Mid-term Management Plan (FY2017~FY2019) ③

Business Environment

- Along with technical improvements (AI), the globalization and development of finance have increased speed.
- International financial regulations and securities clearing system have undergone further reviews aimed at stabilizing financial market.

~ Reinforcing Management Systems ~

Enhancing the Margin Loan Business as part of securities market infrastructure

- Increasing the number of loanable issues and enhance procurement capability
- Pursuing stable management of ML business
- Promoting and expand the base of MT & LMT
- Expanding the use of loans for negotiable margin transactions

Flexibly addressing the needs of domestic and foreign financial instrument companies

- Expanding general loans to financial instrument companies
- Expanding securities lending business
- Expanding loans to individuals

Developing new business

- Developing new business in Japan and foreign countries
- Promoting effective utilization of resources

Diversified management of securities as an efficient use of capital

- Securing stable revenues
- Establishing foreign currency funding methods

Enhancing collaboration with Group companies

- Bolstering coordination in terms of sales and system
- Strengthening profit management

Strengthening business management structure

- Ensuring that compliance is positioned as a prerequisite of management
- Securing the effectiveness of our internal auditing
- Upgrading our backup arrangements in the event that a major disaster occurs.
- Making corporate governance better

Developing an employee-friendly work environment and making the company more dynamic

- Increasing the productivity of individual personnel and make the company more dynamic

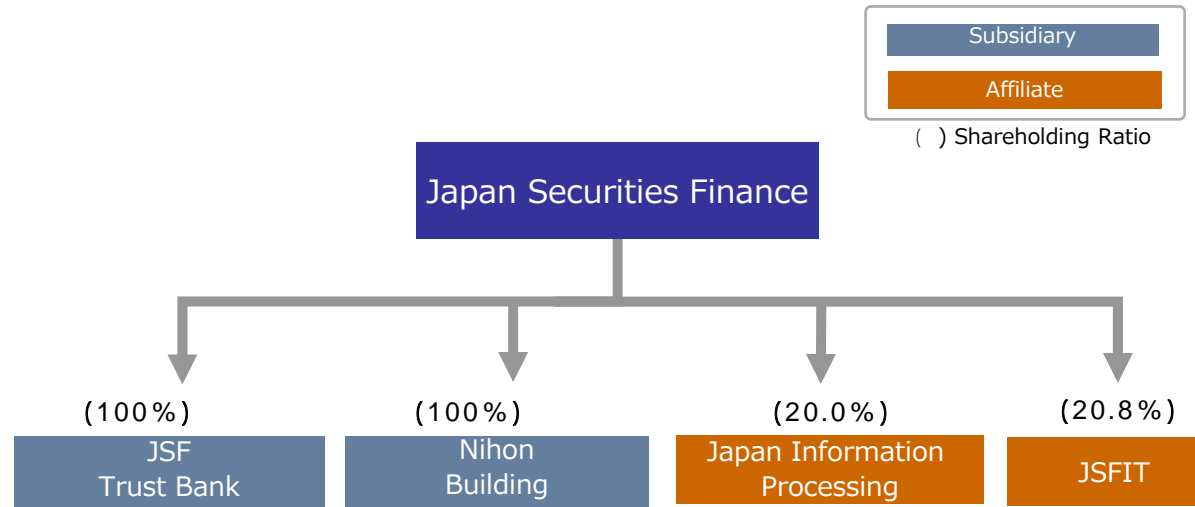
Business Strategies of JSF Trust Bank

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

Our Group Companies



Shareholding Ratio	Name	Capital (mill yen)	Business overview
100%	JSF Trust and Banking Co., Ltd.	14,000	Trust service, Banking service
100%	Nihon Building Co., Ltd.	100	Real estate ownership and leasing Real estate trading and brokerage
20.0%	Japan Information Processing Service Co., Ltd	2,460	Information processing services Software development and sales
20.8%	JSF Information Technology Co., Ltd	100	Information processing services Software development and sales

Rating Information

As of 31/Mar/2018		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.