



The Nomura Trust and Banking Co., Ltd.

2015

Annual Report

NOMURA



Corporate Data (As of July, 2015)

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, Hiranochō, Chuo-ku, Osaka City, Osaka Prefecture 541-0046, Japan +81 (6) 6222-1586

Disclosure 2015

■ Message from the CEO	1	■ Directors, Executive Officers and Employees ...	16
■ Overview of Our Business	2	■ Business Description	17
■ Internal Control System	6	■ Company History	18
■ Organizational Chart	15	■ Financial Data	19

Message from the CEO

We sincerely appreciate your continuing support for The Nomura Trust and Banking.

During the fiscal year under review, the Japanese economy has shown a steady upturn as a result of the economic policies of the government to deal with deflation. Although the first half of the year saw a downturn in consumer sentiment due to the consumption tax hike, improvements in the employment environment, increased incomes, and other developments steadied personal consumption toward the latter half of the year, and, on the whole, business sentiment is at a favorable level.

As a member of Nomura Group, we have followed our basic philosophy of placing clients at the heart of everything we do and strengthened collaboration with other Group companies to offer high-quality products and services. We have expanded our operations, growing our outstanding loan balance and assets under administration, both of which underpin our revenues. Investment trust assets under management increased to over 16 trillion yen at the end of March 2015, driven by continuous fund inflows into the investment trust market. Our outstanding loan balance reached 443.1 billion yen. Both of these results mark record highs. In addition, we offered solutions to meet our clients' needs in areas such as asset liquidation trusts.

As a result of these business activities, for the fiscal year ended March 2015, we reported ordinary income of 29.6 billion yen, ordinary profit of 2.1 billion yen and net income of 1.1 billion yen.

As of April of this year, we began to offer inheritance-related services, such as testamentary trusts, to meet the needs of our clients in regards to inheritance matters. As a member of Nomura Group, we will continue to work closely with other Group companies in order to satisfy our clients' increasingly sophisticated and diversified needs.

As a bank operating in the trust business, we take the public nature of banking seriously, and are contributing to the smooth operation of finance by maintaining client 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.

We appreciate your continuing support.

July 2015



Chie Toriumi (Shimpo)
President and Chief Executive Officer

Overview of Our Business

Key Management Indicators

Changes in Key Management Indicators

(Millions of yen)

Item	FY2010	FY2011	FY2012	FY2013	FY2014
Profit and loss					
Ordinary income	26,265	24,466	30,448	31,769	29,576
Net business profit	2,842	2,025	1,362	2,665	2,217
Ordinary profit	2,568	1,811	975	2,785	2,129
Net income	1,489	546	150	1,619	1,228
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	43,944	43,635	46,276	47,785	48,835
Total assets	1,048,027	1,088,697	1,237,244	1,256,196	1,202,925
Balance of deposits	238,093	281,793	482,980	469,520	517,881
Balance of loans	314,970	313,092	383,094	399,139	443,132
Balance of securities	589,103	666,293	715,592	784,832	684,982
Per share information					
Net assets per share (yen)	73,240	72,726	77,126	79,641	81,392
Annual dividends per share (yen)	1,800	—	—	—	—
Net income per share (yen)	2,483	910	250	2,698	2,048
Dividend payout ratio (%)	72.4%	—	—	—	—
Number of employees	332	361	407	417	435
Non-consolidated capital adequacy ratio (%)	21.90%	18.77%	14.65%	14.33%	12.95%
Return on equity (%)	3.79%	1.24%	0.33%	3.44%	2.54%
Trust account					
Trust fees	7,240	7,194	6,956	7,595	8,107
Assets held in trust	29,251,727	29,435,926	32,299,094	17,765,319	20,705,461
Balance of loans and bills discounted	294,914	308,260	324,414	356,366	401,693
Balance of securities	8,797,643	9,301,980	10,620,618	2,231,379	2,362,352

1. Profit Performance

Regarding profits, though net interest income has been sluggish due to causes including market influence, trust fees increased by 512 million yen from the last fiscal year, and net other operating income increased by 1,162 million yen from the last fiscal year, resulting in gross operating profit of 16,971 million yen. Net income was 1,228 million yen.

Table of Profit Performance

(Millions of yen)

Item	FY2010	FY2011	FY2012	FY2013	FY2014	
						Net Increase (Decrease)
Gross operating profit	14,869	14,759	16,367	17,151	16,971	(180)
Trust fees	7,240	7,194	6,956	7,595	8,107	512
Net interest income	5,852	5,884	5,245	5,290	3,790	(1,500)
Net fees and commissions	1,279	1,421	1,640	1,494	1,140	(353)
Net trading income (loss)	47	(17)	9	9	9	0
Net other operating income	449	276	2,514	2,760	3,923	1,162
Provision of general allowance for loan losses (deduction)	—	393	527	—	—	—
General and administrative expenses (excluding non-recurring expenses)	12,026	12,340	14,476	14,485	14,753	267
Personnel expenses	3,703	3,904	4,671	5,089	4,888	(201)
Non-personnel expenses	7,966	8,077	9,316	9,035	9,337	301
Taxes	357	358	489	360	527	166
Net business profit	2,842	2,025	1,362	2,665	2,217	(447)
Non-recurring profit (loss)	(273)	(213)	(387)	120	(88)	(208)
Writing-off loans	—	0	0	—	—	—
Gain and loss on loans sold	(88)	—	—	—	—	—
Gain and loss on sales of stocks and other securities	0	—	1	—	—	—
Reversal of allowance for loan losses (deduction)	—	—	—	234	75	(159)
Provision of specific allowance for loan losses (deduction)	(88)	6	291	—	—	—
Ordinary profit	2,568	1,811	975	2,785	2,129	(656)
Extraordinary income	325	59	41	58	48	(9)
Reversal of allowance for loan losses	244	—	—	—	—	—
Other	81	59	41	58	48	(9)
Extraordinary loss	156	475	666	39	28	(11)
Loss on disposal of chattel and real estate	17	103	184	18	8	(10)
Impairment loss	—	—	338	—	—	—
Provision of contingency losses	—	372	96	19	19	0
Other	139	—	46	1	—	(1)
Income before income taxes	2,737	1,395	349	2,804	2,150	(654)
Income taxes-current	719	988	681	1,103	417	(685)
Income taxes-deferred (deduction)	528	(139)	(481)	82	503	421
Total income taxes	1,247	849	199	1,185	921	(264)
Net income	1,489	546	150	1,619	1,228	(390)

Overview of Our Business

2. Status of Trust Assets

The balance of trust assets increased by 2,854.5 billion yen from the previous fiscal year to 16,555 billion yen, due to higher stock prices and a weak Japanese yen.

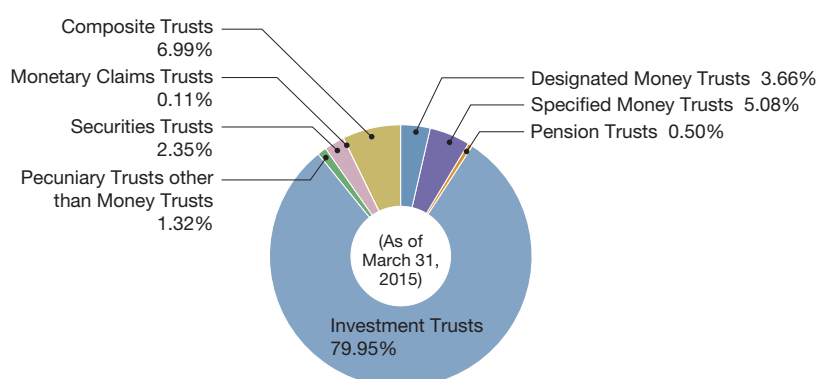
The total trust balance was 20,705.4 billion yen.

Table of Balance of Trust Assets

(Millions of yen)

Liabilities	March 31,2011	March 31,2012	March 31,2013	March 31,2014	March 31,2015
Designated Money Trusts	830,882	813,855	773,694	765,793	759,433
Specified Money Trusts	737,567	915,795	960,438	912,715	1,052,514
Pension Trusts	83,572	86,784	123,341	128,642	105,551
Investment Trusts	12,610,581	11,893,429	12,635,528	13,701,092	16,555,603
Pecuniary Trusts other than Money Trusts	345,501	231,543	206,576	213,687	273,968
Securities Trusts	12,644,812	13,635,117	15,894,586	516,015	487,747
Monetary Claims Trusts	101,765	96,961	91,051	25,999	23,054
Land and Fixtures Trusts	36,437	26,994	905	—	—
Composite Trusts	1,860,606	1,735,444	1,612,970	1,501,373	1,447,586
Other Trusts	0	0	0	—	—
Total	29,251,727	29,435,926	32,299,094	17,765,319	20,705,461

Ratio of Trust Assets



3. Status of Capital Adequacy

The capital adequacy ratio at the end of March 2015 was 12.95% (new domestic standard), maintaining a sound level.

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

(Millions of yen)

Item	March 31, 2011	March 31, 2012	March 31, 2013	March 31, 2014	March 31, 2015
Tier I					
Capital account	42,462	43,035	43,211	—	—
Total [A]	42,462	43,035	43,211	—	—
Tier II					
Allowance for loan losses	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	—	—
Total	10,455	10,849	11,377	—	—
Included in Capital [B]	10,455	10,849	11,377	—	—
Items for deduction [C]	3	5	6	—	—
Core capital: instruments [A']	—	—	—	56,156	56,318
Core capital: regulatory adjustments [B']	—	—	—	155	1,048
Capital amount [D] (= [A] + [B] - [C] or = [A'] - [B'])	52,915	53,879	54,582	56,000	55,270
Risk assets					
On-balance sheet items	195,227	240,304	325,643	331,462	359,964
Off-balance sheet items	18,839	18,047	17,609	16,510	24,616
CVA risks (divided by multiplying the capital requirement by 12.5)	—	—	—	13,141	13,140
Operational risks (divided by multiplying the capital requirement by 12.5)	27,545	28,677	29,218	29,431	28,802
Total [E]	241,612	287,029	372,470	390,546	426,523
Capital adequacy ratio (domestic standard) (= [D]/[E] x 100)	21.90%	18.77%	14.65%	14.33%	12.95%

(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>

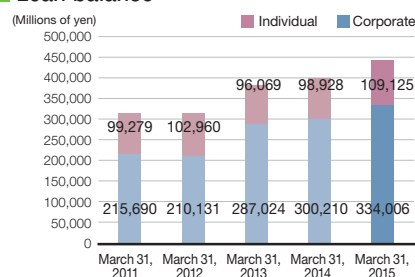
In addition to loans to corporate customers, we also extend loans broadly to individual customers through loans secured by securities called "Nomura Web Plus Loan" which is offered via "Nomura Home Banking" and employee stock-ownership plans tie-up loans called "Mochi-loan." The balance of loans as of the end of the current fiscal year stood at 4,431 million yen.

<Investment Trust Administration Business>

The balance of investment trusts under management rose by 2,854.5 billion yen from the end of the previous fiscal year to 16,555 billion yen due to higher stock prices and weakening of yen.

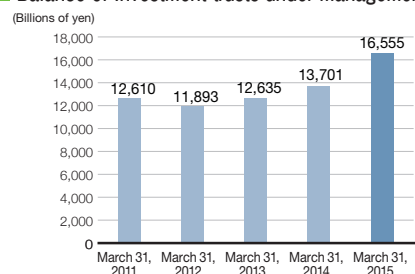
We received an unqualified opinion in an audit performance by an independent audit corporation in accordance with the Statement on Standards for Attestation Engagements No.16 (SSAE 16), and we are trying hard to improve the quality of our administrative operations.

■ Loan balance



(Note) Corporate includes loans to the trust account.

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

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.

Integrated Risk Management

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.

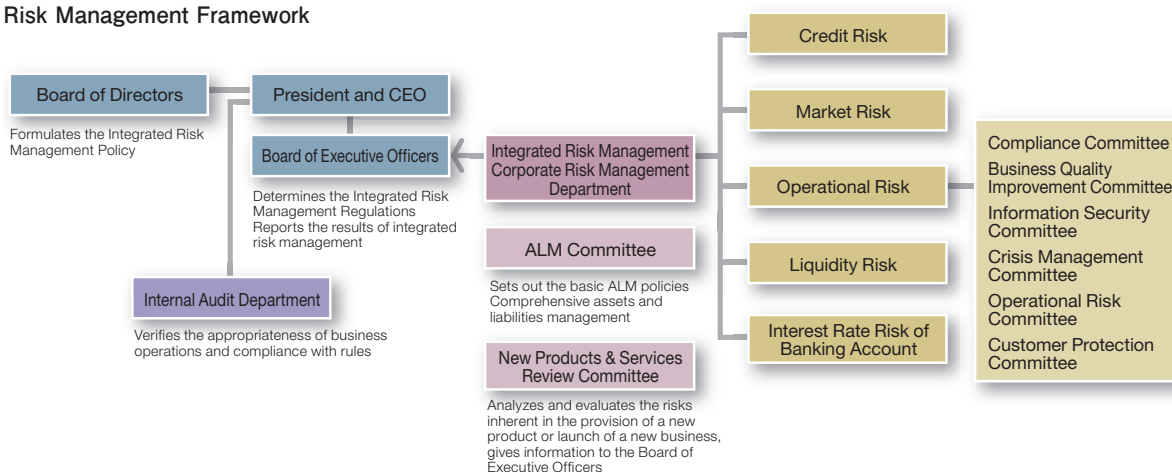
Stress Tests

We perform comprehensive stress tests based on scenarios built around the impacts of possible significant events, allowing us to perform integrated risk evaluations. Additionally, we also perform stress tests using individual scenarios built around credit risk, market risk, and liquidity risk, which are then included alongside the integrated stress tests reported to the executive committee.

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 Control Department
		Outsourcing risk	Operations Planning and Administration Department
		Human Risk	Human Resource and General Affairs Department
		Tangible Risk	Human Resource and General Affairs 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.

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 and cyber attacks 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 Control Department that specializes in 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 Control 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.

Human Risk

We define human risk as the possibility of causing disadvantage through unequal, unfair, or discriminatory personnel management behavior. To manage human risks, our Human Resource and General Affairs Department takes a leading role in performing proper management and administration of human resources for matters such as employment status, as well as in providing education, training, and guidance in the workplace.

Tangible Asset Risk

We define tangible asset risk as the possibility of causing damage or loss of tangible assets through disasters or other phenomena. To manage tangible asset risks, our Human Resource and General Affairs Department takes a leading role in ascertaining the current states of the company's tangible assets, and works to prevent damage or loss caused by disasters or illegal conduct.

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.)"

Internal Control System – Risk Management

Organizational Structure

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

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

Formulation of a Business Continuity Plan

We have formulated a Business Continuity Plan to ensure the smooth implementation of measures when a disaster or a cyberterrorism 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:

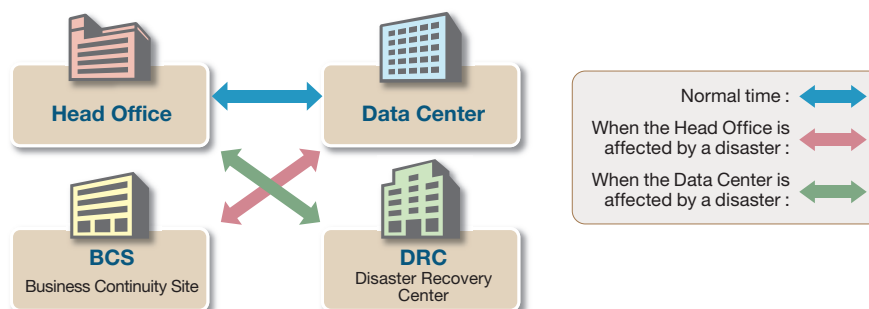
Establishment of a Business Continuity Site (BCS)

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

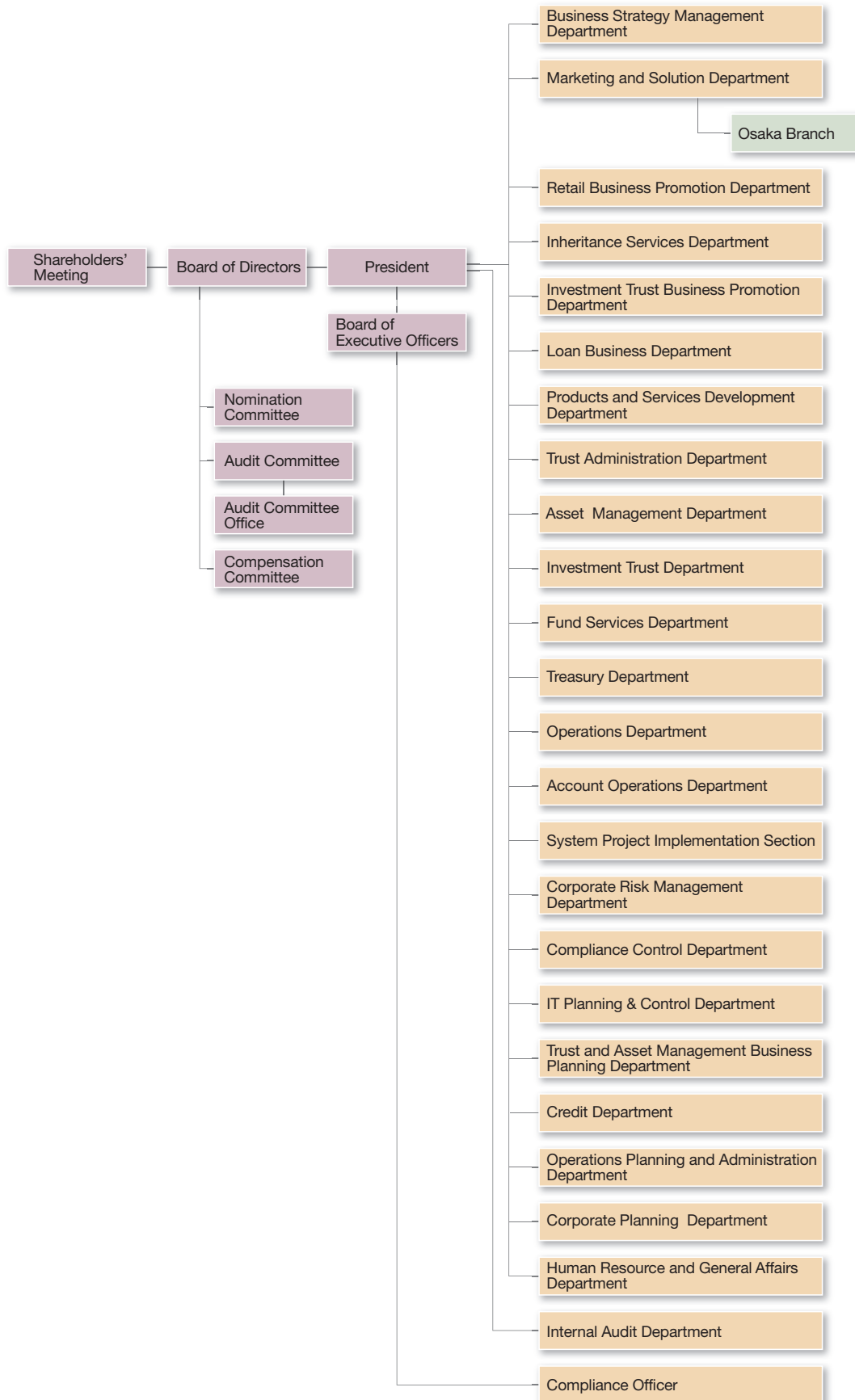
We have appointed the Finance Facilitation Manager who centrally controls our finance facilitation management system. The Finance Facilitation Manager offers management consultation and guidance services to SME customers in collaboration with the sales promotion division and the credit examination division 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, 2015)



Directors, Executive Officers and Employees

■ Directors and Executive Officers (as of July 1, 2015)

Directors	
Director (Outside Director)	Akihito Watanabe
Director	Chie Toriumi (Shimpo)
Director (Outside Director)	Shinji Iwai
Director (Outside Director)	Shoichi Nagamatsu
Director (Outside Director)	Hiroshi Matsutani
Director (Outside Director)	Junko Nakagawa
Director (Outside Director)	Satoshi Arai
Director (Outside Director)	Koujirou Matsuda

Executive Officers		
President & CEO	Chie Toriumi (Shimpo)	
Executive Vice President	Susumu Hatakeyama	Chief of Staff
Executive Managing Director	Masahiko Maekawa	Marketing & Business Strategy
Senior Managing Director	Tsuyoshi Iino	Trust Business, Operations
Senior Managing Director	Natsuki Gomi	Corporate Strategy, Credit Management, Legal & Compliance
Senior Managing Director	Norihiko Nishino	Business Development, Treasury & Trading
Senior Managing Director	Nobuaki Araki	Marketing & Client Relations

■ Employees

	March 31, 2011	March 31, 2012	March 31, 2013	March 31, 2014	March 31, 2015
Number of employees	332	361	407	417	435
Average length of service	4 years and 1 month	4 years and 4 months	4 years and 7 months	4 years and 11 months	5 years and 6 months
Average monthly salary (thousand yen)	582	587	563	555	552

■ Rating Information (as of July 1, 2015)

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.

■ Inheritance Business

- **Testamentary Trust Business**
We perform management of notarized wills produced by testators, confirmation of inheritors and production of property inventories after execution of inheritance, execution of wills (changes in name registrations, cash conversion, etc.), and related tasks.
- **Asset Succession Planning Support Business**
We hold hearings on information regarding families and property, analyzing current states (property appraisal and inheritance tax estimates) to write up and provide reports discussing and making suggestions on how to improve asset succession.
- **Inheritance Arrangement Business**
After confirming inheritors, we provide support in producing property inventories and agreements on division of inheritance, as well as inheritance arrangements (changes in name registrations, cash conversion, etc.), after being entrusted by all inheritors to perform inheritance arrangement matters.

■ 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.
April 2015	Started inheritance services using Nomura Securities as an agent.

Financial Data

Contents

Financial Statements	20
Status of Main Business	36
Domestic and Foreign Exchange Transactions	39
Deposits	40
Loans	43
Securities	47
Fair Value of Securities	50
Derivatives Transaction	52
Trust Business	54
Management Indices	58
Disclosure based on Pillar III of Basel III – Composition of Capital	60
Disclosure based on Pillar III of Basel III – Qualitative Disclosure	62
Disclosure based on Pillar III of Basel III – Quantitative Disclosure	66

Financial Statements

Balance Sheets

(Millions of yen)

Item	March 31,2014	March 31,2015
Assets:		
Cash and due from banks	10,506	30,060
Cash	0	0
Due from banks	10,505	30,059
Receivables under securities borrowing transactions	29,590	9,082
Monetary claims bought	734	—
Trading assets	926	1,230
Trading-related financial derivatives	926	1,230
Securities	784,832	684,982
Government bonds	380,024	307,302
Local government bonds	89,693	59,897
Corporate bonds	129,130	154,892
Other securities	185,983	162,890
Loans	399,139	443,132
Loans on deeds	317,733	339,804
Overdrafts	81,405	103,328
Foreign exchanges	3,192	3,516
Due from foreign banks (our accounts)	3,187	3,516
Foreign bills receivable	4	—
Other assets	19,777	23,883
Prepaid expenses	208	223
Accrued income	4,148	3,946
Derivatives other than for trading-assets	12,341	15,420
Temporary payments	2,087	3,873
Other	991	419
Tangible fixed assets	1,326	1,134
Buildings	236	218
Other	1,089	915
Intangible fixed assets	7,058	6,882
Software	6,901	6,751
Goodwill	155	129
Other	1	1
Deferred tax assets	558	392
Allowance for loan losses	(1,446)	(1,370)
Total assets	1,256,196	1,202,925

Balance Sheets

(Millions of yen)

Item	March 31, 2014	March 31, 2015
Liabilities:		
Deposits	469,520	517,881
Current deposits	5,745	7,668
Ordinary deposits	91,990	136,434
Time deposits	330,636	320,800
Other deposits	41,147	52,978
Negotiable certificates of deposit	258,812	284,138
Call money	149,954	160,346
Trading liabilities	936	1,235
Trading-related financial derivatives	936	1,235
Borrowed money	277,631	153,347
Borrowings from others	277,631	153,347
Due to Trust Accounts	16,646	10,129
Other liabilities	32,623	24,780
Income taxes payable	301	51
Accrued expenses	3,414	2,852
Unearned revenue	889	765
Derivatives other than for trading-liabilities	20,328	20,558
Asset retirement obligations	109	112
Other	7,579	439
Provision for bonuses	1,244	1,080
Provision for retirement benefits	652	751
Provision of contingency allowance loss	377	397
Provision for loss on business liquidation	12	—
Total Liabilities	1,208,411	1,154,089
Net assets:		
Capital stock	30,000	30,000
Capital surplus	8,270	8,270
Other capital surplus	8,270	8,270
Retained earnings	6,742	7,971
Legal retained earnings	1,147	1,147
Other retained earnings	5,595	6,823
Retained earnings brought forward	5,595	6,823
Total shareholders' equity	45,012	46,241
Valuation difference on available-for-sale securities	6,993	6,077
Deferred gains or losses on hedges	(4,221)	(3,483)
Total valuation and translation adjustments	2,772	2,594
Total net assets	47,785	48,835
Total liabilities and net assets	1,256,196	1,202,925

Financial Statements

Statements of Income

(Millions of yen)

Item	FY2013	FY2014
Ordinary Income	31,769	29,576
Trust fees	7,595	8,107
Interest income	16,060	14,958
Interest on loans	4,679	4,788
Interest and dividends on securities	6,023	5,215
Interest on call loans	—	1
Interest on receivables under securities borrowing transactions	88	58
Interest on due from banks	5	3
Interest on interest swaps	5,256	4,885
Other interest income	6	6
Fees and commissions	2,704	2,470
Fees and commissions on domestic and foreign exchanges	391	389
Other fees and commissions	2,313	2,081
Trading income	9	9
Income from trading-related financial derivatives transactions	9	9
Other operating income	5,154	3,926
Gains on foreign exchange transactions	—	241
Gains on sales of bonds	2,097	3,342
Gains on derivatives other than for trading or hedging	3,056	342
Other income	244	104
Reversal of allowance for loan losses (deduction)	234	75
Other	9	28
Ordinary expenses	28,983	27,447
Interest expenses	10,769	11,167
Interest on deposits	790	539
Interest on negotiable certificates of deposit	217	208
Interest on call money	554	593
Interest on borrowings	436	367
Interest on interest swaps	8,761	9,452
Other interest expenses	8	6
Fees and commissions payments	1,209	1,329
Fees and commissions on domestic and foreign exchanges	193	225
Other fees and commissions	1,016	1,104
Other operating expenses	2,393	3
Loss on foreign exchange transactions	2,393	—
Loss on sales of bonds	0	3
General and administrative expenses	14,608	14,945
Other expenses	0	1
Other expenses	0	1
Ordinary profit	2,785	2,129

■ Statements of Income (Continued)

(Millions of yen)

Item	FY2013	FY2014
Extraordinary Income	58	48
Other	58	48
Extraordinary Loss	39	28
Loss on disposal of noncurrent assets	18	8
Provision of contingency loss	19	19
Other	1	—
Income before income taxes	2,804	2,150
Income taxes-current	1,103	417
Income taxes-deferred (deduction)	82	503
Total income taxes	1,185	921
Net income	1,619	1,228

■ Statements of Changes in Net Assets

(Millions of yen)

Item	FY2013	FY2014
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		
Dividends from surplus		
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	FY2013	FY2014
Other retained earnings		
Legal retained earnings brought forward		
Balance at the beginning of the period	3,975	5,595
Changes of items during the period		
Net income	1,619	1,228
Total changes of items during the period	1,619	1,228
Balance at the end of the current period	5,595	6,823
Total retained earnings		
Balance at the beginning of the period	5,123	6,742
Changes of items during the period		
Net income	1,619	1,228
Total changes of items during the period	1,619	1,228
Balance at the end of the current period	6,742	7,971
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	43,393	45,012
Changes of items during the period		
Net income	1,619	1,228
Total changes of items during the period	1,619	1,228
Balance at the end of the current period	45,012	46,241
Valuation and translation adjustments:		
Valuation difference on available-for-sale securities:		
Balance at the beginning of the period	9,175	6,993
Changes of items during the period		
Net changes of items other than shareholders' equity	(2,181)	(915)
Total changes of items during the period	(2,181)	(915)
Balance at the end of the current period	6,993	6,077
Deferred gains or losses on hedges:		
Balance at the beginning of the period	(6,292)	(4,221)
Changes of items during the period		
Net changes of items other than shareholders' equity	2,071	737
Total changes of items during the period	2,071	737
Balance at the end of the current period	(4,221)	(3,483)
Total valuation and translation adjustments:		
Balance at the beginning of the period	2,882	2,772
Total changes of items during the period		
Net changes of items other than shareholders' equity	(110)	(178)
Total changes of items during the period	(110)	(178)
Balance at the end of the current period	2,772	2,594
Total net assets:		
Balance at the beginning of the period	46,276	47,785
Total changes of items during the period		
Net income	1,619	1,228
Net changes of items other than shareholders' equity	(110)	(178)
Total changes of items during the period	1,509	1,050
Balance at the end of the current period	47,785	48,835

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

(Millions of yen)

Item	FY2013	FY2014
I Net cash provided by (used in) operating activities:		
Income before income taxes	2,804	2,150
Depreciation and amortization	3,061	3,096
Increase (decrease) in allowance for loan losses	(238)	(75)
Increase (decrease) in provision for bonuses	312	(163)
Increase in provision for retirement benefits	83	98
Increase in provision for loss on business liquidation	(113)	(12)
Other extraordinary losses	19	19
Interest income	(16,060)	(14,958)
Interest expenses	10,769	11,167
Loss (gain) related to securities	(2,097)	(3,339)
Foreign exchange losses (gains)	(507)	(3,765)
Gains (loss) on disposal of tangible fixed assets	18	8
Net decrease (increase) in trading assets	16	(304)
Net increase (decrease) in trading liabilities	(24)	299
Net decrease (increase) in derivative assets	13,179	(3,079)
Net increase (decrease) in derivative liabilities	(21,282)	230
Decrease (increase) in deferred losses on hedge	4,822	2,920
Increase (decrease) in deferred profits on hedge	(4)	(4)
Net decrease (increase) in loans	(16,044)	(43,993)
Net increase (decrease) in deposit	(13,460)	48,361
Net increase (decrease) in negotiable certificates of deposit	34,462	25,326
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	(30,868)	(124,283)
Net decrease (increase) in due from banks (excluding deposit paid to Bank of Japan)	(514)	4,630
Net decrease (increase) in receivables under securities borrowing transactions	14,379	20,508
Net increase (decrease) in call money	45,713	10,392
Net increase (decrease) in foreign exchanges-assets	3,888	(323)
Net increase (decrease) in due to trust accounts	(3,902)	(6,516)
Net decrease (increase) in monetary claims bought	46	734
Actual interest income	17,078	15,686
Actual interest expenses	(10,551)	(11,469)
Net decrease (increase) in temporary payment	1,233	(1,785)
Other	9	883
Sub total	36,227	(67,558)
Income taxes paid	(648)	(1,105)
Net cash provided by (used in) operating activities	35,579	(68,664)
II Net cash provided by (used in) investment activities:		
Purchase of securities	(303,980)	(135,593)
Proceeds from sales of securities	59,484	102,775
Proceeds from redemption of securities	177,581	128,520
Purchase of tangible fixed assets	(598)	(409)
Purchase of intangible fixed assets	(1,187)	(2,444)
Other	(82)	0
Net cash provided by (used in) investing activities	(68,783)	92,848
III Net cash provided by (used in) financing activities:		
Proceeds from subordinated borrowings	10,000	—
Payment 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	(33,203)	24,184
VI Cash and cash equivalent at the beginning of the period	39,075	5,871
VII Cash and cash equivalents at the end of the period	5,871	30,056

[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 10,054 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 23,782 million yen.
7. The following assets were pledged as collateral.
Assets pledged as collateral
Securities: 261,630 million yen
Liabilities collateralized by the above assets
Borrowings from others: 65,647 million yen
Call money: 40,000 million yen
In addition to the above-mentioned assets, securities of 56,960 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 46 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 14,702 million yen. The unused amount related to contracts whose original terms expire within one year is 7,689 million yen and the amount for contracts whose original terms expire between one and four years is 7,013 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 2,802 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 43 million yen
15. Total amount of monetary liabilities for the affiliated companies 17,750 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: | 15 million yen |
| Other operating income: | —million yen |
| Other income: | —million yen |
- Expenses from transactions with subsidiaries and associated companies
- | | |
|---------------------------------|-----------------|
| Interest expenses: | 140 million yen |
| Fees and commissions payments : | —million yen |
| Other operating expenses: | 701 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 75 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 channeled through the agents.

By taking advantage of the competitive edge of Nomura's domestic sales infrastructure, we use the funds procured to provide loans to wealthy people, 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, 2015 our market risk equivalent of trading activities (estimated losses) was 13 million yen, whereas that of banking activities was 1,940 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 2014 showed that VaR was exceeded by actual profit and loss three times, which indicates that the model we use captures the market risk with satisfactory accuracy. However, since VaR measures the amount of market risk by certain occurrence probabilities which are statistically calculated based on historical market fluctuation data, there are cases in which VaR cannot capture risk under drastically changing conditions.

(c) Liquidity risk management

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

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

(4) Supplementary Explanation of Fair Value of Financial Instruments

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

Financial Statements

2. Matters Relating to Fair Value of Financial Instruments

The following are the balance sheet amounts, fair values and differences between them as of March 31, 2015. 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	9,082	9,082	—
(2) Securities			
Held-to-maturity debt securities	37,870	42,679	4,809
Available-for-sale securities	647,097	647,097	—
(3) Loans and bills discounted	443,132		
Allowance for loan losses (*1)	(1,079)		
	442,053	442,117	64
Total assets	1,136,102	1,140,976	4,874
(1) Deposits	517,881	517,881	—
(2) Negotiable certificates of deposit	284,138	284,138	—
(3) Call money	160,346	160,346	—
(4) Borrowed money	153,347	153,347	—
(5) Due to trust accounts	10,129	10,129	—
Total liabilities	1,125,844	1,125,844	—
Derivatives (*2)			
Derivative transactions not qualifying for hedge accounting	3,102	3,102	—
Derivative transactions qualifying for hedge accounting	(8,246)	(12,413)	(4,167)
Total derivatives	(5,143)	(9,311)	(4,167)

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

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

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

Assets

(1) Receivables under securities borrowing transactions

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

(2) Securities

Fair values of bonds are based on the quote prices provided by the Japan Securities Dealers Association or correspondent financial institutions, and those of investment trusts are based on the publicly announced unit price. The notes to Securities based on holding purpose are stated in "(Notes to Securities)."

(3) Loans and bills discounted

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

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

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

Liabilities

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

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

(3) Call money

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

(4) Borrowed money

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

(5) Due to trust accounts

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

Derivatives

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

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

(Millions of yen)

Item	Book Value
Unlisted stocks (*)	15

(*) 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	9,082	—	—	—	—	—
Securities						
Held-to-maturity debt securities	1,846	12,009	—	—	—	25,000
Available-for-sale securities	66,695	364,919	125,374	40,000	—	30,664
Loans and bills discounted (*)	179,704	160,148	65,359	16,650	12,007	9,260
Total	257,328	537,077	190,734	56,650	12,007	64,924

(*) 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 (*)	371,812	9,168	7,500	2,300	18,400	108,700
Negotiable certificates of deposit	284,138	—	—	—	—	—
Call money	160,346	—	—	—	—	—
Borrowed money	69,647	5,000	3,000	6,000	12,500	57,200
Due to trust accounts	10,129	—	—	—	—	—
Total	896,075	14,168	10,500	8,300	30,900	165,900

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

(Note to Securities)

"Government bonds," "Local government bonds," "Corporate bonds" and "Other securities," in the balance sheet are 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, 2015, 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, 2015)

(Millions of yen)

	Type	Book Value	Fair Value	Difference
Securities for which the fair value exceeds the book value	Government bonds	25,557	29,818	4,260
	Foreign bonds	4,986	6,058	1,072
	Subtotal	30,544	35,877	5,333
Securities for which the fair value does not exceed the book value	Foreign bonds	7,326	6,802	(523)
Total		37,870	42,679	4,809

2. Available-for-Sale Securities (as of March 31, 2015)

(Millions of yen)

	Type	Book Value	Acquisition Cost	Difference
Securities for which the book value exceeds the acquisition cost	Bonds	474,558	466,952	7,605
	Government bonds	281,744	274,588	7,156
	Local government bonds	59,352	59,198	154
	Corporate bonds	133,461	133,166	295
	Other securities	128,693	127,216	1,477
	Subtotal	603,252	594,169	9,083
Securities for which the book value does not exceed the acquisition cost	Bonds	21,975	22,049	(73)
	Local government bonds	545	545	(0)
	Corporate bonds	21,430	21,504	(73)
	Other securities	21,868	21,938	(69)
	Subtotal	43,844	43,988	(143)
Total		647,097	638,157	8,939

3. Available-for-Sale Securities Sold during the Fiscal Year (from April 1, 2014 to March 31, 2015)

(Millions of yen)

Type	Amount Sold	Gain	Loss
Bonds	74,770	3,281	—
Government bonds	74,169	3,280	—
Corporate bonds	601	1	—
Other securities	28,005	60	(2)
Total	102,775	3,342	(2)

(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	428 million yen
Provision for retirement benefits	248 million yen
Provision for bonuses	356 million yen
impairment loss	78 million yen
Accrued business tax	16 million yen
Credit reserve	80 million yen
Deferred consumption tax	72 million yen
Provision of contingency loss	127 million yen
Deferred gain or loss on hedges	1,639 million yen
Excess of depreciation	135 million yen
<u>Others</u>	<u>203 million yen</u>
Subtotal	3,385 million yen
<u>Valuation allowance</u>	<u>(30) million yen</u>
Deferred tax assets	3,355 million yen

Deferred tax liabilities:

Valuation difference on available - for - sale securities	2,861 million yen
<u>Others</u>	<u>101 million yen</u>
Deferred tax liabilities	2,963 million yen

Net deferred tax assets 392 million yen

2. The "Tax Reform to Partially Amend the Income Tax Law" (No. 9 of 2015 Legislation) was proclaimed on March 31, 2015, reducing corporation tax rates for fiscal years beginning on or after April 1, 2015.

With this new amendment, the normal effective statutory tax rate to calculate deferred tax assets and deferred tax liabilities will be reduced from 36% to 33% for the temporary difference, which is expected to be eliminated in the fiscal year commencing April 1, 2015, and to 32% for the temporary difference, which is expected to be eliminated in fiscal year commencing April 1, 2016 and later.

The change of the tax rate has increased the valuation difference on other marketable securities by 356 million yen, reduced deferred hedged profit/loss by 204 million yen, increased the income tax adjustment by 169 million yen, reduced deferred tax assets by 17 million yen.

(Per Share Information)

Net assets per share	81,392.92 yen
Net income per share	2,048.02 yen

Status of Main Business

Breakdown of Profits and Losses by Division

(Millions of yen)

Type	FY2013	FY2014	
Trust fees	Domestic operations	7,245	7,679
	International operations	350	428
	Total	7,595	8,107
Net interest income	Domestic operations	3,359	2,015
	International operations	1,931	1,774
	Total	5,290	3,790
Net fees and commissions	Domestic operations	1,368	1,086
	International operations	126	54
	Total	1,494	1,140
Net trading income (loss)	Domestic operations	0	0
	International operations	9	8
	Total	9	9
Net other operating income (loss)	Domestic operations	2,175	3,349
	International operations	585	574
	Total	2,760	3,923
Gross operating profits	Domestic operations	14,148	14,131
	International operations	3,003	2,840
	Total	17,151	16,971
Provision of general allowance for loan losses (deduction)	—	—	
General and administrative expenses (excluding non-recurring expenses)	14,485	14,753	
Net business profit	2,665	2,217	
Non-recurring profit (loss)	120	(88)	
Ordinary profits	2,785	2,129	

(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	FY2013	FY2014	
Breakdown of investment			
Domestic operations	Average balance	1,049,151	971,260
	Interest rates	12,487	11,396
	Yield	1.19%	1.17%
International operations	Average balance	246,746 [63,777]	238,065 [34,872]
	Interest rates	3,618 [45]	3,587 [24]
	Yield	1.47%	1.51%
Total	Average balance	1,232,120	1,174,454
	Interest rates	16,060	14,958
	Yield	1.30%	1.27%
Breakdown of funding			
Domestic operations	Average balance	1,169,846 [63,777]	1,069,046 [34,872]
	Interest rates	9,128 [45]	9,380 [24]
	Yield	0.78%	0.88%
International operations	Average balance	78,465	95,904
	Interest rates	1,686	1,812
	Yield	2.15%	1.89%
Total	Average balance	1,184,535	1,130,079
	Interest rates	10,769	11,167
	Yield	0.91%	0.99%
Profit margin			
Domestic operations	0.41%	0.29%	
International operations	(0.68%)	(0.37%)	
Total	0.39%	0.28%	

(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		FY2013	FY2014
Interest income			
Domestic operations (decrease)	Change due to balance	930	(927)
	Change due to interest rates	(1,432)	(164)
	Net change	(502)	(1,091)
International operations (decrease)	Change due to balance	640	(127)
	Change due to interest rates	288	95
	Net change	928	(31)
Subtotal		426	(1,123)
Interest expenses			
Domestic operations (decrease)	Change due to balance	846	(786)
	Change due to interest rates	(1,100)	1,038
	Net change	(254)	251
International operations (decrease)	Change due to balance	436	329
	Change due to interest rates	198	(203)
	Net change	635	125
Subtotal		380	377
Total		45	(1,500)

(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		FY2013	FY2014
Fees and commissions	Domestic operations	2,521	2,355
	International operations	183	114
	Total	2,704	2,470
Deposits and loans related business	Domestic operations	93	92
	International operations	26	17
	Total	119	110
Exchange business	Domestic operations	235	293
	International operations	155	95
	Total	391	389
Securities related business	Domestic operations	416	458
	International operations	—	—
	Total	416	458
Agency business	Domestic operations	1,565	1,233
	International operations	1	1
	Total	1,566	1,234
Investment advisory business	Domestic operations	204	271
	International operations	—	—
	Total	204	271
Fees and commissions payments	Domestic operations	1,153	1,268
	International operations	56	60
	Total	1,209	1,329
Exchange business	Domestic operations	163	195
	International operations	29	29
	Total	193	225

Status of Main Business

■ Breakdown of Trading Income and Expenses

(Millions of yen)

Type		FY2013	FY2014
Gains on trading securities	Domestic operations	—	—
	International operations	—	—
	Total	—	—
Gains on trading financial derivatives	Domestic operations	0	0
	International operations	9	8
	Total	9	9
Other trading gains (losses)	Domestic operations	—	—
	International operations	—	—
	Total	—	—
Total (losses)	Domestic operations	0	0
	International operations	9	8
	Total	9	9

■ Breakdown of Other Operating Income and Expenses

(Millions of yen)

Type		FY2013	FY2014
Gains on foreign exchange transactions	Domestic operations	—	—
	International operations	(2,393)	241
	Total	(2,393)	241
Gains (losses) on bonds such as JGB	Domestic operations	2,097	3,286
	International operations	—	52
	Total	2,097	3,339
Gains (losses) on financial derivatives	Domestic operations	77	62
	International operations	2,978	279
	Total	3,056	342
Other	Domestic operations	—	—
	International operations	—	—
	Total	—	—
Total	Domestic operations	2,175	3,349
	International operations	585	574
	Total	2,760	3,923

■ Breakdown of General and Administrative Expenses

(Millions of yen)

Type	FY2013	FY2014
Salaries and allowances	4,556	4,390
Welfare expenses	764	734
Depreciation and amortization	3,061	3,096
Rent expenses on buildings and machinery	537	548
Supplies expenses	87	62
Communication expenses	379	384
Taxes and dues	360	527
Other	4,737	5,008
Subtotal	14,485	14,753
Non-recurring expenses	123	191
Total	14,608	14,945

Domestic and Foreign Exchange Transactions

Foreign Exchange Transactions

(Millions of U.S. dollars)

		FY2013	FY2014
Outgoing remittance	Foreign bills sold	79,587	34,461
	Foreign bills bought	—	—
Incoming remittance	Foreign bills payable	94,741	43,021
	Foreign bills receivable	2	5
Total		174,331	77,489

Foreign Currency Denominated Assets

(Millions of U.S. dollars)

	March 31, 2014	March 31, 2015
Balance of foreign-currency denominated assets	833	850

Domestic Exchange Transactions

(Billions of yen, thousands of units)

			FY2013	FY2014
Remittance	Paid to	Amount	17,807.0	17,459.7
		Unit	1,122	1,339
	Received from	Amount	17,887.3	21,336.7
		Unit	188	202
Collection	Paid to	Amount	—	—
		Unit	—	—
	Received from	Amount	—	—
		Unit	—	—

Deposits

Balance by Type of Deposits

(Millions of yen, proportion in brackets)

Type		March 31,2014	March 31,2015
Deposits			
	Domestic operations	97,736 (13.4%)	144,102 (17.9%)
Liquid deposits	International operations	— (—)	— (—)
	Total	97,736 (13.4%)	144,102 (17.9%)
	Domestic operations	69,719 (9.5%)	123,536 (15.4%)
Interest-bearing deposits	International operations	— (—)	— (—)
	Total	69,719 (9.5%)	123,536 (15.4%)
	Domestic operations	330,636 (45.3%)	320,800 (39.9%)
Time deposits	International operations	— (—)	— (—)
	Total	330,636 (45.3%)	320,800 (39.9%)
	Domestic operations	234,836 (32.2%)	210,100 (26.1%)
Fixed-rate time deposits	International operations	— (—)	— (—)
	Total	234,836 (32.2%)	210,100 (26.1%)
	Domestic operations	95,800 (13.1%)	110,700 (13.8%)
Variable-rate time deposits	International operations	— (—)	— (—)
	Total	95,800 (13.1%)	110,700 (13.8%)
	Domestic operations	261 (0.0%)	225 (0.0%)
Other	International operations	40,886 (5.6%)	52,753 (6.5%)
	Total	41,147 (5.6%)	52,978 (6.6%)
	Domestic operations	428,634 (58.8%)	465,128 (57.9%)
Total	International operations	40,886 (5.6%)	52,753 (6.5%)
	Total	469,520 (64.4%)	517,881 (64.5%)
	Domestic operations	258,812 (35.5%)	284,138 (35.4%)
Negotiable certificates of deposits	International operations	— (—)	— (—)
	Total	258,812 (35.5%)	284,138 (35.4%)
	Domestic operations	687,446 (94.3%)	749,266 (93.4%)
Grand total	International operations	40,886 (5.6%)	52,753 (6.5%)
	Total	728,332 (100.0%)	802,019 (100.0%)

■ Average Balance by Type of Deposits

(Millions of yen, proportion in brackets)

Type		FY2013	FY2014
Deposits			
	Domestic operations	105,788 (14.8%)	111,186 (15.2%)
Liquid deposits	International operations	— (—)	— (—)
	Total	105,788 (14.8%)	111,186 (15.2%)
	Domestic operations	66,377 (9.3%)	75,525 (10.3%)
Interest-bearing deposits	International operations	— (—)	— (—)
	Total	66,377 (9.3%)	75,525 (10.3%)
	Domestic operations	341,625 (47.8%)	332,713 (45.7%)
Time deposits	International operations	— (—)	— (—)
	Total	341,625 (47.8%)	332,713 (45.7%)
	Domestic operations	265,527 (37.2%)	221,078 (30.3%)
Fixed-rate time deposits	International operations	— (—)	— (—)
	Total	265,527 (37.2%)	221,078 (30.3%)
	Domestic operations	76,097 (10.6%)	111,635 (15.3%)
Variable-rate time deposits	International operations	— (—)	— (—)
	Total	76,097 (10.6%)	111,635 (15.3%)
	Domestic operations	2,775 (0.3%)	1,001 (0.1%)
Other	International operations	40,520 (5.6%)	48,499 (6.6%)
	Total	43,295 (6.0%)	49,501 (6.8%)
	Domestic operations	450,189 (63.1%)	444,902 (61.1%)
Total	International operations	40,520 (5.6%)	48,499 (6.6%)
	Total	490,709 (68.7%)	493,402 (67.7%)
	Domestic operations	222,692 (31.2%)	234,549 (32.2%)
Negotiable certificates of deposits	International operations	— (—)	— (—)
	Total	222,692 (31.2%)	234,549 (32.2%)
	Domestic operations	672,882 (94.3%)	679,452 (93.3%)
Grand total	International operations	40,520 (5.6%)	48,499 (6.6%)
	Total	713,402 (100.0%)	727,951 (100.0%)

Deposits

■ Time Deposits Balance by Remaining Period

(Millions of yen)

Classification	Period	March 31,2014	March 31,2015
Fixed-rate time deposits	Less than 3 months	55,324	42,719
	From 3 months to less than 6 months	70,521	50,072
	From 6 months to less than 1 year	87,291	81,939
	From 1 year to less than 2 years	1,147	3,878
	From 2 years to less than 3 years	1,553	4,290
	3 years or more	19,000	27,200
	Subtotal	234,836	210,100
Variable-rate time deposits	Less than 3 months	2,000	600
	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	—	1,000
	3 years or more	93,800	109,100
	Subtotal	95,800	110,700
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		330,636	320,800

■ Balance by Depositor

(Millions of yen, proportion in brackets)

Classification	March 31,2014	March 31,2015	
Individual	Amount	226,901	230,681
	(%)	(48.3%)	(44.5%)
Corporate	Amount	227,651	272,148
	(%)	(48.4%)	(52.5%)
Other	Amount	14,967	15,051
	(%)	(3.1%)	(2.9%)
Total	Amount	469,520	517,881
	(%)	(100.0%)	(100.0%)

(Note) Negotiable certificates of deposits are not included.

Loans

Balance by Type of Loans

(Millions of yen)

Type		March 31, 2014	March 31, 2015
Loans on bills	Domestic operations	—	—
	International operations	—	—
	Total	—	—
Loans on deeds	Domestic operations	299,191	292,343
	International operations	18,542	47,461
	Total	317,733	339,804
Overdrafts	Domestic operations	80,997	97,578
	International operations	407	5,750
	Total	81,405	103,328
Bills discounted	Domestic operations	—	—
	International operations	—	—
	Total	—	—
Total	Domestic operations	380,189	389,921
	International operations	18,949	53,211
	Total	399,139	443,132

Average Balance by Type of Loans

(Millions of yen)

Type		FY2013	FY2014
Loans on bills	Domestic operations	—	—
	International operations	—	—
	Total	—	—
Loans on deeds	Domestic operations	293,178	297,206
	International operations	14,030	30,665
	Total	307,208	327,872
Overdrafts	Domestic operations	73,954	87,459
	International operations	1,689	1,284
	Total	75,643	88,744
Bills discounted	Domestic operations	—	—
	International operations	—	—
	Total	—	—
Total	Domestic operations	367,132	384,666
	International operations	15,719	31,950
	Total	382,852	416,616

Balance of Loans by Type and Remaining Period

(Millions of yen)

Period		March 31, 2014	March 31, 2015
Fixed interest rates	1 year or less	98,738	154,818
	More than 1 year but less than 3 years	4,061	9,344
	More than 3 years but less than 5 years	7,443	9,760
	More than 5 years but less than 7 years	7,490	1,454
	7 years or more	1,400	2,938
	With no maturity	—	—
	Subtotal	20,396	23,498
Variable interest rates	More than 1 year but less than 3 years	157,375	150,803
	More than 3 years but less than 5 years	105,533	55,598
	More than 5 years but less than 7 years	4,704	15,195
	7 years or more	12,391	43,216
	With no maturity	—	—
Subtotal	280,004	264,815	
Total	399,139	443,132	

Loans

■ Balance of Loans by Type of Collateral

(Millions of yen)

Type	March 31,2014	March 31,2015
Securities	107,962	125,832
Claims	—	—
Commodities	—	—
Real estate	30,613	33,243
Other	—	—
Subtotal	138,576	159,075
Guarantees	31,587	24,248
Unsecured	228,974	259,808
Total	399,139	443,132
(Subordinated loans)	—	(600)

■ 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 31,2014	March 31,2015
Equipment fund	Amount	56,459
	(%)	(12.7%)
Working capital	Amount	386,673
	(%)	(87.2%)
Total	Amount	443,132
	(%)	(100.0%)

■ Breakdown of Loans by Industry

(Millions of yen, proportion in brackets)

Type		March 31, 2014	March 31, 2015
Manufacturing	Amount	4,631	6,008
	(%)	(1.1%)	(1.3%)
Agriculture	Amount	30	—
	(%)	(0.0%)	(—)
Utilities	Amount	213	5,670
	(%)	(0.0%)	(1.2%)
Communication and information services	Amount	4,000	3,927
	(%)	(1.0%)	(0.8%)
Transport	Amount	44	—
	(%)	(0.0%)	(—)
Wholesale	Amount	3,023	2,965
	(%)	(0.7%)	(0.6%)
Finance and insurance	Amount	223,991	216,350
	(%)	(56.1%)	(48.8%)
Real estate	Amount	46,387	56,789
	(%)	(11.6%)	(12.8%)
Goods rental and leasing	Amount	2,125	500
	(%)	(0.5%)	(0.1%)
Various services	Amount	1,851	6,578
	(%)	(0.4%)	(1.4%)
Other	Amount	112,839	144,342
	(%)	(28.2%)	(32.5%)
Total	Amount	399,139	443,132
	(%)	(100.0%)	(100.0%)

■ Balance of Loans Regarding Small and Medium-Sized Enterprises

(Number of loans, millions of yen)

		March 31, 2014	March 31, 2015
Total loan balance (A)	Number of loans made	6,330	6,450
	Amount	399,139	443,132
Balance of loans to SMEs (B)	Number of loans made	6,315	6,430
	Amount	374,970	404,981
Ratio (%) (B/A)	Number of loans made	99.7%	99.6%
	Amount	93.9%	91.3%

(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 31,2014	March 31,2015
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 31,2014	March 31,2015
Claims against bankrupt and substantially bankrupt debtors	0.0	0.0
Doubtful claims	—	—
Substandard claims	—	—
Subtotal (A)	0.0	0.0
Normal claims (B)	400.3	444.3
Total (A+B)	400.3	444.3
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 31,2014	March 31,2015
General allowance for loan losses	1,144	1,077
Change from the previous year-end (decrease)	(232)	(66)
Specific allowance for loan losses	301	293
Change from the previous year-end (decrease)	(5)	(8)
Allowance for specific overseas loans	—	—
Change from the previous year-end	(—)	(—)
Total	1,446	1,370

Written-Off of Loans

(Millions of yen)

	FY2013	FY2014
Written-off loans	2	—

Securities

Balance of Securities by Type and Remaining Period

(Millions of yen)

Type	Remaining Period	March 31, 2014	March 31, 2015
Government bonds	1 year or less	11,034	—
	More than 1 year but less than 3 years	122,455	152,063
	More than 3 years but less than 5 years	35,360	63,110
	More than 5 years but less than 7 years	154,148	42,545
	More than 7 years but less than 10 years	8,207	—
	More than 10 years	48,819	49,583
	With no maturity	—	—
	Subtotal	380,024	307,302
Local government bonds	1 year or less	31,341	9,343
	More than 1 year but less than 3 years	34,369	45,422
	More than 3 years but less than 5 years	23,983	5,131
	More than 5 years but less than 7 years	—	—
	More than 7 years but less than 10 years	—	—
	More than 10 years	—	—
	With no maturity	—	—
	Subtotal	89,693	59,897
Short-term corporate bonds	1 year or less	—	—
	More than 1 year but less than 3 years	—	—
	More than 3 years but less than 5 years	—	—
	More than 5 years but less than 7 years	—	—
	More than 7 years but less than 10 years	—	—
	More than 10 years	—	—
	With no maturity	—	—
	Subtotal	—	—
Corporate bonds	1 year or less	15,949	32,369
	More than 1 year but less than 3 years	89,028	79,987
	More than 3 years but less than 5 years	24,153	31,878
	More than 5 years but less than 7 years	—	—
	More than 7 years but less than 10 years	—	—
	More than 10 years	—	10,656
	With no maturity	—	—
	Subtotal	129,130	154,892
Stocks	1 year or less	—	—
	More than 1 year but less than 3 years	—	—
	More than 3 years but less than 5 years	—	—
	More than 5 years but less than 7 years	—	—
	More than 7 years but less than 10 years	—	—
	More than 10 years	—	—
	With no maturity	—	—
	Subtotal	—	—
Foreign bonds	1 year or less	59,487	27,300
	More than 1 year but less than 3 years	69,642	101,860
	More than 3 years but less than 5 years	46,097	28,781
	More than 5 years but less than 7 years	4,918	—
	More than 7 years but less than 10 years	—	—
	More than 10 years	—	—
	With no maturity	—	—
	Subtotal	180,146	157,943
Foreign stocks	1 year or less	—	—
	More than 1 year but less than 3 years	—	—
	More than 3 years but less than 5 years	—	—
	More than 5 years but less than 7 years	—	—
	More than 7 years but less than 10 years	—	—
	More than 10 years	—	—
	With no maturity	11	15
	Subtotal	11	15
Other securities	1 year or less	1	1
	More than 1 year but less than 3 years	5	2
	More than 3 years but less than 5 years	4	2
	More than 5 years but less than 7 years	—	—
	More than 7 years but less than 10 years	1	—
	More than 10 years	—	—
	With no maturity	5,813	4,925
	Subtotal	5,825	4,931
Total		784,832	684,982

Securities

■ Balance of Securities by Type

(Millions of yen, proportion in brackets)

Type	March 31,2014	March 31,2015
	380,024	307,302
	(48.4%)	(44.8%)
Government bonds	—	—
	(—)	(—)
	380,024	307,302
	(48.4%)	(44.8%)
Local government bonds	89,693	59,897
	(11.4%)	(8.7%)
	—	—
	(—)	(—)
	89,693	59,897
	(11.4%)	(8.7%)
Short-term corporate bonds	—	—
	(—)	(—)
	—	—
	(—)	(—)
	—	—
	(—)	(—)
Corporate bonds	129,130	154,892
	(16.4%)	(22.6%)
	—	—
	(—)	(—)
	129,130	154,892
	(16.4%)	(22.6%)
Stocks	—	—
	(—)	(—)
	—	—
	(—)	(—)
	—	—
	(—)	(—)
Foreign bonds	—	—
	(—)	(—)
	180,146	157,943
	(22.9%)	(23.0%)
	180,146	157,943
	(22.9%)	(23.0%)
Foreign stocks	—	—
	(—)	(—)
	11	15
	(0.0%)	(0.0%)
	11	15
	(0.0%)	(0.0%)
Other securities	4,823	2,931
	(0.6%)	(0.4%)
	1,001	2,000
	(0.1%)	(0.2%)
	5,825	4,931
	(0.7%)	(0.7%)
Total	603,672	525,024
	(76.9%)	(76.6%)
	181,159	159,958
	(23.0%)	(23.3%)
Total	784,832	684,982
	(100.0%)	(100.0%)

■ Average Balance of Securities by Type

(Millions of yen, proportion in brackets)

Type	FY2013	FY2014
Government bonds	Domestic operations 400,447 (50.0%)	338,553 (46.7%)
	International operations — (—)	— (—)
	Total 400,447 (50.0%)	338,553 (46.7%)
Local government bonds	Domestic operations 97,059 (12.1%)	78,135 (10.7%)
	International operations — (—)	— (—)
	Total 97,059 (12.1%)	78,135 (10.7%)
Short-term corporate bonds	Domestic operations — (—)	— (—)
	International operations — (—)	— (—)
	Total — (—)	— (—)
Corporate bonds	Domestic operations 139,759 (17.4%)	138,590 (19.1%)
	International operations — (—)	— (—)
	Total 139,759 (17.4%)	138,590 (19.1%)
Stocks	Domestic operations — (—)	— (—)
	International operations — (—)	— (—)
	Total — (—)	— (—)
Foreign bonds	Domestic operations — (—)	— (—)
	International operations 161,476 (20.1%)	164,438 (22.6%)
	Total 161,476 (20.1%)	164,438 (22.6%)
Foreign stocks	Domestic operations — (—)	— (—)
	International operations 11 (0.0%)	11 (0.0%)
	Total 11 (0.0%)	11 (0.0%)
Other securities	Domestic operations 1,976 (0.2%)	3,254 (0.4%)
	International operations 95 (0.0%)	1,789 (0.2%)
	Total 2,072 (0.2%)	5,043 (0.6%)
Total	Domestic operations 639,243 (79.8%)	558,533 (77.0%)
	International operations 161,584 (20.1%)	166,239 (22.9%)
	Total 800,827 (100.0%)	724,773 (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 31,2014	March 31,2015
Government bonds	Book value	25,607	25,557
	Fair value	29,128	29,818
	Difference	3,520	4,260
	Gain	3,520	4,260
	Loss	—	—
Other securities	Book value	12,842	12,312
	Fair value	11,916	12,861
	Difference	(926)	549
	Gain	215	1,072
	Loss	1,141	523
Total	Book value	38,449	37,870
	Fair value	41,044	42,679
	Difference	2,594	4,809
	Gain	3,736	5,333
	Loss	1,141	523

(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, 2014	March 31, 2015
Stocks	Acquisition cost	—	—
	Book value	—	—
	Valuation difference	—	—
Government bonds	Acquisition cost	345,063	274,588
	Book value	354,417	281,744
	Valuation difference	9,353	7,156
	Unrealized gain	9,353	7,156
	Unrealized loss	—	—
Local government bonds	Acquisition cost	89,481	59,743
	Book value	89,693	59,897
	Valuation difference	211	153
	Unrealized gain	212	154
	Unrealized loss	0	0
Corporate bonds	Acquisition cost	128,904	154,670
	Book value	129,130	154,892
	Valuation difference	226	221
	Unrealized gain	239	295
	Unrealized loss	13	73
Sub total	Acquisition cost	563,450	489,002
	Book value	573,241	496,534
	Valuation difference	9,791	7,532
	Unrealized gain	9,805	7,605
	Unrealized loss	14	73
Other securities	Acquisition cost	172,727	149,155
	Book value	173,863	150,562
	Valuation difference	1,136	1,407
	Unrealized gain	1,310	1,477
	Unrealized loss	174	69
Total	Acquisition cost	736,177	638,157
	Book value	747,105	647,097
	Valuation difference	10,927	8,939
	Unrealized gain	11,116	9,083
Unrealized loss	188	143	

(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, 2014	March 31, 2015
Held-to-maturity debt securities	—	—
Available-for-sale securities		
Unlisted foreign securities	11	15

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 31,2014	March 31,2015	
Over-the-counter	Interest rate swaps	Receive-fixed interest rate	Contract amount	179,233	186,700
			Over one year	179,217	41,700
		Pay-floating interest rate	Fair value	(1)	(149)
			Unrealized gains (losses)	(1)	(149)
		Receive-floating interest rate	Contract amount	233	—
			Over one year	217	—
		Pay-fixed interest rate	Fair value	(4)	—
			Unrealized gains (losses)	(4)	—
		Receive-floating interest rate	Contract amount	143,900	166,400
			Over one year	142,900	166,400
		Pay-floating interest rate	Fair value	(2,697)	(1,792)
			Unrealized gains (losses)	(2,697)	(1,792)
		Receive-fixed interest rate	Contract amount	—	—
			Over one year	—	—
		Pay-fixed interest rate	Fair value	—	—
			Unrealized gains (losses)	—	—
Total fair value			(2,703)	(1,941)	
Total unrealized gains (losses)			(2,703)	(1,941)	

(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

In addition to the abovementioned, the appraisal profit based on separate accounting of embedded derivatives of hybrid financial instruments was 2,025 million yen at the end of March, 2015, and 2,881 million yen at the end of March, 2014.

Currency-Related Transactions

(Millions of yen)

			March 31,2014	March 31,2015		
Over-the-counter	Swaps		Contract amount	94,875	69,589	
			Over one year	60,567	67,186	
			Fair value	3,424	3,701	
			Unrealized gains (losses)	3,424	3,701	
	Forwards	Sold		Contract amount	431,361	448,710
				Over one year	—	—
				Fair value	(2,693)	(3,471)
				Unrealized gains (losses)	(2,693)	(3,471)
		Bought		Contract amount	432,235	446,178
				Over one year	—	—
				Fair value	2,753	3,090
				Unrealized gains (losses)	2,753	3,090
	Options	Sold		Contract amount	67,902	42,552
				Over one year	5,640	3,641
				Fair value	(1,236)	(589)
				Unrealized gains (losses)	128	147
		Bought		Contract amount	67,902	42,552
				Over one year	5,640	3,641
Fair value				1,236	589	
Unrealized gains (losses)				(212)	(210)	
Total fair value			3,484	3,321		
Total unrealized gains (losses)			3,399	3,259		

(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, 2014			March 31, 2015		
			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	216,200	192,332	(11,427)	127,288	127,288	(8,246)
	Receive-fixed interest rate Pay-floating interest rate		1,000	—	1	—	—	—
	Receive-floating interest rate Pay-fixed interest rate		215,200	192,332	(11,428)	127,288	127,288	(8,246)
Exceptional method for Interest rate swaps	Interest rate swaps	Securities	25,000	25,000	(2,622)	25,000	25,000	(3,605)
	Receive-floating interest rate Pay-fixed interest rate		25,000	25,000	(2,622)	25,000	25,000	(3,605)
Total			—	—	(14,050)	—	—	(11,851)

(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, 2014			March 31, 2015		
			Contract amount	Over one year	Fair value	Contract amount	Over one year	Fair value
Appropriation method	Currency swaps	Foreign currency denominated securities	13,700	13,205	898	13,855	12,009	(562)
Total			—	—	898	—	—	(562)

(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 31,2014	March 31,2015
Assets:		
Loans	356,366	401,693
Loans on deeds	356,366	401,693
Securities	2,231,379	2,362,352
Government bonds	595,682	516,171
Local government bonds	7,807	46,854
Corporate bonds	114,326	111,714
Stocks	570,319	556,274
Foreign securities	478,032	707,293
Other securities	465,211	424,043
Securities held for investment trusts	9,327,061	10,632,045
Foreign investments held for investment trusts	3,151,060	4,383,034
Beneficiary rights	48,029	34,162
Securities held in custody accounts	515,984	487,371
Money claims	89,050	183,343
Money claims on life insurance policies	8,065	8,480
Other money claims	80,985	174,862
Other claims	265,219	247,251
Call loans	1,381,653	1,646,656
Due from banking account	16,646	10,129
Cash and due from banks	382,686	317,006
Due from banks	382,686	317,006
Other assets	180	412
Other	180	412
Total	17,765,319	20,705,461
Liabilities:		
Designated money trusts	765,793	759,433
Specified money trusts	912,715	1,052,514
Pension trusts	128,642	105,551
Investment trusts	13,701,092	16,555,603
Pecuniary trusts other than money trusts	213,687	273,968
Securities trusts	516,015	487,747
Money claims trusts	25,999	23,054
Composite trusts	1,501,373	1,447,586
Total	17,765,319	20,705,461

(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 31,2014	March 31,2015
Assets:		
Loans	—	—
Money claims	—	—
Other	20	17
Total	20	17
Liabilities:		
Principal	20	17
Reserve for possible impairment of principal	—	—
Other	0	0
Total	20	17

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

(Millions of yen)

Type		March 31,2014	March 31,2015
Money trusts	Government bonds	537,448	513,141
	Local government bonds	103	325
	Short-term corporate bonds	—	—
	Corporate bonds	23,524	57,598
	Stocks	23,055	19,253
	Other securities	357,740	492,987
	Balance of assets under management at the end of period	941,872	1,083,305
Pension trusts	Government bonds	—	—
	Local government bonds	—	—
	Short-term corporate bonds	—	—
	Corporate bonds	—	—
	Stocks	—	—
	Other securities	20,505	8,101
Balance of assets under management at the end of period	20,505	8,101	
Total	Government bonds	537,448	513,141
	Local government bonds	103	325
	Short-term corporate bonds	—	—
	Corporate bonds	23,524	57,598
	Stocks	23,055	19,253
	Other securities	378,245	501,088
	Balance of assets under management at the end of period	962,378	1,091,407

(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 31,2014	March 31,2015
Money trusts	Less than 1 year	325,356	379,326
	From 1 year to less than 2 years	877	1,601
	From 2 years to less than 5 years	1,937	888
	5 years or more	654,910	629,931
	Others	—	—
	Total	983,083	1,011,748

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

(Millions of yen, proportion in brackets)

Type	March 31,2014	March 31,2015
Loans on deeds	355,445 (100.0%)	400,889 (100.0%)
Loans on bills	— (—)	— (—)
Bills discounted	— (—)	— (—)
Total	355,445 (100.0%)	400,889 (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 31,2014	March 31,2015
1 year or less	291,400	339,100
More than 1 year but less than 3 years	—	—
More than 3 years but less than 5 years	—	—
More than 5 years but less than 7 years	16,232	14,896
7 years or more	47,812	46,893
Total	355,445	400,889

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

(Millions of yen)

Type	March 31,2014	March 31,2015
Securities	291,400	339,100
Claims	—	—
Commodities	—	—
Real estate	—	—
Other	—	—
Subtotal	291,400	339,100
Guarantees	—	—
Unsecured	64,045	61,789
Total	355,445	400,889

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

(Millions of yen, proportion in brackets)

Type		March 31,2014	March 31,2015
Finance and insurance	Amount	291,400	339,100
	(%)	(81.9%)	(84.5%)
Local governments	Amount	64,045	61,789
	(%)	(18.0%)	(15.4%)
Total	Amount	355,445	400,889
	(%)	(100.0%)	(100.0%)

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

(Millions of yen)

Type	March 31,2014	March 31,2015
Equipment fund	—	—
Working capital	355,445	400,889
Total	355,445	400,889

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

(Millions of yen)

	March 31,2014	March 31,2015
Total loan balance (A)	355,445	400,889
Balance of loans to SMEs (B)	—	—
Ratio (%) (B/A)	—	—

(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 31,2014	March 31,2015
Money trusts	Loans	355,445	400,889
	Securities	941,872	1,083,305
	Total	1,297,318	1,484,195
Pension trusts	Loans	—	—
	Securities	20,505	8,101
	Total	20,505	8,101
Total loans		355,445	400,889
Total securities		962,378	1,091,407
Total loans and securities		1,317,823	1,492,296

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

Management Indices

Overall Profit Margin

(%)

		FY2013	FY2014
Yield on investments	Domestic operations	1.19	1.17
	International operations	1.47	1.51
	Total	1.30	1.27
Funding cost	Domestic operations	1.93	2.16
	International operations	3.16	2.78
	Total	2.11	2.28
Overall profit margin	Domestic operations	(0.74)	(0.99)
	International operations	(1.69)	(1.27)
	Total	(0.81)	(1.01)

Profit Ratio

(%)

		FY2013	FY2014
Return on assets (ROA)	Net business profit to assets ratio	0.20	0.18
	Ordinary profit to assets ratio	0.21	0.17
	Net income to assets ratio	0.12	0.10
Return on equity (ROE)	Net business profit to equity ratio	5.72	4.62
	Ordinary profit to equity ratio	5.98	4.43
	Net income to equity ratio	3.47	2.56

Gross Operating Profit Ratio

(%)

		FY2013	FY2014
Gross operating profit ratio	Domestic operations	1.34	1.45
	International operations	1.21	1.19
	Total	1.39	1.44

Loan-To-Deposit Ratio

(%)

		FY2013	FY2014
Balance at the end of the period	Domestic operations	55.3	52.0
	International operations	46.3	100.8
	Total	54.8	55.2
Average balance during the period	Domestic operations	54.5	56.6
	International operations	38.7	65.8
	Total	53.6	57.2

Security-To-Deposit Ratio

(%)

		FY2013	FY2014
Balance at the end of the period	Domestic operations	87.8	70.0
	International operations	443.0	303.2
	Total	107.7	85.4
Average balance during the period	Domestic operations	95.0	82.2
	International operations	398.7	342.7
	Total	112.2	99.5

■ Deposits, Loans and Trust Assets per Branch

(Millions of yen)

	March 31,2014	March 31,2015
Deposits	728,332	802,019
Loans	399,139	443,132
Amount of funds in trust account	1,807,151	1,917,500

(Note) Deposits include negotiable certificates of deposit.

■ Deposits, Loans and Trust Assets per Employee

(Millions of yen)

	March 31,2014	March 31,2015
Deposits	1,746	1,843
Loans	957	1,018
Amount of funds in trust account	4,333	4,408

(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, 2015)

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		March 31, 2015	
		Amounts excluded under transitional arrangements		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		46,241	
of which: capital and capital surplus	38,270		38,270	
of which: retained earnings	6,742		7,971	
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		1,077	
of which: general reserve for loan losses included in Core capital	1,144		1,077	
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		9,000	
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		56,318	
Core capital: regulatory adjustments				
Total amount of intangible assets (excluding those relating to mortgage servicing rights)	155	4,417	1,048	3,673
of which: goodwill (including those equivalent)	155	—	129	—
of which: other intangibles other than goodwill and mortgage servicing rights	—	4,417	918	3,673
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		March 31, 2015	
		Amounts excluded under transitional arrangements		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		1,048	
Capital				
Capital ((A) – (B)) (C)	56,000		55,270	
Risk-weighted assets				
Total amount of credit risk-weighted assets	361,114		397,720	
of which: total amount included in risk-weighted assets by transitional arrangements	4,417		3,673	
of which: intangible assets (excluding those relating to goodwill and mortgage servicing rights)	4,417		3,673	
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		28,802	
Credit risk adjustments	—		—	
Operational risk adjustments	—		—	
Total amount of Risk-weighted assets (D)	390,546		426,523	
Capital ratio				
Capital ratio ((C) / (D))	14.33%		12.95%	

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 four 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), and Standard & Poor's Ratings Services (S&P)

However, beginning this fiscal year, Fitch Ratings Ltd. (Fitch) has been removed from the qualified rating agencies used for risk weight determination. This is due to consideration of the rating assignment proportions of this rating agency in our portfolio.

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 four 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), and Standard & Poor's Ratings Services (S&P)

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 Policies 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 and claims on lease payments. 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 four 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), and Standard & Poor’s Rating Services (S&P)

However, beginning this fiscal year, Fitch Ratings Ltd. (Fitch) has been removed from the qualified rating agencies used for risk weight determination. This is due to consideration of the rating assignment proportions of this rating agency in our portfolio.

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, outsourcing risk, human risk and tangible 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, 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
	Human Risk	Human Resource and General Affairs Department
	Tangible Risk	Human Resource and General Affairs 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 4-6-3 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	Required Capital
		March 31, 2014	March 31, 2015
The Standardized Approach	Claims on foreign central governments and central banks	24	24
	Claims on foreign non-central government public sector entities	185	383
	Claims on Japan Finance Organization for Municipalities	135	142
	Claims on Japanese government-affiliated organizations	311	353
	Claims on financial institutions and Type I financial instruments business operators	1,084	1,372
	Claims on corporations	9,300	10,350
	Claims on small and medium enterprises and individuals	1,338	1,370
	Claims on projects including acquisition of real estate properties	576	615
	Past due loans for three months or more	0	0
	Other	780	605
	Securitization (other than originating bank)	108	61
	Out of assets with multiple underlying assets (so-called "funds"), the assets whose underlying assets are difficult to measure individually	73	104
	CVA risk	1,051	1,051
Total	14,970	16,434	

B. Amount of Required Capital against Credit Risk Concerning Equity Exposures to Which the IRB Approach Is Applied and the Breakdown by Category

Not applicable as of March 31, 2014 and 2015

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

Not applicable as of March 31, 2014 and 2015

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

Not applicable as of March 31, 2014 and 2015

E. Amount of Required Capital against Operational Risk

(Millions of yen)

Required Capital	March 31, 2014	March 31, 2015
	2,354	2,304

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

(Millions of yen)

Non-Consolidated Total Required Capital	March 31, 2014	March 31, 2015
	15,621	17,060

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, 2015				
		Securities	Loans	Derivatives	Others	Total
By area and industry	Manufacturing	2,621	6,008	—	1,009	9,639
	Utilities	12,622	5,670	—	1,317	19,609
	Communication and information services	—	3,927	—	0	3,927
	Transport	62,132	—	—	60	62,192
	Wholesale	—	2,965	8	0	2,974
	Finance and insurance	55,859	208,844	28,439	51,767	344,911
	Real estate	10,603	56,789	—	484	67,877
	Goods rental and leasing	7,506	500	47	607	8,660
	Various services	6,999	6,578	—	92	13,670
	Government and local authorities	359,889	—	—	30,389	390,279
	Other	22	99,543	—	14,516	114,082
Domestic		518,257	390,827	28,494	100,245	1,037,824
Overseas		157,783	44,799	3,224	5,641	211,448
Total		676,040	435,626	31,719	105,887	1,249,273
By duration	Due in 1 year or less	68,915	154,818	16,100	98,268	338,102
	Due over 1 year to 3 years	377,539	160,148	10,327	2,442	550,456
	Due over 3 years to 5 years	126,374	65,359	429	1,064	193,228
	Due over 5 years to 7 years	41,121	15,282	739	—	57,143
	Due over 7 years	57,461	40,017	4,122	—	101,601
	With no maturity	4,628	—	—	4,111	8,740
	Total	676,040	435,626	31,719	105,887	1,249,273

(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	—	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

Disclosure based on Pillar III of Basel III – Quantitative Disclosure

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

■ Balances of Specific Allowance for Loan Losses

(By area and industry)

(Millions of yen)

		March 31, 2015				
		Securities	Loans	Derivatives	Others	Total
By area and industry	Other	—	2	—	—	2
	Domestic	—	2	—	—	2
	Overseas	—	—	—	—	—
	Total	—	2	—	—	2

(Millions of yen)

		March 31, 2014				
		Securities	Loans	Derivatives	Others	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		March 31, 2015	
		Against March 31, 2013	Against March 31, 2014
1,144		(232)	(66)

■ Balances of Specific Allowance for Loan Losses

(By area and industry)

(Millions of yen)

		March 31, 2014		March 31, 2015	
			Against March 31, 2013		Against March 31, 2014
By area and industry	Other	301	(5)	293	(8)
	Domestic	301	(5)	293	(8)
	Overseas	—	—	—	—
	Total	301	(5)	293	(8)

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, 2014	March 31, 2015
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)

Risk Weight	March 31, 2014		March 31, 2015	
	Rating Available	Rating Not Available	Rating Available	Rating Not Available
0%	446,455	34,174	381,683	27,801
10%	112,372	—	124,481	—
20%	190,209	90	197,004	267
30%	2,006	—	—	—
50%	155,517	—	184,681	—
70%	12,005	—	9,002	—
75%	—	44,605	—	45,677
100%	61,625	103,832	77,399	113,770
120%	6,537	—	6,056	—
150%	—	3,000	—	—
1250%	—	4	—	3
Capital deduction	—	436	—	790

※ 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 as of March 31, 2014 and 2015

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

Not applicable as of March 31, 2014 and 2015

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

Not applicable as of March 31, 2014 and 2015

- J. Estimated and actual Credit losses over Long Periods by Corporate, Sovereign and Bank Exposures under the IRB Approach and Equity, Residential Mortgage, Qualified Revolving Retail and other Retail Exposures under the PD/LGD Approach

Not applicable as of March 31, 2014 and 2015

Disclosure based on Pillar III of Basel III – Quantitative Disclosure

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	March 31, 2015
107,638	88,160

- 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 27,316 million yen for March 31, 2015 and 32,903 million yen for March 31, 2014. 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 for March 31, 2014 and 2015.

- B. Aggregated Amount of Positive Gross Replacement Cost

(Millions of yen)

March 31, 2014	March 31, 2015
10,961	14,912

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

(Millions of yen)

	March 31, 2014	March 31, 2015
Foreign Exchange-related Transactions	22,686	26,650
Interest rate-related Transactions	6,979	5,068
Total	29,666	31,719

- 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	March 31, 2015
18,704	16,806

The figures obtained by calculating “the amount stated in B above + total gross add-ons - amount stated in C above” are zero for March 31, 2014 and 2015

- E. Amount by Types of Collaterals
Not applicable as of March 31, 2014 and 2015

- F. Credit Equivalent Amounts after Credit Risk Mitigation Benefits Due to Collateral
Not applicable as of March 31, 2014 and 2015. Please refer to the above item C “Credit Equivalent Amounts Prior to Credit Risk Mitigation Benefits Due to Collateral.”

G. Notional Principal Amount of Credit Derivatives Subject to a Computation of the Credit Equivalent Amounts by Types of Credit Derivatives and Type of Purchased or Provided Protections
Not applicable as of March 31, 2014 and 2015

H. Notional Principal Amount of Credit Derivatives Used for Credit Risk Mitigation Purposes
Not applicable as of March 31, 2014 and 2015

V. Matters Relating to Securitization Transactions

A. Matters Relating to Securitization Exposures Originated by the Bank
Not applicable as of March 31, 2014 and 2015

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, 2014		March 31, 2015	
		Re-Securitization		Re-Securitization
Loan claims	6,410	—	6,486	—
Claims on lease payments	1,438	—	1,019	—
Accounts receivable	4,304	—	—	—
Others	6	—	3	—
Total	12,160	—	7,509	—

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

(Millions of yen)

Risk Weight	March 31, 2015			
	Balance		Required Capital	
		Re-Securitization		Re-Securitization
20%	7,506	—	60	—
1250%	3	—	1	—
Total	7,509	—	61	—

(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)

Securities	March 31, 2014	March 31, 2015
		4

4. Breakdown of re-securitization exposure to apply for credit risk mitigation technique and to apply for Guarantor or appropriate guarantor
Not applicable as of March 31, 2014 and 2015

Disclosure based on Pillar III of Basel III – Quantitative Disclosure

- 5. Amount of credit risk assets calculated by applying the Supplementary Provision Article 15 of the Notification on Capital Adequacy
Not applicable as of March 31, 2014 and 2015
- C. Matters relating to calculate the market risk amount regard to securitization exposure in which the Bank originates
Not applicable as of March 31, 2014 and 2015
- D. Matters relating to calculate the market risk amount regard to securitization exposure in which the Bank invests
Not applicable as of March 31, 2014 and 2015
- VI. Matters Relating to Market Risk
Not applicable as of March 31, 2014 and 2015
- VII. Matters Relating to Capital Subscriptions or Equity Exposures in the Banking Account
Not applicable as of March 31, 2014 and 2015
- VIII. Amount of Regarded Exposures Relating to Funds
Not applicable as of March 31, 2014 and 2015
- 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	March 31, 2015
4,011	7,235

