



NOMURA
2013

Annual Report

The Nomura Trust and Banking Co., Ltd.



Corporate Data (As of July, 2013)

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

Disclosure 2013

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Message from the CEO

We deeply appreciate your continuing support for Nomura Trust and Banking.

This year commemorates the 20th anniversary of Nomura Trust and Banking since it started business on October 1, 1993. I would like to express my sincere gratitude to our valued customers for their support and patronage during all these years.



The financial and securities market environment surrounding us has changed drastically since late last year, as evidenced by a rapid recovery in stock prices and the weakening yen. Under such circumstances, we have strengthened its ties with the Nomura Group companies and have been working hard to offer better quality services. As a result, we have successfully increased its balance of deposits and loans at a stable pace. In October 2012, we upgraded the system that supports our internet banking service “Nomura Home Banking,” investing money to enhance the infrastructure and provide much improved service to our customers. In our trust business, we have accelerated the selection and concentration of strategic areas and offered solutions that best meet customers’ needs in areas such as asset securitization trusts. In addition, we improved the efficiency of our investment trust administration business, and the balance of investment trusts under management increased partly due to the stock market recovery. The number of customers in the area of outsourcing service for asset management companies is also expanding steadily. As a result of these business activities, for the fiscal year ended March 2013, we reported ordinary income of ¥30,448 million, ordinary profit of ¥975 million and net income of ¥150 million.

As a financial institution concurrently operating the trust business, Nomura Trust and Banking values the public nature of the banking business and is committed to contributing to the facilitation of finance by maintaining credibility and protecting depositors and to operating a sound and appropriate business by fulfilling its responsibilities toward the trustees. We will also take stable actions to respond to the new regulatory framework for risk management of financial institutions which is scheduled to be implemented. Moreover, we will provide more sophisticated and reliable services by continuously working to improve our professional expertise and efficiency.

As a member of Nomura Group, we will quickly perceive changes in the times and markets based on the dynamism created through the convergence of banking, trust and securities business cultures and we will make accelerated efforts to provide services that satisfy the expectations of our customers. This year, which commemorates the 20th anniversary since our foundation, will be the year that Nomura Trust and Banking takes its first step toward the future development of both banking and trust businesses.

I look forward to your continued support and patronage for Nomura Trust and Banking.

July 2013

Masafumi Nakada
President and Chief Executive Officer

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.

During the fiscal year under review, the environment surrounding financial institutions changed drastically as stock prices sharply recovered, and the yen weakened following a change of government in Japan.

Under such circumstances, we have reinforced our ties with the Nomura Group companies and have also been working to enhance "Nomura Home Banking" in addition to increasing the loan balance which is our profit base. During the current fiscal year, we made further efforts to improve the services of "Nomura Home Banking" through a strategic system investment.

In the trust business area, we have delivered a steady expansion of the outsourcing services for asset management companies and made some achievements in this area.

Changes in Key Management Indicators

(Millions of yen)

Item	FY2008	FY2009	FY2010	FY2011	FY2012
Profit and loss					
Ordinary income	23,164	19,060	26,265	24,466	30,448
Net business profit	2,219	2,387	2,842	2,025	1,362
Ordinary profit	830	2,596	2,568	1,811	975
Net income	555	1,475	1,489	546	150
Assets, liabilities and capital					
Capital stock	30,000	30,000	30,000	30,000	30,000
Issued stock (thousands)	600	600	600	600	600
Net assets	32,919	34,492	43,944	43,635	46,276
Total assets	516,509	708,553	1,048,027	1,088,697	1,237,244
Balance of deposits	105,789	179,869	238,093	281,793	482,980
Balance of loans	174,864	213,577	314,970	313,092	383,094
Balance of securities	221,621	311,634	589,103	666,293	715,592
Per share information					
Net assets per share (yen)	54,865	57,487	73,240	72,726	77,126
Annual dividends per share (yen)	1,500	1,600	1,800	—	—
Net income per share (yen)	926	2,458	2,483	910	250
Dividend payout ratio (%)	161.9%	64.7%	72.4%	—	—
Number of employees	253	265	332	361	407
Non-consolidated capital adequacy ratio (%)	18.95%	19.88%	21.90%	18.77%	14.65%
Return on equity (%)	1.63%	4.37%	3.79%	1.24%	0.33%
Trust account					
Trust fees	6,128	5,460	7,240	7,194	6,956
Assets held in trust	19,530,996	22,333,501	29,251,727	29,435,926	32,299,094
Balance of loans and bills discounted	197,750	232,294	294,914	308,260	324,414
Balance of securities	3,759,113	7,449,873	8,797,643	9,301,980	10,620,618

1. Profit Performance

Turing to our profit performance, while trust fees and net interest income decreased from the previous fiscal year, net other operating income grew by ¥2,238 million. As a result gross operating profit increased by ¥1,607 million from the previous fiscal year to ¥16,367 million.

Meanwhile, due to a rise in the system investment costs aimed at future business expansion, net income for the year decreased by ¥396 million to ¥150 million.

■ Table of Profit Performance

(Millions of yen)

Item	FY2008	FY2009	FY2010	FY2011	FY2012	
						Net Increase (Decrease)
Gross operating profit	13,013	13,328	14,869	14,759	16,367	1,607
Trust fees	6,128	5,460	7,240	7,194	6,956	(238)
Net interest income	2,946	5,980	5,852	5,884	5,245	(639)
Net fees and commissions	2,224	1,443	1,279	1,421	1,640	218
Net trading income (loss)	187	27	47	(17)	9	27
Net other operating income	1,526	416	449	276	2,514	2,238
Provision of general allowance for loan losses (deduction)	(63)	294	—	393	527	134
General and administrative expenses (excluding non-recurring expenses)	10,856	10,646	12,026	12,340	14,476	2,136
Personnel expenses	3,020	3,120	3,703	3,904	4,671	767
Non-personnel expenses	7,492	7,205	7,966	8,077	9,316	1,238
Taxes	344	319	357	358	489	130
Net business profit	2,219	2,387	2,842	2,025	1,362	(663)
Non-recurring profit (loss)	(1,389)	208	(273)	(213)	(387)	(173)
Writing-off loans	—	(751)	—	0	0	0
Gain and loss on loans sold	—	—	(88)	—	—	—
Gain and loss on sales of stocks and other securities	5	37	0	—	1	1
Provision of specific allowance for loan losses (deduction)	1,400	(1,046)	(88)	6	291	284
Ordinary profit	830	2,596	2,568	1,811	975	(836)
Extraordinary income	86	155	325	59	41	(18)
Reversal of allowance for loan losses	—	86	244	—	—	—
Other	86	69	81	59	41	(18)
Extraordinary loss	20	38	156	475	666	191
Loss on disposal of chattel and real estate	7	32	17	103	184	81
Impairment loss	—	—	—	—	338	338
Provision of contingency losses	—	—	—	372	96	(275)
Other	12	5	139	—	46	46
Income before income taxes	896	2,713	2,737	1,395	349	(1,046)
Income taxes-current	904	1,413	719	988	681	(307)
Income taxes-deferred (deduction)	(563)	(174)	528	(139)	(481)	(342)
Total income taxes	340	1,238	1,247	849	199	(649)
Net income	555	1,475	1,489	546	150	(396)

Overview of Our Business

2. Status of Trust Assets

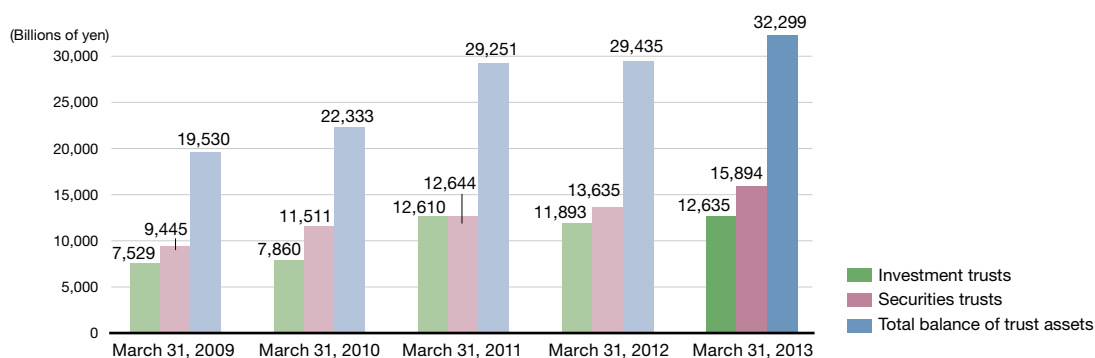
Regarding the status of trust assets, the balance of securities trusts increased by ¥2,259.4 billion from the end of the previous fiscal year to ¥15,894.5 billion. In addition, with a sharp recovery in stock prices and weakening of yen, the balance of investment trusts rose by ¥742 billion from the end of the previous fiscal year to ¥12,635.5 billion. Total trust balance is ¥32,299 billion at the end of fiscal year.

Table of Balance of Trust Assets

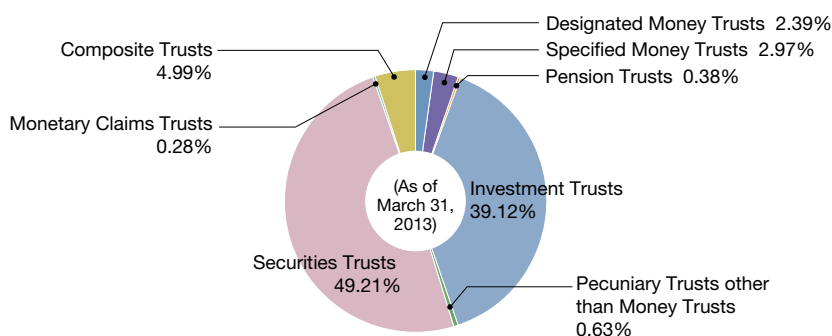
(Millions of yen)

Liabilities	March 31,2009	March 31,2010	March 31,2011	March 31,2012	March 31,2013
Designated Money Trusts	138,326	563,627	830,882	813,855	773,694
Specified Money Trusts	294,815	481,240	737,567	915,795	960,438
Pension Trusts	87,552	78,304	83,572	86,784	123,341
Investment Trusts	7,529,525	7,860,198	12,610,581	11,893,429	12,635,528
Pecuniary Trusts other than Money Trusts	439,929	386,684	345,501	231,543	206,576
Securities Trusts	9,445,127	11,511,846	12,644,812	13,635,117	15,894,586
Monetary Claims Trusts	170,021	118,858	101,765	96,961	91,051
Land and Fixtures Trusts	85,500	53,723	36,437	26,994	905
Composite Trusts	1,340,197	1,279,017	1,860,606	1,735,444	1,612,970
Other Trusts	0	0	0	0	0
Total	19,530,996	22,333,501	29,251,727	29,435,926	32,299,094

Balance of Trust Assets



Ratio of Trust Assets



3. Status of Capital Adequacy

The capital adequacy ratio stood at 14.65% (domestic standard) as of the end of March 2013.

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

(Millions of yen)

Item	March 31, 2009	March 31, 2010	March 31, 2011	March 31, 2012	March 31, 2013
Tier I					
Capital account	33,501	34,016	42,462	43,035	43,211
Total [A]	33,501	34,016	42,462	43,035	43,211
Tier II					
Allowance for loan losses	235	530	455	849	1,377
Debt capital instruments (Those indicated in Article 41, Paragraph 1, Items 4 and 5 of the Capital Adequacy Ratio Notification)	—	10,000	10,000	10,000	10,000
Total	235	10,530	10,455	10,849	11,377
Included in Capital [B]	235	10,530	10,455	10,849	11,377
Items for deduction [C]	3	2	3	5	6
Capital amount [D] (= [A] + [B] - [C])	33,734	44,545	52,915	53,879	54,582
Risk assets					
On-balance sheet items	140,436	174,218	195,227	240,304	325,643
Off-balance sheet items	14,134	23,466	18,839	18,047	17,609
Operational risks arrived at by dividing operational risk equivalents by 8%	23,400	26,369	27,545	28,677	29,218
Total [E]	177,971	224,053	241,612	287,029	372,470
Capital adequacy ratio (domestic standard) (= [D]/[E] x 100)	18.95%	19.88%	21.90%	18.77%	14.65%

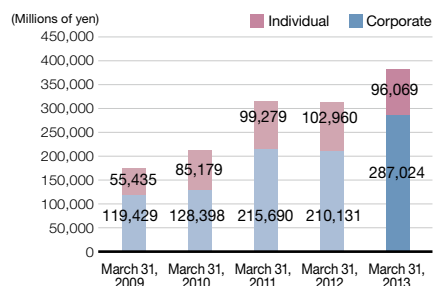
(Note) Capital adequacy ratios are calculated in accordance with the formula specified in the Notification No. 19 of 2006, the Financial Services Agency which is based on the Article 14-2 of the Banking Act.

Results of Main Business

<Lending>

In addition to loans to corporate customers, we also extend loans broadly to individual customers through loans secured by securities called "Nomura Web Plus Loan" which is offered via "Nomura Home Banking" and employee stock-ownership plans tie-up loans called "Mochi-loan." The balance of loans as of the end of the current fiscal year stood at ¥383 billion.

■ Loan balance



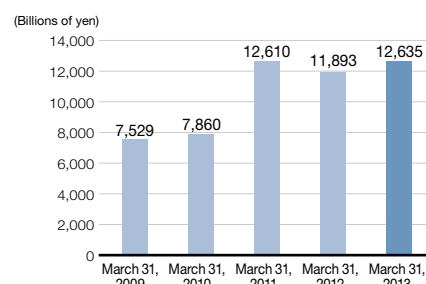
(Note) Corporate includes loans to the trust account.

<Investment Trust Administration Business>

The balance of investment trusts under management rose by ¥742 billion from the end of the previous fiscal year to ¥12,635 billion yen due to a sharp recovery in stock prices and weakening of 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 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.
- Specific Transaction Committee: It is composed of members other than current or ex-members of Nomura Group and including external experts. It verifies that the independence of bank management is secured when the Company management makes important decisions regarding its business operations and submits the findings to the person authorized to make a decision regarding related matters.

Internal Audit System

We have established the Internal Audit Department, which is 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 make recommendations for improvement.

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 the 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 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.

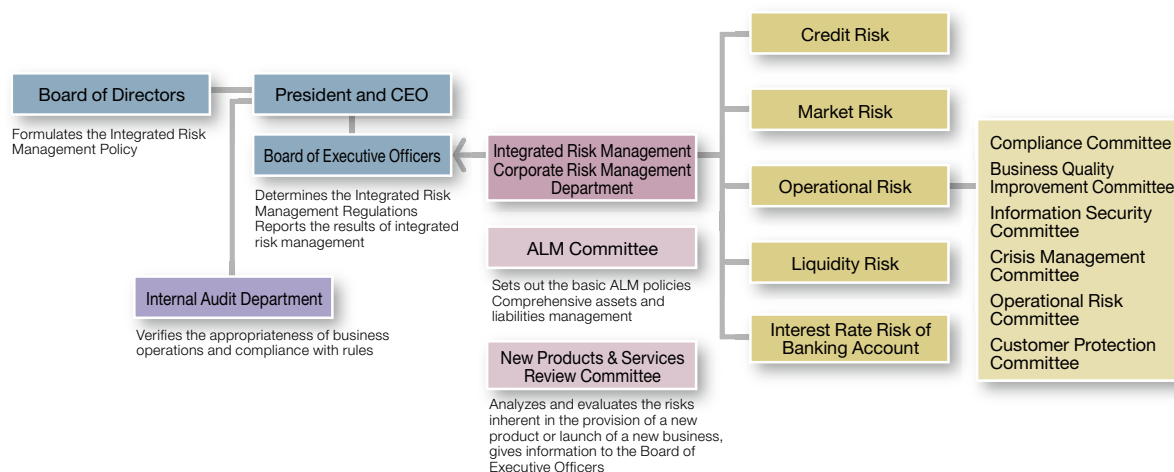
To monitor risks, the Corporate Risk Management Department is established as a division responsible for integrated risk management independent of the business promotion division. It is engaged in day-to-day integrated risk management activities under the guidance and approval of the manager of the integrated 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 Planning & Control Department
		Information security risk	Operations Planning and Administration Department
		Legal and compliance risk	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



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 not only by conducting scoring based on a rating model using the financial information of debtors, but also by utilizing the latest important information available including qualitative information on managerial risk, legal risk etc. which may affect the conditions of debtors and external credit ratings or the credit standing of associated companies. 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, and use it when setting the position limits etc.

Internal Control System – Risk Management

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 Planning & Control 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 12.)

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 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 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.

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 the selection of outsourcing companies and have a system in place for ensuring proper management by regularly monitoring the status of business execution at the outsourcing companies.

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.

Internal Control System – Risk Management

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:

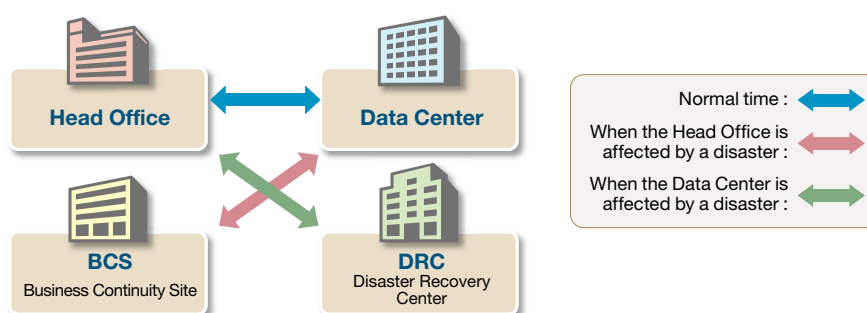
Establishment of a Business Continuity Site (BCS)

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)

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)

Internal Control System – Finance Facilitation

Status of efforts to improve management of small and medium-sized enterprises (SMEs) and to revitalize regional communities

(1) Our policy regarding efforts to support management of SMEs

Both Our directors and employees are aware of the public nature and social responsibility inherent in our operations and are committed to fully performing our financial intermediary function properly and actively while giving consideration to securing sound and appropriate operation of our business. When we receive applications for a new loan and a change in terms and conditions of loans etc. from SME customers, we examine them based on the financial condition etc. of these enterprises and give proper and adequate explanations to the customers. If necessary, we properly offer management consulting and guidance services and support their efforts to improve management.

(2) Enhancement of internal systems to support management of SMEs

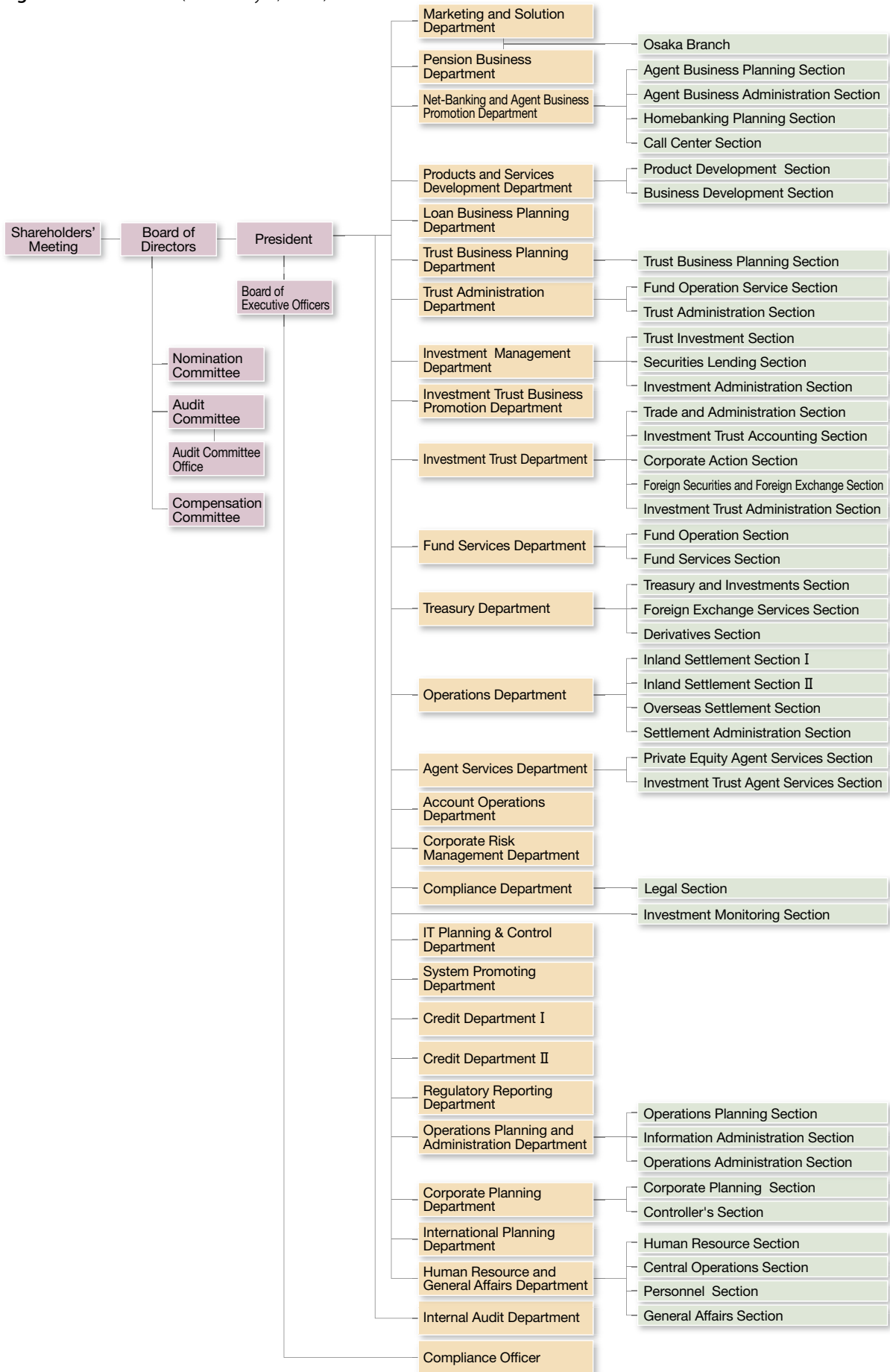
We have appointed the Finance Facilitation Manager who centrally controls Our finance facilitation management system. The Finance Facilitation Manager offers management consultation and guidance services to SME customers in collaboration with the sales promotion division and the credit examination division to support their businesses and also assists in the preparation of management reorganization plans. As we support the management of SME customers, we properly collaborate with certified tax accountants, lawyers, certified public accountants and other outside experts and organizations while paying attention to our confidentiality obligation.

(3) Status of efforts to support management of SMEs and to revitalize regional communities

We deal with customer inquiries and consultations sincerely and honestly, and we contribute to revitalizing regional communities by offering the best possible solutions after assessing their life stages and the degree of sustainability of their businesses etc. both appropriately and carefully, actively leveraging our professional expertise as well as our network with outside experts and organizations as necessary.

Organizational Chart

Organizational Chart (As of July 1, 2013)



Directors, Executive Officers and Employees

■ Directors and Executive Officers (as of July 1, 2013)

Directors	
Director	Masafumi Nakada
Director (Outside Director)	Akihiko Nakamura
Director (Outside Director)	Masanori Nishimatsu
Director (Outside Director)	Hiroyuki Suzuki
Director (Outside Director)	Shoichi Nagamatsu
Director (Outside Director)	Noriaki Nagai
Director (Outside Director)	Junko Nakagawa
Director (Outside Director)	Koujirou Matsuda

Executive Officers		
President & CEO	Masafumi Nakada	
Executive Vice President	Tadashi Ishikuro	Corporate Planning, Credit Management, Legal & Compliance
Executive Managing Director	Susumu Hatakeyama	Business Development Division, Risk management, IT, Operations Planning and Administration, Human Resource and General Affairs
Executive Managing Director	Masato Matsumi	Marketing and Solution, Treasury
Senior Managing Director	Yoshio Miki	Trust Business, Investment Trust Business
Senior Managing Director	Tsuyoshi Iino	Business Development, Operations

■ Employees

	March 31, 2009	March 31, 2010	March 31, 2011	March 31, 2012	March 31, 2013
Number of employees	253	265	332	361	407
Average length of service	3 years and 10 months	4 years and 4 months	4 years and 1 month	4 years and 4 months	4 years and 7 months
Average monthly salary (thousand yen)	616	605	582	587	563

■ Rating Information (as of July 1, 2013)

Standard & Poor's		JCR	R&I
Long Term	Short Term	Long-Term Issuer Rating	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.
- **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.
- **Outsource services**
Outsource services for investment trusts: entrusted by investment trust management companies, we are engaged in overall computational operations of investment trusts including calculation of the daily net asset value and unit price, cash flow management and establishment/cancellation procedures. In

addition, we process execution data of transactions and prepare investment reports, weekly reports, monthly reports etc.

Outsource services for discretionary investment: entrusted by investment advisory companies, we are engaged in accounting operations including preparation of statutory reports for investment advisory contracts and also preparation of disclosure materials.

■ 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, 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 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-loan" (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 (surviving company: The Nomura Trust and Banking Co., Ltd.) .

Financial Data

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Financial Statements

Balance Sheets

(Millions of yen)

Item	March 31,2012	March 31,2013
Assets:		
Cash and due from banks	10,209	43,194
Cash	0	0
Due from banks	10,208	43,194
Receivables under securities borrowing transactions	50,920	43,969
Monetary claims bought	4,252	780
Trading assets	3,180	942
Trading-related financial derivatives	3,180	942
Securities	666,293	715,592
Government bonds	288,449	322,299
Local government bonds	97,570	89,907
Corporate bonds	174,382	145,793
Other securities	105,890	157,592
Loans	313,092	383,094
Loans on deeds	243,217	302,359
Overdrafts	69,874	80,734
Foreign exchanges	4,596	7,080
Due from foreign banks (our accounts)	4,595	7,080
Foreign bills receivable	0	0
Other assets	29,334	34,140
Prepaid expenses	121	106
Accrued income	3,987	4,297
Derivatives other than for trading-assets	21,433	25,521
Temporary payments	3,255	3,321
Other	536	894
Tangible fixed assets	1,286	1,276
Buildings	265	241
Other	1,020	1,034
Intangible fixed assets	4,896	8,293
Software	4,687	8,110
Goodwill	207	181
Other	1	1
Deferred tax assets	1,501	562
Allowance for loan losses	(866)	(1,684)
Total assets	1,088,697	1,237,244

Balance Sheets

(Millions of yen)

Item	March 31,2012	March 31,2013
Liabilities:		
Deposits	281,793	482,980
Current deposits	7,667	9,472
Ordinary deposits	71,465	129,120
Time deposits	173,068	306,621
Other deposits	29,591	37,765
Negotiable certificates of deposit	245,670	224,350
Call money	91,195	104,241
Trading liabilities	3,208	960
Trading-related financial derivatives	3,208	960
Borrowed money	328,282	308,500
Borrowings from others	328,282	308,500
Due to Trust Accounts	51,123	20,549
Other liabilities	42,220	47,388
Income taxes payable	344	127
Accrued expenses	2,813	2,899
Unearned revenue	902	976
Derivatives other than for trading-liabilities	37,646	41,610
Asset retirement obligations	93	96
Other	419	1,678
Provision for bonuses	700	932
Provision for retirement benefits	497	569
Provision of contingency allowance loss	372	370
Provision for loss on business liquidation	—	125
Total Liabilities	1,045,062	1,190,968
Net assets:		
Capital stock	30,000	30,000
Capital surplus	8,270	8,270
Other capital surplus	8,270	8,270
Retained earnings	4,973	5,123
Legal retained earnings	1,147	1,147
Other retained earnings	3,825	3,975
Retained earnings brought forward	3,825	3,975
Total shareholders' equity	43,243	43,393
Valuation difference on available-for-sale securities	4,309	9,175
Deferred gains or losses on hedges	(3,916)	(6,292)
Total valuation and translation adjustments	392	2,882
Total net assets	43,635	46,276
Total liabilities and net assets	1,088,697	1,237,244

Financial Statements

Statements of Income

(Millions of yen)

Item	FY2011	FY2012
Ordinary Income	24,466	30,448
Trust fees	7,194	6,956
Interest income	13,900	15,608
Interest on loans	4,008	4,597
Interest and dividends on securities	4,891	5,421
Interest on call loans	0	0
Interest on receivables under securities borrowing transactions	140	81
Interest on due from banks	22	9
Interest on interest swaps	4,797	5,470
Other interest income	39	27
Fees and commissions	2,455	2,720
Fees and commissions on domestic and foreign exchanges	622	569
Other fees and commissions	1,832	2,150
Trading income	2	9
Income from trading-related financial derivatives transactions	2	9
Other operating income	908	5,150
Gains on foreign exchange transactions	822	—
Gains on sales of bonds	14	1,578
Gains on derivatives other than for trading or hedging	—	3,571
Other	72	—
Other income	5	2
Gain on sales of stocks and other securities	—	1
Other	5	0
Ordinary expenses	22,654	29,473
Interest expenses	8,015	10,362
Interest on deposits	403	646
Interest on negotiable certificates of deposit	205	228
Interest on call money	321	531
Interest on borrowings	492	528
Interest on interest swaps	6,562	8,407
Other interest expenses	29	20
Fees and commissions payments	1,033	1,079
Fees and commissions on domestic and foreign exchanges	191	187
Other fees and commissions	841	891
Trading expenses	20	—
Other trading expenses	20	—
Other operating expenses	631	2,635
Loss on foreign exchange transactions	—	2,635
Loss on sales of bonds	153	—
Loss on redemption of bonds	0	—
Expenses on derivatives other than for trading or hedging	477	—
General and administrative expenses	12,544	14,573
Other expenses	408	821
Provision of allowance for loan losses write-off of loan	399	819
Written-off of loans	0	0
Other	8	1
Ordinary profit	1,811	975

Statements of Income (Continued)

(Millions of yen)

Item	FY2011	FY2012
Extraordinary Income	59	41
Other	59	41
Extraordinary Loss	475	666
Loss on disposal of noncurrent assets	103	184
Impairment loss	—	338
Provision of contingency loss	372	96
Other	—	46
Income before income taxes	1,395	349
Income taxes-current	988	681
Income taxes-deferred (deduction)	(139)	(481)
Total income taxes	849	199
Net income	546	150

Statements of Changes in Net Assets

(Millions of yen)

Item	FY2011	FY2012
Shareholders' equity:		
Capital stock:		
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
Capital surplus:		
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	8,270
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of the current period	8,270	8,270
Total capital surplus		
Balance at the beginning of the period	8,270	8,270
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of the current period	8,270	8,270
Retained earnings:		
Legal retained earnings:		
Balance at the beginning of the period	931	1,147
Changes of items during the period		
Dividends from surplus	216	—
Total changes of items during the period	216	—
Balance at the end of the current period	1,147	1,147

Financial Statements

Statements of Changes in Net Assets (Continued)

(Millions of yen)

Item	FY2011	FY2012
Other retained earnings		
Retained earnings brought forward		
Balance at the beginning of the period	4,575	3,825
Changes of items during the period		
Dividends from surplus	(1,296)	—
Net income	546	150
Total changes of items during the period	(749)	150
Balance at the end of the current period	3,825	3,975
Total retained earnings		
Balance at the beginning of the period	5,506	4,973
Changes of items during the period		
Dividends from surplus	(1,080)	—
Net income	546	150
Total changes of items during the period	(533)	150
Balance at the end of the current period	4,973	5,123
Treasury stock:		
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	—	—
Total shareholders' equity:		
Balance at the beginning of the period	43,776	43,243
Changes of items during the period		
Dividends from surplus	(1,080)	—
Net income	546	150
Total changes of items during the period	(533)	150
Balance at the end of the current period	43,243	43,393
Valuation and translation adjustments		
Valuation difference on available-for-sale securities:		
Balance at the beginning of the period	(157)	4,309
Changes of items during the period		
Net changes of items other than shareholders' equity	4,466	4,865
Total changes of items during the period	4,466	4,865
Balance at the end of the current period	4,309	9,175
Deferred gains or losses on hedges:		
Balance at the beginning of the period	325	(3,916)
Changes of items during the period		
Net changes of items other than shareholders' equity	(4,242)	(2,375)
Total changes of items during the period	(4,242)	(2,375)
Balance at the end of the current period	(3,916)	(6,292)
Total valuation and translation adjustments:		
Balance at the beginning of the period	167	392
Total changes of items during the period		
Net changes of items other than shareholders' equity	224	2,490
Total Changes of Items during the Period	224	2,490
Balance at the end of the current period	392	2,882
Total net assets:		
Balance at the beginning of the period	43,944	43,635
Total changes of items during the period		
Dividends from surplus	(1,080)	—
Net income	546	150
Net changes of items other than shareholders' equity	224	2,490
Total changes of items during the period	(308)	2,640
Balance at the end of the current period	43,635	46,276

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

(Millions of yen)

Item	FY2011	FY2012
I Net cash provided by (used in) operating activities:		
Income before income taxes	1,395	349
Depreciation and amortization	2,258	2,853
Impairment loss	—	338
Increase (decrease) in allowance for loan losses	399	818
Increase (decrease) in provision for bonuses	15	232
Increase in provision for retirement benefits	59	71
Increase in provision for loss on business liquidation	—	125
Other extraordinary losses	372	143
Interest income	(13,900)	(15,608)
Interest expenses	8,015	10,362
Loss (gain) related to securities	140	(1,580)
Foreign exchange losses (gains)	147	(3,167)
Gains (loss) on disposal of tangible fixed assets	103	184
Net decrease (increase) in trading assets	1,471	2,238
Net increase (decrease) in trading liabilities	(1,474)	(2,247)
Net decrease (increase) in derivative assets	15,790	(4,087)
Net increase (decrease) in derivative liabilities	(7,579)	3,964
Decrease (increase) in deferred losses on hedge	(6,841)	(3,927)
Increase (decrease) in deferred profits on hedge	68	4
Net decrease (increase) in loans	1,877	(70,002)
Net increase (decrease) in deposit	43,699	201,187
Net increase (decrease) in negotiable certificates of deposit	41,820	(21,320)
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	(9,417)	(19,782)
Net decrease (increase) in due from banks (excluding deposit paid to Bank of Japan)	6	5,886
Net decrease (increase) in call loans	—	—
Net decrease (increase) in receivables under securities borrowing transactions	6,395	6,951
Net increase (decrease) in call money	(14,126)	13,045
Net increase (decrease) in foreign exchanges-assets	1,139	(2,484)
Net increase (decrease) in due to borrowed money from trust accounts	(9,044)	(30,574)
Net decrease (increase) in monetary claims bought	3,398	3,471
Actual interest income	15,961	18,112
Actual interest expenses	(7,527)	(11,253)
Net decrease (increase) in temporary payment	5,836	(65)
Other	635	1,397
Sub total	81,098	85,637
Income taxes paid	(522)	(1,116)
Net cash provided by (used in) operating activities	80,576	84,520
II Net cash provided by (used in) investment activities:		
Purchase of securities	(180,368)	(208,752)
Proceeds from sales of securities	12,046	24,708
Proceeds from redemption of securities	90,975	145,313
Purchase of tangible fixed assets	(533)	(863)
Purchase of intangible fixed assets	(2,055)	(6,027)
Other	32	(27)
Net cash provided by (used in) investing activities	(79,902)	(45,649)
III Net cash provided by (used in) financing activities:		
Cash dividends paid	(1,080)	—
Net cash provided by (used in) financing activities	(1,080)	—
IV Effect of exchange rate change on cash and cash equivalents		
	—	—
V Net increase (decrease) in cash and cash equivalents		
	(406)	38,871
VI Cash and cash equivalent at the beginning of the period		
	610	204
VII Cash and cash equivalents at the end of the period		
	204	39,075

[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), and other available-for-sale securities are stated at the market value at the fiscal year end (with selling costs being calculated mainly by the moving average method) in principle. However, 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

(Change in accounting policy which is difficult to distinguish from change in accounting estimate)

In accordance with the revision of the Corporate Tax Law, effective from the current fiscal year, the method of depreciating tangible fixed assets acquired after April 1, 2012 is changed to a depreciation method based on the revised Corporate Tax Law.

As a result, ordinary profit and income before income taxes for the current fiscal year increased by 35 million yen respectively from their levels using the previous method.

(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.

(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 are provided to ensure future benefit payments to employees, is recorded as the required amount based on the projected 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.

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 48,938 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 5 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 5 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 17,771 million yen.
7. The following assets were pledged as collateral.
Assets pledged as collateral
Securities: 308,687 million yen
Liabilities collateralized by the above assets
Borrowings from others: 239,000 million yen
In addition to the above-mentioned assets, securities of 53,521 million yen and due from banks of 4,110 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 546 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 9,100 million yen. The unused amount related to contracts whose original terms expire within one year is 7,100 million yen and the amount for contracts whose original terms expire between four and five years is 2,000 million yen, respectively. 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 2,597 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 21,073 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.
There are no legal capital surplus or legal retained earnings arising from payment of dividend of surplus for the current fiscal year.

(Notes to Statements of Income)

1. Income from transactions with subsidiaries and associated companies
- | | |
|-------------------------|----------------|
| Interest income: | —million yen |
| Fees and commissions: | 19 million yen |
| Other operating income: | —million yen |
| Other income: | —million yen |
- Expenses from transactions with subsidiaries and associated companies
- | | |
|---------------------------------|-----------------|
| Interest expenses: | 99 million yen |
| Fees and commissions payments : | —million yen |
| Other operating expenses: | 667 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

3. Impairment loss

Impairment loss is recorded for the following asset group for the current fiscal year.

Purpose of use	Assets to be retired
Type	Software, other tangible fixed assets
Place	Chiyoda-ku, Tokyo

Previously we grouped assets by recognizing the entire company as one asset group. However, as we decided to discontinue the securities management trust business during the current fiscal year, we reviewed our grouping. As a result, the value of the assets used for the securities management trust business (software, other tangible fixed assets) was reduced to the collectible amount, and the amount reduced was recorded as impairment loss under extraordinary loss. Impairment loss is composed of 325 million yen for software and 12 million yen for other tangible fixed assets. The collectible amount used to measure impairment loss of assets to be retired is the value in use. As no amount is expected to be collected from the amount invested, the value in use is deemed to be zero in the calculation.

(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

No cash dividend was paid during the current fiscal year.

(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 "Nomura Web Plus Loan" through our agency services, and loan products repackaged with securities, credit linked loan and to invest in securities focusing on JGB, local government bonds, agency bonds, corporate bonds and credit linked 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, corporate bonds and credit link 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 Banking, 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, 2013 our market risk equivalent of trading activities (estimated losses) was 14 million yen, whereas that of banking activities was 1,331 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 2012 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, 2013. 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	43,969	43,969	—
(2) Securities			
Held-to-maturity debt securities	30,956	34,500	3,543
Available-for-sale securities	684,626	684,626	—
(3) Loans and bills discounted	383,094		
Allowance for loan losses (*1)	(1,382)		
	381,711	381,733	21
Total assets	1,141,264	1,144,829	3,565
(1) Deposits	482,980	482,980	—
(2) Negotiable certificates of deposit	224,350	224,350	—
(3) Call money	104,241	104,241	—
(4) Borrowed money	308,500	308,500	—
(5) Due to trust accounts	20,549	20,549	—
Total liabilities	1,140,621	1,140,621	—
Derivatives (*2)			
Derivative transactions not qualifying for hedge accounting	181	181	—
Derivative transactions qualifying for hedge accounting	(16,288)	(19,278)	(2,989)
Total derivatives	(16,107)	(19,097)	(2,989)

(*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 value of the claims to debtors on the balance sheet as of the balance sheet date minus the amount of allowance for loan losses, 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 twelve 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 one year) 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)	10

(*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	43,969	—	—	—	—	—
Securities						
Held-to-maturity debt securities	—	—	5,300	—	—	25,000
Available-for-sale securities	166,270	154,105	109,140	170,000	40,001	20,000
Loans and bills discounted (*)	146,720	73,549	158,077	3,048	778	915
Total	356,960	227,654	272,517	173,049	40,779	45,915

(*) The amount of 5 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.

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(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 (*)	407,980	—	7,000	1,000	7,600	59,400
Negotiable certificates of deposit	224,350	—	—	—	—	—
Call money	104,241	—	—	—	—	—
Borrowed money	245,000	5,000	3,000	12,000	3,000	40,500
Due to trust accounts	20,549	—	—	—	—	—
Total	1,002,121	5,000	10,000	13,000	10,600	99,900

(*) 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", 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, 2013)

(Millions of yen)

	Type	Book Value	Fair Value	Difference
Securities for which the fair value exceeds the book value	Government bonds	25,656	29,262	3,606
Securities for which the fair value does not exceed the book value	Foreign bonds	5,300	5,237	(62)
Total		30,956	34,500	3,543

2. Available-for-Sale Securities (as of March 31, 2013)

(Millions of yen)

	Type	Book Value	Acquisition Cost	Difference
Securities for which the book value exceeds the acquisition cost	Bonds	525,775	512,991	12,783
	Government bonds	296,643	284,333	12,309
	Local government bonds	89,907	89,687	219
	Corporate bonds	139,225	138,970	254
	Other securities	128,499	126,866	1,633
	Subtotal	654,275	639,858	14,417
Securities for which the book value does not exceed the acquisition cost	Bonds	6,568	6,574	(5)
	Government bonds	—	—	—
	Local government bonds	—	—	—
	Corporate bonds	6,568	6,574	(5)
	Other securities	24,563	24,616	(53)
	Subtotal	31,131	31,190	(58)
Total		685,407	671,048	14,358

3. Available-for-Sale Securities Sold during the Fiscal Year (from April 1, 2012 to March 31, 2013)

(Millions of yen)

	Amount Sold	Gain	Loss
Bonds	22,402	1,577	—
Government bonds	22,402	1,577	—
Other securities	2,306	3	—
Total	24,708	1,580	—

(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	512 million yen
Provision for retirement benefits	205 million yen
Provision for bonuses	354 million yen
impairment loss	163 million yen
Accrued business tax	38 million yen
Goodwill	144 million yen
Credit reserve	73 million yen
Provision for loss on business liquidation	47 million yen
Provision of contingency loss	133 million yen
Deferred gain or loss on hedges	3,544 million yen
Excess of depreciation	236 million yen
Others	421 million yen
Subtotal	5,875 million yen
Valuation allowance	(34) million yen
Deferred tax assets	5,841 million yen

Deferred tax liabilities:

Valuation difference on available - for - sale securities	5,182 million yen
Others	95 million yen
Deferred tax liabilities	5,278 million yen

Net deferred tax assets	562 million yen
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(Per Share Information)

Net assets per share	77,126.80 yen
Net income per share	250.19 yen

Status of Main Business

■ Breakdown of Profits and Losses by Division

(Millions of yen)

Type	FY2011	FY2012	
Trust fees	Domestic operations	6,756	6,449
	International operations	438	506
	Total	7,194	6,956
Net interest income	Domestic operations	4,773	3,607
	International operations	1,110	1,638
	Total	5,884	5,245
Net fees and commissions	Domestic operations	1,141	1,396
	International operations	280	244
	Total	1,421	1,640
Net trading income (loss)	Domestic operations	(20)	0
	International operations	3	9
	Total	(17)	9
Net other operating income (loss)	Domestic operations	(83)	1,505
	International operations	360	1,009
	Total	276	2,514
Gross operating profits	Domestic operations	12,566	12,958
	International operations	2,193	3,408
	Total	14,759	16,367
Provision of general allowance for loan losses (deduction)	393	527	
General and administrative expenses (excluding non-recurring expenses)	12,340	14,476	
Net business profit	2,025	1,362	
Non-recurring profit (loss)	(213)	(387)	
Ordinary profits	1,811	975	

(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	FY2011	FY2012	
Breakdown of investment			
Domestic operations	Average balance	908,623	971,001
	Interest rates	12,110	12,990
	Yield	1.33%	1.34%
International operations	Average balance	163,635 [62,827]	203,096 [62,247]
	Interest rates	1,863 [74]	2,689 [71]
	Yield	1.14%	1.32%
Total	Average balance	1,009,432	1,111,850
	Interest rates	13,900	15,608
	Yield	1.38%	1.40%
Breakdown of funding			
Domestic operations	Average balance	974,311 [62,827]	1,061,387 [62,247]
	Interest rates	7,337 [74]	9,383 [71]
	Yield	0.75%	0.88%
International operations	Average balance	49,671	58,148
	Interest rates	752	1,051
	Yield	1.52%	1.81%
Total	Average balance	961,155	1,057,288
	Interest rates	8,015	10,362
	Yield	0.83%	0.98%
Profit margin			
Domestic operations	0.58%	0.46%	
International operations	(0.38%)	(0.49%)	
Total	0.55%	0.42%	

(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.

■ Changes in Interest Income and Interest Expenses

(Millions of yen)

Type		FY2011	FY2012
Interest income			
Domestic operations (decrease)	Change due to balance	1,823	834
	Change due to interest rates	(172)	44
	Net change	1,651	879
International operations (decrease)	Change due to balance	719	522
	Change due to interest rates	(594)	303
	Net change	124	825
Subtotal		1,775	1,705
Interest expenses			
Domestic operations (decrease)	Change due to balance	1,438	769
	Change due to interest rates	578	1,276
	Net change	2,016	2,046
International operations (decrease)	Change due to balance	(69)	153
	Change due to interest rates	(203)	145
	Net change	(273)	298
Subtotal		1,743	2,344
Total		32	(639)

(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		FY2011	FY2012
Fees and commissions	Domestic operations	2,080	2,405
	International operations	374	314
	Total	2,455	2,720
Deposits and loans related business	Domestic operations	43	65
	International operations	0	2
	Total	43	68
Exchange business	Domestic operations	252	262
	International operations	370	307
	Total	622	569
Securities related business	Domestic operations	524	409
	International operations	—	—
	Total	524	409
Agency business	Domestic operations	1,162	1,541
	International operations	3	4
	Total	1,166	1,545
Investment advisory business	Domestic operations	91	123
	International operations	—	—
	Total	91	123
Fees and commissions payments	Domestic operations	939	1,009
	International operations	94	69
	Total	1,033	1,079
Exchange business	Domestic operations	159	161
	International operations	32	26
	Total	191	187

Status of Main Business

■ Breakdown of Trading Income and Expenses

(Millions of yen)

Type	FY2011	FY2012
Gains on trading securities	Domestic operations	—
	International operations	—
	Total	—
Gains on trading financial derivatives	Domestic operations	0
	International operations	2
	Total	2
Other trading gains (losses)	Domestic operations	(21)
	International operations	0
	Total	(20)
Total (losses)	Domestic operations	(20)
	International operations	3
	Total	(17)

■ Breakdown of Other Operating Income and Expenses

(Millions of yen)

Type	FY2011	FY2012
Gains on foreign exchange transactions	Domestic operations	—
	International operations	822
	Total	822
Gains (losses) on bonds such as JGB	Domestic operations	(134)
	International operations	(6)
	Total	(140)
Gains (losses) on financial derivatives	Domestic operations	(21)
	International operations	(455)
	Total	(477)
Other	Domestic operations	72
	International operations	—
	Total	72
Total	Domestic operations	(83)
	International operations	360
	Total	276

■ Breakdown of General and Administrative Expenses

(Millions of yen)

Type	FY2011	FY2012
Salaries and allowances	3,522	4,196
Welfare expenses	566	737
Depreciation and amortization	2,258	2,853
Rent expenses on buildings and machinery	560	519
Supplies expenses	61	65
Communication expenses	351	364
Taxes and dues	358	489
Other	4,661	5,250
Subtotal	12,340	14,476
Non-recurring expenses	203	96
Total	12,544	14,573

Domestic and Foreign Exchange Transactions

Foreign Exchange Transactions

(Millions of U.S. dollars)

		FY2011	FY2012
Outgoing remittance	Foreign bills sold	358,341	190,957
	Foreign bills bought	—	—
Incoming remittance	Foreign bills payable	396,624	219,026
	Foreign bills receivable	0	0
Total		754,966	409,984

Foreign Currency Denominated Assets

(Millions of U.S. dollars)

	March 31, 2012	March 31, 2013
Balance of foreign-currency denominated assets	205	620

Domestic Exchange Transactions

(Billions of yen, thousands of units)

			FY2011	FY2012
Remittance	Paid to	Amount	10,053	12,520
		Unit	969	1,111
	Received from	Amount	11,372	14,347
		Unit	177	187
Collection	Paid to	Amount	—	—
		Unit	—	—
	Received from	Amount	—	—
		Unit	—	—

Deposits

Balance by Type of Deposits

(Millions of yen, proportion in brackets)

Type		March 31,2012	March 31,2013
Deposits			
Liquid deposits	Domestic operations	79,133 (15.0%)	138,593 (19.5%)
	International operations	— (—)	— (—)
	Total	79,133 (15.0%)	138,593 (19.5%)
Interest-bearing deposits	Domestic operations	53,238 (10.0%)	96,852 (13.6%)
	International operations	— (—)	— (—)
	Total	53,238 (10.0%)	96,852 (13.6%)
Time deposits	Domestic operations	173,068 (32.8%)	306,621 (43.3%)
	International operations	— (—)	— (—)
	Total	173,068 (32.8%)	306,621 (43.3%)
Fixed-rate time deposits	Domestic operations	102,668 (19.4%)	250,221 (35.3%)
	International operations	— (—)	— (—)
	Total	102,668 (19.4%)	250,221 (35.3%)
Variable-rate time deposits	Domestic operations	70,400 (13.3%)	56,400 (7.9%)
	International operations	— (—)	— (—)
	Total	70,400 (13.3%)	56,400 (7.9%)
Other	Domestic operations	3,515 (0.6%)	589 (0.0%)
	International operations	26,075 (4.9%)	37,176 (5.2%)
	Total	29,591 (5.6%)	37,765 (5.3%)
Total	Domestic operations	255,717 (48.4%)	445,804 (63.0%)
	International operations	26,075 (4.9%)	37,176 (5.2%)
	Total	281,793 (53.4%)	482,980 (68.2%)
Negotiable certificates of deposits	Domestic operations	245,670 (46.5%)	224,350 (31.7%)
	International operations	— (—)	— (—)
	Total	245,670 (46.5%)	224,350 (31.7%)
Grand total	Domestic operations	501,387 (95.0%)	670,154 (94.7%)
	International operations	26,075 (4.9%)	37,176 (5.2%)
	Total	527,463 (100.0%)	707,330 (100.0%)

■ Average Balance by Type of Deposits

(Millions of yen, proportion in brackets)

Type		FY2011	FY2012
Deposits			
	Domestic operations	77,546 (16.0%)	83,790 (14.9%)
Liquid deposits	International operations	— (—)	— (—)
	Total	77,546 (16.0%)	83,790 (14.9%)
	Domestic operations	45,671 (9.4%)	51,143 (9.1%)
Interest-bearing deposits	International operations	— (—)	— (—)
	Total	45,671 (9.4%)	51,143 (9.1%)
	Domestic operations	172,657 (35.6%)	236,357 (42.0%)
Time deposits	International operations	— (—)	— (—)
	Total	172,657 (35.6%)	236,357 (42.0%)
	Domestic operations	121,464 (25.0%)	173,802 (30.9%)
Fixed-rate time deposits	International operations	— (—)	— (—)
	Total	121,464 (25.0%)	173,802 (30.9%)
	Domestic operations	51,192 (10.5%)	62,555 (11.1%)
Variable-rate time deposits	International operations	— (—)	— (—)
	Total	51,192 (10.5%)	62,555 (11.1%)
	Domestic operations	5,862 (1.2%)	13,499 (2.4%)
Other	International operations	27,169 (5.6%)	28,642 (5.0%)
	Total	33,032 (6.8%)	42,141 (7.5%)
	Domestic operations	256,066 (52.8%)	333,648 (59.3%)
Total	International operations	27,169 (5.6%)	28,642 (5.0%)
	Total	283,236 (58.4%)	362,290 (64.4%)
	Domestic operations	201,068 (41.5%)	199,472 (35.5%)
Negotiable certificates of deposits	International operations	— (—)	— (—)
	Total	201,068 (41.5%)	199,472 (35.5%)
	Domestic operations	457,135 (94.3%)	533,120 (94.9%)
Grand total	International operations	27,169 (5.6%)	28,642 (5.0%)
	Total	484,304 (100.0%)	561,762 (100.0%)

Deposits

■ Time Deposits Balance by Remaining Period

(Millions of yen)

Classification	Period	March 31,2012	March 31,2013
Fixed-rate time deposits	Less than 3 months	22,791	30,336
	From 3 months to less than 6 months	26,015	84,001
	From 6 months to less than 1 year	44,361	117,283
	From 1 year to less than 2 years	—	—
	From 2 years to less than 3 years	—	—
	3 years or more	9,500	18,600
	Subtotal	102,668	250,221
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	70,400	56,400
	Subtotal	70,400	56,400
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		173,068	306,621

■ Balance by Depositor

(Millions of yen, proportion in brackets)

Classification	March 31,2012	March 31,2013	
Individual	Amount	115,565	250,358
	(%)	(41.0%)	(51.8%)
Corporate	Amount	74,801	115,828
	(%)	(26.5%)	(23.9%)
Other	Amount	91,426	116,793
	(%)	(32.4%)	(24.1%)
Total	Amount	281,793	482,980
	(%)	(100.0%)	(100.0%)

(Note) Negotiable certificates of deposits are not included.

Loans

Balance by Type of Loans

(Millions of yen)

Type		March 31, 2012	March 31, 2013
Loans on bills	Domestic operations	—	—
	International operations	—	—
	Total	—	—
Loans on deeds	Domestic operations	236,788	289,845
	International operations	6,429	12,514
	Total	243,217	302,359
Overdrafts	Domestic operations	69,467	75,646
	International operations	407	5,088
	Total	69,874	80,734
Bills discounted	Domestic operations	—	—
	International operations	—	—
	Total	—	—
Total	Domestic operations	306,255	365,491
	International operations	6,837	17,602
	Total	313,092	383,094

Average Balance by Type of Loans

(Millions of yen)

Type		FY2011	FY2012
Loans on bills	Domestic operations	—	—
	International operations	—	—
	Total	—	—
Loans on deeds	Domestic operations	231,183	273,629
	International operations	6,538	7,476
	Total	237,721	281,105
Overdrafts	Domestic operations	68,111	72,382
	International operations	135	844
	Total	68,247	73,227
Bills discounted	Domestic operations	—	—
	International operations	—	—
	Total	—	—
Total	Domestic operations	299,294	346,012
	International operations	6,674	8,321
	Total	305,968	354,333

Balance of Loans by Type and Remaining Period

(Millions of yen)

Period		March 31, 2012	March 31, 2013
Fixed interest rates	1 year or less	34,237	30,085
	More than 1 year but less than 3 years	1,780	3,811
	More than 3 years but less than 5 years	2,698	6,523
	More than 5 years but less than 7 years	48	40
	7 years or more	—	—
	With no maturity	—	—
	Subtotal	38,764	40,460
Variable interest rates	1 year or less	106,723	116,640
	More than 1 year but less than 3 years	60,402	69,737
	More than 3 years but less than 5 years	106,325	151,554
	More than 5 years but less than 7 years	6	3,007
	7 years or more	869	1,693
	With no maturity	—	—
Subtotal	274,327	342,634	
Total	313,092	383,094	

Loans

■ Balance of Loans by Type of Collateral

(Millions of yen)

Type	March 31,2012	March 31,2013
Securities	96,654	103,092
Claims	720	661
Commodities	—	—
Real estate	40,028	35,657
Other	—	—
Subtotal	137,403	139,412
Guarantees	32,337	37,294
Unsecured	143,351	206,388
Total	313,092	383,094
(Subordinated loans)	—	—

■ Customers' Liabilities for Acceptances and Guarantees by Type of Collateral

Not applicable.

■ Balance of Loans by Purpose of Use

(Millions of yen, proportion in brackets)

Type	March 31,2012	March 31,2013
Equipment fund	Amount	50,793
	(%)	(13.2%)
Working capital	Amount	332,301
	(%)	(86.7%)
Total	Amount	383,094
	(%)	(100.0%)

(Note) Previously the personal housing loans amount was recorded under working capital (30,899 million yen as of the end of March 2013 and 34,429 million yen as of the end of March 2012), but from the current fiscal year, it is included in the equipment fund amount.

Breakdown of Loans by Industry

(Millions of yen, proportion in brackets)

	Type	March 31, 2012	March 31, 2013
Manufacturing	Amount	712	4,885
	(%)	(0.2%)	(1.2%)
Construction	Amount	370	—
	(%)	(0.1%)	(—)
Transport	Amount	2,376	290
	(%)	(0.7%)	(0.0%)
Wholesale	Amount	6,488	2,994
	(%)	(2.0%)	(0.7%)
Finance and insurance	Amount	145,156	213,162
	(%)	(46.3%)	(55.6%)
Real estate	Amount	36,821	49,492
	(%)	(11.7%)	(12.9%)
Goods rental and leasing	Amount	6,808	2,401
	(%)	(2.1%)	(0.6%)
Various services	Amount	96	11
	(%)	(0.0%)	(0.0%)
Other	Amount	114,260	109,855
	(%)	(36.4%)	(28.6%)
Total	Amount	313,092	383,094
	(%)	(100.0%)	(100.0%)

Balance of Loans Regarding Small and Medium-Sized Enterprises

(Number of loans, millions of yen)

		March 31, 2012	March 31, 2013
Total loan balance (A)	Number of loans made	6,812	6,502
	Amount	313,092	383,094
Balance of loans to SMEs (B)	Number of loans made	6,794	6,486
	Amount	280,982	357,212
Ratio (%) (B/A)	Number of loans made	99.7%	99.7%
	Amount	89.7%	93.2%

(Note) SMEs means capitalized at 300 million yen or less (100 million or less for the wholesale industry and 50 million yen or less for the retail, food and goods rental and leasing industries etc.), or companies with 300 or fewer full-time employees (100 or fewer for the wholesale and goods rental and leasing industries etc. and 50 or fewer for the retail and food industries) and individuals.

Loans

Balance of Risk-Monitored Loans

(Billions of yen)

	March 31,2012	March 31,2013
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 31,2012	March 31,2013
Claims against bankrupt and substantially bankrupt debtors	0	0
Doubtful claims	0	0
Substandard claims	—	—
Subtotal (A)	0	0
Normal claims (B)	314	384
Total (A+B)	314	384
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 31,2012	March 31,2013
General allowance for loan losses	849	1,377
Change from the previous year-end (decrease)	(393)	(527)
Specific allowance for loan losses	17	307
Change from the previous year-end (decrease)	(6)	(290)
Allowance for specific overseas loans	—	—
Change from the previous year-end	(—)	(—)
Total	866	1,684

Written-Off of Loans

(Millions of yen)

	FY2011	FY2012
Written-off loans	0	0

Securities

Balance of Securities by Type and Remaining Period

(Millions of yen)

Type	Remaining Period	March 31,2012	March 31,2013
Government bonds	1 year or less	3,020	20,151
	More than 1 year but less than 3 years	31,513	11,097
	More than 3 years but less than 5 years	17,075	16,953
	More than 5 years but less than 7 years	10,590	182,548
	More than 7 years but less than 10 years	162,381	42,657
	More than 10 years	63,869	48,891
	With no maturity	—	—
	Subtotal	288,449	322,299
Local government bonds	1 year or less	19,854	39,784
	More than 1 year but less than 3 years	71,191	40,378
	More than 3 years but less than 5 years	6,523	9,743
	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	97,570	89,907	
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	70,306	71,985
	More than 1 year but less than 3 years	84,757	36,498
	More than 3 years but less than 5 years	19,319	37,309
	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	174,382	145,793	
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	47,586	35,037
	More than 1 year but less than 3 years	33,325	67,744
	More than 3 years but less than 5 years	22,666	53,415
	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	105,595	156,197	
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	12	10
Subtotal	12	10	
Other securities	1 year or less	—	1
	More than 1 year but less than 3 years	2	4
	More than 3 years but less than 5 years	5	4
	More than 5 years but less than 7 years	2	0
	More than 7 years but less than 10 years	1	1
	More than 10 years	—	—
	With no maturity	270	1,372
Subtotal	282	1,384	
Total		666,293	715,592

Securities

■ Balance of Securities by Type

(Millions of yen, proportion in brackets)

Type	March 31,2012	March 31,2013	
Government bonds	Domestic operations	288,449 (43.2%)	322,299 (45.0%)
	International operations	— (—)	— (—)
	Total	288,449 (43.2%)	322,299 (45.0%)
Local government bonds	Domestic operations	97,570 (14.6%)	89,907 (12.5%)
	International operations	— (—)	— (—)
	Total	97,570 (14.6%)	89,907 (12.5%)
Short-term corporate bonds	Domestic operations	— (—)	— (—)
	International operations	— (—)	— (—)
	Total	— (—)	— (—)
Corporate bonds	Domestic operations	174,382 (26.1%)	145,793 (20.3%)
	International operations	— (—)	— (—)
	Total	174,382 (26.1%)	145,793 (20.3%)
Stocks	Domestic operations	— (—)	— (—)
	International operations	— (—)	— (—)
	Total	— (—)	— (—)
Foreign bonds	Domestic operations	— (—)	— (—)
	International operations	105,595 (15.8%)	156,197 (21.8%)
	Total	105,595 (15.8%)	156,197 (21.8%)
Foreign stocks	Domestic operations	— (—)	— (—)
	International operations	12 (0.0%)	10 (0.0%)
	Total	12 (0.0%)	10 (0.0%)
Other securities	Domestic operations	282 (0.0%)	1,384 (0.1%)
	International operations	— (—)	— (—)
	Total	282 (0.0%)	1,384 (0.1%)
Total	Domestic operations	560,685 (84.1%)	559,384 (78.1%)
	International operations	105,607 (15.8%)	156,207 (21.8%)
	Total	666,293 (100.0%)	715,592 (100.0%)

■ Average Balance of Securities by Type

(Millions of yen, proportion in brackets)

Type	FY2011	FY2012
Government bonds	Domestic operations 285,239 (44.8%)	310,717 (44.1%)
	International operations — (—)	— (—)
	Total 285,239 (44.8%)	310,717 (44.1%)
Local government bonds	Domestic operations 86,944 (13.6%)	100,928 (14.3%)
	International operations — (—)	— (—)
	Total 86,944 (13.6%)	100,928 (14.3%)
Short-term corporate bonds	Domestic operations — (—)	— (—)
	International operations — (—)	— (—)
	Total — (—)	— (—)
Corporate bonds	Domestic operations 173,510 (27.2%)	164,263 (23.3%)
	International operations — (—)	— (—)
	Total 173,510 (27.2%)	164,263 (23.3%)
Stocks	Domestic operations — (—)	— (—)
	International operations — (—)	— (—)
	Total — (—)	— (—)
Foreign bonds	Domestic operations — (—)	— (—)
	International operations 89,694 (14.1%)	127,225 (18.0%)
	Total 89,694 (14.1%)	127,225 (18.0%)
Foreign stocks	Domestic operations — (—)	— (—)
	International operations 12 (0.0%)	9 (0.0%)
	Total 12 (0.0%)	9 (0.0%)
Other securities	Domestic operations 271 (0.0%)	419 (0.0%)
	International operations — (—)	— (—)
	Total 271 (0.0%)	419 (0.0%)
Total	Domestic operations 545,966 (85.8%)	576,328 (81.9%)
	International operations 89,706 (14.1%)	127,234 (18.0%)
	Total 635,672 (100.0%)	703,563 (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 31,2012	March 31,2013
Government bonds	Book value	25,705	25,656
	Fair value	27,558	29,262
	Difference	1,852	3,606
	Gain	1,852	3,606
	Loss	—	—
Other securities	Book value	892	5,300
	Fair value	911	5,237
	Difference	19	(62)
	Gain	19	—
	Loss	—	62
Total	Book value	26,597	30,956
	Fair value	28,469	34,500
	Difference	1,872	3,543
	Gain	1,872	3,606
	Loss	—	62

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

■ Available-for-Sale Securities with Fair Value

(Millions of yen)

Type		March 31, 2012	March 31, 2013
Stocks	Acquisition cost	—	—
	Book value	—	—
	Valuation difference	—	—
Government bonds	Acquisition cost	256,072	284,333
	Book value	262,744	296,643
	Valuation difference	6,671	12,309
	Unrealized gain	6,671	12,309
	Unrealized loss	—	—
Local government bonds	Acquisition cost	97,410	89,687
	Book value	97,570	89,907
	Valuation difference	160	219
	Unrealized gain	160	219
	Unrealized loss	0	—
Corporate bonds	Acquisition cost	174,434	145,544
	Book value	174,382	145,793
	Valuation difference	(51)	249
	Unrealized gain	158	254
	Unrealized loss	209	5
Sub total	Acquisition cost	527,916	519,565
	Book value	534,697	532,343
	Valuation difference	6,780	12,777
	Unrealized gain	6,990	12,783
	Unrealized loss	209	5
Other securities	Acquisition cost	109,282	151,483
	Book value	109,238	153,063
	Valuation difference	(44)	1,580
	Unrealized gain	301	1,633
	Unrealized loss	345	53
Total	Acquisition cost	637,198	671,048
	Book value	643,935	685,407
	Valuation difference	6,736	14,358
	Unrealized gain	7,292	14,417
Unrealized loss	555	58	

(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, 2012	March 31, 2013
Held-to-maturity debt securities	—	—
Available-for-sale securities		
Unlisted foreign securities	12	10

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 31,2012		March 31,2013	
Over-the-counter	Interest rate swaps	Receive-fixed interest rate	Contract amount	162,815	21,407
			Over one year	11,377	21,407
		Pay-floating interest rate	Fair value	55	(108)
			Unrealized gains	55	(108)
		Receive-floating interest rate	Contract amount	1,815	307
			Over one year	377	307
		Pay-fixed interest rate	Fair value	(14)	(6)
			Unrealized gains (losses)	(14)	(6)
		Receive-floating interest rate	Contract amount	117,500	101,900
			Over one year	117,500	101,900
		Pay-floating interest rate	Fair value	(2,229)	(1,495)
			Unrealized gains (losses)	(2,229)	(1,495)
		Receive-fixed interest rate	Contract amount	—	—
			Over one year	—	—
		Pay-fixed interest rate	Fair value	—	—
Unrealized gains (losses)	—		—		
Total fair value		(2,189)	(1,611)		
Total unrealized gains (losses)		(2,189)	(1,611)		

(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 1,611 million yen and 2,262 million yen were reported at the end of March, 2013 and 2012, 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 31,2012		March 31,2013	
Over-the-counter	Swaps	Contract amount	143,721	109,616	
		Over one year	94,618	90,986	
		Fair value	(3,194)	447	
		Unrealized gains (losses)	(3,194)	447	
	Forwards	Sold	Contract amount	1,309,116	1,036,788
			Over one year	—	—
			Fair value	(5,585)	(10,143)
			Unrealized gains (losses)	(5,585)	(10,143)
		Bought	Contract amount	1,308,839	1,041,512
			Over one year	—	—
			Fair value	4,941	10,273
			Unrealized gains	4,941	10,273
	Options	Sold	Contract amount	79,442	61,074
			Over one year	11,999	8,403
			Fair value	(2,353)	(1,196)
			Unrealized gains (losses)	(635)	102
		Bought	Contract amount	79,442	61,074
			Over one year	11,999	8,403
Fair value			2,353	1,196	
Unrealized gains			474	(239)	
Total fair value		(3,838)	578		
Total unrealized gains (losses)		(4,000)	442		

(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.

■ Stock-Related Transactions

Not applicable.

■ 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, 2012			March 31, 2013		
			Contract amount	Over one year	Fair value	Contract amount	Over one year	Fair value
Primary method	Interest rate swaps	Loans, borrowing from others, available-for-sale securities	240,558	232,836	(12,298)	260,736	256,365	(16,288)
	Receive-fixed interest rate Pay-floating interest rate		1,000	1,000	0	1,000	1,000	2
	Receive-floating interest rate Pay-fixed interest rate		238,158	230,436	(12,270)	258,536	255,365	(16,275)
	Receive-floating interest rate Pay-floating interest rate		1,400	1,400	(27)	1,200	—	(15)
Exceptional method for Interest rate swaps	Interest rate swaps	Securities	25,000	25,000	(1,682)	25,000	25,000	(3,018)
	Receive-floating interest rate Pay-fixed interest rate		25,000	25,000	(1,682)	25,000	25,000	(3,018)
Total			—	—	(13,981)	—	—	(19,307)

(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, 2012			March 31, 2013		
			Contract amount	Over one year	Fair value	Contract amount	Over one year	Fair value
Appropriation method	Currency swaps	Foreign currency denominated securities	908	—	(25)	6,754	6,754	28
Total			—	—	(25)	—	—	28

(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 31,2012	March 31,2013
Assets:		
Loans	308,260	324,414
Loans on deeds	308,260	324,414
Securities	9,301,980	10,620,618
Government bonds	4,759,232	4,859,532
Local government bonds	1,415	7,239
Corporate bonds	318,222	196,850
Stocks	610,755	586,849
Foreign securities	526,813	562,243
Other securities	3,085,542	4,407,902
Securities held for investment trusts	8,344,135	9,371,576
Foreign investments held for investment trusts	3,068,793	2,601,267
Beneficiary rights	70,754	64,904
Securities held in custody accounts	3,583,041	3,044,913
Money claims	151,397	88,529
Money claims on life insurance policies	5,335	5,592
Other money claims	146,061	82,937
Tangible fixed assets	25,710	846
Real estate	25,710	846
Other claims	149,251	176,375
Call loans	620,011	813,387
Due from banking account	51,123	20,549
Cash and due from banks	3,761,200	5,171,569
Due from banks	3,761,200	5,171,569
Other assets	264	142
Total	29,435,926	32,299,094
Liabilities:		
Designated money trusts	813,855	773,694
Specified money trusts	915,795	960,438
Pension trusts	86,784	123,341
Investment trusts	11,893,429	12,635,528
Pecuniary trusts other than money trusts	231,543	206,576
Securities trusts	13,635,117	15,894,586
Money claims trusts	96,961	91,051
Land and fixtures trusts	26,994	905
Composite trusts	1,735,444	1,612,970
Other trusts	0	0
Total	29,435,926	32,299,094

(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 31,2012	March 31,2013
Assets:		
Loans	—	—
Money claims	—	—
Other	17	15
Total	17	15
Liabilities:		
Principal	17	15
Reserve for possible impairment of principal	—	—
Other	0	0
Total	17	15

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

(Millions of yen)

Type		March 31,2012	March 31,2013
Money trusts	Government bonds	574,032	649,332
	Local government bonds	—	—
	Short-term corporate bonds	—	—
	Corporate bonds	157,477	39,554
	Stocks	27,460	24,465
	Other securities	387,331	379,057
	Balance of assets under management at the end of period	1,146,302	1,092,410
Pension trusts	Government bonds	—	—
	Local government bonds	—	—
	Short-term corporate bonds	—	—
	Corporate bonds	—	—
	Stocks	—	—
	Other securities	21,373	23,390
	Balance of assets under management at the end of period	21,373	23,390
Total	Government bonds	574,032	649,332
	Local government bonds	—	—
	Short-term corporate bonds	—	—
	Corporate bonds	157,477	39,554
	Stocks	27,460	24,465
	Other securities	408,704	402,448
	Balance of assets under management at the end of period	1,167,675	1,115,801

(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 31,2012	March 31,2013
Money trusts	Less than 1 year	287,242	308,484
	From 1 year to less than 2 years	167	3
	From 2 years to less than 5 years	371	449
	5 years or more	731,380	676,296
	Others	—	—
	Total	1,019,161	985,233

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

(Millions of yen, proportion in brackets)

Type	March 31,2012	March 31,2013
Loans on deeds	303,549 (100.0%)	320,664 (100.0%)
Loans on bills	— (—)	— (—)
Bills discounted	— (—)	— (—)
Total	303,549 (100.0%)	320,664 (100.0%)

(Note) This is the balance of loans under trust account related to money trusts and pension trust. The same applies to the tables of balance of loans (by Category), (by Contract Term), (by Type of Collateral), (by Industry) and (by Purpose of Use) and the tables for Loans to Small and Medium-Sized Enterprises.

Trust Business

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

(Millions of yen)

Period	March 31,2012	March 31,2013
1 year or less	223,000	246,100
More than 1 year but less than 3 years	7,407	7,001
More than 3 years but less than 5 years	3,750	1,250
More than 5 years but less than 7 years	19,738	17,580
7 years or more	49,653	48,732
Total	303,549	320,664

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

(Millions of yen)

Type	March 31,2012	March 31,2013
Securities	232,450	251,850
Claims	—	—
Commodities	—	—
Real estate	—	—
Other	—	—
Subtotal	232,450	251,850
Guarantees	—	—
Unsecured	71,099	68,814
Total	303,549	320,664

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

(Millions of yen, proportion in brackets)

Type		March 31,2012	March 31,2013
Finance and insurance	Amount	223,000	246,100
	(%)	(73.4%)	(76.7%)
Real estate	Amount	800	—
	(%)	(0.2%)	(—)
Wholesale	Amount	2,507	2,501
	(%)	(0.8%)	(0.7%)
Local governments	Amount	68,591	66,312
	(%)	(22.6%)	(20.6%)
Other	Amount	8,650	5,750
	(%)	(2.8%)	(1.7%)
Total	Amount	303,549	320,664
	(%)	(100.0%)	(100.0%)

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

(Millions of yen)

Type	March 31,2012	March 31,2013
Equipment fund	—	—
Working capital	303,549	320,664
Total	303,549	320,664

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

(Millions of yen)

	March 31,2012	March 31,2013
Total loan balance (A)	303,549	320,664
Balance of loans to SMEs (B)	9,450	5,750
Ratio (%) (B/A)	3.1%	1.7%

(Note) SMEs means capitalized at 300 million yen or less (100 million or less for the wholesale industry and 50 million yen or less for the retail, food and goods rental and leasing industries etc.), or companies with 300 or fewer full-time employees (100 or fewer for the wholesale and goods rental and leasing industries etc. and 50 or fewer for the retail and food industries) and individuals.

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

(Millions of yen)

Type		March 31,2012	March 31,2013
Money trusts	Loans	303,549	320,664
	Securities	1,146,302	1,092,410
	Total	1,449,851	1,413,075
Pension trusts	Loans	—	—
	Securities	21,373	23,390
	Total	21,373	23,390
Total loans		303,549	320,664
Total securities		1,167,675	1,115,801
Total loans and securities		1,471,224	1,436,466

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

Management Indices

Overall Profit Margin

(%)

		FY2011	FY2012
Yield on investments	Domestic operations	1.33	1.34
	International operations	1.14	1.32
	Total	1.38	1.40
Funding cost	Domestic operations	1.93	2.17
	International operations	2.80	2.89
	Total	2.09	2.33
Overall profit margin	Domestic operations	(0.60)	(0.83)
	International operations	(1.66)	(1.57)
	Total	(0.71)	(0.93)

Profit Ratio

(%)

		FY2011	FY2012
Return on assets (ROA)	Net business profit to assets ratio	0.19	0.11
	Ordinary profit to assets ratio	0.17	0.08
	Net income to assets ratio	0.05	0.01
Return on equity (ROE)	Net business profit to equity ratio	4.67	3.14
	Ordinary profit to equity ratio	4.18	2.25
	Net income to equity ratio	1.26	0.34

Gross Operating Profit Ratio

(%)

		FY2011	FY2012
Gross operating profit ratio	Domestic operations	1.38	1.33
	International operations	1.34	1.67
	Total	1.46	1.47

Loan-To-Deposit Ratio

(%)

		FY2011	FY2012
Balance at the end of the period	Domestic operations	61.0	54.5
	International operations	26.2	47.3
	Total	59.3	54.1
Average balance during the period	Domestic operations	65.4	64.9
	International operations	24.5	29.0
	Total	63.1	63.0

Security-To-Deposit Ratio

(%)

		FY2011	FY2012
Balance at the end of the period	Domestic operations	111.8	83.4
	International operations	405.0	420.1
	Total	126.3	101.1
Average balance during the period	Domestic operations	119.4	108.1
	International operations	330.1	444.2
	Total	131.2	125.2

■ Deposits, Loans and Trust Assets per Branch

(Millions of yen)

	March 31,2012	March 31,2013
Deposits	527,463	707,330
Loans	313,092	383,094
Amount of funds in trust account	1,816,435	1,857,474

(Note) Deposits include negotiable certificates of deposit.

■ Deposits, Loans and Trust Assets per Employee

(Millions of yen)

	March 31,2012	March 31,2013
Deposits	1,461	1,737
Loans	867	941
Amount of funds in trust account	5,031	4,563

(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 not only by conducting scoring based on a rating model using the financial information of debtors but also by utilizing the latest important information available including qualitative information on managerial risk, legal risk etc. which may affect the certainty of debt assumption, external credit ratings or the credit standing of associated companies . These 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. Calculation methods for determining the amount of credit risk asset with regard to securitization exposure
In accordance with the FSA Notification No. 19, we evaluate credit risk asset with regard to securitization exposure using the Standardized Approach. If there is no rating affirmed by eligible external credit assessment institutions for a certain amount of securitization exposure, we deduct it from the regulatory capital.
- 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 Planning & Control Department
	Information security risk	Operations Planning and Administration Department
	Legal and compliance risk	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 10-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, 2012	March 31, 2013
Capital stock	30,000	30,000
Capital surplus	8,270	8,270
Retained earnings	4,973	5,123
Planned distribution (deduction)	—	—
Net unrealized losses on securities available for sale (deduction)	—	—
Amount equivalent to goodwill (deduction)	207	181
Tier I (A)	43,035	43,211
Tier II (B)	10,849	11,377
Tier III (C)	—	—
Deductions from total qualifying capital (D)	5	6
Total capital (A) + (B) + (C) – (D)	53,879	54,582

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, 2012	March 31, 2013
Claims on foreign non-central government public sector entities	62	114
Claims on Japan Finance Organization for Municipalities	89	73
Claims on Japanese government-affiliated organizations	327	364
Claims on financial institutions and Type I financial instruments business operators	1,547	1,505
Claims on corporations	6,158	9,093
Claims on small and medium enterprises and individuals	1,482	1,372
Claims on projects including acquisition of real estate properties	—	528
Past due loans for three months or more	0	0
Other	534	576
Securitization (other than originating bank) (Re-Securitization)	119	45
	9	—
Out of assets with multiple underlying assets (so-called “funds”), the assets whose underlying assets are difficult to measure individually	11	55
Total	10,334	13,730

- 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, 2012 and 2013
- C. Amount of Required Capital against Credit Risk Concerning Exposures to Which the Related-Method Are Applied
Not applicable as of March 31, 2012 and 2013
- D. Amount of Required Capital against Market Risk and Breakdown by Approach
Not applicable as of March 31, 2012 and 2013
- E. Amount of Required Capital against Operational Risk

(Millions of yen)		
The standardized approach	March 31, 2012	March 31, 2013
	2,294	2,337

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

	March 31, 2012	March 31, 2013
Non-Consolidated capital adequacy ratio	18.77%	14.65%
Non-Consolidated Tier 1 capital adequacy ratio	14.99%	11.60%

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

	March 31, 2012	March 31, 2013
Non-Consolidated Total Required Capital	11,481	14,898

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)

(Millions of yen)

		March 31, 2013				
		Securities	Loans	Derivatives	Others	Total
By area and industry	Manufacturing	1,817	4,885	—	502	7,205
	Utilities	4,074	—	—	12	4,086
	Transport	63,697	290	—	85	64,073
	Wholesale	—	2,994	134	0	3,128
	Finance and insurance	59,181	207,081	48,788	51,247	366,298
	Real estate	4,014	49,492	—	590	54,097
	Goods rental and leasing	—	7,082	122	351	7,556
	Various services	13,008	11	—	611	13,631
	Government and local authorities	412,206	—	—	39,805	452,012
	Other	2,165	101,382	—	23,050	126,598
		Domestic	560,165	373,221	49,045	116,256
	Overseas	156,207	9,873	6,688	7,831	180,600
	Total	716,373	383,094	55,733	124,087	1,279,289
By duration	Due in 1 year or less	166,959	146,726	42,859	121,483	478,029
	Due over 1 year to 3 years	155,724	73,549	2,783	194	232,250
	Due over 3 years to 5 years	118,136	158,077	4,545	2,055	282,814
	Due over 5 years to 7 years	182,549	3,048	2,419	353	188,370
	Due over 7 years	91,621	1,693	3,125	—	96,441
	With no maturity	1,382	—	—	0	1,383
	Total	716,373	383,094	55,733	124,087	1,279,289

Disclosure based on Pillar III of Basel II – Quantitative Disclosure

(By area, industry, and duration) (Millions of yen)

		March 31, 2012				Total
		Securities	Loans	Derivatives	Other	
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	

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, 2013				Total
		Securities	Loans	Derivatives	Other	
By area and industry	Other	—	5	—	—	5
	Domestic	—	5	—	—	5
	Overseas	—	—	—	—	—
	Total	—	5	—	—	5

(By area and industry) (Millions of yen)

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

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, 2012		March 31, 2013	
Against March 31, 2011		Against March 31, 2012	
849	393	1,377	527

■ Balances of Specific Allowance for Loan Losses (Millions of yen)

(By area and industry)

		March 31, 2012		March 31, 2013	
		Against March 31, 2011		Against March 31, 2012	
By area and industry	Real estate	—	—	297	297
	Other	17	6	9	(7)
	Domestic	17	6	307	290
	Overseas	—	—	—	—
	Total	17	6	307	290

Allowance for loans to specific foreign borrowers is not applicable as of March 31, 2012 and 2013.

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

(Millions of yen)

		March 31, 2012	March 31, 2013
By area and industry	Other	0	0
	Domestic	0	0
	Overseas	—	—
	Total	0	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, 2013		
Risk Weight	Rating Available	Rating Not Available
0%	418,587	33,437
10%	108,982	—
20%	240,646	—
30%	2,012	—
40%	—	—
50%	128,593	—
70%	15,002	—
75%	—	45,766
100%	56,544	106,353
120%	9,666	—
Capital deduction	—	6

(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

※ 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%, 70%, and 120% are the results of combining risk weight of 20% with that of 10%, 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, 2012 and 2013

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

Not applicable as of March 31, 2012 and 2013

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, 2012 and 2013

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, 2012 and 2013

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, 2012	March 31, 2013
119,113	113,688

- 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 33,347 million yen as of March 31, 2012, and 38,133 million yen as of March 31, 2013. 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, 2012 and 2013.

- B. Aggregated Amount of Positive Gross Replacement Cost

(Millions of yen)	
March 31, 2012	March 31, 2013
22,363	24,648

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

(Millions of yen)		
	March 31, 2012	March 31, 2013
Foreign Exchange-related Transactions	54,076	49,860
Interest rate-related Transactions	5,702	5,873
Total	59,779	55,733

- 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, 2012	March 31, 2013
37,416	31,084

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, 2012 and 2013.

- E. Amount by Types of Collaterals
Not applicable as of March 31, 2012 and 2013

- F. Credit Equivalent Amounts after Credit Risk Mitigation Benefits Due to Collateral
Not applicable as of March 31, 2012 and 2013. 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, 2012 and 2013

- H. Notional Principal Amount of Credit Derivatives Used for Credit Risk Mitigation Purposes
Not applicable as of March 31, 2012 and 2013

VI. Matters Relating to Securitization Transactions

- A. Matters Relating to Securitization Exposures Originated by the Bank
Not applicable as of March 31, 2012 and 2013

- 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, 2012		March 31, 2013	
	Balance	Re-Securitization	Balance	Re-Securitization
Accounts receivable	3,160	—	3,857	—
Loan claims	1,689	591	709	—
Claims on installment payment	154	—	71	—
Claims on lease payments	3,000	—	—	—
Total	8,004	591	4,637	—

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

(Millions of yen)

Risk Weight	March 31, 2013			
	Balance		Required Capital	
	Balance	Re-Securitization	Balance	Re-Securitization
20%	3,928	—	31	—
50%	709	—	14	—
Total	4,637	—	45	—

(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

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, 2012	March 31, 2013
		5

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, 2012 and 2013

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, 2012 and 2013

- C. Matters relating to calculate the market risk amount regard to securitization exposure in which the Bank originates
Not applicable as of March 31, 2012 and 2013

- D. Matters relating to calculate the market risk amount regard to securitization exposure in which the Bank invests
Not applicable as of March 31, 2012 and 2013

VII. Matters Relating to Market Risk

Not applicable as of March 31, 2012 and 2013

VIII. Matters Relating to Capital Subscriptions or Equity Exposures in the Banking Account

Not applicable as of March 31, 2012 and 2013

Disclosure based on Pillar III of Basel II – Quantitative Disclosure

- IX . Amount of Regarded Exposures Relating to Funds
Not applicable as of March 31, 2012 and 2013

- 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, 2012	March 31, 2013
4,846	5,478

