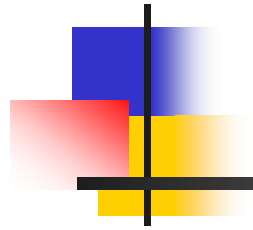


Financial Presentation for 1st Half, FY2014

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 1st Half, FY2014

¥ mil

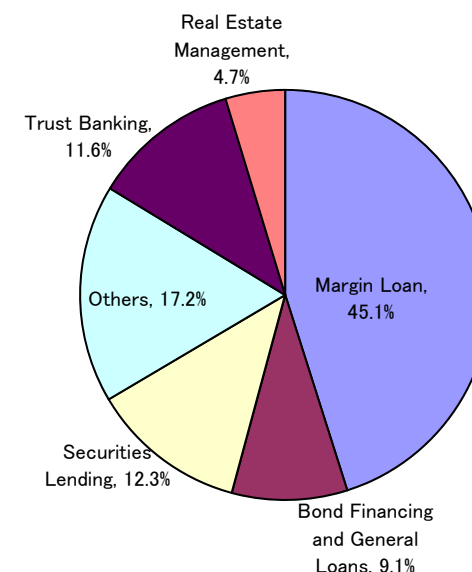
	Parent			Consolidated		
	FY2013 1H	FY2014 1H	Change	FY2013 1H	FY2014 1H	Change
Operating Revenues	7,809	8,546	737	9,303	10,107	803
EX Premium Charges	6,428	6,500	71	7,923	8,061	138
Operating Expenses	3,550	4,043	492	4,150	4,629	479
EX Premium Charges	2,206	1,997	▲209	2,806	2,583	▲223
General & Administrative Expenses	3,330	3,465	134	4,184	3,719	▲465
Operating Profit	927	1,037	110 (11.9%)	968	1,758	790 (81.6%)
Gain or Loss in Equity-Method	-	-	-	89	▲72	▲162
Recurring Income	1,191	1,501	310 (26.0%)	1,226	2,230	1,004 (81.9%)
Extraordinary Profit or Loss	4,350	22	▲4,327	4,347	61	▲4,285
Net Income	5,082	1,236	▲3,846 (▲75.7%)	4,986	1,865	▲3,121 (▲62.6%)

※Comprehensive income : 2,088¥mil (Sep-14)、4,298¥mil (Sep-13)

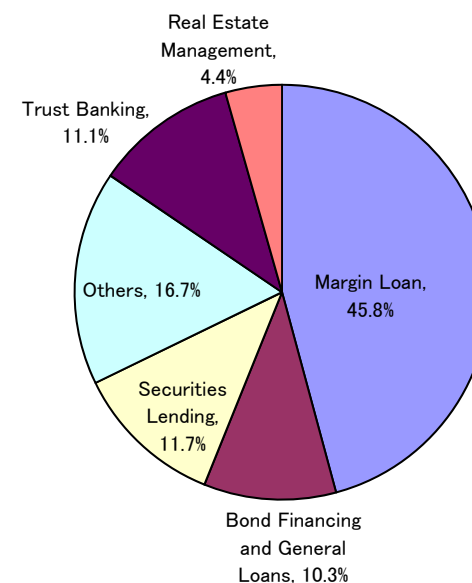
Breakdown of Operating Revenues by business

	¥ mil	
	Sep-13	Sep-14
Securities Finance Business	7,792	8,534
Margin Loan Business	4,196	4,627
	(45.1%)	(45.8%)
Interest on Loans	1,946	1,589
Interest on collateral money of securities borrowed	177	287
Fees on Lending Securities	1,748	2,470
Premium Charges	1,380	2,046
Lending Fees	368	424
Bond Financing and General Loans Business	848	1,043
	(9.1%)	(10.3%)
Bond financing & General Loans	466	634
Loans for Negotiable Margin Transactions	161	134
Securities Lending Business	1,149	1,180
	(12.3%)	(11.7%)
General Stock Lending	167	314
Bond Lending	982	865
Others	1,597	1,683
	(17.2%)	(16.7%)
Bond Investment (Parent only)	1,540	1,625
Trust Banking Business	1,075	1,126
	(11.6%)	(11.1%)
Interest on Loans	184	105
Trust Charges	229	258
Bond Investment	649	746
Real Estate Management Business	436	446
	(4.7%)	(4.4%)
Operating Revenues	9,303	10,107
(excluded Premium Charges)	7,923	8,061

Sep-13



Sep-14



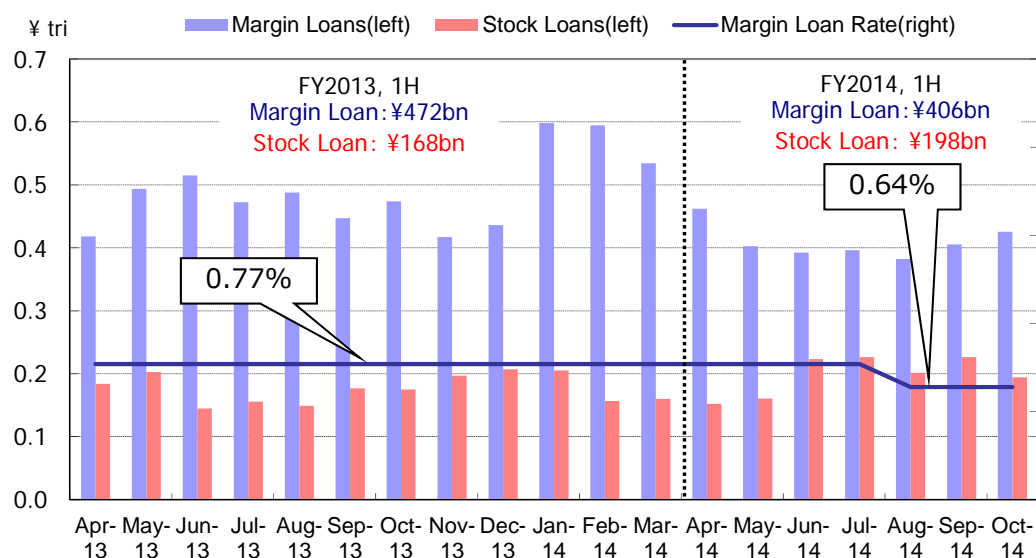
Financial Highlights for 1st Half, FY2014 ①

1 Margin Loan Balance for 1st Half, FY2014

【1Q-2Q】

	Avg. Margin Loan	Avg. Stock Loan	Loan Rate (as of sep)
	¥ bn	¥ bn	
FY2014, 1H	406	198	0.64%
YoY	▲66	29	▲0.13%
【Reference】 FY2013, 1H	472	168	0.77%

	Sep-13	Sep-14	Change
Margin Loan Business	4,196	4,627	10.3%
Interest on Loans	1,946	1,589	▲18.4%
Interest on collateral money of securities borrowed	177	287	61.8%
Fees on Lending Securities	1,748	2,470	41.3%
Premium Charges	1,380	2,046	48.2%
Lending Fees	368	424	15.3%



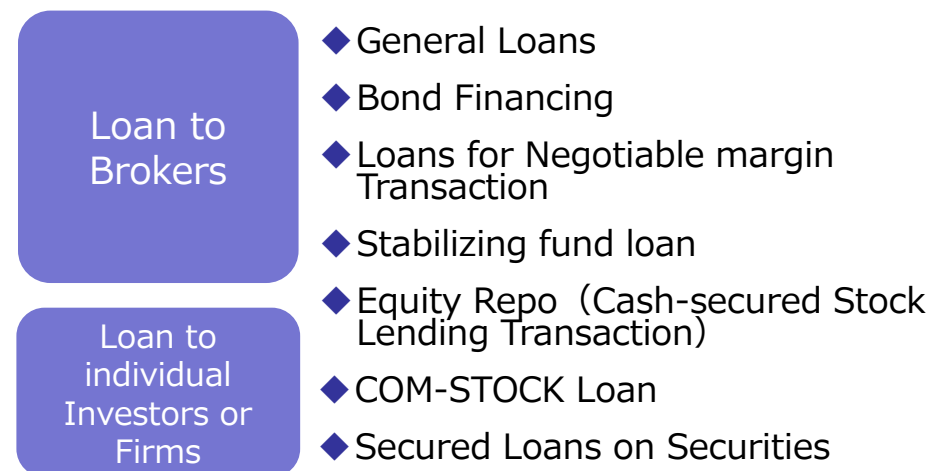
- ◆ As the outstanding balance of Margin Selling Transactions increased, Average Stock Loan Balance also increased.
- ◆ Average Margin Loan Balance decreased and Loan rate was lowered on Aug 6, so Interest on Loans decreased.
- ◆ Lending fees and Premium Charges increased, so Operating Revenues of Margin Loan Business rised 10.3% compared with the year-earlier period.

Financial Highlights for 1st Half, FY2014 ②

2 General Loans increased

- ◆ Loans to Brokers increased by making loan conditions more flexible
- ◆ Loan to individual Investors or Firms increased by the Merger with OSF

【Loan Lineup】

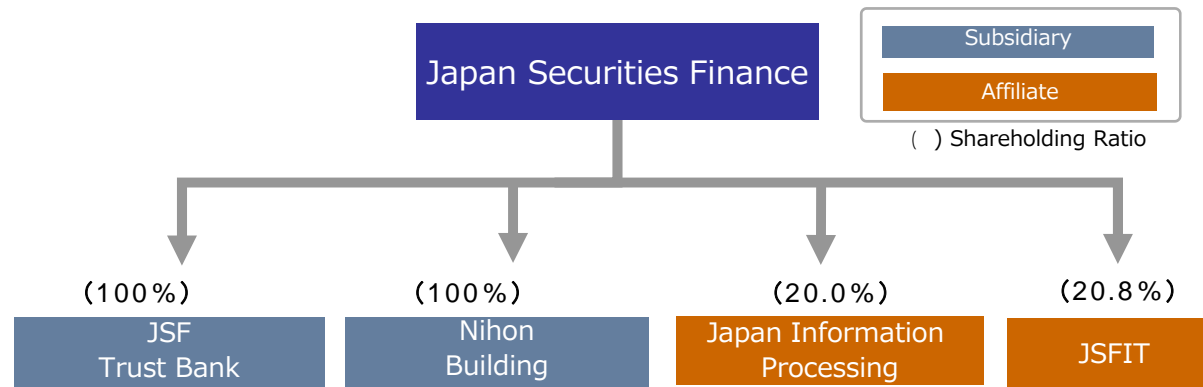


3 G&A expenses decreased by reversal of Allowance for doubtful receivables

- ◆ Reversal of allowance of doubtful receivables was posted, mainly due to repayment of a debt from one obligor of JSF Trust Bank.

		¥mil		
		FY2013 2Q	FY2014 2Q	change
General & Administrative Expenses		4,184	3,719	▲465
Allowance for Doubtful Receivables	Provision	134	—	▲134
	Reversal	—	▲410	▲410

Financial Results of Group Companies



¥ mil

	Shareholding Ratio	FY2014, 1H Results			(Reference) FY2013 1H Net Income
		Operating Revenues	Recurring Income	Net Income	
Consolidated		10,107	2,230	1,865	4,986
JSF	-	8,546	1,501	1,236	5,082
JSF Trust Bank	100%	1,664*	617	▲609	▲235
Nihon Building	100%	643	327	236	159
Affiliates	-	Loss in Equity-Method		▲72	89

* Figure of JSF Trust Bank is Recurring Revenues.

Financial Results of JSF Trust Bank

¥mil

	FY2013 2Q	FY2014 2Q	change
Recurring Revenues	1,076	1,664	588
Trust charges	230	259	28
Reversal of Allowance for Doubtful Receivables	-	358	358
Ordinary Expenses	1,283	1,046	▲236
Provision for Allowance for Doubtful Receivables	237	-	▲237
Recurring Income	▲206	617	824
Net Income	▲235	609	844
Total Assets	23,692	24,450	758
Net Assets	711,709	753,725	42,015
Equity Ratio	51.39%	80.90%	

Financial Highlights for 2Q, FY2014

- ◆ Trust charges increased compared with the year-earlier period. The main reason was an increase of trustee balance.
- ◆ Interest on Loans decreased, because loan balance decreased.
- ◆ Posted reversal for Allowance for Doubtful Receivables due to repayment of a debt from one obligor.
- ◆ Therefore, Recurring Income and Net Income turned a profit.

Estimated Figures for FY2014

Precondition Balance of Margin Loans

FY2014 Precondition	
Over-lent Margin Loan ¥300bn	Over-lent Stock Loan ¥70bn
Matching ¥120bn	
Margin Loan ¥420bn (±0bn)	Stock Loan ¥190bn (▲30bn)

(Reference)
1H, FY2014 Results

Over-lent Margin Loan ¥287bn	Over-lent Stock Loan ¥78bn
Matching ¥119bn	
Margin Loan ¥406bn	Stock Loan ¥198bn

¥mil

	FY2014 Estimated Figures			(Reference) FY2013 Net Income
	Operating Income	Recurring Income	Net Income	
Consolidated	2,400 (▲200)	3,200 (▲300)	2,700 (▲200)	6,211
JSF	1,500 (▲300)	2,100 (▲400)	1,800 (▲300)	5,692
JSF Trust Bank	—	670 (+120)	660 (+150)	151
Nihon Building	450 (±0)	510 (±0)	340 (±0)	299

※() is change from Estimated Figures released on July 30.

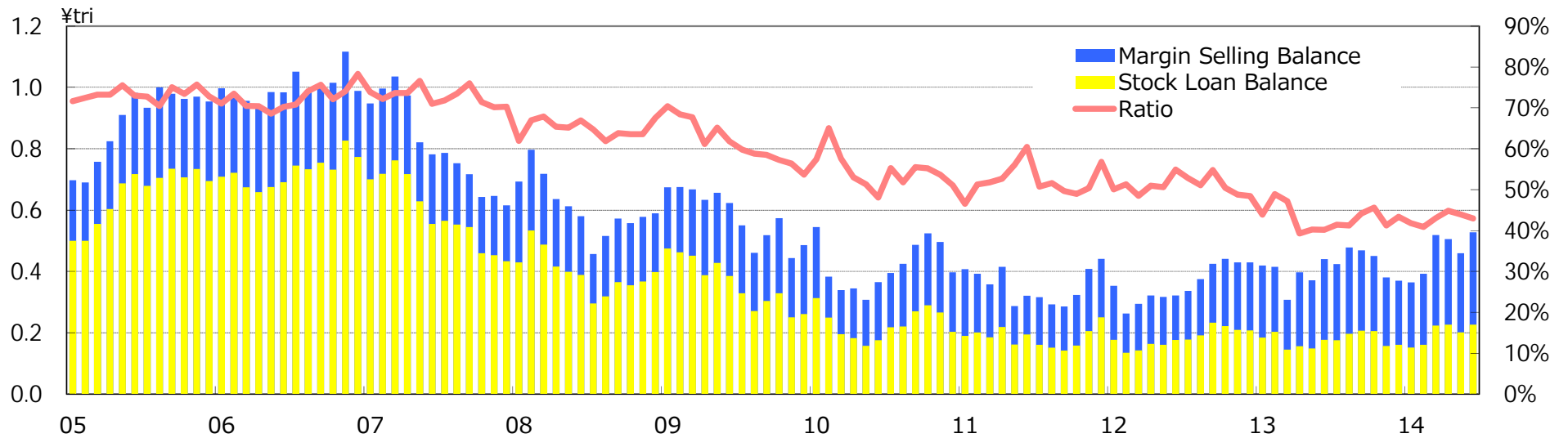
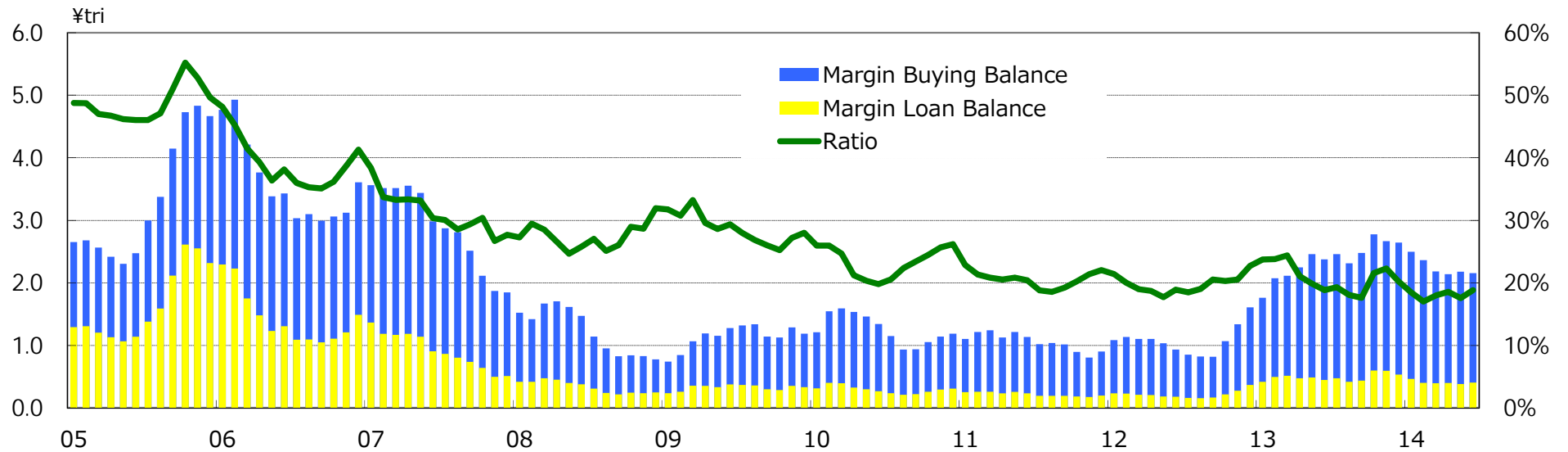
Preconditions

- Loan Rate : 0.64% (It was changed(0.77%→0.64%) on Aug.6, 2014.)
- Interest on Collateral Money : 0%
- Lending Fee : 0.40%



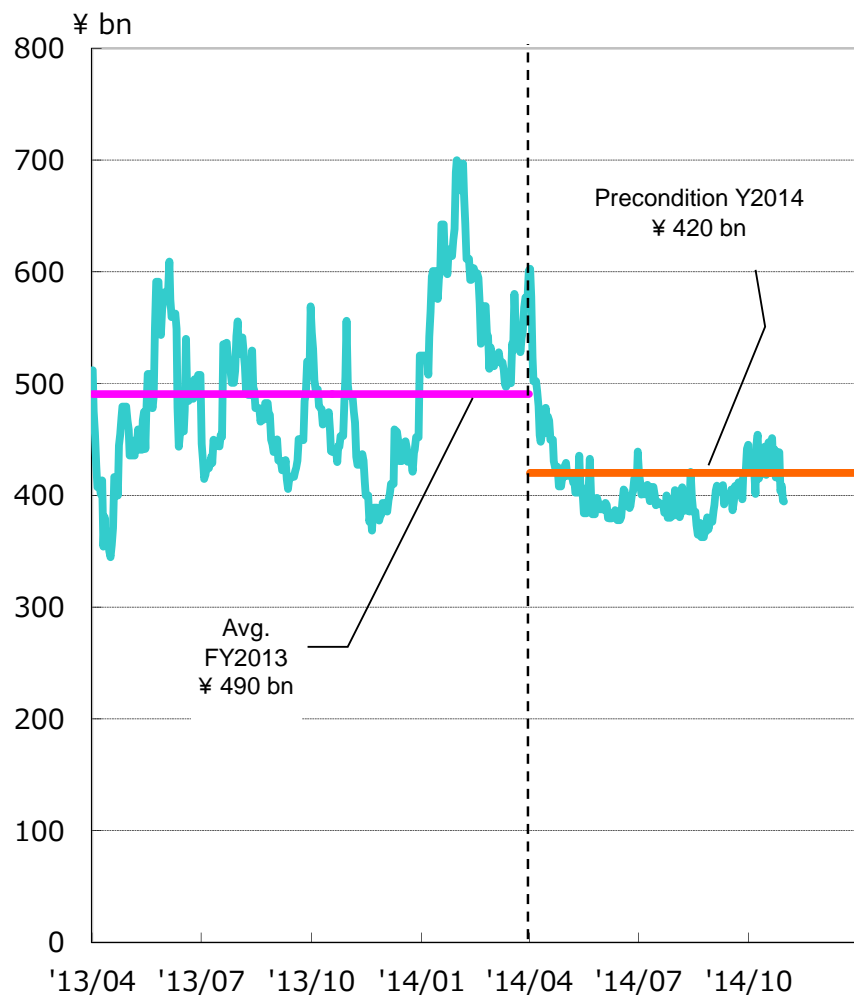
Management Matters

Margin Transactions & Margin Loans (Average balance)

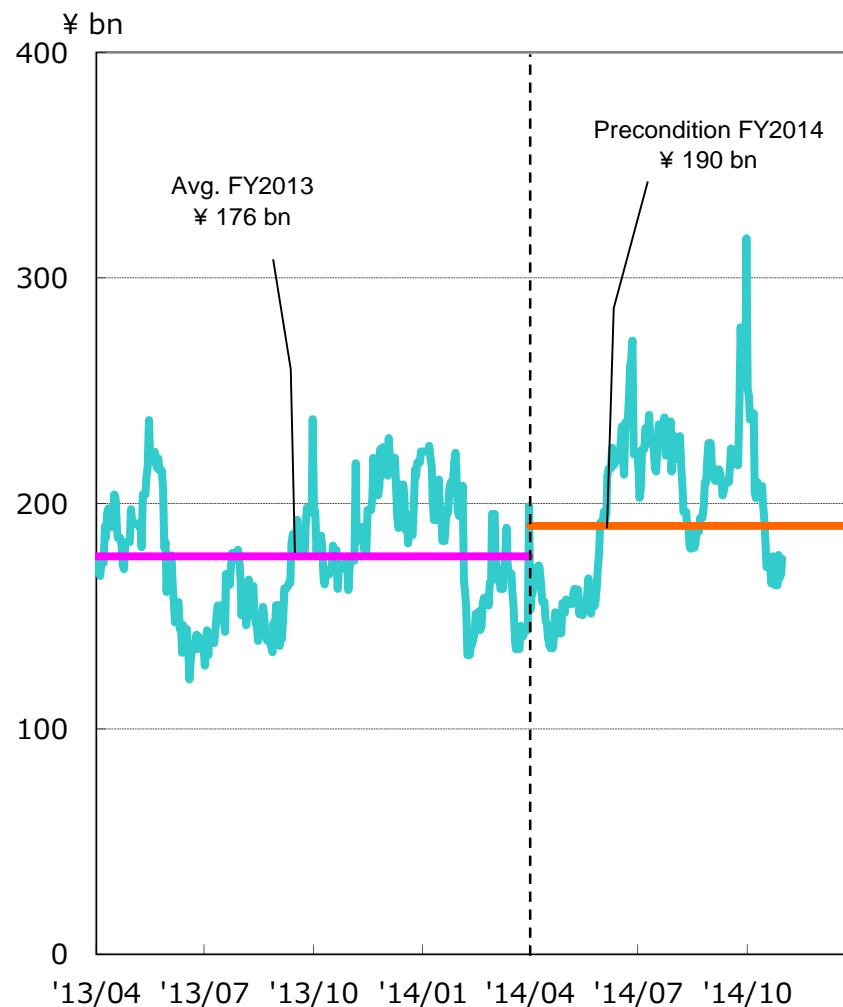


Margin Loans Balance (Apr. 2013~Oct. 2014)

Margin Loan Balance



Stock Loan Balance



Expansion of Margin Loan Business

- Business Strategies for the 4th Mid-term Management Plan ①

1. Increase the number of Loanable Issues

- Boost approach to listed companies.

2. Setting of the business promotion team

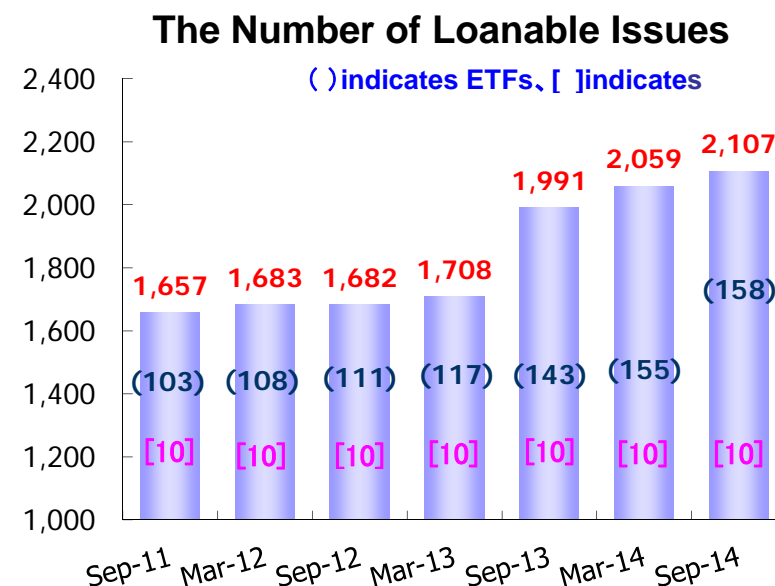
- Setting up business promotion team, for precise understanding of the market needs and promoting the use of Margin Loan Business

3. Information dispatch of Margin Transactions and Margin Loans Business

- Expansion of information provision using HPs
- Holding of seminars and study sessions

4. Expand Loans for Negotiable Margin Transactions

- Exploration of new customers and expansion of business with existing customers



Respond to Diverse Funding Needs

- Business Strategies for the 4th Mid-term Management Plan ②

1. Expansion of the loan for Financial Instruments Companies
 - Expansion to the whole country of the network with Financial Instruments Companies, etc
 - Reclamation of the new customers in cooperation with JSF group companies
 - Actively promoting to meet the needs of customers
 - Expansion of customers segment taking into consideration of future establishment of “Comprehensive Exchange”
2. Expansion of Stock repo trading
 - Expansion of the use of this trading by structuring of more flexible trading conditions
3. Expansion of the loan to Individual Investors or Firms
 - Extension of the loan balance by exploration of new business partners
 - Development of new loan intended for wealthy class and listed companies
4. Expansion of securities lending business
 - Exploration of both lender and borrower
 - Structuring of more flexible trading conditions and improving the convenience of this business

Dividend Policy

➤ Dividend Policy

Our dividend policy is to return profits to shareholders basically in accordance with the “consolidated payout ratio” as a standard that reflects our business performance, but also taking account of the “dividend on equity ratio”.

FY2014 Forecast : Annual ¥14 (Interim ¥7, year-end ¥7)

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014 Forecast
Annual Dividend per share	¥20	¥14	¥14	¥14	¥14	¥14	¥14
(year-end)	¥10	¥7	¥7	¥7	¥7	¥7	¥7
(interim)	¥10	¥7	¥7	¥7	¥7	¥7	¥7
<Consolidated> : EPS	¥▲80.3	¥38.6	¥37.7	¥8.4	¥19.1	¥60.4	¥25.9
: DPR	-	36.5%	37.1%	166.3%	73.3%	23.2%	54.0%
: DOE	1.7%	1.2%	1.2%	1.2%	1.2%	1.2%	1.1%
<Parent> : EPS	¥28.3	¥27.0	¥17.3	¥13.2	¥11.0	¥55.3	¥17.3
: DPR	70.7%	51.9%	80.7%	106.0%	127.1%	25.3%	81.0%

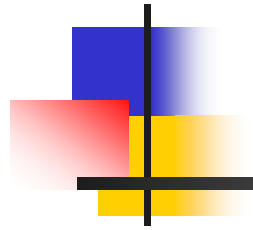
Share Buyback Program

FY2014

(Reference) Shares issued : 107,307,763shares

	Resolution contents				Acquisition result	
	Announced day	Period for share buyback	Total number of shares to be repurchased	(Ratio to total shares issued)	Total number of repurchased shares	Ratio for the acquisition frame
			Total price of shares to be repurchased		Total amount of the repurchases	
1st	2014/5/12	2014/5/13 ~2014/7/29	Up to 7,500,000 shares	(6.9%)	2,822,500 shares	37.6%
			Up to 4,500 million yen		1,743 million yen	38.7%
2nd	2014/7/30	2014/7/31 ~2014/9/26	Up to 4,500,000 shares	(4.1%)	1,851,900 shares	41.1%
			Up to 2,800 million yen		1,196 million yen	42.7%
3rd	2014/9/29	2014/10/1 ~2015/3/20	Up to 2,800,000 shares	(2.6%)	— shares*	— %
			Up to 1,800 million yen		— million yen*	— %

*As of 31/Oct/2014



Appendix

Breakdown of Operating Revenues by business (historical)

¥ mil

	Mar-10	Mar-11	Mar-12	Mar-13	Sep-13	Mar-14	Sep-14
Securities Finance Business	20,817	17,558	15,186	14,093	7,792	16,363	8,534
Margin Loan Business	12,954	8,922	6,756	6,625	4,196	9,240	4,627
	(46.5%)	(39.0%)	(33.4%)	(37.5%)	(45.1%)	(47.2%)	(45.8%)
Interest on Loans	3,324	2,809	1,783	1,760	1,946	4,012	1,589
Interest on collateral money of securities borrowed	1,774	826	639	652	177	436	287
Fees on Lending Securities	7,337	4,807	3,957	3,746	1,748	4,132	2,470
Premium Charges	5,773	3,811	3,147	2,957	1,380	3,371	2,046
Lending Fees	1,563	996	809	789	368	761	424
Bond Financing and General Loans Business	1,234	1,047	827	810	848	1,959	1,043
	(4.4%)	(4.6%)	(4.1%)	(4.6%)	(9.1%)	(10.0%)	(10.3%)
Bond financing & General Loans	767	659	492	440	466	1,149	634
Loans for Negotiable Margin Transactions	204	200	189	175	161	323	134
Securities Lending Business	1,454	1,754	1,701	1,862	1,149	2,217	1,180
	(5.2%)	(7.7%)	(8.4%)	(10.5%)	(12.3%)	(11.3%)	(11.7%)
General Stock Lending	308	331	219	289	167	425	314
Bond Lending	1,146	1,422	1,482	1,573	982	1,791	865
Others	5,174	5,834	5,901	4,794	1,597	2,946	1,683
	(18.6%)	(25.5%)	(29.2%)	(27.1%)	(17.2%)	(15.1%)	(16.7%)
Bond Investment (Parent only)	5,077	5,754	5,824	4,719	1,540	2,838	1,625
Trust Banking Business	6,016	4,360	4,224	2,762	1,075	2,322	1,126
	(21.6%)	(19.1%)	(20.9%)	(15.6%)	(11.6%)	(11.9%)	(11.1%)
Interest on Loans	1,330	1,079	741	590	184	317	105
Trust Charges	249	308	300	338	229	485	258
Bond Investment	4,342	2,657	3,134	1,808	649	1,494	746
Real Estate Management Business	1,034	930	818	819	436	880	446
	(3.7%)	(4.1%)	(4.0%)	(4.7%)	(4.7%)	(4.5%)	(4.4%)
Operating Revenues	27,868	22,848	20,229	17,675	9,303	19,566	10,107
(excluded Premium Charges)	22,095	19,037	17,082	14,718	7,923	16,195	8,061

Outstanding Loan Balance (Period average and term-end balance)

¥ mil

		FY2009	FY2010	FY2011	FY2012	FY2013 Interim	FY2013	FY2014 Interim
Margin Loans	avg.	324,205	293,429	218,059	214,164	472,976	490,635	406,931
	term-end	328,755	305,083	241,035	502,322	569,353	601,206	445,464
Bond Financing & General Loans	avg.	46,863	45,850	50,893	55,865	139,032	157,232	198,979
	term-end	51,448	39,782	96,488	122,011	156,346	201,076	237,544
Loans for negotiable margin transactions	avg.	17,173	18,405	20,330	18,472	35,172	36,223	32,671
	term-end	20,944	18,143	25,727	34,380	40,782	48,103	32,359
Sales under repurchase agreement	avg.	302	0	0	0	0	0	0
	term-end	0	0	0	0	0	0	0
Trust Bank Loans	avg.	215,308	303,778	141,310	101,094	86,426	77,612	62,514
	term-end	260,862	211,527	98,260	78,641	64,367	63,043	53,898
Others	avg.	14,500	14,423	12,530	13,213	19,296	23,092	32,500
	term-end	14,500	12,500	18,000	29,500	26,750	32,500	32,500
Total	avg.	601,180	657,481	422,793	384,338	717,731	748,572	700,925
	term-end	655,567	568,893	453,784	732,475	816,816	897,825	769,407
Stock Loans	avg.	361,388	228,050	184,698	183,013	168,953	176,476	198,378
	term-end	306,394	196,442	259,058	216,206	237,274	198,781	317,559

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

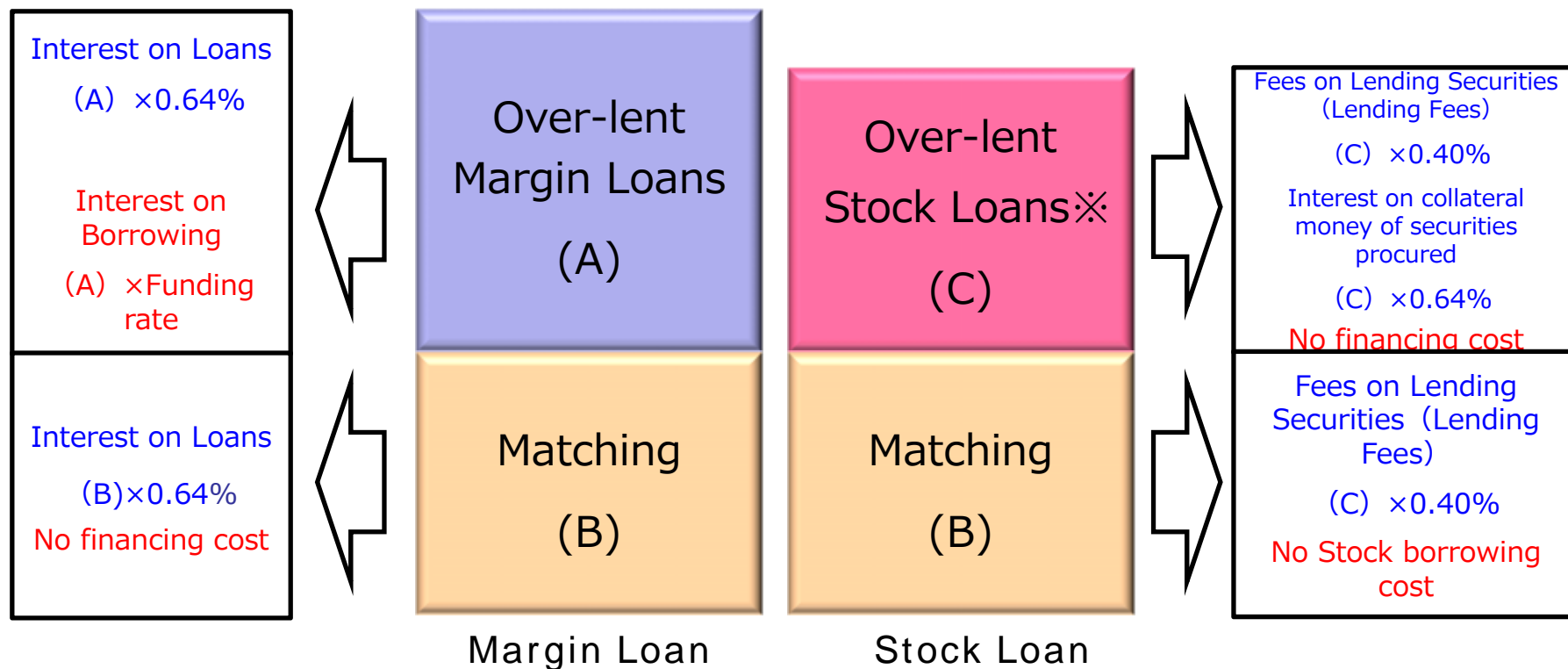
- Enhance the role and functions of our Business Promotion Meetings
- Maintenance of the system to oversee the implementation of business plans
- Thoroughgoing cost management

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

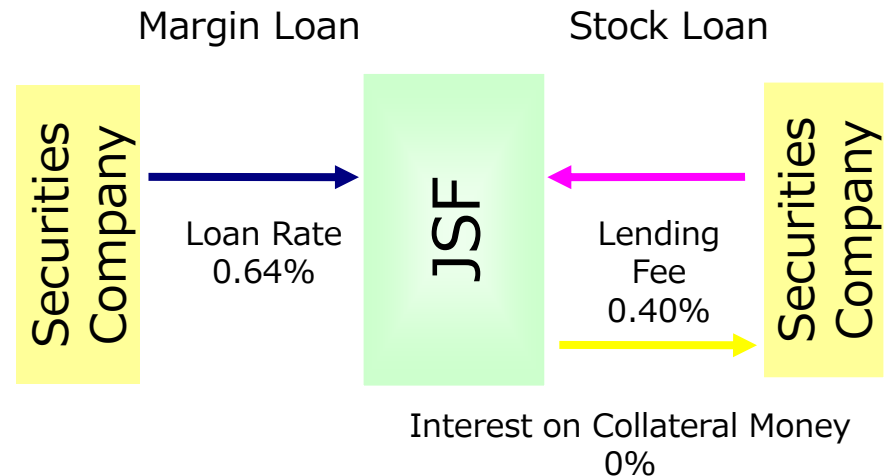
Revenue Structure of Margin Loans

Blue : Operating Revenues
Red : Operating Expenses



◆ Besides the above, Premium Charges are posted in Operating Revenues (Fees on Lending Securities) in a part of 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.

Margin Loan Rates



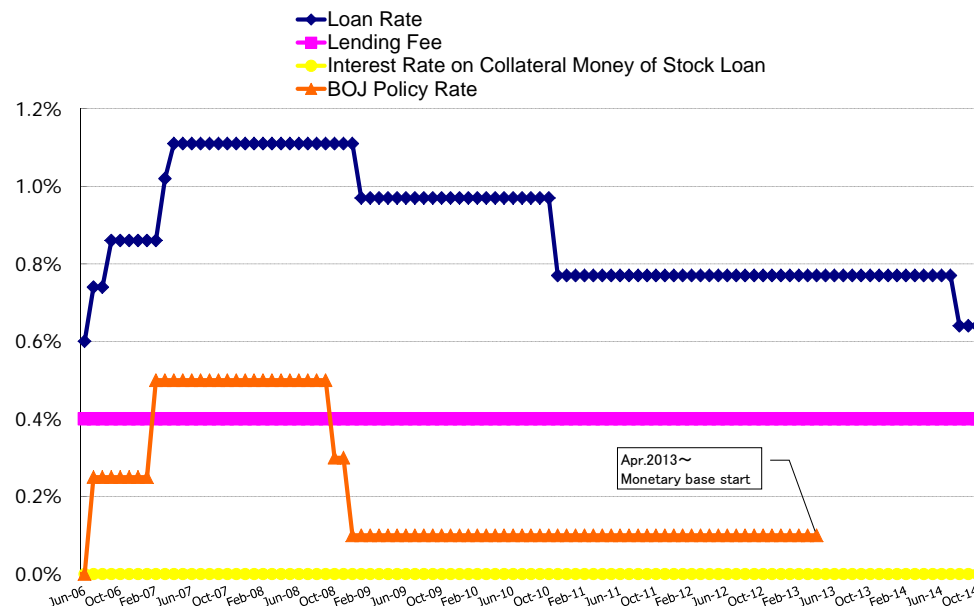
BOJ Policy Interest Rate

- 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

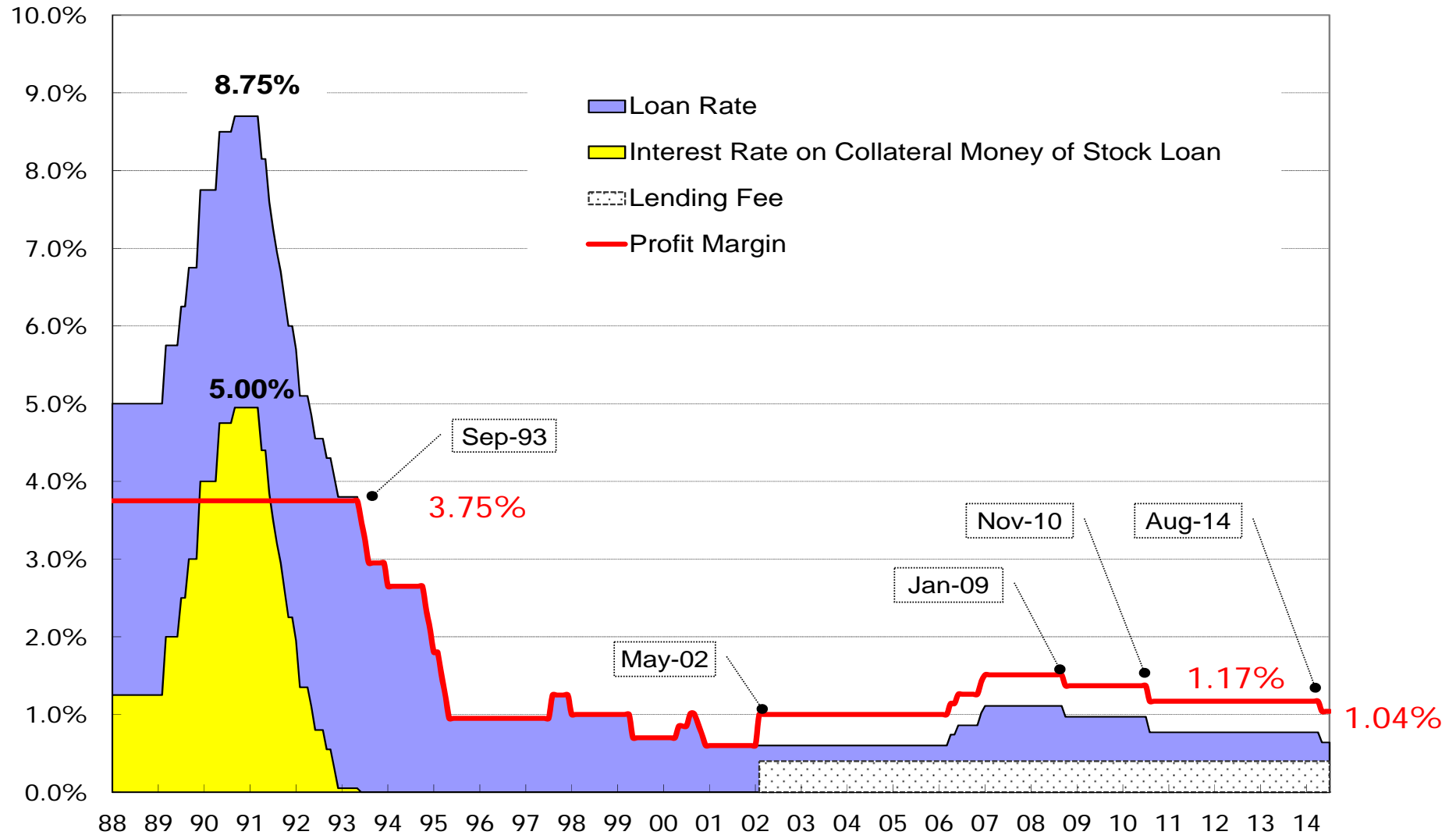
Margin Loan Rate

- 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

	Sep-14	Change from Mar-14	
Total assets	3,860,690	53,697	
Current assets	2,861,854	152,971	
Cash & Deposit	42,601	▲ 50,467	Deposit at BOJ
Short-term investments	694,368	285,797	JGB and other bonds (Maturity: 1year or less)
Short-term loans receivable	769,407	▲ 128,418	Margin loan / Loans for negotiable margin transactions / General loans / Trust bank loans
Collateral money of securities borrowed	1,351,259	48,104	Collateral money of bond borrowing Collateral money of stock borrowing
Non-current assets	998,835	206,669	
Investments in securities	989,946	▲ 206,876	JGB and other bonds (Maturity: more than 1year), Stock
Total liabilities	3,727,105	52,054	
Current liabilities	3,713,778	53,637	
Call money	1,554,900	▲ 41,700	
Short-term borrowings	449,510	▲ 60,000	Bank borrowing Market operation by BOJ
Commercial Paper	404,000	▲ 25,000	
Collateral money received of securities lent	1,259,045	73,319	Collateral money of bond lending Collateral money of stock lending
Non-current liabilities	13,327	1,582	
Total net assets	133,584	1,642	

Features of Assets

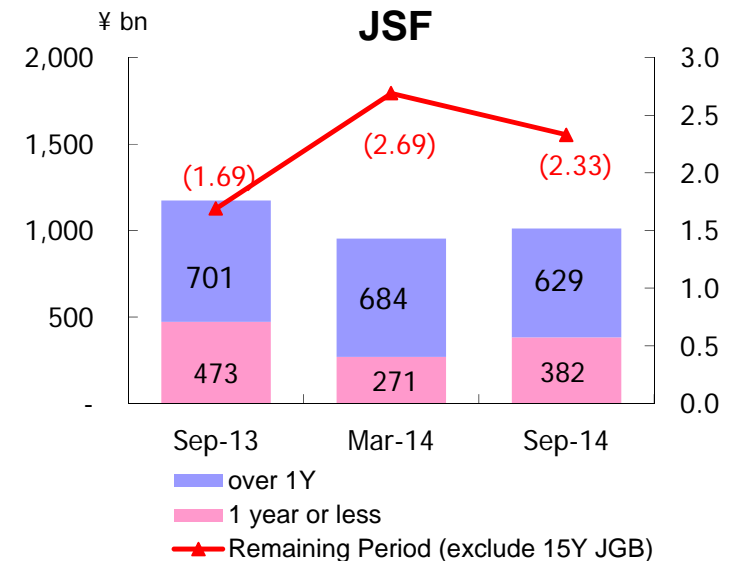
- (1) Fluctuation of Loan Balance
Loan balance moves everyday because margin loan is over-night loan
- (2) Holding JGBs for flexible cash funding
Holding certain amount of JGBs to fund money flexibly in short-term money market

Features of Liabilities

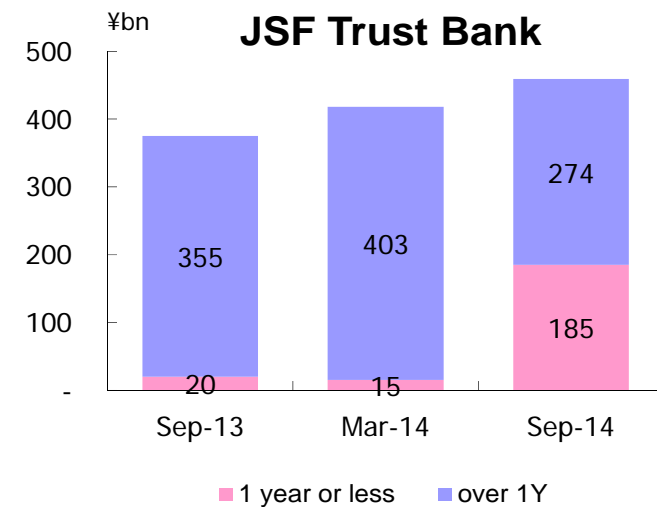
- (1) Fluctuation of money funding amount
Need to response flexibly to fluctuating cash demands, because of the fluctuation of margin loan balance
- (2) Dependent on market
Cash funding structure is not stable and depends on money market
- (3) Funding with low rate
Required to fund in low cost to supply money for securities market stably and flexibly

Balance of JGB held by group companies

JSF		¥ mil		
		Sep-13	Mar-14	Sep-14
JGB Balance		1,173,933	955,037	1,011,979
1 year or less		472,803	270,656	382,492
over 1Y		701,130	684,381	629,486
(15Y floating JGB)		150,752	150,543	150,210
Net unrealized gain or loss on securities on B/S		5,890	6,908	8,092
Remaining Period (exclude 15Y JGB)		(1.69)	(2.69)	(2.33)



JSF Trust Bank		¥ mil		
		Sep-13	Mar-14	Sep-14
JGB Balance		375,273	418,036	459,336
1 year or less		20,001	15,133	185,096
over 1Y		355,272	402,902	274,239
(15Y floating JGB)		39,909	39,915	39,921
Net unrealized gain or loss on securities on B/S		417	1,129	1,888



JSF Trust Bank (Loan & Securities)

● Loan Balance by Industry

	¥mil					
	Sep-13		Mar-14		Sep-14	
	Loan Balance	ratio	Loan Balance	ratio	Loan Balance	ratio
Manufacturing	20,828	31.7%	15,809	24.7%	12,639	23.3%
Fishery	0	0.0%	0	0.0%	0	0.0%
Mining	240	0.4%	192	0.3%	144	0.3%
Construction	468	0.7%	367	0.6%	0	0.0%
Energy & Utilities	0	0.0%	0	0.0%	0	0.0%
Communication	640	1.0%	0	0.0%	0	0.0%
Transportation	8,497	12.9%	6,843	10.7%	5,581	10.3%
Wholesale	4,400	6.7%	4,400	6.9%	1,500	2.8%
Retail	0	0.0%	0	0.0%	0	0.0%
Finance & Insurance	7,035	10.7%	5,033	7.9%	3,003	5.5%
Real Estate	9,211	14.0%	8,672	13.5%	7,883	14.6%
Service Industries	1,602	2.4%	1,601	2.5%	1,601	3.0%
Governments	12,800	19.5%	21,133	33.0%	21,781	40.2%
Total	65,723		64,053		54,134	

● Securities Holdings

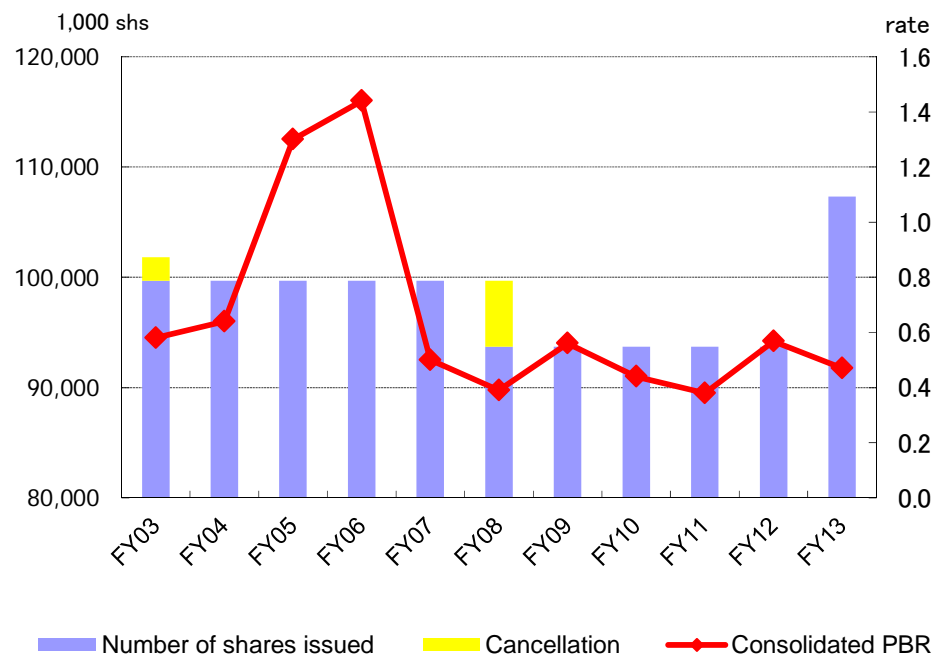
	¥mil			
	Sep-13	Mar-14	Sep-14	Notes
JGB	375,273	418,036	459,336	
less than 1Y	20,001	15,133	185,096	
over 1Y	355,272	402,902	274,239	Mainly Mid-term Government Bond
Municipal Bond	80,524	76,860	64,707	
Corporate Bond	152,318	138,682	131,403	Mainly Government Guaranteed Bond
Equity	4	4	4	
Other Securities	202	155	153	
Total	608,322	633,739	655,605	

Share Buyback Program

	total shares purchased	amount	cancellation	shares issued
	shs	¥ mil	shs	shs
FY2008	6,291,700	4,881	6,004,000	93,700,000
FY2014*	4,674,400	2,940	0	107,307,763

* As of October 31, 2014

	1,000 shs	
	Number of shares issued	Cancellation
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	-
FY12	93,700	-
FY13	107,307	-



Credit Ratings

As of 30/Sep/2014		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.