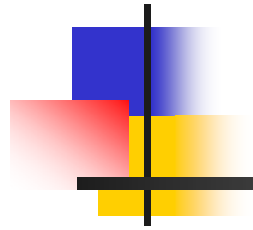




Financial Presentation for FY2014

Japan Securities Finance Co.,Ltd

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



Financial Summary

Financial Summary for Mar 2014

¥ mil

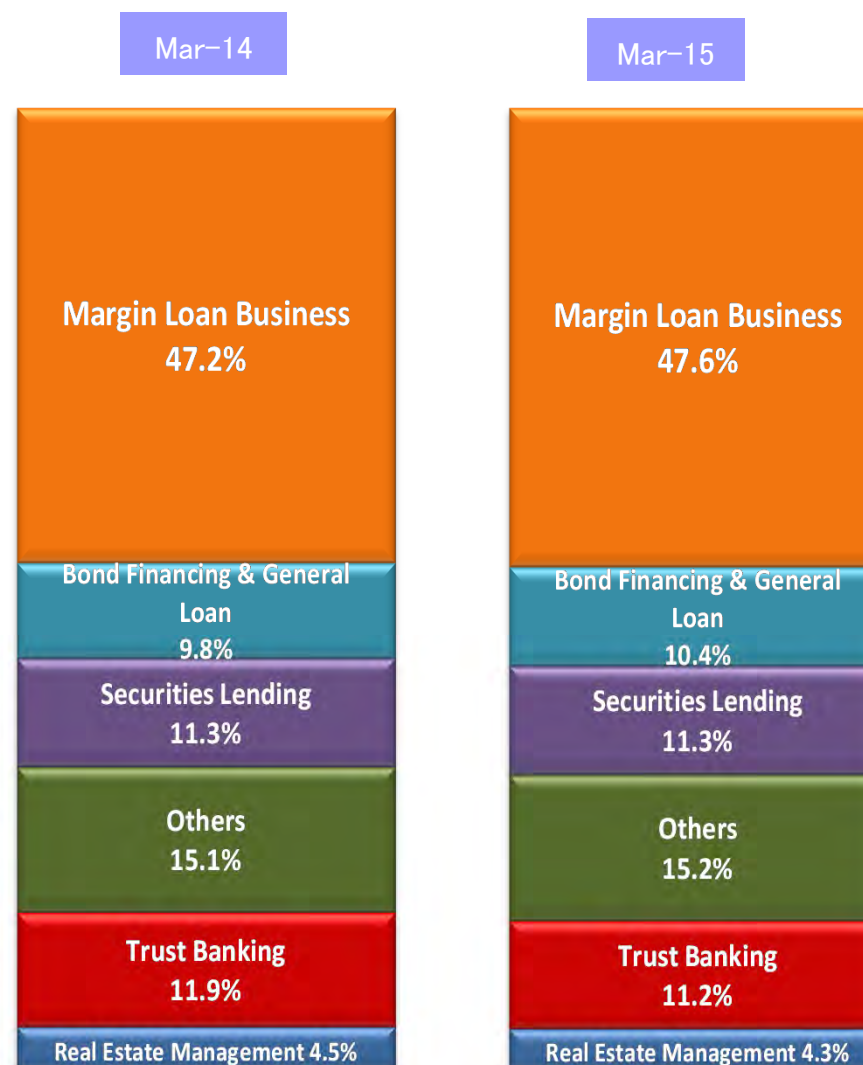
	Parent			Consolidated		
	Mar-14	Mar-15	Change	Mar-14	Mar-15	Change
Operating Revenues	16,392	17,185	793	19,566	20,300	733
ex Premium charges	13,021	12,741	▲279	16,195	15,856	▲338
Operating Expenses	7,513	8,288	774	8,747	9,450	702
ex Premium charges	4,179	3,845	▲333	5,413	5,008	▲404
General & Administrative Expenses	6,925	6,886	▲39	8,249	7,824	▲425
Operating Income	1,952	2,010	57 (3.0%)	2,568	3,025	456 (17.8%)
Gain or Loss in Equity-Method	—	—	—	179	▲144	▲323
Recurring Income	2,373	2,653	279 (11.8%)	3,119	4,230	1,111 (35.6%)
Extraordinary Profit or Loss	3,611	22	▲3,588	3,602	54	▲3,547
Net Income	5,692	2,219	▲3,473 (▲61.0%)	6,211	3,520	▲2,690 (▲43.3%)
ex Extraordinary Profit or Loss	2,081	2,196	115	2,609	3,466	856

Breakdown of Operating Revenues by business

¥ mil

():ratio of OR

	Mar-14	Mar-15
Securities Finance Business	16,363	17,162
Margin Loan Business	9,240	9,667
	(47.2%)	(47.6%)
Interest on Loans	4,012	3,111
Interest on collateral money of securities borrowed	436	611
Fees on Lending Securities	4,132	5,389
Premium Charges	3,371	4,443
Lending Fees	761	945
Bond Financing and General Loans Business	1,959	2,107
	(10.0%)	(10.4%)
Bond financing & General Loans	1,149	1,279
Loans for Negotiable Margin Transactions	323	236
Securities Lending Business	2,217	2,294
	(11.3%)	(11.3%)
General Stock Lending	425	784
Bond Lending	1,791	1,509
Others	2,946	3,094
	(15.1%)	(15.2%)
Bond Investment (Parent only)	2,838	2,979
Trust Business	2,322	2,269
	(11.9%)	(11.2%)
Interest on Loans	317	186
Trust Charges	485	545
Bond Investment	1,494	1,507
Real Estate Management Business	880	868
	(4.5%)	(4.3%)
Operating Revenues	19,566	20,300
(excluded Premium Charges)	16,195	15,856

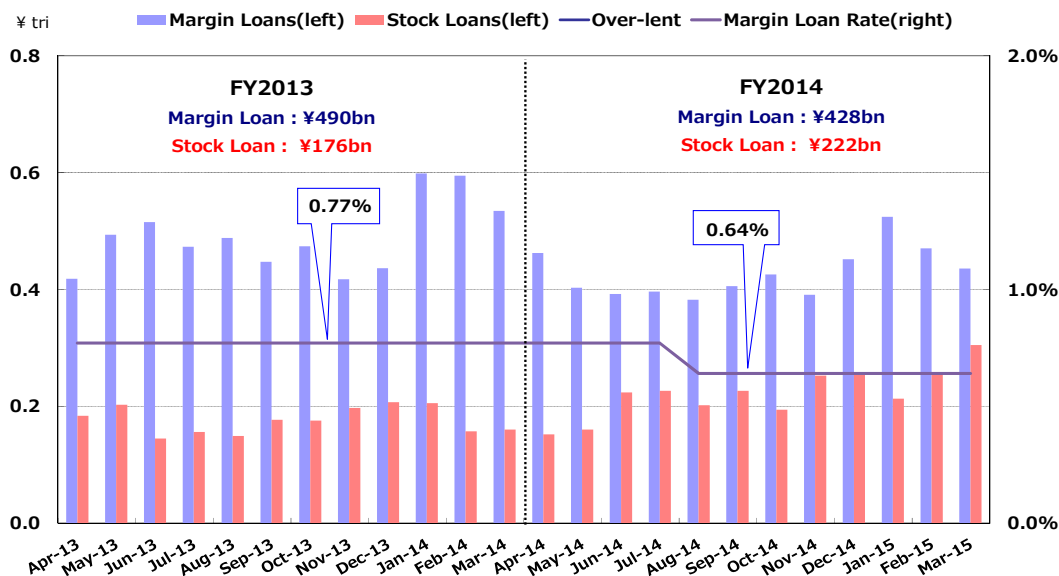


Financial Highlights FY2014①

1 Margin Loan Balance for FY2014

	Avg. Margin Loan	Avg. Stock Loan	Loan Rate (as of Mar)
	¥ bn	¥ bn	%
FY2014	428	220	0.64
YoY	▲62	45	▲0.13
[Reference] FY2013	490	176	0.77

	Mar-14	Mar-15	Change
Margin Loan Business	9,240	9,667	4.6%
(ex Premium Charges)	5,869	5,223	▲10.9%
Interest on Loans	4,012	3,111	▲22.4%
Interest on collateral money of securities	436	611	40.0%
Fees on Lending Securities	4,132	5,389	30.4%
Premium Charges	3,371	4,443	31.8%
Lending Fees	761	945	24.2%

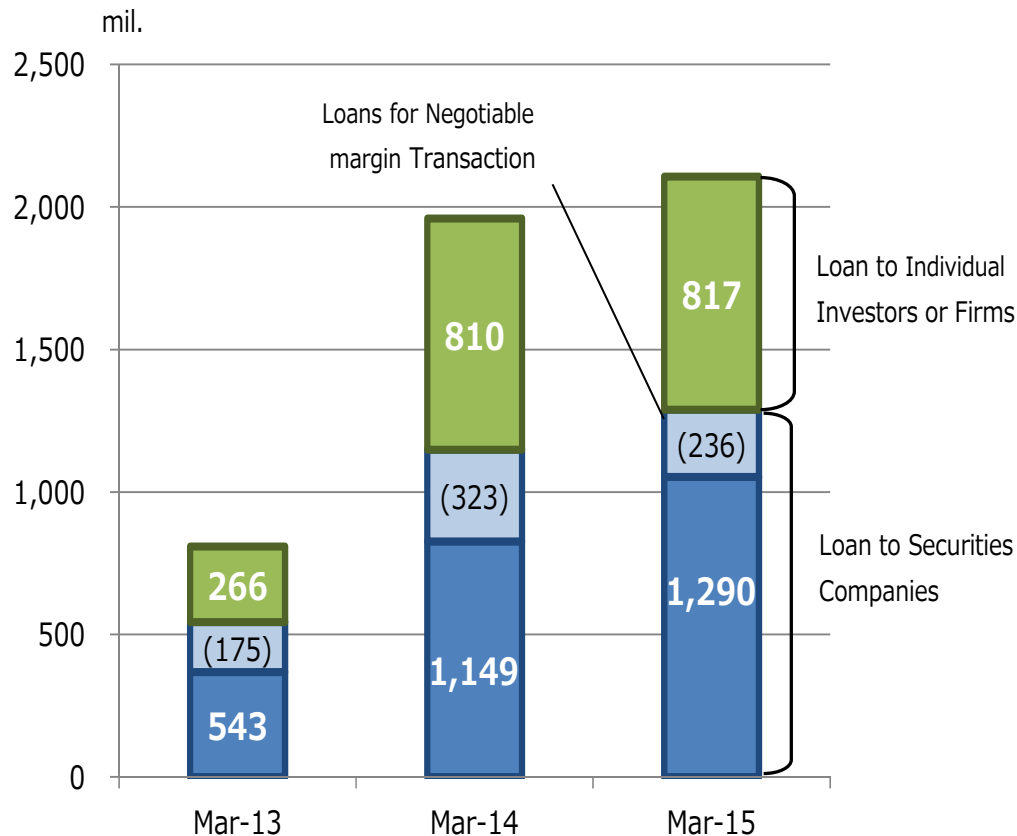


- ◆ Though average of Margin Loan decreased, average Stock Loan Balance increased.
- ◆ Interest on Loans decreased, because of decrease of Margin Loan Balance, but also Loan rate lowered on last Aug.
- ◆ Both Lending fees and Premium Charges increased, because of increase of Stock Loan balance.
- ◆ Operating revenues of this business, except Premium Charges, is decreased.

Financial Highlights FY2014②

2 General Loans increased

【Performance of Operating Revenues】



- ◆ Loans to Securities Companies increased by making loan conditions more flexible

【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

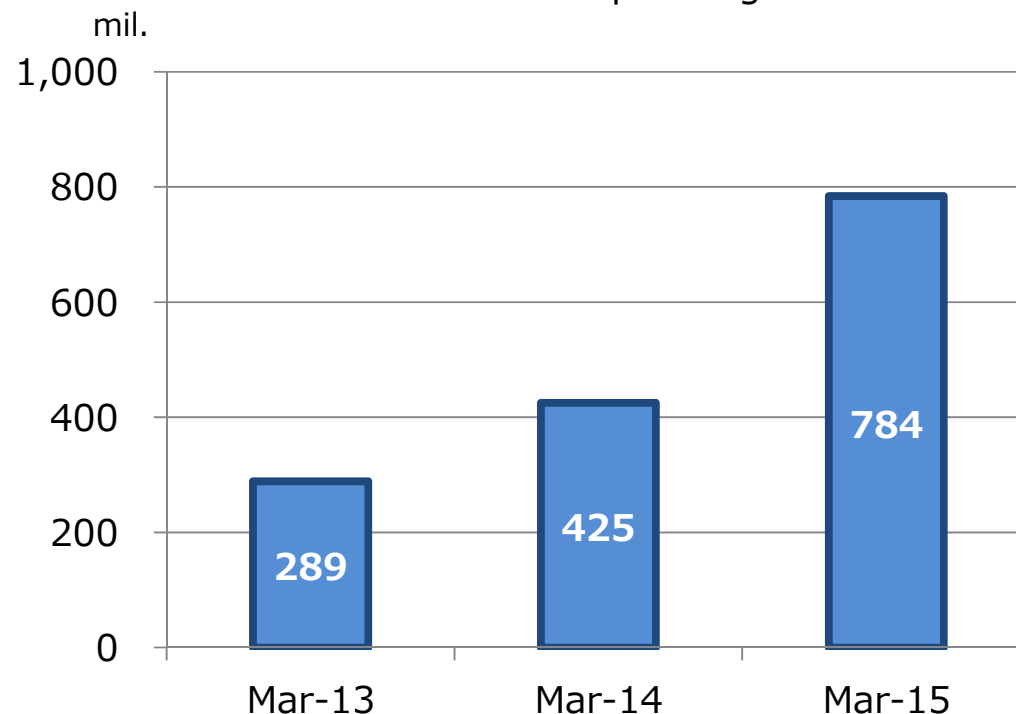
Financial Highlights FY2014③

3 Securities Lending Business

【General Stock Lending Business】

- ◆ Borrowing demands of stock lending increased, especially long-term borrowing demand, so fees on Lending Securities increased.
- ◆ Not only had increased the number of loanable Issues , but also had matched the needs of the business partner.

【Performance of Operating Revenues】



※This Business is

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

Financial Highlights FY2014 ④ ⑤

4 Bond investment

- ◆ Diversification of investment portfolio to improve returns under appropriate risk controls in low interest environment
 - ① Investment in foreign government bonds (Treasury, Bund, OAT)
 - (It started in April, 2014, and got into full swing after last Sep.)
 - Hedging foreign currency risk by foreign exchange forward contracts
 - ② Securing of profit using interest rate swap (JGB) (from Jan-15)

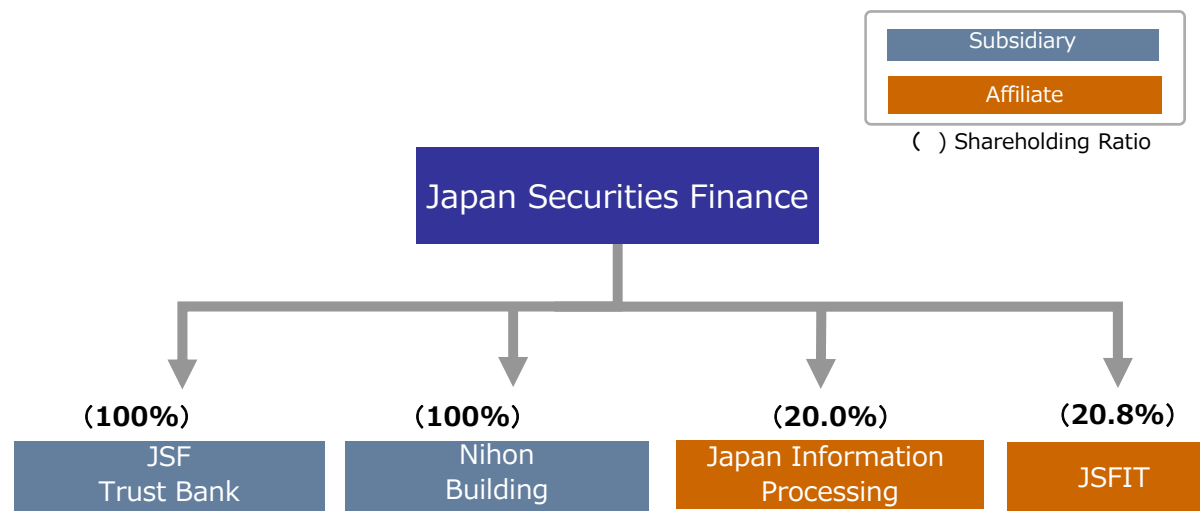
5 Temporally Revenues in subsidiary (JSF Trust Bank)

- ◆ Reversal of allowance of doubtful receivables, mainly due to repayment of a debt from obligors
 - : 345 ¥mil
- ◆ Earnings from investment to limited partnership
 - : 591 ¥mil

Consolidated Income Statement (extract)		Mar-14	Mar-15	Change
General & Administrative Expenses		8,249	7,824	▲ 425
	Reversal of ADR*	▲ 79	▲ 486	▲ 407
Non-Operating Revenues		550	1,361	811
	Equity in earnings of limited partnership	32	591	559

* ADR: Allowance for Doubtful Receivables

Financial Results of Group Companies



¥ mil

	Shareholding Ratio	FY 2014 Results			(Reference) FY2013 Net Income
		Operating Revenues	Recurring Income	Net Income	
Consolidated		20,300	4,230	3,520	6,211
JSF	-	17,185	2,653	2,219	5,692
JSF Trust Bank	100%	3,400*	1,280	1,173	151
Nihon Building	100%	1,263	583	408	299
Equity-method	Gain or Loss in Equity-Method			▲144	179

* Figure of JSF Trust Bank is Recurring Revenues.

Financial Results of JSF Trust Bank

¥mil

	FY2013	FY2014	Change
Recurring Revenues	2,356	3,400	1,044
Trust charges	486	546	60
Reversal of ADR*	—	345	345
Recurring Expenses	2,181	2,120	▲61
Provision of ADR*	71	—	▲71
Recurring Income	175	1,280	1,105
Net Income	151	1,173	1,022
Net Assets	24,893	24,853	350
Total Assets	726,860	649,729	▲77,131

Highlights

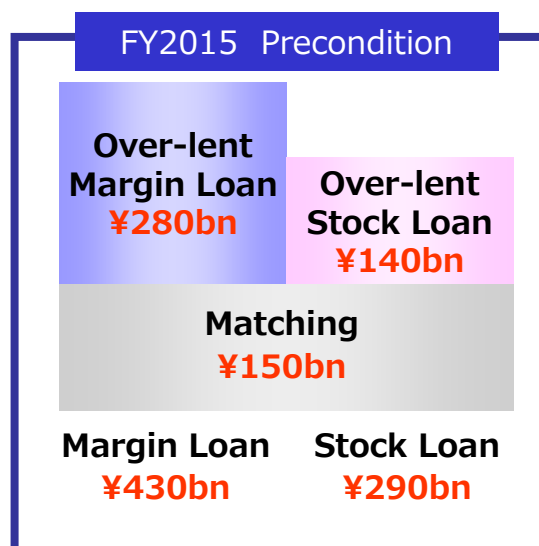
- ◆ Trust charges increased and booked 546 ¥mil(Record-high). The main reason was an increase of trustee balance.
- ◆ Interest on Loans decreased, because loan balance decreased.
- ◆ Posted reversal of Allowance for Doubtful Receivables due to repayment of a debt from obligors.
- ◆ Posted earnings from investment to limited partnership.
- ◆ Recurring Income and Net Income largely increased compared with the last year.

Equity Ratio(estimation) :85.85% (FY 2014)

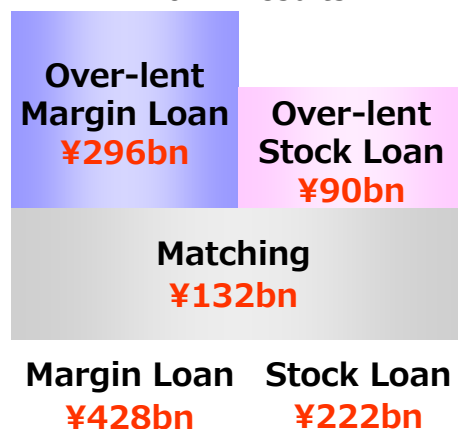
*ADR: Allowance for Doubtful Receivables

Estimated Figures for FY2015

Precondition Balance of Margin Loans



(Reference)
FY2014 Results



¥mil

	FY2015 Estimated Figures			(Reference) FY2014 Net Income
	Operating Income	Recurring Income	Net Income	
Consolidated	2,600 (▲425)	3,200 (▲1,030)	2,600 (▲920)	3,520
JSF	2,100 (+89)	2,700 (+46)	2,300 (+80)	2,219
JSF Trust Bank	—	110 (▲1,170)	100 (▲1,073)	1,173
Nihon Building	390 (▲115)	420 (▲163)	270 (▲138)	408

※() is change from FY2014.

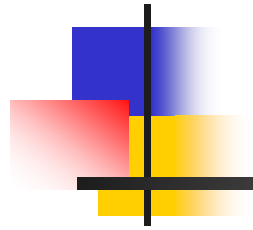
Preconditions

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

Estimated Figures for FY2015

¥mil

	Parent			Consolidated		
	FY2015 1Q-2Q	FY2015 1Q-4Q	FY2014 Results	FY2015 1Q-2Q	FY2015 1Q-4Q	FY2014 Results
Operating Income	1,200	2,100	2,010	1,500	2,600	3,025
Recurring Income	1,700	2,700	2,653	1,800	3,200	4,230
Net Income	1,400	2,300	2,219	1,400	2,600	3,520
EPS (Yen)	14.02	23.04	21.39	14.03	26.05	33.94
preconditions	Avg. Margin Loan Balance:¥ 430bn Avg. Stock Loan Balance:¥ 290bn Margin Loan Rate:0.64% Interest on collateral money:0% Lending Fee:0.40%					

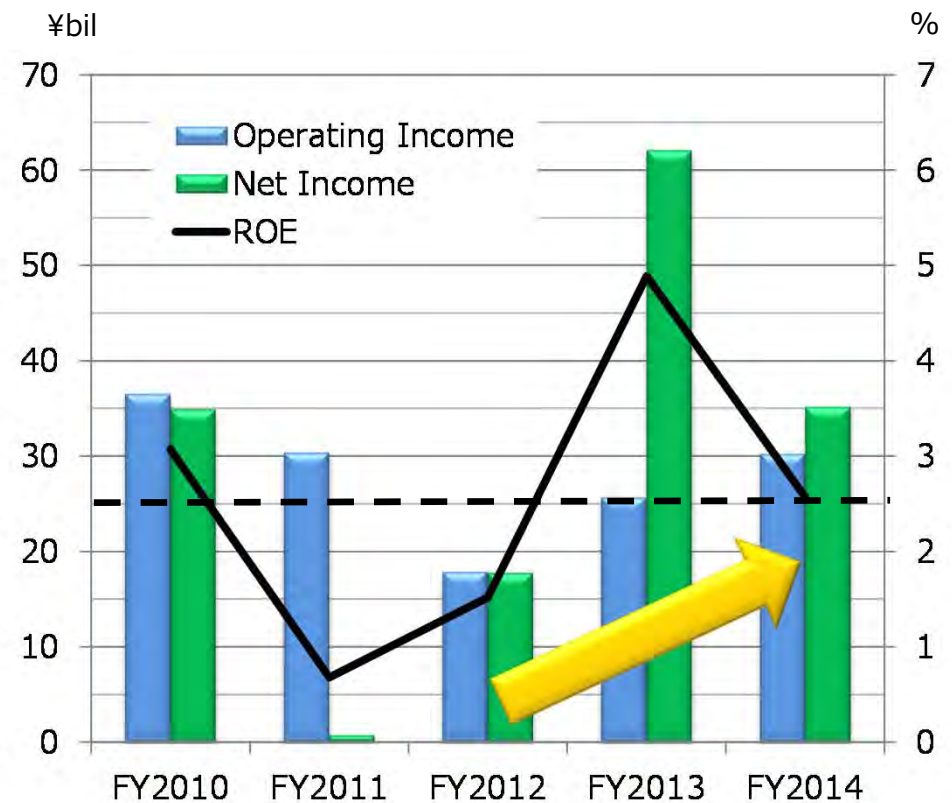
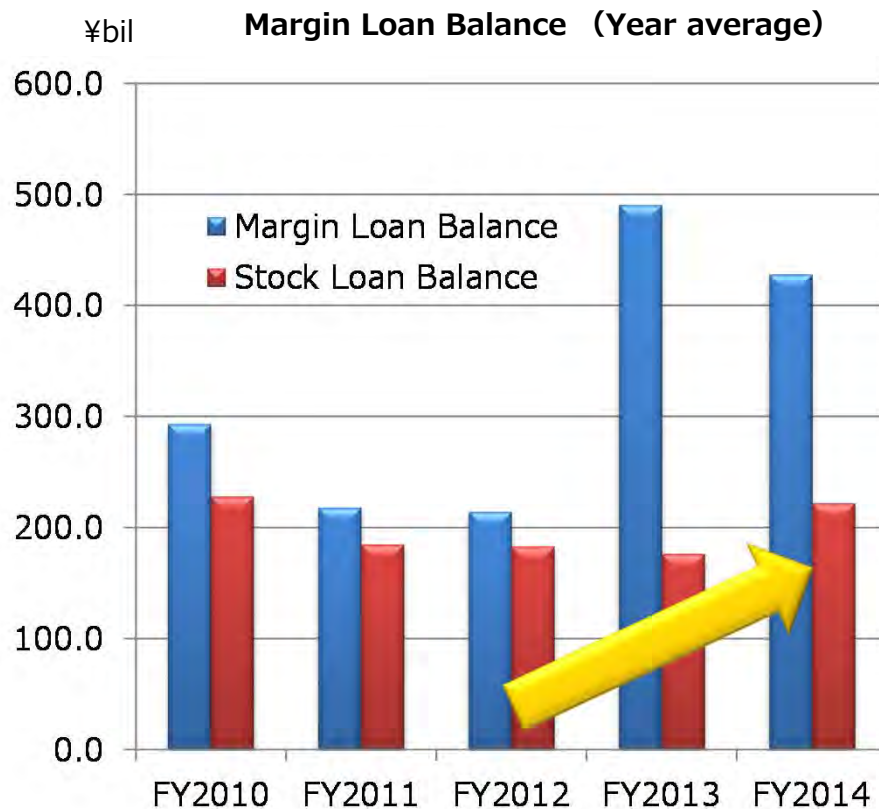


Management Matters

JSF Earnings structure

- ◆ With the stock market is booming, Margin Loan Balance is recovering .
- ◆ JSF profit has been steadily recovering, too.

➤ **ROE(5 the past yearly average) : Approximately 2.5%**



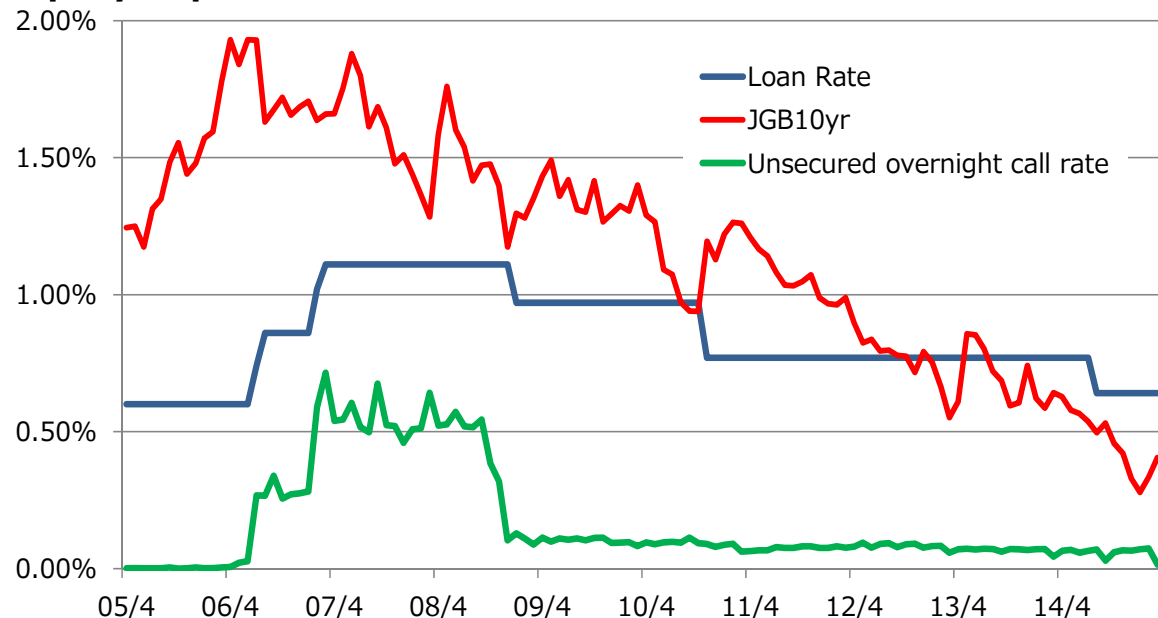
Specific nature of Securities Finance business

- ① Our role as the infrastructure of securities market:
We need to **ensure fund-raising capability for extending loan funds and securities lending at any time upon demands of securities companies**
 - Required strong credit ratings
- ② A licensed company under Financial Instruments and Exchange Act
 - Provisions regarding scope of business
- ③ Development of business through the participation in settlement system (such as Central bank, Central counterparty, etc)
 - **Required a certain level of equity capital**



Based on **solid equity capital** and **securing stable earnings**

Interest rate levels
in recent years



ROE

$$ROE = \frac{\text{Net Income}}{\text{Net Assets}} = \frac{\text{Net Income}}{\text{Operating Revenues}} \times \frac{\text{Operating Revenues}}{\text{Total Assets}} \times \frac{\text{Total Assets}}{\text{Net Assets}}$$

(A) (B) (C)

	ROE		Profitability(A)		Inventory turnover(B)		Financial leverage (C)	
	JSF	Bank, securities (TSE 1sec.)	JSF	Bank, securities (TSE 1sec.)	JSF	Bank, securities (TSE 1sec.)	JSF	Bank, securities (TSE 1sec.)
	%		%		%		times	
Mar-11	3.07	5.13	18.34	6.91	0.29	4.17	59.05	17.82
Mar-12	0.68	6.32	4.56	9.21	0.38	4.16	39.20	16.48
Mar-13	1.52	6.31	12.07	9.22	0.43	4.16	29.72	16.46
Mar-14	4.89	7.17	38.35	10.74	0.41	4.14	28.95	16.11
Mar-15	2.57	–	22.20	–	0.46	–	25.39	–

*Exclude Premium Charges in JSF

[JSF Asset constitution]

Short-term Loans Receivable & Collateral Money of Securities Borrowed

Short-term investments & Investments in Securities

Others(Non-current Assets etc.)

✓ The loan interest rate linked a short-term interest rate

➤ **Total**
3,434(¥bil.)

➤ **Ratio among total assets**
98.6%

✓ Securities investment mainly on government bonds

- ◆ In JSF business model, most of the assets are the loan linked a short-term interest rate and securities investment mainly on government bonds. That is why it is easily influenced by the interest rate levels.
- ◆ Profit is secured by high-level leverage by short-term funding
- ◆ High credit rating and ample level of capital supports low funding cost.

The medium-and-long term prospects

1 Improvement of the profitability in the mid-and-long term

- ◆ The fruition of **the profit expansionary policy**
- ◆ Operation of **the new system** (FY2016) and Expense reduction by the repayment end (FY2021)
- ◆ Rise in **interest rate** levels

2 Development of the new system (release in January, 2017)

Aims of development

- ① Enhancement convenience of business partners
 - Connect to business partners via the internet
 - Expanding data supply function by using Data Warehouse
- ② Flexible response to changing market environment
 - Preparing for response to shortening the settlement interval
 - Making loan conditions more flexible
- ③ Reinforce of BCP
 - Ensure stability of business management
- ④ Reducing system cost
 - Downsizing functions by reviewing daily operations
 - Get away from mainframe
 - Reducing costs of development and maintenance

The medium-and-long term prospects

2 Development of the new system (release in January, 2017)

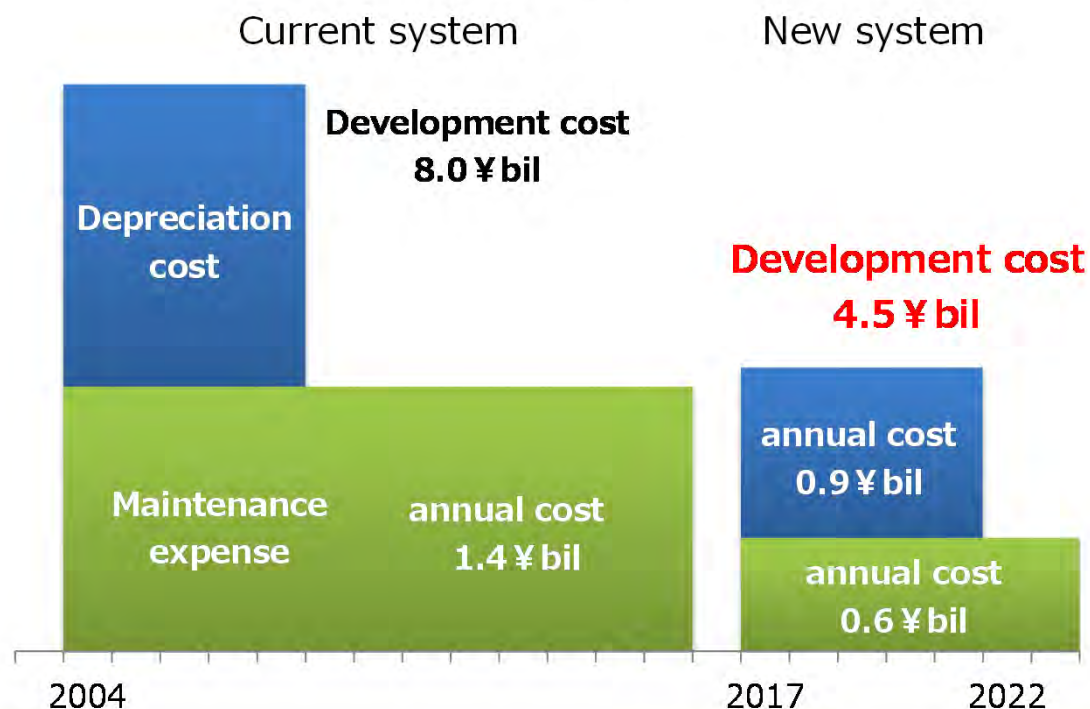
Development cost

- ◆ Development scale

Development cost 4.5(¥bil)

Maintenance expense 0.6(¥bil) * Current maintenance expense 1.4(¥bil)

<Image of development cost>



The medium-and-long term prospects

3 Action to profit expansion (Progress of the Mid-term Management Plan)

Margin Loan Business

- ◆ Increase the number of Loanable Issues **Mar-13 2,059 → Mar-14 2,202(+143)**
- ◆ Setting of the business promotion team for the use promotion of the Brokers
- ◆ Enhance our informational outreach activities concerning the system of margin transactions and loans for margin transaction

General Loans

- ◆ **Loan increase by responding flexibly of the use conditions** such as the collateral, the period, the interest rate

Securities Lending

- ◆ **Expand lending by responding flexibly of the use conditions and strengthening procurement capability**

Investments in securities

- ◆ **Diversification of investment portfolio** (Foreign government bonds investment, derivative transactions, and so on)

JSF Trust Bank

- ◆ **Strengthening custodian type trust service that leverage its strong credit rating and neutrality**

Revision of 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 Revision of shareholder return policy (effect from FY2015)

(1) Dividend Payment Policy

- ◆ Our dividend policy is to return profits to shareholders, **with the “Consolidated Payout Ratio” of not less than around 60%**, as a standard that reflects our business performance, but also taking account of the “Dividend on Equity(DOE) Ratio”.

(before the revision)

- ◆ Our dividend payout policy is to return profits to shareholders basically in accordance with the “Consolidated payout ratio” of 40%* as a standard that reflects our business performance, but also taking account of “Dividend on Equity Ratio”.

* basically in accordance with the “Consolidated Payout Ratio” for FY2014

Revision of Shareholder Return Policy

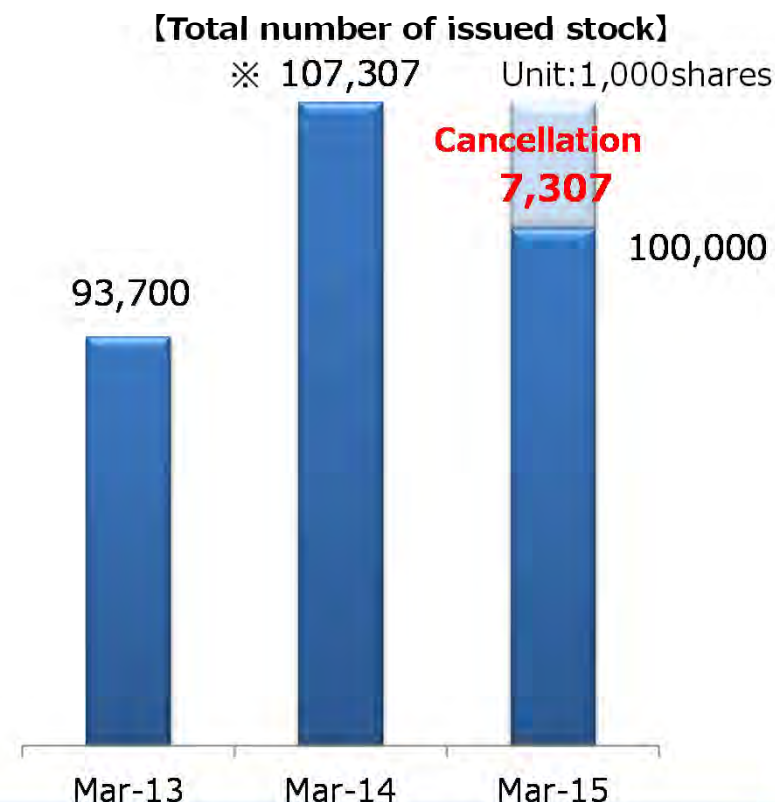
(2) Setting the Share Buyback Policy

(Share Buyback Policy)

- ◆ In a view of further enhancing of return to shareholders, we will appropriately implement share buyback, after taking into consideration of some factors such as business performance, level of share price

- ◆ **The acquisition of the treasury stock (FY2014)**
Buyback : 746mil shares, 4.6(¥bil.) ,
Cancellation : 730mil shares ,4.5(¥bil.)

※ 14 million stocks are issued by addition by the merger with OSF



Dividend

➤ **FY2014**

Annual ¥15 [Interim ¥7, year-end ¥8] (+¥1 FY2013)

➤ **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	¥16
(year-end)	¥7	¥7	¥7	¥7	¥7	¥8	¥8
(interim)	¥7	¥7	¥7	¥7	¥7	¥7	¥8
<Consolidated> : EPS	¥38.6	¥37.7	¥8.4	¥19.1	¥60.4	¥33.9	¥26.0
: DPR	36.5%	37.1%	166.3%	73.3%	23.2%	44.2%	61.4%
: DOE	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%
<Parent> : EPS	¥27.0	¥17.3	¥13.2	¥11.0	¥55.3	¥21.4	¥23.0
: DPR	51.9%	80.7%	106.0%	127.1%	25.3%	70.1%	69.4%

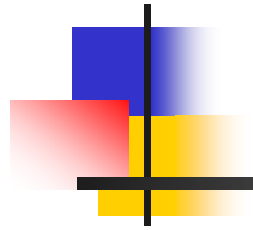
Share Buyback Program

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】

	total shares purchased shs	amount ¥ mil	cancellation shs	shares issued shs
FY2008	6,291,700	4,881	6,004,000	93,700,000
FY2014	7,464,400	4,652	7,307,763	100,000,000



Appendix

Breakdown of Operating Revenues by business (historical)

¥ mil

	Mar-15	Mar-11	Mar-12	Mar-13	Mar-14	Mar-15
Securities Finance Business	20,817	17,558	15,186	14,093	16,363	17,162
Margin Loan Business	12,954	8,922	6,756	6,625	9,240	9,667
	(46.5%)	(39.0%)	(33.4%)	(37.5%)	(47.2%)	(47.6%)
Interest on Loans	3,324	2,809	1,783	1,760	4,012	3,111
Interest on collateral money of securities borrowed	1,774	826	639	652	436	611
Fees on Lending Securities	7,337	4,807	3,957	3,746	4,132	5,389
Premium Charges	5,773	3,811	3,147	2,957	3,371	4,443
Lending Fees	1,563	996	809	789	761	945
Bond Financing and General Loans Business	1,234	1,047	827	810	1,959	2,107
	(4.4%)	(4.6%)	(4.1%)	(4.6%)	(10.0%)	(10.4%)
Bond financing & General Loans	767	659	492	440	1,149	1,279
Loans for Negotiable Margin Transactions	204	200	189	175	323	236
Securities Lending Business	1,454	1,754	1,701	1,862	2,217	2,294
	(5.2%)	(7.7%)	(8.4%)	(10.5%)	(11.3%)	(11.3%)
General Stock Lending	308	331	219	289	425	784
Bond Lending	1,146	1,422	1,482	1,573	1,791	1,509
Others	5,174	5,834	5,901	4,794	2,946	3,094
	(18.6%)	(25.5%)	(29.2%)	(27.1%)	(15.1%)	(15.2%)
Bond Investment (Parent only)	5,077	5,754	5,824	4,719	2,838	2,979
Trust Business	6,016	4,360	4,224	2,762	2,322	2,269
	(21.6%)	(19.1%)	(20.9%)	(15.6%)	(11.9%)	(11.2%)
Interest on Loans	1,330	1,079	741	590	317	186
Trust Charges	249	308	300	338	485	545
Bond Investment	4,342	2,657	3,134	1,808	1,494	1,507
Real Estate Management Business	1,034	930	818	819	880	868
	(3.7%)	(4.1%)	(4.0%)	(4.7%)	(4.5%)	(4.3%)
Operating Revenues	27,868	22,848	20,229	17,675	19,566	20,300
(excluded Premium Charges)	22,095	19,037	17,082	14,718	16,195	15,856

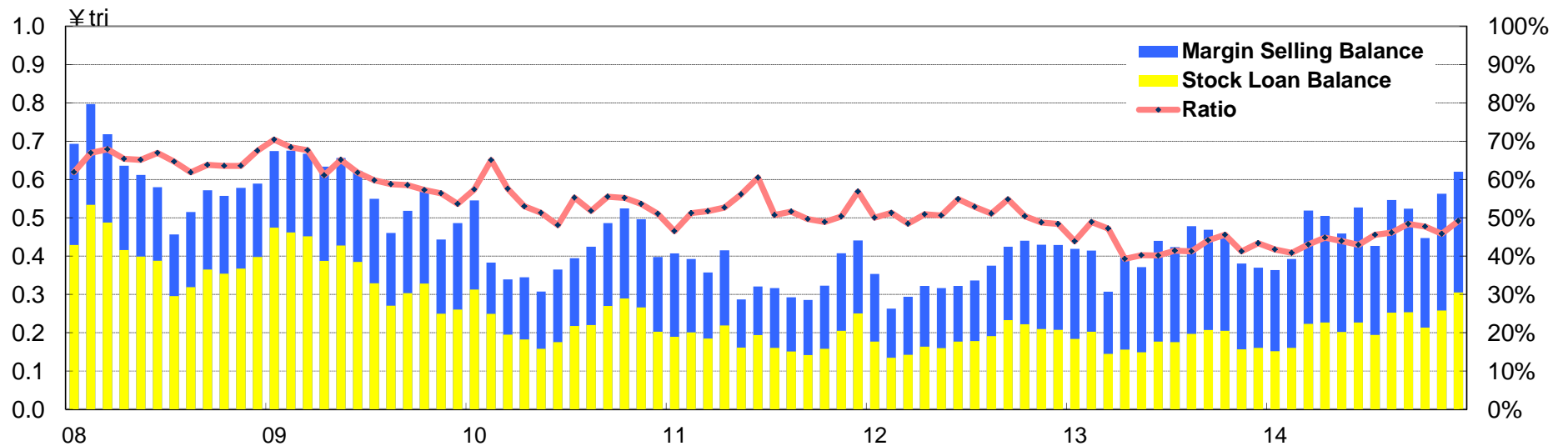
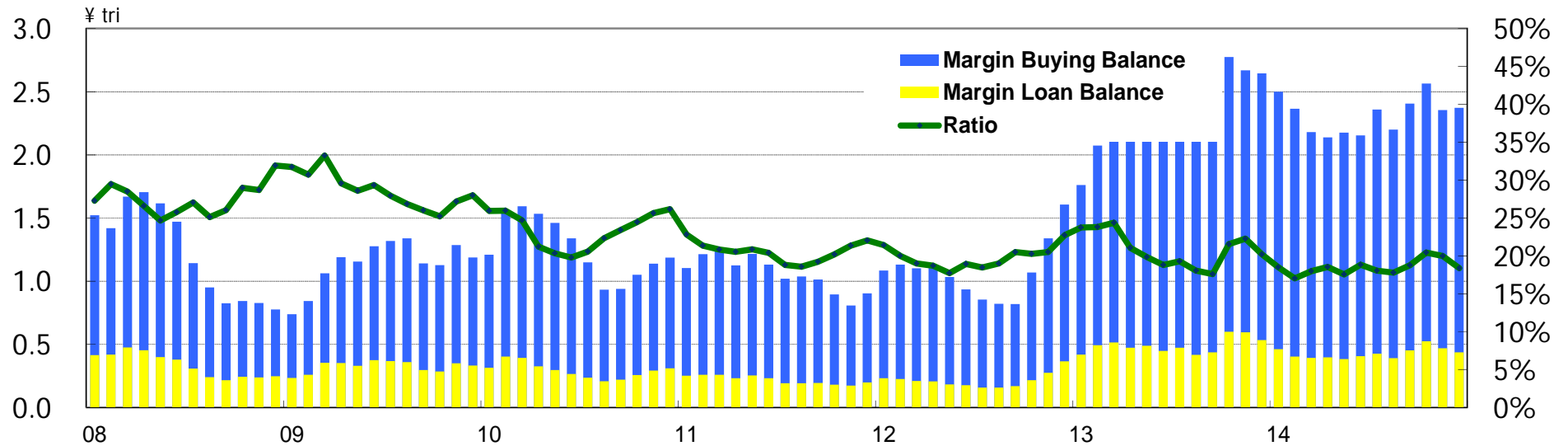
Outstanding Loan Balance

(Year average and year-end balance)

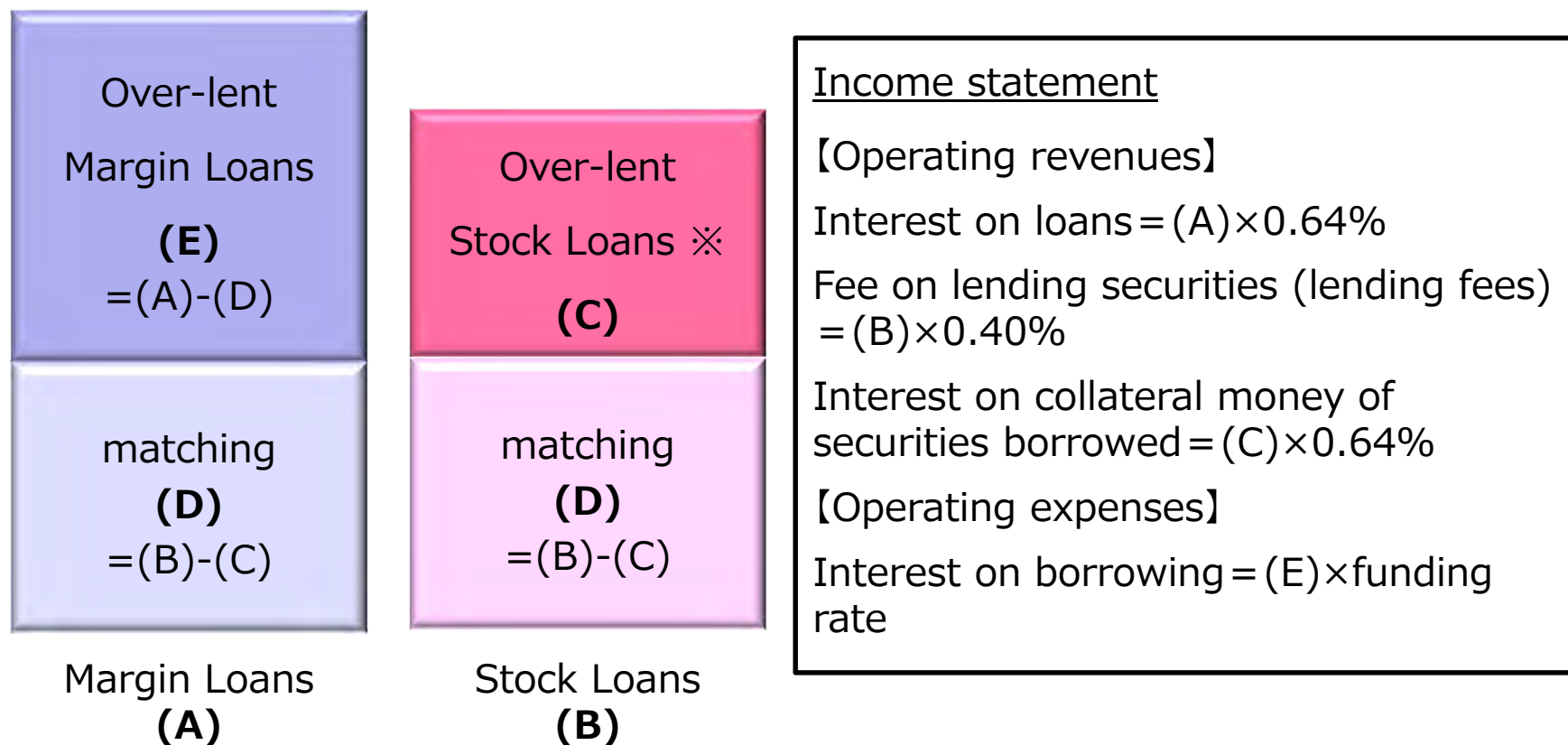
¥ mil

		FY2009	FY2010	FY2011	FY2012	FY2013	FY2014
Margin Loans	avg.	324,205	293,429	218,059	214,164	490,635	428,329
	term-end	328,755	305,083	241,035	502,322	601,206	541,052
Bond Financing & General Loans	avg.	46,863	45,850	50,893	55,865	157,232	223,484
	term-end	51,448	39,782	96,488	122,011	201,076	254,717
Loans for negotiable margin transactions	avg.	17,173	18,405	20,330	18,472	36,223	29,168
	term-end	20,944	18,143	25,727	34,380	48,103	30,939
Trust Bank Loans	avg.	215,308	303,778	141,310	101,094	77,612	58,677
	term-end	260,862	211,527	98,260	78,641	63,043	54,831
Others	avg.	14,500	14,423	12,530	13,213	23,092	32,500
	term-end	14,500	12,500	18,000	29,500	32,500	32,500
Total	avg.	601,180	657,481	422,793	384,338	748,572	742,991
	term-end	655,567	568,893	453,784	732,475	897,825	883,101
Stock Loans	avg.	361,388	228,050	184,698	183,013	176,476	222,031
	term-end	306,394	196,442	259,058	216,206	198,781	316,544

Margin Transactions & Loans for Margin Transactions



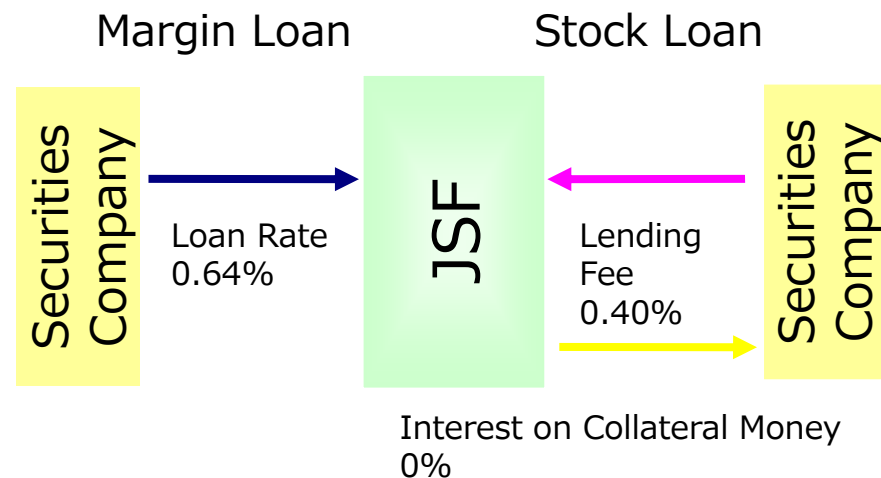
Revenue structure of Loans for margin transactions



◆ 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.

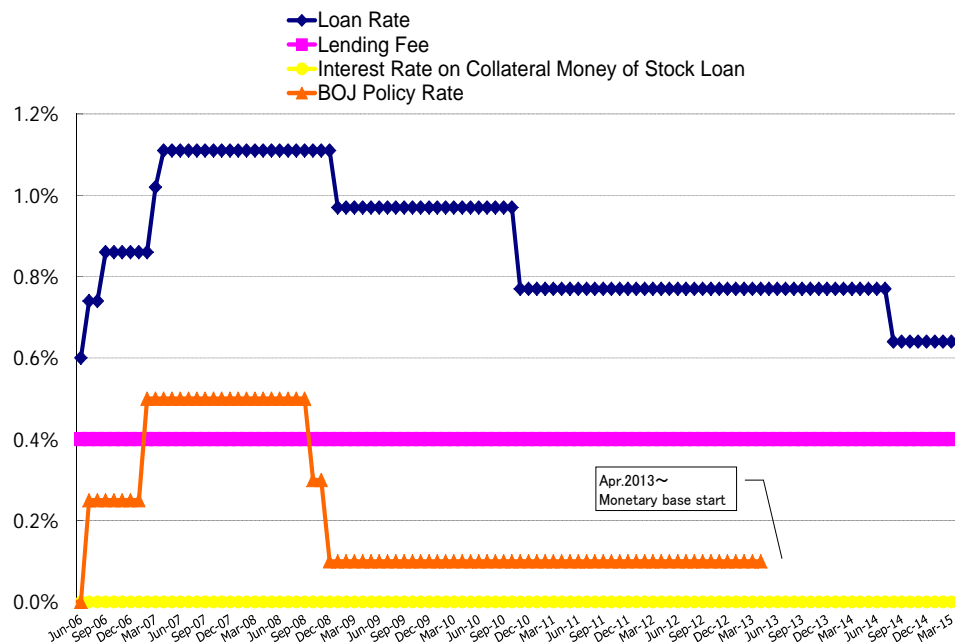
【revenue】 Fees on lending securities (premium charges) = 【expense】 Fees on borrowing securities (premium charges) = (C) × rate of Premium charges

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

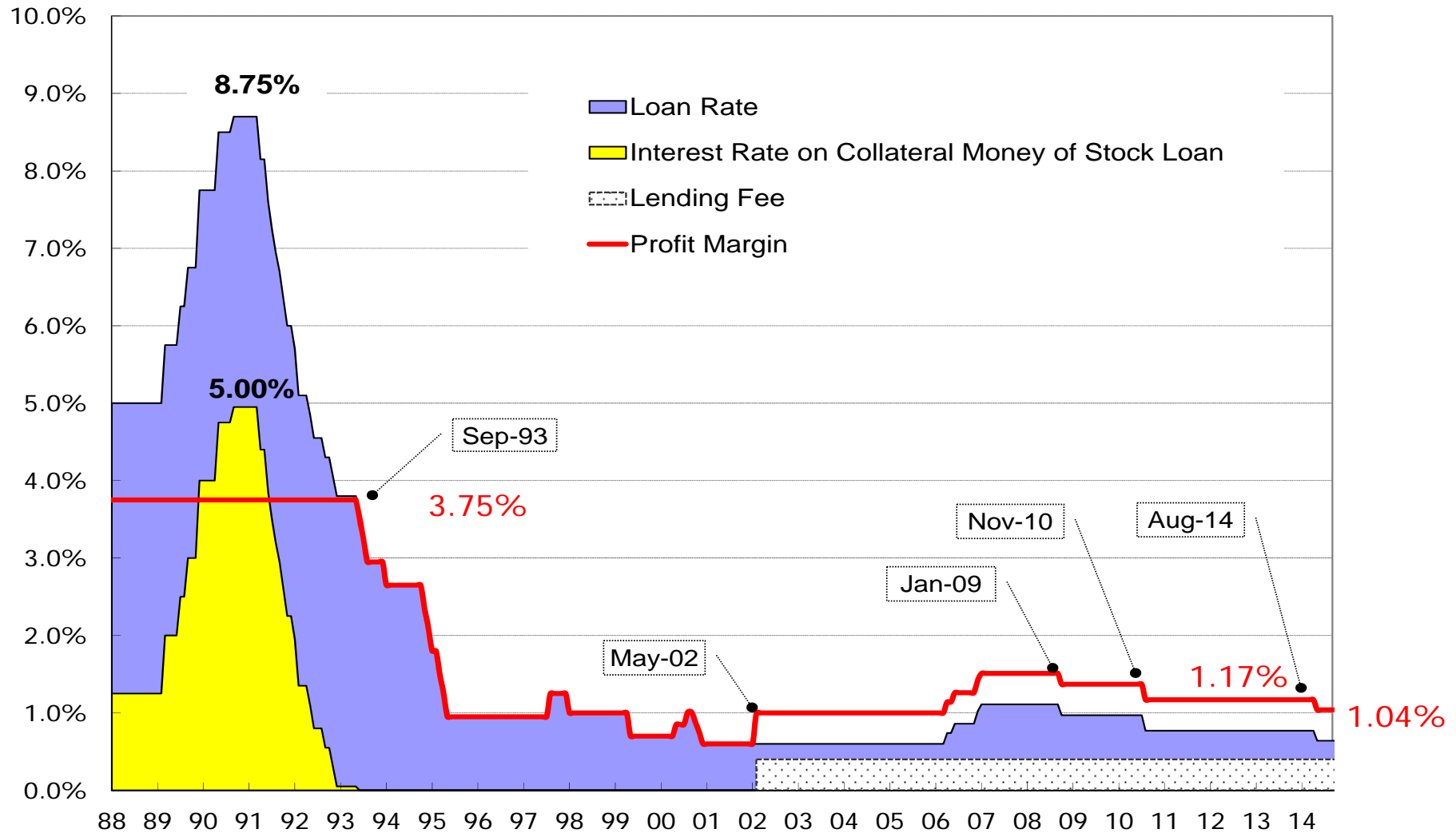


Margin Loan Rate

- 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%)
- 6/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

	Mar-15	Change from Mar-14	
Total assets	3,482,601	▲ 431,786	
Current assets	2,484,418	▲ 224,465	
Cash & Deposit	31,792	▲ 61,277	Deposit at BOJ
Short-term investments	588,813	180,242	JGB and other bonds (Maturity: 1year or less)
Short-term loans receivable	883,101	▲ 14,724	Margin loan / Loans for negotiable margin transactions / General loans / Trust bank loans
Collateral money of securities borrowed	974,973	▲ 328,180	Collateral money of bond borrowing Collateral money of stock borrowing
Non-current assets	998,183	▲ 207,321	
Investments in securities	987,897	▲ 208,925	JGB and other bonds (Maturity: more than 1year), Stock
Total liabilities	3,345,456	▲ 433,704	
Current liabilities	3,329,124	▲ 438,291	
Call money	1,587,000	▲ 9,600	
Short-term borrowings	439,510	▲ 70,000	Bank borrowing Market operation by BOJ
Commercial Paper	440,000	11,000	
Collateral money received of securities lent	788,716	▲ 397,009	Collateral money of bond lending Collateral money of stock lending
Non-current liabilities	16,331	4,587	
Total net assets	137,145	1,917	

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-14		Mar-15		notes
	B/S Amount	Unrealized profits and losses	B/S Amount	Unrealized profits and losses	
Equity	9,238	4,643	11,951	7,356	
Bond	1,548,702	7,787	1,516,245	13,651	
JGB&Municipal Bond	1,410,019	7,766	1,383,045	12,442	
Corporate Bond	138,682	20	98,932	▲19	
Others	0	0	34,267	1,228	Foreign government bonds
Other Securities	1,372	435	1,750	813	
Total	1,559,313	12,866	1,529,947	21,821	

held-to-maturity bonds	B/S Amount	Unrealized profits and losses	B/S Amount	Unrealized profits and losses	notes
JGB	39,915	300	40,736	135	

(Breakdown of Japanese yen)	Mar-14		Mar-15		notes
	JSF	JSF Trust Bank	JSF	JSF Trust Bank	
JGB Balance	955,037	418,036	962,712	417,413	
1 year or less	270,656	15,133	238,216	255,102	
over 1Y	684,381	402,902	724,496	162,311	
(Floating JGB)	150,543	39,915	150,152	39,926	
Municipal Bond	0	79,860	0	43,656	
Corporate Bond	0	138,682	0	98,932	Mainly Government Guaranteed Bond
Remaining Period	2.69	2.30	2.81	2.11	

※Remaining Period (exclude 15Y JGB & held-to-maturity bonds)

JSF Trust Bank (Loan Balance)

● Loan Balance by Industry

¥mil

	Mar-14		Sep-14		Mar-15	
	Loan Balance	ratio	Loan Balance	ratio	Loan Balance	ratio
Manufacturing	15,809	24.7%	12,639	23.3%	11,284	20.5%
Fishery	0	0.0%	0	0.0%	0	0.0%
Mining	192	0.3%	144	0.3%	96	0.2%
Construction	367	0.6%	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	6,843	10.7%	5,581	10.3%	6,790	12.3%
Wholesale	4,400	6.9%	1,500	2.8%	1,500	2.7%
Retail	0	0.0%	0	0.0%	0	0.0%
Finance & Insurance	5,033	7.9%	3,003	5.5%	5,602	10.2%
Real Estate	8,672	13.5%	7,883	14.6%	6,407	11.6%
Service Industries	1,601	2.5%	1,601	3.0%	1,600	2.9%
Governments	21,133	33.0%	21,781	40.2%	21,781	39.6%
Total	64,053		54,134		55,062	

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

	Mar-14	Mar-15	Change
Trustee Balance	11,927	16,132	4,204
Loans	640	550	▲89
Securities	6,337	5,600	▲737
Net Income	1.5	11.7	10.2

¥mil

Rating Information

As of 31/Mar/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.