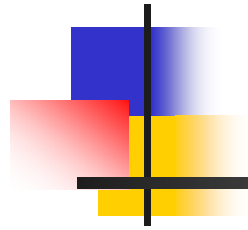




Financial Presentation for 1st Half, FY2012

Japan Securities Finance Co.,Ltd

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Financial Summary

Financial Summary for 1st Half, FY2012

¥ mil

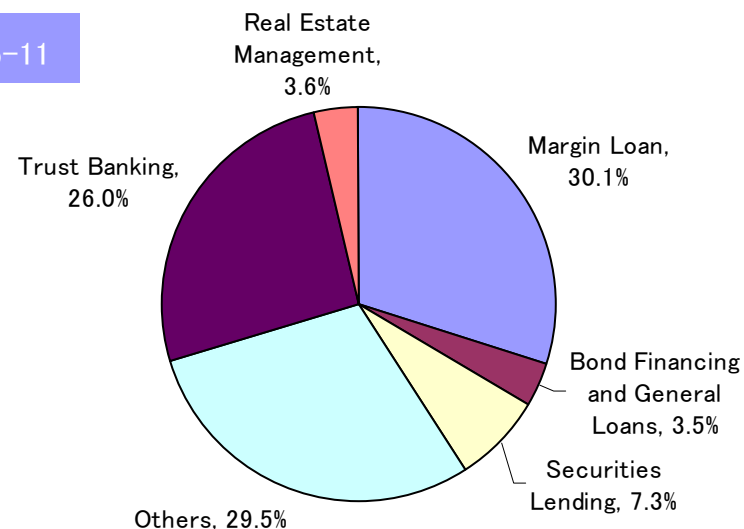
	Parent			Consolidated		
	FY2011 1H	FY2012 1H	Change	FY2011 1H	FY2012 1H	Change
Operating Revenues	8,136	7,242	▲894 (▲11.0%)	11,476	8,682	▲2,793 (▲24.3%)
EX Premium Charges	6,615	5,679	▲935 (▲14.1%)	9,955	7,120	▲2,835 (▲28.5%)
Operating Expenses	4,314	3,771	▲542	5,128	4,190	▲937
General & Administrative Expenses	2,880	3,029	148	3,588	3,624	36
Operating Profit	941	441	▲499 (▲53.1%)	2,759	867	▲1,892 (▲68.6%)
Gain or Loss in Equity-Method	—	—	—	▲88	▲30	58
Recurring Income	1,160	656	▲504 (▲43.4%)	2,795	1,045	▲1,749 (▲62.6%)
Extraordinary Profit or Loss	▲1	17	18	▲24	9	34
Net Income	710	456	▲253 (▲35.7%)	2,256	740	▲1,515 (▲67.2%)

※Comprehensive income: 722¥mil (Sep-12)、2,224 ¥mil (Sep-11)

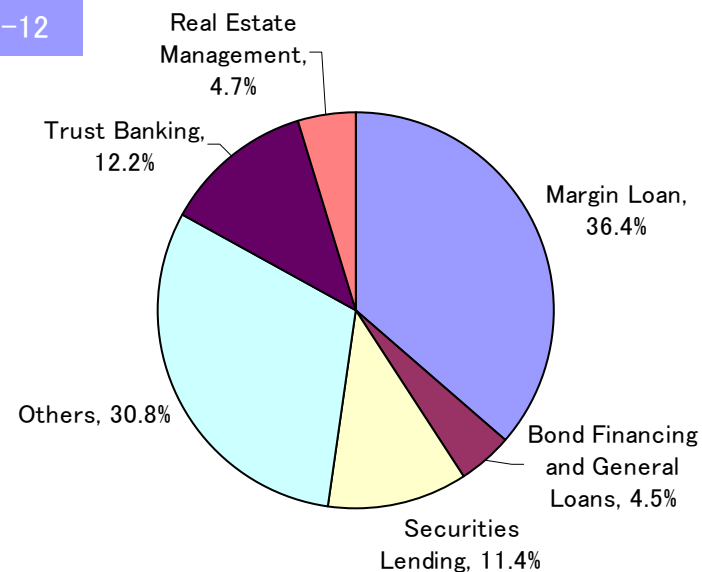
Operating Revenues by Each Business

	¥ mil	
	Sep-11	Sep-12
Securities Finance Business	8,079	7,211
Margin Loan Business	3,449	3,157
	(30.1%)	(36.4%)
Interest on Loans	1,006	838
Interest on collateral money of securities	309	257
Fees on Lending Securities	1,942	1,907
Premium Charges	1,520	1,562
Lending Fees	421	344
Bond Financing and General Loans Business	407	386
	(3.5%)	(4.5%)
Bond financing & General Loans	246	238
Loans for Negotiable Margin Transactions	90	82
Securities Lending Business	836	991
	(7.3%)	(11.4%)
General Stock Lending	109	119
Bond Lending	726	871
Others	3,385	2,675
	(29.5%)	(30.8%)
Bond Trading (Parent only)	3,348	2,638
Trust Banking Business	2,985	1,063
	(26.0%)	(12.2%)
Interest on Loans	406	311
Trust Charges	152	157
Bond Trading	2,399	584
Real Estate Management Business	411	407
	(3.6%)	(4.7%)
Operating Revenues	11,476	8,682
(excluded Premium Charges)	9,955	7,120

Sep-11



Sep-12

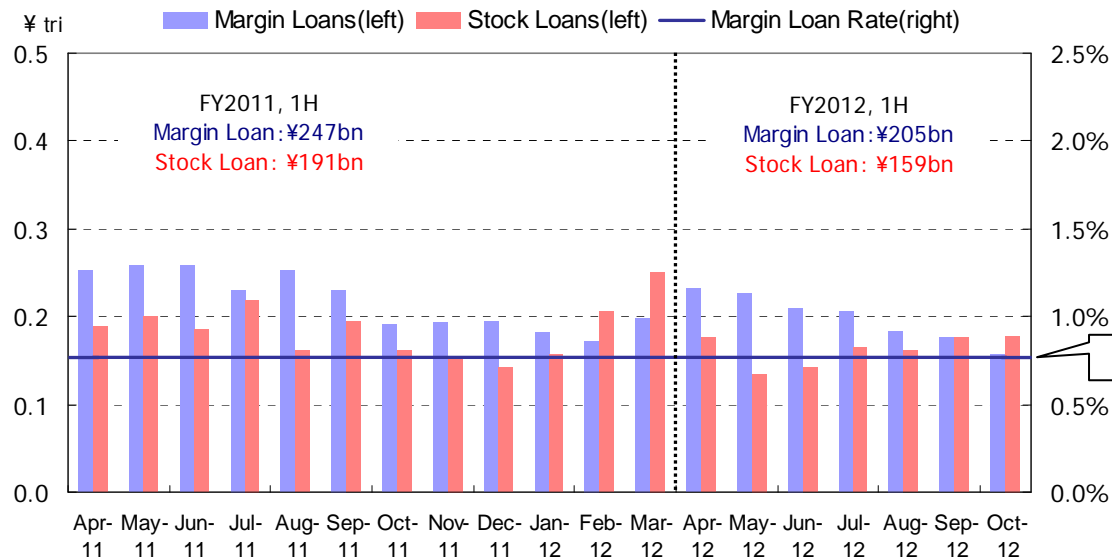


Financial Highlights for 1st Half, FY2012 ①

1 Margin Loan Balance for 1st Half, FY2012

	Avg. Margin Loan	Avg. Stock Loan	Loan Rate (as of sep)	Policy Rate (as of sep)
FY2012, 1H	¥ bn 205	¥ bn 159	0.77%	0.00~0.10%
YoY	▲41	▲32	—	—
[Reference] FY2011, 1H	247	191	0.77%	0.00~0.10%

	Sep-11	Sep-12	Change
Margin Loan Business	3,449	3,157	▲8.5%
Interest on Loans	1,006	838	▲16.7%
Interest on collateral money of securities procured	309	257	▲16.8%
Fees on Lending Securities	1,942	1,907	▲1.8%
Premium Charges	1,520	1,562	2.8%
Lending Fees	421	344	▲18.2%



- ◆ As Margin Loan Balance decreased, Interest on Loan decreased.
- ◆ As Stock Loan Balance decreased, Lending fees and Interest on collateral money of securities procured decreased.

Financial Highlights for 1st Half, FY2012 ②

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

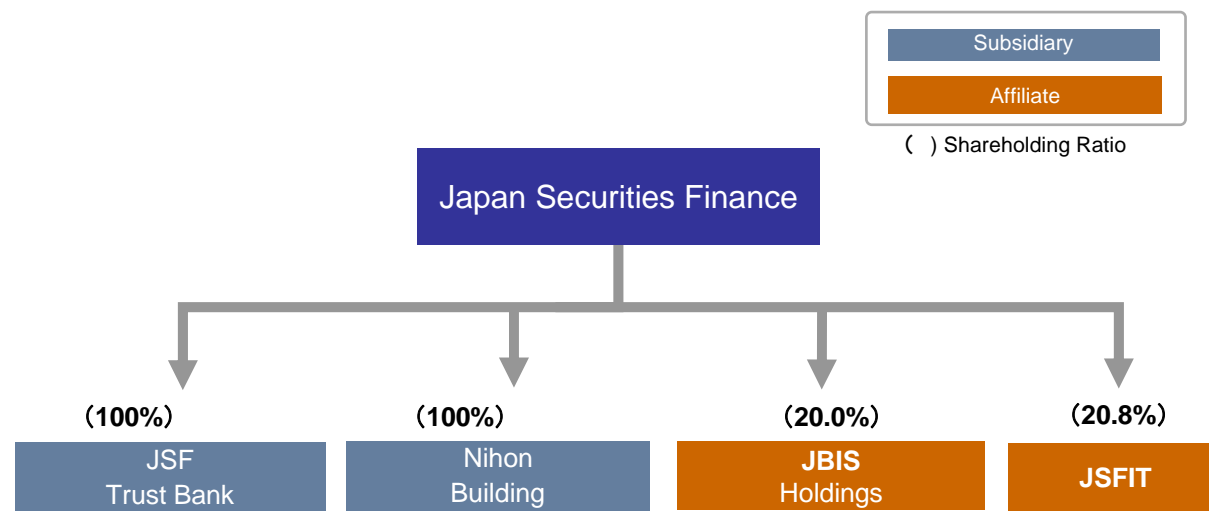
< Background >

- ◆ JSF: Reducing the amount of bond investment
- ◆ JSF Trust Bank : Disappearance of CDO-sale profits posted last year

¥ mil

	FY2011 1H	FY2012 1H	change
Operating Revenues	11,476	8,682	▲2,793
Bond Trading (JSF)	3,348	2,638	▲709
Bond Trading (JSFTB)	2,399	584	▲1,815

Financial Results of Group Companies ①



¥ mil

	Shareholding Ratio	FY2012, 1H Results			(Reference) FY2012 1H Net Income
		Operating Revenues	Recurring Income	Net Income	
Consolidated		8,682	1,045	740	2,256
JSF	-	7,242	656	456	710
JSF Trust Bank	100%	1,192*	297	280	1,644
Nihon Building	100%	582	228	139	95
Affiliates	-	Loss in Equity-Method		30	88

* Figure of JSF Trust Bank is Recurring Revenues.

Financial Results of Group Companies ②

JSF Trust Bank

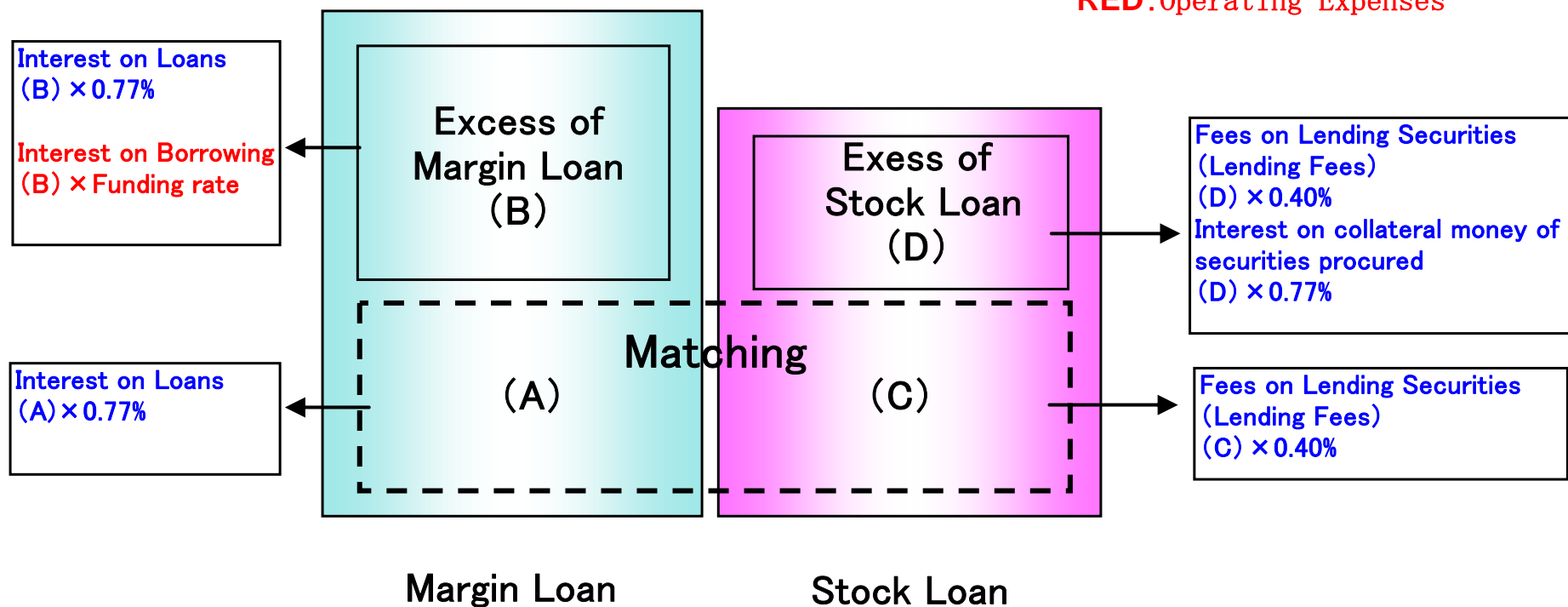
	¥mil		
	FY2011 1H	FY2012 1H	change
Recurring Revenues	2,988	1,192	▲1,796
Trust charges	152	157	5
Recurring Income	1,645	297	▲1,347
Net Income	1,644	280	▲1,364
Equity Ratio	30.11 %	35.37 %	

- ◆ Trust charges slightly increased compared with the year-earlier period.
- ◆ Profit on bond investment largely decreased due to disappearance of CDO-sale profits posted last year.
- ◆ Net Income fell far below of the last year's level.

Revenue Structure of Margin Loans

BLUE: Operating Revenues

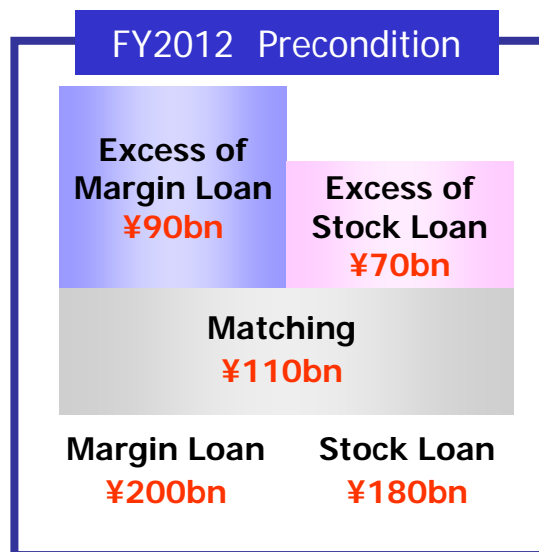
RED: Operating Expenses



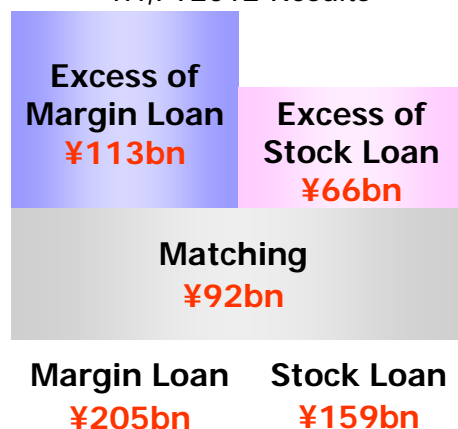
◆ Besides the above, Premium Charges are posted in Operating Revenues (Fees on Lending Securities) in a part of Excess of Stock Loan. But the same amount are posted in Operating Expenses (Fees of Borrowing Charges), so the amount of Premium Charges does not affect our profit.

Estimated Figures for FY2012

Precondition Balance of Margin Loans



(Reference)
1H, FY2012 Results



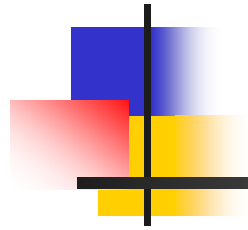
	FY2012 Estimated Figures			(Reference) FY2011 Net Income
	Operating Income	Recurring Income	Net Income	
Consolidated	1,500 (+100)	1,700 (±0)	1,200 (±0)	779
JSF	800 (+100)	1,000 (+100)	700 (+100)	1,229
JSF Trust Bank	—	320 (+ 20)	300 (+ 40)	1,540
Nihon Building	370 (+10)	400 (+ 10)	240 (±0)	207

¥mil

※() is change from Estimated
Figures released on Jul 31.

Preconditions

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



Management Matters

Revenue Drivers of Margin Loan Business

Outstanding Balance of Loans for Margin Transactions

Trend of Margin Transactions
Increase of Margin Loans utilization by brokers

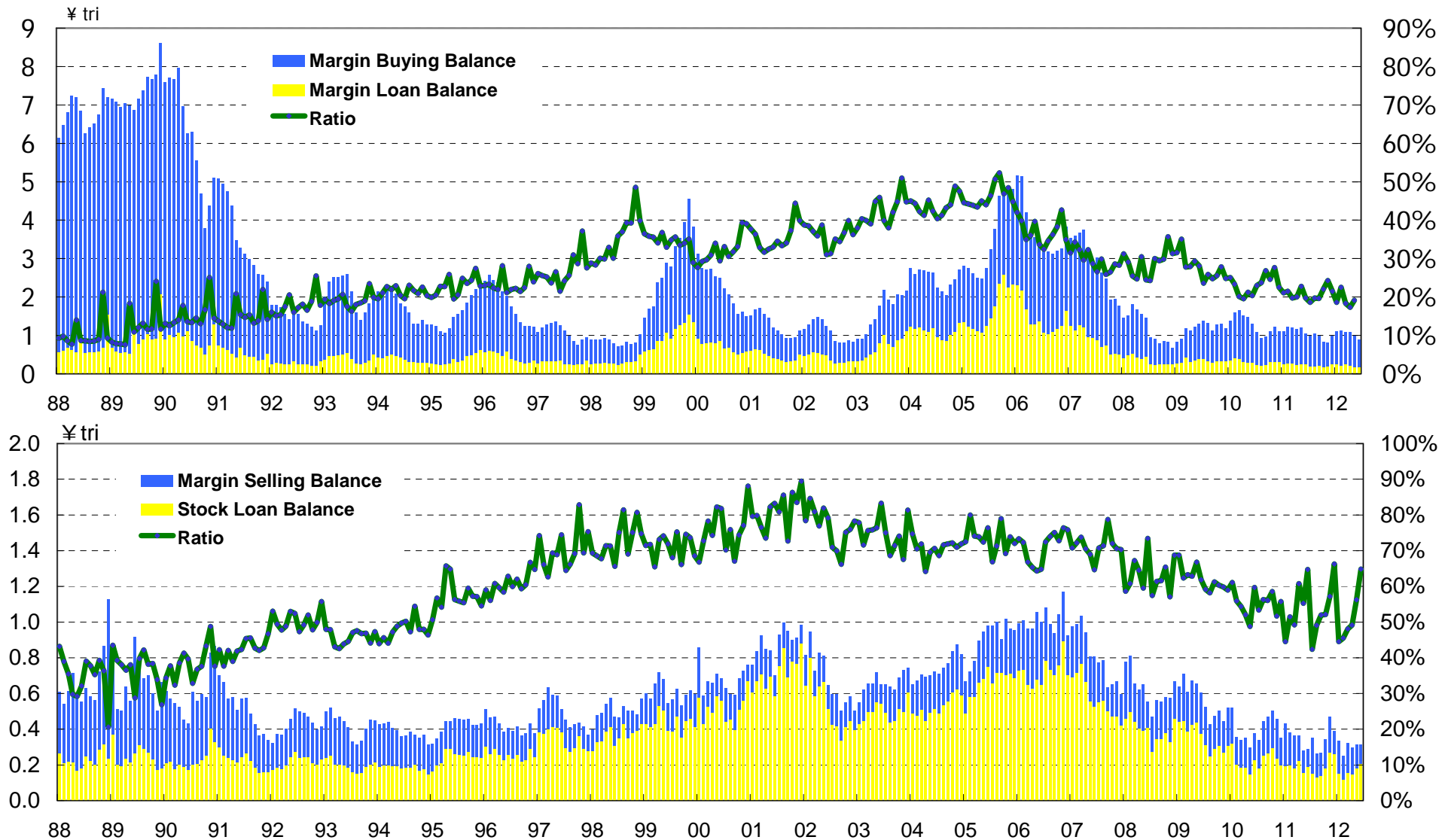
Margin Loan Rates

Monetary policy of the BOJ
Trend of rates in money market

Funding

Securing of stable fund at low interest rates
Solid equity capital and high credit ratings

Margin Transactions & Margin Loans



Improve the convenience of Margin Loan Business

- Business Strategies for the 3rd Mid-term Management Plan ①

Increase the number of Loanable Issues

- Boost approach to listed companies.

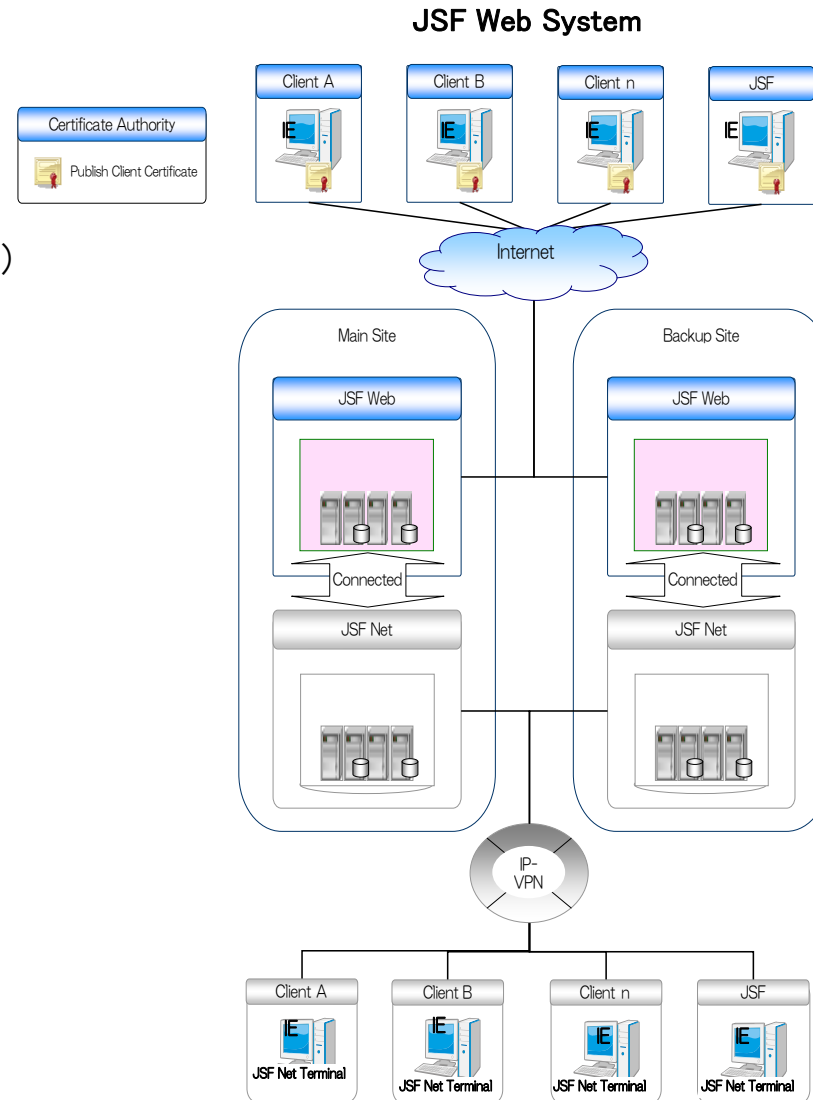
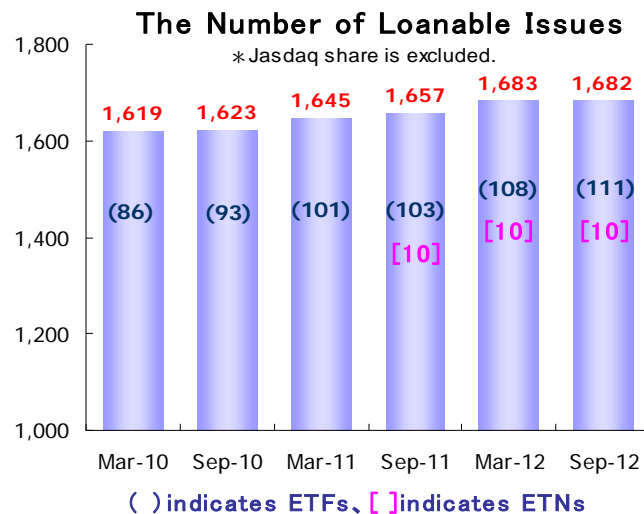
JSF Web System

- Provide Margin Loans application using the Internet.

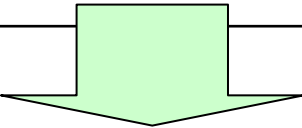
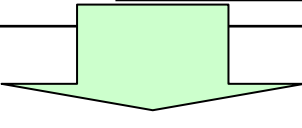
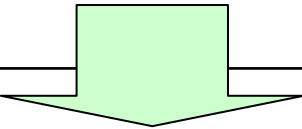
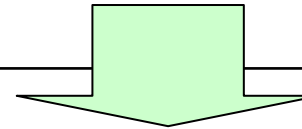
(This system will operate from January next year.)

Communication of Information for Margin Transactions and Margin Loans.

- Posting explanation video of Margin Transactions and Margin Loan Business on brokers' website.
- Planning a joint project with TSE on "TSE IR Festa 2013"



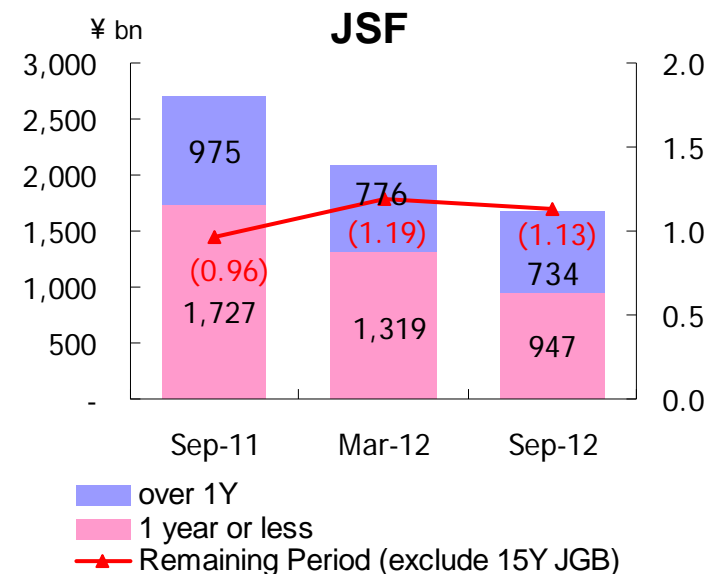
Features of Cash Funding and Investing in JGBs

	Features	
Margin Loan Business	Over-night loan	Loan balance is fluctuating <div style="border: 1px solid black; background-color: #FFD700; padding: 5px; margin-top: 10px;"> Average Outstanding Balance of Margin Loan FY 2006: ¥ 1,444 bn FY 2011: ¥ 218 bn </div>
Funding	Short-term financing such as Call market 	Continuous funding of certain amount for a preparation of sharp increase of loan balance. 
Fund Management	 Holding JGBs for smooth fund settlement	 Investing in JGBs as rightly liquid assets

JGB Balance

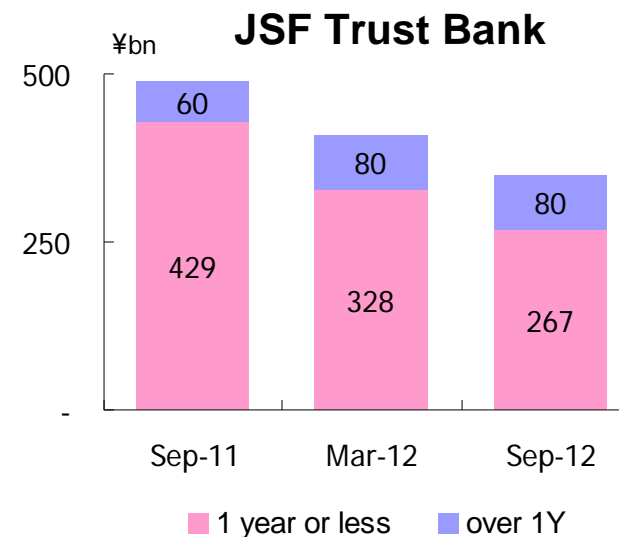
JSF

	¥ mil		
	Sep-11	Mar-12	Sep-12
JGB Balance	2,702,225	2,094,731	1,681,442
1 year or less	1,727,065	1,318,655	946,967
over 1Y	975,160	776,076	734,475
(15Y floating JGB)	156,760	152,747	152,898
Net unrealized gain or loss on securities on B/S	4,468	5,016	5,042
Remaining Period (exclude 15Y JGB)	(0.96)	(1.19)	(1.13)



JSF Trust Bank

	¥ mil		
	Sep-11	Mar-12	Sep-12
JGB Balance	488,822	407,669	346,931
1 year or less	428,939	327,732	266,998
over 1Y	59,882	79,937	79,933
(15Y floating JGB)	39,886	39,892	39,898
Net unrealized gain or loss on securities on B/S	▲ 684	▲ 574	▲ 553



Respond to Diverse Funding Needs

- Business Strategies for the 3rd Mid-term Management Plan ②

Stabilization Fund Loan

- Respond to medium- and long- term stable funding needs corresponding to Basel 3 rules.
- Provide constant loan period more than 1 year by [2 year loans] + [Evergreen Structure].

Liquidity Requirements of Basel 3

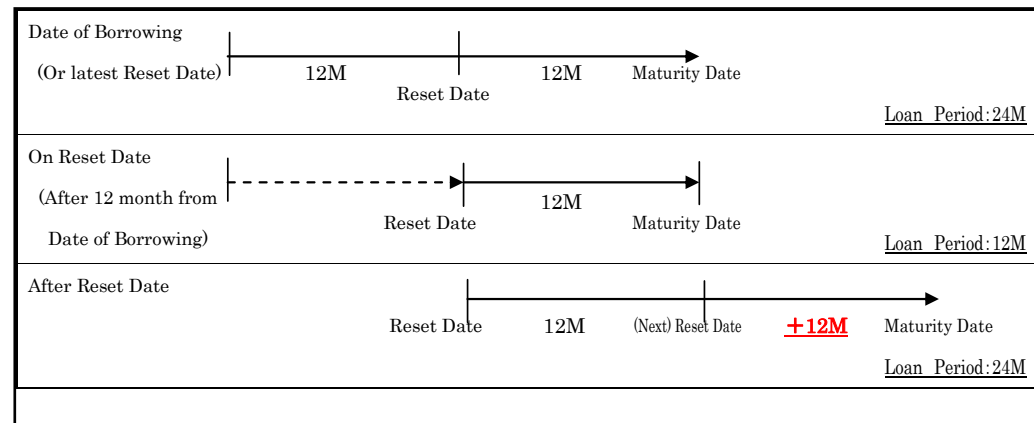
Liquidity Coverage Ratio

$$\frac{\text{Stock of high quality liquid assets}}{\text{Net cash outflows over a 30-day time period}} \geq 100\%$$

Net Stable Funding Ratio

$$\frac{\text{Available amount of stable funding}}{\text{Required amount of stable funding}} > 100\%$$

The case of Loan using Evergreen structure



Dividend Policy

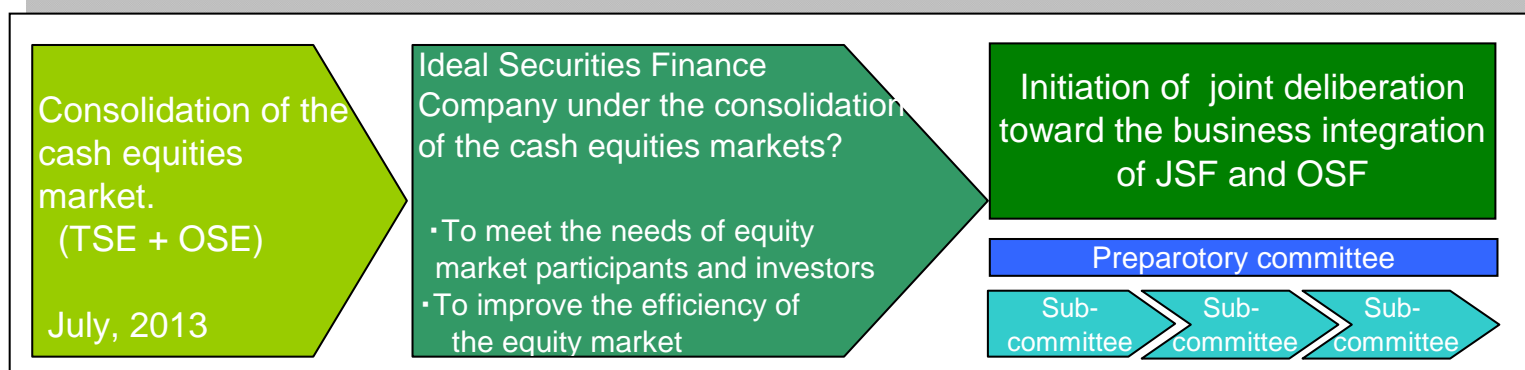
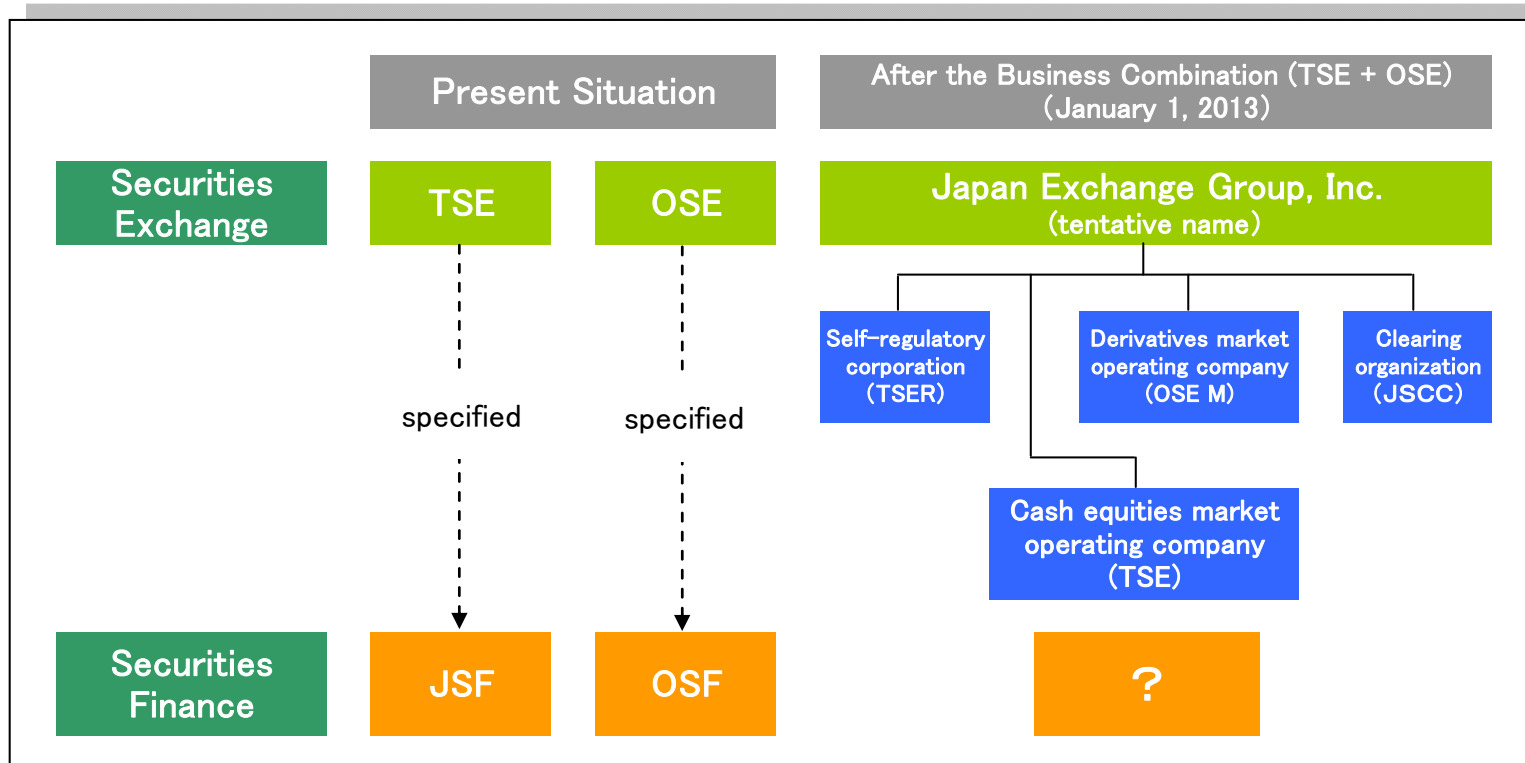
➤ New Dividend Policy

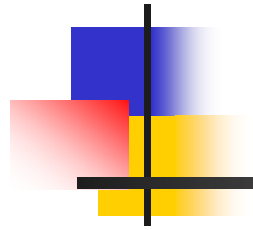
Basically, Dividend Payout Ratio of about 40% on **Consolidated Financial Results**, considering Dividend on Equity (DOE) Ratio.

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	¥7.5
: DPR	52.3%	70.7%	51.9%	80.7%	106.0%	186.1%

Initiation of joint deliberation toward the business integration





Appendix

The 3rd Mid-term Management Plan (FY2012~FY2014)

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

Business Strategies

1. 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
4. Expand Securities Lending and Borrowing Business
5. Enhance Securities-Related Services

Reinforcing Management Foundations

1. Improve the Effectiveness of Business Management Structure
2. Strengthen Business Structure
3. Improve the Efficiency of Organizational and Business Management
4. Support Financial and Securities Education and Enhance Communication of Information

Operating Revenues by Each Business

¥ mil

	Mar-08	Mar-09	Mar-10	Mar-11	Sep-11	Mar-12	Sep-12
Securities Finance Business	38,619	34,427	20,817	17,558	8,079	15,186	7,211
Margin Loan Business	23,156	19,638	12,954	8,922	3,449	6,756	3,157
	(45.8%)	(44.3%)	(46.5%)	(39.0%)	(30.1%)	(33.4%)	(36.4%)
Interest on Loans	10,581	3,899	3,324	2,809	1,006	1,783	838
Interest on collateral money of securities	1,683	1,992	1,774	826	309	639	257
Fees on Lending Securities	10,383	13,278	7,337	4,807	1,942	3,957	1,907
Premium Charges	7,862	11,568	5,773	3,811	1,520	3,147	1,562
Lending Fees	2,520	1,710	1,563	996	421	809	344
Bond Financing and General Loans Business	1,428	1,275	1,234	1,047	407	827	386
	(2.8%)	(2.9%)	(4.4%)	(4.6%)	(3.5%)	(4.1%)	(4.5%)
Bond financing & General Loans	1,016	951	767	659	246	492	238
Loans for Negotiable Margin Transactions	412	191	204	200	90	189	82
Securities Lending Business	6,297	4,848	1,454	1,754	836	1,701	991
	(12.5%)	(10.9%)	(5.2%)	(7.7%)	(7.3%)	(8.4%)	(11.4%)
General Stock Lending	848	462	308	331	109	219	119
Bond Lending	5,448	4,386	1,146	1,422	726	1,482	871
Others	7,736	8,664	5,174	5,834	3,385	5,901	2,675
	(15.3%)	(19.6%)	(18.6%)	(25.5%)	(29.5%)	(29.2%)	(30.8%)
Bond Trading (Parent only)	6,767	8,129	5,077	5,754	3,348	5,824	2,638
Trust Banking Business	10,844	8,780	6,016	4,360	2,985	4,224	1,063
	(21.4%)	(19.8%)	(21.6%)	(19.1%)	(26.0%)	(20.9%)	(12.2%)
Interest on Loans	3,833	3,348	1,330	1,079	406	741	311
Trust Charges	198	209	249	308	152	300	157
Bond Trading	5,317	4,935	4,342	2,657	2,399	3,134	584
Real Estate Management Business	1,118	1,091	1,034	930	411	818	407
	(2.2%)	(2.5%)	(3.7%)	(4.1%)	(3.6%)	(4.0%)	(4.7%)
Operating Revenues	50,582	44,299	27,868	22,848	11,476	20,229	8,682
(excluded Premium Charges)	42,719	32,731	22,095	19,037	9,955	17,082	7,120

Avg. & Outstanding Loan Balance

¥ mil

		FY2007	FY2008	FY2009	FY2010	FY2011 Interim	FY2011	FY2012 Interim
Margin Loans	avg.	917,219	336,324	324,205	293,429	247,465	218,059	205,739
	term-end	508,587	244,306	328,755	305,083	237,766	241,035	172,283
Bond Financing & General Loans	avg.	76,941	51,887	46,863	45,850	45,922	50,893	58,353
	term-end	68,594	53,141	51,448	39,782	90,457	96,488	94,304
Loans for negotiable margin transactions	avg.	34,374	14,282	17,173	18,405	19,369	20,330	18,229
	term-end	25,154	18,714	20,944	18,143	20,678	25,727	13,963
Sales under repurchase agreement	avg.	48,390	88	302	0	0	0	0
	term-end	0	0	0	0	0	0	0
Trust Bank Loans	avg.	448,938	410,822	215,308	303,778	171,873	141,310	103,015
	term-end	546,702	191,122	260,862	211,527	88,465	98,260	102,395
Others	avg.	7,500	7,749	14,500	14,423	12,500	12,530	12,808
	term-end	7,500	14,500	14,500	12,500	12,500	18,000	29,500
Total	avg.	1,498,990	806,872	601,180	657,481	477,761	422,793	379,916
	term-end	1,131,385	503,070	655,567	568,893	429,189	453,784	398,482
Stock Loans	avg.	591,023	396,181	361,388	228,050	191,632	184,698	159,097
	term-end	419,503	459,098	306,394	196,442	187,890	259,058	203,884

Features of Balance Sheet (Non-Consolidated)

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

Sep-12

◆ Short-term Loans Receivable	296,087	· Margin Loan · Loans for negotiable margin transactions · Bond financing & General Loans
◆ Short-term Investments	946,967	· JGBs, its duration is less than 1 year
◆ Collateral Money of Securities Borrowed	968,942	· Collateral money of bond borrowing · Collateral money of excess of Stock Loan
◆ Investments in Securities	737,130	· Mainly JGBs, its duration is over 1 year

Liabilities

Sep-12

¥ mil

◆ Short-term Borrowings	887,200	· Borrowings from banks · BOJ operation
◆ Collateral Money of Securities Lent	815,432	· Collateral money of bond lending · Collateral money of Stock Loan
◆ Long-term Borrowings	2,000	· Borrowings from financial institutions
Net Assets	109,653	

Securities Account

	Sep-12	notes
Assets		
	¥mil	
Loans	398,482	
Margin Loans	172,283	margin loan
Collateral Money of Securities Borrowed	967,917	
Stock Loan	124,459	Excess of stock loan
Securities Account		
Securities Lent	316,240	
Loans for Margin Transactions	203,884	stock loan
Bond Lending	110,000	
Securities in Custody	2,877	
Bond	2,000	
Equity	877	
Securities in Deposit	93,020	Excess of margin loan
Total of Securities Account	412,138	

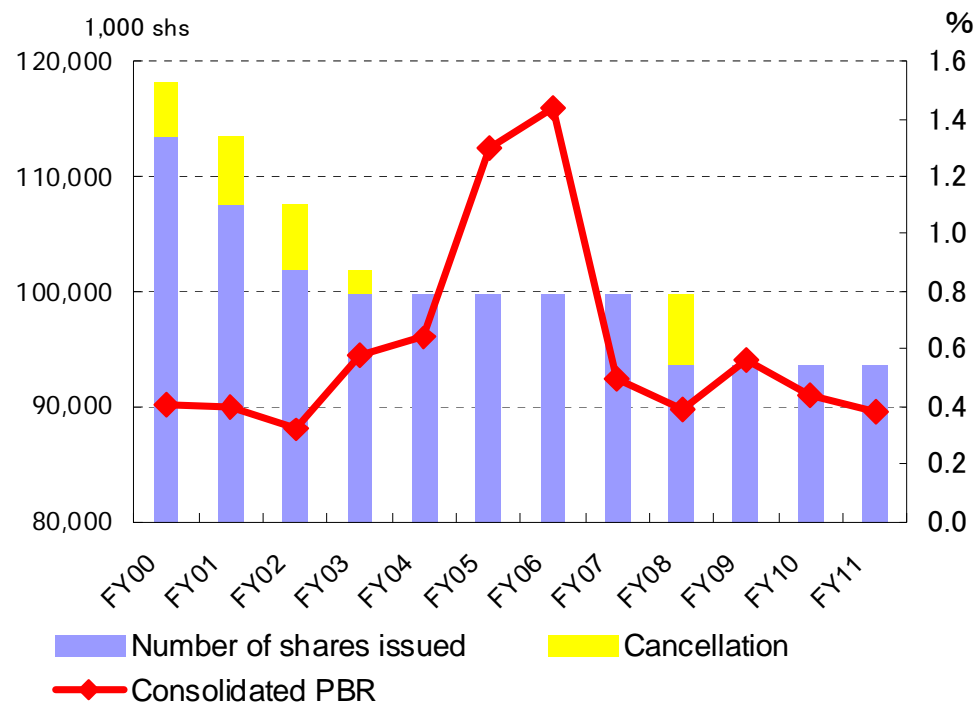
	Sep-12	notes
Liabilities		
	¥mil	
Collateral Money of Securities Lent	859,394	
Margin Loans	203,884	stock loan
Securities Account		
Collateral Securities Deposited	172,283	margin loan
Securities Borrowed	218,577	
Loans for Margin Transactions	124,621	Excess of stock loan
Bond Borrowing	92,000	
Securities Lent Opposite Account	21,277	
Total of Securities Account	412,138	

Share Buyback Program

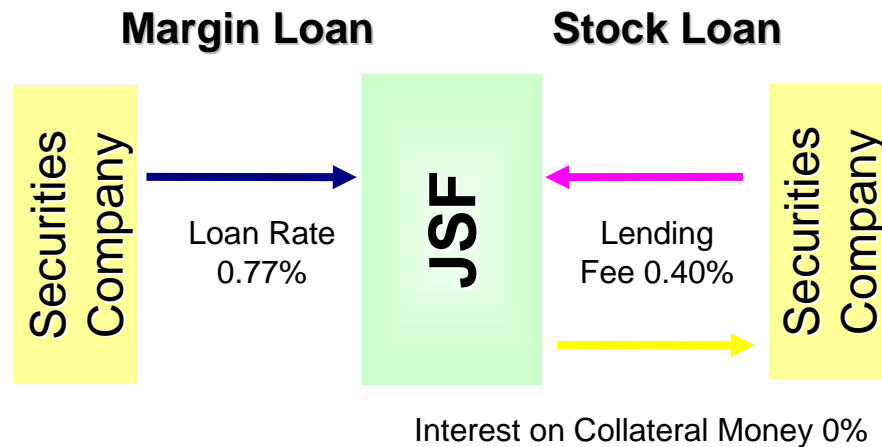
	start	end	total shares purchased shs	amount ¥ mil	cancellation shares shs	shares issued shs
FY2008	2008/4/1	2008/4/18	4,312,800	2,999		99,704,000
	2008/5/15	2008/6/11	978,900	999		99,704,000
	2008/6/27	2008/7/25	1,000,000	881		99,704,000
	2008/9/24				6,004,000	93,700,000
			6,291,700	4,881		

Number of shares issued and Cancellation

	1,000 shs	
	Number of shares issued	Cancellation
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



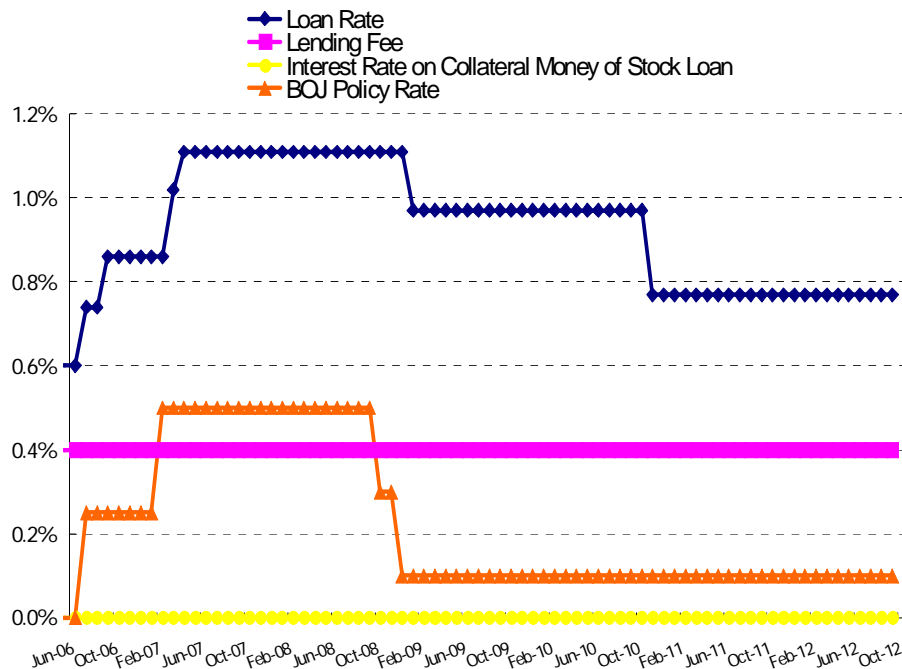
BOJ Policy Interest Rate

- 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%)

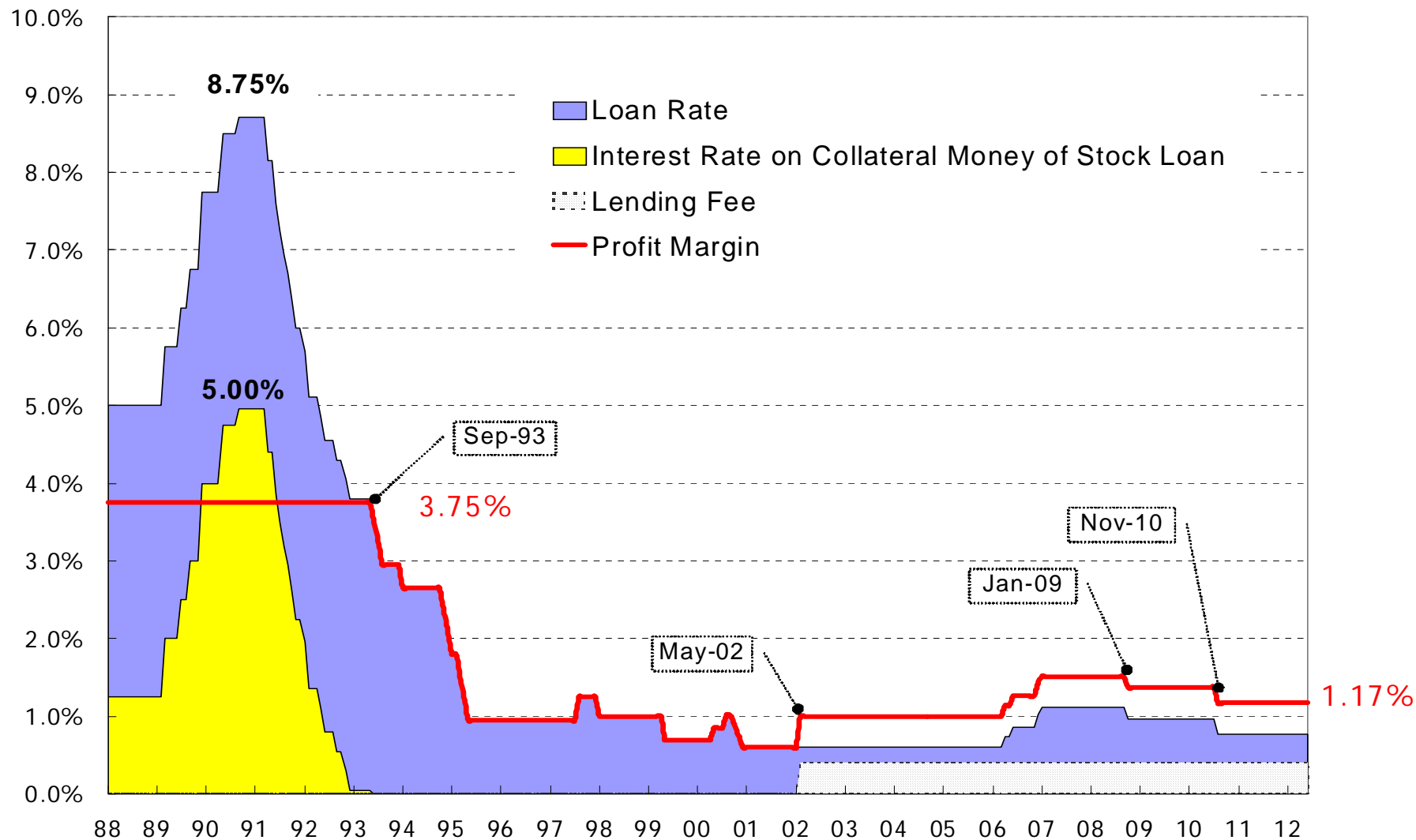
Margin Loan Rate

- 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.



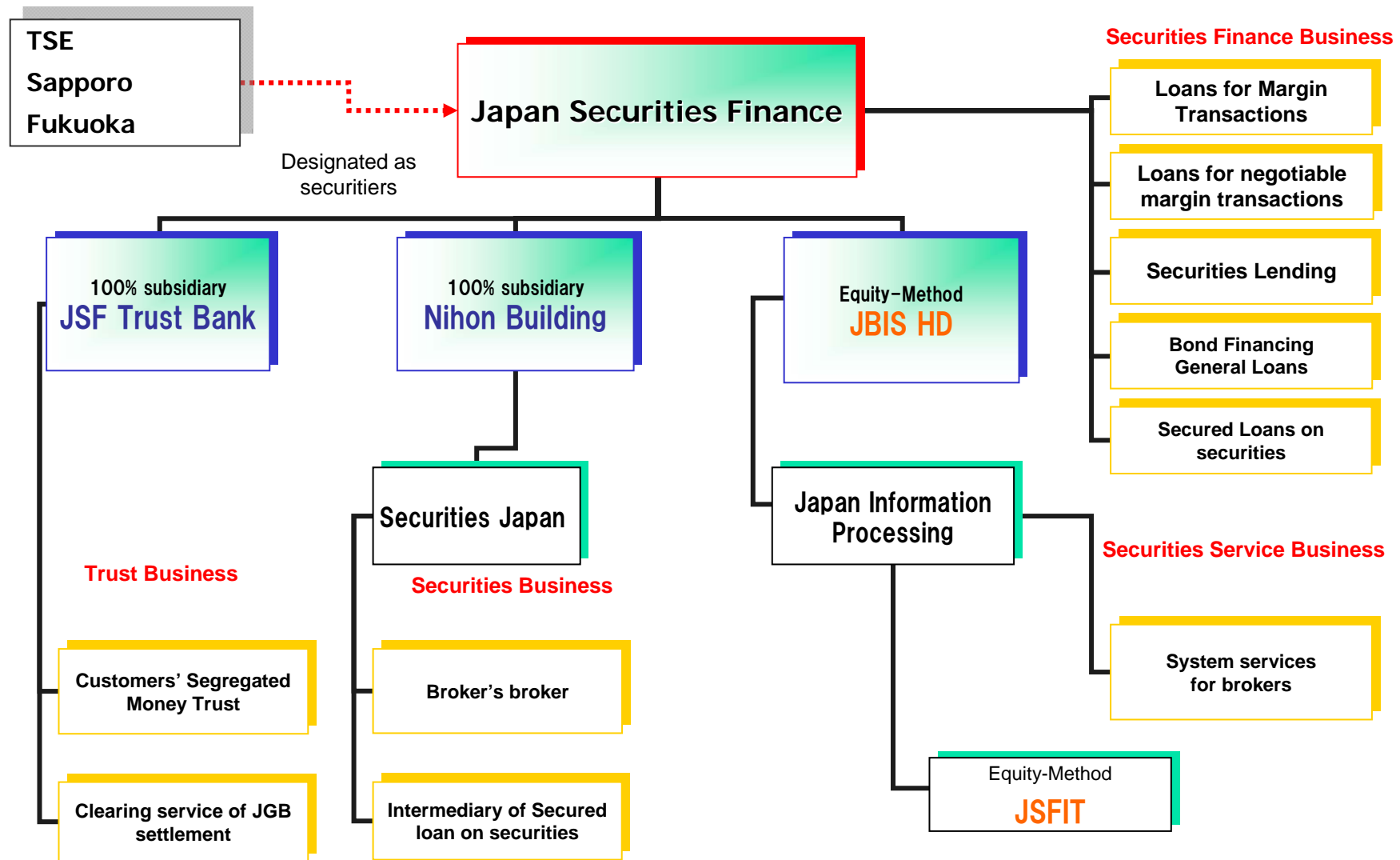
Loan Rate of Loans for Margin Transactions



Maintenance of Cash Funding Sources

As of 30/Sep/2009		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



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.

● Loan Balance by Industry

	Sep-11		Mar-12		Sep-12	
	Loan Balance	ratio	Loan Balance	ratio	Loan Balance	ratio
Manufacturing	32,404	36.2%	31,859	32.1%	31,047	30.1%
Fishery	0	0.0%	0	0.0%	0	0.0%
Mining	432	0.5%	384	0.4%	336	0.3%
Construction	2,087	2.3%	1,850	1.9%	1,618	1.6%
Energy & Utilities	0	0.0%	0	0.0%	0	0.0%
Communication	700	0.8%	2,687	2.7%	2,666	2.6%
Transportation	11,476	12.8%	11,921	12.0%	11,344	11.0%
Wholesale	5,611	6.3%	5,607	5.7%	5,104	4.9%
Retail	0	0.0%	0	0.0%	0	0.0%
Finance & Insurance	11,795	13.2%	9,620	9.7%	9,508	9.2%
Real Estate	9,227	10.3%	10,274	10.4%	12,817	12.4%
Service Industries	3,032	3.4%	3,025	3.1%	3,015	2.9%
Governments	12,800	14.3%	21,917	22.1%	25,800	25.0%
Total	89,568		99,148		103,259	

¥mil

● Securities Holdings

	Sep-11	Mar-12	Sep-12	Notes
	¥mil			
JGB	488,822	407,669	346,931	
less than 1Y	428,939	327,732	266,998	
over 1Y	59,882	79,937	79,933	
Municipal Bond	187,486	158,248	146,615	
Corporate Bond	284,050	224,458	237,303	Mainly Government Guaranteed Bond
Equity	4	4	4	
Other Securities	9,835	307	204	
Foreign Securities	9,470	0	0	Euroyen Bond
CDO	0	0	0	Sold off in Apr-11
others	365	307	204	
Total	970,198	790,687	731,059	

¥mil

A summary of JSF and OSF

	JSF	OSF
Common Stock	¥10,000mil	¥5,000mil
Retained Earnings	¥96,401mil	¥9,118mil
Recurring Income	¥1,045mil	¥47mil
Net Income	¥740mil	¥44mil
Outstanding Balance of Loan Loans for Margin Transactions	¥205.7bn	¥34.9bn
General Loans	¥58.3bn	¥39.1bn
Number of Issued Shares		
Common shares	93,700,000	37,000,000
Preference shares		15,000,000
Employee	208	62
Office	Tokyo	Osaka, Tokyo
Subsidiaries	JSF Trust Bank Nihon Building	
Affiliates	JBIS Holdings JSFIT	ODK Solutions
Credit Rating (R&I)	AA-	A-

※as of Sep.30, 2012

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.