

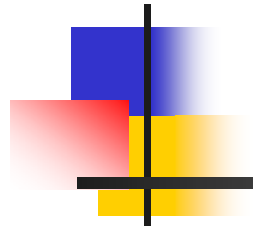


# Financial Presentation for FY2011

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Japan Securities Finance Co.,Ltd

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# Financial Summary

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# Financial Summary for Mar 2012

¥ mil

	Parent			Consolidated		
	Mar2011	Mar2012	Change	Mar2011	Mar2012	Change
Operating Revenues	<b>17,639</b>	<b>15,276</b>	▲2,363 (▲13.4%)	<b>22,848</b>	<b>20,229</b>	▲2,619 (▲11.5%)
EX Premium Charges	13,827	12,128	▲1,699 (▲12.3%)	19,037	17,082	▲1,955 (▲10.3%)
Operating Expenses	8,977	8,311	▲665	11,327	9,634	▲1,692
General & Administrative Expenses	6,524	5,855	▲669	7,865	7,554	▲310
Operating Profit	<b>2,137</b>	<b>1,108</b>	▲1,028 (▲48.1%)	<b>3,655</b>	<b>3,039</b>	▲615 (▲16.9%)
Gain or Loss in Equity-Method	—	—	—	▲484	▲868	▲384
Recurring Income	<b>2,553</b>	<b>1,391</b>	▲1,162 (▲45.5%)	<b>3,345</b>	<b>2,387</b>	▲958 (▲28.7%)
Extraordinary Profit or Loss	0	882	881	1,250	▲452	▲1,703
Net Income	<b>1,613</b>	<b>1,229</b>	▲384 (▲23.9%)	<b>3,492</b>	<b>779</b>	▲2,712 (▲77.7%)

※Comprehensive income: 1,862¥mil (Mar-12)    3,574¥mil (Mar-11)

# Operating Revenues by Each Business

¥ mil  
( ): ratio of OR

	Mar-11	Mar-12
<b>Securities Finance Business</b>	<b>17,558</b>	<b>15,186</b>
<b>Margin Loan Business</b>	<b>8,922</b>	<b>6,756</b>
	(39.0%)	(33.4%)
Interest on Loans	2,809	1,783
Interest on collateral money of securities procured	826	639
Fees on Lending Securities	4,807	3,957
Premium Charges	3,811	3,147
Lending Fees	996	809
<b>Bond Financing and General Loans Business</b>	<b>1,047</b>	<b>827</b>
	(4.6%)	(4.1%)
Bond financing & General Loans	659	492
Loans for Negotiable Margin Transactions	200	189
<b>Securities Lending Business</b>	<b>1,754</b>	<b>1,701</b>
	(7.7%)	(8.4%)
General Stock Lending	331	219
Bond Lending	1,422	1,482
<b>Others</b>	<b>5,834</b>	<b>5,901</b>
	(25.5%)	(29.2%)
Bond Trading (Parent only)	5,754	5,824
<b>Trust Business</b>	<b>4,360</b>	<b>4,224</b>
	(19.1%)	(20.9%)
Interest on Loans	1,079	741
Trust Charges	308	300
Bond Trading	2,657	3,134
<b>Real Estate Management Business</b>	<b>930</b>	<b>818</b>
	(4.1%)	(4.0%)
<b>Operating Revenues</b>	<b>22,848</b>	<b>20,229</b>
(excluded Premium Charges)	<b>19,037</b>	<b>17,082</b>

## 【Margin Loan】

• The revenues in the business decreased due to balance decrease in Margin Loan Balance, margin loan rate cut and the reduction of Fees on Lending Securities.

## 【Bond Financing and General Loans】

• The balance standard was the same level as the same period a year ago, but the revenues decreased by the decline of the interest rate.

## 【Securities Lending】

• Borrowing demands of stock lending decreased.  
• Borrowing demands of bond lending increased.

## 【Others】

• Profit on sale of holding JGBs increased.

## 【Trust Bank】

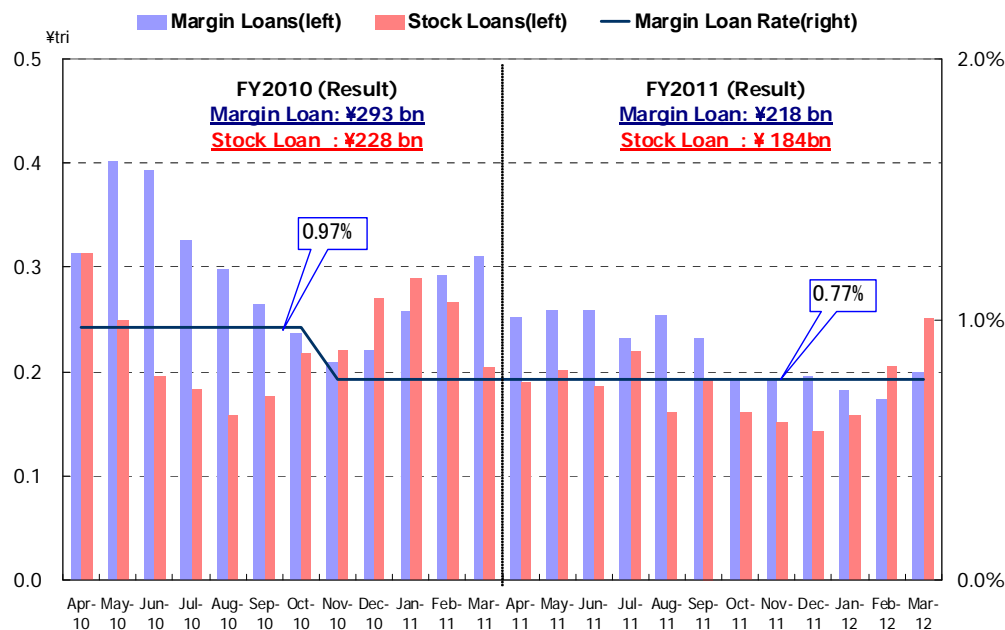
• Bond Trading increased greatly, but Interest on Loans decreased.

# Financial Highlights for FY2011

## 1 Margin Loan Balance for FY2011

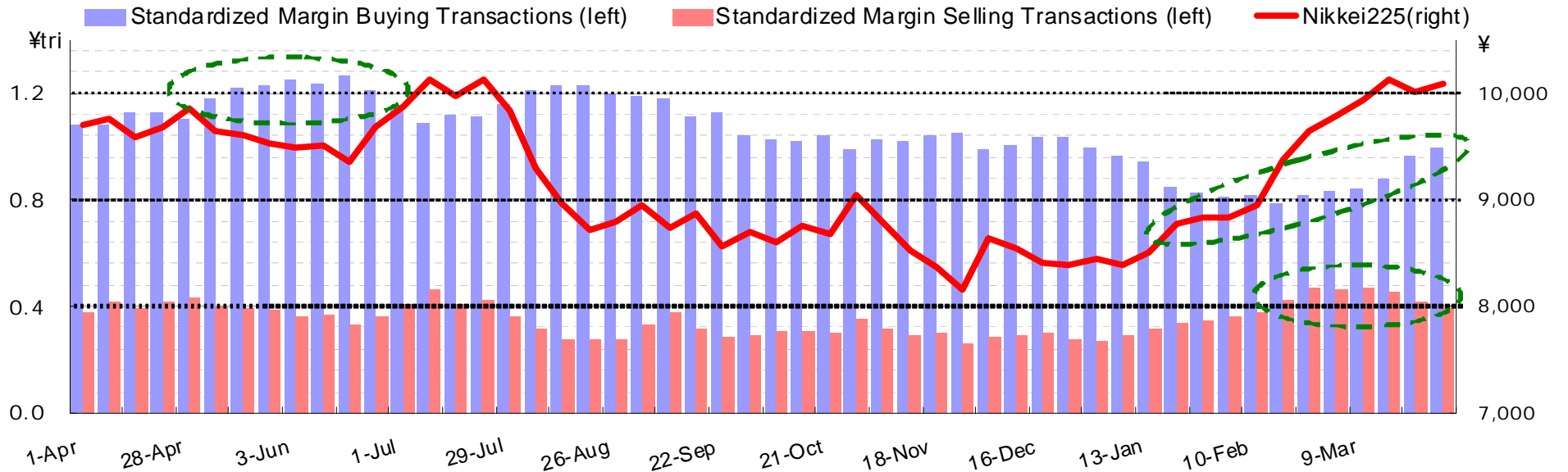
	Avg. Margin Loan	Avg. Stock Loan	Loan Rate (as of Mar)	Policy Rate (as of Mar)
	¥ bn	¥ bn	%	%
FY2011	218	184	0.77	0.00~0.10
YoY	▲75	▲43	—	—
[Reference] FY2010	293	228	0.77	0.00~0.10

	Mar-11	Mar-12	Change
<b>Margin Loan Business</b>	<b>8,922</b>	<b>6,756</b>	<b>▲24.3%</b>
Interest on Loans	2,809	1,783	▲36.5%
Interest on collateral money of securities procured	826	639	▲22.6%
Fees on Lending Securities	4,807	3,957	▲17.7%
Premium Charges	3,811	3,147	▲17.4%
Lending Fees	996	809	▲18.7%

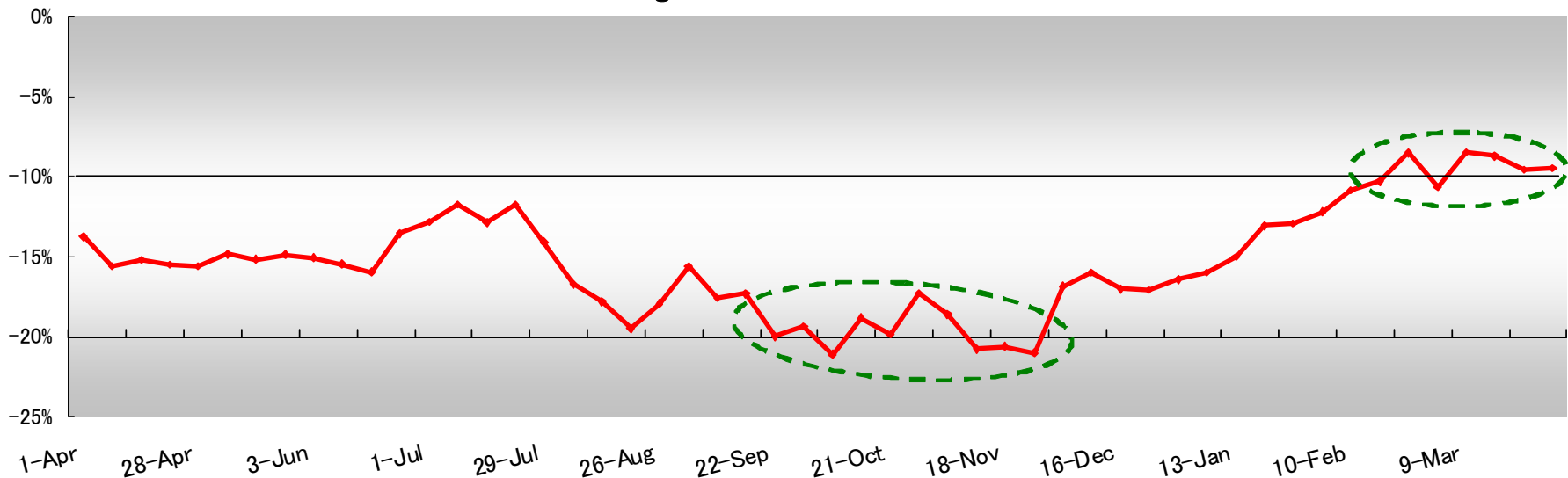


- ◆ As the outstanding balance of standardized margin transactions declined, both Margin Loan Balance and Stock Loan Balance decreased.
- ◆ Interest on Loans decreased because of balance decrease and margin loan rate cut.
- ◆ Lending fees and Premium Charges were also dull.

# Outstanding Balance of Standardized Margin Transactions



Margin Valuation Gain or Loss



# Financial Highlights for FY2011

## 2 Profit for bond trading largely increased in JSF Trust Bank.

- ◆ Sale gain of CDO : ¥1,394mil
- ◆ Profit for bond trading : ¥3,134mil (+¥477mil, YoY)

## 3 Booked Loss in Equity-Method and Extraordinary Loss

JBIS Holdings (Consolidated)		Influence on JSF consolidated accounts	
Sale loss of the JSA※ stock <small>(※100% subsidiary of JBISHD)</small>	2,800		
Net Income (Mar-12)	▲2,600	→ Loss in Equity-Method	900

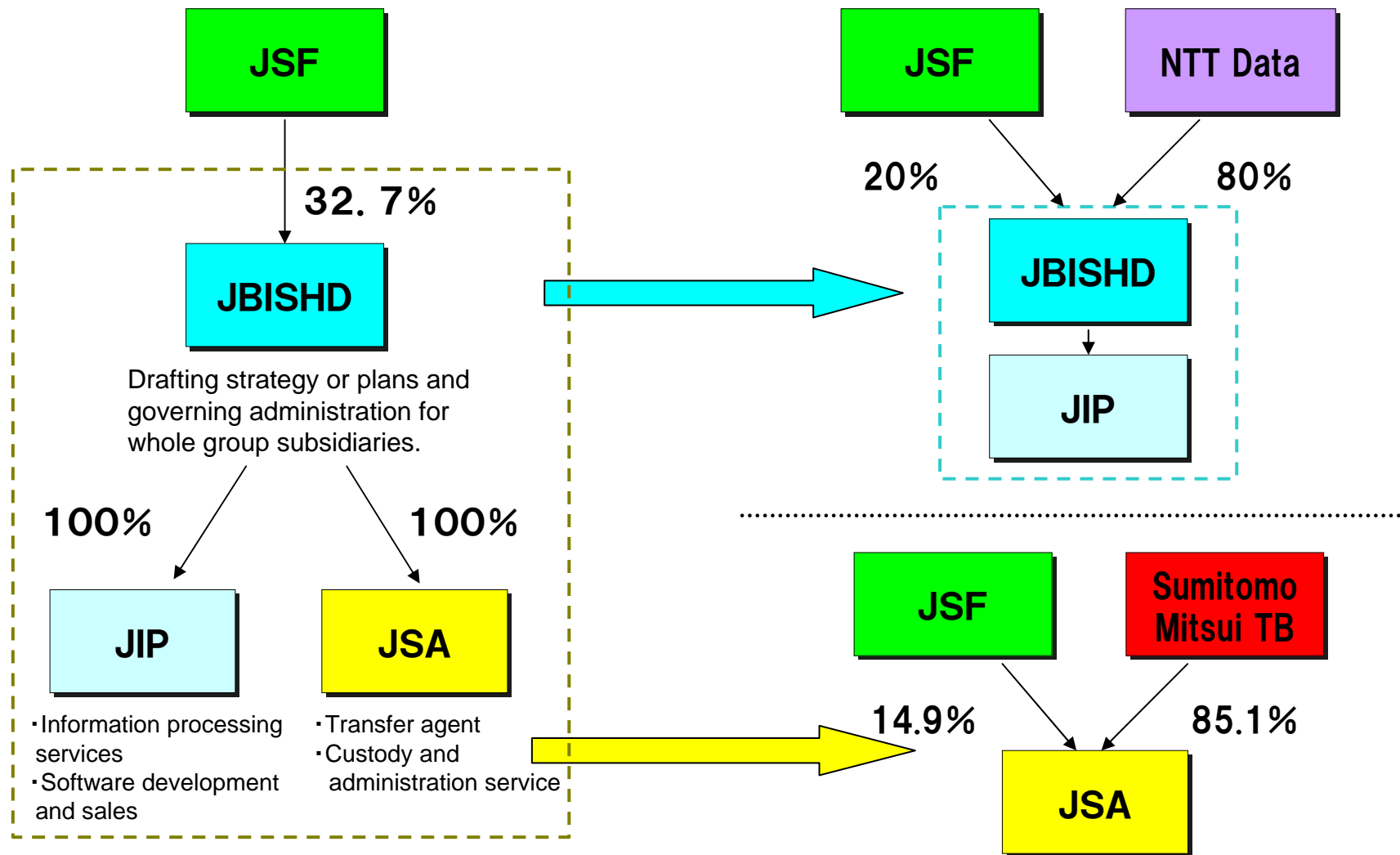
JSF (Parent)		Influence on JSF consolidated accounts	
Sale gain of the JBISHD stock	900	→ Sale loss of the JBISHD stock	400
Tax expense for the sale gain	300	→ Tax expense (Parent) shifts to consolidated accounts	300

The amount of influence



**1,600 million yen**

# Figure of group reorganization with the tender offer application of JBISHD



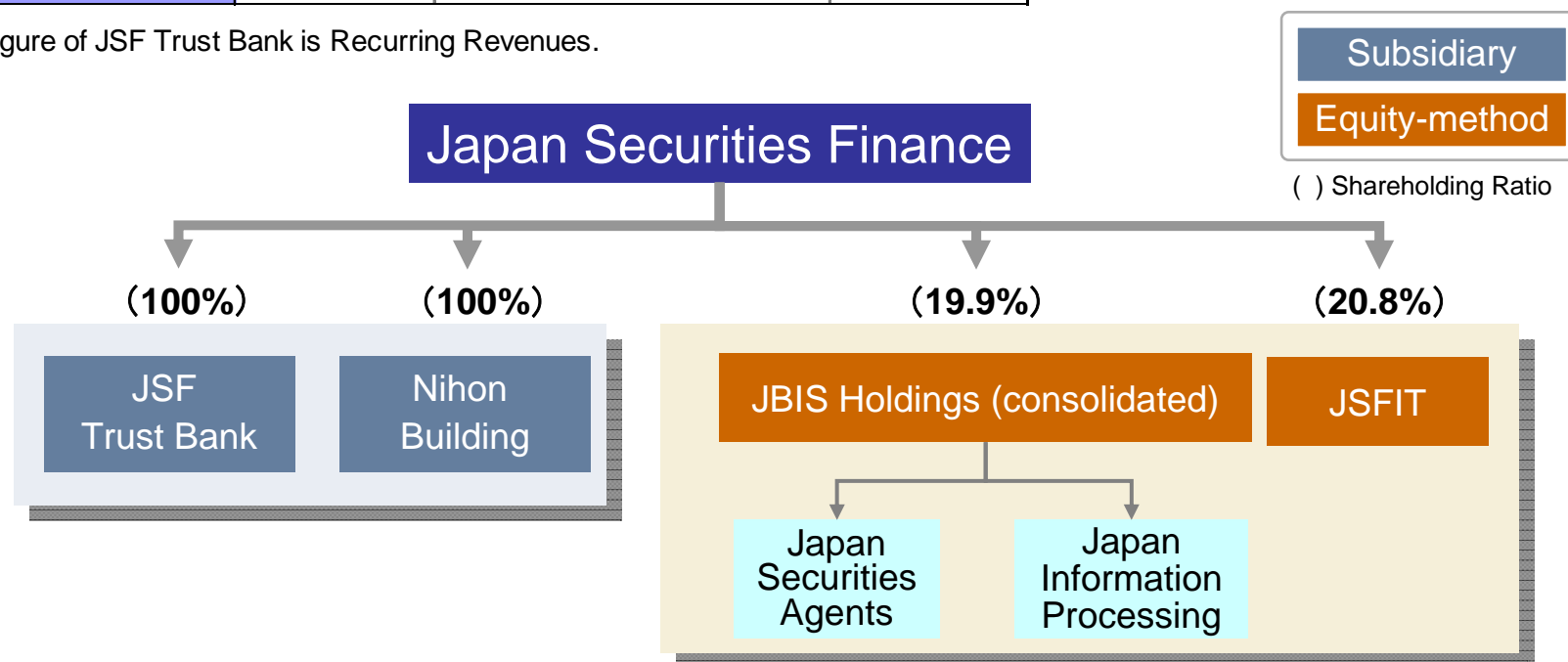


# Financial Results of Group Companies

¥ mil

	Shareholding Ratio	Mar 2012 Results		
		Operating Revenues*	Recurring Income	Net Income
<b>Consolidated</b>		<b>20,229</b>	<b>2,387</b>	<b>779</b>
JSF	-	15,276	1,391	1,229
JSF Trust Bank	100%	4,245	1,635	1,540
Nihon Building	100%	1,159	337	207
Equity-method	-	Loss in Equity-Method		▲868

\* Figure of JSF Trust Bank is Recurring Revenues.



# Financial Results of JSF Trust Bank

	Mar-11	Mar-12	change
Recurring Revenues	4,414	4,245	▲169
Trust charges	308	300	▲7
Recurring Income	1,116	1,635	518
Extraordinary Profit	1,260	—	▲1,260
Net Income	2,391	1,540	▲851
Equity Ratio	23.63%	33.07%	

## Financial Highlights

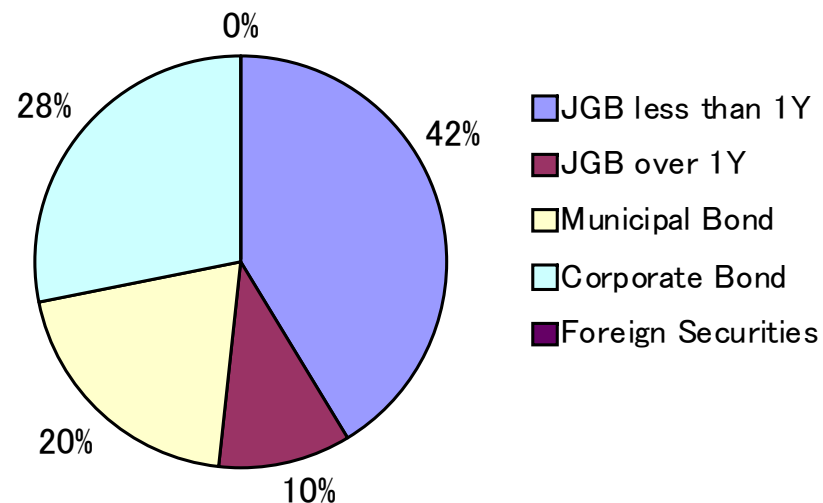
- ◆ Trust charges remains almost stable, as strengthening the expansion of customers' money segregated money trust, foreign exchange margin trust, CFD margin trust and foreign financial futures trading margin trust.
- ◆ Loan for government decreased, and Interest on loans also decreased.
- ◆ Net Income got into black in FY2011 for the 3rd consecutive year.

# Main Assets of JSF Trust Bank

## ● Securities Holdings

	Mar-11	Sep-11	Mar-12	Notes
JGB	930,443	488,822	407,669	
less than 1Y	830,509	428,939	327,732	
over 1Y	99,933	59,882	79,937	
Municipal Bond	196,775	187,486	158,248	
Corporate Bond	366,891	284,050	224,458	Mainly Government Guaranteed Bond
Equity	4	4	4	
Other Securities	20,082	9,835	307	
Foreign Securities	19,307	9,470	0	Euroyen Bond
CDO	405	0	0	Sold off in Apr-11
others	369	365	307	
<b>Total</b>	<b>1,514,197</b>	<b>970,198</b>	<b>790,687</b>	

## ● Ratio of Securities(as of Mar-12)



## ● Loan Balance by Industry

	Mar-11		Jun-11		Sep-11		Dec-11		Mar-12	
	Loan Balance	ratio	Loan Balance	ratio	Loan Balance	ratio	Loan Balance	ratio	Loan Balance	ratio
Manufacturing	33,290	15.7%	32,881	21.2%	32,404	36.2%	31,995	34.6%	31,859	32.1%
Fishery	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Mining	480	0.2%	480	0.3%	432	0.5%	432	0.5%	384	0.4%
Construction	2,319	1.1%	2,223	1.4%	2,087	2.3%	2,004	2.2%	1,850	1.9%
Energy & Utilities	1,999	0.9%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Communication	2,633	1.2%	2,367	1.5%	700	0.8%	700	0.8%	2,687	2.7%
Transportation	11,180	5.3%	11,059	7.1%	11,476	12.8%	12,018	13.0%	11,921	12.0%
Wholesale	5,616	2.6%	5,614	3.6%	5,611	6.3%	5,609	6.1%	5,607	5.7%
Retail	119	0.1%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Finance & Insurance	13,627	6.4%	12,995	8.4%	11,795	13.2%	9,771	10.6%	9,620	9.7%
Real Estate	7,781	3.7%	6,847	4.4%	9,227	10.3%	9,979	10.8%	10,274	10.4%
Service Industries	3,088	1.5%	3,085	2.0%	3,032	3.4%	3,029	3.3%	3,025	3.1%
Governments	130,115	61.3%	77,800	50.1%	12,800	14.3%	16,917	18.3%	21,917	22.1%
<b>Total</b>	<b>212,251</b>		<b>155,355</b>		<b>89,568</b>		<b>92,459</b>		<b>99,148</b>	

# Financial Results of JBIS Holdings

¥mil

	Mar-11	Mar-12	change
Revenues	37,707	35,195	▲2,512
Operating Income	157	191	34
Recurring Income	1,728	1,002	▲726
Extraordinary Loss	1,485	2,819	1,333
Corporation Tax etc.	851	764	▲86
Net Income	▲618	▲2,598	▲1,980

## Financial Highlights

- ◆ Revenues decreased, because system investment was shelved by securities recession.
- ◆ Operating Income increased by cost reduction.
- ◆ Deficits spread largely from the prior year, because booked a large amount of Loss by sale of the JSA stock as extraordinary Loss.

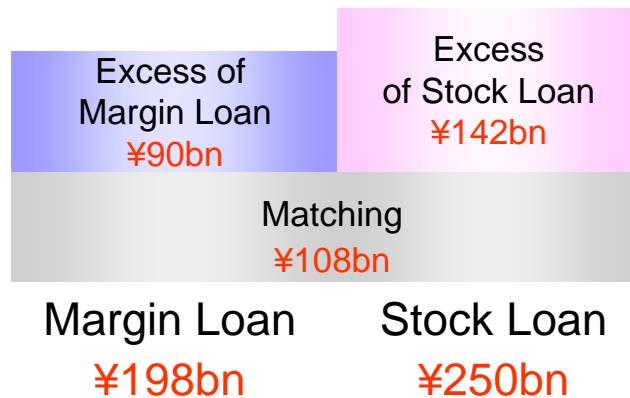
# Estimated Figures for FY2012

¥mil

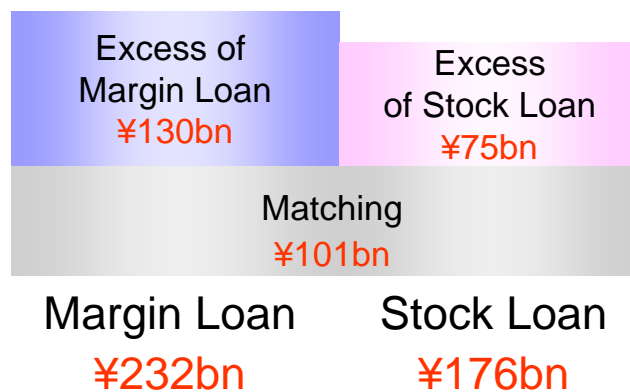
	Parent			Consolidated		
	FY2012 1Q-2Q	FY2012 1Q-4Q	FY2011 Results	FY2012 1Q-2Q	FY2012 1Q-4Q	FY2011 Results
Operating Income	400	1,100	1,108	700	1,700	3,039
Recurring Income	600	1,400	1,391	800	2,100	2,387
Net Income	400	900	1,229	500	1,400	779
EPS (Yen)	4.30	9.67	13.21	5.37	15.05	8.42
preconditions	Avg. Margin Loan Balance:¥ 260bn Avg. Stock Loan Balance:¥ 220bn Margin Loan Rate:0.77% Interest on collateral money:0% Lending Fee:0.40%					

# Precondition Balance of Margin Loans

## Mar-12 Results



## Apr-12 Results



## FY2012 Precondition



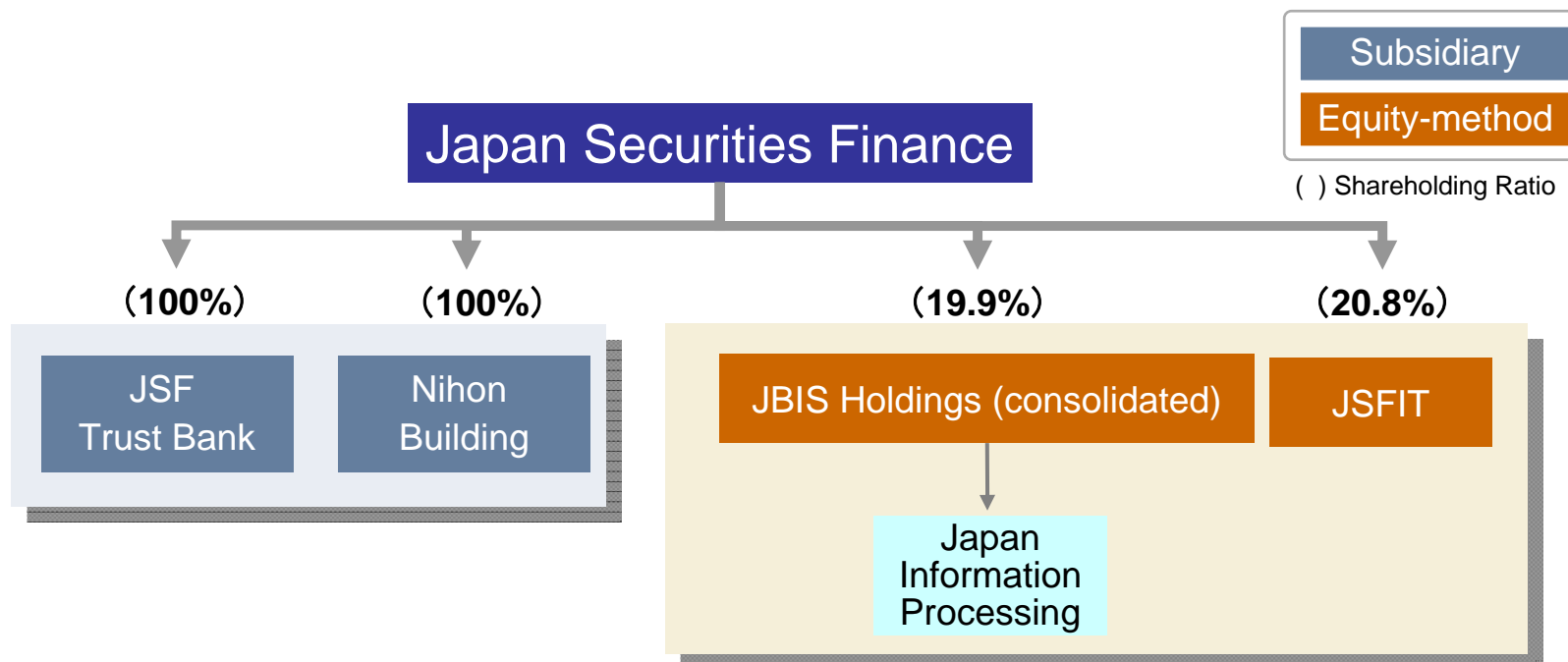
### Preconditions

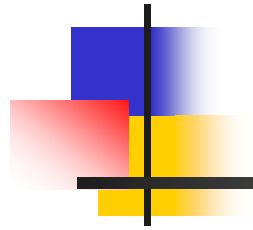
- Loan Rate:0.77%
- Interest on Collateral Money:0%
- Lending Fee:0.40%

# Consolidated Estimated Figures

¥ mil

	Shareholding Ratio	Mar 2012 Results			Mar 2013 Estimated Figures		
		Operating Income	Recurring Income	Net Income	Operating Income	Recurring Income	Net Income
<b>Consolidated</b>		<b>3,039</b>	<b>2,387</b>	<b>779</b>	<b>1,700</b>	<b>2,100</b>	<b>1,400</b>
JSF	—	1,108	1,391	1,229	1,100	1,400	900
JSF Trust Bank	100%	—	1,635	1,540	—	207	176
Nihon Building	100%	306	337	207	360	390	230





# Management Matters

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# Achievement situation of the 2<sup>nd</sup> Mid-term Management Plan①

## Management Policy

- (1) Establish solid social reliance by sound business management, with recognizing social responsibility such as influence on securities market or investors and completing compliance, corporate governance and control of management risk.
- (2) Maintain solid amount of shareholders equity to secure the stability of management and the soundness of financial condition required as a securities finance company offering margin loan business which is an infrastructure of securities market.  
Enforce stable and long-term return to shareholders with considering profit situations or investment plans totally.
- (3) Promote improvement of margin loan business systematically and operationally to enhance its competitiveness.  
Strengthen profitability of JSF group with expanding securities-related services by JSF and its group companies.

## 【Business Strategies】

1. Increase the number of Loanable Issues
2. Loans for Negotiable Margin Transactions
3. Respond to diverse funding needs of brokers
4. Increase Securities Lending Business Revenues

## 【Strengthen Management Foundation】

1. Improve Business Management System
2. Upgrade Business Continuity Plan
3. Organization Efficiency and Human Resource Development
4. Reinforce Funds Procurement Foundation
5. Strengthen Group Company Alliance

# Achievement situation of the 2<sup>nd</sup> MMP②

## Increase the number of Loanable Issues

- ☆ Margin Transaction Support Division
- ☆ Cooperation with the Tokyo Stock Exchange
- ☆ ETFs and ETNs for Loans for Margin Transactions

## Loans for Negotiable Margin Transactions

- By business promotion, the average balance increased, but the availability increases slightly.
  - The number of the securities handling the transactions fails to rise.
  - Reinforcement of the monetary easing by Bank of Japan

	¥ bn	FY2009	FY2010	FY2011
Avg. of Loan Balance		17.1	18.4	20.3

## Respond to diverse funding needs of brokers

- ☆ Elastic use of the loan condition
- ☆ Uptake of the fund needs of the mainly major securities

	¥ bn	FY2009	FY2010	FY2011
General Loans※		29.5	27.3	30.5

※exclude Loans for negotiable margin transactions

## Increase Securities Lending Business Revenues

- The income of General stock lending and Bond lending was dull.
  - Reinforcement of the bear position regulation
  - Reinforcement of the monetary easing by Bank of Japan

	¥ mil	FY2009	FY2010	FY2011
Operating Revenues of General Stock Lending		308	331	219
Operating Revenues of Bond Lending		1,146	1,422	1,482

# Increase the number of Loanable Issues

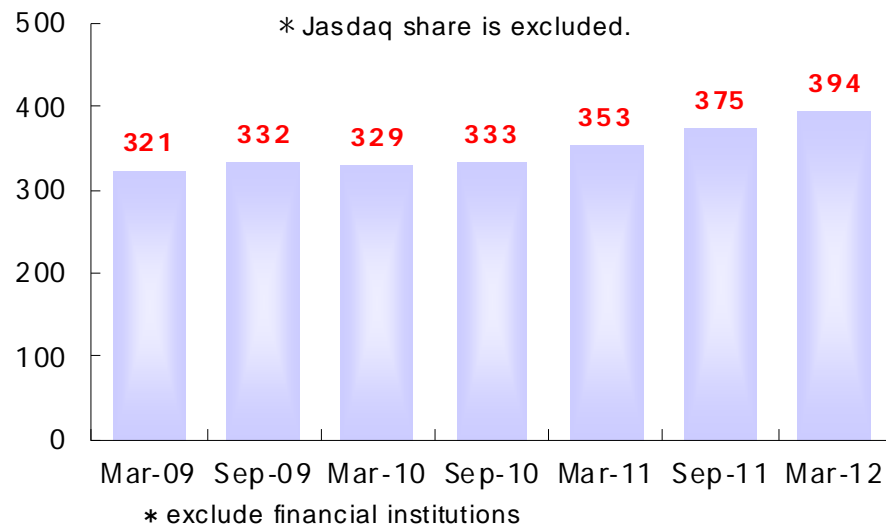
**Increase the number of Loanable Issues to improve convenience and to strengthen competitiveness of Margin Loan Business.**

☆ To increase the number of Loanable Issues

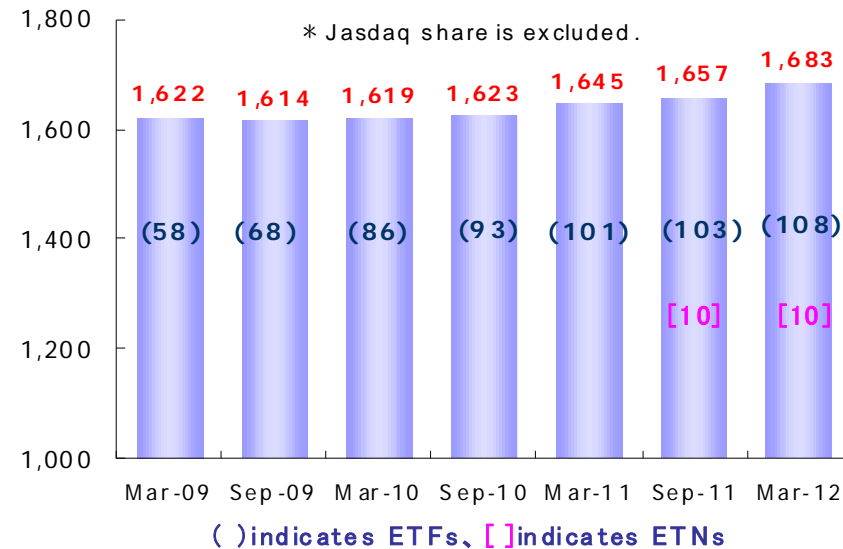
- Select foreign stocks, Exchange Traded Funds (ETFs) and newly Exchange Traded Notes (ETNs) from August 2011, to Loans for Margin Transactions by close connection with stock exchanges
- Boost approach to listed companies

Mar-12	Change (as of Mar-09)
The number of customers for borrowing stock certificates: <b>394</b>	+73
Loanable Issues: <b>1,683</b>	+61

**Customers for Stock Borrowing Agreement**



**The Number of Loanable Issues**



# Achievement situation of the 2<sup>nd</sup> MMP③

## 【Strengthen Management Foundation】

### Improve Business Management System

- ☆ Group Risk Management
- ☆ Information sharing system maintenance for the purpose of the internal management
- ☆ Reinforcement of the monitoring system

### Upgrade Business Continuity Plan

- ☆ Build and run Back-up System
- ☆ Establishment of the basic policy

### Organization Efficiency and Human Resource Development

- ☆ Discontinue operations of 2 branches
- ☆ Interchange of the talented person with the outside or group companies, and Training system expansion

### Reinforce Funds Procurement Foundation

- ☆ Reduction of the financing cost
- ☆ Maintenance of the fluid risk regime

### Strengthen Group Company Alliance

- ☆ Expand securities-related services
- ☆ Cooperation with the trust bank
- ☆ Strengthen Management Foundation of JBISHD

# The 3<sup>rd</sup> Mid-term Management Plan (FY2012~FY2014)

## ◆ Business Environment

Long-term sluggish  
Stock market

Movement to strengthen  
the functions of financial  
and capital markets

Developing globalized and  
sophisticated financial  
business

- Business combination of TSE and OSE
- Development of institutional framework pertaining to the Establishment of comprehensive Exchange

## Management Policy

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

Business  
Strategies

Reinforcing  
Management  
Foundations

# Business Strategies for the 3<sup>rd</sup> MMP

## ① Improve the convenience of Margin Loan Business

- Increase the number of loanable issues
- Improve the convenience of Margin Loan Business

## ② Further Expand Loans for Negotiable Margin Transactions

## ③ Respond to Diverse Funding Needs of Financial Instruments Companies, etc

- Respond proactively to diverse funding needs

## ④ Expand Securities Lending and Borrowing Business

- Respond to the reform of Japan's securities settlement systems

## ⑤ Enhance Securities-Related Services

- Strengthen our relationship with Group companies
- Examine the collaboration with Group companies' affiliates

# Reinforcing Management Foundations for the 3<sup>rd</sup> MMP

## ① Improve the Effectiveness of Business Management Structure

- Further improvement to compliance, internal audit and risk management

## ② Strengthen Business Structure

- Establish “Business Promotion Meeting”

## ③ Improve the Efficiency of Organizational and Business Management

- Improvement of the management mobility and cost control

## ④ Support Financial and Securities Education and Enhance Communication of Information

- Support financial and securities education
- Aggressively communicate information about the systems of Standardized Margin Transactions and Loans for Margin Transactions.

# 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 performs banking functions that are commensurate with its management capacity.

## Major Policies

### 1. Trust Banking Business

- Focus on the trust business, mainly of securities related services, in addition to customers' segregated money trust and foreign exchange margin trust.
- Introduce a new trust scheme by using our established customer relation network.

### 2. Banking Business

- Continue the lending to highly rated customers through syndicated loans and assignment of an obligation in addition to the lending to securities companies.
- View the role of the securities investment as complementing profit and limit the investment asset class to highly rated and short maturity bonds.

	¥mil		
	FY2010	FY2011	FY2012 (Forecast)
Recurring revenues	4,414	4,245	2,200
Trust Charge	308	300	—
CDO sale's gain	—	1,394	—
Recurring Income	1,116	1,635	207
Extraordinary Income	1,260	—	—
Net Income	2,391	1,540	176
Securities Holdings	1,514,197	790,687	—
Equity ratio	23.63%	33.07%	—



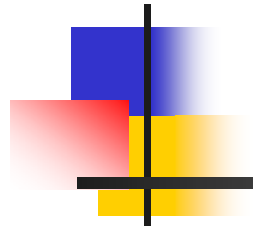
# Dividend Policy

## ➤ 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 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Annual Dividend per share	¥26	¥26	¥20	¥14	¥14	¥14	14円
(year-end)	¥14	¥13	¥10	¥7	¥7	¥7	7円
(interim)	¥12	¥13	¥10	¥7	¥7	¥7	7円
<Consolidated> : EPS	¥42.1	¥▲13.1	¥▲80.3	¥38.6	¥37.7	¥8.4	15.1円
: DPR	61.8%	-	-	36.5%	37.1%	166.3%	93.0%
: DOE	2.1%	2.1%	1.7%	1.2%	1.2%	1.2%	1.2%
<Parent> : EPS	¥68.2	¥49.7	¥28.3	¥27.0	¥17.3	13.2円	9.7円
: DPR	38.1%	52.3%	70.7%	51.9%	80.7%	106.0%	144.8%



# Appendix

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# Operating Revenues by Each Business

	Mar-07	Mar-08	Mar-09	Mar-10 ※	Mar-11	Mar-12
¥ mil						
<b>Securities Finance Business</b>	<b>34,917</b>	<b>38,619</b>	<b>34,427</b>	<b>20,817</b>	<b>17,558</b>	<b>15,186</b>
<b>Margin Loan Business</b>	<b>23,186</b>	<b>23,156</b>	<b>19,638</b>	<b>12,954</b>	<b>8,922</b>	<b>6,756</b>
	(53.3%)	(45.8%)	(44.3%)	(46.5%)	(39.0%)	(33.4%)
Interest on Loans	10,954	10,581	3,899	3,324	2,809	1,783
Interest on collateral money of securities procured	1,345	1,683	1,992	1,774	826	639
Fees on Lending Securities	10,224	10,383	13,278	7,337	4,807	3,957
Premium Charges	7,168	7,862	11,568	5,773	3,811	3,147
Lending Fees	3,056	2,520	1,710	1,563	996	809
<b>Bond Financing and General Loans Business</b>	<b>1,254</b>	<b>1,428</b>	<b>1,275</b>	<b>1,234</b>	<b>1,047</b>	<b>827</b>
	(2.9%)	(2.8%)	(2.9%)	(4.4%)	(4.6%)	(4.1%)
Bond financing & General Loans	938	1,016	951	767	659	492
Loans for Negotiable Margin Transactions	315	412	191	204	200	189
<b>Securities Lending Business</b>	<b>5,093</b>	<b>6,297</b>	<b>4,848</b>	<b>1,454</b>	<b>1,754</b>	<b>1,701</b>
	(11.7%)	(12.5%)	(10.9%)	(5.2%)	(7.7%)	(8.4%)
General Stock Lending	1,441	848	462	308	331	219
Bond Lending	3,651	5,448	4,386	1,146	1,422	1,482
<b>Others</b>	<b>5,993</b>	<b>7,736</b>	<b>8,664</b>	<b>5,174</b>	<b>5,834</b>	<b>5,901</b>
	(13.8%)	(15.3%)	(19.6%)	(18.6%)	(25.5%)	(29.2%)
Bond Trading (Parent only)	5,038	6,767	8,129	5,077	5,754	5,824
<b>Trust Business</b>	<b>6,981</b>	<b>10,844</b>	<b>8,780</b>	<b>6,016</b>	<b>4,360</b>	<b>4,224</b>
	(16.0%)	(21.4%)	(19.8%)	(21.6%)	(19.1%)	(20.9%)
Interest on Loans	2,964	3,833	3,348	1,330	1,079	741
Trust Charges	177	198	209	249	308	300
Bond Trading	3,095	5,317	4,935	4,342	2,657	3,134
<b>Real Estate Management Business</b>	<b>1,014</b>	<b>1,118</b>	<b>1,091</b>	<b>1,034</b>	<b>930</b>	<b>818</b>
	(2.3%)	(2.2%)	(2.5%)	(3.7%)	(4.1%)	(4.0%)
<b>Operating Revenues</b>	<b>43,523</b>	<b>50,582</b>	<b>44,299</b>	<b>27,868</b>	<b>22,848</b>	<b>20,229</b>
<b>(excluded Premium Charges)</b>	<b>36,355</b>	<b>42,719</b>	<b>32,731</b>	<b>22,095</b>	<b>19,037</b>	<b>17,082</b>

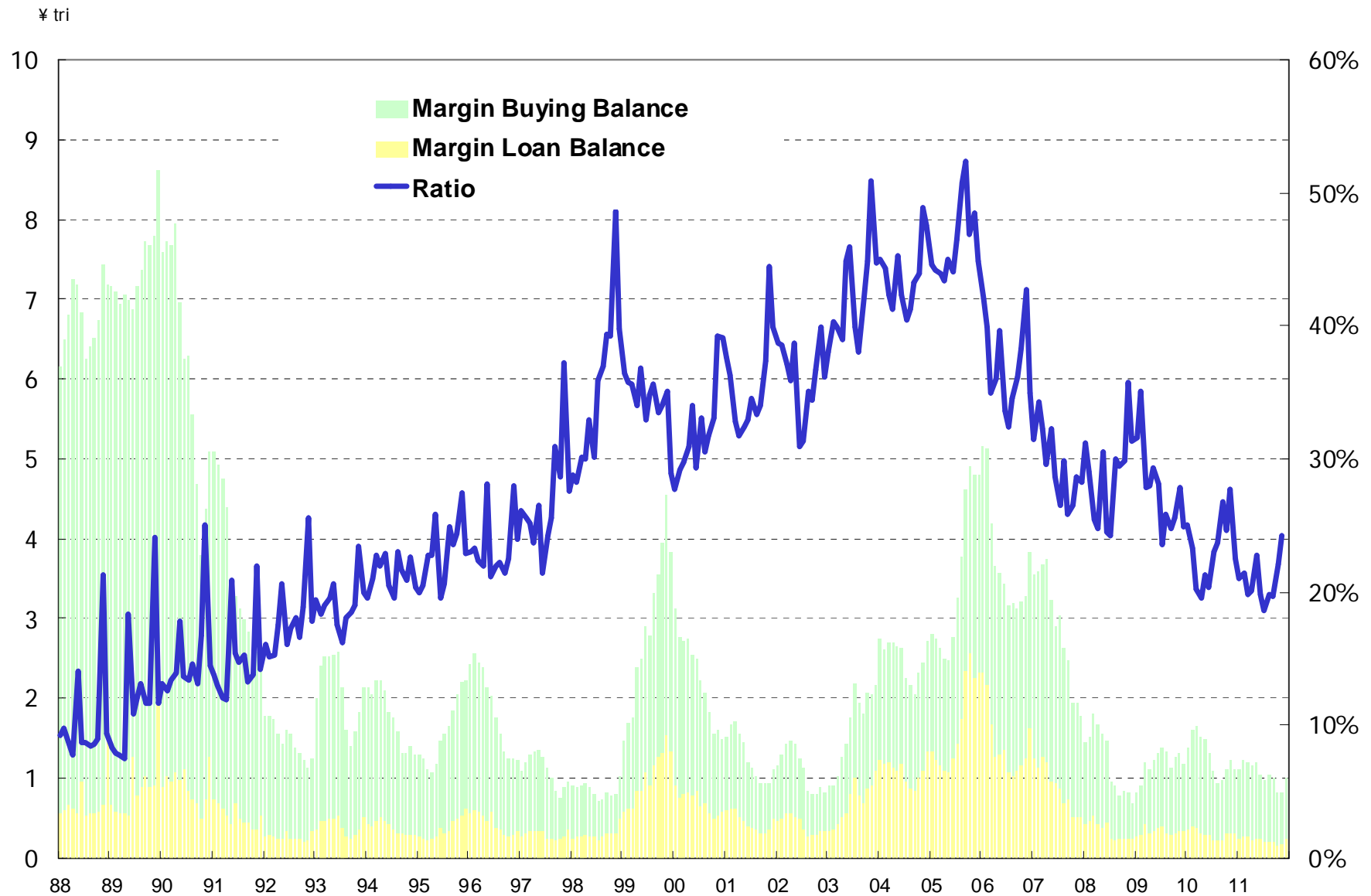
※With the introduction of disclosure of Operating Revenues by segment, figures above were recalculated for each segment.

# Avg. & Outstanding Loan Balance

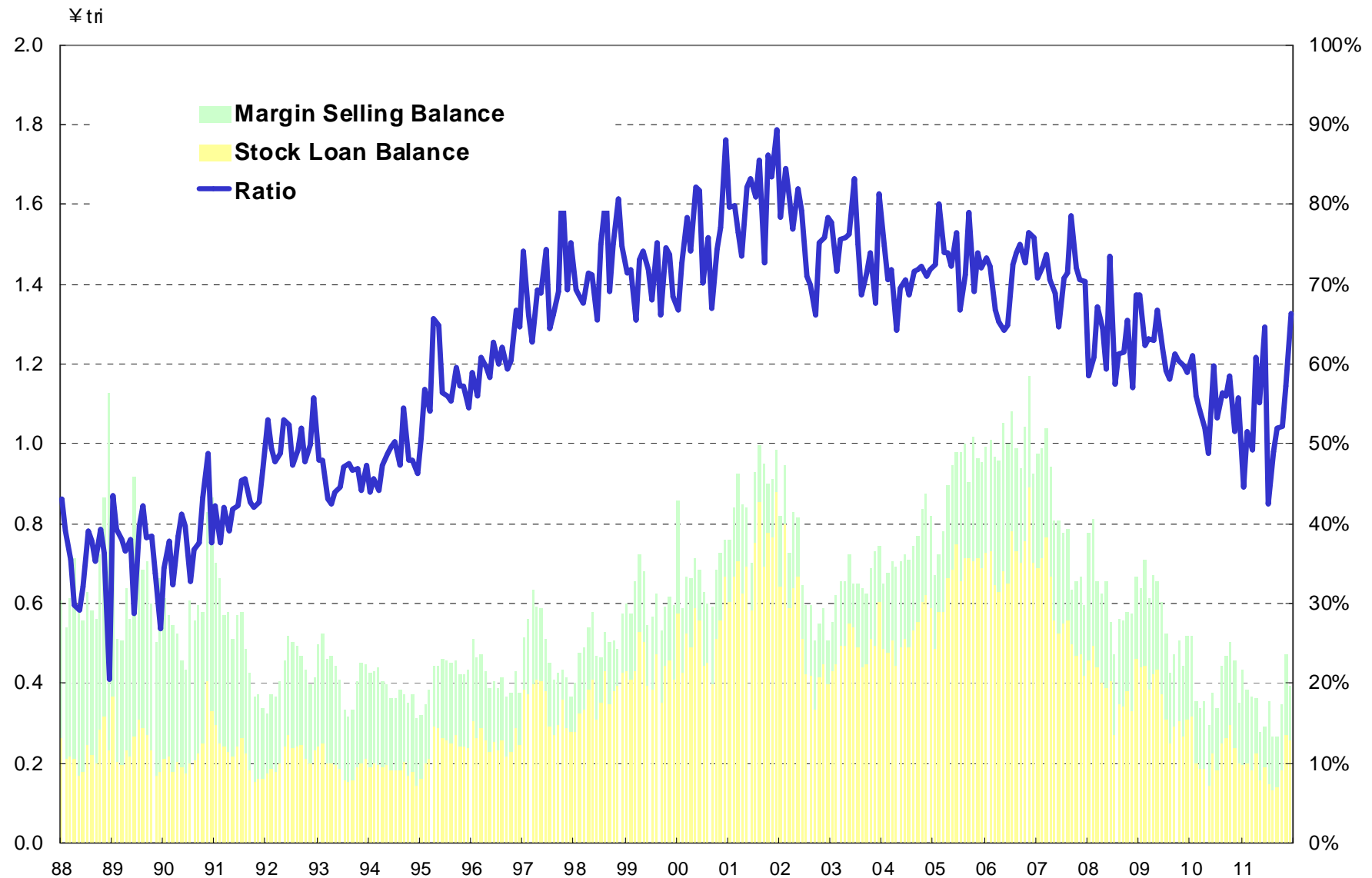
¥ mil

		FY2006	FY2007	FY2008	FY2009	FY2010	FY2011
Margin Loans	avg.	1,444,347	917,219	336,324	324,205	293,429	218,059
	term-end	1,634,700	508,587	244,306	328,755	305,083	241,035
Bond Financing & General Loans	avg.	79,425	76,941	51,887	46,863	45,850	50,893
	term-end	79,859	68,594	53,141	51,448	39,782	96,488
Loans for negotiable margin transactions	avg.	33,770	34,374	14,282	17,173	18,405	20,330
	term-end	40,309	25,154	18,714	20,944	18,143	25,727
Sales under repurchase agreement	avg.	8,923	48,390	88	302	0	0
	term-end	-	0	0	0	0	0
Trust Bank Loans	avg.	711,937	448,938	410,822	215,308	303,778	141,310
	term-end	306,572	546,702	191,122	260,862	211,527	98,260
Others	avg.	7,300	7,500	7,749	14,500	14,423	12,530
	term-end	7,500	7,500	14,500	14,500	12,500	18,000
Total	avg.	2,251,934	1,498,990	806,872	601,180	657,481	422,793
	term-end	2,028,633	1,131,385	503,070	655,567	568,893	453,784
Stock Loans	avg.	723,840	591,023	396,181	361,388	228,050	184,698
	term-end	702,702	419,503	459,098	306,394	196,442	259,058

# Margin Buying Transactions & JSF Margin Loans



# Margin Selling Transactions & JSF Stock Loans



# Features of Balance Sheet (Parent)

## 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

Mar-12

◆ Loans	<b>355,523</b>	<ul style="list-style-type: none"> <li>·Margin Loan</li> <li>·Loans for negotiable margin transactions</li> <li>·Bond financing &amp; General Loans</li> </ul>
◆ Short-term Investments	<b>1,318,655</b>	<ul style="list-style-type: none"> <li>·JGBs, its duration is less than 1 year</li> </ul>
◆ Collateral Money of securities borrowed	<b>1,128,069</b>	<ul style="list-style-type: none"> <li>·Collateral money of bond borrowing</li> <li>·Collateral money of excess of Stock Loan</li> </ul>
◆ Investments in securities	<b>805,102</b>	<ul style="list-style-type: none"> <li>·Mainly JGBs, its duration is over 1 year</li> </ul>

### Liabilities

Mar-12

¥ mil

◆ Call Money	<b>1,050,100</b>	
◆ Short-term Borrowings	<b>1,424,170</b>	<ul style="list-style-type: none"> <li>·Borrowings from banks</li> <li>·BOJ operation</li> </ul>
◆ Collateral Money of securities lent	<b>1,020,026</b>	<ul style="list-style-type: none"> <li>·Collateral money of bond lending</li> <li>·Collateral money of Stock Loan</li> </ul>
◆ Long-term Borrowings	<b>2,000</b>	<ul style="list-style-type: none"> <li>·Borrowings from financial institutions</li> </ul>
<b>Net Assets</b>	<b>109,821</b>	

# Securities Account (Consolidated)

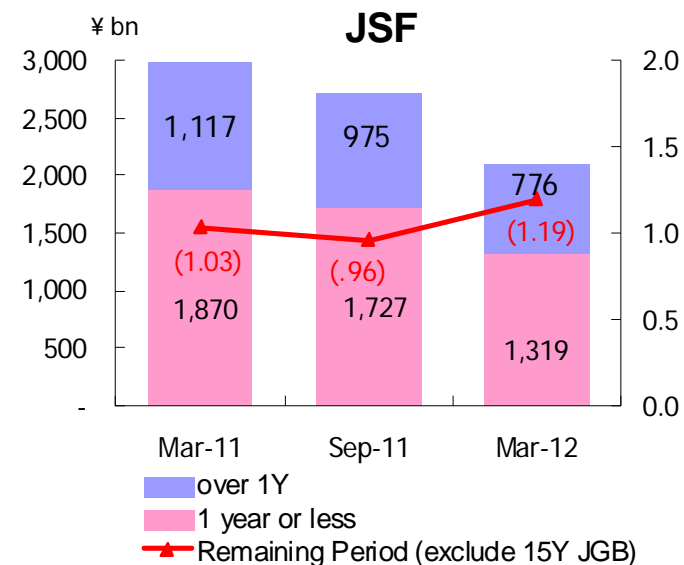
	Mar-12	notes
<b>Assets</b>		
	¥mil	
Loans	<b>453,784</b>	
Margin Loans	241,035	margin loan
Collateral Money of Securities Borrowed	<b>1,127,046</b>	
Stock Loan	152,816	Excess of stock loan
<b>Securities Account</b>		
Securities Lent	<b>260,080</b>	
Loans for Margin Transactions	259,058	stock loan
Bond Lending	0	
Securities in Custody	<b>31,379</b>	
Bond	31,000	
Equity	379	
Securities in Deposit	<b>134,968</b>	Excess of margin loan
<b>Total of Securities Account</b>	<b>426,428</b>	

	Mar-12	notes
<b>Liabilities</b>		
	¥mil	
Collateral Money of Securities Lent	<b>1,100,016</b>	
Margin Loans	259,058	stock loan
<b>Securities Account</b>		
Collateral Securities Deposited	241,035	margin loan
Securities Borrowed	<b>184,389</b>	
Loans for Margin Transactions	152,992	Excess of stock loan
Bond Borrowing	31,000	
Securities Lent Opposite Account	<b>1,003</b>	
<b>Total of Securities Account</b>	<b>426,428</b>	

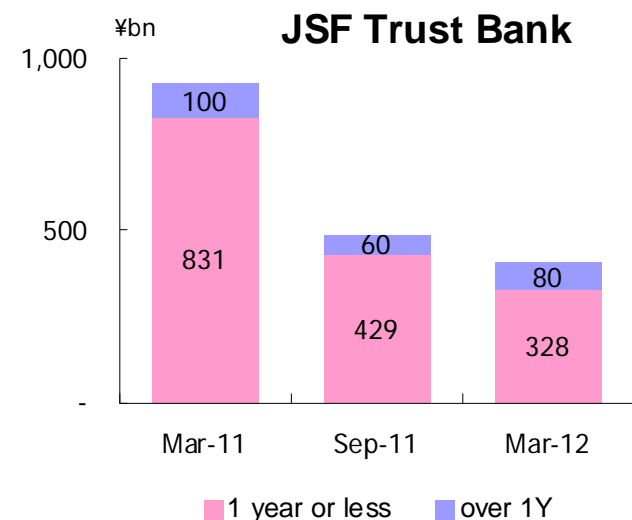


# JGB Balance

JSF		¥ mil		
		Mar-11	Sep-11	Mar-12
JGB Balance		2,987,211	2,702,225	2,094,731
	1 year or less	1,870,087	1,727,065	1,318,655
	over 1Y	1,117,124	975,160	776,076
	(15Y floating JGB)	194,809	156,760	152,747
Net unrealized gain or loss on securities on B/S		4,863	4,468	5,016
Remaining Period (exclude 15Y JGB)		(1.03)	(.96)	(1.19)



JSF Trust Bank		¥ mil		
		Mar-11	Sep-11	Mar-12
JGB Balance		930,443	488,822	407,669
	1 year or less	830,509	428,939	327,732
	over 1Y	99,933	59,882	79,937
	(15Y floating JGB)	39,880	39,886	39,892
Net unrealized gain or loss on securities on B/S		▲1,248	▲684	▲574

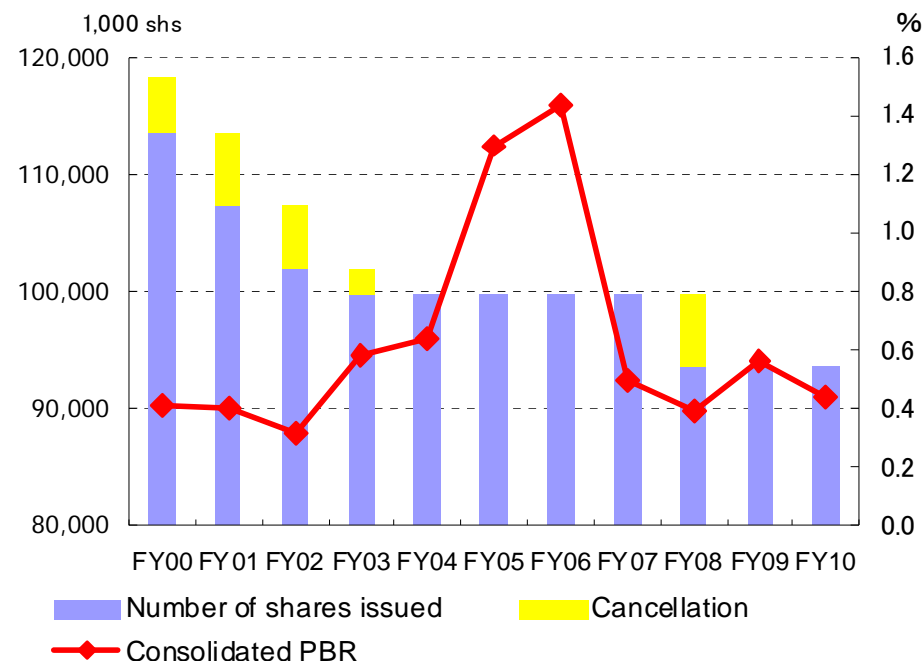


# Share Buyback Program

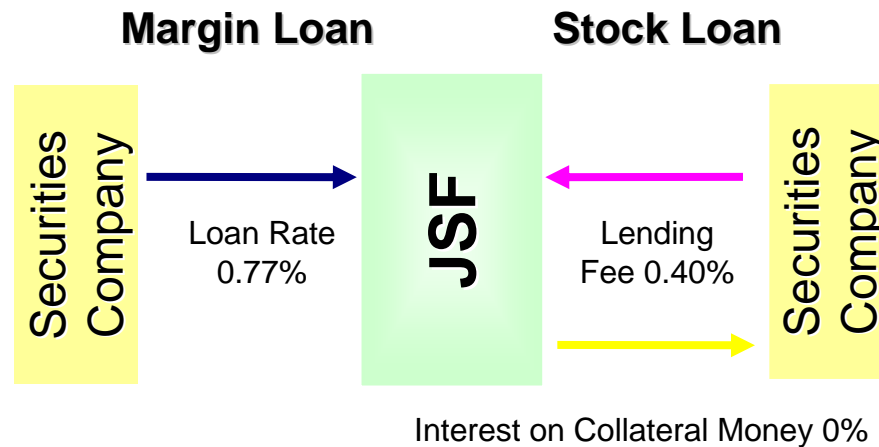
	start	end	total shares purchased shs	amount ¥ mil	cancellation shs	shares issued shs
FY2008	2008/4/1	2008/4/18	4,312,800	2,999		99,704,000
	2008/5/15	2008/6/11	978,900	999		99,704,000
	2008/6/27	2008/7/25	1,000,000	881		99,704,000
	2008/9/24				6,004,000	93,700,000
			6,291,700	4,881		

## 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	—



# Margin Loan Rates

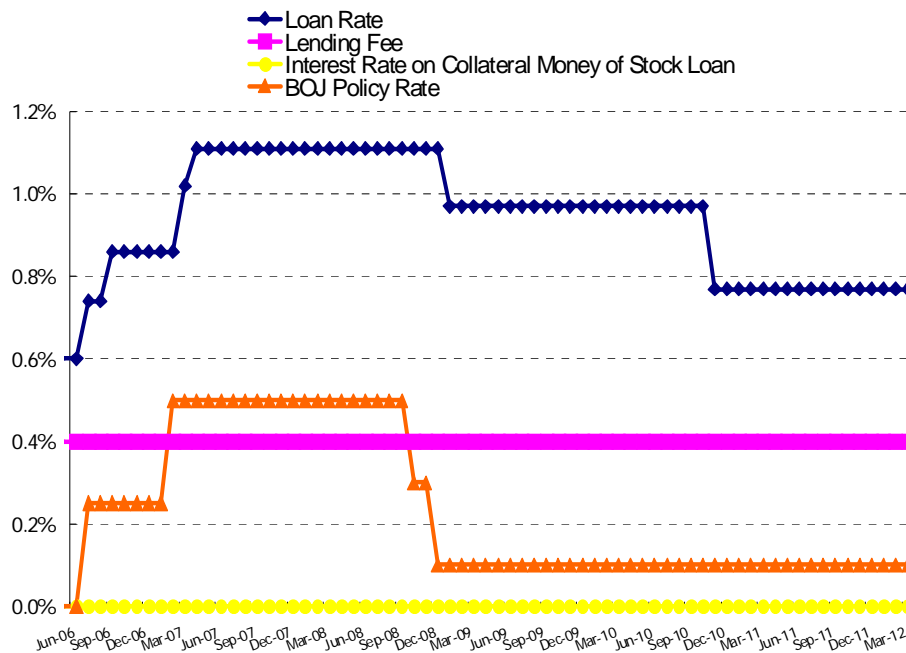


## BOJ Policy Interest Rate

- 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%)**

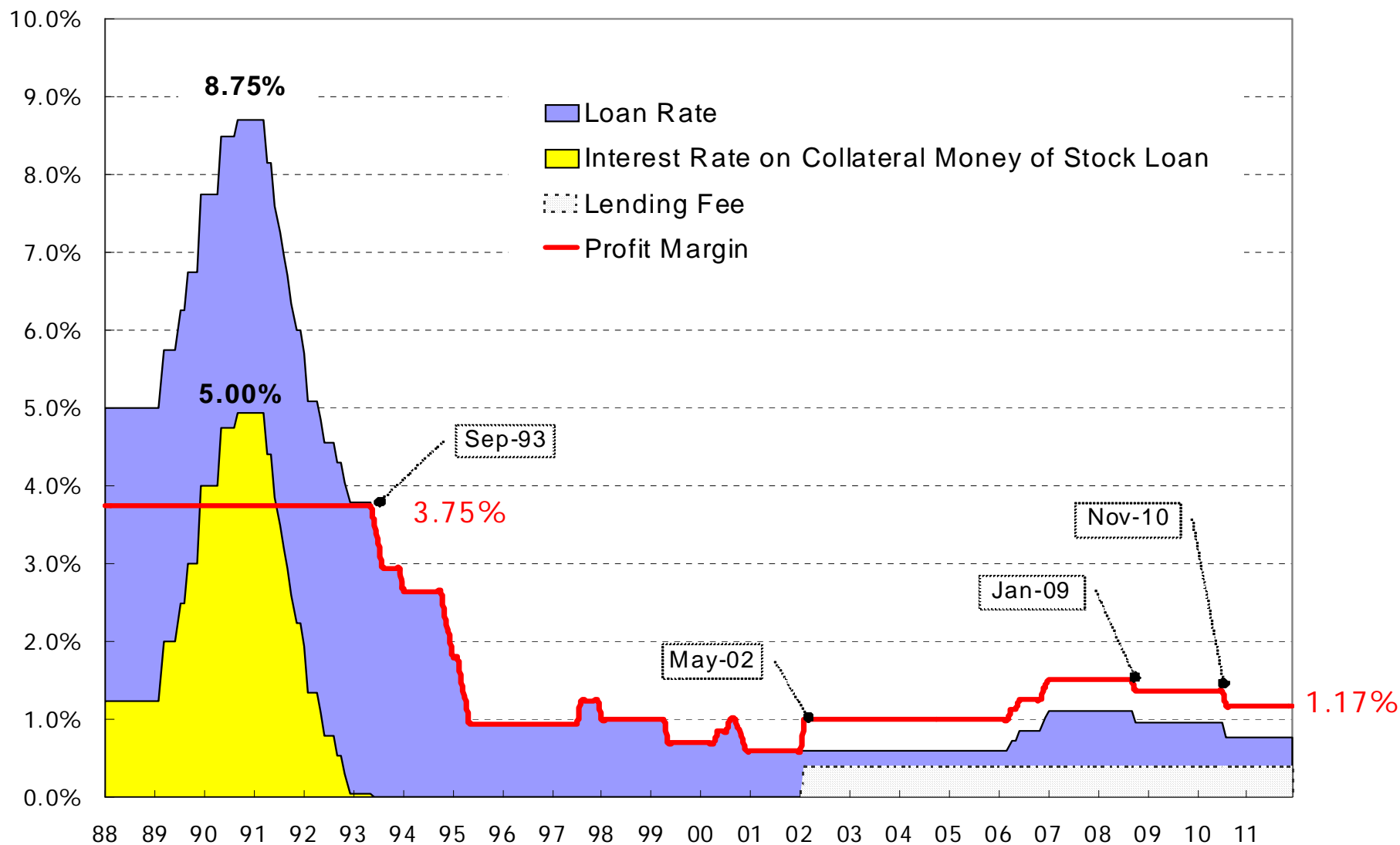
## Margin Loan Rate

- 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.

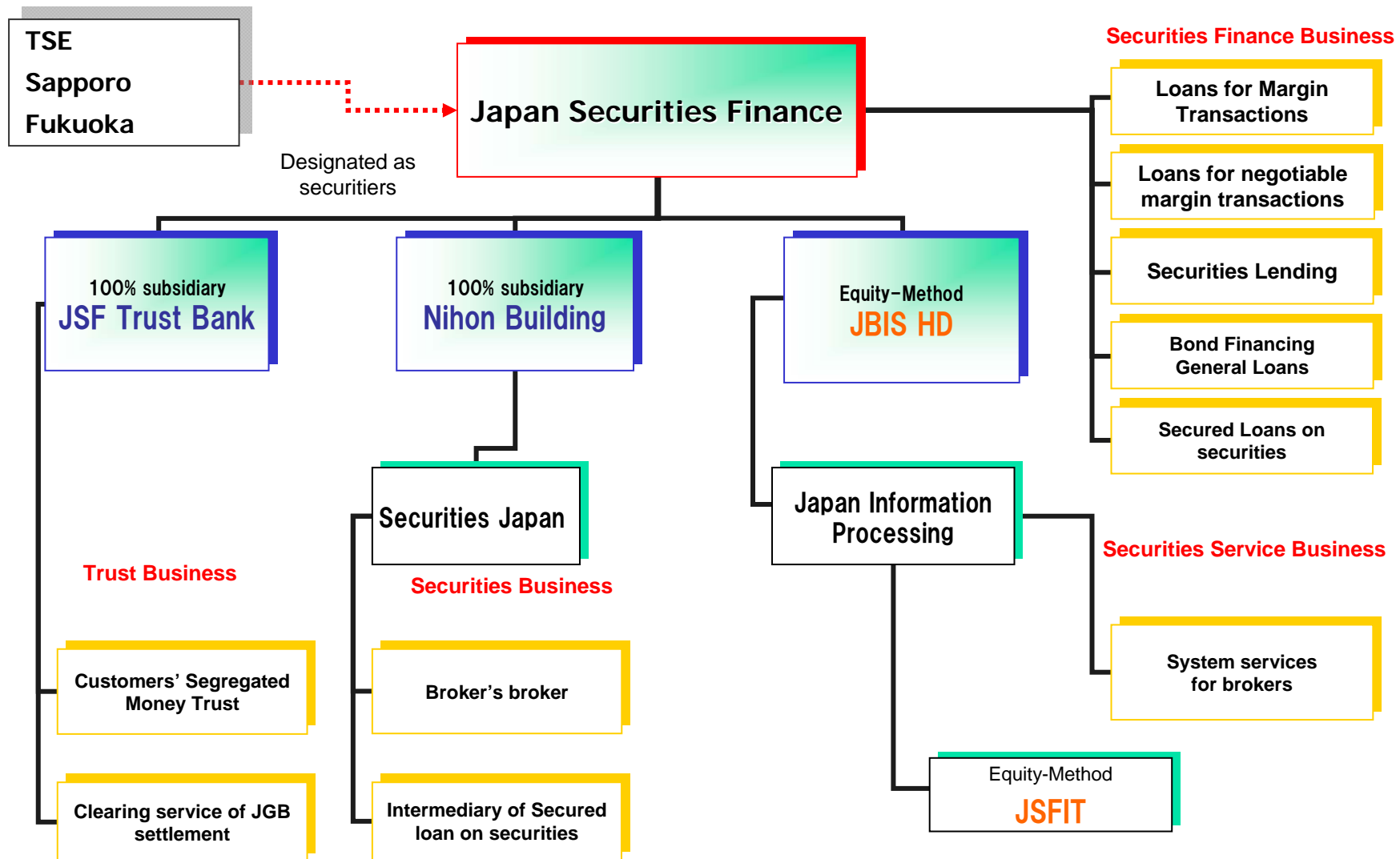
# Loan Rate of Loans for Margin Transactions



# Rating Information

As of 31/Mar/2012		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		—	—

# Securities-related Business by JSF Group Companies



# 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.