



**NOMURA**  
**2012**  
Annual Report

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**The Nomura Trust and Banking Co., Ltd.**

### **Fundamental Management Policy**

Nomura Trust and Banking values the public nature of banking business as a financial institution and conducts a smooth finance by maintaining our trust and protecting our depositors. We also keep sound and appropriate management by fulfill fiduciary responsibility. Furthermore, we are constantly scaling up our expertise and efficiency to provide high quality services to increase our profitability. We will service as a member of the Nomura group to accomplish Nomura Group's management objective.

### **Management objective**

We aim to become a bank, which clients can rely on by maintaining close communication with our clients and provide them with speedy and accurate solutions. Nomura Group creates changes and aims to build a strong position as a globally competitive financial services group. We continue to be our client reliable partner by providing world-wide products and services through our globally integrated franchise. As a bank entity within the group, we try to receive recognition by providing trust and banking solutions to our clients.

### **Corporate Data** (As of September, 2012)

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<b>Name:</b>	The Nomura Trust and Banking Co., Ltd.
<b>Established:</b>	August 24, 1993
<b>Paid-in Capital:</b>	¥30 billion
<b>Outstanding Shares:</b>	600,000 shares
<b>Shareholder:</b>	Nomura Holdings, Inc. (Number of shares held: 600,000 shares, holding ratio: 100% )
<b>Head Office:</b>	2-2-2, Otemachi, Chiyoda-ku, Tokyo 100-0004, Japan +81 (3) 5202-1600
<b>Osaka Office:</b>	3-5-12, Hiranocho, Chuo-ku, Osaka City, Osaka Prefecture 541-0046, Japan +81 (6) 6222-1586



# Disclosure 2012

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Issued in September 2012 by the Corporate Planning Department, The Nomura Trust and Banking Co., Ltd.

# Overview of Our Business

## Key Management Indicators

As a member of the Nomura Group, we cooperate with Nomura Group companies and provide services by utilizing our unique function as a trust bank to match clients need of diversified financial products and services.

We faced a tough environment in the current fiscal year, marked by the unprecedented natural disaster in Japan and the sovereign debt crisis in Europe. Under this difficult environment, we continued to strengthen our links with Nomura group companies and expand our revenue platform, by increasing balance of investment trust under management and balance of loans. We are also expanding "Nomura Home Banking". As for our trust business, we expand our revenue base by outsource services provided for investment trusts and increasing asset securitization trust business. We focused on our cost control, on the other hand we also made strategic investment on IT platform to expand our businesses.

As a result we reported ordinary income of ¥24,466 million, ordinary profit of ¥1,811 million and net income of ¥546 million for the fiscal year ended March 2012.

### Changes in Key Management Indicators

(Millions of yen)

Item	FY2007	FY2008	FY2009	FY2010	FY2011
<b>Profit and loss</b>					
Ordinary income	23,144	23,164	19,060	26,265	<b>24,466</b>
Net business profit	2,978	2,219	2,387	2,842	<b>2,025</b>
Ordinary profit	2,675	830	2,596	2,568	<b>1,811</b>
Net income	1,562	555	1,475	1,489	<b>546</b>
<b>Assets, liabilities and capital</b>					
Capital stock	30,000	30,000	30,000	30,000	<b>30,000</b>
Issued stock (thousands)	600	600	600	600	<b>600</b>
Net assets	35,153	32,919	34,492	43,944	<b>43,635</b>
Total assets	552,263	516,509	708,553	1,048,027	<b>1,088,697</b>
Balance of deposits	126,314	105,789	179,869	238,093	<b>281,793</b>
Balance of loans	152,456	174,864	213,577	314,970	<b>313,092</b>
Balance of securities	204,944	221,621	311,634	589,103	<b>666,293</b>
<b>Per share information</b>					
Net assets per share (yen)	58,589	54,865	57,487	73,240	<b>72,726</b>
Annual dividends per share (yen)	2,160	1,500	1,600	1,800	—
Net income per share (yen)	2,603	926	2,458	2,483	<b>910</b>
Dividend payout ratio (%)	82.9%	161.9%	64.7%	72.4%	—
Number of employees	233	253	265	332	<b>361</b>
Non-consolidated capital adequacy ratio (%)	17.80%	18.95%	19.88%	21.90%	<b>18.77%</b>
Return on equity (%)	4.53%	1.63%	4.37%	3.79%	<b>1.24%</b>
<b>Trust account</b>					
Trust fees	7,258	6,128	5,460	7,240	<b>7,194</b>
Assets held in trust	22,985,234	19,530,996	22,333,501	29,251,727	<b>29,435,926</b>
Balance of loans and bills discounted	188,813	197,750	232,294	294,914	<b>308,260</b>
Balance of securities	4,588,877	3,759,113	7,449,873	8,797,643	<b>9,301,980</b>

## 1. Profit Performance

Turning to our performance, net interest income and net fees and commissions increased, but trust fees and net trading income declined. Gross operating profit was ¥14,759 million, net business profit was ¥2,025 million. As a result ordinary profit was ¥1,811 million and net income was ¥546 million.

### Table of Profit Performance

(Millions of yen)

Item	FY2007	FY2008	FY2009	FY2010	FY2011	Net Increase (Decrease)
Gross operating profit	13,594	13,013	13,328	14,869	<b>14,759</b>	<b>(110)</b>
Trust fees	7,258	6,128	5,460	7,240	<b>7,194</b>	<b>(45)</b>
Net interest income	2,906	2,946	5,980	5,852	<b>5,884</b>	<b>32</b>
Net fees and commissions	2,616	2,224	1,443	1,279	<b>1,421</b>	<b>142</b>
Net trading income (loss)	(26)	187	27	47	<b>(17)</b>	<b>(65)</b>
Net other operating income	838	1,526	416	449	<b>276</b>	<b>(173)</b>
Provision of general allowance for loan losses (deduction)	15	(63)	294	—	<b>393</b>	<b>393</b>
General and administrative expenses (excluding non-recurring expenses)	10,600	10,856	10,646	12,026	<b>12,340</b>	<b>313</b>
Personnel expenses	3,100	3,020	3,120	3,703	<b>3,904</b>	<b>200</b>
Non-personnel expenses	7,164	7,492	7,205	7,966	<b>8,077</b>	<b>111</b>
Taxes	335	344	319	357	<b>358</b>	<b>1</b>
<b>Net business profit</b>	<b>2,978</b>	<b>2,219</b>	<b>2,387</b>	<b>2,842</b>	<b>2,025</b>	<b>(817)</b>
Non-recurring profit (loss)	(303)	(1,389)	208	(273)	<b>(213)</b>	<b>60</b>
Writing-off loans	—	—	(751)	—	<b>0</b>	<b>0</b>
Gain and loss on loans sold	—	—	—	(88)	<b>—</b>	<b>88</b>
Gain and loss on sales of stocks and other securities	(159)	5	37	0	<b>—</b>	<b>0</b>
Provision of specific allowance for loan losses (deduction)	—	1,400	(1,046)	(88)	<b>6</b>	<b>95</b>
<b>Ordinary profit</b>	<b>2,675</b>	<b>830</b>	<b>2,596</b>	<b>2,568</b>	<b>1,811</b>	<b>(757)</b>
Extraordinary income	84	86	155	325	<b>59</b>	<b>(266)</b>
Reversal of allowance for loan losses	—	—	86	244	<b>—</b>	<b>(244)</b>
Other	84	86	69	81	<b>59</b>	<b>(22)</b>
Extraordinary loss	34	20	38	156	<b>475</b>	<b>318</b>
Loss on disposal of chattel and real estate	34	7	32	17	<b>103</b>	<b>85</b>
Provision of contingency losses	—	—	—	—	<b>372</b>	<b>372</b>
Other	—	12	5	139	<b>—</b>	<b>(139)</b>
<b>Income before income taxes</b>	<b>2,726</b>	<b>896</b>	<b>2,713</b>	<b>2,737</b>	<b>1,395</b>	<b>(1,341)</b>
Income taxes-current	1,231	904	1,413	719	<b>988</b>	<b>269</b>
Income taxes-deferred (deduction)	(67)	(563)	(174)	528	<b>(139)</b>	<b>(667)</b>
Total income taxes	1,163	340	1,238	1,247	<b>849</b>	<b>(398)</b>
<b>Net income</b>	<b>1,562</b>	<b>555</b>	<b>1,475</b>	<b>1,489</b>	<b>546</b>	<b>(943)</b>

# Overview of Our Business

## 2. Status of Trust Assets

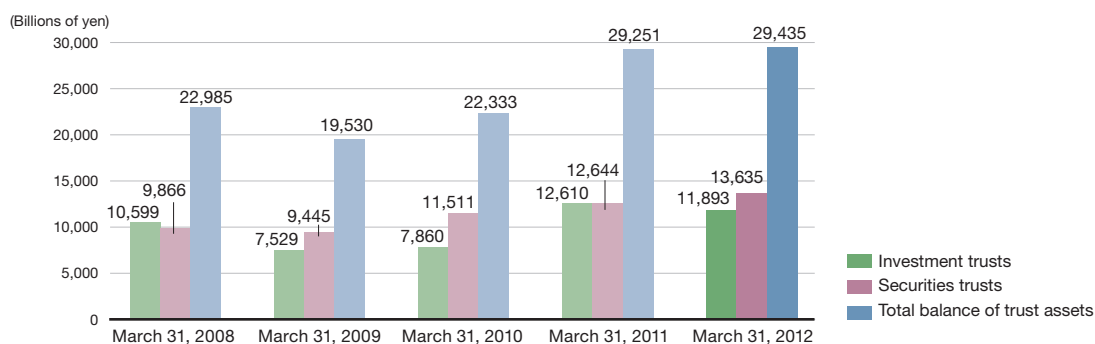
Regarding the status of trust assets, the balance of investment trusts under management decreased ¥717.1 billion from the end of the previous fiscal year to ¥11,893.4 billion, primarily a result of the sluggish equities market and strong Japanese yen. The balance of securities trusts rose by ¥990.3 billion to ¥13,635.1 billion. Total trust balance is ¥29,435.9 billion at the end of fiscal year.

### Table of Balance of Trust Assets

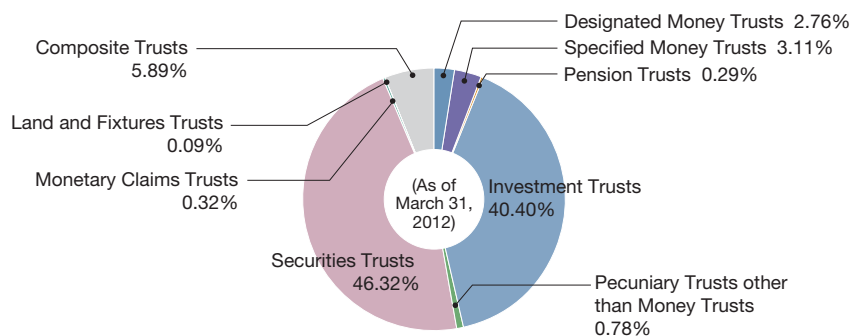
(Millions of yen)

Liabilities	March 31,2008	March 31,2009	March 31,2010	March 31,2011	March 31,2012
Designated Money Trusts	168,905	138,326	563,627	830,882	813,855
Specified Money Trusts	224,053	294,815	481,240	737,567	915,795
Pension Trusts	69,055	87,552	78,304	83,572	86,784
Investment Trusts	10,599,268	7,529,525	7,860,198	12,610,581	11,893,429
Pecuniary Trusts other than Money Trusts	399,695	439,929	386,684	345,501	231,543
Securities Trusts	9,866,329	9,445,127	11,511,846	12,644,812	13,635,117
Monetary Claims Trusts	179,273	170,021	118,858	101,765	96,961
Land and Fixtures Trusts	91,491	85,500	53,723	36,437	26,994
Composite Trusts	1,387,161	1,340,197	1,279,017	1,860,606	1,735,444
Other Trusts	0	0	0	0	0
Total	22,985,234	19,530,996	22,333,501	29,251,727	29,435,926

### Balance of Trust Assets



### Ratio of Trust Assets



### 3. Status of Capital Adequacy

The capital adequacy ratio stood at 18.77% (domestic standard) as of the end of March 2012.

#### ■ Capital Adequacy Ratio on Non-consolidated Basis (Domestic Standard)

(Millions of yen)

Item	March 31, 2008	March 31, 2009	March 31, 2010	March 31, 2011	March 31, 2012
Tier I					
Capital account	33,728	33,501	34,016	42,462	<b>43,035</b>
Total [A]	33,728	33,501	34,016	42,462	<b>43,035</b>
Tier II					
Allowance for loan losses	299	235	530	455	<b>849</b>
Debt capital instruments (Those indicated in Article 41, Paragraph 1, Items 4 and 5 of the Capital Adequacy Ratio Notification)	—	—	10,000	10,000	<b>10,000</b>
Total	299	235	10,530	10,455	<b>10,849</b>
Included in Capital [B]	299	235	10,530	10,455	<b>10,849</b>
Items for deduction [C]	6	3	2	3	<b>5</b>
Capital amount [D] (= [A] + [B] - [C])	34,020	33,734	44,545	52,915	<b>53,879</b>
Risk assets					
On-balance sheet items	154,633	140,436	174,218	195,227	<b>240,304</b>
Off-balance sheet items	17,239	14,134	23,466	18,839	<b>18,047</b>
Operational risks arrived at by dividing operational risk equivalents by 8%	19,154	23,400	26,369	27,545	<b>28,677</b>
Total [E]	191,027	177,971	224,053	241,612	<b>287,029</b>
Capital adequacy ratio (domestic standard) (= [D]/[E] x 100)	17.80%	18.95%	19.88%	21.90%	<b>18.77%</b>

(Note) Capital adequacy ratios are calculated in accordance with the formula specified in the Notification No. 19 of 2006, the Financial Services Agency which is based on the Article 14-2 of the Banking Act. Calculated by the international standard, the capital adequacy ratio for the current fiscal year comes to 18.70%.

### Results of Main Business

#### <Loans Secured by Securities Business>

We are focusing on expanding the balance of loans secured by securities as one of our core businesses. Our loan services secured by securities "Nomura Web Plus Loan," offered through "Nomura Home Banking," is used by an increasing number of customers.

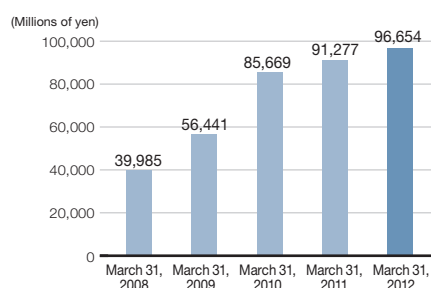
The balance of loans secured by securities stood at ¥96.6 billion as of the end of the current fiscal year.

#### <Investment Trust Administration Business>

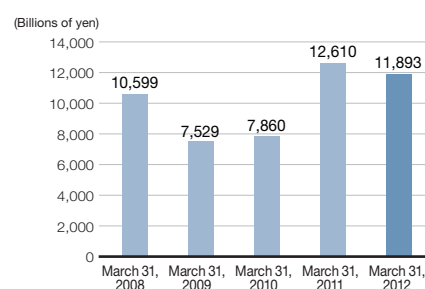
The balance of investment trusts under management decreased ¥717.1 billion from the end of the previous fiscal year to ¥11,893.4 billion, primarily a result of the sluggish equities market and strong Japanese yen.

We received an unqualified opinion in an audit performance by an independent audit corporation in accordance with the Statement on Standards for Attestation Engagements No.16 (SSAE 16), and we are trying hard to improve the quality of our administrative operations.

#### ■ Balance of Loans Secured by Securities



#### ■ Balance of Investment trusts under management



# Internal Control System – Management

## Management Structure

As a trust bank of the Nomura Group, we are operating our business guided by the integrated strategy of Nomura Holdings, Inc. We have built a management structure which delivers efficient business operations in conformity with the business line of the Nomura Group. Furthermore, by ensuring that our directors and employees comply with the “Code of Ethics of the Nomura Group,” we are promoting company management which is appropriate considering the relevant laws and regulations.

We operate under the committee system in which the majority of members are outside directors, i.e. the Nomination Committee, the Audit Committee and the Compensation Committee, with the objective of strengthening our management supervisory functions and improving our managerial transparency.

We also established the Board of Directors as the body to decide on and to approve important management related matters. The Board of Directors makes decisions regarding our basic management policy, matters necessary for the Audit Committee to execute its duties, and the allotment of the duties and chain of command for executive officers etc. The Board also supervises the execution of duties of the executive officers. Moreover, we regularly convene the Board of Executive Officers as a body to make decisions regarding, and to approve, important matters and proposals related to business execution to facilitate the speedy execution of our business.

The Audit Committee audits the suitability, validity and efficiency of business operations and the execution of duties by the executive officers and directors by exercising its statutory authority and leveraging the external audit corporation as well as internal organizations. The methodology, progress of, and results of audits are reported to the Board of Directors on a regular basis. Our Audit Committee also collaborates with the Audit Committee of Nomura Holdings to audit our businesses as necessary. The range for the Audit Committee expanded due to the scale of the company and its expanding business. We set up an Audit Committee Office, where the Audit Committee carries independent staffs for them to carry out its proper duties.

To enhance our internal control procedures, the following committees are established.

- ALM Committee: Sets out the basic ALM policies and comprehensively manage assets and liabilities.
- New Products & Services Review Committee: Analyzes and evaluates the risks inherent in the provision of a new product or launch of a new business and gives necessary information to the Board of Executive Officers when it is making decisions on the provision of the new product or launch of the new business.
- Investment Selection Committee: Deliberates and makes decisions on investment products and asset management companies for designated investments, and investment strategies for asset management business, etc.
- Product Monitoring Committee: Monitors the investment performance of assets in trust and customer assets for the investment management business etc. to ensure appropriate investment activities.
- Compliance Committee: Deliberates and makes decisions on compliance with laws and other compliance-related corporate matters.
- Business Quality Improvement Committee: Carries out measures to improve overall quality of administration, such as departmental self-inspections, as part of efforts to build a highly effective internal control system and improve the quality of day-to-day operations and other business activities.
- Information Security Committee: Discusses and approves company-wide actions related to information security.
- Crisis Management Committee: Deliberates and makes decisions on the company’s crisis management measures.
- Operational Risk Committee: Deliberates and coordinates matters related to operational risks to facilitate appropriate and smooth control of operational risks.
- Customer Protection Committee: In order to protect legitimate interests and improve customer convenience we continue to enhance our customer explanation management, customer support management, customer information management and outsourcing management.



## Internal Audit System

We have established the Internal Audit Department, independent of all other operational divisions, to review the effectiveness and adequacy of the internal control systems in all the internal divisions and our agencies and to provide assessments of the internal control system as well as recommendations for improvements etc.

In light of the guidelines for implementation of internal audits set forth in the Inspection Manual for Deposit-Taking Institutions and the Inspection Manual for Trust and Banking Companies, etc. and the points of attention etc. in the Financial Inspection Rating System, the Internal Audit Department identifies the type and degree of risks and draws up an annual internal audit plan in consideration of the depth and frequency of audits, and performs effective audits in accordance with the “Nomura Group’s Internal Audit Missions” and our “Internal Audit Policy.”

The results of audits are promptly reported to the company management and the Audit Committee, and any issues etc. identified in the audits are communicated to relevant operational divisions so that follow-up actions are taken to make early improvements in an effort to further enhance the internal control system.

The effectiveness of our internal control procedures is reviewed by an external audit corporation in accordance with the Statement on Standards for Attestation Engagements No.16 with regard to the investment trust administration services, investment trust back office administration services and discretionary investment back office administration services. And with the Auditing Standards Committee Statements No.18 of the Japanese Institute of Certified Public Accountants (JICPA), with regard to the fiduciary assets administration services and outsources services provided for investment trusts.

# Internal Control System – Compliance

## Compliance Management System

Constantly aware of the significance of our social responsibilities and public mission as a financial institution, we are determined to provide high quality financial services to customers in strict compliance with social norms as well as laws and regulations. We regard compliance as one of the foremost priority management tasks and our Board of Directors has established the “Compliance Policy,” laying out our basic stance regarding compliance. Furthermore, based on the above policy, the Board of Executive Officers established the “Compliance Regulations,” setting initiatives for specific actions taken to put compliance into action.

### Compliance Policy

As a member of the Nomura Group, we strive to foster a corporate culture and build corporate ethics focusing on compliance in conformity with the Code of Ethics of Nomura Group, and perform honest and fair corporate activities without violating social norms.

#### 1. Basic Stance Regarding Compliance

Constantly aware of the significance of our social responsibilities and public mission as a financial institution, we regard the enhancement and establishment of a compliance system as one of our foremost priority tasks for securing the soundness and appropriateness of operations, and we take proactive steps to complete this task.

#### 2. Individual Efforts for Compliance

Directors, executive officers and employees of the Company constantly strive to acquire extensive knowledge, not only of laws and regulations required in business, but also social norms, and act in conformity with a higher level of corporate ethics.

#### 3. Establishment of Social Credibility

We demonstrate our intention to perform honest and fair corporate activities focusing on compliance through our accountability to stakeholders, thereby establishing credibility as a member of society.

In accordance with the “Compliance Regulations,” we have formed the Compliance Committee which, chaired by the representative executive officer and vice-chaired by the Compliance Officer appointed by the Board of Executive Officers, deliberates and makes decisions regarding compliance related matters in the company. The details of discussions are regularly reported by the Chairman to the Board of Directors, the Board of Executive Officers and the Audit Committee members. We draw up the “Compliance Program” setting out objectives and various measures as an annual compliance action plan. This plan is then deliberated and reviewed by the Compliance Committee and finally approved by the Board of Executive Officers. The progress and achievement status of the measures defined in the “Compliance Program” are regularly reported to the Compliance Committee and are also reported by the Chairman to the Audit Committee members.

In addition, the Compliance Officer convenes a compliance meeting, etc. for each division to review the progress and achievement status of compliance action plans drawn up by each department and discusses compliance-related issues with the responsible executive officer and the heads of departments.

The Compliance Officer and the Legal and Compliance Department collaborate to control and manage compliance-related matters of the Company, and each department appoints a Compliance Manager who is practically engaged in compliance activities. The Compliance Manager ensures that all employees pursue operations based on a compliance spirit and common sense and also monitors compliance activities of the department in charge and makes regular reports to the Compliance Officer.

## Conflicts of Interest Management System

We have formulated the “Conflicts of Interest Management Policy” to properly manage transactions which may unduly undermine customers’ interests. The “Conflicts of Interest Management Policy” specifies and categorizes transactions involving conflicts of interest that need to be managed and provides rules on the conflicts of interest management system including methods of managing conflicts of interest.

For our “Conflicts of Interest Management Policy,” please visit our company Website at <http://www.nomura-trust.co.jp/>.  
(Japanese only)

# Internal Control System – Risk Management

## Risk Management System

We position enhancement of risk management as an important pillar of our management goals in order to ensure that our management is sound and appropriate.

By making disclosures in compliance with the requirements of Basel II applicable since the end of March 2007 and building an integrated risk management system, we comprehensively look at various risks of the company and compare them against our management strength, thereby securing profits commensurate with risks and appropriate allocation of management resources.

The Board of Directors has formulated the “Integrated Risk Management Policy” as our basic risk management policy to establish a proper management system of all risks. Based on this policy, the Board of Executive Officers has specified the “Regulations on Integrated Risk Management” to clearly define and classify various risks and also determined various risk management methodologies, thereby ensuring the effectiveness of the rules.

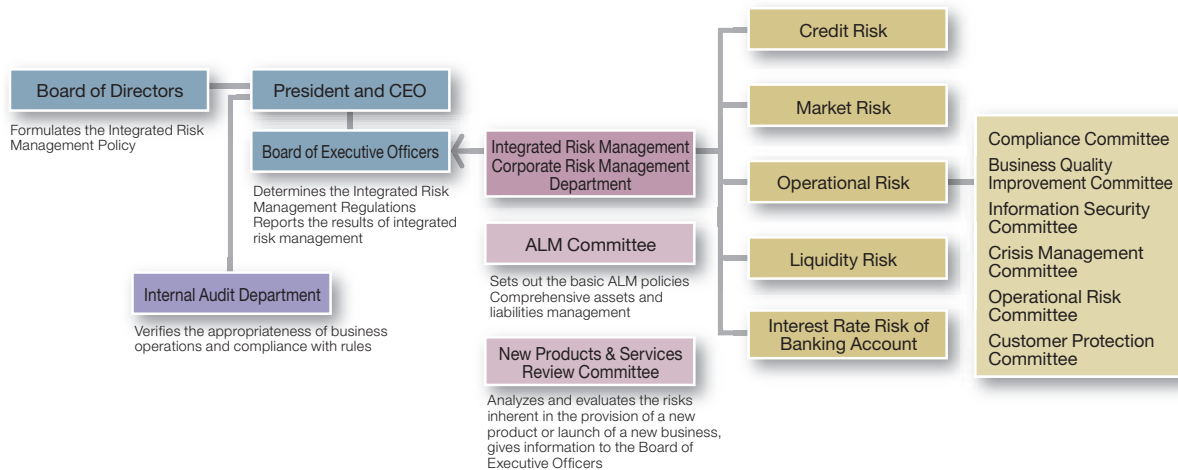
To monitor risks, the Corporate Risk Management Department is established as a division responsible for integrated risk management independent of the business promotion division. It is engaged in day-to-day integrated risk management activities under the guidance and approval of the manager of the integrated risk management division. The integrated risk management division regularly reports the status of risk management to the Board of Executive Officers and the Audit Committee members. In addition, the Internal Audit Department reviews the appropriateness, validity and efficiency of risk management.

The risks defined by the company consist of credit risk, market risk, operational risk, liquidity risk and the banking account interest rate risk.

### Risk Management Classification

		Risk Classification	Responsible Department
Integrated Risk Management  Risk Control Department	Credit Risk		Corporate Risk Management Department
	Market Risk	Interest rate risk	Corporate Risk Management Department
		Foreign exchange risk	
		Price fluctuation risk	
	Operational Risk	Administrative risk	Operations Planning and Administration Department
		System risk	IT Strategy Department
		Information security risk	Operations Planning and Administration Department
		Legal and compliance risk	Legal and Compliance Department
		Outsourcing risk	Operations Planning and Administration Department
		Other operational risks	Corporate Risk Management Department
Liquidity Risk	Funding risk	Corporate Risk Management Department	
	Market liquidity risk		
	Interest Rate Risk of Banking Account	Corporate Risk Management Department	

### Risk Management Framework



# Internal Control System – Risk Management

## Credit Risk

Credit risk is defined as the risk of incurring losses due to a decline or loss of the value of assets (including off-balance sheet assets) as a result of deterioration of the financial condition of debtors, etc. It also includes the risk of incurring losses due to a serious decline or loss of the value of assets (including off-balance sheet assets) as a result of a series of deteriorations of the financial conditions of debtors, etc., owing to a heavy concentration of credit on a certain debtor or a certain group which has close financial ties with a certain debtor in comparison to our equity or management strength. This is called credit concentration risk.

We have procedures and standards in place for controlling credit risks using risk diversification and portfolio management theories in accordance with the “Credit Risk Management Policy” and the “Credit Risk Management Regulations.” The Corporate Risk Management Department centrally controls credit risk management activities and regularly reports the status of credit risk management to the Board of Executive Officers.

### Credit Rating System

Credit ratings are determined by combining quantitative evaluations using financial indicators such as safety and profitability based on the financial statements of our clients and assessments of qualitative factors such as the state of industry and foundations of business, and these ratings are classified into 20 levels.

### Screening of Credit Proposals

Screening of each credit proposal is performed by the Credit Department I and II, which makes accurate and rigorous credit decisions based on the credit ratings, fully taking account of our public and social missions as a financial institution to maintain soundness of the bank's assets.

### Exposure (Credit Amount) Management

With the identification of exposure for each debtor or each group of debtors positioned as the core of credit risk management, we centrally and comprehensively control not only loans but also other on-balance and off-balance items. Off-balance sheet transactions are managed using the current exposure method. Based on the above, we measure and monitor credit risk.

### Self-Assessment

As for self-assessment of assets involving credits, we implement self-assessments through strict classification of credits based on debtor categorization linked to credit ratings, in accordance with the “Asset Assessment Standard,” which is based on the Financial Inspection Manual etc., and carry out proper write-offs of credits and provide allowances using the accumulated default ratio for each credit rating, etc.

## Market Risk

Market risk is defined as a risk of incurring losses due to fluctuation of the value of assets and liabilities (including off-balance assets and liabilities) as a result of changes in market risk factors such as interest rates, foreign exchange rates and security prices. Market risks consist of interest rate risk, foreign exchange risk and price fluctuation risk.

To properly control market risks, the Board of Executive Officers clarifies the basic concept of market risk management, and we set position limits, VaR limits, loss-cut rule etc. accordingly. In addition, we have established the Corporate Risk Management Department which, as an independent department responsible for company-wide market risk management, monitors the positions and profit and loss on a daily basis and reports the compliance status of limits etc.

### Foreign Exchange Transactions

We operate our business guided by a policy of, whenever possible, avoiding taking market risks. Accordingly, we set the minimum required position limits and VaR limits.

### Fund Transactions

For general banking transactions, we also measure the positions and VaR and monitor profit and loss on a daily basis.

### Implementing Stress Tests

In addition to risk measurement based on VaR, we calculate the estimated maximum loss by setting multiple worst-case scenarios based on the past data etc., report this to the Board of Executive Officers etc., and use it when setting the position limits etc.

## Operational Risk

Operational risk is defined as a risk of incurring losses owing to inadequate business processes, activities of directors and employees or systems, or external events. As the department responsible for management of operational risks, the Corporate Risk Management Department plays a central role in defining the risk categories to be managed and conducting operational risk management through the Risk and Control Self Assessment (RCSA) activities and collection and analysis of loss data, etc.

## Administrative Risk

Administrative risk is defined as the risk of incurring losses owing to directors or employees failing to perform accurate administration or committing errors or fraud. Both directors and employees of the company understand that administrative risk is present in all business activities, recognize the importance of mitigating administrative risks and take measures appropriate to mitigate this risk. Specifically, the Operations Planning and Administration Department plays a leadership role in ensuring consistent enhancement of the administrative procedures and systems, and each department provides guidance and training on administration to ensure proper administrative procedures.

In addition, the Business Quality Improvement Committee, which is comprised of members from each department, promotes departmental self-inspections and deliberates on and proposes actions to enhance business activities in general.

## System Risk

System risk is defined as the risk of incurring losses due to system troubles such as a computer system breakdown or malfunction and the risk of incurring losses due to an unauthorized use of computers. Fully aware that risks arising from system troubles etc. may affect not only our company but the entire market, we enhance investment procedures and define the actions to be taken in an emergency.

The IT Strategy Department assumes the responsibility for managing and controlling systems, and each department undertakes day-to-day system security management and administration.

Also, to secure continuous operation of business even in a time of emergency such as a disaster, we have built the Business Continuity Site (\*) as an alternative office, and the Disaster Recovery Center (\*) in a remote location, and have conducted drills on a regular basis. (\* Refer to Page 13.)

## Information Security Risk

Information security risk is defined as the risk of incurring losses due to a failure to maintain the confidentiality, integrity and availability of information assets and the environments for retaining and using information assets. We have established the "Information Security Basic Policy" to set clear policies on handling of information assets and information security as the guiding principles to be followed by directors and employees in their day-to-day activities. We try to reduce the information security risk by conducting proper management of information assets, taking actions according to the level of importance of information assets, imposing limits on the right of access to information assets and giving regular training etc. to both directors and employees.

Moreover, we have set up the Information Security Committee to discuss company-wide measures for information security, supervise the actions taken and their implementation status and make necessary improvements.

## Legal and Compliance Risk

Legal and compliance risk is defined as the risk of incurring losses due to our failure to comply with required laws and regulations, internal rules, bylaws on business activities etc. and as the risk of incurring losses due to execution of business inappropriate for the protection of customers.

We have established the Legal and Compliance Department that specializes in control and management of legal and compliance risks etc. to ensure compliance with laws and regulations. The financial business has been becoming increasingly sophisticated and complicated in recent years. Accordingly, the risks to be dealt with by financial institutions are also becoming more diversified.

Amid such circumstances, confirming not only laws but also other regulations and social demands has come to play a significant role. At Nomura Trust and Banking, potential legal issues that may arise in the course of business are dealt with properly, mainly by the Legal and Compliance Department.

We also cooperate with the legal division of the Nomura Group and have concluded an advisory contract with several law firms so that we can make proper decisions and deal with various issues by obtaining professional opinions as appropriate.

# Internal Control System – Risk Management

## Outsourcing Risk

Outsourcing risk, which exists when part of a company's businesses is outsourced, is defined as the risk of incurring losses owing to execution of business by an outsourcing company, which is inappropriate for compliance with laws and customer protection etc. We have set standards for making decisions on whether or not to outsource our operations and selection of outsourcing companies, and we have a system in place for ensuring proper management by subsequently checking whether these standards and the provisions of outsourcing agreements are met.

## Other Operational Risks

We manage human risk, tangible asset risk, etc. as other operational risks. Of these risks, human risk is defined as the risk of incurring losses owing to unfair, inequitable and discriminatory acts in personnel administration, and tangible asset risk is defined as the risk of incurring losses owing to the damage or loss of tangible assets resulting from a disaster or other incidents.

To manage human risks, we perform proper management and administration of human resources according to the employment style etc. of employees in principle, and also give education and training as well as guidance at the workplace. As for management of tangible asset risks, we identify the current status of the assets held by the company and prepare for potential losses resulting from disasters and illegal acts.

## Liquidity Risk

Liquidity risk is defined as the risk of incurring losses when we have difficulty securing necessary funds or are forced to raise funds at an interest rate much higher than the usual rates due to a mismatch between investment and procurement periods or unexpected cash outflow, and as the risk of incurring losses when we are unable to execute trades due to a market disruption or forced to accept trades at an extremely unfavorable price.

We try to reinforce our liquidity management framework and upgrade our management approach, and at the same time, we operate business by paying adequate attention to liquidity. For example, the monthly ALM Committee checks the fund positions and the market trend etc. for each product we offer and then sets a policy for the future.

We also monitor the fund-raising status of both yen and foreign currencies and report to the ALM Committee which meets on a monthly basis. Furthermore, we set modes according to the market liquidity etc. and specify management standards for each mode, and manage fund positions accordingly.

## Interest Rate Risk of Banking Accounts

Interest rate risk of banking accounts is defined as the risk of incurring losses owing to changes in asset values in the banking accounts as a result of interest rate fluctuations. We perform appropriate monitoring and management by reporting the risk status to the monthly ALM Committee and the Board of Executive Officers.

## Business Continuity

We believe that to ensure sustainable development of the company, it is essential to deal appropriately with various disasters that may have a significant impact on company management.

Our mission is "to firmly protect assets entrusted by customers" and to continue to be a trust bank that earns the confidence and trust of customers.

To attain this purpose, we are making the following efforts to prepare for contingencies guided by the concept, "developing a business continuity plan for sustaining day-to-day operations and securing necessary data (market information and information on transactions and trades, settlement of funds and securities, social and economic condition, etc.)"

## Organizational Structure

We have established the Crisis Management Committee to review various measures for emergencies including disasters and serious accidents and give suggestions and make reports to the Board of Executive Officers.

The Crisis Management Committee discusses actions to be taken in a case where the offices or systems are not available for use due to a disaster or other events, and in the event of an emergency, the Committee is expected to play a central role as an emergency headquarters.

## Formulation of a Business Continuity Plan

We have formulated a Business Continuity Plan to ensure the smooth implementation of measures when a disaster has occurred. In addition to a basic policy on disasters, definition of damage and disaster scenarios, the plan stipulates an organization to deal with emergencies, measures of securing safety of personnel and assets, and measures of securing communication tools, etc. to prepare for an emergency.

Each department defines priorities and alternative means for continuing business in an emergency, creates a checklist and reviews its effectiveness in a business resumption drill.

## Enhancement of Infrastructure

We take the following actions to enhance facilities in accordance with the Business Continuity Plan:

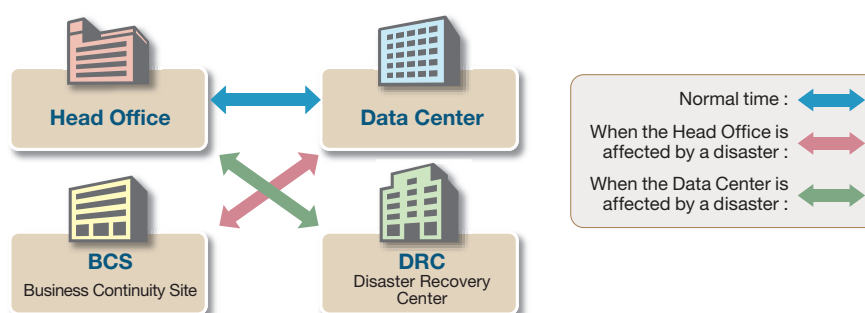
### Establishment of a Business Continuity Site (BCS)

We built a BCS for sustaining the core businesses in a case where we are unable to continue operations at the Head Office of Nomura Trust & Banking.

The location of the site was selected after taking into account a number of conditions including firmness of the ground, distance from the Head Office and being within a residential urban area.

### Establishment of a Disaster Recovery Center (DRC)

The servers in the Data Center used in daily operation are made duplex, so if any server fails, it can be immediately switched within the Data Center. We established a DRC at a location sufficiently far from the Data Center as to back up the data in case the Data Center was affected by wide-scale disaster.



## Business Resumption Drill Based on the Business Continuity Plan

We regularly conduct an evacuation drill to the BCS and a business resumption drill based on a disaster scenario created from the viewpoints of time, location and scope of the disaster. We also perform a drill of the process of switching functions to the DRC at least once a year.

# Internal Control System – Customer Protection Management

## Customer Protection Management

We have established the “Management Policy for Customer Protection” as a basic policy concerning customer protection in order to protect legitimate interests and improve customer convenience, and we strive to enhance and reinforce the customer protection management system. Under the instruction and supervision of the customer protection management officer the responsible manager will be assigned for “customer explanation management”, “customer support management”, “customer information management” and “outsourcing management” to ensure the effectiveness of internal procedure concerning customer protection.

We also established “Customer Protection Committee” and reports the situation to the Board of Executive Officers regularly or as needed. The Board verifies the effectiveness of the customer protection management system of the company and reviews it if necessary.

## Solicitation Policy

We have established the “Solicitation Policy” in accordance with the “Law on Sales of Financial Products” and other applicable laws, and appropriately solicit customers for our financial products based on this Policy.

For details of the “Solicitation Policy,” please visit our website at <http://www.nomura-trust.co.jp/>. (Japanese only)

## Policies on the Protection of Personal Information

We have established the “Policies on the Protection of Personal Information” in accordance with the Act on the Protection of Personal Information, and based on this policy, we take various steps necessary to prevent leakage of personnel information and to safely control personal information to pursue appropriate personal information management.

For details of the “Personal Information Protection Policy,” please visit our website at <http://www.nomura-trust.co.jp/>. (Japanese only)

## Finance Facilitation Management Policy

To respond to the Small and Medium-Sized Enterprises Finance Facilitation Act and so on, we have established the Finance Facilitation Management Policy in light of the public nature and social responsibility inherent in our operations. We intend to fulfill our functions as a financial mediator both appropriately and proactively based on this policy.

For details of the “Policy for Managing Facilitation of Financing,” please visit our website at <http://www.nomura-trust.co.jp/>. (Japanese only)

## Best Execution Policy

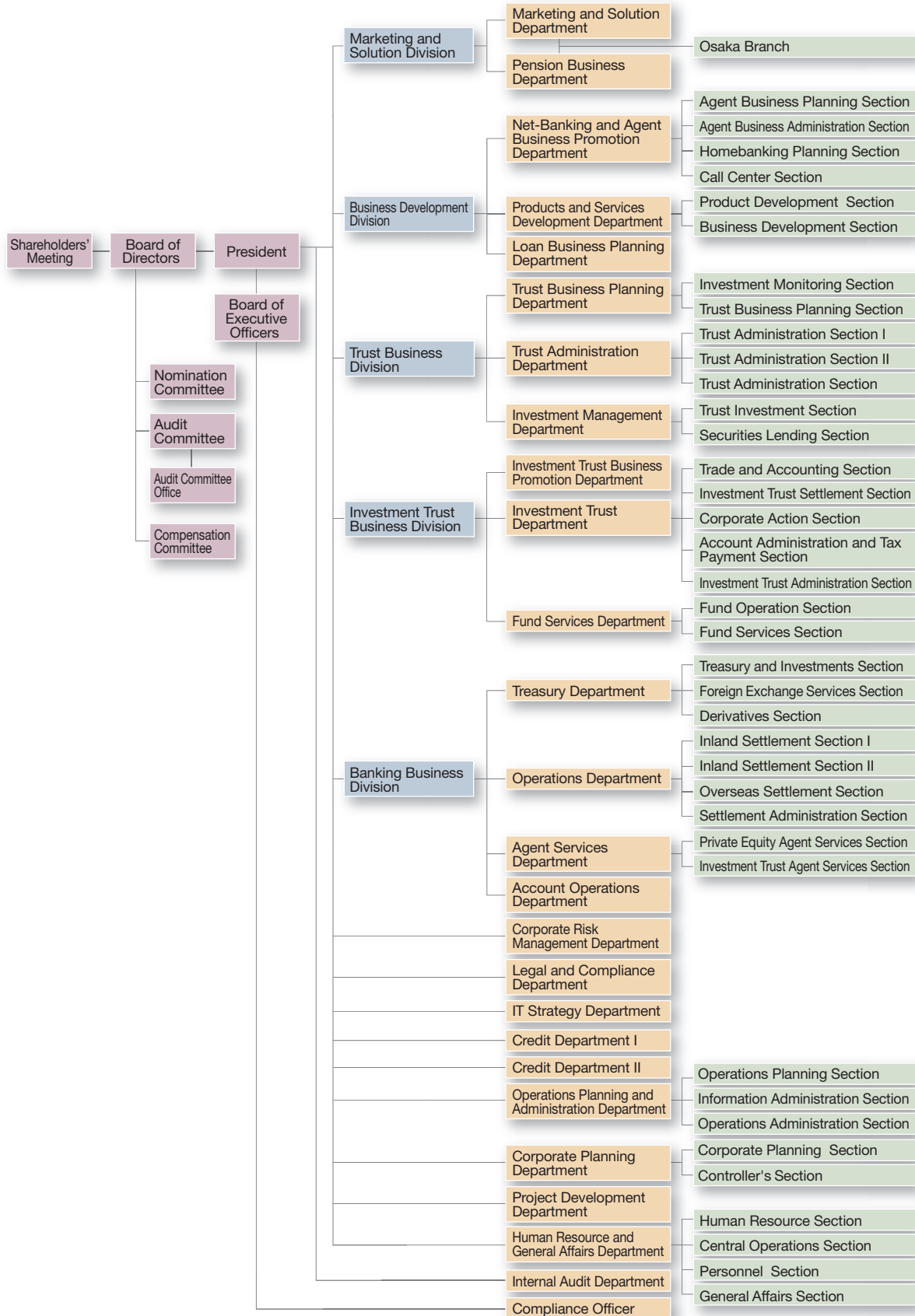
When we have received an order for securities listed on domestic financial instruments exchanges as part of operations of a registered financial institution stipulated in the Article 33-2 of the Financial Instruments and Exchange Act, we make efforts to mediate the execution of trades in accordance with the “Best Execution Policy” in cases where no instruction regarding execution of trades is given by our customer.

For details of the “Best Execution Policy,” please visit our website at <http://www.nomura-trust.co.jp/>. (Japanese only)



# Organizational Chart

■ Organizational Chart (as of September 1, 2012)



# Directors, Executive Officers and Employees

## ■ Directors and Executive Officers (as of September 1, 2012)

Directors	
Director	Masafumi Nakada
Director (Outside Director)	Akihiko Nakamura
Director (Outside Director)	Masanori Nishimatsu
Director (Outside Director)	Hiroyuki Suzuki
Director (Outside Director)	Noriaki Nagai
Director (Outside Director)	Masaru Konno
Director (Outside Director)	Koujirou Matsuda

Executive Officers		
President & CEO	Masafumi Nakada	
Executive Vice President	Tadashi Ishikuro	Corporate Planning, Credit Management
Executive Managing Director	Susumu Hatakeyama	Business Development Division
Senior Managing Director	Shunichi Ito	Risk Management, Legal & Compliance, IT
Senior Managing Director	Yoshio Miki	Trust Business Division, Investment Trust Business Division
Senior Managing Director	Tsuyoshi Iino	Marketing and Solution Division, Banking Business Division

## ■ Employees

	March 31, 2008	March 31, 2009	March 31, 2010	March 31, 2011	March 31, 2012
Number of employees	233	253	265	332	361
Average length of service	3 years and 5 months	3 years and 10 months	4 years and 4 months	4 years and 1 month	4 years and 4 months
Average monthly salary (thousand yen)	634	616	605	582	587

## ■ Rating Information (as of September 1, 2012)

Standard & Poor's		JCR	R&I
Long Term	Short Term	Long-Term Senior Debt	Short-Term Debt
A-	A-2	AA-	a-1

# Business Description

## ■ Trust Business

- **Specified Money Trusts and Specified Pecuniary Trusts Other Than Money Trusts**  
Trust in which the funds are managed and invested, mainly in securities, according to the instructions provided by the trustors.
- **Individually Operated Designated Money Trusts (“Shiteitan”) and Individually Operated Designated Pecuniary Trusts Other Than Money Trusts (“Fund Trust”).**  
Trust in which the funds are managed and invested at the discretion of the trustees within the scope in which the type of investment assets and the investment method are designated by the trustors.
- **Jointly Operated Designated Money Trusts**  
Money trusts in which the trust funds are managed and invested jointly with other trust funds on the basis of the same contract and provisions.
- **Composite Trusts**  
Trust undertaken as a set of assets comprised of a number of properties including securities and money.
- **Pension Trusts**  
Trust in which private pension plans such as employees’ pension funds as well as defined benefits pension plan are administered and managed. In addition to pension trust, we provide defined contribution plan administration.
- **Investment Trusts**  
Trust in which funds are invested in securities, real estate etc. based on the instructions provided by the trustors (investment trust management companies), with the beneficiary rights being divided and sold to investors.  
  
Investment trust administration service/business: based on instructions given by the investment trust management companies, we conduct settlement by delivery and payment of securities, rights handling, custody and compute the daily net asset value and unit price of each fund.  
  
Outsource services provided for investment trusts: Entrusted from the investment trust management companies, we compute the daily net assets value and unit price of investment trusts and verify them with the trust banks and also to conduct processing the trading execution data and prepare for Investment Report
- **Securities Trusts**  
Trust in which securities are used to set up a trust. There are three types of securities trusts depending on the purpose of the trustors; (1) securities administration trusts which are designed to administer securities, (2) securities management trusts for the purpose of management, and (3)

securities disposition trusts for the purpose of securities disposition.

## ■ Banking Business

- **Deposit Taking**  
We handle savings deposits, separate deposits, current deposits, time deposits, foreign currency deposits, negotiable certificate of deposits, etc.
- **Lending**  
We handle loans on deed, overdrafts, etc.
- **Domestic Exchange Business**  
We handle remittance, money transfer, collection, etc.
- **Foreign Exchange Business**  
We handle foreign remittances and various operations concerning other foreign exchange transactions.

## ■ Securities Business

- **Investment Trust Over-the-Counter Sales and Account Administration Business**  
Investment trust over-the-counter sales: we sell primarily private placement investment funds which are incorporated into fund-of-funds and/or prepared exclusively for a pension plan.  
Account administration business: we provide account administration services for transferred investment trusts, playing the role of supporter for investment trust over-the-counter sales made by more than sixty regional financial institutions, including regional banks and second-tier regional banks.
- **Corporate Bond Administration Business and Fiscal Agent for Corporate Bond**  
Corporate bond administration business: we provide services as a corporate bond administrator, which must be designated from the viewpoint of investor protection at the time of bond issue by the Companies Act of Japan.  
Fiscal agent for corporate bond: we handle fiscal matters as an agent of an issuer company for bonds without administrator, including issuance, premature redemption and redemption at maturity of bonds (disbursement of principal and interest).
- **Investment Advisory and Agency Business and Investment Management Business**  
We, based on trust agreements and /or discretionary investment contracts, provide asset management services to clients mainly pension funds.

# Company History

## ■ History

August 1993	Established as the Nomura Trust & Banking Co., Ltd. (paid-in capital: 30 billion yen) <August 24>
October	Started business with 71 executives and employees. <October 1>
June 1994	Designated as a bond registered organization.
August	Implemented a currency swap with trust assets of an investment trust, the first such transaction in Japan.
August 1995	Handled liquidation of credit-card receivables for the first time in Japan.
September	Served as a Fiscal Agent for corporate bonds for the first time in Japan.
November	Joined Domestic funds transfer system.
July 1996	Handled Japan's first liquidation of claim to refund the security deposit of real estate.
October 1997	Obtained business approval of specified money trusts and designated money trusts.
November 1999	Obtained business approval of pension trusts and jointly operated designated money trusts.
October 2001	Nomura Securities Group (currently called "Nomura Group") moved to a holding company system.
January 2002	Accepted entrustment of asset management institution operations in defined contribution pension plan.
February	Obtained business approval of real estate trusts stock transfer agency and various agency operations.
June	Accepted first entrustment of equity trust arising from liquidation of specified assets through Special Purpose Company.
June 2003	Moved to a "company with committees" management system.
July 2004	Moved Head Office in Tokyo from Nihonbashi, Chuo-Ward, Tokyo to Otemachi, Chiyoda-Ward, Tokyo.
March 2005	Started business by designating Nomura Securities as a trust contract agent.
May	Accepted first entrustment of real estate management trusts.
June	Handled security interest trust and intellectual property right trust. Obtained approval for business including execution of wills and settlements of inheritance.
February 2006	Started marketing and handling "Mochi-ron" (employee stock-ownership plans tie-up loan).
July	Obtained approval for the discretionary investment contract related business.
September	Started business by designating Nomura Securities as a bank agent. Started "Nomura Home Banking (internet banking)" services.
May 2007	Opened Osaka representative office (Osaka office).
August	Started marketing and handling "E-Ship" (trust-type employee stock-ownership incentive plan).
July 2008	Started servicing "Nomura Web Plus Loan" (loans secured by securities) via "Nomura Home Banking."
October 2009	Made NikkoCiti Trust and Banking Corporation (trade name changed to NCT Trust and Banking Corporation in March 2010) a subsidiary.
July 2010	Nomura Trust Banking merged with NCT Trust and Banking Corporation in July 2010 (surviving company: The Nomura Trust and Banking Co., Ltd.)

## Financial Data

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# Financial Statements

## Balance Sheets

(Millions of yen)

Item	March 31,2011	March 31,2012
<b>Assets:</b>		
Cash and due from banks	10,623	10,209
Cash	25	0
Due from banks	10,597	10,208
Receivables under securities borrowing transactions	57,316	50,920
Monetary claims bought	7,651	4,252
Trading assets	4,652	3,180
Trading-related financial derivatives	4,652	3,180
Securities	589,103	666,293
Government bonds	264,883	288,449
Local government bonds	67,579	97,570
Corporate bonds	180,499	174,382
Other securities	76,140	105,890
Loans	314,970	313,092
Loans on deeds	253,020	243,217
Overdrafts	61,949	69,874
Foreign exchanges	5,736	4,596
Due from foreign banks (our accounts)	5,736	4,595
Foreign bills receivable	0	0
Other assets	51,236	29,334
Prepaid expenses	230	121
Accrued income	3,884	3,987
Initial margins of futures markets	44	—
Derivatives other than for trading-assets	37,224	21,433
Temporary payments	9,091	3,255
Other	761	536
Tangible fixed assets	1,012	1,286
Buildings	288	265
Other	724	1,020
Intangible fixed assets	4,728	4,896
Software	4,494	4,687
Goodwill	233	207
Other	1	1
Deferred tax assets	1,462	1,501
Allowance for loan losses	(466)	(866)
<b>Total assets</b>	<b>1,048,027</b>	<b>1,088,697</b>

## Balance Sheets

(Millions of yen)

Item	March 31, 2011	March 31, 2012
<b>Liabilities:</b>		
Deposits	238,093	281,793
Current deposits	3,834	7,667
Ordinary deposits	61,519	71,465
Time deposits	146,593	173,068
Other deposits	26,145	29,591
Negotiable certificates of deposit	203,850	245,670
Call money	105,321	91,195
Trading liabilities	4,682	3,208
Trading-related financial derivatives	4,682	3,208
Borrowed money	337,700	328,282
Borrowings from others	337,700	328,282
Due to Trust Accounts	60,167	51,123
Other liabilities	53,146	42,220
Income taxes payable	58	344
Accrued expenses	2,393	2,813
Unearned revenue	1,055	902
Derivatives other than for trading-liabilities	45,226	37,646
Asset retirement obligations	91	93
Other	4,321	419
Provision for bonuses	684	700
Provision for retirement benefits	437	497
Provision of contingency allowance loss	—	372
<b>Total Liabilities</b>	<b>1,004,082</b>	<b>1,045,062</b>
<b>Net assets:</b>		
Capital stock	30,000	30,000
Capital surplus	8,270	8,270
Other capital surplus	8,270	8,270
Retained earnings	5,506	4,973
Legal retained earnings	931	1,147
Other retained earnings	4,575	3,825
Retained earnings brought forward	4,575	3,825
Total shareholders' equity	43,776	43,243
Valuation difference on available-for-sale securities	(157)	4,309
Deferred gains or losses on hedges	325	(3,916)
Total valuation and translation adjustments	167	392
<b>Total net assets</b>	<b>43,944</b>	<b>43,635</b>
<b>Total liabilities and net assets</b>	<b>1,048,027</b>	<b>1,088,697</b>

# Financial Statements

## Statements of Income

(Millions of yen)

Item	FY2010	FY2011
<b>Ordinary Income</b>	26,265	24,466
Trust fees	7,240	7,194
Interest income	12,092	13,900
Interest on loans	3,688	4,008
Interest and dividends on securities	3,756	4,891
Interest on call loans	12	0
Interest on receivables under securities borrowing transactions	244	140
Interest on due from banks	33	22
Interest on interest swaps	4,227	4,797
Other interest income	129	39
Fees and commissions	2,343	2,455
Fees and commissions on domestic and foreign exchanges	508	622
Other fees and commissions	1,834	1,832
Trading income	53	2
Income from trading-related financial derivatives transactions	53	2
Other operating income	4,532	908
Gains on foreign exchange transactions	3,503	822
Gains on sales of bonds	941	14
Other	87	72
Other income	3	5
Gain on sales of stocks and other securities	0	—
Other	2	5
<b>Ordinary expenses</b>	23,697	22,654
Interest expenses	6,240	8,015
Interest on deposits	490	403
Interest on negotiable certificates of deposit	142	205
Interest on call money	267	321
Interest on borrowings	445	492
Interest on interest swaps	4,852	6,562
Other interest expenses	41	29
Fees and commissions payments	1,063	1,033
Fees and commissions on domestic and foreign exchanges	171	191
Other fees and commissions	892	841
Trading expenses	5	20
Other trading expenses	5	20
Other operating expenses	4,082	631
Loss on sales of bonds	785	153
Loss on redemption of bonds	—	0
Expenses on derivatives other than for trading or hedging	3,297	477
General and administrative expenses	12,303	12,544
Other expenses	0	408
Provision of allowance for loan losses write-off of loan	—	399
Written-off of loans	—	0
Other	0	8
<b>Ordinary profit</b>	2,568	1,811



## ■ Statements of Income (Continued)

(Millions of yen)

Item	FY2010	FY2011
<b>Extraordinary Income</b>	325	59
Reversal of allowance for loan losses	244	—
Other	81	59
<b>Extraordinary Loss</b>	156	475
Loss on disposal of noncurrent assets	17	103
Provision of contingency loss	—	372
Other	139	—
<b>Income before income taxes</b>	2,737	1,395
<b>Income taxes-current</b>	719	988
<b>Income taxes-deferred (deduction)</b>	528	(139)
<b>Total income taxes</b>	1,247	849
<b>Net income</b>	1,489	546

## ■ Statements of Changes in Net Assets

(Millions of yen)

Item	FY2010	FY2011
<b>Shareholders' equity:</b>		
<b>Capital stock:</b>		
Balance at the beginning of the period	30,000	30,000
Changes of items during the period:		
Total changes of items during the period	—	—
Balance at the end of the current period	30,000	30,000
<b>Capital surplus:</b>		
Legal capital surplus:		
Balance at the beginning of the period	—	—
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of the current period	—	—
Other capital surplus		
Balance at the beginning of the period	—	8,270
Changes of items during the period		
Increase (decrease) due to merger	8,270	—
Total changes of items during the period	8,270	—
Balance at the end of the current period	8,270	8,270
Total capital surplus		
Balance at the beginning of the period	—	8,270
Changes of items during the period		
Increase (decrease) due to merger	8,270	—
Total changes of items during the period	8,270	—
Balance at the end of the current period	8,270	8,270
<b>Retained earnings:</b>		
Legal retained earnings:		
Balance at the beginning of the period	739	931
Changes of items during the period		
Dividends from surplus	192	216
Total changes of items during the period	192	216
Balance at the end of the current period	931	1,147

# Financial Statements

## ■ Statements of Changes in Net Assets (Continued)

(Millions of yen)

Item	FY2010	FY2011
Other retained earnings		
Retained earnings brought forward		
Balance at the beginning of the period	4,237	4,575
Changes of items during the period		
Dividends from surplus	(1,152)	(1,296)
Net income	1,489	546
Increase (decrease) due to merger	0	—
Total changes of items during the period	337	(749)
Balance at the end of the current period	4,575	3,825
Total retained earnings		
Balance at the beginning of the period	4,976	5,506
Changes of items during the period		
Dividends from surplus	(960)	(1,080)
Net income	1,489	546
Increase (decrease) due to merger	0	—
Total changes of items during the period	529	(533)
Balance at the end of the current period	5,506	4,973
<b>Treasury stock:</b>		
Balance at the beginning of the period	—	—
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of the current period	—	—
<b>Total shareholders' equity:</b>		
Balance at the beginning of the period	34,976	43,776
Changes of items during the period		
Dividends from surplus	(960)	(1,080)
Net income	1,489	546
Increase (decrease) due to merger	8,269	—
Total changes of items during the period	8,799	(533)
Balance at the end of the current period	43,776	43,243
<b>Valuation and translation adjustments</b>		
<b>Valuation difference on available-for-sale securities:</b>		
Balance at the beginning of the period	208	(157)
Changes of items during the period		
Net changes of items other than shareholders' equity	(365)	4,466
Total changes of items during the period	(365)	4,466
Balance at the end of the current period	(157)	4,309
<b>Deferred gains or losses on hedges</b>		
Balance at the beginning of the period	(692)	325
Changes of items during the period		
Net changes of items other than shareholders' equity	1,017	(4,242)
Total changes of items during the period	1,017	(4,242)
Balance at the end of the current period	325	(3,916)
<b>Total valuation and translation adjustments:</b>		
Balance at the beginning of the period	(484)	167
Total changes of items during the period		
Net changes of items other than shareholders' equity	652	224
Total Changes of Items during the Period	652	224
Balance at the end of the current period	167	392
<b>Total net assets:</b>		
Balance at the beginning of the period	34,492	43,944
Total changes of items during the period		
Dividends from surplus	(960)	(1,080)
Net income	1,489	546
Increase (decrease) due to merger	8,269	—
Net changes of items other than shareholders' equity	652	224
Total changes of items during the period	9,451	(308)
Balance at the end of the current period	43,944	43,635

## Statements of Cash Flows (Non-Consolidated, Indirect Method)

(Millions of yen)

Item	FY2010	FY2011
<b>I Net cash provided by (used in) operating activities:</b>		
Income before income taxes	2,737	546
Depreciation and amortization	2,222	2,258
Increase (decrease) in allowance for loan losses	(332)	399
Increase (decrease) in provision for bonuses	89	15
Increase in provision for retirement benefits	183	59
Other extraordinary losses	136	372
Interest income	(12,092)	(13,900)
Interest expenses	6,240	8,015
Loss (gain) related to securities	(157)	140
Foreign exchange losses (gains)	763	147
Gains (loss) on disposal of tangible fixed assets	17	103
Net decrease (increase) in trading assets	(578)	1,471
Net increase (decrease) in trading liabilities	527	(1,474)
Net decrease (increase) in derivative assets	10,153	15,790
Net increase (decrease) in derivative liabilities	(1,648)	(7,579)
Decrease (increase) in deferred losses on hedge	(3,578)	(6,841)
Increase (decrease) in deferred profits on hedge	216	68
Net decrease (increase) in loans	(101,392)	1,877
Net increase (decrease) in deposit	58,224	43,699
Net increase (decrease) in negotiable certificates of deposit	116,050	41,820
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	213,500	(9,417)
Net decrease (increase) in due from banks (excluding deposit paid to Bank of Japan)	5,005	6
Net decrease (increase) in call loans	6,459	—
Net decrease (increase) in receivables under securities borrowing transactions	12,543	6,395
Net increase (decrease) in call money	(64,206)	(14,126)
Net increase (decrease) in foreign exchanges-assets	(2,689)	1,139
Net increase (decrease) in due to trust accounts	12,228	(9,044)
Net decrease (increase) in monetary claims bought	8,785	3,398
Actual interest income	18,567	15,961
Actual interest expenses	(7,573)	(7,527)
Net decrease (increase) in temporary payment	2,338	5,836
Other	(906)	1,484
Sub total	281,834	81,098
Income taxes paid	(1,444)	(522)
Net cash provided by (used in) operating activities	280,389	80,576
<b>II Net cash provided by (used in) investment activities:</b>		
Purchase of securities	(481,426)	(180,368)
Proceeds from sales of securities	85,199	12,046
Proceeds from redemption of securities	114,745	90,975
Purchase of tangible fixed assets	(633)	(533)
Purchase of intangible fixed assets	(2,295)	(2,055)
Other	18	32
Net cash provided by (used in) investing activities	(284,391)	(79,902)
<b>III Net cash provided by (used in) financing activities:</b>		
Cash dividends paid	(960)	(1,080)
Net cash provided by (used in) financing activities	(960)	(1,080)
<b>IV Effect of exchange rate change on cash and cash equivalents</b>		
	—	—
<b>V Net increase (decrease) in cash and cash equivalents</b>		
	(4,961)	(406)
<b>VI Cash and cash equivalent at the beginning of the period</b>		
	153	610
<b>VII Net increase (decrease) in cash and cash equivalents due to merger</b>		
	5,419	—
<b>VIII Cash and cash equivalents at the end of the period</b>		
	610	204

### [Scope of Cash and Cash Equivalents]

Cash and cash equivalents consist of cash and due from the Bank of Japan included in "Cash and dues from banks" on the balance sheets.

# Financial Statements

## ■ Notes to Financial Statements

The amounts less than one million yen are rounded down.

### Significant Accounting Policies

#### 1. Trading Assets & Liabilities and Trading Income & Expenses

Trading transactions intended to capitalize on short-term fluctuations and arbitrage opportunities in interest rates, currency exchange rates, market prices of financial instruments markets and related indices (hereinafter called "Trading Purposes") are recognized on a trade-date basis and recorded in "Trading assets" or "Trading liabilities" on the balance sheets. Income or expenses generated by the relevant trading transactions are recorded in "Trading income" or "Trading expenses" on the statements of income.

Trading assets and trading liabilities are stated at fair value on the balance sheet date, and derivatives, such as swaps, futures and options, are stated at their fair values, assuming that such transactions were terminated and settled on the balance sheet date.

Trading income and trading expenses include interests received and paid during the fiscal year, gains or losses resulting from any change in the value of securities and other monetary claims between the end of the preceding fiscal year and the end of the current fiscal year and gains or losses resulting from any change in the value of derivatives between the end of the preceding fiscal year and the end of the current fiscal year, assuming they were settled at the end of the fiscal year.

#### 2. Evaluation for Securities

Held-to-maturity debt securities are stated at amortized cost determined by the moving average method (the straight-line method), other available-for-sale securities with fair value are stated at the market value at the fiscal year end (with selling costs being calculated mainly by the moving average method), securities whose fair values cannot be reliably determined are stated at cost determined by the moving average method. Unrealized gains and losses on other securities available for sale are included in net assets.

#### 3. Basis and Methods of Derivatives

Derivatives are stated at fair value (excluding those for Trading Purposes).

#### 4. Depreciation Method for Fixed Assets

##### (1) Tangible Fixed Assets

Tangible fixed assets are computed using the declining balance method (while the straight-line method is applied to buildings (except for facilities attached to the buildings) acquired after April 1, 1998).

Principal useful lives are as follows:

Buildings: 6 years to 45 years

Others: 2 years to 20 years

##### (2) Intangible Fixed Assets

Depreciation for intangible fixed assets is computed using the straight-line method. Especially, depreciation for capitalized software for internal-use is computed using the straight-line method based on useful life determined by us (5 years).

#### 5. Translation of Foreign Currencies

Assets and liabilities denominated in foreign currencies are translated into Japanese yen primarily at the exchange rate on the balance sheet date.

#### 6. Allowances

##### (1) Allowance for Loan Losses

Allowance for loan losses is provided as below, in accordance with the internally established standards for write-offs and provisions.

Claims to debtors in special mention and ordinary category, which are prescribed in the "Guideline for Practice Related to the Verification of Internal Control with respect to the Self-Assessment of the Assets of Banks and Other Financial Institutions as well as the Audit of the Bad Debt Written Off and Allowance for Doubtful Accounts" (Report No. 4 of the Ad Hoc Committee for the Audit of Banks etc. of JICPA), are classified into specific categories, and the allowance

is provided on the basis of the accumulated default ratio released immediately before the assessment day by the external rating agency defined in the Company's guidelines. For claims to debtors who are possibly bankrupt, an allowance is provided in the amount deemed necessary, net of the expected amount of disposable collateral and the estimated amount of recoveries from guarantees. For claims to debtors who are legally bankrupt or virtually bankrupt, an allowance is provided for the full amount of such claims, net of the expected amount of disposable collateral and the estimated amount of recoveries from guarantees. There were no loans to restructuring countries.

All claims are assessed by asset assessment divisions, in cooperation with the operating divisions, in accordance with the guidelines for the self-assessment of asset quality. The allowance for loan losses is provided based on the results of these assessments.

(2) Provision for Bonuses

Provision for bonuses, which is provided for future bonus payments to employees, is maintained at the amount accrued at the end of the fiscal year, based on the estimated future payments.

(3) Provision for Retirement Benefits

Provision for retirement benefits, which is provided for future benefit payments to employees, is recorded as the required amount based on the projected benefit obligation at the end of the fiscal year.

(4) Provision of contingency loss

Provision of contingency loss is a provision that is calculated its future loss resulting from contingent events set aside in other provisions, which may occur and booked the amount deemed necessary.

## 7. Hedge Accounting

(1) Hedges of Interest Rate Risk

As for the hedge accounting method applied to hedging transactions for interest rate risk arising from financial assets and liabilities, we apply the deferral hedge accounting stipulated in the "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Audit Committee Report No. 24).

As for the method of assessing the effectiveness of hedging activities, we specify hedges which make important conditions regarding the hedged instruments and the hedging instruments similar to the conditions of the exceptional accrual method for interest rate swaps, which is regarded as highly effective and used as a substitute for the assessment of effectiveness.

In addition, the exceptional accrual method for interest rate swaps is applied in order to hedge interest rate risks arising from certain financial assets.

(2) Hedges of Foreign Currency Fluctuation Risk

As for the hedge accounting method applied to hedging transactions for foreign currency fluctuation risk arising from foreign-currency-denominated financial assets and liabilities, we apply the deferral hedge accounting stipulated in the "Treatment for Accounting and Auditing of Concerning Accounting for Foreign Currency Transactions in the Banking Industry" (JICPA Industry Audit Committee Report No. 25).

As for the method of assessing the effectiveness of hedging activities, we designate currency swap transactions and foreign exchange swap transactions as hedges against fluctuation in foreign currency exchange rates arising from monetary claims and liabilities denominated in foreign currencies, and assesses the effectiveness of such hedges by verifying that we hold the foreign currency positions of the hedging instruments corresponding to hedged monetary claims and liabilities denominated in foreign currency.

## 8. Consumption Taxes

Consumption tax and municipal consumption tax (hereinafter called "Consumption Taxes and Other") are accounted for using the tax-excluded method. However, non-deductible Consumption Taxes and Other related to tangible fixed assets are recorded in expenses for the current fiscal year.

## Additional Information

As for changes and corrections of errors in the period starting in the beginning of this fiscal year, we have applied the Accounting Standard for Accounting Changes and Error Corrections (ASBJ Statement No. 24; December 4, 2009) and the Guidance on Accounting Standard for Accounting Changes and Error Corrections (ASBJ Guidance No. 24; December 4, 2009).

# Financial Statements

## Notes to the Financial Statements

### (Notes to the Balance Sheet)

1. We have the right to sell or repledge some securities borrowed with cash collateral. Among them, the total of securities neither repledged nor re-loaned was 51,515 million yen at the end of the current fiscal year.
2. Loans to debtors who are legally bankrupt were nil and non-accrual delinquent loans were 13 million yen.  
Claims to debtors who are legally bankrupt represent loans whose accrued interests are not recorded as the principal and/or whose interest remains past due for some significant period of time and are not likely to be collectible or repayable (hereinafter called "Unrecorded Accrued Loans," excluding the write-off portion) and regarding which, events have occurred as defined in any of the provisions of (a) through (e) of Article 96, Paragraph 1, Item 3, or Item 4 of the same Paragraph of the Corporate Tax Law Enforcement Ordinance (Government Ordinance No. 97, 1965).  
Non-accrual delinquent loans are Unrecorded Accrued Loans, which exclude claims to debtors who are legally bankrupt and loans in which the deferral of interest payments is granted in order to assist or facilitate the restructuring of debtors in financial difficulties.
3. There were no loans past due for three months or more.  
Loans past due for three months or more are loans on which the principal and/or interest is three months or more past due but exclude claims to debtors who are legally bankrupt or non-accrual delinquent loans.
4. There were no restructured loans.  
Restructured loans represent loans on which contracts were amended in favor of debtors (e.g., the reduction of or exemption from stated interest, the deferral of interest payments, the extension of maturity dates, or renunciation of claims) in order to assist or facilitate the restructuring of debtors in financial difficulties, excluding loans to debtors who are legally bankrupt, non-accrual delinquent loans or loans past due for three months or more.
5. The total amount of claims to debtors who are legally bankrupt, non-accrual delinquent loans, loans past due for three months or more and restructured loans was 13 million yen.  
Claims listed from 2 to 5 above are gross amounts before deduction of amounts for allowance for loan losses.
6. Of participation loans, participated loan principal amount treated and presented in the balance sheet as loans to original debtors in accordance with Report No. 3 issued on June 1, 1995 by Accounting System Council of JICPA was 19,540 million yen.
7. The following assets were pledged as collateral.  
Assets pledged as collateral  
Securities: 332,728 million yen  
Loans: 5,000 million yen  
Liabilities collateralized by the above assets  
Borrowings from others: 260,582 million yen  
Call money: 11,800 million yen  
In addition to the above-mentioned assets, securities of 58,646 million yen were pledged as collateral for settlements of foreign exchange and securities transactions and as guarantee deposits for trust services and real estate transactions.  
Other assets included guarantee deposits of 519 million yen.
8. Contracts of overdraft and loan commitment limits are the contracts that we loan to customers up to the prescribed limits in response to customers' application for loans as long as there is no violation of any condition in the contracts. The unused amount within the limits related to these contracts total 6,803 million yen. The unused amount related to contracts whose original terms expire within one year is 6,803 million yen. Since many of these commitments expire without being drawn down, the unused amount does not necessarily affect our future cash flows. Most of these contracts have conditions that allow us to refuse the customers' application for a loan or decrease the contract limits with proper reasons such as changes in financial conditions, preservation of credit and other reasons. At the inception of contracts, we obtain real estate, securities as collaterals if considered necessary. Subsequently, we conduct periodic reviews of the customers' business results based on internal rules and reconsider conditions in contracts and/or take necessary measures to preserve credit when it is necessary.

9. Accumulated depreciation on tangible fixed assets 2,528 million yen
10. Borrowings from others included subordinated borrowings of 10,000 million yen, which have a special clause whereby they have a lesser claim to the assets of the debtor than other classes of debt.
11. There were no liabilities for guarantees on corporate bonds included in "Securities," which are issued by private placement (Article 2, Paragraph 3 of the Financial Instruments and Exchange Law).
12. There were no monetary claims for the directors and the executive officers arising from transactions with the directors and the executive officers.
13. There were no monetary liabilities for the directors and the executive officers arising from transactions with the directors and the executive officers.
14. Total amount of monetary claims for the affiliated companies 41 million yen
15. Total amount of monetary liabilities for the affiliated companies 23,834 million yen
16. We are subject to restrictions on the payment of dividends of surplus, pursuant to the provision of Article 18 of the Banking Act of Japan.  
Notwithstanding the provision of Article 445, Paragraph 4 (Amounts of Capital and Amounts of Reserves) of the Companies Act of Japan, in the case where we pay dividends of surplus, it shall record the amount equivalent to one-fifth of the amount of the deduction from surplus as a result of the payments of such dividends of surplus as legal capital surplus or legal retained earnings.  
The amount of legal retained earnings arising from payments of such dividends of surplus for the current fiscal year was 216 million yen.

#### (Notes to Statements of Income)

1. Income from transactions with subsidiaries and associated companies
- |                         |                |
|-------------------------|----------------|
| Interest income:        | —million yen   |
| Fees and commissions:   | 21 million yen |
| Other operating income: | —million yen   |
| Other income:           | —million yen   |
- Expenses from transactions with subsidiaries and associated companies
- |                                 |                 |
|---------------------------------|-----------------|
| Interest expenses:              | 104 million yen |
| Fees and commissions payments : | —million yen    |
| Other operating expenses:       | 676 million yen |
| Other expenses:                 | —million yen    |
2. Related party transactions
- (1) Notes to a parent company or major affiliated companies  
Description omitted for lack of importance
- (2) Subsidiaries and affiliated companies, etc.  
None
- (3) Transactions between our sister companies  
Description omitted for lack of importance
- (4) Directors or major individual shareholders, etc.  
None

# Financial Statements

## (Notes to Statements of Changes in net assets)

### 1. Class of stock and number of shares issued and outstanding, and class of treasury stock and number of shares

(Thousands of shares)

	Number of Shares Outstanding at the Beginning of the Period	Increase	Decrease	Number of Shares Outstanding at the End of Current Period	Remarks
Issued shares	600	—	—	600	
Common stock	600	—	—	600	—
Total	600	—	—	600	

There were no treasury stocks.

2. There were no stock acquisition rights or treasury stock acquisition rights.
3. Matters relating to cash dividends

Cash dividends paid during the current fiscal year

(Resolution)	Type	Cash Dividends (Millions of Yen)	Cash Dividends per Share (Yen)	Record Date	Effective Date
May 30, 2011 Board of Directors	Common stock	1,080	1,800	March 31, 2011	June 1, 2011

## (Notes to Financial Instruments)

### 1. The Condition of Financial Instruments

#### (1) Policy on Financial Instruments

We engage in the following three business areas as a trust bank of the Nomura Group: "Banking business" which deals with deposits, loans, and foreign exchange; "Trust business" which involves managing the assets entrusted by our customers; and "Securities and asset management business" which includes securities transactions. Our agency business, which designates Nomura Securities as our bank agent and trust contract agent, provides deposits for individual customers through Nomura Home Banking, an internet banking service, and yen-denominated derivative deposits for corporate customers. Our sources of finance include call money and negotiable certificates of deposits in addition to deposits channeled through the agents.

By taking advantage of the competitive edge of Nomura's domestic sales infrastructure, we use the funds procured to provide loans to wealthy people through our private banking services, loan products with securities pledged as collateral such as Web Plus Loans through our agency services, and loan products repackaged with securities, credit link loan and to invest in securities focusing on JGB, local government bonds, agency bonds and corporate bonds.

Market risk and liquidity risk arising from these financial assets and liabilities are comprehensively managed by, in addition to the front office, the independent middle office and the ALM Committee. We also engage in trading activities, but only for a limited trade volume.

#### (2) Nature and Extent of Risks Arising from Financial Instruments

We primarily invest in securities and loans, which are exposed to customer credit risk and issuer default risk, respectively. Loans secured by securities which account for some 30% of loan balance offer good security and have a limited credit risk. On the other hand, loans other than loans secured by securities are extended mainly to customers with high ratings on a short-term basis, but due to changes in the economic environment, it may be impossible for debtors to implement performance of obligations in accordance with the terms and conditions.

Securities mainly consist of government bonds, local government bonds, agency bonds and corporate bonds, most of which are classified as "Available-for-sale securities." In addition, interest rate swaps are used to hedge interest rate risks for certain securities and hedge accounting is applied to these transactions.

Funding from the financial market such as call money is subject to possible difficulties preventing smooth funding due to shrinking market affected by financial environment, however, we hold securities deemed eligible collateral to keep liquidity risk at a certain level.

#### (3) Risk Management Framework for Financial Instruments

##### (a) Credit risk management

At Nomura Trust, the Credit Department conducts credit risk assessment of loans and securities for each individual transaction and individual issuer in order to prevent a credit event as a result of deterioration of an obligor's financial position. In addition, we conduct daily exposure management for each individual obligor and individual obligor group and utilize statistical methods to periodically measure credit risk.



In loan products, we take initiative in promoting pricing management based on credit ratings and enhancing the sophistication of credit portfolio management including the introduction of guidelines for each industry to control credit concentration risk. In addition, regarding loans secured by securities, the market trading conditions of securities pledged as collateral are confirmed on a daily basis to keep recovery rates at a certain level.

Regarding industrial sectors to which outstanding securities held are highly exposed, the Corporate Risk Management Department monitors an issuer's credit spread on a daily basis. When the spread exceeds a certain level, ALM Committee is held to reexamine investment policies.

(b) Market risk management

1) Market risk management framework

At Nomura Trust Banking, the Board of Executive Officers identifies the basic market risk management policy, accordingly, position limits, VaR limits and loss-cut rules are properly set to manage market risk. Foreign exchange transactions are, based on the policy of taking the least market risk, managed with the minimum necessary position limits and VaR limits. For loans, deposits, funds and securities transactions, we set position limits for each product and use interest rate swaps for hedge transactions to control risks arising from interest rate fluctuations within acceptable limits. These management plans in the banking account are discussed by the ALM Committee semiannually and approved by the Board of Executive Officers. The Corporate Risk Management Department reports daily position and profit-and-loss status to the executive officers and related departments each business day.

2) Quantitative information related to market risk

We use VaR with historical simulation model (confidence interval of 99 % and holding period of 10 days for trading and 20 days for banking) to measure the market risk equivalent on securities, loans, deposits, negotiable certificates of deposit, call money, borrowed money, due to trust accounts and derivatives. As of March 31, 2012 our market risk equivalent of trading activities (estimated losses) was 2 million yen, whereas that of banking activities was 480 million yen.

We conduct back-testing on trading activities, comparing VaR calculated by the model with actual profit and loss. The back-testing conducted in FY 2011 showed that VaR was exceeded by actual profit and loss four times, which indicates that the model we use captures the market risk with satisfactory accuracy. However, since VaR measures the amount of market risk by certain occurrence probabilities which are statistically calculated based on historical market fluctuation data, there are cases in which VaR cannot capture risk under drastically changing conditions.

(c) Liquidity risk management

Our fundamental policy of liquidity risk management is to comprehensively grasp the nature of assets and liabilities, management plans, and fluctuations in the market, to ensure the required smooth cash flow, and prevent unexpected losses. The fund position and the market trend for each type of financial product are confirmed monthly at the ALM Committee which determines future policies.

Reports on the daily cash flow situation are submitted to the executive officers and related departments each trading day. We have established classifications for cash flow conditions, ranging from "normal", "caution" to "risky" and "critical," and have constructed a framework under which appropriate procedures for dealing with each case are taken in a timely manner.

(4) Supplementary Explanation of Fair Value of Financial Instruments

Fair values of financial instruments include the values based on market prices, and the values deemed as market prices obtained by reasonable estimates when the financial instruments do not have market prices. Since certain assumptions and others are adopted to calculate such values, they may differ when adopting different assumptions and others.

# Financial Statements

## 2. Matters Relating to Fair Value of Financial Instruments

The following are the balance sheet amounts, fair values and differences between them as of March 31, 2012. Unlisted stocks and others, the fair values of which are extremely difficult to determine, are excluded from the table below. (Refer to Note 2)

(Millions of yen)

	Book Value	Fair Value	Difference
(1) Receivables under securities borrowing transactions	50,920	50,920	—
(2) Securities			
Held-to-maturity debt securities	26,597	28,469	1,872
Available-for-sale securities	639,682	639,682	—
(3) Loans and bills discounted	313,092		
Allowance for loan losses (*1)	(862)		
	312,229	312,245	16
<b>Total assets</b>	<b>1,029,431</b>	<b>1,031,319</b>	<b>1,888</b>
(1) Deposits	281,793	281,793	—
(2) Negotiable certificates of deposit	245,670	245,670	—
(3) Call money	91,195	91,195	—
(4) Borrowed money	328,282	328,282	—
(5) Due to trust accounts	51,123	51,123	—
<b>Total liabilities</b>	<b>998,063</b>	<b>998,063</b>	<b>—</b>
Derivatives (*2)			
Derivative transactions not qualifying for hedge accounting	(3,942)	(3,942)	—
Derivative transactions qualifying for hedge accounting	(12,298)	(14,006)	(1,708)
<b>Total derivatives</b>	<b>(16,240)</b>	<b>(17,948)</b>	<b>(1,708)</b>

(\*1) General and specific allowances for possible losses on loans are excluded.

(\*2) Derivatives recorded in Trading Assets and Trading Liabilities and Other Assets and Other Liabilities are presented as a lump sum. Net claims and debts that arose from derivatives are presented on a net basis and items which are net debts in total are presented in brackets.

(Note 1) Method of calculating fair value of financial instruments

### Assets

#### (1) Receivables under securities borrowing transactions

Since contractual terms of these items are short (i.e., within one month) and fair values of these items approximate book values, we deem the book values to be fair values.

#### (2) Securities

Fair values of bonds are based on the quote prices provided by the Japan Securities Dealers Association or correspondent financial institutions, and those of investment trusts are based on the publicly announced unit price.

The notes to Securities based on holding purpose are stated in "(Notes to Securities)."

#### (3) Loans and bills discounted

Of the loans, for those with variable rates, as long as the credit quality of the customer has not changed considerably since the loan was extended, because interest rates are reflected over a short period and fair values are expected to approximate book values, we deem book values to be fair values. Fair values of loans with fixed rates are, based on categories according to the types, internal ratings and terms of the loans, calculated by discounting the total amount of the principal and interest by the interest rates considered to be applicable to similar new loans. As for loans whose contractual terms are short (i.e., within one year), we deem the book values to be fair values as fair values of these items approximate book values.

In addition, regarding claims to debtors who are legally bankrupt, virtually bankrupt and possibly bankrupt, since the estimated amount of bad debts is calculated based on the present value of the expected future cash flows or the estimated amounts that we would be able to collect through the disposal of collateral or execution of guarantees, fair values approximate the book value as of the balance sheet date minus the present estimated amount of bad debts, and we thus deem such amount to be fair values.

For loans, due to loan characteristics such as limiting loans to within the value of pledged assets, we deem book values to be fair values since fair values are expected to approximate book values based on the estimated loan periods, interest rates and other conditions.

## Liabilities

### (1) Deposits and (2) Negotiable certificates of deposit

For demand deposits, we deem the payment amounts required on the balance sheet date (i.e., book values) to be fair values. In addition, fair values of long-term time deposits are calculated by classifying them based on their terms and by discounting the future cash flows. The discount rates for such calculations are the interest rates used in swap transactions on the balance sheet date. Since fair values of those whose deposit terms are short (i.e., within one year) approximate book values, we mainly deem the book values to be fair values.

### (3) Call money

Since contractual terms of call money is short (i.e., up to four months) and fair values approximate book values, we deem the book values to be fair values.

### (4) Borrowed money

Of borrowed money, for those with variable rates, as interest rates are reflected over a short period and our credit quality has not been considerably changed since the implementation, fair values are thought to approximate book values, so we deem book values to be fair values. Fair values of those with fixed rates are calculated by discounting the total amount of principal and interest of the borrowed money which is classified based on its terms (for those to which the exceptional accrual method for interest rate swaps are applied, the total amount of principal and interest of the borrowed money based on the rates as used in such interest rate swaps) by the interest rates used in swap transactions on the balance sheet date. Since fair values of those whose contractual terms are short (i.e., within six months) approximate book values, we mainly deem the book values to be fair values.

### (5) Due to trust accounts

Since due to trust accounts is used to receive unused money without term limits and equivalent to demand deposits, we deem the payment amount requested to pay out on the balance sheet date (i.e., book values) to be fair values.

## Derivatives

Derivatives include interest rate-related transactions (interest rate swaps and others), currency-related transactions (forward exchanges, currency options, currency swaps and others), and are based on the discounted value of future cash flows and option pricing models.

(Note 2) Financial instruments whose fair values are deemed to be extremely difficult to determine are indicated below, and are not included in "Assets (2) Available-for-sale securities" in fair value information of financial instruments.

(Millions of yen)

Item	Book Value
Unlisted stocks (*1)	12
Total	12

(\*1) We do not treat unlisted stocks as being subject to disclosure of fair values as there are no market prices and they are deemed extremely difficult to determine fair values.

(Note 3) The amount of monetary claims and securities with contractual maturities to be redeemed after the balance sheet date

(Millions of yen)

	Due in 1 Year or Less	Due after 1 Year through 3 Years	Due after 3 Years through 5 Years	Due after 5 Years through 7 Years	Due after 7 Years through 10 Years	Due after 10 Years
Receivables under securities borrowing transactions	50,920	—	—	—	—	—
Securities						
Held-to-maturity debt securities	908	—	—	—	—	25,000
Available-for-sale securities	139,488	218,544	63,609	12,002	155,001	35,270
Loans and bills discounted (*)	140,947	62,182	109,023	55	869	—
Total	332,265	280,726	172,633	12,058	155,870	60,270

(\*) The amount of 13 million yen which is not expected to be recovered, such as claims to debtors who are legally bankrupt, virtually bankrupt and possibly bankrupt, is not included in the loans.

# Financial Statements

(Note 4) The amount of borrowed money and other interest bearing debts to be repaid after the balance sheet date

(Millions of yen)

	Due in 1 Year or Less	Due after 1 Year through 3 Years	Due after 3 Years through 5 Years	Due after 5 Years through 7 Years	Due after 7 Years through 10 Years	Due after 10 Years
Deposits (*)	201,893	—	5,000	1,000	9,100	64,800
Negotiable certificates of deposit	245,670	—	—	—	—	—
Call money	91,195	—	—	—	—	—
Borrowed money	260,582	7,000	2,000	3,000	19,500	36,200
Due to trust accounts	51,123	—	—	—	—	—
Total	850,463	7,000	7,000	4,000	28,600	101,000

(\*) Of the deposits, demand deposits are included in "Due in 1 year or less." There are no bonds payable.

## (Note to Securities)

In addition to "Government bonds", "Local government bonds", "Corporate bonds" and "Other securities", negotiable certificates of deposit in "Due from banks" and trust beneficiary rights in "Monetary claims bought" in the balance sheet are also included.

There are no trading securities, subsidiary shares and subsidiary company's shares as well as affiliated company's shares, held-to-maturity debt securities sold during the fiscal year ended March 31, 2012, securities for which the holding purpose has been changed.

Other securities with fair value, which the fair value is significantly below the acquisition cost and a recovery to its fair value can not be foreseen, we disposition the fair value as the book value and process the valuation difference as loss of the fiscal year.

### 1. Held-to-Maturity Debt Securities (as of March 31, 2012)

(Millions of yen)

	Type	Book Value	Fair Value	Difference
Securities for which the fair value exceeds the book value	Government bonds	25,705	27,558	1,852
	Foreign bonds	892	911	19
	Subtotal	26,597	28,469	1,872
Securities for which the fair value does not exceed the book value		—	—	—
Total		26,597	28,469	1,872

### 2. Available-for-Sale Securities (as of March 31, 2012)

(Millions of yen)

	Type	Book Value	Acquisition Cost	Difference
Securities for which the book value exceeds the acquisition cost	Bonds	517,377	510,386	6,990
	Government bonds	262,744	256,072	6,671
	Local government bonds	97,188	97,027	160
	Corporate bonds	157,445	157,286	158
	Other securities	53,308	53,007	301
	Subtotal	570,686	563,393	7,292
Securities for which the book value does not exceed the acquisition cost	Bonds	17,319	17,529	(209)
	Government bonds	—	—	—
	Local government bonds	382	382	(0)
	Corporate bonds	16,937	17,147	(209)
	Other securities	60,929	61,275	(345)
	Subtotal	78,249	78,804	(555)
Total		648,935	642,198	6,736

(Note) Available-for-sale securities whose fair values are extremely difficult to determine

(Millions of yen)

	Book Value
Foreign stocks	12
Total	12

As there are no market prices and it is deemed extremely difficult to determine their fair values, these are not included in "Available-for-sale securities" in the table above.

3. Available-for-Sale Securities Sold during the Fiscal Year (from April 1, 2011 to March 31, 2012)

(Millions of yen)

	Amount Sold	Gain	Loss
Bonds	9,239	12	145
Corporate bonds	9,239	12	145
Other securities	2,806	1	7
Total	12,046	14	153

#### (Notes to Money Held in Trust)

There is no money held in trust.

#### (Deferred Tax Accounting)

1. The deferred tax assets and liabilities are broken down by reason as follows:

##### Deferred tax assets:

Allowance for loan losses	163 million yen
Provision for retirement benefits	179 million yen
Provision for bonuses	266 million yen
Loss on valuation of fixed assets	34 million yen
Accrued business tax	80 million yen
Goodwill	241 million yen
Credit reserve	135 million yen
Provision of contingency loss	133 million yen
Deferred gain or loss on hedges	2,209 million yen
Excess of depreciation	247 million yen
Others	291 million yen
Subtotal	3,983 million yen
Valuation allowance	(34) million yen
Deferred tax assets	3,949 million yen

##### Deferred tax liabilities:

Valuation difference on available - for - sale securities	2,427 million yen
Others	20 million yen
Deferred tax liabilities	2,447 million yen

Net deferred tax assets 1,501 million yen

# Financial Statements

2. "The Act for Partial Revision of the Income Tax Act, such as for promoting the construction of the tax system in response to changes in Economic and Social Structures" (Act No.114 of 2011) and the Act on "Special Measures for Securing Financial Resources Necessary to Implement Measures for the Reconstruction Following the Great East Japan Earthquake" (Act No. 117 of 2011) were announced officially on December 2, 2011, and for the fiscal year starting after April 1, 2012, the Reduction of corporate tax rate and taxation for special corporate tax for reconstruction started. Along with this change, the original effective tax ratio used to calculate the deferred tax assets and liabilities will decrease from 41% to 38% for the temporary difference from fiscal year starting after April 1, 2012 and expected to end by the beginning of the fiscal year starting April 1, 2014 and decrease to 36% for the temporary difference expected to end by the beginning of the fiscal year starting April 1, 2015. Based on this tax rate change, valuation difference on available-for-sale securities increased 334 million yen, and deferred gain and loss on hedges decreased 302 million yen, income taxes-deferred (deduction) increased 186 million yen and deferred tax assets decreased 153 million yen.

## (Per Share Information)

Net assets per share	72,726.19 yen
Net income per share	910.94 yen

# Status of Main Business

## ■ Breakdown of Profits and Losses by Division

(Millions of yen)

Type	FY2010	FY2011	
Trust fees	Domestic operations	6,844	6,756
	International operations	396	438
	Total	7,240	7,194
Net interest income	Domestic operations	5,139	4,773
	International operations	712	1,110
	Total	5,852	5,884
Net fees and commissions	Domestic operations	1,090	1,141
	International operations	188	280
	Total	1,279	1,421
Net trading income (loss)	Domestic operations	(6)	(20)
	International operations	54	3
	Total	47	(17)
Net other operating income (loss)	Domestic operations	89	(83)
	International operations	360	360
	Total	449	276
Gross operating profits	Domestic operations	13,157	12,566
	International operations	1,712	2,193
	Total	14,869	14,759
Provision of general allowance for loan losses (deduction)	—	393	
General and administrative expenses (excluding non-recurring expenses)	12,026	12,340	
Net business profit	2,842	2,025	
Non-recurring profit (loss)	(273)	(213)	
Ordinary profits	2,568	1,811	

(Note) Domestic operations are yen denominated transactions and international operations are foreign currency denominated transactions. Yen denominated transactions with non-residents and offshore accounts are included in international operations.

## ■ Breakdown of Net Interest Income

(Millions of yen)

Type	FY2010	FY2011	
Break down of investment			
Domestic operations	Average balance	771,786	908,623
	Interest rates	10,459	12,110
	Yield	1.35%	1.33%
International operations	Average balance	100,511 [43,876]	163,635 [62,827]
	Interest rates	1,739 [105]	1,863 [74]
	Yield	1.73%	1.14%
Total	Average balance	828,422	1,009,432
	Interest rates	12,092	13,900
	Yield	1.45%	1.38%
Break down of funding			
Domestic operations	Average balance	783,262 [43,876]	974,311 [62,827]
	Interest rates	5,320 [105]	7,337 [74]
	Yield	0.68%	0.75%
International operations	Average balance	53,300	49,671
	Interest rates	1,026	752
	Yield	1.93%	1.52%
Total	Average balance	792,687	961,155
	Interest rates	6,240	8,015
	Yield	0.79%	0.83%
Profit margin			
Domestic operations	0.67%	0.58%	
International operations	(0.20%)	(0.38%)	
Total	0.66%	0.55%	

(Note) 1. The figures in brackets ([ ]) are the average balance and interest (net) of fund transfers between domestic operations and international operations.  
 2. The average balance of foreign currency denominated transactions in international operations is calculated by the daily current method (whereby the TTM rate of the day is applied to the non-exchange transactions of the day).  
 3. The average balance and interest of fund transfers between domestic operations and international operations are offset against each other in the total number.

# Status of Main Business

## ■ Changes in Interest Income and Interest Expenses

(Millions of yen)

Type		FY2010	FY2011
Interest income			
Domestic operations (decrease)	Change due to balance	3,582	1,823
	Change due to interest rates	(2,317)	(172)
	Net change	1,265	1,651
International operations (decrease)	Change due to balance	856	719
	Change due to interest rates	(134)	(594)
	Net change	722	124
Subtotal		1,987	1,775
Interest expenses			
Domestic operations (decrease)	Change due to balance	2,154	1,438
	Change due to interest rates	(538)	578
	Net change	1,616	2,016
International operations (decrease)	Change due to balance	(103)	(69)
	Change due to interest rates	602	(203)
	Net change	498	(273)
Subtotal		2,115	1,743
Total		(128)	32

(Note) Regarding the reasons for change in the balance and the interest rates, when there is a crossover between the two, it is included in the reasons for change in the balance.

## ■ Breakdown of Fees and Commissions

(Millions of yen)

Type		FY2010	FY2011
Fees and commissions	Domestic operations	2,055	2,080
	International operations	287	374
	Total	2,343	2,455
Deposits and loans related business	Domestic operations	46	43
	International operations	3	0
	Total	50	43
Exchange business	Domestic operations	224	252
	International operations	284	370
	Total	508	622
Securities related business	Domestic operations	675	524
	International operations	—	—
	Total	675	524
Agency business	Domestic operations	1,034	1,162
	International operations	—	3
	Total	1,034	1,166
Investment advisory business	Domestic operations	70	91
	International operations	—	—
	Total	70	91
Fees and commissions payments	Domestic operations	964	939
	International operations	98	94
	Total	1,063	1,033
Exchange business	Domestic operations	135	159
	International operations	36	32
	Total	171	191



### ■ Breakdown of Trading Income and Expenses

(Millions of yen)

Type		FY2010	FY2011
Gains on trading securities	Domestic operations	—	—
	International operations	—	—
	Total	—	—
Gains on trading financial derivatives	Domestic operations	0	0
	International operations	53	2
	Total	53	2
Other trading gains (losses)	Domestic operations	(6)	(21)
	International operations	0	0
	Total	(5)	(20)
Total (losses)	Domestic operations	(6)	(20)
	International operations	54	3
	Total	47	(17)

### ■ Breakdown of Other Operating Income and Expenses

(Millions of yen)

Type		FY2010	FY2011
Gains on foreign exchange transactions	Domestic operations	—	—
	International operations	3,503	822
	Total	3,503	822
Gains (losses) on bonds such as JGB	Domestic operations	35	(134)
	International operations	121	(6)
	Total	156	(140)
Gains (losses) on financial derivatives	Domestic operations	(33)	(21)
	International operations	(3,264)	(455)
	Total	(3,297)	(477)
Other	Domestic operations	87	72
	International operations	—	—
	Total	87	72
Total	Domestic operations	89	(83)
	International operations	360	360
	Total	449	276

### ■ Breakdown of General and Administrative Expenses

(Millions of yen)

Type	FY2010	FY2011
Salaries and allowances	3,350	3,522
Welfare expenses	573	566
Depreciation and amortization	2,222	2,258
Rent expenses on buildings and machinery	666	560
Supplies expenses	94	61
Communication expenses	397	351
Taxes and dues	357	358
Other	4,364	4,661
Subtotal	12,026	12,340
Non-recurring expenses	276	203
Total	12,303	12,544

# Domestic and Foreign Exchange Transactions

## Foreign Exchange Transactions

(Millions of U.S. dollars)

		FY2010	FY2011
Outgoing remittance	Foreign bills sold	413,187	<b>358,341</b>
	Foreign bills bought	—	—
Incoming remittance	Foreign bills payable	464,527	<b>396,624</b>
	Foreign bills receivable	0	<b>0</b>
Total		877,714	<b>754,966</b>

## Foreign Currency Denominated Assets

(Millions of U.S. dollars)

	March 31, 2011	March 31, 2012
Balance of foreign-currency denominated assets	263	<b>205</b>

## Domestic Exchange Transactions

(Billions of yen, thousands of units)

			FY2010	FY2011
Remittance	Paid to	Amount	8,422.0	<b>10,053.1</b>
		Unit	772	<b>838</b>
	Received from	Amount	11,742.6	<b>11,372.3</b>
		Unit	160	<b>164</b>
Collection	Paid to	Amount	—	—
		Unit	—	—
	Received from	Amount	—	—
		Unit	—	—

# Deposits

## Balance by Type of Deposits

(Millions of yen, proportion in brackets)

Type		March 31,2011	March 31,2012
<b>Deposits</b>			
	Domestic operations	65,354 (14.7%)	79,133 (15.0%)
Liquid deposits	International operations	— (—)	— (—)
	Total	65,354 (14.7%)	79,133 (15.0%)
	Domestic operations	51,384 (11.6%)	53,238 (10.0%)
Interest-bearing deposits	International operations	— (—)	— (—)
	Total	51,384 (11.6%)	53,238 (10.0%)
	Domestic operations	146,593 (33.1%)	173,068 (32.8%)
Time deposits	International operations	— (—)	— (—)
	Total	146,593 (33.1%)	173,068 (32.8%)
	Domestic operations	99,793 (22.5%)	102,668 (19.4%)
Fixed-rate time deposits	International operations	— (—)	— (—)
	Total	99,793 (22.5%)	102,668 (19.4%)
	Domestic operations	46,800 (10.5%)	70,400 (13.3%)
Variable-rate time deposits	International operations	— (—)	— (—)
	Total	46,800 (10.5%)	70,400 (13.3%)
	Domestic operations	334 (0.0%)	3,515 (0.6%)
Other	International operations	25,810 (5.8%)	26,075 (4.9%)
	Total	26,145 (5.9%)	29,591 (5.6%)
	Domestic operations	212,282 (48.0%)	255,717 (48.4%)
Total	International operations	25,810 (5.8%)	26,075 (4.9%)
	Total	238,093 (53.8%)	281,793 (53.4%)
	Domestic operations	203,850 (46.1%)	245,670 (46.5%)
Negotiable certificates of deposits	International operations	— (—)	— (—)
	Total	203,850 (46.1%)	245,670 (46.5%)
	Domestic operations	416,132 (94.1%)	501,387 (95.0%)
Grand total	International operations	25,810 (5.8%)	26,075 (4.9%)
	Total	441,943 (100.0%)	527,463 (100.0%)

# Deposits

## ■ Average Balance by Type of Deposits

(Millions of yen, proportion in brackets)

Type		FY2010	FY2011
<b>Deposits</b>			
	Domestic operations	68,615 (18.0%)	77,546 (16.0%)
Liquid deposits	International operations	— (—)	— (—)
	Total	68,615 (18.0%)	77,546 (16.0%)
	Domestic operations	40,714 (10.7%)	45,671 (9.4%)
Interest-bearing deposits	International operations	— (—)	— (—)
	Total	40,714 (10.7%)	45,671 (9.4%)
	Domestic operations	143,361 (37.7%)	172,657 (35.6%)
Time deposits	International operations	— (—)	— (—)
	Total	143,361 (37.7%)	172,657 (35.6%)
	Domestic operations	112,490 (29.6%)	121,464 (25.0%)
Fixed-rate time deposits	International operations	— (—)	— (—)
	Total	112,490 (29.6%)	121,464 (25.0%)
	Domestic operations	30,871 (8.1%)	51,192 (10.5%)
Variable-rate time deposits	International operations	— (—)	— (—)
	Total	30,871 (8.1%)	51,192 (10.5%)
	Domestic operations	2,688 (0.7%)	5,862 (1.2%)
Other	International operations	25,603 (6.7%)	27,169 (5.6%)
	Total	28,292 (7.4%)	33,032 (6.8%)
	Domestic operations	214,666 (56.5%)	256,066 (52.8%)
Total	International operations	25,603 (6.7%)	27,169 (5.6%)
	Total	240,269 (63.2%)	283,236 (58.4%)
	Domestic operations	139,410 (36.7%)	201,068 (41.5%)
Negotiable certificates of deposits	International operations	— (—)	— (—)
	Total	139,410 (36.7%)	201,068 (41.5%)
	Domestic operations	354,076 (93.2%)	457,135 (94.3%)
Grand total	International operations	25,603 (6.7%)	27,169 (5.6%)
	Total	379,679 (100.0%)	484,304 (100.0%)

### ■ Time Deposits Balance by Remaining Period

(Millions of yen)

Classification	Period	March 31, 2011	March 31, 2012
Fixed-rate time deposits	Less than 3 months	24,645	<b>22,791</b>
	From 3 months to less than 6 months	26,237	<b>26,015</b>
	From 6 months to less than 1 year	40,110	<b>44,361</b>
	From 1 year to less than 2 years	—	—
	From 2 years to less than 3 years	—	—
	3 years or more	8,800	<b>9,500</b>
	Subtotal	99,793	<b>102,668</b>
Variable-rate time deposits	Less than 3 months	—	—
	From 3 months to less than 6 months	—	—
	From 6 months to less than 1 year	—	—
	From 1 year to less than 2 years	—	—
	From 2 years to less than 3 years	—	—
	3 years or more	46,800	<b>70,400</b>
	Subtotal	46,800	<b>70,400</b>
Other time deposits	Less than 3 months	—	—
	From 3 months to less than 6 months	—	—
	From 6 months to less than 1 year	—	—
	From 1 year to less than 2 years	—	—
	From 2 years to less than 3 years	—	—
	3 years or more	—	—
Subtotal	—	—	
Total		146,593	<b>173,068</b>

### ■ Balance by Depositor

(Millions of yen, proportion in brackets)

Classification	March 31, 2011	March 31, 2012
Individual	Amount	<b>115,565</b>
	(%)	<b>(41.0%)</b>
Corporate	Amount	<b>74,801</b>
	(%)	<b>(26.5%)</b>
Other	Amount	<b>91,426</b>
	(%)	<b>(32.4%)</b>
Total	Amount	<b>281,793</b>
	(%)	<b>(100.0%)</b>

(Note) Negotiable certificates of deposits are not included.

# Loans

## Balance by Type of Loans

(Millions of yen)

Type		March 31,2011	March 31,2012
Loans on bills	Domestic operations	—	—
	International operations	—	—
	Total	—	—
Loans on deeds	Domestic operations	246,414	236,788
	International operations	6,605	6,429
	Total	253,020	243,217
Overdrafts	Domestic operations	61,949	69,467
	International operations	—	407
	Total	61,949	69,874
Bills discounted	Domestic operations	—	—
	International operations	—	—
	Total	—	—
Total	Domestic operations	308,364	306,255
	International operations	6,605	6,837
	Total	314,970	313,092

## Average Balance by Type of Loans

(Millions of yen)

Type		FY2010	FY2011
Loans on bills	Domestic operations	—	—
	International operations	—	—
	Total	—	—
Loans on deeds	Domestic operations	196,291	231,183
	International operations	5,348	6,538
	Total	201,640	237,721
Overdrafts	Domestic operations	53,978	68,111
	International operations	—	135
	Total	53,978	68,247
Bills discounted	Domestic operations	—	—
	International operations	—	—
	Total	—	—
Total	Domestic operations	250,269	299,294
	International operations	5,348	6,674
	Total	255,618	305,968

## Balance of Loans by Type and Remaining Period

(Millions of yen)

Period		March 31,2011	March 31,2012
Fixed interest rates	1 year or less	77,495	34,237
	More than 1 year but less than 3 years	2,530	1,780
	More than 3 years but less than 5 years	177	2,698
	More than 5 years but less than 7 years	56	48
	7 years or more	920	—
	With no maturity	—	—
	Subtotal	81,179	38,764
Variable interest rates	1 year or less	105,068	106,723
	More than 1 year but less than 3 years	60,380	60,402
	More than 3 years but less than 5 years	49,784	106,325
	More than 5 years but less than 7 years	17,781	6
	7 years or more	775	869
	With no maturity	—	—
Subtotal	233,790	274,327	
Total	314,970	313,092	

### ■ Balance of Loans by Type of Collateral

(Millions of yen)

Type	March 31,2011	March 31,2012
Securities	91,277	96,654
Claims	1,147	720
Commodities	—	—
Real estate	36,933	40,028
Other	—	—
Subtotal	129,358	137,403
Guarantees	39,493	32,337
Unsecured	146,118	143,351
Total	314,970	313,092
(Subordinated loans)	—	—

### ■ Balance of Loans by Purpose of Use

(Millions of yen, proportion in brackets)

Type	March 31,2011	March 31,2012
Equipment fund	Amount	16,412
	(%)	(5.2%)
Working capital	Amount	298,558
	(%)	(94.7%)
Total	Amount	314,970
	(%)	(100.0%)

# Loans

## Breakdown of Loans by Industry

(Millions of yen, proportion in brackets)

Type		March 31,2011	March 31,2012
Manufacturing	Amount	1,248	712
	(%)	(0.3%)	(0.2%)
Construction	Amount	911	370
	(%)	(0.2%)	(0.1%)
Transport	Amount	4,788	2,376
	(%)	(1.5%)	(0.7%)
Wholesale	Amount	7,493	6,488
	(%)	(2.3%)	(2.0%)
Finance and insurance	Amount	116,006	145,156
	(%)	(36.8%)	(46.3%)
Real estate	Amount	30,562	36,821
	(%)	(9.7%)	(11.7%)
Goods rental and leasing	Amount	9,321	6,808
	(%)	(2.9%)	(2.1%)
Various services	Amount	221	96
	(%)	(0.0%)	(0.0%)
Local governments	Amount	920	—
	(%)	(0.2%)	(—)
Other	Amount	143,495	114,260
	(%)	(45.5%)	(36.4%)
Total	Amount	314,970	313,092
	(%)	(100.0%)	(100.0%)

## Balance of Loans Regarding Small and Medium-Sized Enterprises

(Number of loans, millions of yen)

		March 31, 2011	March 31, 2012
Total loan balance (A)	Number of loans made	6,064	6,812
	Amount	314,970	313,092
Balance of loans to SMEs (B)	Number of loans made	6,038	6,794
	Amount	232,353	280,982
Ratio (%) (B/A)	Number of loans made	99.5%	99.7%
	Amount	73.7%	89.7%

(Note) Small and medium-sized enterprises means companies capitalized at 300 million yen or less (100 million yen or less for the wholesale industry and 50 million yen or less for the retail, food, service industries), or companies with full-time employees 300 or fewer (100 or fewer for the wholesale and service industries and 50 or fewer for the retail, food, service industry) and individuals.



### ■ Balance of Risk-Monitored Loans

(Billions of yen)

	March 31,2011	March 31,2012
Loans to bankrupt debtors	—	—
Non-accrual delinquent loans	0	0
Loans past due for three months or more	—	—
Restructured loans	—	—
Total	0	0

### ■ Amount of Assets Assessed in Accordance with the Financial Reconstruction Act

(Billions of yen)

	March 31,2011	March 31,2012
Claims against bankrupt and substantially bankrupt debtors	0	0
Doubtful claims	—	0
Substandard claims	—	—
Subtotal (A)	0	0
Normal claims (B)	316.0	314.2
Total (A+B)	316.0	314.2
Coverage amount by collateral and guarantees	—	—
Specific allowance for loan losses	0	0
Total amount of coverage (C)	0	0
Coverage ratio (C/A)	100%	100%

### ■ Allowance for Loan Losses and Their Changes during the Fiscal Year

(Millions of yen)

	March 31,2011	March 31,2012
General allowance for loan losses	455	849
Change from the previous year-end (decrease)	(74)	393
Specific allowance for loan losses	10	17
Change from the previous year-end (decrease)	(257)	6
Allowance for specific overseas loans	—	—
Change from the previous year-end	—	—
Total	466	866

### ■ Written-Off of Loans

(Millions of yen)

	FY2010	FY2011
Written-off loans	—	0

# Securities

## Balance of Securities by Type and Remaining Period

(Millions of yen)

Type	Remaining Period	March 31,2011	March 31,2012
Government bonds	1 year or less	13,043	3,020
	More than 1 year but less than 3 years	23,585	31,513
	More than 3 years but less than 5 years	11,095	17,075
	More than 5 years but less than 7 years	17,075	10,590
	More than 7 years but less than 10 years	137,926	162,381
	More than 10 years	62,157	63,869
	With no maturity	—	—
	Subtotal	264,883	288,449
Local government bonds	1 year or less	7,961	19,854
	More than 1 year but less than 3 years	55,397	71,191
	More than 3 years but less than 5 years	4,220	6,523
	More than 5 years but less than 7 years	—	—
	More than 7 years but less than 10 years	—	—
	More than 10 years	—	—
	With no maturity	—	—
Subtotal	67,579	97,570	
Short-term corporate bonds	1 year or less	—	—
	More than 1 year but less than 3 years	—	—
	More than 3 years but less than 5 years	—	—
	More than 5 years but less than 7 years	—	—
	More than 7 years but less than 10 years	—	—
	More than 10 years	—	—
	With no maturity	—	—
Subtotal	—	—	
Corporate bonds	1 year or less	41,275	70,306
	More than 1 year but less than 3 years	137,454	84,757
	More than 3 years but less than 5 years	1,769	19,319
	More than 5 years but less than 7 years	—	—
	More than 7 years but less than 10 years	—	—
	More than 10 years	—	—
	With no maturity	—	—
Subtotal	180,499	174,382	
Stocks	1 year or less	—	—
	More than 1 year but less than 3 years	—	—
	More than 3 years but less than 5 years	—	—
	More than 5 years but less than 7 years	—	—
	More than 7 years but less than 10 years	—	—
	More than 10 years	—	—
	With no maturity	—	—
Subtotal	—	—	
Foreign bonds	1 year or less	23,640	47,586
	More than 1 year but less than 3 years	52,273	33,325
	More than 3 years but less than 5 years	—	22,666
	More than 5 years but less than 7 years	—	2,016
	More than 7 years but less than 10 years	—	—
	More than 10 years	—	—
	With no maturity	—	—
Subtotal	75,914	105,595	
Foreign stocks	1 year or less	—	—
	More than 1 year but less than 3 years	—	—
	More than 3 years but less than 5 years	—	—
	More than 5 years but less than 7 years	—	—
	More than 7 years but less than 10 years	—	—
	More than 10 years	—	—
	With no maturity	13	12
Subtotal	13	12	
Other securities	1 year or less	—	—
	More than 1 year but less than 3 years	1	2
	More than 3 years but less than 5 years	4	5
	More than 5 years but less than 7 years	3	2
	More than 7 years but less than 10 years	0	1
	More than 10 years	—	—
	With no maturity	203	270
Subtotal	213	282	
<b>Total</b>		<b>589,103</b>	<b>666,293</b>

## Balance of Securities by Type

(Millions of yen, proportion in brackets)

Type	March 31, 2011	March 31, 2012	
Government bonds	Domestic operations	264,883 (44.9%)	288,449 (43.2%)
	International operations	— (—)	— (—)
	Total	264,883 (44.9%)	288,449 (43.2%)
Local government bonds	Domestic operations	67,579 (11.4%)	97,570 (14.6%)
	International operations	— (—)	— (—)
	Total	67,579 (11.4%)	97,570 (14.6%)
Short-term corporate bonds	Domestic operations	— (—)	— (—)
	International operations	— (—)	— (—)
	Total	— (—)	— (—)
Corporate bonds	Domestic operations	180,499 (30.6%)	174,382 (26.1%)
	International operations	— (—)	— (—)
	Total	180,499 (30.6%)	174,382 (26.1%)
Stocks	Domestic operations	— (—)	— (—)
	International operations	— (—)	— (—)
	Total	— (—)	— (—)
Foreign bonds	Domestic operations	— (—)	— (—)
	International operations	75,914 (12.8%)	105,595 (15.8%)
	Total	75,914 (12.8%)	105,595 (15.8%)
Foreign stocks	Domestic operations	— (—)	— (—)
	International operations	13 (0.0%)	12 (0.0%)
	Total	13 (0.0%)	12 (0.0%)
Other securities	Domestic operations	213 (0.0%)	282 (0.0%)
	International operations	— (—)	— (—)
	Total	213 (0.0%)	282 (0.0%)
Total	Domestic operations	513,176 (87.1%)	560,685 (84.1%)
	International operations	75,927 (12.8%)	105,607 (15.8%)
	Total	589,103 (100.0%)	666,293 (100.0%)

# Securities

## ■ Average Balance of Securities by Type

(Millions of yen, proportion in brackets)

Type	FY2010	FY2011
Government bonds	Domestic operations 197,131 (42.3%)	285,239 (44.8%)
	International operations — (—)	— (—)
	Total 197,131 (42.3%)	285,239 (44.8%)
Local government bonds	Domestic operations 54,434 (11.6%)	86,944 (13.6%)
	International operations — (—)	— (—)
	Total 54,434 (11.6%)	86,944 (13.6%)
Short-term corporate bonds	Domestic operations — (—)	— (—)
	International operations — (—)	— (—)
	Total — (—)	— (—)
Corporate bonds	Domestic operations 166,426 (35.7%)	173,510 (27.2%)
	International operations — (—)	— (—)
	Total 166,426 (35.7%)	173,510 (27.2%)
Stocks	Domestic operations 3,128 (0.6%)	— (—)
	International operations — (—)	— (—)
	Total 3,128 (0.6%)	— (—)
Foreign bonds	Domestic operations — (—)	— (—)
	International operations 44,663 (9.5%)	89,694 (14.1%)
	Total 44,663 (9.5%)	89,694 (14.1%)
Foreign stocks	Domestic operations — (—)	— (—)
	International operations 13 (0.0%)	12 (0.0%)
	Total 13 (0.0%)	12 (0.0%)
Other securities	Domestic operations 87 (0.0%)	271 (0.0%)
	International operations — (—)	— (—)
	Total 87 (0.0%)	271 (0.0%)
Total	Domestic operations 421,208 (90.4%)	545,966 (85.8%)
	International operations 44,676 (9.5%)	89,706 (14.1%)
	Total 465,885 (100.0%)	635,672 (100.0%)

# Fair Value of Securities

(Note) In addition to "Securities" on the balance sheet, trust beneficiary rights in "Monetary claims bought" are also included.

## ■ Trading Securities

Not applicable.

## ■ Held-to-Maturity Debt Securities with Fair Value

(Millions of yen)

Type		March 31,2011	March 31,2012
Government bonds	Book value	25,754	25,705
	Fair value	26,385	27,558
	Difference	630	1,852
	Gain	630	1,852
	Loss	—	—
Other securities	Book value	3,130	892
	Fair value	2,694	911
	Difference	(436)	19
	Gain	—	19
	Loss	436	—
Total	Book value	28,885	26,597
	Fair value	29,079	28,469
	Difference	194	1,872
	Gain	630	1,872
	Loss	436	—

(Note) Fair values are based on the market prices at the end of the fiscal year.

# Fair Value of Securities

## ■ Available-for-Sale Securities with Fair Value

(Millions of yen)

Type		March 31,2011	March 31,2012	
Stocks	Acquisition cost	—	—	
	Book value	—	—	
	Valuation difference	—	—	
Government bonds	Acquisition cost	239,060	256,072	
	Book value	239,128	262,744	
	Valuation difference	67	6,671	
	Unrealized gain	763	6,671	
	Unrealized loss	695	—	
Local government bonds	Acquisition cost	67,634	97,410	
	Book value	67,579	97,570	
	Valuation difference	(54)	160	
	Unrealized gain	22	160	
	Unrealized loss	76	0	
Bonds	Corporate bonds	Acquisition cost	180,821	174,434
		Book value	180,499	174,382
	Valuation difference	(322)	(51)	
		Unrealized gain	102	158
		Unrealized loss	424	209
	Sub total	Acquisition cost	487,516	527,916
		Book value	487,208	534,697
		Valuation difference	(308)	6,780
		Unrealized gain	888	6,990
	Unrealized loss	1,196	209	
Other securities	Acquisition cost	80,605	109,282	
	Book value	80,648	109,238	
	Valuation difference	42	(44)	
	Unrealized gain	139	301	
	Unrealized loss	97	345	
Total	Acquisition cost	568,122	637,198	
	Book value	567,856	643,935	
	Valuation difference	(266)	6,736	
	Unrealized gain	1,027	7,292	
Unrealized loss	1,294	555		

(Note) Amounts on balance sheet are recorded at fair values based on the market prices at the end of the fiscal year.

## ■ Breakdown of Securities without Fair Value and Their Book Value

(Millions of yen)

Type	March 31, 2011	March 31, 2012
Held-to-maturity debt securities	—	—
Available-for-sale securities		
Unlisted foreign securities	13	12

# Derivatives Transaction

## 1. Derivatives Transactions Not Qualifying for Hedge Accounting

As for derivatives transactions not qualifying for hedge accounting, the contract amounts or notional principal, fair values and unrealized gains or losses as well as calculation method of fair values for each type of hedged transactions as of the balance sheet date are as follows:

Note that contract value amounts do not indicate the market risk related to derivatives transactions.

### Interest Rate-Related Transactions

(Millions of yen)

		March 31, 2011		March 31, 2012		
Over-the-counter	Interest rate swaps	Receive-fixed interest rate	Contract amount	162,681	162,815	
			Over one year	162,651	11,377	
		Pay-floating interest rate	Fair value	9	55	
			Unrealized gains	9	55	
		Receive-floating interest rate	Contract amount	2,381	1,815	
			Over one year	2,351	377	
			Pay-fixed interest rate	Fair value	(29)	(14)
		Pay-fixed interest rate	Unrealized gains (losses)	(29)	(14)	
			Contract amount	99,900	117,500	
			Over one year	99,400	117,500	
		Receive-floating interest rate	Pay-floating interest rate	Fair value	(3,821)	(2,229)
			Unrealized gains (losses)	(3,821)	(2,229)	
			Contract amount	—	—	
		Receive-fixed interest rate	Over one year	—	—	
			Pay-fixed interest rate	Fair value	—	—
			Unrealized gains (losses)	—	—	
Total fair value		(3,841)	(2,189)			
Total unrealized gains (losses)		(3,841)	(2,189)			

(Note) 1. Transactions above are marked to market, and unrealized gains (losses) are included in the statements of income.

2. Calculation of fair value

Fair values of over-the counter contracts are based on the discounted present value.

3. Interest rate-related transactions

Note that unrealized gains on interest rate-related transactions of 2,263 million yen and 3,963 million yen were reported at the end of March, 2012 and 2011, respectively, in the statements of income. These unrealized gains were attributed to separate accounting of embedded derivatives in hybrid financial instruments and application of fair value accounting.

### Currency-Related Transactions

(Millions of yen)

		March 31, 2011		March 31, 2012	
Over-the-counter	Swaps	Contract amount	163,551	143,721	
		Over one year	145,207	94,618	
		Fair value	(2,735)	(3,194)	
		Unrealized gains (losses)	(2,735)	(3,194)	
	Forwards	Sold	Contract amount	1,587,497	1,309,116
			Over one year	580	—
			Fair value	(32,170)	(5,585)
			Unrealized gains (losses)	(32,170)	(5,585)
		Bought	Contract amount	1,587,642	1,308,839
			Over one year	580	—
			Fair value	32,332	4,941
			Unrealized gains	32,332	4,941
	Options	Sold	Contract amount	35,631	79,442
			Over one year	17,346	11,999
			Fair value	3,443	2,353
			Unrealized gains (losses)	(1,441)	(635)
Bought		Contract amount	35,631	79,442	
		Over one year	17,346	11,999	
		Fair value	3,443	2,353	
		Unrealized gains	1,269	474	
Total fair value		(2,572)	(3,838)		
Total unrealized gains (losses)		(2,745)	(4,000)		

(Note) 1. Transactions above are marked to market, and unrealized gains (losses) are included in the statements of income.

2. Calculation of fair value: Fair values are based on the discounted present value.

# Derivatives Transaction

## ■ Stock-Related Transactions

(Millions of yen)

			March 31,2011	March 31,2012	
Listed	Stock index futures options	Sold	Contract amount	—	—
			Over one year	—	—
			Fair value	—	—
			Unrealized gains	—	—
		Bought	Contract amount	4	—
			Over one year	—	—
			Fair value	0	—
			Unrealized gains	0	—
Total fair value			0	—	
Total unrealized gains			0	—	

(Note) 1. Transactions above are marked to market, and unrealized gains are included in the statements of income.

2. Calculation of fair value

Fair values of above contracts are based on the closing prices of the Tokyo Stock Exchange and other exchanges.

## ■ Bond-Related Transactions

Not applicable.

## ■ Commodity-Related Transactions

Not applicable.

## ■ Credit Derivative Transactions

Not applicable.



## 2. Derivatives Transactions Qualifying for Hedge Accounting

As for derivatives transactions qualifying for hedge accounting, the contract amounts or notional principal, fair values and unrealized gains or losses as well as calculation method of fair values for each type of hedged transactions and by respective hedge accounting method as of the balance sheet date are as follows:

Note that contract value amounts do not indicate the market risk related to derivatives transactions.

### Interest Rate-Related Transactions

(Millions of yen)

Hedge accounting method	Type	Primary hedged item	March 31, 2011			March 31, 2012		
			Contract amount	Over one year	Fair value	Contract amount	Over one year	Fair value
Primary method	Interest rate swaps	Loans, borrowing from others,	207,793	207,493	(5,286)	240,558	232,836	(12,298)
	Receive-fixed interest rate Pay-floating interest rate		—	—	—	1,000	1,000	0
	Receive-floating interest rate Pay-fixed interest rate	available-for-sale securities	205,293	204,993	(5,248)	238,158	230,436	(12,270)
	Receive-floating interest rate Pay-floating interest rate		2,500	2,500	(37)	1,400	1,400	(27)
Exceptional method for Interest rate swaps	Interest rate swaps	Securities	25,000	25,000	(395)	25,000	25,000	(1,682)
	Receive-floating interest rate Pay-fixed interest rate		25,000	25,000	(395)	25,000	25,000	(1,682)
Total			—	—	(5,681)	—	—	(13,981)

(Note) 1. Primarily, the deferred hedge method is applied under "Accounting and Auditing Treatment Relating to Adoption of Accounting Standards for Financial Instruments for Banks" (JICPA Industry Audit Committee Report No. 24).

2. Calculation of fair value

Fair values are based on the discounted present value.

### Currency-Related Transactions

(Millions of yen)

Hedge accounting Method	Type	Primary hedged item	March 31, 2011			March 31, 2012		
			Contract amount	Over one year	Fair value	Contract amount	Over one year	Fair value
Appropriation method	Currency swaps	Foreign currency denominated securities	3,130	—	439	908	—	(25)
Total			—	—	439	—	—	(25)

(Note) 1. Primarily, the deferred hedge method is applied under "Accounting and Auditing Treatment Relating to Adoption of Accounting Standards for Foreign Currency Transactions for Banks" (JICPA Industry Audit Committee Report No. 25).

2. Calculation of fair value

Fair values are based on the discounted present value.

### Stock - Related Transactions

Not applicable.

### Bond - Related Transactions

Not applicable

# Trust Business

## ■ Statement of Trust Account

(Millions of yen)

	March 31,2011	March 31,2012
<b>Assets:</b>		
Loans	294,914	308,260
Loans on deeds	294,914	308,260
Securities	8,797,643	9,301,980
Government bonds	5,063,993	4,759,232
Local government bonds	1,312	1,415
Corporate bonds	405,476	318,222
Stocks	655,133	610,755
Foreign securities	439,197	526,813
Other securities	2,232,529	3,085,542
Securities held for investment trusts	8,222,409	8,344,135
Foreign investments held for investment trusts	3,833,074	3,068,793
Beneficiary rights	69,746	70,754
Securities held in custody accounts	4,030,464	3,583,041
Money claims	157,559	151,397
Money claims on life insurance policies	3,787	5,335
Other money claims	153,772	146,061
Premises and equipment	34,764	25,710
Other claims	196,074	149,251
Call loans	805,416	620,011
Due from banking account	60,167	51,123
Cash and due from banks	2,744,357	3,761,200
Other assets	5,135	264
Total	29,251,727	29,435,926
<b>Liabilities:</b>		
Designated money trusts	830,882	813,855
Specified money trusts	737,567	915,795
Pension trusts	83,572	86,784
Investment trusts	12,610,581	11,893,429
Pecuniary trusts other than money trusts	345,501	231,543
Securities trusts	12,644,812	13,635,117
Money claims trusts	101,765	96,961
Land and fixtures trusts	36,437	26,994
Composite trusts	1,860,606	1,735,444
Other trusts	0	0
Total	29,251,727	29,435,926

(Note) 1. We do not handle employees' property formation benefit trusts or loan trusts.  
2. No trust assets are entrusted to other trust banks for asset administration.

## ■ Breakdown of Trusts in Which Repayments of the Principal Are Guaranteed

### Jointly Operated Designated Money Trusts

(Millions of yen)

	March 31,2011	March 31,2012
<b>Assets:</b>		
Loans	—	—
Money claims	—	—
Other	15	17
Total	15	17
<b>Liabilities:</b>		
Principal	15	17
Reserve for possible impairment of principal	—	—
Other	0	0
Total	15	17

### ■ Balance of Securities (by Type) Held in Money Trusts and Pension Trusts by Type

(Millions of yen)

Type		March 31,2011	March 31,2012
Money trusts	Government bonds	307,957	574,032
	Local government bonds	—	—
	Corporate bonds	136,297	157,477
	Stocks	38,332	27,460
	Other securities	307,377	387,331
	Balance of assets under management at the end of period	789,964	1,146,302
Pension trusts	Government bonds	—	—
	Local government bonds	—	—
	Corporate bonds	—	—
	Stocks	—	—
	Other securities	18,808	21,373
	Balance of assets under management at the end of period	18,808	21,373
Total	Government bonds	307,957	574,032
	Local government bonds	—	—
	Corporate bonds	136,297	157,477
	Stocks	38,332	27,460
	Other securities	326,186	408,704
	Balance of assets under management at the end of period	808,773	1,167,675

(note) We do not handle employees' property formation benefit trust or loan trust.

### ■ Balance of Principal of Money Trusts by Trust Period

(Millions of yen)

Period		March 31,2011	March 31,2012
Money trusts	Less than 1 year	335,769	287,242
	From 1 year to less than 2 years	1	167
	From 2 years to less than 5 years	38	371
	5 years or more	758,247	731,380
	Others	—	—
	Total	1,094,057	1,019,161

### ■ Balance of Loans Related to Money Trusts and Pension Trusts (by Category)

(Millions of yen, proportion in brackets)

Type	March 31,2011	March 31,2012
Loans on deeds	284,895 (100.0%)	303,549 (100.0%)
Loans on bills	— (—)	— (—)
Bills discounted	— (—)	— (—)
Total	284,895 (100.0%)	303,549 (100.0%)

# Trust Business

## Balance of Loans Related to Money Trusts and Pension Trusts (by Contract Term)

(Millions of yen)

Period	March 31,2011	March 31,2012
1 year or less	201,500	223,000
More than 1 year but less than 3 years	10,313	7,407
More than 3 years but less than 5 years	3,750	3,750
More than 5 years but less than 7 years	21,106	19,738
7 years or more	48,225	49,653
Total	284,895	303,549

## Balance of Loans Related to Money Trusts and Pension Trusts (by Type of Collateral)

(Millions of yen)

Type	March 31,2011	March 31,2012
Securities	215,225	232,450
Claims	—	—
Commodities	—	—
Real estate	—	—
Other	—	—
Subtotal	215,225	232,450
Guarantees	—	—
Unsecured	69,670	71,099
Total	284,895	303,549

## Balance of Loans Related to Money Trusts and Pension Trusts (by Industry)

(Millions of yen, proportion in brackets)

Type		March 31,2011	March 31,2012
Finance and insurance	Amount	201,500	223,000
	(%)	(70.7%)	(73.4%)
Real estate	Amount	2,175	800
	(%)	(0.7%)	(0.2%)
Wholesale	Amount	2,513	2,507
	(%)	(0.8%)	(0.8%)
Local governments	Amount	67,156	68,591
	(%)	(23.5%)	(22.6%)
Other	Amount	11,550	8,650
	(%)	(4.0%)	(2.8%)
Total	Amount	284,895	303,549
	(%)	(100.0%)	(100.0%)

## Balance of Loans Related to Money Trusts and Pension Trusts (by Purpose of Use)

(Millions of yen)

Type	March 31,2011	March 31,2012
Equipment fund	—	—
Working capital	284,895	303,549
Total	284,895	303,549

■ Loans to Small and Medium-Sized Enterprises Related to Money Trusts and Pension Trusts

(Millions of yen)

	March 31, 2011	March 31, 2012
Total loan balance (A)	284,895	303,549
Balance of loans to SMEs (B)	13,725	9,450
Ratio (%) (B/A)	4.8%	3.1%

■ Balance of Loans and Securities (by Type) Held in Money Trusts and Pension Trusts by Type

(Millions of yen)

Type		March 31, 2011	March 31, 2012
Money trusts	Loans	284,895	303,549
	Securities	789,964	1,146,302
	Total	1,074,860	1,449,851
Pension trusts	Loans	—	—
	Securities	18,808	21,373
	Total	18,808	21,373
Total loans		284,895	303,549
Total securities		808,773	1,167,675
Total loans and securities		1,093,668	1,471,224

(Note) We do not handle employees' property formation benefit trusts or loan trusts.

# Management Indices

## Overall Profit Margin

(%)

		FY2010	FY2011
Yield on investments	Domestic operations	1.35	<b>1.33</b>
	International operations	1.73	<b>1.14</b>
	Total	1.45	<b>1.38</b>
Funding cost	Domestic operations	2.10	<b>1.93</b>
	International operations	3.07	<b>2.80</b>
	Total	2.27	<b>2.09</b>
Overall profit margin	Domestic operations	(0.75)	<b>(0.60)</b>
	International operations	(1.34)	<b>(1.66)</b>
	Total	(0.82)	<b>(0.71)</b>

## Profit Ratio

(%)

		FY2010	FY2011
Return on assets (ROA)	Net business profit to assets ratio	0.32	<b>0.19</b>
	Ordinary profit to assets ratio	0.29	<b>0.17</b>
	Net income to assets ratio	0.16	<b>0.05</b>
Return on equity (ROE)	Net business profit to equity ratio	7.16	<b>4.67</b>
	Ordinary profit to equity ratio	6.47	<b>4.18</b>
	Net income to equity ratio	3.75	<b>1.26</b>

## Gross Operating Profit Ratio

(%)

		FY2010	FY2011
Gross operating profit ratio	Domestic operations	1.70	<b>1.38</b>
	International operations	1.70	<b>1.34</b>
	Total	1.79	<b>1.46</b>

## Loan-To-Deposit Ratio

(%)

		FY2010	FY2011
Balance at the end of the period	Domestic operations	74.1	<b>61.0</b>
	International operations	25.5	<b>26.2</b>
	Total	71.2	<b>59.3</b>
Average balance during the period	Domestic operations	70.6	<b>65.4</b>
	International operations	20.8	<b>24.5</b>
	Total	67.3	<b>63.1</b>

## Security-To-Deposit Ratio

(%)

		FY2010	FY2011
Balance at the end of the period	Domestic operations	123.3	<b>111.8</b>
	International operations	294.1	<b>405.0</b>
	Total	133.2	<b>126.3</b>
Average balance during the period	Domestic operations	118.9	<b>119.4</b>
	International operations	174.4	<b>330.1</b>
	Total	122.7	<b>131.2</b>

### ■ Deposits, Loans and Trust Assets per Branch

(Millions of yen)

	March 31,2011	March 31,2012
Deposits	441,943	<b>527,463</b>
Loans	314,970	<b>313,092</b>
Amount of funds in trust account	1,652,022	<b>1,816,435</b>

(Note) Deposits include negotiable certificates of deposit.

### ■ Deposits, Loans and Trust Assets per Employee

(Millions of yen)

	March 31,2011	March 31,2012
Deposits	1,331	<b>1,461</b>
Loans	948	<b>867</b>
Amount of funds in trust account	4,975	<b>5,031</b>

(Note) Deposits include negotiable certificates of deposit.

# Disclosure based on Pillar III of Basel II – Qualitative Disclosure

## Disclosure based on Pillar III of Basel II

This section describes the information such as the capital adequacy situation specified by the Financial Services Agency Commissioner, based on Article 19-2, Paragraph 1, Item 5, Subsection 2, etc., of the Ordinance for Enforcement of Banking Act.

### Qualitative Disclosure

#### I . Outlines of Capital Funding Instruments

At Nomura Trust Banking, we aim to maintain sufficient capital, mainly Tier 1 capital, which is stipulated in Article 40 of the Financial Services Agency Notification No. 19 (FSA Notification No. 19), “the standard for which banks determine whether they hold adequate capital in light of assets they hold based upon Article 14-2 of the Banking Act of Japan.” Other than raising capital by issuing common stock, we reserve a portion of annual earnings as legally retained earnings or other retained earnings. As for Tier 2 capital, we borrow subordinated loan from Nomura Holdings, Inc.

#### II . Outlines of the Capital Adequacy Assessment Method

As for credit risks and operational risks, we evaluate capital adequacy by comparing the amount equivalent to 8% of risk assets with the amount of Tier 1 capital, as stipulated in the FSA Notification No. 19.

We evaluate credit risks using the Standardized Approach, a method of calculating the non-consolidated capital adequacy ratio in accordance with the Basel II requirements based on FSA Notification No. 19. Also, we have adopted the Standardized Approach to measure the operational risk amount since the beginning of the period ended March 2011.

As for risk capital, we set a planned amount compared with the regulatory capital (Tier 1), and then monitor the actual amount of risk capital and give monthly reports accompanied by a comparison with the regulatory capital (Tier 1) to the Board of Executive Officers. We recognize the current capital level as adequate.

#### III . Matters Relating to Credit Risk Management

##### A. Outlines of Credit Risk Management Policies and Procedures

Nomura Trust Banking strictly reviews and manages credit risks based on the Credit Risk Management Policy, the Credit Risk Management Regulations, the Credit Authorization Management Regulations, and the Collaterals Regulations and the like. At the same time, we carefully pay attention to diversification of risks and portfolios, and comprehensively manage both on- and off-balance sheet transactions in pursuit of appropriate management of credit risks. The state of portfolio diversification is reported to the Board of Executive Officers and then reviewed on a monthly basis.

##### 1. Credit rating system

Credit ratings are determined by combining a quantitative assessment using financial indicators such as safety and profitability based on the financial statements of our clients and an assessment of qualitative factors such as the circumstances in the industry and business base, and the ratings are classified into 20 levels.

To perform credit screening, we strictly manage credit risks based on credit ratings to maintain soundness of the bank’s assets, fully taking into account our public and social missions as a financial institution.

##### 2. Exposure (credit amount) management

With the identification of exposure for each debtor or each group of debtors positioned as the core of credit risk management, we centrally control not only loans but also other on-balance and off-balance items in a comprehensive manner. Off-balance sheet transactions are managed by the current exposure method. Based on the above, we perform measurement and monitoring of credit risk quantity by quantitatively analyzing past default rates by credit rating.

##### 3. Self-assessment

To make a self-assessment of assets involving credits, we implement self-assessments through strict classification of credits based on obligor categorization linked to credit ratings, in accordance with the “Asset Assessment Regulations” which is based on the Financial Inspection Manual.

##### 4. Allowance for loan losses

Allowance for loan losses is provided as follows, pursuant to the rules regarding write-offs/allowances for loan losses: For claims to normal debtors and debtors requiring caution, the provision for allowance is calculated by multiplying the amount of claims less the amount secured by eligible collateral or guarantees or expected to be collected



through their disposal or execution, by an accumulated default rate reflecting remaining years by credit rating. For claims to possibly bankrupt debtors, the expected loss amount is calculated by multiplying the amount of claims classified as Category III by an expected rate of losses for each debtor, and then providing such amount as allowance for loan losses.

For claims to virtually bankrupt debtors and bankrupt debtors, the total amount of claims classified as Category III and Category IV for each debtor is regarded as the expected loss amount, and then an amount equivalent to the expected loss amount is provided as allowance for loan losses or such amount is directly written off.

#### B. Matters Relating to Portfolios to Which the Standardized Approach Is Applied

1. Names of qualified rating agencies, etc. (defined as qualified rating agencies, OECD, and export credit agencies; the same definition applies below.) used to determine the risk weight (including reasons if qualified rating agencies were changed) In order to determine the risk weight, we use the following rating agencies as qualified rating agencies for all exposures.  
Rating and Investment Information, Inc. (R&I), Japan Credit Rating Agency, Ltd. (JCR), Moody's Investors Service, Inc. (Moody's), Standard & Poor's Ratings Services (S&P), Fitch Ratings Ltd. (Fitch)
2. Names of qualified rating agencies used to determine the risk weight of each type of exposures  
In order to determine the risk weight of each type of exposure, we use the following rating agencies as qualified rating agencies for all exposures.  
Rating and Investment Information, Inc. (R&I), Japan Credit Rating Agency, Ltd. (JCR), Moody's Investors Service, Inc. (Moody's), Standard & Poor's Ratings Services (S&P), Fitch Ratings Ltd. (Fitch)

#### IV. Outlines of Credit Risk Mitigation Techniques

From the standpoint of risk management, we take measures to provide coverage for credit exposure by collateral and guarantees to mitigate counterparty credit risk.

In accordance with the FSA Notification No. 19, we use (1) eligible financial asset collateral, (2) guarantees or credit derivatives, and (3) netting of loans and deposits held at our bank.

To treat financial assets as collateral against credit such as loans, the credit risk mitigation effect is reflected in a comprehensive approach, calculating credit risk exposure after making adjustments to portions covered by collateral and deducting them from the credit amount. Eligible financial assets include cash, deposits held at our bank, debt securities issued by the sovereigns (governments, central banks, public sector entities), bonds rated BBB- and above by external rating bodies, listed stocks, investment trusts, and other items.

In the case of guarantees and credit derivatives, the credit risk mitigation effect is reflected in the replacement approach whereby the risk weight of exposures to the obligor is replaced with the risk weight of the guarantee or the protection provider. Eligible guarantors and protection providers include central governments, Japanese local authorities and government related organizations, foreign non-central government public sector entities, multilateral development banks, banks and securities companies with a lower risk weight than the original obligors, and companies rated A- and above.

A netting of loans and deposits held at our bank shall be required to meet the following conditions; netting of loans and deposits held at our bank is legally valid, loans and deposits under netting contracts with the same counterparty are always identifiable, the possibility that deposits may not be further maintained at our bank is monitored and managed, and the netted amount is monitored and controlled.

#### V. Outlines of Policies and Procedures for Counterparties of Derivatives and Transactions with a Long-Horizon Settlement Period

In the case of derivatives, we calculate the amount of credit risk assets of counterparties by multiplying the credit-equivalent amount by the risk weight. We employ the current exposure method to calculate the credit-equivalent amount.

1. Policies regarding measures to secure transactions by collateral and allowance calculations  
We take appropriate credit enhancement measures according to the creditworthiness of counterparties. We have entered into the ISDA Credit Support Annex (CSA) with some financial institutions. As for allowances, we calculate the credit reserves according to the amount of claims, depending on the creditworthiness of counterparties.
2. Possibility providing additional collaterals due to deterioration of our creditworthiness  
As for the transactions with ISDA Credit Support Annex (CSA) and the like, an obligation to provide additional collaterals may arise due to deterioration of our creditworthiness, such as a downgrade of our credit rating.

# Disclosure based on Pillar III of Basel II – Qualitative Disclosure

## VI . Matters Relating to Securitization Exposures

- A. Outlines of Risk Management Policies and Procedure  
Nomura Trust and Banking acts as an “investor” in securitization products, but we do not act as an “originator” or as a “servicers”. When we engage in securitization transaction as an “investor”, the ALM Committee must analyze the investment, assessing the investment policy as well as the associated risks of the investment products and set investment limit. Also reviewing in new investment products or new investment techniques, we will consult with the New Products & Services Review Committee and Board of Executive Officers.  
We invest in securitized products with underlying assets such as loan claims, accounts receivable, claims on installment payments and commercial property. The securitized products we held carries credit risk and interest rate risk, but this risk is no different from the risk from loan and securities trading. Also there is risk in changing fair value by changes in credit rating and default ratio.
- B. Matters relating to management system and operation status stipulated in the Provision of article No.249-4-3 to 6 of the Notification on Capital Adequacy “including when modifications on Provision of article No.254-2 and No. 302-4-1of the Notification on Capital Adequacy”  
We analyze and evaluate the underlying assets, degree of dispersion and the scheme etc and make a prudent investment decisions when investing in individual securitization products. After the investment the rating agency we appointed will continue monitoring, checking fair value and report to the ALM Committee regularly.
- C. Policy for securitization transaction used as credit risk mitigation techniques  
Not applicable
- D. Names of Qualified Rating Agencies Used to Determine the Risk Weight by Each Type of Securitization Exposure (Including Reasons If Qualified Rating Agencies Were Changed)  
In order to determine the risk weight, we use the following rating agencies as qualified rating agencies.  
Rating and Investment Information, Inc. (R&I), Japan Credit Rating Agency, Ltd. (JCR), Moody's Investors Service, Inc. (Moody's), Standard & Poor's Ratings Services (S&P), Fitch Ratings Ltd. (Fitch)
- E. Calculation methods for determining the amount of market risk with regard to securitization exposure  
We apply exceptional accrual method into the market risk equivalent
- F. If conducting securitization transaction relating to a third party's assets by using a special purpose entity by bank, the type of the special purpose entity and whether the bank possesses securitization exposures by such securitization transactions.  
None
- G. Names of Bank's subsidiary companies (excluding consolidated subsidiary) or affiliate companies possessing securitization exposures executed by the Bank (including securitization transaction carried out using special purpose entity)  
Not applicable
- H. Accounting Policies for Securitization Transactions  
Each financial asset is treated according to the Accounting Standards for Financial Instruments.
- I. Names of eligible external credit assessment institutions used to determine the risk weight by each type of securitization exposure (including reasons if eligible external credit assessment institutions were changed)  
In order to determine the risk weight, we use the following rating agencies as eligible external credit assessment institutions.  
Rating and Investment Information, Inc (R&I), Japan Credit Rating Agency (JCR), Moody's Investor Service, Inc (Moody's), Standard & Poor's Rating Services (S&P) and Fitch Rating Ltd. (Fitch).
- J. Any significant changes to the Internal ratings-based approach for securitization exposures  
Not applicable
- K. Any significant changes to the quantitative information  
Not applicable

## VII . Matters Relating to Market Risk

None

## VIII . Matters Relating to Operational Risk

## A. Outlines of Risk Management Policies and Procedures

Operational risk is defined as the risk of incurring losses owing to inadequate business processes, activities of directors and employees or systems, or external events. Based on the Integrated Risk Management Regulations, we manage administrative risk, system risk, information security risk, legal and compliance risk, and outsourcing risk, and in association with these risks, set out the Administrative Risk Management Regulations, the System Risk Management Regulations, the Basic Policies for Information Security, the Legal and Compliance Risk Management Regulations, and the Outsourcing Risk Management Regulations.

Furthermore, the Corporate Risk Management Department manages operational risk comprehensively, while each specialized department manages specific risks in its jurisdiction.

■ Departments in Charge of Each Operational Risk

Operational Risk	Administrative risk	Operations Planning and Administration Department
	System risk	IT Strategy Department
	Information security risk	Operations Planning and Administration Department
	Legal and compliance risk	Legal and Compliance Department
	Outsourcing risk	Operations Planning and Administration Department
	Other operational risk	Corporate Risk Management Department

## B. Methods Used to Calculate the Operational Risk Amount

To measure the operational risk amount under Basel II, we have used the Standardized Approach since the beginning of the period ended March 2011. Under this approach, in accordance with the FSA Notification No. 19, we measure the amount of operational risk by first allocating annual gross profit (calculated as “gross operating profit” minus “gains on sales of bonds” and “gains on redemption of bonds,” and plus “loss on sales of bonds” and “loss on redemption of bonds,” “loss on devaluation of bonds,” and “fees and commissions payments”) into eight categories, and then multiplying gross income for each category by the ratio designated to each operational category (ranging from 12% to 18% ) accordingly, and the amounts as a result for all the categories are aggregated for a year. The average of the aggregated amounts for the last three years is the operational risk amount.

## IX . Outlines of Risk Management Policies and Methods Regarding Investments and Other Related Exposures (“Investments”) or Equity Exposures in Banking Account as Stipulated in the Article 4-4-3 of the Order for Enforcement of Banking Act (Order No. 40 of 1982)

Decisions to hold investments and equities exposures are made after approved by the Board of Executive Officers or agreed upon through consultation, depending on their purpose and amount, etc., based on the Approval Authorization Regulations, the Credit Authorization Management Regulations and the like.

As for an individual investment, we recognize and manage its risk using the VaR Approach, Net Asset Approach or the like, depending on the investment attributes and the style.

In the accounting procedures, we follow the Companies Act, the Banking Act of Japan, the Corporate Accounting Principles, “Ordinance on Accounting of Companies,” “Accounting Guidelines for Banks” announced by the Japanese Bankers Association, and other generally-accepted standards.

Since we adopt the Standardized Approach to measure the amount of credit risks under Basel II, a risk weight of 100% is applied to equity exposures.

## X . Matters Relating to Interest Rate Risk in the Banking Account

## A. Outlines of Risk Management Policies and Procedures

As for the interest rate risk, we calculate this based on the FSA Notification No. 19, in accordance with the Capital Management Regulations and the Market Risk Management Regulations. As for the risk management procedures for interest-sensitive assets and liabilities in the banking account, the status of interest risk and the like are reported to the ALM committee and the Board of Executive Officers on a monthly basis, and the future management policies for assets and liabilities as well as other related issues are reviewed and determined.

## B. Outlines of Methods Used to Calculate Interest Rate Risks in the Banking Account for Internal Management Purposes

We manage interest rate risk in the banking account to maintain the amount of decline of the present value as a result of interest shocks under 20 % of the capital, without considering core deposits. This amount is calculated based on a 99.0% confidence interval, a 1-year holding period, and a 5-year observation period.

The state of interest rate risk control in the banking account is reported to the ALM committee and the Board of Executive Officers on a monthly basis.

# Disclosure based on Pillar III of Basel II – Quantitative Disclosure

## Quantitative Disclosure

Under the Notification of the Financial Services Agency, Nomura Trust Banking calculates the non-consolidated capital adequacy ratio based on the domestic standard. We use the Standardized Approach to measure credit risks. To measure the operational risk amount we use the Standardized Approach.

### I. Matters Relating to Capital Structures

- A. Amount of Tier 1 Capital and the Amount for the Following Items
- B. The Sum of Amount of Tier 2 Capital Stipulated In Article 18 or Article 41 of the Notification on Capital Adequacy and Amount of Tier 3 Capital Stipulated In Article 19 or Article 42 of the Notification on Capital Adequacy
- C. Amount of Deductions from Total Qualifying Capital Stipulated In Article 20 or Article 43 of the Notification on Capital Adequacy
- D. Amount of Capital

(Millions of yen)

Capital Structure	March 31, 2011	March 31, 2012
Capital stock	30,000	30,000
Capital surplus	8,270	8,270
Retained earnings	5,506	4,973
Planned distribution (deduction)	1,080	—
Net unrealized losses on securities available for sale (deduction)	—	—
Amount equivalent to goodwill (deduction)	233	207
Tier I (A)	42,462	43,035
Tier II (B)	10,455	10,849
Tier III (C)	—	—
Deductions from total qualifying capital (D)	3	5
Total capital (A) + (B) + (C) – (D)	52,915	53,879

### II. Matters Relating to Capital Adequacy

- A. Amount of Required Capital against Credit Risk and Breakdown by Portfolio to Which the Standardized Approach Is Applied

The Standardized Approach is applied to all portfolios.

(Millions of yen)

Breakdown by Portfolio	Required Capital	
	March 31, 2011	March 31, 2012
Claims on foreign non-central government public sector entities	63	62
Claims on Japan Finance Organization for Municipalities	67	89
Claims on Japanese government-affiliated organizations	253	327
Claims on financial institutions and Type I financial instruments business operators	1,853	1,547
Claims on corporations	4,287	6,158
Claims on small and medium enterprises and individuals	1,442	1,482
Past due loans for three months or more	0	0
Other	406	534
Securitization (other than originating bank) (Re-Securitization)	179	119
	6	9
Out of assets with multiple underlying assets (so-called “funds”), the assets whose underlying assets are difficult to measure individually	8	11
Total	8,562	10,334

- B. Amount of Required Capital against Credit Risk Concerning Equity Exposures to Which the IRB Approach Is Applied and the Breakdown by Category  
Not applicable as of March 31, 2011 and 2012

- C. Amount of Required Capital against Credit Risk Concerning Exposures to Which the Related-Method Are Applied  
Not applicable as of March 31, 2011 and 2012
- D. Amount of Required Capital against Market Risk and Breakdown by Approach  
Not applicable as of March 31, 2011 and 2012
- E. Amount of Required Capital against Operational Risk

Required Capital	(Millions of yen)	
	March 31, 2011	March 31, 2012
	2,203	2,294

- F. Non-Consolidated Capital Adequacy Ratio and Tier 1 Capital Adequacy Ratio

	March 31, 2011	March 31, 2012
Non-consolidated capital adequacy ratio	21.90%	18.77%
Non-consolidated Tier 1 capital adequacy ratio	17.57%	14.99%

- G. Non-Consolidated Total Required Capital (Domestic Standard) (Millions of yen)

Non-Consolidated Total Required Capital	March 31, 2011	March 31, 2012
	9,664	11,481

### III. Matters Relating to Credit Risk

- A. Balance of Exposures Related to Credit Risk and Breakdown by Type
- B. Breakdown of Amount by Category and Breakdown of Exposure by Type

#### ■ Balances of Exposures Related to Credit Risk (By area, industry, and duration)

		March 31, 2012				(Millions of yen)
		Securities	Loans	Derivatives	Others	Total
By area and industry	Manufacturing	3,941	712	—	1	4,655
	Construction	—	370	—	0	370
	Utilities	9,342	—	—	50	9,393
	Transport	44,564	2,376	—	74	47,015
	Wholesale	—	6,488	45	3	6,537
	Finance and insurance	91,148	145,156	54,380	62,870	353,555
	Real estate	3,015	36,821	—	276	40,113
	Goods rental and leasing	—	6,808	185	710	7,704
	Various services	22,610	96	—	274	22,982
	Government and local authorities	386,020	5,000	—	728	391,748
	Other	5,125	102,809	—	19,342	127,278
	Domestic	565,768	306,641	54,612	84,331	1,011,354
	Overseas	104,777	6,450	5,166	4,838	121,233
Total	670,545	313,092	59,779	89,170	1,132,587	
By duration	Due in 1 year or less	143,768	140,960	45,354	89,170	419,253
	Due over 1 year to 3 years	220,790	62,182	3,593	—	286,565
	Due over 3 years to 5 years	66,617	109,023	1,757	—	177,398
	Due over 5 years to 7 years	12,609	55	3,929	—	16,594
	Due over 7 years	226,477	869	5,145	—	232,492
	With no maturity	282	—	—	—	282
	Total	670,545	313,092	59,779	89,170	1,132,587

# Disclosure based on Pillar III of Basel II – Quantitative Disclosure

(By area, industry, and duration)

(Millions of yen)

		March 31, 2011				
		Securities	Loans	Derivatives	Other	Total
By area and industry	Manufacturing	2,810	1,248	—	1	4,059
	Construction	—	911	—	0	911
	Utilities	23,365	—	—	94	23,460
	Transport	31,292	4,788	—	57	36,138
	Wholesale	441	7,493	175	6	8,117
	Finance and insurance	101,390	116,006	78,150	76,486	372,034
	Real estate	3,017	30,562	—	68	33,648
	Goods rental and leasing	—	9,321	5	911	10,238
	Various services	18,293	221	—	262	18,777
	Government and local authorities	332,463	38,772	—	638	371,874
	Other	8,601	100,592	—	11,832	121,026
	Domestic	521,675	309,918	78,332	90,358	1,000,285
	Overseas	75,078	5,051	5,568	5,925	91,624
<b>Total</b>	<b>596,754</b>	<b>314,970</b>	<b>83,901</b>	<b>96,284</b>	<b>1,091,910</b>	
By duration	Due in 1 year or less	90,920	182,563	64,030	96,284	433,799
	Due over 1 year to 3 years	268,712	62,911	6,791	—	338,414
	Due over 3 years to 5 years	18,252	49,962	2,703	—	70,918
	Due over 5 years to 7 years	18,028	17,837	5,758	—	41,623
	Due over 7 years	200,623	1,695	4,618	—	206,937
	With no maturity	216	—	—	—	216
<b>Total</b>	<b>596,754</b>	<b>314,970</b>	<b>83,901</b>	<b>96,284</b>	<b>1,091,910</b>	

## C. Balances of Exposure Overdue for More Than Three Months or at Default and Breakdown by Category

(By area and industry)

(Millions of yen)

		March 31, 2012				
		Securities	Loans	Derivatives	Other	Total
By area and industry	Other	—	6	—	—	6
	Domestic	—	6	—	—	6
	Overseas	—	—	—	—	—
	<b>Total</b>	<b>—</b>	<b>6</b>	<b>—</b>	<b>—</b>	<b>6</b>

(By area and industry)

(Millions of yen)

		March 31, 2011				
		Securities	Loans	Derivatives	Other	Total
By area and industry	Other	—	6	—	—	6
	Domestic	—	6	—	—	6
	Overseas	—	—	—	—	—
	<b>Total</b>	<b>—</b>	<b>6</b>	<b>—</b>	<b>—</b>	<b>6</b>

## D. General Allowance for Credit Losses, Specific Allowance for Credit Losses and Allowance for Loans to Specific Foreign Borrowers

### ■ Balances of General Allowance for Loan Losses

(Millions of yen)

March 31, 2011		March 31, 2012	
	Against March 31, 2010		Against March 31, 2011
455	(74)	849	393

### ■ Balances of Specific Allowance for Loan Losses

(By area and industry)

(Millions of yen)

		March 31, 2011		March 31, 2012	
			Against March 31, 2010		Against March 31, 2011
By area and industry	Real estate	—	(167)	—	—
	Other	10	(90)	17	6
	Domestic	10	(257)	17	6
	Overseas	—	—	—	—
	<b>Total</b>	<b>10</b>	<b>(257)</b>	<b>17</b>	<b>6</b>

Allowance for loans to specific foreign borrowers is not applicable as of March 31, 2011 and 2012.

## E. Amount of Write-Offs Loans by Industry or Counterparty

(Millions of yen)

		March 31, 2011	March 31, 2012
By area and industry	Other	—	0
	Domestic	—	0
	Overseas	—	—
	Total	—	0

## F. Balances of Exposures to Which the Standardized Approach Is Applied after Considering the Effect of Credit Risk Mitigation Technique by Risk Weight Category and Amount Deducted from Capital

(Millions of yen)

March 31, 2012		
Risk Weight	Rating Available	Rating Not Available
0%	361,230	30,737
10%	102,970	—
20%	247,227	—
30%	2,182	—
40%	591	—
50%	104,154	—
70%	22,517	—
75%	—	49,433
100%	36,697	53,827
120%	1,899	—
Capital deduction	—	5

(Millions of yen)

March 31, 2011		
Risk Weight	Rating Available	Rating Not Available
0%	391,329	25
10%	76,151	1,299
20%	308,707	538
30%	—	555
40%	0	—
50%	66,964	—
70%	19,995	—
75%	—	48,105
100%	17,320	35,329
120%	3,912	2,834
Capital deduction	—	3

※ In accordance with the FSA Notification No. 19 and “Questions and Answers on Basel II” issued by the FSA on March 31, 2006, the risk weight above represents the sum of risk weight of exposures to original debtors and original creditors in “loan participations.”

In the above table, the columns corresponding to the risk weights of 30 % , 40 % , 70 % , and 120 % are the results of combining risk weight of 20% with that of 10% , 20% , 50% , 100% , respectively.

## G. Among the Exposures to Which the IRB Approach Is Applied, Balances of Specialized Lending Exposures Subject to Supervisory Slotting Criteria and Equity Exposures Subject to the Market-Based Simplified Approach by Risk Weight Category in the Case Where the Risk Weight as Stipulated in the Article 153-3, Article 153-5, and Article 166-4 of the Notification on Capital Adequacy Is Applied

Not applicable as of March 31, 2011 and 2012

## H. Matters Relating to Portfolio to Which the IRB Approach Is Applied

Not applicable as of March 31, 2011 and 2012

## I. Actual Credit Losses in the Current Period and Year On Year Change and Its Factors by Corporate, Sovereign and Bank Exposures under the IRB Approach and Equity, Residential Mortgage, , Qualified Revolving Retail and other Retail Exposures under the PD/LGD Approach

Not applicable as of March 31, 2011 and 2012



# Disclosure based on Pillar III of Basel II – Quantitative Disclosure

- J. Estimated and actual Credit losses over Long Periods by Corporate, Sovereign and Bank Exposures under the IRB Approach and Equity, Residential Mortgage, Qualified Revolving Retail and other Retail Exposures under the PD/LGD Approach  
Not applicable as of March 31, 2011 and 2012

## IV. Matters Relating to Credit Risk Mitigation Techniques

- A. For a Portfolio under the Standardized Approach, Amount of Exposures to Which Credit Risk Mitigation Techniques by Eligible Financial Asset Collaterals Are Applied

(Millions of yen)	
March 31, 2011	March 31, 2012
118,835	119,113

- B. For a Portfolio under the Standardized Approach or the IRB Approach, Amount of Exposures to Which the Guarantees or Credit Derivatives Are Applied

For a portfolio under the Standardized Approach, amounts of exposures to which the guarantees were applied were 31,413 million yen as of March 31, 2011, and 33,347 million yen as of March 31, 2012. These amounts were calculated based on the replacement approach.

## V. Matters Relating to Counterparty Risk on Derivatives and Transactions with a Long-Horizon Settlement Period.

- A. Method Used to Calculate Credit Equivalent Amounts  
The Current Exposure Method is applied for March 31, 2011 and 2012.

- B. Aggregated Amount of Positive Gross Replacement Cost

(Millions of yen)	
March 31, 2011	March 31, 2012
38,472	22,363

- C. Credit Equivalent Amounts Prior to Credit Risk Mitigation Benefits Due to Collateral

(Millions of yen)		
	March 31, 2011	March 31, 2012
Foreign Exchange-related Transactions	77,786	54,076
Interest rate-related Transactions	6,114	5,702
<b>Total</b>	<b>83,901</b>	<b>59,779</b>

- D. Aggregated Amount of Positive Gross Replacement Cost and Amount Obtained by Subtracting the Amount Stated in C above from Total Gross Add-Ons

(Millions of yen)	
March 31, 2011	March 31, 2012
45,429	37,416

The figures obtained by calculating "the amount stated in B above + total gross add-ons - amount stated in C above" is zero for March 31, 2011 and 2012.

- E. Amount by Types of Collaterals  
Not applicable as of March 31, 2011 and 2012
- F. Credit Equivalent Amounts after Credit Risk Mitigation Benefits Due to Collateral  
Not applicable as of March 31, 2011 and 2012. Please refer to the above item C "Credit Equivalent Amounts Prior to Credit Risk Mitigation Benefits Due to Collateral."
- G. Notional Principal Amount of Credit Derivatives Subject to a Computation of the Credit Equivalent Amounts by Types of Credit Derivatives and Type of Purchased or Provided Protections  
Not applicable as of March 31, 2011 and 2012
- H. Notional Principal Amount of Credit Derivatives Used for Credit Risk Mitigation Purposes  
Not applicable as of March 31, 2011 and 2012



## VI. Matters Relating to Securitization Transactions

- A. Matters Relating to Securitization Exposures Originated by the Bank  
Not applicable as of March 31, 2011 and 2012

- B. Matters Relating to Securitization Exposures in Which the Bank Invests

1. Amount of securitization exposures held and breakdown of major underlying assets by type

(Millions of yen)

Type of Underlying Assets	Amounts of Exposures			
	March 31, 2011		March 31, 2012	
	Balance	Re-Securitization	Balance	Re-Securitization
Accounts receivable	5,907	—	3,160	—
Claims on lease payments	5,000	—	3,000	—
Loan claims	2,037	816	1,689	591
Claims on installment payment	244	—	154	—
Claims on credit card loans	369	—	—	—
Total	13,558	816	8,004	591

2. Balance and amount of required capital of securitization exposures held by appropriate risk weight category

(Millions of yen)

Risk Weight	March 31, 2012			
	Balance		Required Capital	
	Balance	Re-Securitization	Balance	Re-Securitization
20%	3,386	—	27	—
40%	591	591	9	9
50%	3,900	—	78	—
100%	125	—	5	—
Total	8,004	591	119	9

(Millions of yen)

Risk Weight	March 31, 2011			
	Balance		Required Capital	
	Balance	Re-Securitization	Balance	Re-Securitization
20%	8,213	816	65	6
50%	5,000	—	100	—
100%	345	—	13	—
Total	13,558	816	179	6

3. Amount of securitization exposures deducted from capital under Provisions of Article 247 of the Notification on Capital Adequacy and breakdown of major underlying assets by type

(Millions of yen)

Securities	March 31, 2011	March 31, 2012
		3

4. Breakdown of re-securitization exposure to apply for credit risk mitigation technique and to apply for Guarantor or appropriate guarantor  
Not applicable as of March 31, 2011 and 2012

5. Amount of credit risk assets calculated by applying the Supplementary Provision Article 15 of the Notification on Capital Adequacy.  
Not applicable as of March 31, 2011 and 2012

- C. Matters relating to calculate the market risk amount regard to securitization exposure in which the Bank originates  
Not applicable as of March 31, 2011 and 2012

- D. Matters relating to calculate the market risk amount regard to securitization exposure in which the Bank invests  
Not applicable as of March 31, 2011 and 2012

## VII. Matters Relating to Market Risk

Not applicable as of March 31, 2011 and 2012

# Disclosure based on Pillar III of Basel II – Quantitative Disclosure

- VIII . Matters Relating to Capital Subscriptions or Equity Exposures in the Banking Account  
Not applicable as of March 31, 2011 and 2012
- IX . Amount of Regarded Exposures Relating to Funds  
Not applicable as of March 31, 2011 and 2012
- X . For the Interest Rate Risk in the Banking Account, Gains and Losses or Changes in Economic Values Due to Interest Rate Shocks under the Internal Control Management

(Millions of yen)

March 31, 2011	March 31, 2012
5,894	4,846

