

Financial Presentation for 1st Half, FY2015

Japan Securities Finance Co.,Ltd

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Agenda

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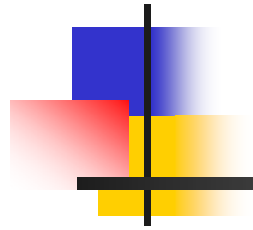
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Financial Summary

Financial Summary for 1st Half, FY2015

¥ mil

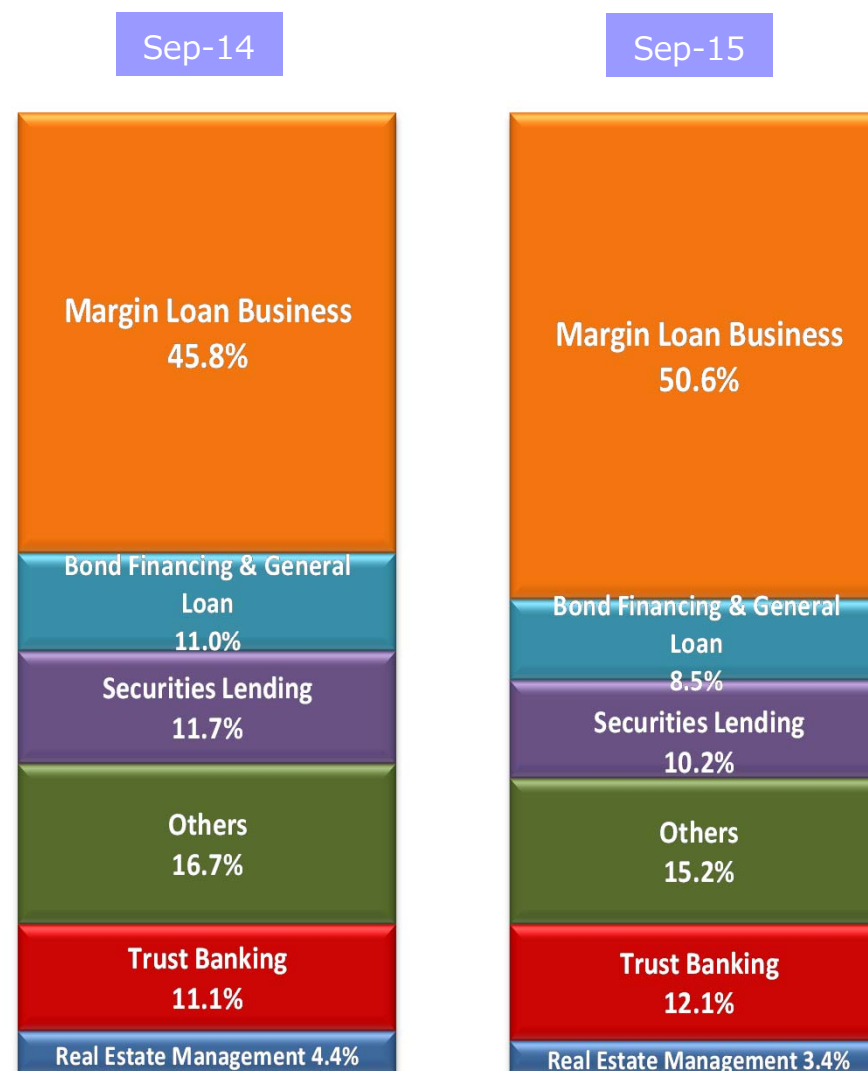
	Parent			Consolidated		
	FY2014 1H	FY2015 1H	Change	FY2014 1H	FY2015 1H	Change
Operating Revenues	8,546	9,724	1,178	10,107	11,492	1,385
except Premium charges	6,500	6,564	64	8,061	8,332	271
Operating Expenses	4,043	5,089	1,045	4,629	5,747	1,117
except Premium charges	1,997	1,937	▲59	2,583	2,596	12
General & Administrative Expenses	3,465	3,377	▲87	3,719	4,021	301
Operating Income	1,037	1,257	220 (21.2%)	1,758	1,724	▲34 (▲2.0%)
Gain or Loss in Equity-Method	—	—	—	▲72	▲15	57
Recurring Income	1,501	1,748	246 (16.4%)	2,230	2,104	▲126 (▲5.7%)
Extraordinary Profit or Loss	22	—	▲22	61	—	—
Net Income	1,236	1,489	252 (20.5%)	1,865	1,734	▲130 (▲7.0%)

Breakdown of Operating Revenues by business

¥ mil

():ratio of OR

	Sep-14	Sep-15
Securities Finance Business	8,534	9,712
Margin Loan Business	4,627	5,810
	(45.8%)	(50.6%)
Interest on Loans	1,589	1,512
Interest on collateral money of securities borrowed	287	351
Fees on Lending Securities	2,470	3,704
Premium Charges	2,046	3,160
Lending Fees	424	544
Bond Financing and General Loans Business	1,043	984
	(10.3%)	(8.5%)
Bond financing & General Loans	634	566
Loans for Negotiable Margin Transactions	134	74
Securities Lending Business	1,180	1,164
	(11.7%)	(10.2%)
General Stock Lending	314	513
Bond Lending	865	651
Others	1,683	1,752
	(16.7%)	(15.2%)
Bond Investment (Parent only)	1,625	1,700
Trust Business	1,126	1,388
	(11.1%)	(12.1%)
Interest on Loans	105	75
Trust Charges	258	315
Bond Investment	746	984
Real Estate Management Business	446	391
	(4.4%)	(3.4%)
Operating Revenues	10,107	11,492
(excluded Premium Charges)	8,061	8,332

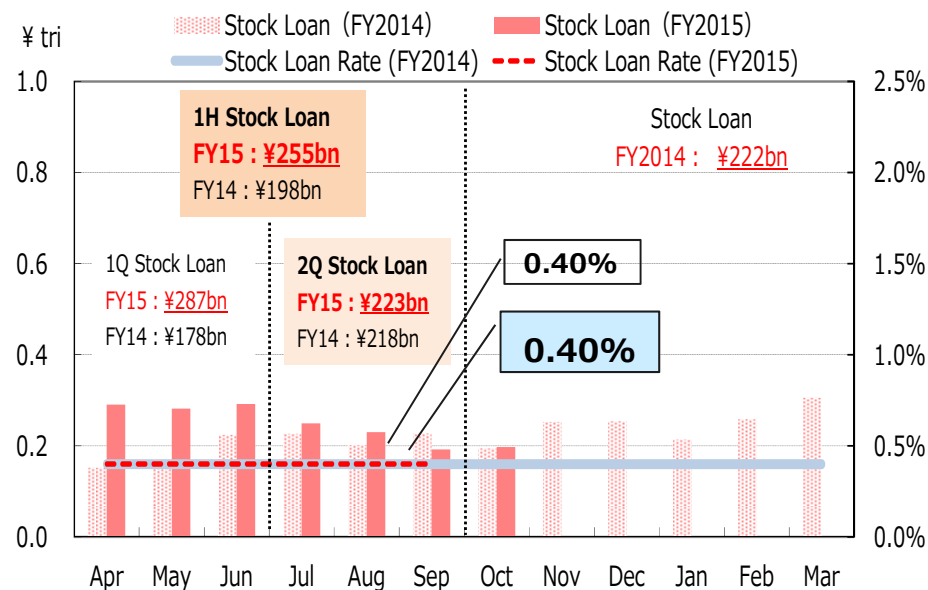
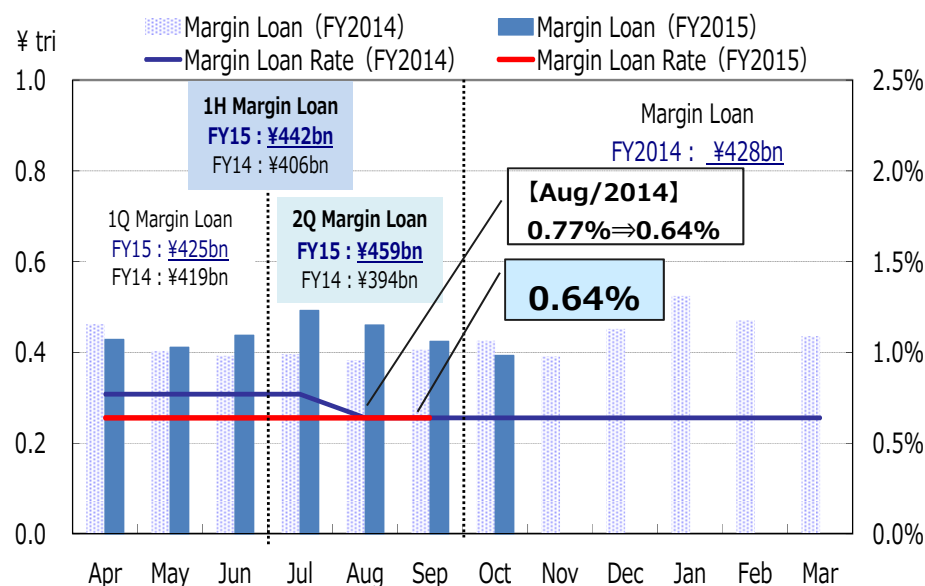


Financial Highlights 1st Half, FY2015①

1 Margin Loan Balance for 1st Half, FY2015

- ✓ **【First Half】 Both average of Margin Loan Balance and Stock Loan Balance showed a steady growth.**

(¥ bn, %)	FY2014						FY2015			2Q YoY	1H YoY
	1Q	2Q	1H	3Q	4Q	full year	1Q	2Q	1H		
Margin Loan	419	394	406	423	477	428	425	459	442	64	35
Margin Loan Rate	0.77	0.64	-	0.64	0.64	-	0.64	0.64	-	-	-
Stock Loan	178	218	198	233	258	222	287	223	255	5	57



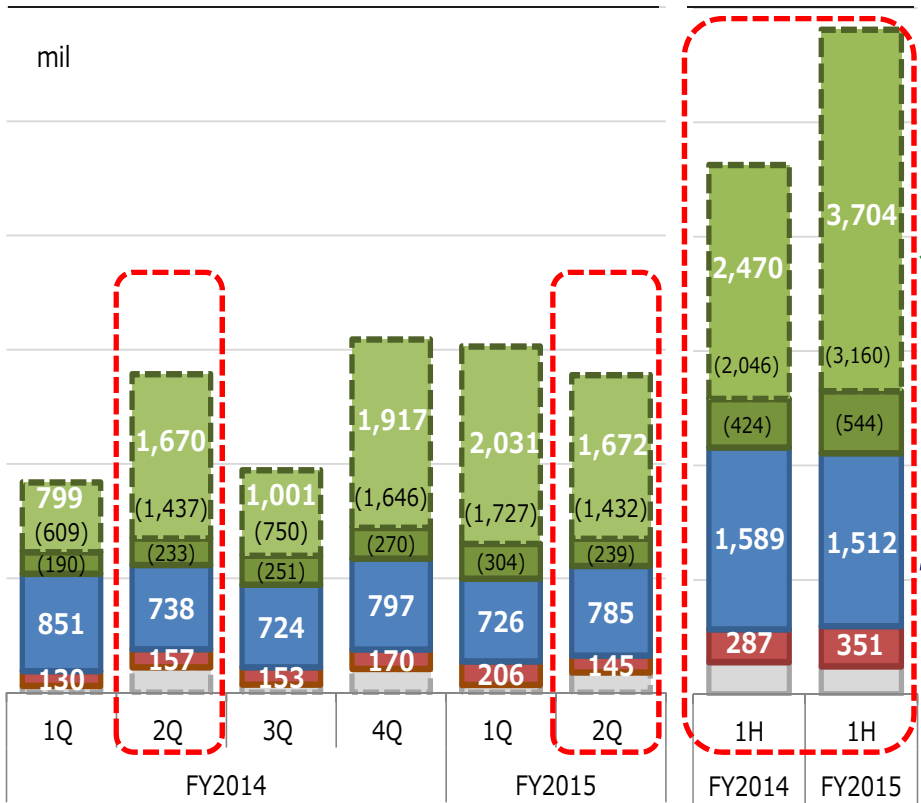
Financial Highlights 1st Half, FY2015②

2 Margin Loan Business remained solid in revenue

【Operating Revenues Transition】

Quarterly

1st Half

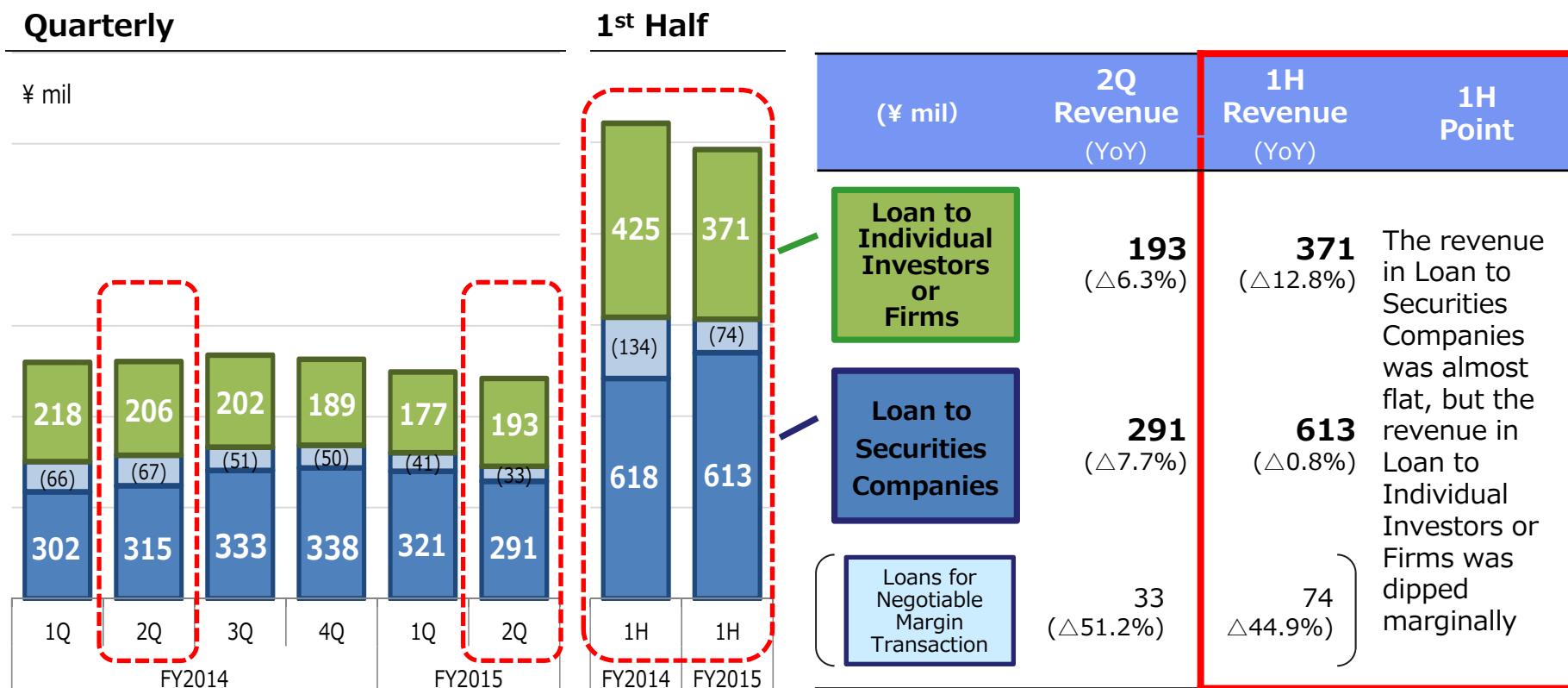


(mil)	2Q Revenue (YoY)	1H Revenue (YoY)	1H Point
Margin Loan Business	2,780 (△0.3%)	5,810 (+25.6%)	
(ex premium charges)	1,347 (△0.2%)	2,650 (+2.7%)	
Fees on Lending Securities	1,672 (+0.1%)	3,704 (+49.9%)	✓ Both Lending fees and Premium Charges resulted in large increases, because of increase of Stock Loan balance.
Premium Charges	1,432 (△0.3%)	3,160 (+54.4%)	✓ Interest on Loans decreased, because of Loan rate lowered on Aug 2014.
Lending Fees	239 (+2.6%)	544 (+28.3%)	✓ Operating revenues of this business, except Premium Charges, is also increased.
Interest on Loans	785 (+6.4%)	1,512 (△4.9%)	
Interest on collateral money of securities borrowed	145 (△7.6%)	351 (+22.4%)	

Financial Highlights 1st Half, FY2015③

3 Bond Financing and General Loans Business declined somewhat

【Operating Revenues Transition】



< Loan Lineup >

- ◆ Loan to Securities Companies ... General Loans, Bond Financing, Loans for Negotiable margin Transaction, Stabilizing fund loan, Equity Repo(Cash-secured Stock Lending Transaction)
- ◆ Loan to Individual Investors or Firms ... Com-STOCK Loan

Financial Highlights 1st Half, FY2015④

4

Securities Lending Business :

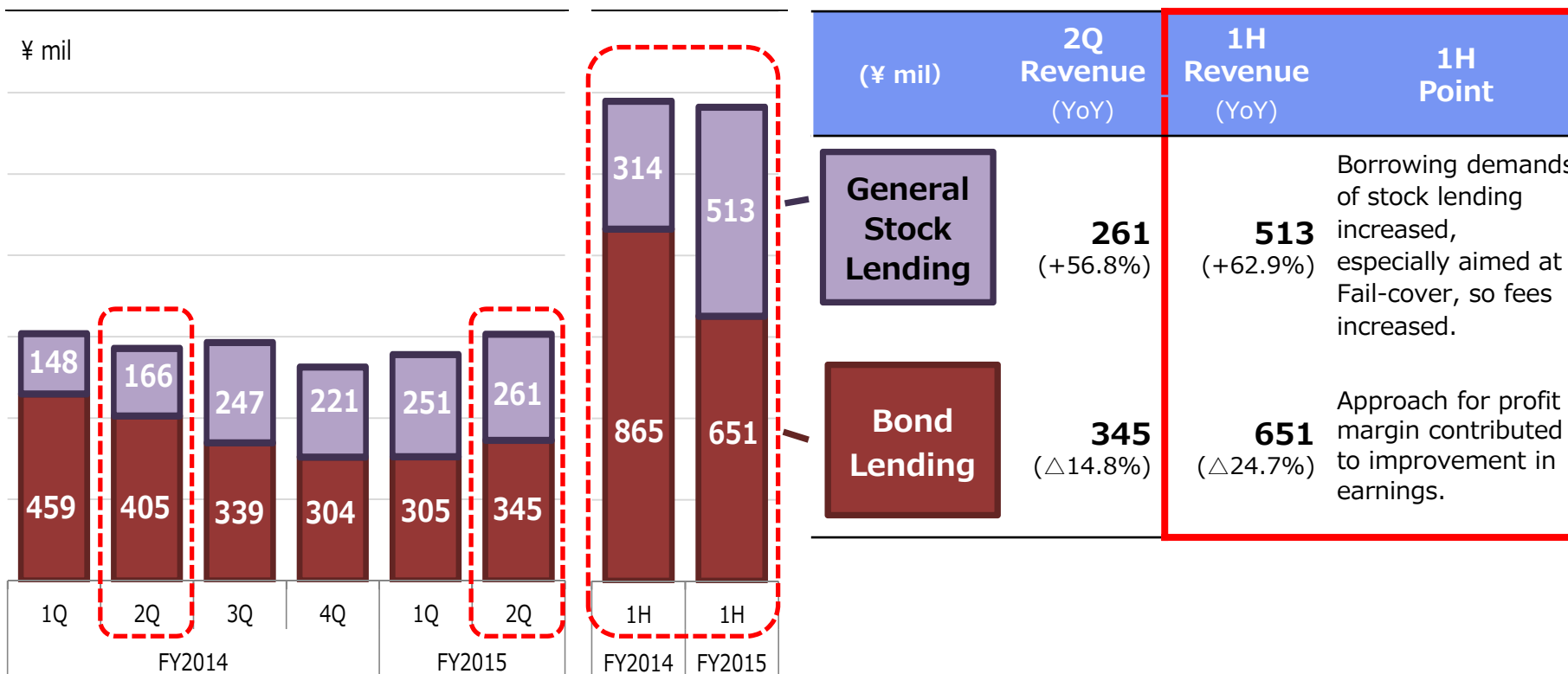
General Stock Lending remains solid, Bond Lending improved in earnings

【Operating Revenues Transition】

Quarterly

1st Half

¥ mil



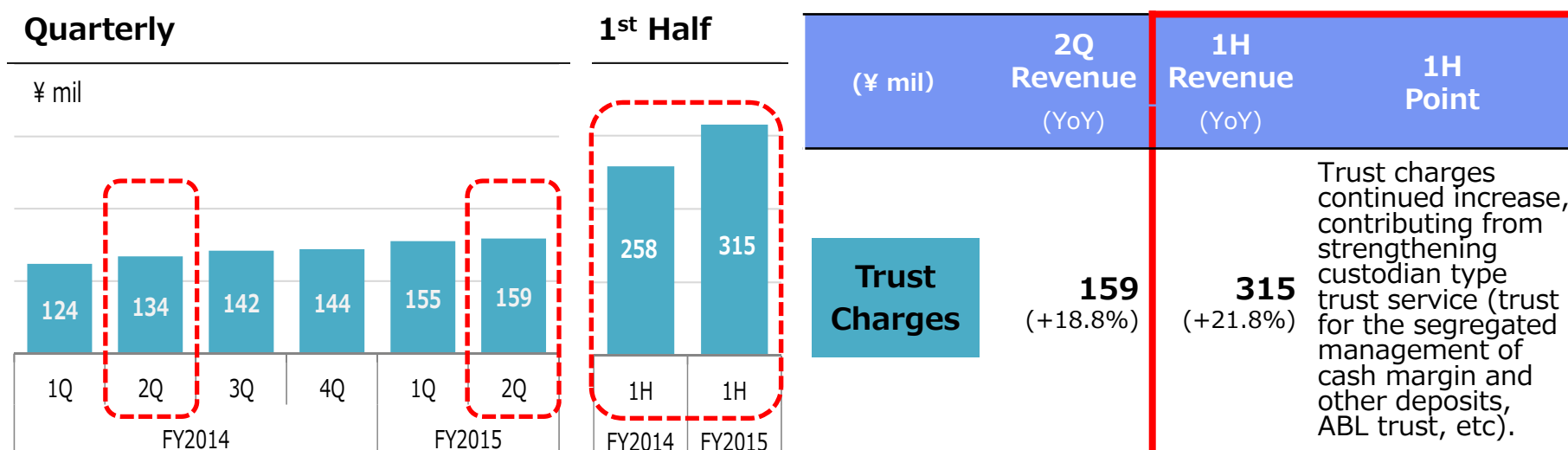
※ Genera Stock Lending is ...

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

Financial Highlights 1st Half, FY2015 ⑤ ⑥

5 JSF Trust Bank : Trust charges continued to increase

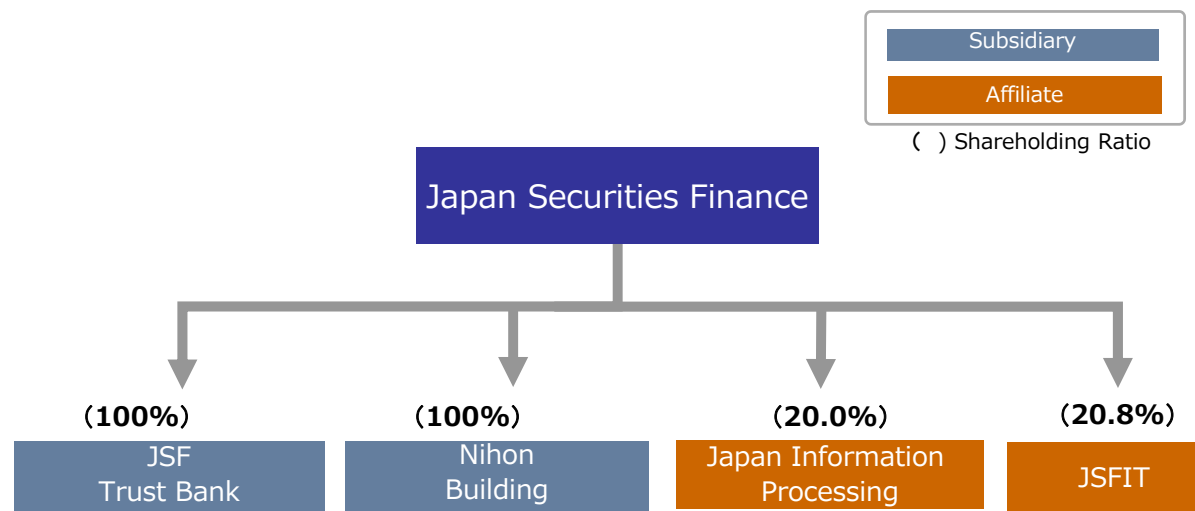
【Trust charges Transition】



6 Bond investment (JSF)

- ✓ Income from bond investment in the first half was increased compare with the same period of the previous year, contributing from investment in not only medium- and long-term JGBs but also foreign government bonds, despite a decline in gains on sales of securities.

Financial Results of Group Companies



¥ mil

	Shareholding Ratio	FY 2015, 1H Results			(Reference) FY2014 2Q Net Income
		Operating Revenues	Recurring Income	Net Income	
Consolidated		11,492	2,104	1,734	1,865
JSF	-	9,724	1,748	1,489	1,236
JSF Trust Bank	100%	* 1,408	264	237	609
Nihon Building	100%	587	258	174	236
Equity-method		Gain or Loss in Equity-Method		▲15	▲72

* Figure of JSF Trust Bank is Recurring Revenues.

Financial Results of JSF Trust Bank

¥mil

	FY2014 1H	FY2015 1H	Change
Recurring Revenues	1,664	1,408	▲256
Trust charges	259	321	62
Reversal of ADR*	358	–	▲358
Recurring Expenses	1,046	1,143	96
Provision of ADR*	–	9	9
Recurring Income	617	264	▲353
Net Income	609	237	▲371
Net Assets	24,450	25,140	690
Total Assets	753,725	295,330	▲458,395

Highlights

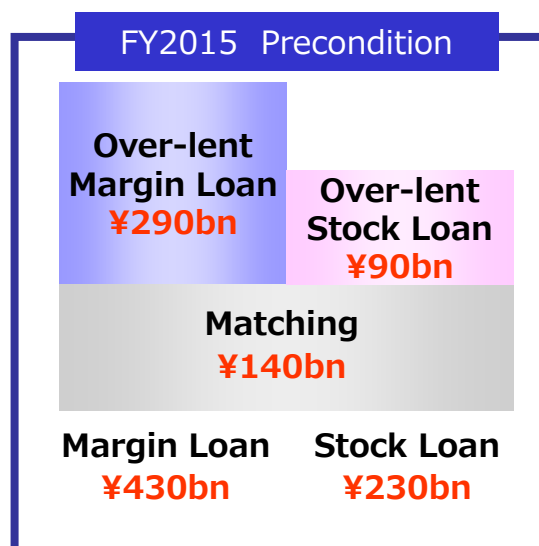
- ◆ Trust charges increased , contributing from strengthening custodian type trust service.
- ◆ Gains on sales of bonds were increased.
- ◆ Interest on Loans decreased, because loan balance decreased.
- ◆ Recurring Income and Net Income decreased compared with the last year due to decrease of the reversal of Allowance for Doubtful Receivables.

Equity Ratio(estimation) :88.74% (Sep-15)

*ADR: Allowance for Doubtful Receivables

Estimated Figures for FY2015

Precondition Balance of Margin Loans



(Reference)
1H, FY2015 Results



¥mil

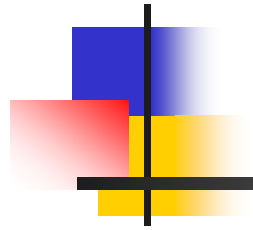
	FY2015 Estimated Figures			(Reference) FY2014 Net Income
	Operating Income	Recurring Income	Net Income	
Consolidated	2,200 (▲825) 【▲300】	3,900 (▲1,330) 【▲300】	2,300 (▲1,220) 【▲300】	3,520
JSF	1,600 (▲410) 【▲400】	2,400 (▲253) 【▲300】	2,000 (▲219) 【▲300】	2,219
JSF Trust Bank	—	240 (▲1,040) 【+55】	210 (▲963) 【+45】	1,173
Nihon Building	400 (▲105) 【—】	470 (▲113) 【—】	300 (▲108) 【—】	408

※() is change from FY2014.

※【】 is change from Estimated Figures released on July 28.

Preconditions

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



Management Matters

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, collaterals (such as JGBs)** for funding
- ② **A licensed company under Financial Instruments and Exchange Act**
 - Provisions regarding scope of business
- ③ **Participation in market operations by central bank and settlement systems (such as central counterparty)**
 - Required a certain level of equity capital



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

Our Challenges

1 Enhancement of profitability

- ◆ Enhance profitability by expanding our business and developing new business
- ◆ Cost-reduction through the new system launch, etc.

2 Stable return to stockholders

- ◆ Stable long-term return of profits to shareholders
- ◆ Revision of Basic Dividend Payment Policy
- ◆ Setting the Share Buyback Policy

Enhancement of profitability ①

1 Expanding our business / Developing new business

Loans for Margin Transactions

Increase the usage rate* of LMT

- ◆ Boost the needs of securities companies, especially on-line brokers and mid-sized brokers
- ◆ Increase the number of Loanable Issues (Issues which we are able to lend stock)
- ◆ Enhance our informational outreach activities to increase use of Margin Transaction
 - Held seminars tie-up with securities companies or stock exchange
 - Provide training programs for sales officer of securities companies

* ratio of "outstanding balance of Loans for margin transactions" to "outstanding balance of standardized margin transactions"

General Stock Lending / Bond Lending

Strengthening procurement capability and Developing new customers

Secured Loans on Securities for Individual

Increase partner securities companies of COM-STOCK Loan

New business development

Respond to deregulation and advancement of financial/securities business

JSF Trust Bank

Expand Trust business

Securities Investment

Diversify securities investment while controlling risks, as a complementary source of income

Enhancement of profitability ②

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

Development cost

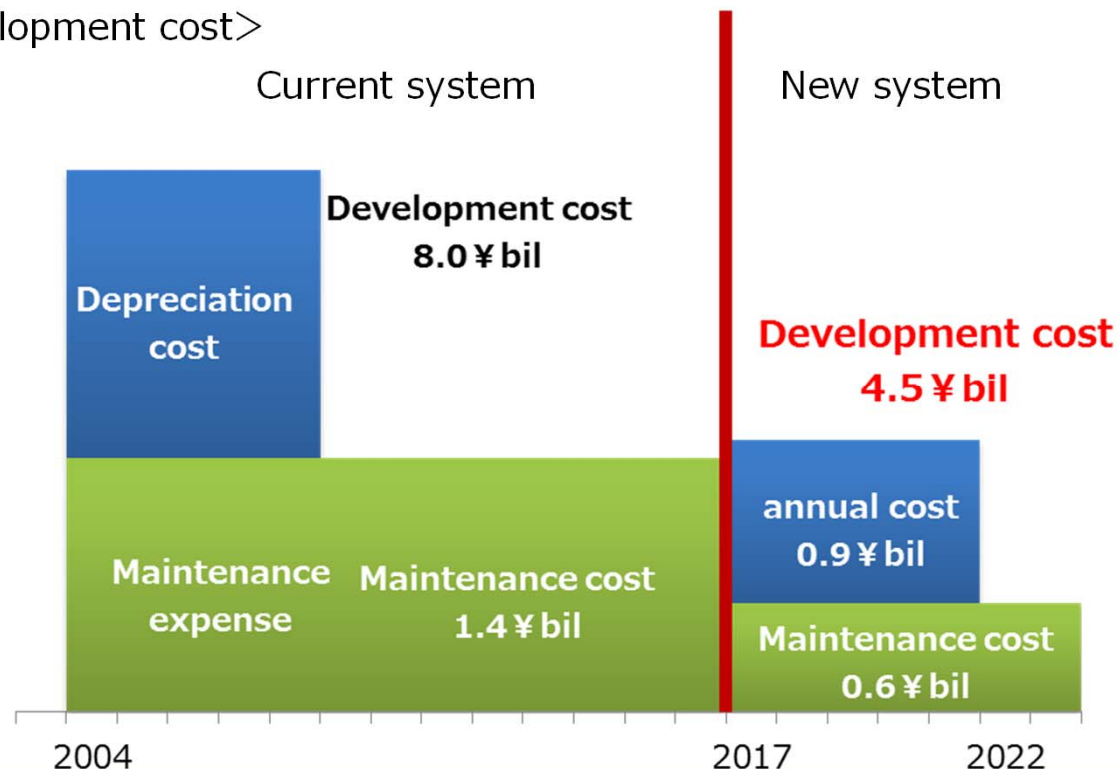
- ◆ Development scale

Development cost 4.5(¥bil)

Maintenance expense 0.6(¥bil)

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

<Image of development cost>



Stable return to stockholders

1 Basic Policy

- ◆ Retain solid equity capital to secure the financial health and management stability that society demands of the company as the infrastructure of securities market, and **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.**

2 Shareholder Return Policy (released on 11 May 2015)

(1) Dividend Payment Policy

- ◆ Our policy is that **the consolidated payout ratio**, as a standard that reflects our business performance, **shall not fall below the 60% level** and that we shall return profits to shareholders while taking into account the consolidated dividend on equity ratio (DOE = ratio of the dividend amount to shareholder equity).
⇒ We strive to maintain stability in dividends payment unaffected by temporary fluctuation in business result.

(2) Share Buyback Policy

- ◆ With a view to offering even more rewarding returns to shareholders, **we will buy back shares as needed in future** while considering the company's financial situation, stock price levels, and so forth.

Dividend

➤ 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	¥23.3
: DPR	36.5%	37.1%	166.3%	73.3%	23.2%	44.2%	68.7%
: 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	¥20.2
: DPR	51.9%	80.7%	106.0%	127.1%	25.3%	70.1%	79.1%

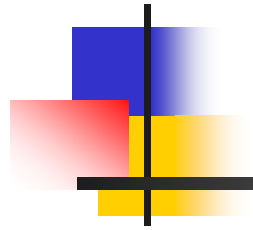
Share Buyback Program

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】

	start	end	total shares purchased		amount		cancellation	shares issued	
			shs	(digestive rate)	¥ mil	(digestive rate)		shs	shs
Result In FY2014	2014/5/13	2015/3/20	7,464,400	-	4,652	-	7,307,063	100,000,000	
Limit for FY2015	2015/5/12	2016/3/18	3,000,000		2,500		-	-	
Result	May-15		90,000	(3.0%)	66	(2.6%)	0	100,000,000	
	Jun-15		410,000	(13.7%)	306	(12.2%)	0	100,000,000	
	Jul-15		500,000	(16.7%)	358	(14.3%)	0	100,000,000	
	Aug-15		180,000	(6.0%)	115	(4.6%)	0	100,000,000	
	Sep-15		320,000	(10.7%)	203	(8.1%)	0	100,000,000	
	Oct-15		500,000	(16.7%)	321	(12.8%)	0	100,000,000	
Total	FY2015		2,000,000	(66.6%)	1,370	(54.8%)	0	100,000,000	



Appendix

Financial Result (Historical data)

¥ mil

	FY2010	FY2011	FY2012	FY2013	FY2014 Apr.-Sept.	FY2014	FY2015 Apr.-Sept.
Operating Revenues	22,848	20,229	17,675	19,566	10,107	20,300	11,492
Ex Premium charges	19,037	17,082	14,718	16,195	8,061	15,856	8,332
Operating Expenses	11,327	9,634	8,193	8,747	4,629	9,450	5,747
General & Administrative Expenses	7,865	7,554	7,694	8,249	3,719	7,824	4,021
Operating Income	3,655	3,039	1,787	2,568	1,758	3,025	1,724
Gain or Loss in Equity-Method	▲484	▲868	486	179	▲72	▲144	▲15
Recurring Income	3,345	2,387	2,557	3,119	2,230	4,230	2,104
Extraordinary Profit or Loss	1,250	▲452	13	3,602	61	54	—
Net Income	3,492	779	1,777	6,211	1,865	3,520	1,734

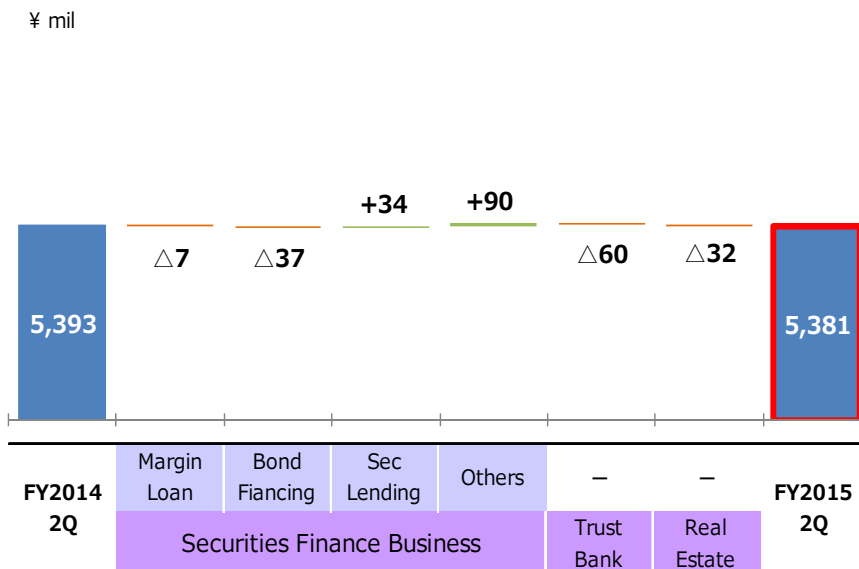
Breakdown of Operating Revenues by business (Historical data)

¥ mil

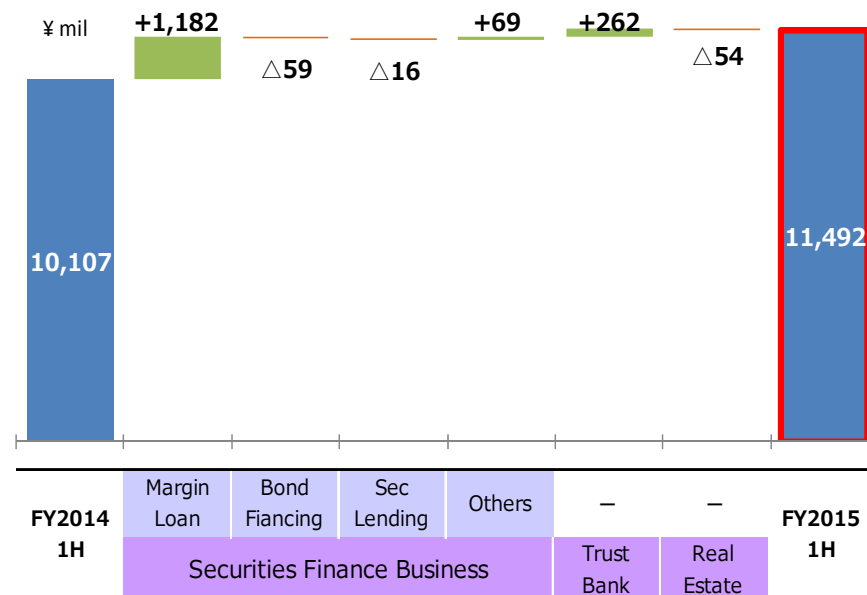
	Mar-11	Mar-12	Mar-13	Mar-14	Sep-14	Mar-15	Sep-15
Securities Finance Business	17,558	15,186	14,093	16,363	8,534	17,162	9,712
Margin Loan Business	8,922	6,756	6,625	9,240	4,627	9,667	5,810
	(39.0%)	(33.4%)	(37.5%)	(47.2%)	(45.8%)	(47.6%)	(50.6%)
Interest on Loans	2,809	1,783	1,760	4,012	1,589	3,111	1,512
Interest on collateral money of securities borrowed	826	639	652	436	287	611	351
Fees on Lending Securities	4,807	3,957	3,746	4,132	2,470	5,389	3,704
Premium Charges	3,811	3,147	2,957	3,371	2,046	4,443	3,160
Lending Fees	996	809	789	761	424	945	544
Bond Financing and General Loans Business	1,047	827	810	1,959	1,043	2,107	984
	(4.6%)	(4.1%)	(4.6%)	(10.0%)	(10.3%)	(10.4%)	(8.5%)
Bond financing & General Loans	659	492	440	1,149	634	1,279	566
Loans for Negotiable Margin Transactions	200	189	175	323	134	236	74
Securities Lending Business	1,754	1,701	1,862	2,217	1,180	2,294	1,164
	(7.7%)	(8.4%)	(10.5%)	(11.3%)	(11.7%)	(11.3%)	(10.2%)
General Stock Lending	331	219	289	425	314	784	513
Bond Lending	1,422	1,482	1,573	1,791	865	1,509	651
Others	5,834	5,901	4,794	2,946	1,683	3,094	1,752
	(25.5%)	(29.2%)	(27.1%)	(15.1%)	(16.7%)	(15.2%)	(15.2%)
Bond Investment (Parent only)	5,754	5,824	4,719	2,838	1,625	2,979	1,700
Trust Business	4,360	4,224	2,762	2,322	1,126	2,269	1,388
	(19.1%)	(20.9%)	(15.6%)	(11.9%)	(11.1%)	(11.2%)	(12.1%)
Interest on Loans	1,079	741	590	317	105	186	75
Trust Charges	308	300	338	485	258	545	315
Bond Investment	2,657	3,134	1,808	1,494	746	1,507	984
Real Estate Management Business	930	818	819	880	446	868	391
	(4.1%)	(4.0%)	(4.7%)	(4.5%)	(4.4%)	(4.3%)	(3.4%)
Operating Revenues	22,848	20,229	17,675	19,566	10,107	20,300	11,492
(excluded Premium Charges)	19,037	17,082	14,718	16,195	8,061	15,856	8,332

Analysis of YoY Change in Operating Revenue by business (Quarterly, 1st Half)

【Quarterly】 YoY Δ 12 mil¥ (Δ 0.2%)



【1st Half】 YoY +1,385 mil¥ (+13.7%)



~ Summary of the points for quarterly ~

- ✓ **Margin Loan Business** : Although the margin loan balance remained steady, stock loan balance decreased gradually on profit taking due to decline in stock prices.
- ✓ **Securities Lending Business** : The increase in revenue from General Stock Lending covered the decrease in revenue from Bond Lending.
- ✓ **Trust Business** : Interest on Loan decreased.

~ Summary of the points for 1st Half ~

- ✓ **Margin Loan Business** : The margin loan balance remained steady.
- ✓ **Others** : Investment in foreign government bond contributed.
- ✓ **Trust Business** : Trust charges and gains on sales of bonds increased.
- ✓ **Bond Financing and General Loan Business** : Loan balance decreased.

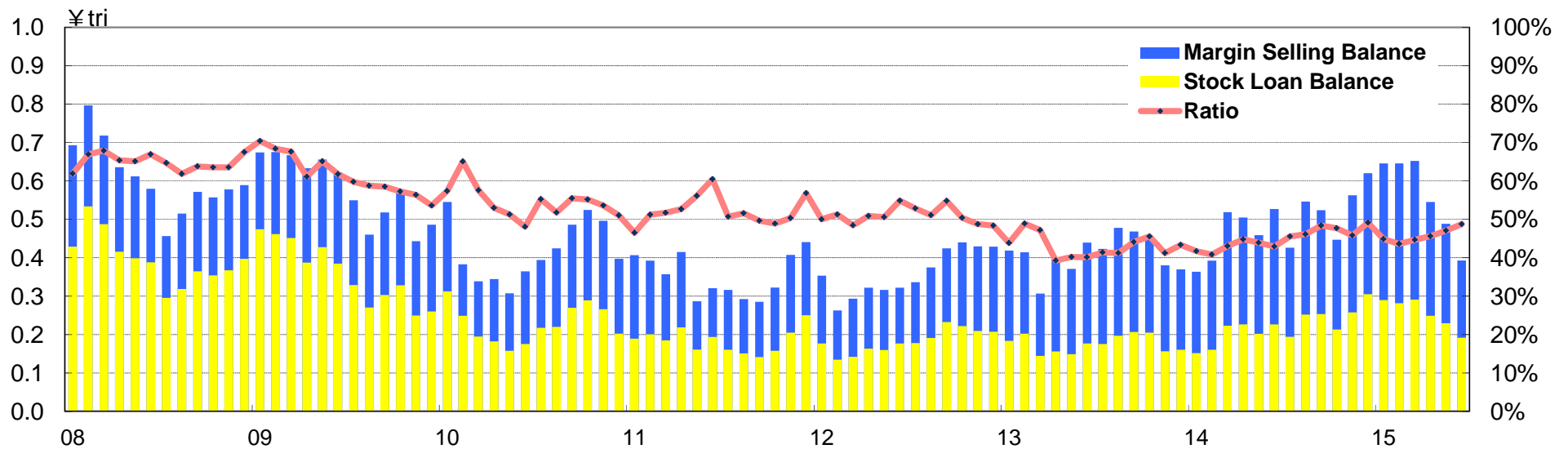
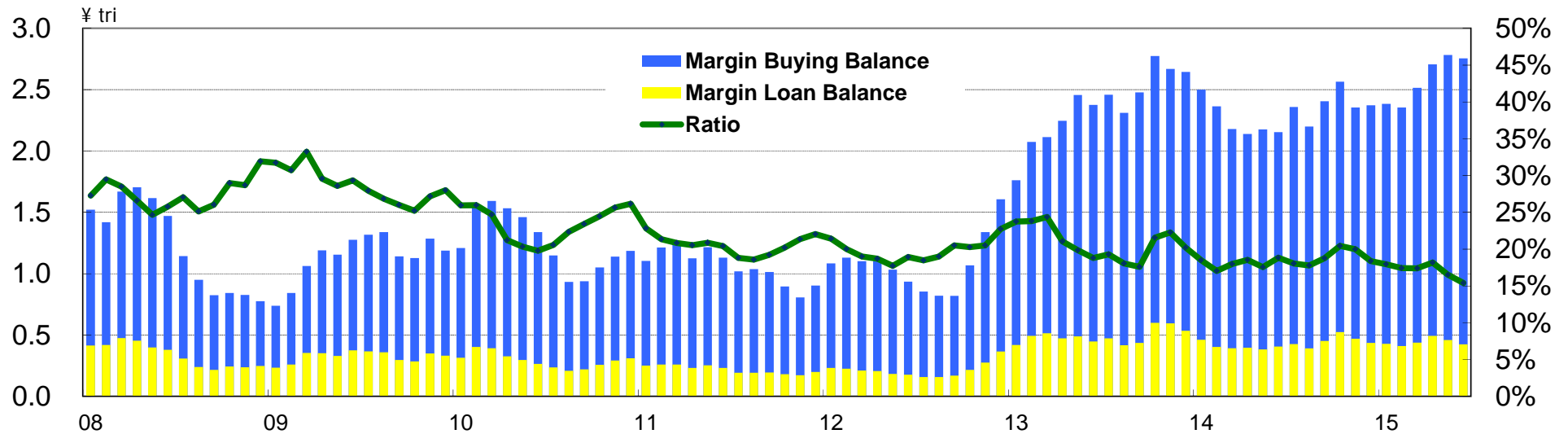
Outstanding Loan Balance

(Year average and year-end balance)

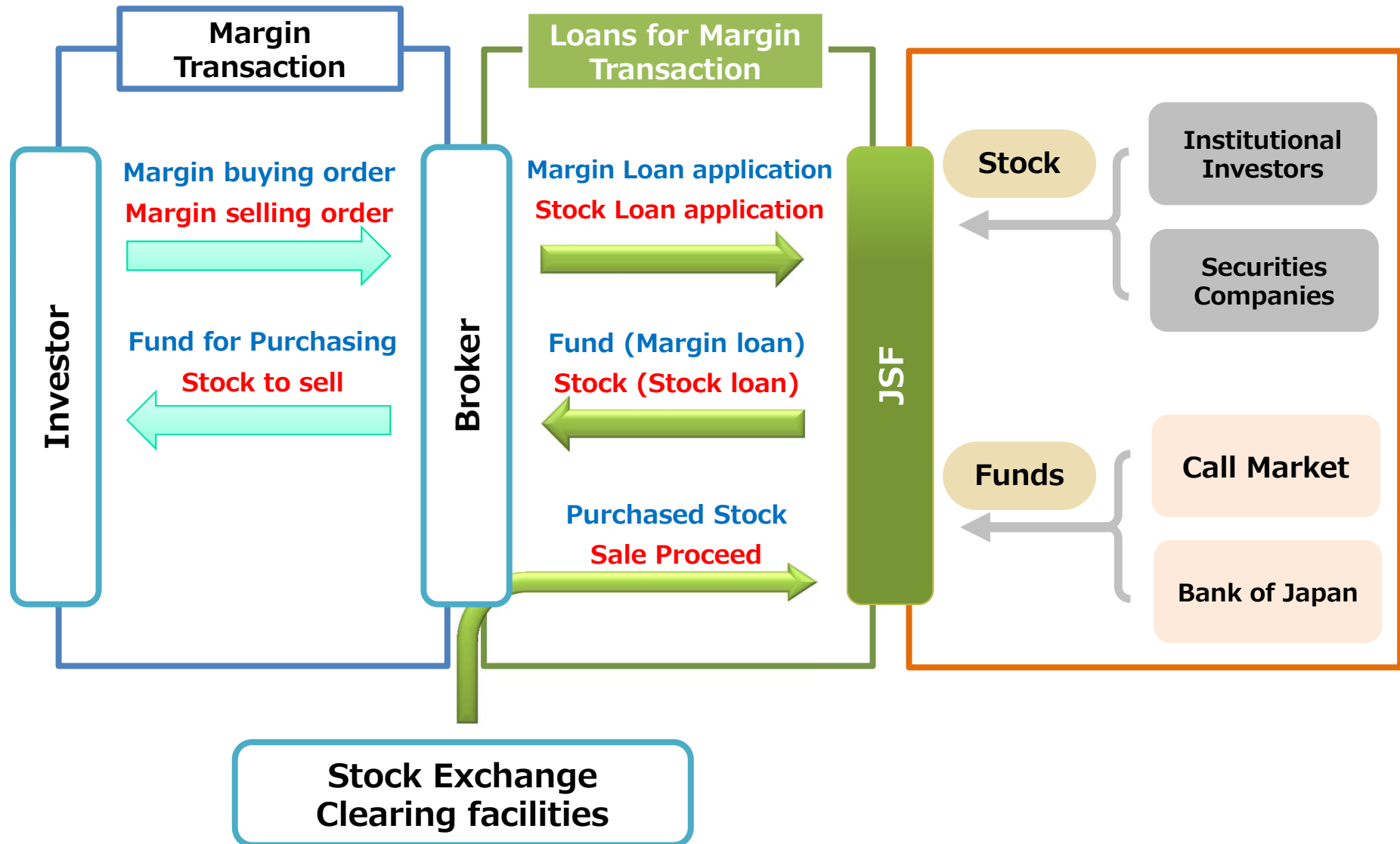
¥ mil

		FY2010	FY2011	FY2012	FY2013	FY2014 Interim	FY2014	FY2015 Interim
Margin Loans	avg.	293,429	218,059	214,164	490,635	406,931	428,329	442,341
	term-end	305,083	241,035	502,322	601,206	445,464	541,052	453,479
Bond Financing & General Loans	avg.	45,850	50,893	55,865	157,232	198,979	223,484	189,931
	term-end	39,782	96,488	122,011	201,076	237,544	254,717	175,302
Loans for negotiable margin transactions	avg.	18,405	20,330	18,472	36,223	32,671	29,168	18,370
	term-end	18,143	25,727	34,380	48,103	32,359	30,939	12,637
Trust Bank Loans	avg.	303,778	141,310	101,094	77,612	62,514	58,677	50,884
	term-end	211,527	98,260	78,641	63,043	53,898	54,831	42,835
Others	avg.	14,423	12,530	13,213	23,092	32,500	32,500	32,500
	term-end	12,500	18,000	29,500	32,500	32,500	32,500	32,500
Total	avg.	657,481	422,793	384,338	748,572	700,925	742,991	715,657
	term-end	568,893	453,784	732,475	897,825	769,407	883,101	704,116
Stock Loans	avg.	228,050	184,698	183,013	176,476	198,378	222,031	255,644
	term-end	196,442	259,058	216,206	198,781	317,559	316,544	241,102

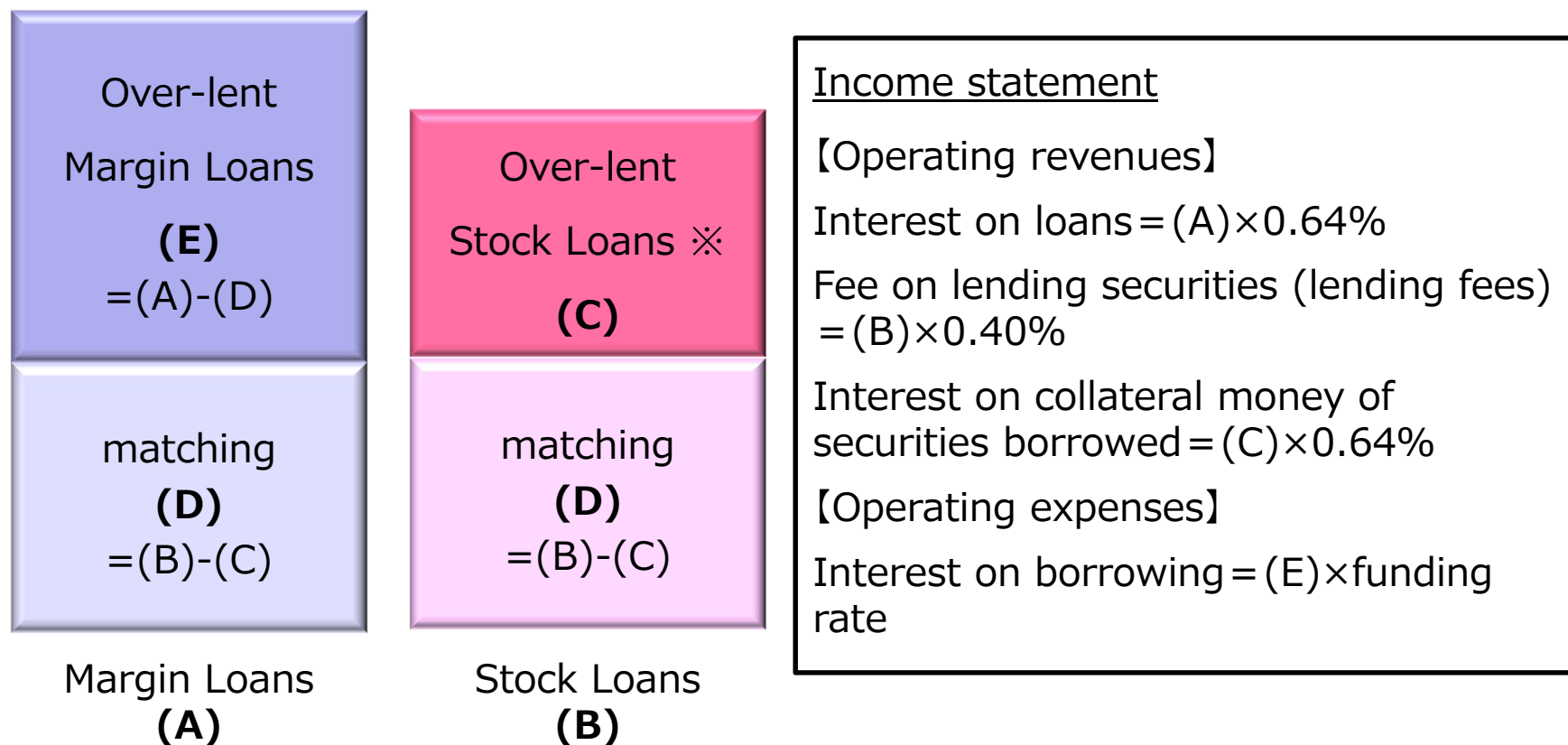
Margin Transactions & Loans for Margin Transactions



Structure of Margin Transaction & Loans for Margin Transaction



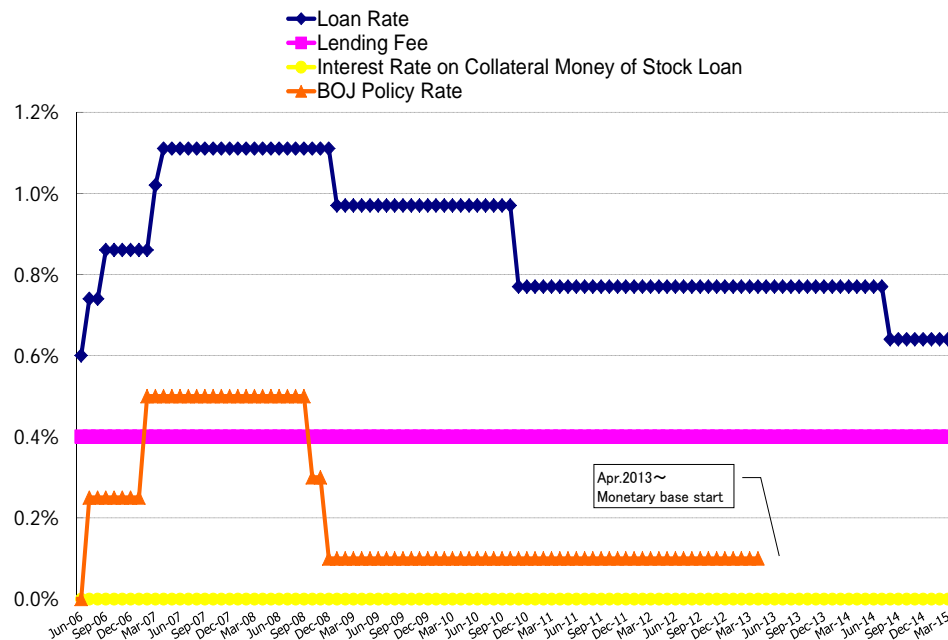
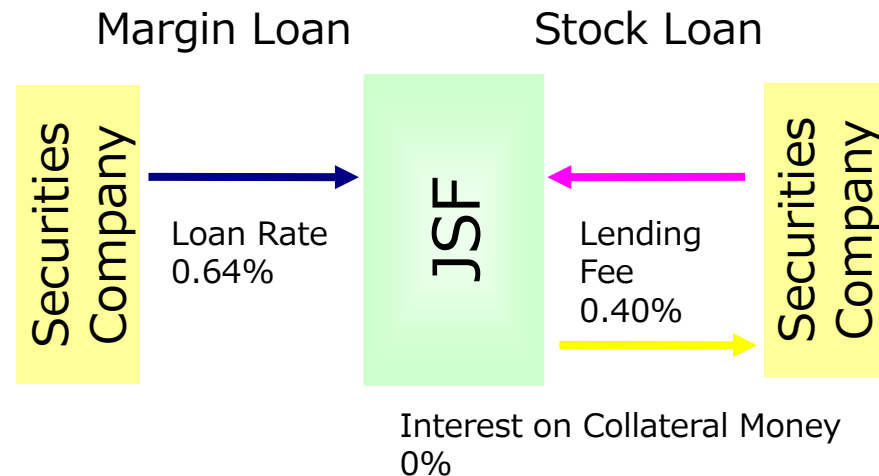
Revenue structure of Loans for margin transactions



◆ 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

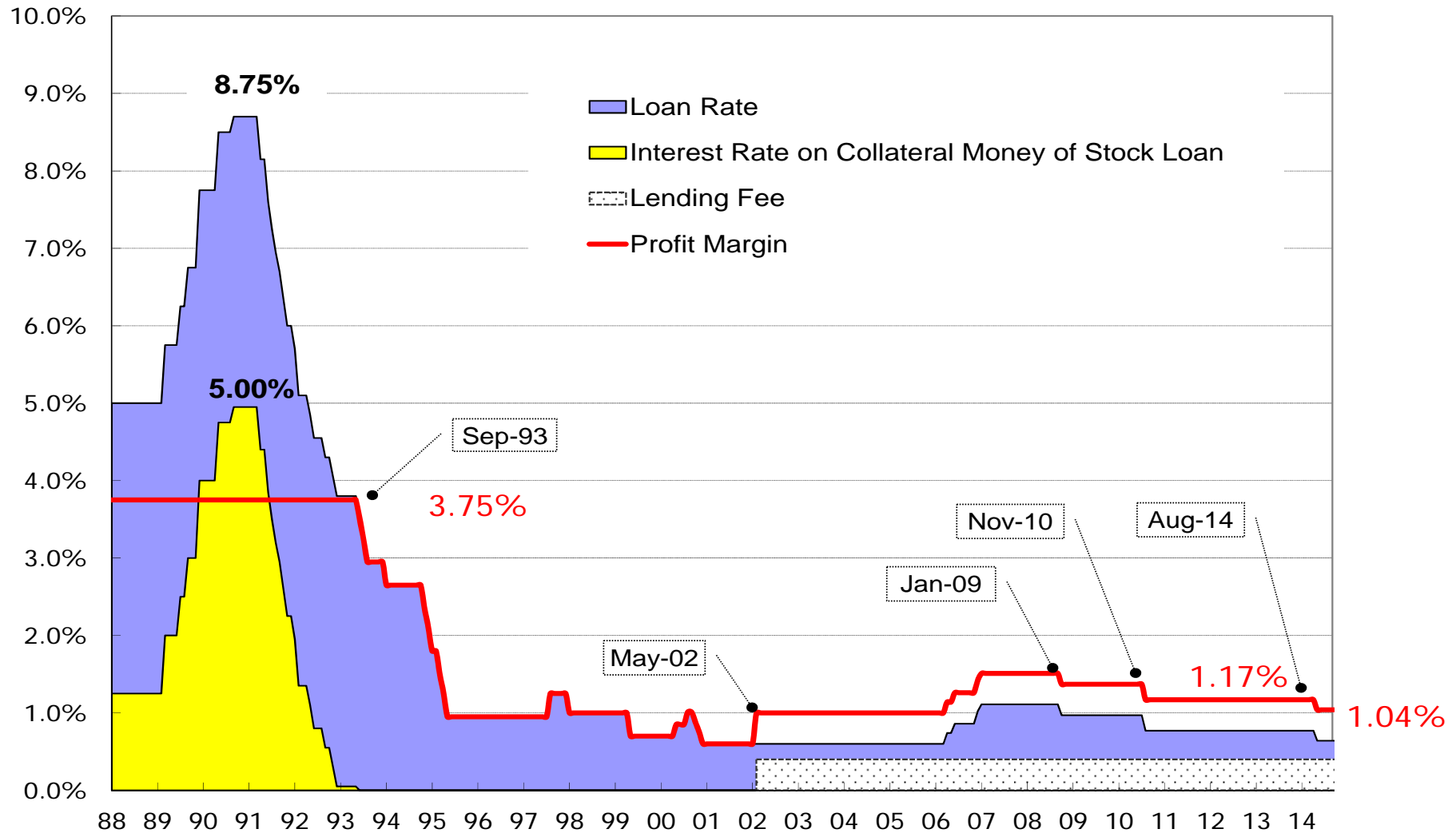
- Jul 2006 Uncollateralized O/N Call Rate: 0.25%
- Feb 2007 Uncollateralized O/N Call Rate: 0.50%
- Oct 2008 Uncollateralized O/N Call Rate: 0.30% (▲0.20%)
- Dec 2008 Uncollateralized O/N Call Rate: 0.10% (▲0.20%)
- Oct 2010 Uncollateralized O/N Call Rate: 0~0.10% (▲0.10~0%)
- Apr 2013 Switched from 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%)
- 06/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-15	Change from Mar-15	
Total assets	3,373,007	▲ 109,593	
Current assets	2,617,731	133,313	
Cash & Deposit	71,846	40,054	Deposit at BOJ
Short-term investments	360,533	▲ 228,280	JGB and other bonds (Maturity: 1year or less)
Short-term loans receivable	704,116	▲ 178,984	Margin loan / Loans for negotiable margin transactions / General loans / Trust bank loans
Collateral money of securities borrowed	1,475,427	500,453	Collateral money of bond borrowing Collateral money of stock borrowing
Non-current assets	755,276	▲ 242,907	
Investments in securities	744,894	▲ 243,002	JGB and other bonds (Maturity: more than 1year), Stock
Total liabilities	3,236,217	▲ 109,239	
Current liabilities	3,219,076	▲ 110,048	
Call money	1,099,000	▲ 488,000	
Short-term borrowings	415,210	▲ 24,300	Bank borrowing Market operation by BOJ
Commercial Paper	326,000	▲ 114,000	
Collateral money received of securities lent	1,340,831	552,115	Collateral money of bond lending Collateral money of stock lending
Non-current liabilities	17,140	809	
Total net assets	136,790	▲ 354	

Features of Assets

(1) Fluctuation of Loan Balance

Loan balance moves everyday because margin loan is overnight 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	Sep-14		Mar-15		Sep-15		notes
	B/S Amount	Unrealized profits and losses	B/S Amount	Unrealized profits and losses	B/S Amount	Unrealized profits and losses	
Equity	9,469	4,874	11,951	7,356	12,171	7,228	
Bond	1,627,303	10,451	1,516,245	13,651	1,041,739	14,423	
JGB&Municipal Bond	1,474,944	9,567	1,383,045	12,442	936,836	13,110	
Corporate Bond	131,403	13	98,932	▲19	63,101	31	
Others	20,955	870	34,267	1,228	41,801	1,281	*1
Other Securities	1,499	562	1,750	813	1,597	661	
Total	1,638,272	15,888	1,529,947	21,821	1,055,509	22,314	

held-to-maturity bonds	B/S Amount	Unrealized profits and losses	B/S Amount	Unrealized profits and losses	B/S Amount	Unrealized profits and losses	notes
JGB	40,123	176	40,736	135	41,347	197	

(Breakdown of Japanese yen bonds)	Jun-14		Mar-15		Sep-15		notes
	JSF	JSF Trust Bank	JSF	JSF Trust Bank	JSF	JSF Trust Bank	
JGB Balance	991,024	459,336	962,712	417,413	828,935	121,878	
1 year or less	382,492	185,096	238,216	255,102	286,434	40,026	
over 1Y	608,531	274,239	724,496	162,311	542,501	81,852	
(Floating JGB)	150,210	39,921	150,152	39,926	150,389	39,932	
Municipal Bond	0	64,707	0	43,656	0	27,370	
Corporate Bond	0	131,403	0	98,932	0	63,101	*2
Remaining Period	2.56		2.81	2.11	3.67	4.69	*3

*1: Foreign government bonds

*2: Mainly Government guaranteed bond

*3: Remaining Period is calculated excluding Floating JGB & held-to-maturity bonds

JSF Trust Bank (Loan Balance)

- Loan Banance by Industry

¥mil

	Sep-14		Mar-15		Sep-15	
	Loan Balance	ratio	Loan Balance	ratio	Loan Balance	ratio
Manufacturing	12,639	23.3%	11,284	20.5%	10,283	23.9%
Fishery	0	0.0%	0	0.0%	0	0.0%
Mining	144	0.3%	96	0.2%	48	0.1%
Construction	0	0.0%	0	0.0%	0	0.0%
Energy & Utilities	0	0.0%	0	0.0%	0	0.0%
Communication	0	0.0%	0	0.0%	0	0.0%
Transportation	5,581	10.3%	6,790	12.3%	5,574	12.9%
Wholesale	1,500	2.8%	1,500	2.7%	800	1.9%
Retail	0	0.0%	0	0.0%	0	0.0%
Finance & Insurance	3,003	5.5%	5,602	10.2%	3,001	7.0%
Real Estate	7,883	14.6%	6,407	11.6%	6,393	14.8%
Service Industries	1,601	3.0%	1,600	2.9%	1,600	3.7%
Governments	21,781	40.2%	21,781	39.6%	15,364	35.7%
Total	54,134		55,062		43,066	

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

Rating Information

As of 31/Oct/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.