NOMURA

2014

Annual Report

The Nomura Trust and Banking Co., Ltd.

Corporate Data (As of July, 2014)

Name:	The Nomura Trust and Banking Co., Ltd.
Established:	August 24, 1993
Paid-in Capital:	30 billion yen
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, Hiranocho, Chuo-ku, Osaka City, Osaka Prefecture 541-0046, Japan +81 (6) 6222-1586

Disclosure 2014

Issued in August 2014 by the Corporate Planning Department, The Nomura Trust and Banking Co., Ltd.

Message from the CEO

We sincerely appreciate your continuing support for The Nomura Trust and Banking. I assumed the position of President and Chief Executive Officer of The Nomura Trust and Banking as of April 1, 2014. I hereby reaffirm my commitment to work hard to fulfill my responsibilities and ask for your continued support in my new role.

The Japanese economy is in a process of slow recovery as the economic policies of the government and the monetary policies of the Bank of Japan to deal with deflation have started to take effect. Under such circumstances, as a member of Nomura Group, we have followed our basic philosophy of "placing clients at the heart of everything we do," by strengthening strong ties with Nomura Securities and other group companies and by developing our own services. This has enabled us to offer better quality services and products to our customers and, as a result, has steadily increased our balance of deposits and loans.

In our trust business, we have accelerated the selection and concentration of strategic areas, distributed our management resources appropriately and offered solutions to meet our customers' needs in areas such as the asset liquidation trust. In addition, we have improved the efficiency of our investment trust administration business. The balance of investment trusts under management has increased partly due to the commencement of the Nippon Individual Savings Account (NISA) (a tax-free system for small-scale investments).

As a result of these business activities, for the fiscal year ended March 2014, we reported ordinary income of 31,769 million yen, ordinary profit of 2,785 million yen and net income of 1,619 million yen.

As a financial institution operating in the trust business, we take the public nature of our banking business seriously, and are contributing to the smooth operation of finance by maintaining customers' trust and protecting our depositors. We are committed to fulfilling our responsibilities as a trust administrator in order to operate a sound and well-regarded business.

As a member of Nomura Group, by further strengthening our relationship with other Nomura Group companies, we will quickly catch on to changes in the market and trends of the times and expand our customer base. We commit to offering services to satisfy the expectations of our customers.

We appreciate your support and patronage for The Nomura Trust and Banking.

July 2014

Chie Shimpo
President and Chief Executive Officer

Overview of Our Business

Key Management Indicators

As a member of 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 economic policies of the government and the monetary policy of the Bank of Japan have resulted in higher stock prices and a lower value for the Japanese yen, and the gradual recovery mode from last year has been maintained in this fiscal year.
Under such an environment, we have strengthened our close ties with Nomura Group of companies. In addition to strengthening our profit base of our loan business, we have been trying to expand the "Nomura Home Banking" business.
In the trust business, we have continued to expand our investment trust administration business and strengthened a steady profit base.

Changes in Key Management Indicators

(Millions of yen)

Item	FY2009	FY2010	FY2011	FY2012	FY2013
Profit and loss					
Ordinary income	19,060	26,265	24,466	30,448	**31,769**
Net business profit	2,387	2,842	2,025	1,362	**2,665**
Ordinary profit	2,596	2,568	1,811	975	**2,785**
Net income	1,475	1,489	546	150	**1,619**
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	34,492	43,944	43,635	46,276	**47,785**
Total assets	708,553	1,048,027	1,088,697	1,237,244	**1,256,196**
Balance of deposits	179,869	238,093	281,793	482,980	**469,520**
Balance of loans	213,577	314,970	313,092	383,094	**399,139**
Balance of securities	311,634	589,103	666,293	715,592	**784,832**
Per share information					
Net assets per share (yen)	57,487	73,240	72,726	77,126	**79,641**
Annual dividends per share (yen)	1,600	1,800	—	—	**—**
Net income per share (yen)	2,458	2,483	910	250	**2,698**
Dividend payout ratio (%)	64.7%	72.4%	—	—	**—**
Number of employees	265	332	361	407	**417**
Non-consolidated capital adequacy ratio (%)	19.88%	21.90%	18.77%	14.65%	**14.33%**
Return on equity (%)	4.37%	3.79%	1.24%	0.33%	**3.44%**
Trust account					
Trust fees	5,460	7,240	7,194	6,956	**7,595**
Assets held in trust	22,333,501	29,251,727	29,435,926	32,299,094	**17,765,319**
Balance of loans and bills discounted	232,294	294,914	308,260	324,414	**356,366**
Balance of securities	7,449,873	8,797,643	9,301,980	10,620,618	**2,231,379**

1. Profit Performance

As regards profits, because revenues from trust fees increased by 639 million yen, gross operating profit was up by 784 million yen from the last fiscal year to 17,151 million yen, thus net income reached a record level of 1,619 million yen. Gross operating profit and ordinary profit were also at record highs. This is due to persistent cost management and the improvement of credit related costs.

Table of Profit Performance

(Millions of yen)

Item	FY2009	FY2010	FY2011	FY2012	FY2013	Net Increase (Decrease)
Gross operating profit	13,328	14,869	14,759	16,367	**17,151**	**784**
Trust fees	5,460	7,240	7,194	6,956	**7,595**	**639**
Net interest income	5,980	5,852	5,884	5,245	**5,290**	**45**
Net fees and commissions	1,443	1,279	1,421	1,640	**1,494**	**(145)**
Net trading income (loss)	27	47	(17)	9	**9**	**0**
Net other operating income	416	449	276	2,514	**2,760**	**245**
Provision of general allowance for loan losses (deduction)	294	—	393	527	**—**	**(527)**
General and administrative expenses (excluding non-recurring expenses)	10,646	12,026	12,340	14,476	**14,485**	**8**
Personnel expenses	3,120	3,703	3,904	4,671	**5,089**	**418**
Non-personnel expenses	7,205	7,966	8,077	9,316	**9,035**	**(280)**
Taxes	319	357	358	489	**360**	**(128)**
Net business profit	2,387	2,842	2,025	1,362	**2,665**	**1,303**
Non-recurring profit (loss)	208	(273)	(213)	(387)	**120**	**507**
Writing-off loans	(751)	—	0	0	**—**	**0**
Gain and loss on loans sold	—	(88)	—	—	**—**	**—**
Gain and loss on sales of stocks and other securities	37	0	—	1	**—**	**(1)**
Reversal of allowance for loan losses (deduction)	—	—	—	—	**234**	**234**
Provision of specific allowance for loan losses (deduction)	(1,046)	(88)	6	291	**—**	**(291)**
Ordinary profit	2,596	2,568	1,811	975	**2,785**	**1,810**
Extraordinary income	155	325	59	41	**58**	**17**
Reversal of allowance for loan losses	86	244	—	—	**—**	**—**
Other	69	81	59	41	**58**	**17**
Extraordinary loss	38	156	475	666	**39**	**(626)**
Loss on disposal of chattel and real estate	32	17	103	184	**18**	**(166)**
Inpairment loss	—	—	—	338	**—**	**(338)**
Provision of contingency losses	—	—	372	96	**19**	**(77)**
Other	5	139	—	46	**1**	**(44)**
Income before income taxes	2,713	2,737	1,395	349	**2,804**	**2,455**
Income taxes-current	1,413	719	988	681	**1,103**	**422**
Income taxes-deferred (deduction)	(174)	528	(139)	(481)	**82**	**563**
Total income taxes	1,238	1,247	849	199	**1,185**	**986**
Net income	1,475	1,489	546	150	**1,619**	**1,468**

Overview of Our Business

2. Status of Trust Assets

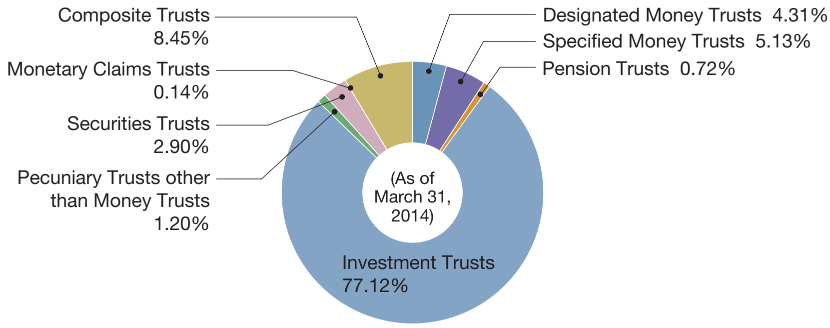
The balance of trust assets increased by 1,065.5 billion yen from the previous fiscal year to 13,701 billion yen, due to higher stock prices and a weak Japanese yen.
The total trust balance was 17,765.3 billion yen, down by 14,533.7 billion yen from the previous year due to suspension of trading for a marketable security (Repo Trust).

Table of Balance of Trust Assets

(Millions of yen)

Liabilities	March 31,2010	March 31,2011	March 31,2012	March 31,2013	March 31,2014
Designated Money Trusts	563,627	830,882	813,855	773,694	**765,793**
Specified Money Trusts	481,240	737,567	915,795	960,438	**912,715**
Pension Trusts	78,304	83,572	86,784	123,341	**128,642**
Investment Trusts	7,860,198	12,610,581	11,893,429	12,635,528	**13,701,092**
Pecuniary Trusts other than Money Trusts	386,684	345,501	231,543	206,576	**213,687**
Securities Trusts	11,511,846	12,644,812	13,635,117	15,894,586	**516,015**
Monetary Claims Trusts	118,858	101,765	96,961	91,051	**25,999**
Land and Fixtures Trusts	53,723	36,437	26,994	905	**—**
Composite Trusts	1,279,017	1,860,606	1,735,444	1,612,970	**1,501,373**
Other Trusts	0	0	0	0	**—**
Total	22,333,501	29,251,727	29,435,926	32,299,094	**17,765,319**

Ratio of Trust Assets



3. Status of Capital Adequacy

The capital adequacy ratio at the end of March 2014 was 14.33% (new domestic standard), maintaining a sound level.

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

(Millions of yen)

Item		March 31, 2010	March 31, 2011	March 31, 2012	March 31, 2013	**March 31, 2014**
Tier I						
Capital account		34,016	42,462	43,035	43,211	—
Total	[A]	34,016	42,462	43,035	43,211	—
Tier II						
Allowance for loan losses		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		10,530	10,455	10,849	11,377	—
Included in Capital	[B]	10,530	10,455	10,849	11,377	—
Items for deduction	[C]	2	3	5	6	—
Core capital: instruments	[A']	—	—	—	—	**56,156**
Core capital: regulatory adjustments	[B']	—	—	—	—	**155**
Capital amount [D] (= [A] + [B] - [C] or = [A'] - [B'])		44,545	52,915	53,879	54,582	**56,000**
Risk assets						
On-balance sheet items		174,218	195,227	240,304	325,643	**331,462**
Off-balance sheet items		23,466	18,839	18,047	17,609	**16,510**
CVA risks (divided by multiplying the capital requirement by 12.5)		—	—	—	—	**13,141**
Operational risks (divided by multiplying the capital requirement by 12.5)		26,369	27,545	28,677	29,218	**29,431**
Total	[E]	224,053	241,612	287,029	372,470	**390,546**
Capital adequacy ratio (domestic standard) (= [D]/[E] x 100)		19.88%	21.90%	18.77%	14.65%	**14.33%**

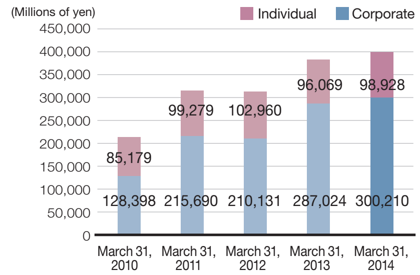
(Note) Capital adequacy ratios are calculated with the formula specified in Notification No. 19 of the 2006 Financial Services Agency, based on the provisions of Article 14:2 of the Banking Act. We used Basel II base up to the end of March 2013, but used the new domestic standard to calculate the ratio at the end of March 2014.

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 399.1 billion yen.

Loan balance



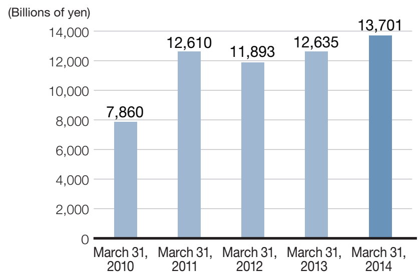
(Note) Corporate includes loans to the trust account.

<Investment Trust Administration Business>

The balance of investment trusts under management rose by 1,065.5 billion yen from the end of the previous fiscal year to 13,701 billion yen due to higher 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 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 Nomura Group. Furthermore, by ensuring that our directors and employees comply with the "Code of Ethics of 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 Management Committee: This Committee will discuss and decide on investment management policies for trust assets for which the Bank has a discretionary power, consider the introduction of asset management companies and investment products into the investment product lineup, and review individual management models.
- Investment Audit Committee: In order to ensure the appropriateness of the management of trust assets for which the Bank has discretionary power, this Committee regularly verifies the performance, risk management and status of interaction with customers. If necessary, it recommends and instructs the Investment Management Committee to make improvements and keep all related parties informed about matters.
- 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, and in accordance with the "Nomura Group Internal Audit Charter" and our "Internal Audit Regulation," 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.
In addition, an external audit company evaluated our internal audit operation in March 2013.

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 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 sprit and common sense and also monitors compliance activities of the department in charge and makes regular reports to the Compliance Officer.

Policy on Antisocial Forces (Organized Crime)

Nomura Group's policy is "not to deal with any antisocial force or group" under the "Code of Ethics of Nomura Group."
We comply with this policy and have created a structure to eliminate antisocial forces. We promote efforts to block dealings with these forces.

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 version only)

Internal Control System – Risk Management

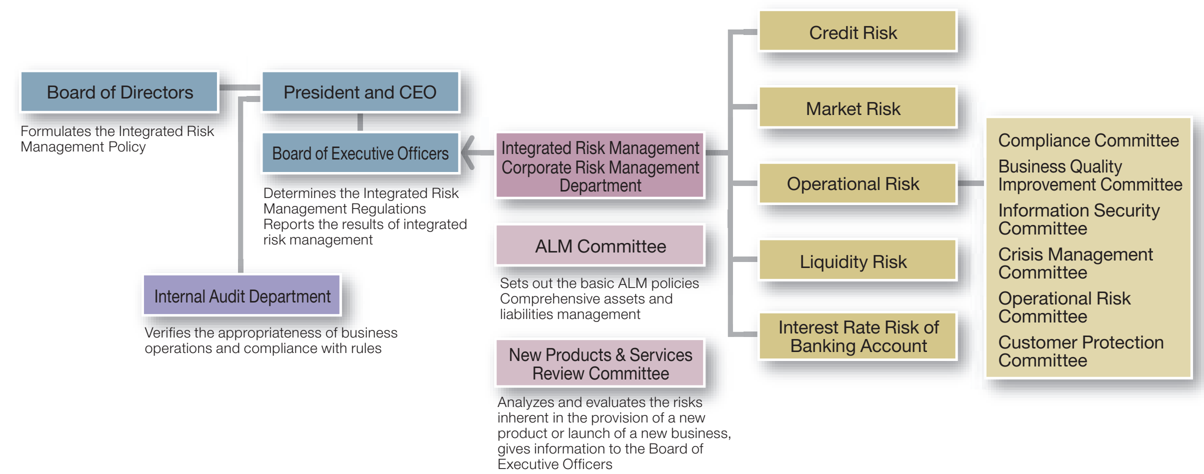
Risk Management System

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 Ⅲ applicable since the end of March 2014 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 The 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 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 by non-performance of outsourced companies from the viewpoint of customer protection and appropriate operation, such as not complying with the local legal requirements, 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:

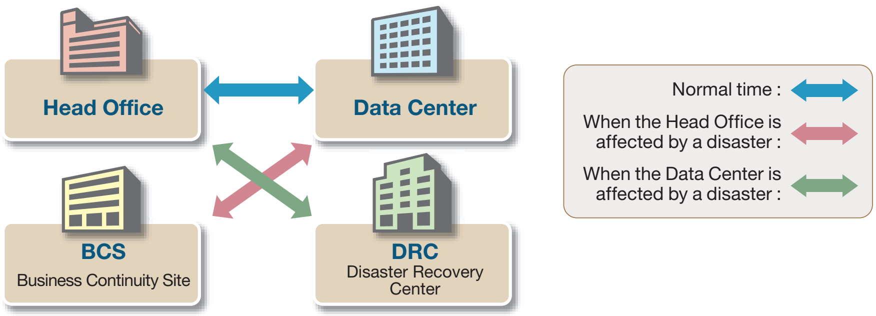
Establishment of a Business Continuity Site (BCS)

We built a BCS for sustaining the core businesses in a case where we are unable to continue operations at the Head Office of The Nomura Trust and 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 version only)

Personal Information Protection Policy

We have established the "Personal Information Protection Policy" 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 personal 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 version 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 version 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.

In addition, with regard to personal guarantee of the president, we promote financings not dependent on personal guarantee of the president and take appropriate measures for the existence of guarantee agreements when reasonable.

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

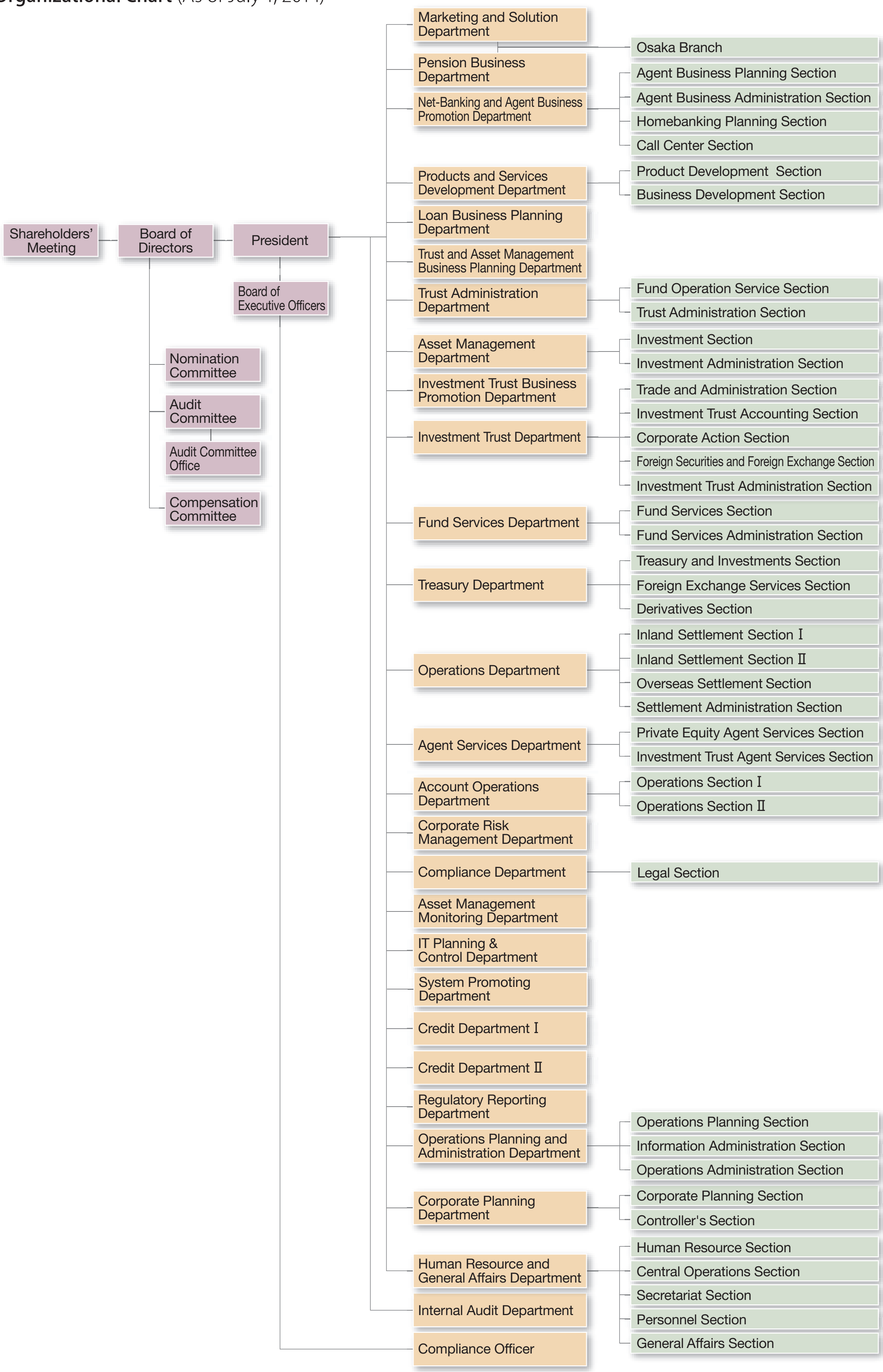
We have appointed the Finance Facilitation Manager who centrally controls Our finance facilitation management system. The Finance Facilitation Manager offers management consultation and guidance services to SME customers in collaboration with the sales promotion division and the credit examination division 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, 2014)



Directors, Executive Officers and Employees

Directors and Executive Officers (as of July 1, 2014)

Directors	
Director (Outside Director)	Masanori Nishimatsu
Director	Chie Shimpo
Director (Outside Director)	Hiroyuki Suzuki
Director (Outside Director)	Shoichi Nagamatsu
Director (Outside Director)	Noriaki Nagai
Director (Outside Director)	Akihito Watanabe
Director (Outside Director)	Junko Nakagawa
Director (Outside Director)	Koujirou Matsuda

Executive Officers		
President & CEO	Chie Shimpo	
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
Senior Managing Director	Natsuki Gomi	Corporate Planning, Credit Management, Legal & Compliance

Employees

	March 31, 2010	March 31, 2011	March 31, 2012	March 31, 2013	March 31, 2014
Number of employees	265	332	361	407	417
Average length of service	4 years and 4 months	4 years and 1 months	4 years and 4 months	4 years and 7 months	4 years and 11 months
Average monthly salary (thousand yen)	605	582	587	563	555

Rating Information (as of July 1, 2014)

S&P		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.
We follow the instructions of investment trust management companies in conducting delivery settlements for marketable securities, rights handling and custody operations. We also verify net asset value and unit price of each fund.

● Securities Trusts
Trust in which securities are used to set up a trust. There are two types of securities trusts depending on the purpose of the trustors; (1) securities administration trusts which are designed to administer securities, and (2) 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 and 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.
September 1995	Served as a Fiscal Agent for corporate bonds for the first time in Japan.
November	Joined Domestic funds transfer system.
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 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.
June	Handled security interest trust and intellectual property right trust. Obtained approval for business including execution of wills and settlements of inheritance.
November	Balance of investment trust assets exceeded 5,000 billion yen.
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.
April 2007	Balance of investment trust assets exceeded 10,000 billion yen.
May	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	The Nomura Trust and Banking merged with NCT Trust and Banking Corporation (surviving company: The Nomura Trust and Banking Co., Ltd.) .
May 2011	Established the East Japan Restoration Support Fund jointly with Nomura Securities and Nomura Asset Management.
October 2012	“Nomura Home Banking” systems totally renewed.
October 2013	20th anniversary since starting business.

Financial Data

Contents

Financial Statements

Balance Sheets

(Millions of yen)

Item	March 31,2013	March 31,2014
Assets:		
Cash and due from banks	43,194	**10,506**
Cash	0	**0**
Due from banks	43,194	**10,505**
Receivables under securities borrowing transactions	43,969	**29,590**
Monetary claims bought	780	**734**
Trading assets	942	**926**
Trading-related financial derivatives	942	**926**
Securities	715,592	**784,832**
Government bonds	322,299	**380,024**
Local government bonds	89,907	**89,693**
Corporate bonds	145,793	**129,130**
Other securities	157,592	**185,983**
Loans	383,094	**399,139**
Loans on deeds	302,359	**317,733**
Overdrafts	80,734	**81,405**
Foreign exchanges	7,080	**3,192**
Due from foreign banks (our accounts)	7,080	**3,187**
Foreign bills receivable	0	**4**
Other assets	34,140	**19,777**
Prepaid expenses	106	**208**
Accrued income	4,297	**4,148**
Derivatives other than for trading-assets	25,521	**12,341**
Temporary payments	3,321	**2,087**
Other	894	**991**
Tangible fixed assets	1,276	**1,326**
Buildings	241	**236**
Other	1,034	**1,089**
Intangible fixed assets	8,293	**7,058**
Software	8,110	**6,901**
Goodwill	181	**155**
Other	1	**1**
Deferred tax assets	562	**558**
Allowance for loan losses	(1,684)	**(1,446)**
Total assets	1,237,244	**1,256,196**

Balance Sheets

(Millions of yen)

Item	March 31,2013	March 31,2014
Liabilities:		
Deposits	482,980	**469,520**
Current deposits	9,472	**5,745**
Ordinary deposits	129,120	**91,990**
Time deposits	306,621	**330,636**
Other deposits	37,765	**41,147**
Negotiable certificates of deposit	224,350	**258,812**
Call money	104,241	**149,954**
Trading liabilities	960	**936**
Trading-related financial derivatives	960	**936**
Borrowed money	308,500	**277,631**
Borrowings from others	308,500	**277,631**
Due to Trust Accounts	20,549	**16,646**
Other liabilities	47,388	**32,623**
Income taxes payable	127	**301**
Accrued expenses	2,899	**3,414**
Unearned revenue	976	**889**
Derivatives other than for trading-liabilities	41,610	**20,328**
Asset retirement obligations	96	**109**
Other	1,678	**7,579**
Provision for bonuses	932	**1,244**
Provision for retirement benefits	569	**652**
Provision of contingency allowance loss	370	**377**
Provision for loss on business liquidation	125	**12**
Total Liabilities	1,190,968	**1,208,411**
Net assets:		
Capital stock	30,000	**30,000**
Capital surplus	8,270	**8,270**
Other capital surplus	8,270	**8,270**
Retained earnings	5,123	**6,742**
Legal retained earnings	1,147	**1,147**
Other retained earnings	3,975	**5,595**
Retained earnings brought forward	3,975	**5,595**
Total shareholders' equity	43,393	**45,012**
Valuation difference on available-for-sale securities	9,175	**6,993**
Deferred gains or losses on hedges	(6,292)	**(4,221)**
Total valuation and translation adjustments	2,882	**2,772**
Total net assets	46,276	**47,785**
Total liabilities and net assets	1,237,244	**1,256,196**

Financial Statements

Statements of Income

(Millions of yen)

Item	FY2012	FY2013
Ordinary Income	30,448	**31,769**
Trust fees	6,956	**7,595**
Interest income	15,608	**16,060**
Interest on loans	4,597	**4,679**
Interest and dividends on securities	5,421	**6,023**
Interest on call loans	0	**—**
Interest on receivables under securities borrowing transactions	81	**88**
Interest on due from banks	9	**5**
Interest on interest swaps	5,470	**5,256**
Other interest income	27	**6**
Fees and commissions	2,720	**2,704**
Fees and commissions on domestic and foreign exchanges	569	**391**
Other fees and commissions	2,150	**2,313**
Trading income	9	**9**
Income from trading-related financial derivatives transactions	9	**9**
Other operating income	5,150	**5,154**
Gains on sales of bonds	1,578	**2,097**
Gains on derivatives other than for trading or hedging	3,571	**3,056**
Other income	2	**244**
Reversal of allowance for loan losses (deduction)	—	**234**
Gain on sales of stocks and other securities	1	**—**
Other	0	**9**
Ordinary expenses	29,473	**28,983**
Interest expenses	10,362	**10,769**
Interest on deposits	646	**790**
Interest on negotiable certificates of deposit	228	**217**
Interest on call money	531	**554**
Interest on borrowings	528	**436**
Interest on interest swaps	8,407	**8,761**
Other interest expenses	20	**8**
Fees and commissions payments	1,079	**1,209**
Fees and commissions on domestic and foreign exchanges	187	**193**
Other fees and commissions	891	**1,016**
Other operating expenses	2,635	**2,393**
Loss on foreign exchange transactions	2,635	**2,393**
Loss on sales of bonds	—	**0**
General and administrative expenses	14,573	**14,608**
Other expenses	821	**0**
Provision of allowance for loan losses write-off of loan	819	**—**
Written-off of loans	0	**—**
Other	1	**0**
Ordinary profit	975	**2,785**

Statements of Income (Continued)

(Millions of yen)

Item	FY2012	FY2013
Extraordinary Income	41	58
Other	41	58
Extraordinary Loss	666	39
Loss on disposal of noncurrent assets	184	18
Impairment loss	338	—
Provision of contingency loss	96	19
Other	46	1
Income before income taxes	349	2,804
Income taxes-current	681	1,103
Income taxes-deferred (deduction)	(481)	82
Total income taxes	199	1,185
Net income	150	1,619

Statements of Changes in Net Assets

(Millions of yen)

Item	FY2012	FY2013
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:		
Retained earnings:		
Balance at the beginning of the period	1,147	1,147
Changes of items during the period		
Total changes of items during the period	—	—
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	FY2012	FY2013
Other retained earnings		
Retained earnings brought forward		
Balance at the beginning of the period	3,825	**3,975**
Changes of items during the period		
Net income	150	**1,619**
Total changes of items during the period	150	**1,619**
Balance at the end of the current period	3,975	**5,595**
Total retained earnings		
Balance at the beginning of the period	4,973	**5,123**
Changes of items during the period		
Net income	150	**1,619**
Total changes of items during the period	150	**1,619**
Balance at the end of the current period	5,123	**6,742**
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	43,243	**43,393**
Changes of items during the period		
Net income	150	**1,619**
Total changes of items during the period	150	**1,619**
Balance at the end of the current period	43,393	**45,012**
Valuation and translation adjustments:		
Valuation difference on available-for-sale securities:		
Balance at the beginning of the period	4,309	**9,175**
Changes of items during the period		
Net changes of items other than shareholders' equity	4,865	**(2,181)**
Total changes of items during the period	4,865	**(2,181)**
Balance at the end of the current period	9,175	**6,993**
Deferred gains or losses on hedges:		
Balance at the beginning of the period	(3,916)	**(6,292)**
Changes of items during the period		
Net changes of items other than shareholders' equity	(2,375)	**2,071**
Total changes of items during the period	(2,375)	**2,071**
Balance at the end of the current period	(6,292)	**(4,221)**
Total valuation and translation adjustments:		
Balance at the beginning of the period	392	**2,882**
Total changes of items during the period		
Net changes of items other than shareholders' equity	2,490	**(110)**
Total changes of items during the period	2,490	**(110)**
Balance at the end of the current period	2,882	**2,772**
Total net assets:		
Balance at the beginning of the period	43,635	**46,276**
Total changes of items during the period		
Net income	150	**1,619**
Net changes of items other than shareholders' equity	2,490	**(110)**
Total changes of items during the period	2,640	**1,509**
Balance at the end of the current period	46,276	**47,785**

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

(Millions of yen)

Item	FY2012	FY2013
I Net cash provided by (used in) operating activities:		
Income before income taxes	349	**2,804**
Depreciation and amortization	2,853	**3,061**
Impairment loss	338	**—**
Increase (decrease) in allowance for loan losses	818	**(238)**
Increase (decrease) in provision for bonuses	232	**312**
Increase in provision for retirement benefits	71	**83**
Increase in provision for loss on business liquidation	125	**(113)**
Other extraordinary losses	143	**19**
Interest income	(15,608)	**(16,060)**
Interest expenses	10,362	**10,769**
Loss (gain) related to securities	(1,580)	**(2,097)**
Foreign exchange losses (gains)	(3,167)	**(507)**
Gains (loss) on disposal of tangible fixed assets	184	**18**
Net decrease (increase) in trading assets	2,238	**16**
Net increase (decrease) in trading liabilities	(2,247)	**(24)**
Net decrease (increase) in derivative assets	(4,087)	**13,179**
Net increase (decrease) in derivative liabilities	3,964	**(21,282)**
Decrease (increase) in deferred losses on hedge	(3,927)	**4,822**
Increase (decrease) in deferred profits on hedge	4	**(4)**
Net decrease (increase) in loans	(70,002)	**(16,044)**
Net increase (decrease) in deposit	201,187	**(13,460)**
Net increase (decrease) in negotiable certificates of deposit	(21,320)	**34,462**
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	(19,782)	**(30,868)**
Net decrease (increase) in due from banks (excluding deposit paid to Bank of Japan)	5,886	**(514)**
Net decrease (increase) in receivables under securities borrowing transactions	6,951	**14,379**
Net increase (decrease) in call money	13,045	**45,713**
Net increase (decrease) in foreign exchanges-assets	(2,484)	**3,888**
Net increase (decrease) in due to borrowed money from trust accounts	(30,574)	**(3,902)**
Net decrease (increase) in monetary claims bought	3,471	**46**
Actual interest income	18,112	**17,078**
Actual interest expenses	(11,253)	**(10,551)**
Net decrease (increase) in temporary payment	(65)	**1,233**
Other	1,397	**9**
Sub total	85,637	**36,227**
Income taxes paid	(1,116)	**(648)**
Net cash provided by (used in) operating activities	84,520	**35,579**
II Net cash provided by (used in) investment activities:		
Purchase of securities	(208,752)	**(303,980)**
Proceeds from sales of securities	24,708	**59,484**
Proceeds from redemption of securities	145,313	**177,581**
Purchase of tangible fixed assets	(863)	**(598)**
Purchase of intangible fixed assets	(6,027)	**(1,187)**
Other	(27)	**(82)**
Net cash provided by (used in) investing activities	(45,649)	**(68,783)**
III Net cash provided by (used in) financing activities:		
Proceeds from subordinated borrowings	—	**10,000**
Repayments of subordinated borrowings	—	**(10,000)**
Net cash provided by (used in) financing activities	—	**—**
IV Effect of exchange rate change on cash and cash equivalents	—	**—**
V Net increase (decrease) in cash and cash equivalents	38,871	**(33,203)**
VI Cash and cash equivalent at the beginning of the period	204	**39,075**
VII Cash and cash equivalents at the end of the period	39,075	**5,871**

[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: 3 years to 20 years

(2) Intangible Fixed Assets

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

5. Translation of Foreign Currencies

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

6. Allowances

(1) Allowance for Loan Losses

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

Claims to debtors in special mention and ordinary category, which are prescribed in the "Guideline for Practice Related to the Verification of Internal Control with respect to the Self-Assessment of the Assets of Banks and Other Financial Institutions as well as the Audit of the Bad Debt Written Off and Allowance for Doubtful Accounts" (Report No. 4 of the Ad Hoc Committee for the Audit of Banks etc. of JICPA), are classified into specific categories, and the allowance is provided on the basis of the accumulated default ratio released immediately before the assessment day by the external rating agency defined in the Company's guidelines. For claims to debtors who are possibly bankrupt, an allowance is provided in the amount deemed necessary, net of the expected amount of disposable collateral and the estimated amount of recoveries from guarantees. For claims to debtors who are legally bankrupt or virtually bankrupt, an allowance is provided for the full amount of such claims, net of the expected amount of disposable collateral and the estimated amount of recoveries from guarantees. There were no loans to restructuring countries.

All claims are assessed by asset assessment divisions, in cooperation with the operating divisions, in accordance with the guidelines for the self-assessment of asset quality.

(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 33,182 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 2 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 2 million yen.
   Claims listed from 2 to 5 above are gross amounts before deduction of amounts for allowance for loan losses.

6. With regard to participation loans, the principal amount of participation loans treated and presented in the balance sheet as loans to original debtors in accordance with the "Loan Participation Accounting Treatment and Representation" Report No. 3 issued on June 1, 1995 by the Accounting System Council of JICPA was 13,287 million yen.

7. The following assets were pledged as collateral.
   - Assets pledged as collateral
     - Securities: 366,774 million yen
   - Liabilities collateralized by the above assets
     - Borrowings from others: 199,431 million yen
     - Call money: 30,000 million yen

   In addition to the above-mentioned assets, securities of 52,937 million yen and due from banks of 4,629 million yen were pledged as collateral for settlements of foreign exchange and securities transactions and as guarantee deposits for trust services.
   Other assets included guarantee deposits of 629 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 12,686 million yen. The unused amount related to contracts whose original terms expire within one year is 9,400 million yen and the amount for contracts whose original terms expire between one and four years is 3,286 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 2,694 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 42 million yen

15. Total amount of monetary liabilities for the affiliated companies 17,897 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:	24 million yen
Other operating income:	—million yen
Other income:	—million yen

Expenses from transactions with subsidiaries and associated companies

Interest expenses:	89 million yen
Fees and commissions payments :	—million yen
Other operating expenses:	770 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.
Not applicable
(3) Transactions between our sister companies
Description omitted for lack of importance
(4) Directors or major individual shareholders, etc.
Not applicable

3. "Other income" includes 234 million yen of reversal of allowance for loan losses.

Financial Statements

(Notes to Statements of Changes in net assets)

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

(Thousands of shares)

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

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 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 chan neled 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 The Nomura Trust and 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, we monitor the trading conditions of marketable securities of collateralized loans regularly in order to maintain collecting risks under a certain level.

(b) Market risk management

1) Market risk management framework

At The Nomura Trust and 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, 2014 our market risk equivalent of trading activities (estimated losses) was 5 million yen, whereas that of banking activities was 1,582 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 2013 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.

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, 2014. 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	29,590	29,590	—
(2) Securities			
Held-to-maturity debt securities	38,449	41,044	2,594
Available-for-sale securities	746,370	746,370	—
(3) Loans and bills discounted	399,139		
Allowance for loan losses (*1)	(1,146)		
	397,992	398,074	81
Total assets	1,212,403	1,215,080	2,676
(1) Deposits	469,520	469,520	—
(2) Negotiable certificates of deposit	258,812	258,812	—
(3) Call money	149,954	149,954	—
(4) Borrowed money	277,631	277,631	—
(5) Due to trust accounts	16,646	16,646	—
Total liabilities	1,172,564	1,172,564	—
Derivatives (*2)			
Derivative transactions not qualifying for hedge accounting	3,430	3,430	—
Derivative transactions qualifying for hedge accounting	(11,427)	(13,151)	(1,723)
Total derivatives	(7,997)	(9,721)	(1,723)

(*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

<u>Assets</u>

(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 (*)	11

(*) 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	29,590	—	—	—	—	—
Securities						
Held-to-maturity debt securities	494	1,896	11,309	—	—	25,000
Available-for-sale securities	116,868	309,240	117,058	149,914	7,701	20,000
Loans and bills discounted (*)	98,736	161,436	112,977	12,194	6,786	7,005
Total	245,691	472,573	241,344	162,109	14,487	52,005

(*) The amount of 2 million yen which is not expected to be recovered, such as claims to debtors who are legally bankrupt, virtually bankrupt and possibly bankrupt, is not included in the loans.

Financial Statements

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

(Millions of yen)

	Due in 1 Year or Less	Due after 1 Year through 3 Years	Due after 3 Years through 5 Years	Due after 5 Years through 7 Years	Due after 7 Years through 10 Years	Due after 10 Years
Deposits (*)	349,020	2,700	11,500	6,000	13,500	86,800
Negotiable certificates of deposit	258,812	—	—	—	—	—
Call money	149,954	—	—	—	—	—
Borrowed money	202,431	5,000	5,000	7,000	12,500	45,700
Due to trust accounts	16,646	—	—	—	—	—
Total	976,864	7,700	16,500	13,000	26,000	132,500

(*) 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,” trust beneficiary rights in “Monetary clams 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, 2014, 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, 2014)

(Millions of yen)

	Type	Book Value	Fair Value	Difference
Securities for which the fair value exceeds the book value	Government bonds	25,607	29,128	3,520
	Foreign bonds	4,986	5,202	215
	Subtotal	30,593	34,330	3,736
Securities for which the fair value does not exceed the book value	Foreign bonds	7,856	6,714	(1,141)
Total		38,449	41,044	2,594

2. Available-for-Sale Securities (as of March 31, 2014)

(Millions of yen)

	Type	Book Value	Acquisition Cost	Difference
Securities for which the book value exceeds the acquisition cost	Bonds	564,155	554,349	9,805
	Government bonds	354,417	345,063	9,353
	Local government bonds	88,185	87,973	212
	Corporate bonds	121,551	121,312	239
	Other securities	141,374	140,064	1,310
	Subtotal	705,530	694,413	11,116
Securities for which the book value does not exceed the acquisition cost	Bonds	9,086	9,100	(14)
	Local government bonds	1,507	1,508	(0)
	Corporate bonds	7,578	7,592	(13)
	Other securities	32,488	32,662	(174)
	Subtotal	41,575	41,763	(188)
Total		747,105	736,177	10,927

3. Available-for-Sale Securities Sold during the Fiscal Year (from April 1, 2013 to March 31, 2014)

(Millions of yen)

Type	Amount Sold	Gain	Loss
Bonds	58,781	1,904	—
Government bonds	58,580	1,904	—
Corporate bonds	201	0	—
Other securities	703	193	—
Total	59,484	2,097	—

(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	506 million yen
Provision for retirement benefits	235 million yen
Provision for bonuses	447 million yen
impairment loss	121 million yen
Accrued business tax	72 million yen
Credit reserve	83 million yen
Deferred consumption tax	73 million yen
Provision of contingency loss	135 million yen
Deferred gain or loss on hedges	2,374 million yen
Excess of depreciation	179 million yen
Others	389 million yen
Subtotal	4,618 million yen
Valuation allowance	(34) million yen
Deferred tax assets	4,583 million yen
Deferred tax liabilities:	
Valuation difference on available - for - sale securities	3,933 million yen
Others	91 million yen
Deferred tax liabilities	4,025 million yen
Net deferred tax assets	558 million yen

2. The "Tax Reform to Partially Amend the Income Tax Law" (No. 10 of 2014 Legislation) was proclaimed on March 31 2014 and enacted on April 1, 2014, eliminating the special corporate tax for reconstruction.
   With this new amendment, the normal effective statutory tax rate to calculate the temporary difference, which is expected to be eliminated in the fiscal year commencing April 1, 2014, for deferred tax assets and deferred tax liabilities, will be reduced from 38% to 36%. The change of the tax rate has reduced deferred tax assets by 54 million yen and increased the valuation difference on other marketable securities by 4 million yen, reduced deferred hedged profit/loss by 1 million yen and increased the income tax adjustment by 57 million yen.

(Per Share Information)

Net assets per share 79,641.84 yen

Net income per share 2,698.50 yen

Status of Main Business

Breakdown of Profits and Losses by Division

(Millions of yen)

Type		FY2012	FY2013
Trust fees	Domestic operations	6,449	7,245
	International operations	506	350
	Total	6,956	7,595
Net interest income	Domestic operations	3,607	3,359
	International operations	1,638	1,931
	Total	5,245	5,290
Net fees and commissions	Domestic operations	1,396	1,368
	International operations	244	126
	Total	1,640	1,494
Net trading income (loss)	Domestic operations	0	0
	International operations	9	9
	Total	9	9
Net other operating income (loss)	Domestic operations	1,505	2,175
	International operations	1,009	585
	Total	2,514	2,760
Gross operating profits	Domestic operations	12,958	14,148
	International operations	3,408	3,003
	Total	16,367	17,151
Provision of general allowance for loan losses (deduction)		527	—
General and administrative expenses (excluding non-recurring expenses)		14,476	14,485
Net business profit		1,362	2,665
Non-recurring profit (loss)		(387)	120
Ordinary profit		975	2,785

(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			FY2012	FY2013
Breakdown of investment				
	Domestic operations	Average balance	971,001	1,049,151
		Interest rates	12,990	12,487
		Yield	1.34%	1.19%
	International operations	Average balance	203,096 [62,247]	246,746 [63,777]
		Interest rates	2,689 [71]	3,618 [45]
		Yield	1.32%	1.47%
	Total	Average balance	1,111,850	1,232,120
		Interest rates	15,608	16,060
		Yield	1.40%	1.30%
Breakdown of funding				
	Domestic operations	Average balance	1,061,387 [62,247]	1,169,846 [63,777]
		Interest rates	9,383 [71]	9,128 [45]
		Yield	0.88%	0.78%
	International operations	Average balance	58,148	78,465
		Interest rates	1,051	1,686
		Yield	1.81%	2.15%
	Total	Average balance	1,057,288	1,184,535
		Interest rates	10,362	10,769
		Yield	0.98%	0.91%
Profit margin				
	Domestic operations		0.46%	0.41%
	International operations		(0.49%)	(0.68%)
	Total		0.42%	0.39%

(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			FY2012	FY2013
Interest income				
	Domestic operations (decrease)	Change due to balance	834	**930**
		Change due to interest rates	44	**(1,432)**
		Net change	879	**(502)**
	International operations (decrease)	Change due to balance	522	**640**
		Change due to interest rates	303	**288**
		Net change	825	**928**
	Subtotal		1,705	**426**
Interest expenses				
	Domestic operations (decrease)	Change due to balance	769	**846**
		Change due to interest rates	1,276	**(1,100)**
		Net change	2,046	**(254)**
	International operations (decrease)	Change due to balance	153	**436**
		Change due to interest rates	145	**198**
		Net change	298	**635**
	Subtotal		2,344	**380**
Total			(639)	**45**

(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			FY2012	FY2013
Fees and commissions		Domestic operations	2,405	**2,521**
		International operations	314	**183**
		Total	2,720	**2,704**
	Deposits and loans related business	Domestic operations	65	**93**
		International operations	2	**26**
		Total	68	**119**
	Exchange business	Domestic operations	262	**235**
		International operations	307	**155**
		Total	569	**391**
	Securities related business	Domestic operations	409	**416**
		International operations	—	**—**
		Total	409	**416**
	Agency business	Domestic operations	1,541	**1,565**
		International operations	4	**1**
		Total	1,545	**1,566**
	Investment advisory business	Domestic operations	123	**204**
		International operations	—	**—**
		Total	123	**204**
Fees and commissions payments		Domestic operations	1,009	**1,153**
		International operations	69	**56**
		Total	1,079	**1,209**
	Exchange business	Domestic operations	161	**163**
		International operations	26	**29**
		Total	187	**193**

Status of Main Business

Breakdown of Trading Income and Expenses

(Millions of yen)

Type		FY2012	FY2013
Gains (losses) on trading securities	Domestic operations	—	—
	International operations	—	—
	Total	—	—
Gains (losses) on trading financial derivatives	Domestic operations	0	0
	International operations	9	9
	Total	9	9
Other trading gains (losses)	Domestic operations	—	—
	International operations	—	—
	Total	—	—
Total (losses)	Domestic operations	0	0
	International operations	9	9
	Total	9	9

Breakdown of Other Operating Income and Expenses

(Millions of yen)

Type		FY2012	FY2013
Gains (losses) on foreign exchange transactions	Domestic operations	—	—
	International operations	(2,635)	(2,393)
	Total	(2,635)	(2,393)
Gains (losses) on bonds such as JGB	Domestic operations	1,577	2,097
	International operations	1	—
	Total	1,578	2,097
Gains (losses) on financial derivatives	Domestic operations	(72)	77
	International operations	3,644	2,978
	Total	3,571	3,056
Other (losses)	Domestic operations	—	—
	International operations	—	—
	Total	—	—
Total (losses)	Domestic operations	1,505	2,175
	International operations	1,009	585
	Total	2,514	2,760

Breakdown of General and Administrative Expenses

(Millions of yen)

Type	FY2012	FY2013
Salaries and allowances	4,196	4,556
Welfare expenses	737	764
Depreciation and amortization	2,853	3,061
Rent expenses on buildings and machinery	519	537
Supplies expenses	65	87
Communication expenses	364	379
Taxes and dues	489	360
Other	5,250	4,737
Subtotal	14,476	14,485
Non-recurring expenses	96	123
Total	14,573	14,608

Domestic and Foreign Exchange Transactions

Foreign Exchange Transactions

(Millions of U.S. dollars)

		FY2012	FY2013
Outgoing remittance	Foreign bills sold	190,957	**79,587**
	Foreign bills bought	—	**—**
Incoming remittance	Foreign bills payable	219,026	**94,741**
	Foreign bills receivable	0	**0**
Total		409,984	**174,329**

Foreign Currency Denominated Assets

(Millions of U.S. dollars)

	March 31,2013	March 31,2014
Balance of foreign-currency denominated assets	620	**833**

Domestic Exchange Transactions

(Billions of yen, thousands of units)

			FY2012	FY2013
Remittance	Paid to	Amount	12,520.2	**17,807.0**
		Unit	1,111	**1,122**
	Received from	Amount	14,347.7	**17,887.3**
		Unit	187	**188**
Collection	Paid to	Amount	—	**—**
		Unit	—	**—**
	Received from	Amount	—	**—**
		Unit	—	**—**

Deposits

Balance by Type of Deposits

(Millions of yen, proportion in brackets)

Type			March 31,2013	March 31,2014
Deposits				
	Liquid deposits	Domestic operations	138,593 (19.5%)	**97,736 (13.4%)**
		International operations	— (—)	**— (—)**
		Total	138,593 (19.5%)	**97,736 (13.4%)**
	Interest-bearing deposits	Domestic operations	96,852 (13.6%)	**69,719 (9.5%)**
		International operations	— (—)	**— (—)**
		Total	96,852 (13.6%)	**69,719 (9.5%)**
	Time deposits	Domestic operations	306,621 (43.3%)	**330,636 (45.3%)**
		International operations	— (—)	**— (—)**
		Total	306,621 (43.3%)	**330,636 (45.3%)**
	Fixed-rate time deposits	Domestic operations	250,221 (35.3%)	**234,836 (32.2%)**
		International operations	— (—)	**— (—)**
		Total	250,221 (35.3%)	**234,836 (32.2%)**
	Variable-rate time deposits	Domestic operations	56,400 (7.9%)	**95,800 (13.1%)**
		International operations	— (—)	**— (—)**
		Total	56,400 (7.9%)	**95,800 (13.1%)**
	Other	Domestic operations	589 (0.0%)	**261 (0.0%)**
		International operations	37,176 (5.2%)	**40,886 (5.6%)**
		Total	37,765 (5.3%)	**41,147 (5.6%)**
	Total	Domestic operations	445,804 (63.0%)	**428,634 (58.8%)**
		International operations	37,176 (5.2%)	**40,886 (5.6%)**
		Total	482,980 (68.2%)	**469,520 (64.4%)**
Negotiable certificates of deposits		Domestic operations	224,350 (31.7%)	**258,812 (35.5%)**
		International operations	— (—)	**— (—)**
		Total	224,350 (31.7%)	**258,812 (35.5%)**
Grand total		Domestic operations	670,154 (94.7%)	**687,446 (94.3%)**
		International operations	37,176 (5.2%)	**40,886 (5.6%)**
		Total	707,330 (100.0%)	**728,332 (100.0%)**

Average Balance by Type of Deposits

(Millions of yen, proportion in brackets)

Type			FY2012	FY2013
Deposits				
	Liquid deposits	Domestic operations	83,790 (14.9%)	**105,788** **(14.8%)**
		International operations	— (—)	**—** **(—)**
		Total	83,790 (14.9%)	**105,788** **(14.8%)**
	Interest-bearing deposits	Domestic operations	51,143 (9.1%)	**66,377** **(9.3%)**
		International operations	— (—)	**—** **(—)**
		Total	51,143 (9.1%)	**66,377** **(9.3%)**
	Time deposits	Domestic operations	236,357 (42.0%)	**341,625** **(47.8%)**
		International operations	— (—)	**—** **(—)**
		Total	236,357 (42.0%)	**341,625** **(47.8%)**
	Fixed-rate time deposits	Domestic operations	173,802 (30.9%)	**265,527** **(37.2%)**
		International operations	— (—)	**—** **(—)**
		Total	173,802 (30.9%)	**265,527** **(37.2%)**
	Variable-rate time deposits	Domestic operations	62,555 (11.1%)	**76,097** **(10.6%)**
		International operations	— (—)	**—** **(—)**
		Total	62,555 (11.1%)	**76,097** **(10.6%)**
	Other	Domestic operations	13,499 (2.4%)	**2,775** **(0.3%)**
		International operations	28,642 (5.0%)	**40,520** **(5.6%)**
		Total	42,141 (7.5%)	**43,295** **(6.0%)**
	Total	Domestic operations	333,648 (59.3%)	**450,189** **(63.1%)**
		International operations	28,642 (5.0%)	**40,520** **(5.6%)**
		Total	362,290 (64.4%)	**490,709** **(68.7%)**
Negotiable certificates of deposits		Domestic operations	199,472 (35.5%)	**222,692** **(31.2%)**
		International operations	— (—)	**—** **(—)**
		Total	199,472 (35.5%)	**222,692** **(31.2%)**
Grand total		Domestic operations	533,120 (94.9%)	**672,882** **(94.3%)**
		International operations	28,642 (5.0%)	**40,520** **(5.6%)**
		Total	561,762 (100.0%)	**713,402** **(100.0%)**

Deposits

Time Deposits Balance by Remaining Period

(Millions of yen)

Classification	Period	March 31,2013	March 31,2014
Fixed-rate time deposits	Less than 3 months	30,336	**55,324**
	From 3 months to less than 6 months	84,001	**70,521**
	From 6 months to less than 1 year	117,283	**87,291**
	From 1 year to less than 2 years	—	**1,147**
	From 2 years to less than 3 years	—	**1,553**
	3 years or more	18,600	**19,000**
	Subtotal	250,221	**234,836**
Variable-rate time deposits	Less than 3 months	—	**2,000**
	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	56,400	**93,800**
	Subtotal	56,400	**95,800**
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		306,621	**330,636**

Balance by Depositor

(Millions of yen, proportion in brackets)

Classification		March 31,2013	March 31,2014
Individual	Amount	250,358	**226,901**
	(%)	(51.8%)	**(48.3%)**
Corporate	Amount	115,828	**131,851**
	(%)	(23.9%)	**(28.0%)**
Other	Amount	116,793	**110,767**
	(%)	(24.1%)	**(23.5%)**
Total	Amount	482,980	**469,520**
	(%)	(100.0%)	**(100.0%)**

(Note) Negotiable certificates of deposits are not included.

Loans

Balance by Type of Loans

(Millions of yen)

Type		March 31,2013	March 31,2014
Loans on bills	Domestic operations	—	**—**
	International operations	—	**—**
	Total	—	**—**
Loans on deeds	Domestic operations	289,845	**299,191**
	International operations	12,514	**18,542**
	Total	302,359	**317,733**
Overdrafts	Domestic operations	75,646	**80,997**
	International operations	5,088	**407**
	Total	80,734	**81,405**
Bills discounted	Domestic operations	—	**—**
	International operations	—	**—**
	Total	—	**—**
Total	Domestic operations	365,491	**380,189**
	International operations	17,602	**18,949**
	Total	383,094	**399,139**

Average Balance by Type of Loans

(Millions of yen)

Type		FY2012	FY2013
Loans on bills	Domestic operations	—	**—**
	International operations	—	**—**
	Total	—	**—**
Loans on deeds	Domestic operations	273,629	**293,178**
	International operations	7,476	**14,030**
	Total	281,105	**307,208**
Overdrafts	Domestic operations	72,382	**73,954**
	International operations	844	**1,689**
	Total	73,227	**75,643**
Bills discounted	Domestic operations	—	**—**
	International operations	—	**—**
	Total	—	**—**
Total	Domestic operations	346,012	**367,132**
	International operations	8,321	**15,719**
	Total	354,333	**382,852**

Balance of Loans by Type and Remaining Period

(Millions of yen)

	Period	March 31,2013	March 31,2014
Fixed interest rates	Due in 1 year or less	30,085	**21,315**
	Due over 1 year to 3 years	3,811	**4,061**
	Due over 3 years to 5 years	6,523	**7,443**
	Due over 5 years to 7 years	40	**7,490**
	Due over 7 years	—	**1,400**
	With no maturity	—	**—**
	Subtotal	40,460	**41,711**
Variable interest rates	Due in 1 year or less	116,640	**77,423**
	Due over 1 year to 3 years	69,737	**157,375**
	Due over 3 years to 5 years	151,554	**105,533**
	Due over 5 years to 7 years	3,007	**4,704**
	Due over 7 years	1,693	**12,391**
	With no maturity	—	**—**
	Subtotal	342,634	**357,427**
Total		383,094	**399,139**

Loans

Balance of Loans by Type of Collateral

(Millions of yen)

Type	March 31,2013	March 31,2014
Securities	103,092	**107,962**
Claims	661	**—**
Commodities	—	**—**
Real estate	35,657	**30,613**
Other	—	**—**
Subtotal	139,412	**138,576**
Guarantees	37,294	**31,587**
Unsecured	206,388	**228,974**
Total	383,094	**399,139**
(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 31,2013	March 31,2014
Equipment fund	Amount	50,793	**49,262**
	(%)	(13.2%)	**(12.3%)**
Working capital	Amount	332,301	**349,876**
	(%)	(86.7%)	**(87.6%)**
Total	Amount	383,094	**399,139**
	(%)	(100.0%)	**(100.0%)**

Breakdown of Loans by Industry

(Millions of yen, proportion in brackets)

Type		March 31,2013	March 31,2014
Manufacturing	Amount	4,885	**4,631**
	(%)	(1.2%)	**(1.1%)**
Agriculture	Amount	—	**30**
	(%)	(—)	**(0.0%)**
Utilities	Amount	—	**213**
	(%)	(—)	**(0.0%)**
Communication and information services	Amount	—	**4,000**
	(%)	(—)	**(1.0%)**
Transport	Amount	290	**44**
	(%)	(0.0%)	**(0.0%)**
Wholesale and retail	Amount	2,994	**3,023**
	(%)	(0.7%)	**(0.7%)**
Finance and insurance	Amount	213,162	**223,991**
	(%)	(55.6%)	**(56.1%)**
Real estate	Amount	49,492	**46,387**
	(%)	(12.9%)	**(11.6%)**
Goods rental and leasing	Amount	2,401	**2,125**
	(%)	(0.6%)	**(0.5%)**
Various services	Amount	11	**1,851**
	(%)	(0.0%)	**(0.4%)**
Other	Amount	109,855	**112,839**
	(%)	(28.6%)	**(28.2%)**
Total	Amount	383,094	**399,139**
	(%)	(100.0%)	**(100.0%)**

Balance of Loans Regarding Small and Medium-Sized Enterprises

(Number of loans, millions of yen)

		March 31,2013	March 31,2014
Total loan balance (A)	Number of loans made	6,502	**6,330**
	Amount	383,094	**399,139**
Balance of loans to SMEs (B)	Number of loans made	6,486	**6,315**
	Amount	357,212	**374,970**
Ratio (%) (B/A)	Number of loans made	99.7%	**99.7%**
	Amount	93.2%	**93.9%**

(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 31,2013	March 31,2014
Loans to bankrupt debtors	—	**—**
Non-accrual delinquent loans	0.0	**0.0**
Loans past due for three months or more	—	**—**
Restructured loans	—	**—**
Total	0.0	**0.0**

Amount of Assets Assessed in Accordance with the Financial Reconstruction Act

(Billions of yen)

	March 31,2013	March 31,2014
Claims against bankrupt and substantially bankrupt debtors	0.0	**0.0**
Doubtful claims	0.0	**—**
Substandard claims	—	**—**
Subtotal (A)	0.0	**0.0**
Normal claims (B)	384.5	**400.3**
Total (A+B)	384.5	**400.3**
Coverage amount by collateral and guarantees	—	**—**
Specific allowance for loan losses	0.0	**0.0**
Total amount of coverage (C)	0.0	**0.0**
Coverage ratio (C/A)	100%	**100%**

Allowance for Loan Losses and Their Changes during the Fiscal Year

(Millions of yen)

	March 31,2013	March 31,2014
General allowance for loan losses	1,377	**1,144**
Change from the previous year-end (decrease)	(527)	**(232)**
Specific allowance for loan losses	307	**301**
Change from the previous year-end (decrease)	(290)	**(5)**
Allowance for specific overseas loans	—	**—**
Change from the previous year-end	(—)	**(—)**
Total	1,684	**1,446**

Written-Off of Loans

(Millions of yen)

	FY2012	FY2013
Written-off loans	0	**2**

Securities

■ Balance of Securities by Type and Remaining Period

(Millions of yen)

Type	Remaining Period	March 31,2013	March 31,2014
Government bonds	Due in 1 year or less	20,151	**11,034**
	Due over 1 year to 3 years	11,097	**122,455**
	Due over 3 years to 5 years	16,953	**35,360**
	Due over 5 years to 7 years	182,548	**154,148**
	Due over 7 years to 10 years	42,657	**8,207**
	Due over 10 years	48,891	**48,819**
	With no maturity	—	**—**
	Subtotal	322,299	**380,024**
Local government bonds	Due in 1 year or less	39,784	**31,341**
	Due over 1 year to 3 years	40,378	**34,369**
	Due over 3 years to 5 years	9,743	**23,983**
	Due over 5 years to 7 years	—	**—**
	Due over 7 years to 10 years	—	**—**
	Due over 10 years	—	**—**
	With no maturity	—	**—**
	Subtotal	89,907	**89,693**
Short-term corporate bonds	Due in 1 year or less	—	**—**
	Due over 1 year to 3 years	—	**—**
	Due over 3 years to 5 years	—	**—**
	Due over 5 years to 7 years	—	**—**
	Due over 7 years to 10 years	—	**—**
	Due over 10 years	—	**—**
	With no maturity	—	**—**
	Subtotal	—	**—**
Corporate bonds	Due in 1 year or less	71,985	**15,949**
	Due over 1 year to 3 years	36,498	**89,028**
	Due over 3 years to 5 years	37,309	**24,153**
	Due over 5 years to 7 years	—	**—**
	Due over 7 years to 10 years	—	**—**
	Due over 10 years	—	**—**
	With no maturity	—	**—**
	Subtotal	145,793	**129,130**
Stocks	Due in 1 year or less	—	**—**
	Due over 1 year to 3 years	—	**—**
	Due over 3 years to 5 years	—	**—**
	Due over 5 years to 7 years	—	**—**
	Due over 7 years to 10 years	—	**—**
	Due over 10 years	—	**—**
	With no maturity	—	**—**
	Subtotal	—	**—**
Foreign bonds	Due in 1 year or less	35,037	**59,487**
	Due over 1 year to 3 years	67,744	**69,642**
	Due over 3 years to 5 years	53,415	**46,097**
	Due over 5 years to 7 years	—	**4,918**
	Due over 7 years to 10 years	—	**—**
	Due over 10 years	—	**—**
	With no maturity	—	**—**
	Subtotal	156,197	**180,146**
Foreign stocks	Due in 1 year or less	—	**—**
	Due over 1 year to 3 years	—	**—**
	Due over 3 years to 5 years	—	**—**
	Due over 5 years to 7 years	—	**—**
	Due over 7 years to 10 years	—	**—**
	Due over 10 years	—	**—**
	With no maturity	10	**11**
	Subtotal	10	**11**
Other securities	Due in 1 year or less	1	**1**
	Due over 1 year to 3 years	4	**5**
	Due over 3 years to 5 years	4	**4**
	Due over 5 years to 7 years	0	**—**
	Due over 7 years to 10 years	1	**1**
	Due over 10 years	—	**—**
	With no maturity	1,372	**5,813**
	Subtotal	1,384	**5,825**
Total		715,592	**784,832**

Securities

Balance of Securities by Type

(Millions of yen, proportion in brackets)

Type		March 31,2013	March 31,2014
Government bonds	Domestic operations	322,299 (45.0%)	380,024 (48.4%)
	International operations	— (—)	— (—)
	Total	322,299 (45.0%)	380,024 (48.4%)
Local government bonds	Domestic operations	89,907 (12.5%)	89,693 (11.4%)
	International operations	— (—)	— (—)
	Total	89,907 (12.5%)	89,693 (11.4%)
Short-term corporate bonds	Domestic operations	— (—)	— (—)
	International operations	— (—)	— (—)
	Total	— (—)	— (—)
Corporate bonds	Domestic operations	145,793 (20.3%)	129,130 (16.4%)
	International operations	— (—)	— (—)
	Total	145,793 (20.3%)	129,130 (16.4%)
Stocks	Domestic operations	— (—)	— (—)
	International operations	— (—)	— (—)
	Total	— (—)	— (—)
Foreign bonds	Domestic operations	— (—)	— (—)
	International operations	156,197 (21.8%)	180,146 (22.9%)
	Total	156,197 (21.8%)	180,146 (22.9%)
Foreign stocks	Domestic operations	— (—)	— (—)
	International operations	10 (0.0%)	11 (0.0%)
	Total	10 (0.0%)	11 (0.0%)
Other securities	Domestic operations	1,384 (0.1%)	4,823 (0.6%)
	International operations	— (—)	1,001 (0.1%)
	Total	1,384 (0.1%)	5,825 (0.7%)
Total	Domestic operations	559,384 (78.1%)	603,672 (76.9%)
	International operations	156,207 (21.8%)	181,159 (23.0%)
	Total	715,592 (100.0%)	784,832 (100.0%)

Average Balance of Securities by Type

(Millions of yen, proportion in brackets)

Type		FY2012	FY2013
Government bonds	Domestic operations	310,717 (44.1%)	**400,447 (50.0%)**
	International operations	— (—)	**— (—)**
	Total	310,717 (44.1%)	**400,447 (50.0%)**
Local government bonds	Domestic operations	100,928 (14.3%)	**97,059 (12.1%)**
	International operations	— (—)	**— (—)**
	Total	100,928 (14.3%)	**97,059 (12.1%)**
Short-term corporate bonds	Domestic operations	— (—)	**— (—)**
	International operations	— (—)	**— (—)**
	Total	— (—)	**— (—)**
Corporate bonds	Domestic operations	164,263 (23.3%)	**139,759 (17.4%)**
	International operations	— (—)	**— (—)**
	Total	164,263 (23.3%)	**139,759 (17.4%)**
Stocks	Domestic operations	— (—)	**— (—)**
	International operations	— (—)	**— (—)**
	Total	— (—)	**— (—)**
Foreign bonds	Domestic operations	— (—)	**— (—)**
	International operations	127,225 (18.0%)	**161,476 (20.1%)**
	Total	127,225 (18.0%)	**161,476 (20.1%)**
Foreign stocks	Domestic operations	— (—)	**— (—)**
	International operations	9 (0.0%)	**11 (0.0%)**
	Total	9 (0.0%)	**11 (0.0%)**
Other securities	Domestic operations	419 (0.0%)	**1,976 (0.2%)**
	International operations	— (—)	**95 (0.0%)**
	Total	419 (0.0%)	**2,072 (0.2%)**
Total	Domestic operations	576,328 (81.9%)	**639,243 (79.8%)**
	International operations	127,234 (18.0%)	**161,584 (20.1%)**
	Total	703,563 (100.0%)	**800,827 (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 31,2013	March 31,2014
Government bonds	Book value	25,656	25,607
	Fair value	29,262	29,128
	Difference	3,606	3,520
	Gain	3,606	3,520
	Loss	—	—
Other securities	Book value	5,300	12,842
	Fair value	5,237	11,916
	Difference	(62)	(926)
	Gain	—	215
	Loss	62	1,141
Total	Book value	30,956	38,449
	Fair value	34,500	41,044
	Difference	3,543	2,594
	Gain	3,606	3,736
	Loss	62	1,141

(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 31,2013	March 31,2014
Stocks		Acquisition cost	—	—
		Book value	—	—
		Valuation difference	—	—
Bonds	Government bonds	Acquisition cost	284,333	345,063
		Book value	296,643	354,417
		Valuation difference	12,309	9,353
		Unrealized gain	12,309	9,353
		Unrealized loss	—	—
	Local government bonds	Acquisition cost	89,687	89,481
		Book value	89,907	89,693
		Valuation difference	219	211
		Unrealized gain	219	212
		Unrealized loss	—	0
	Corporate bonds	Acquisition cost	145,544	128,904
		Book value	145,793	129,130
		Valuation difference	249	226
		Unrealized gain	254	239
		Unrealized loss	5	13
	Sub total	Acquisition cost	519,565	563,450
		Book value	532,343	573,241
		Valuation difference	12,777	9,791
		Unrealized gain	12,783	9,805
		Unrealized loss	5	14
Other securities		Acquisition cost	151,483	172,727
		Book value	153,063	173,863
		Valuation difference	1,580	1,136
		Unrealized gain	1,633	1,310
		Unrealized loss	53	174
Total		Acquisition cost	671,048	736,177
		Book value	685,407	747,105
		Valuation difference	14,358	10,927
		Unrealized gain	14,417	11,116
		Unrealized loss	58	188

(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 31,2013	March 31,2014
Held-to-maturity debt securities	—	—
Available-for-sale securities		
Unlisted foreign securities	10	11

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 31,2013	March 31,2014
Over-the-counter	Interest rate swaps	Receive-fixed interest rate Pay-floating interest rate	Contract amount	21,407	**179,233**
			Over one year	21,407	**179,217**
			Fair value	(108)	**(1)**
			Unrealized gains (losses)	(108)	**(1)**
		Receive-floating interest rate Pay-fixed interest rate	Contract amount	307	**233**
			Over one year	307	**217**
			Fair value	(6)	**(4)**
			Unrealized gains (losses)	(6)	**(4)**
		Receive-floating interest rate Pay-floating interest rate	Contract amount	101,900	**143,900**
			Over one year	101,900	**142,900**
			Fair value	(1,495)	**(2,697)**
			Unrealized gains (losses)	(1,495)	**(2,697)**
		Receive-fixed interest rate Pay-fixed interest rate	Contract amount	—	**—**
			Over one year	—	**—**
			Fair value	—	**—**
			Unrealized gains (losses)	—	**—**
Total fair value				(1,611)	**(2,703)**
Total unrealized gains (losses)				(1,611)	**(2,703)**

(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.
3. Interest rate-related transactions
Note that unrealized gains on interest rate-related transactions of 2,881 million yen and 1,611 million yen were reported at the end of March, 2014 and 2013, 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 31,2013	March 31,2014
Over-the-counter	Swaps		Contract amount	109,616	**94,875**
			Over one year	90,986	**60,567**
			Fair value	447	**3,424**
			Unrealized gains (losses)	447	**3,424**
	Forwards	Sold	Contract amount	1,036,788	**431,361**
			Over one year	—	**—**
			Fair value	(10,143)	**(2,693)**
			Unrealized gains (losses)	(10,143)	**(2,693)**
		Bought	Contract amount	1,041,512	**432,235**
			Over one year	—	**—**
			Fair value	10,273	**2,753**
			Unrealized gains (losses)	10,273	**2,753**
	Options	Sold	Contract amount	61,074	**67,902**
			Over one year	8,403	**5,640**
			Fair value	(1,196)	**(1,236)**
			Unrealized gains (losses)	102	**128**
		Bought	Contract amount	61,074	**67,902**
			Over one year	8,403	**5,640**
			Fair value	1,196	**1,236**
			Unrealized gains (losses)	(239)	**(212)**
Total fair value				578	**3,484**
Total unrealized gains (losses)				442	**3,399**

(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.

■ Others

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 31,2013			March 31,2014		
			Contract amount	Over one year	Fair value	Contract amount	Over one year	Fair value
Primary method	Interest rate swaps	Loans, borrowings from others, available for- sale securities (bonds)	260,736	256,365	(16,288)	**216,200**	**192,332**	**(11,427)**
	Receive-fixed interest rate Pay-floating interest rate		1,000	1,000	2	**1,000**	**—**	**1**
	Receive-floating interest rate Pay-fixed interest rate		258,536	255,365	(16,275)	**215,200**	**192,332**	**(11,428)**
	Receive-floating interest rate Pay-floating interest rate		1,200	—	(15)	**—**	**—**	**—**
Exceptional method for Interest rate swaps	Interest rate swaps	Securities	25,000	25,000	(3,018)	**25,000**	**25,000**	**(2,622)**
	Receive-floating interest rate Pay-fixed interest rate		25,000	25,000	(3,018)	**25,000**	**25,000**	**(2,622)**
Total			—	—	(19,307)	**—**	**—**	**(14,050)**

(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 31,2013			March 31, 2014		
			Contract amount	Over one year	Fair value	Contract amount	Over one year	Fair value
Appropriation method	Currency swaps	Foreign currency denominated securities	6,754	6,754	28	**13,700**	**13,205**	**898**
Total			—	—	28	**—**	**—**	**898**

(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 31,2013	March 31,2014
Assets:		
Loans	324,414	356,366
Loans on deeds	324,414	356,366
Securities	10,620,618	2,231,379
Government bonds	4,858,807	595,682
Local government bonds	7,239	7,807
Corporate bonds	196,850	114,326
Stocks	586,849	570,319
Foreign securities	562,968	478,032
Other securities	4,407,902	465,211
Securities held for investment trusts	9,371,576	9,327,061
Foreign investments held for investment trusts	2,601,267	3,151,060
Beneficiary rights	64,904	48,029
Securities held in custody accounts	3,044,913	515,984
Money claims	88,529	89,050
Money claims on life insurance policies	5,592	8,065
Other money claims	82,937	80,985
Tangible fixed assets	846	—
Real estate	846	—
Other claims	176,375	265,219
Call loans	813,387	1,381,653
Due from banking account	20,549	16,646
Cash and due from banks	5,171,569	382,686
Due from banks	5,171,569	382,686
Other assets	142	180
Other	142	180
Total	32,299,094	17,765,319
Liabilities:		
Designated money trusts	773,694	765,793
Specified money trusts	960,438	912,715
Pension trusts	123,341	128,642
Investment trusts	12,635,528	13,701,092
Pecuniary trusts other than money trusts	206,576	213,687
Securities trusts	15,894,586	516,015
Money claims trusts	91,051	25,999
Land and fixtures trusts	905	—
Composite trusts	1,612,970	1,501,373
Other trusts	0	—
Total	32,299,094	17,765,319

(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 31,2013	March 31,2014
Assets:		
Loans	—	—
Money claims	—	—
Other	15	20
Total	15	20
Liabilities:		
Principal	15	20
Reserve for possible impairment of principal	—	—
Other	0	0
Total	15	20

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

(Millions of yen)

Type		March 31,2013	March 31,2014
Money trusts	Government bonds	649,332	537,448
	Local government bonds	—	103
	Short-term corporate bonds	—	—
	Corporate bonds	39,554	23,524
	Stocks	24,465	23,055
	Other securities	379,057	357,740
	Balance of assets under management at the end of period	1,092,410	941,872
Pension trusts	Government bonds	—	—
	Local government bonds	—	—
	Short-term corporate bonds	—	—
	Corporate bonds	—	—
	Stocks	—	—
	Other securities	23,390	20,505
	Balance of assets under management at the end of period	23,390	20,505
Total	Government bonds	649,332	537,448
	Local government bonds	—	103
	Short-term corporate bonds	—	—
	Corporate bonds	39,554	23,524
	Stocks	24,465	23,055
	Other securities	402,448	378,245
	Balance of assets under management at the end of period	1,115,801	962,378

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

Balance of Principal of Money Trusts by Trust Period

(Millions of yen)

Period		March 31,2013	March 31,2014
Money trusts	Less than 1 year	308,484	325,356
	From 1 year to less than 2 years	3	877
	From 2 years to less than 5 years	449	1,937
	5 years or more	676,296	654,910
	Others	—	—
	Total	985,233	983,083

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

(Millions of yen, proportion in brackets)

Type	March 31,2013	March 31,2014
Loans on deeds	320,664 (100.0%)	355,445 (100.0%)
Loans on bills	— (—)	— (—)
Bills discounted	— (—)	— (—)
Total	320,664 (100.0%)	355,445 (100.0%)

(Note) This is the balance of loans under trust account related to money trusts and pension trusts. 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 31,2013	March 31,2014
1 year or less	246,100	**291,400**
More than 1 year but less than 3 years	7,001	**—**
More than 3 years but less than 5 years	1,250	**—**
More than 5 years but less than 7 years	17,580	**16,232**
7 years or more	48,732	**47,812**
Total	320,664	**355,445**

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

(Millions of yen)

Type	March 31,2013	March 31,2014
Securities	251,850	**291,400**
Claims	—	**—**
Commodities	—	**—**
Real estate	—	**—**
Other	—	**—**
Subtotal	251,850	**291,400**
Guarantees	—	**—**
Unsecured	68,814	**64,045**
Total	320,664	**355,445**

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

(Millions of yen, proportion in brackets)

Type		March 31,2013	March 31,2014
Finance and insurance	Amount	246,100	**291,400**
	(%)	(76.7%)	**(81.9%)**
Wholesale	Amount	2,501	**—**
	(%)	(0.7%)	**(—)**
Local governments	Amount	66,312	**64,045**
	(%)	(20.6%)	**(18.0%)**
Other	Amount	5,750	**—**
	(%)	(1.7%)	**(—)**
Total	Amount	320,664	**355,445**
	(%)	(100.0%)	**(100.0%)**

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

(Millions of yen)

Type	March 31,2013	March 31,2014
Equipment fund	—	**—**
Working capital	320,664	**355,445**
Total	320,664	**355,445**

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

(Millions of yen)

	March 31,2013	March 31,2014
Total loan balance (A)	320,664	**355,445**
Balance of loans to SMEs (B)	5,750	**—**
Ratio (%) (B/A)	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 31,2013	March 31,2014
Money trusts	Loans	320,664	**355,445**
	Securities	1,092,410	**941,872**
	Total	1,413,075	**1,297,318**
Pension trusts	Loans	—	**—**
	Securities	23,390	**20,505**
	Total	23,390	**20,505**
Total loans		320,664	**355,445**
Total securities		1,115,801	**962,378**
Total loans and securities		1,436,466	**1,317,823**

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

Trust Business

Management Indices

Overall Profit Margin

(%)

		FY2012	FY2013
Yield on investments	Domestic operations	1.34	**1.19**
	International operations	1.32	**1.47**
	Total	1.40	**1.30**
Funding cost	Domestic operations	2.17	**1.93**
	International operations	2.89	**3.16**
	Total	2.33	**2.11**
Overall profit margin	Domestic operations	(0.83)	**(0.74)**
	International operations	(1.57)	**(1.69)**
	Total	(0.93)	**(0.81)**

Profit Ratio

(%)

		FY2012	FY2013
Return on assets (ROA)	Net business profit to assets ratio	0.11	**0.20**
	Ordinary profit to assets ratio	0.08	**0.21**
	Net income to assets ratio	0.01	**0.12**
Return on equity (ROE)	Net business profit to equity ratio	3.14	**5.72**
	Ordinary profit to equity ratio	2.25	**5.98**
	Net income to equity ratio	0.34	**3.47**

Gross Operating Profit Ratio

(%)

		FY2012	FY2013
Gross operating profit ratio	Domestic operations	1.33	**1.34**
	International operations	1.67	**1.21**
	Total	1.47	**1.39**

Loan-To-Deposit Ratio

(%)

		FY2012	FY2013
Balance at the end of the period	Domestic operations	54.5	**55.3**
	International operations	47.3	**46.3**
	Total	54.1	**54.8**
Average balance during the period	Domestic operations	64.9	**54.5**
	International operations	29.0	**38.7**
	Total	63.0	**53.6**

Security-To-Deposit Ratio

(%)

		FY2012	FY2013
Balance at the end of the period	Domestic operations	83.4	**87.8**
	International operations	420.1	**443.0**
	Total	101.1	**107.7**
Average balance during the period	Domestic operations	108.1	**95.0**
	International operations	444.2	**398.7**
	Total	125.2	**112.2**

Deposits, Loans and Trust Assets per Branch

(Millions of yen)

	March 31,2013	March 31,2014
Deposits	707,330	**728,332**
Loans	383,094	**399,139**
Amount of funds in trust account	1,857,474	**1,807,151**

(Note) Deposits include negotiable certificates of deposit.

Deposits, Loans and Trust Assets per Employee

(Millions of yen)

	March 31,2013	March 31,2014
Deposits	1,737	**1,746**
Loans	941	**957**
Amount of funds in trust account	4,563	**4,333**

(Note) Deposits include negotiable certificates of deposit.

Disclosure based on Pillar III of Basel III – Composition of Capital

Disclosure based on Pillar III of Basel III (End of March, 2014)

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.

Composition of Capital Disclosure

(Millions of yen)

Items	March 31,2014	Amounts excluded under transitional arrangements
Core capital: instruments and reserves		
Directly issued qualifying common share capital or preferred share capital with a compulsory conversion clause plus related capital surplus and retained earnings	45,012	
of which: capital and capital surplus	38,270	
of which: retained earnings	6,742	
of which: treasury stock	—	
of which: earning to be distributed	—	
of which: other than above	—	
Stock acquisition right to common shares and preferred shares with a compulsory conversion clause	—	
Total of reserves included in Core capital: instruments and reserves	1,144	
of which: general reserve for loan losses included in Core capital	1,144	
of which: eligible provision included in Core capital	—	
Eligible noncumulative perpetual preferred shares subject to transitional arrangements (amount allowed to be included in Core capital: instruments and reserves)	—	
Eligible capital instruments subject to transitional arrangements (amount allowed to be included in Core capital: instruments and reserves)	10,000	
Capital instruments issued through measures for capital enhancement by public institutions (amount allowed to be included in Core capital: instruments and reserves)	—	
Land revaluation excess after 55% discount (amount allowed to be included in Core capital: instruments and reserves)	—	
Core capital: instruments and reserves (A)	56,156	
Core capital: regulatory adjustments		
Total amount of intangible assets (excluding those relating to mortgage servicing rights)	155	4,417
of which: goodwill (including those equivalent)	155	—
of which: other intangibles other than goodwill and mortgage servicing rights	—	4,417
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	—	—
Shortfall of eligible provisions to expected losses	—	—
Gain on sale of securitization	—	—
Gains and losses due to changes in own credit risk on fair valued liabilities	—	—
Prepaid pension cost	—	—
Investments in own shares (excluding those reported in the net assets section)	—	—
Reciprocal cross-holdings in common equity	—	—
Investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (“Other Financial Institutions”), net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above the 10% threshold)	—	—

(Millions of yen)

Items	March 31,2014	Amounts excluded under transitional arrangements
Amount exceeding the 10% threshold on specific items	—	—
of which: significant investments in the common stock of Other Financial Institutions, net of eligible short positions	—	—
of which: mortgage servicing rights	—	—
of which: deferred tax assets arising from temporary differences (net of related tax liability)	—	—
Amount exceeding the 15% threshold on specific items	—	—
of which: significant investments in the common stock of Other Financial Institutions, net of eligible short positions	—	—
of which: mortgage servicing rights	—	—
of which: deferred tax assets arising from temporary differences (net of related tax liability)	—	—
Core capital: regulatory adjustments (B)	155	
Capital		
Capital ((A) – (B)) (C)	56,000	
Risk-weighted assets		
Total amount of credit risk-weighted assets	361,114	
of which: total amount included in risk-weighted assets by transitional arrangements	4,417	
of which: intangible assets (excluding those relating to goodwill and mortgage servicing rights)	4,417	
of which: deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	—	
of which: prepaid pension cost	—	
of which: significant investments in the common stock of Other Financial Institutions (net of eligible short positions)	—	
of which: other than above	—	
Market risk (divided by multiplying the capital requirement by 12.5)	—	
Operational risk (divided by multiplying the capital requirement by 12.5)	29,431	
Credit risk adjustments	—	
Operational risk adjustments	—	
Total amount of Risk-weighted assets (D)	390,546	
Capital ratio		
Capital ratio ((C) / (D))	14.33%	

Disclosure based on Pillar III of Basel III – Qualitative Disclosure

Qualitative Disclosure

Ⅰ. Summary of method of raising capital (refers to the method of raising capital where all or part of the amount is included in the amount of basic items related to the core capital specified in the formula in the Notification about capital adequacy No. 37).

At The Nomura Trust and Banking, we aim to maintain sufficient capital, mainly common stock, which is stipulated in Article 40 of the Financial Services Agency Notification No. 19 (Notification on Capital Adequacy), "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. In addition, we can partly raise capital by obtaining subordinated loans from Nomura Holdings, which is allowed as a transitional measure.

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 capital, as stipulated in the Notification on Capital Adequacy.
We evaluate credit risks using the Standardized Approach, a method of calculating the non-consolidated capital adequacy ratio in accordance with the Basel requirements based on the Notification on Capital Adequacy. Also, we have adopted the Standardized Approach to measure the operational risk amount.
As for risk capital, we set a planned amount compared with the regulatory capital (core capital), and then monitor the actual amount of risk capital and give monthly reports accompanied by a comparison with the regulatory capital (core capital) 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
The Nomura Trust and 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 Notification on Capital Adequacy, 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 which are rated by the appropriate rating agencies.

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) and the like 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 III – Qualitative Disclosure

VI . Matters Relating to Securitization Exposures

A. Outlines of Risk Management Polices and Procedure

The 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. 302-4-1 of 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 Notification on Capital Adequacy, we evaluate credit risk asset with regard to securitization exposure using the Standardized Approach.

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.

Not applicable

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

Not applicable

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 requirements, we have used the Standardized Approach since the beginning of the period ended March 2011. Under this approach, in accordance with the Notification on Capital Adequacy, 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 requirements, a risk weight of 100% is applied to equity exposures of the stocks, etc. which are not material investments.

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 Notification on Capital Adequacy, 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, with 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 III – Quantitative Disclosure

Quantitative Disclosure

Under the Notification of the Financial Services Agency, The Nomura Trust and 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 Adequacy

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

(Millions of yen)

Breakdown by Portfolio		Required Capital March 31, 2014
The Standardized Approach	Claims on foreign central governments and central banks	24
	Claims on foreign non-central government public sector entities	185
	Claims on Japan Finance Organization for Municipalities	135
	Claims on Japanese government-affiliated organizations	311
	Claims on financial institutions and Type I financial instruments business operators	1,084
	Claims on corporations	9,300
	Claims on small and medium enterprises and individuals	1,338
	Claims on projects including acquisition of real estate properties	576
	Past due loans for three months or more	0
	Other	780
	Securitization (other than originating bank)	108
	Out of assets with multiple underlying assets (so-called “funds”), the assets whose underlying assets are difficult to measure individually	73
CVA risk		1,051
Total		14,970

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

C. Amount of Required Capital against Credit Risk Concerning Exposures to Which the Related-Method Are Applied

Not applicable

D. Amount of Required Capital against Market Risk and Breakdown by Approach

Not applicable

E. Amount of Required Capital against Operational Risk

(Millions of yen)

	March 31, 2014
The standardized approach	2,354

F. Non-Consolidated Total Required Capital (Domestic Standard)

(Millions of yen)

	March 31, 2014
Non-Consolidated Total Required Capital	15,621

Ⅱ. 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, 2014				
		Securities	Loans	Derivatives	Others	Total
By area and industry	Manufacturing	2,031	4,631	—	1,007	**7,669**
	Utilities	10,750	213	—	663	**11,627**
	Communication and information services	—	4,000	—	0	**4,000**
	Transport	52,027	44	—	56	**52,129**
	Wholesale and retail	—	3,023	210	0	**3,233**
	Finance and insurance	41,288	223,991	24,900	48,368	**338,549**
	Real estate	6,819	46,387	—	475	**53,683**
	Goods rental and leasing	4,308	2,125	50	604	**7,088**
	Various services	13,495	1,851	—	90	**15,437**
	Government and local authorities	460,152	—	—	6,477	**466,630**
	Other	3,765	99,332	—	15,170	**118,268**
	Domestic	594,640	385,602	25,161	72,914	**1,078,318**
	Overseas	179,998	13,536	4,504	4,152	**202,193**
	Total	774,639	399,139	29,666	77,066	**1,280,511**
By duration	Due in 1 year or less	117,586	98,738	14,811	70,914	**302,051**
	Due over 1 year to 3 years	314,776	161,436	4,659	643	**481,515**
	Due over 3 years to 5 years	128,752	112,977	4,366	4,913	**251,009**
	Due over 5 years to 7 years	152,823	12,194	2,415	—	**167,433**
	Due over 7 years	54,850	13,791	3,412	130	**72,184**
	With no maturity	5,850	—	—	465	**6,316**
	Total	774,639	399,139	29,666	77,066	**1,280,511**

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, 2014				
		Securities	Loans	Derivatives	Other	Total
By area and industry	Other	—	2	—	—	**2**
	Domestic	—	2	—	—	**2**
	Overseas	—	—	—	—	**—**
	Total	—	2	—	—	**2**

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, 2014	
	Against March 31, 2013
1,144	(232)

■ Balances of Specific Allowance for Loan Losses
(By area and industry)

(Millions of yen)

		March 31, 2014	
			Against March 31, 2013
By area and industry	Other	301	(5)
	Domestic	301	(5)
	Overseas	—	—
	Total	301	(5)

Allowance for loans to specific foreign borrowers is not applicable.

Disclosure based on Pillar III of Basel III – Quantitative Disclosure

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

(Millions of yen)

		March 31, 2014
By area and industry	Other	2
	Domestic	2
	Overseas	—
	Total	2

F. Balance of Exposures to which the Standardized Approach Is Applied after Allowing for the Credit Risk Mitigation Effect by Risk Weight Category and Amounts of Exposures for Which 1250% Risk Weight Is Applied in Accordance with the Notification on Capital Adequacy

(Millions of yen)

	March 31, 2014	
Risk Weight	Rating Available	Rating Not Available
0%	446,455	34,174
10%	112,372	—
20%	190,209	90
30%	2,006	—
50%	155,517	—
70%	12,005	—
75%	—	44,605
100%	61,625	103,832
120%	6,537	—
150%	—	3,000
1250%	—	4
Capital deduction	—	436

※ In accordance with the Notification on Capital Adequacy and "Questions and Answers on Basel requirements" 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.

※ "Other than the above" partly includes funds with which we measure credit risk assets using the look-through method.

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

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

Not applicable

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

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

III. 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, 2014
107,638

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 32,903 million yen. These amounts were calculated based on the replacement approach.

IV. 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.

B. Aggregated Amount of Positive Gross Replacement Cost

(Millions of yen)

March 31, 2014
10,961

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

(Millions of yen)

	March 31, 2014
Foreign Exchange-related Transactions	22,686
Interest rate-related Transactions	6,979
Total	29,666

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

■ Aggregated Amount of Gross Add-Ons

(Millions of yen)

March 31, 2014
18,704

The figures obtained by calculating "the amount stated in B above + total gross add-ons - amount stated in C above" is zero.

E. Amount by Types of Collaterals
Not applicable

F. Credit Equivalent Amounts after Credit Risk Mitigation Benefits Due to Collateral
Not applicable. 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

H. Notional Principal Amount of Credit Derivatives Used for Credit Risk Mitigation Purposes
Not applicable

V. Matters Relating to Securitization Transactions

A. Matters Relating to Securitization Exposures Originated by the Bank
Not applicable

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

Disclosure based on Pillar III of Basel III – Quantitative Disclosure

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, 2014	
		Re-Securitization
Loan claims	6,410	—
Accounts receivable	4,304	—
Claims on lease payments	1,438	—
Others	6	—
Total	12,160	—

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

(Millions of yen)

Risk Weight	March 31, 2014			
	Balance		Required Capital	
		Re-Securitization		Re-Securitization
20%	11,424	—	91	—
50%	732	—	14	—
1250%	4	—	2	—
Total	12,160	—	108	—

3. A breakdown of the amount of securitization exposures, for which 1250% of risk weight is applied in accordance with Article 247, Section 1 of the Notification on Capital Adequacy, and by types of categories of original asset

(Millions of yen)

	March 31, 2014
Securities	4

4. Breakdown of re-securitization exposure to apply for credit risk mitigation technique and to apply for Guarantor or appropriate guarantor

   Not applicable

5. Amount of credit risk assets calculated by applying the Supplementary Provision Article 15 of the Notification on Capital Adequacy

   Not applicable

C. Matters relating to calculate the market risk amount regard to securitization exposure in which the Bank originates

   Not applicable

D. Matters relating to calculate the market risk amount regard to securitization exposure in which the Bank invests

   Not applicable

Ⅵ. Matters Relating to Market Risk

   Not applicable

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

   Not applicable

Ⅷ. Amount of Regarded Exposures Relating to Funds

   Not applicable

Ⅸ. 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, 2014
4,011

Disclosure based on Pillar III of Basel II – Qualitative Disclosure

Disclosure based on Pillar III of Basel II (End of March, 2013)

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 The Nomura Trust and 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 (Notification on Capital Adequacy), “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 Notification on Capital Adequacy.
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 the Notification on Capital Adequacy. 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

The Nomura Trust and 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 Notification on Capital Adequacy, 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) and the like 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.

Ⅵ. Matters Relating to Securitization Exposures

A. Outlines of Risk Management Polices and Procedure

The 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. 302-4-1 of 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 Notification on Capital Adequacy, 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.

Not applicable

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

Not applicable

Disclosure based on Pillar III of Basel II – Qualitative Disclosure

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 Notification on Capital Adequacy, 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 Notification on Capital Adequacy, 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, The Nomura Trust and 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, 2013
Capital stock		30,000
Capital surplus		8,270
Retained earnings		5,123
Planned distribution (deduction)		—
Net unrealized losses on securities available for sale (deduction)		—
Amount equivalent to goodwill (deduction)		181
Tier I	(A)	43,211
Tier II	(B)	11,377
Tier III	(C)	—
Deductions from total qualifying capital	(D)	6
Total capital (A) + (B) + (C) – (D)		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, 2013
Claims on foreign non-central government public sector entities	114
Claims on Japan Finance Organization for Municipalities	73
Claims on Japanese government-affiliated organizations	364
Claims on financial institutions and Type I financial instruments business operators	1,505
Claims on corporations	9,093
Claims on small and medium enterprises and individuals	1,372
Claims on projects including acquisition of real estate properties	528
Past due loans for three months or more	0
Other	576
Securitization (other than originating bank)	45
(Re-Securitization)	—
Out of assets with multiple underlying assets (so-called “funds”), the assets whose underlying assets are difficult to measure individually	55
Total	13,730

Disclosure based on Pillar III of Basel II – Quantitative Disclosure

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

C. Amount of Required Capital against Credit Risk Concerning Exposures to Which the Related-Method Are Applied
Not applicable

D. Amount of Required Capital against Market Risk and Breakdown by Approach
Not applicable

E. Amount of Required Capital against Operational Risk

(Millions of yen)

	March 31, 2013
The standardized approach	2,337

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

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

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

(Millions of yen)

	March 31, 2013
Non-Consolidated Total Required Capital	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 and retail	—	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	**1,098,688**
	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**

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

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, 2013	
	Against March 31, 2012
1,377	527

■ Balances of Specific Allowance for Loan Losses

(By area and industry)

(Millions of yen)

		March 31, 2013	
			Against March 31, 2012
By area and industry	Other	307	290
	Domestic	307	290
	Overseas	—	—
	Total	307	290

Allowance for loans to specific foreign borrowers is not applicable.

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

(Millions of yen)

		March 31, 2013
By area and industry	Other	0
	Domestic	0
	Overseas	—
	Total	0

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

(Millions of yen)

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

※ In accordance with the Notification on Capital Adequacy 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.

Disclosure based on Pillar III of Basel II – Quantitative Disclosure

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

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

Not applicable

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

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

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 31,2013
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 38,133 million yen. 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.

B. Aggregated Amount of Positive Gross Replacement Cost

(Millions of yen)

March 31, 2013
24,648

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

(Millions of yen)

	March 31, 2013
Foreign Exchange-related Transactions	49,860
Interest rate-related Transactions	5,873
Total	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

■ Aggregated Amount of Gross Add-Ons

(Millions of yen)

March 31, 2013
31,084

The figures obtained by calculating "the amount stated in B above + total gross add-ons - amount stated in C above" is zero.

E. Amount by Types of Collaterals
Not applicable

F. Credit Equivalent Amounts after Credit Risk Mitigation Benefits Due to Collateral
Not applicable. 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

H. Notional Principal Amount of Credit Derivatives Used for Credit Risk Mitigation Purposes
Not applicable

VI. Matters Relating to Securitization Transactions

A. Matters Relating to Securitization Exposures Originated by the Bank
Not applicable

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, 2013	
		Re-Securitization
Accounts receivable	3,857	—
Loan claims	709	—
Claims on installment payment	71	—
Total	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	
		Re-Securitization		Re-Securitization
20%	3,928	—	31	—
50%	709	—	14	—
Total	4,637	—	45	—

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, 2013
	6

4. Breakdown of re-securitization exposure to apply for credit risk mitigation technique and to apply for Guarantor or appropriate guarantor
Not applicable

5. Amount of credit risk assets calculated by applying the Supplementary Provision Article 15 of the Notification on Capital Adequacy
Not applicable

C. Matters relating to calculate the market risk amount regard to securitization exposure in which the Bank originates
Not applicable

D. Matters relating to calculate the market risk amount regard to securitization exposure in which the Bank invests
Not applicable

Disclosure based on Pillar III of Basel II – Quantitative Disclosure

Ⅶ. Matters Relating to Market Risk
Not applicable

Ⅷ. Matters Relating to Capital Subscriptions or Equity Exposures in the Banking Account
Not applicable

Ⅸ. Amount of Regarded Exposures Relating to Funds
Not applicable

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, 2013
5,478