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(April 2013 ~ March 2014)
Annual Report



Mizuho Financial Group
Trust & Custody Services Bank, Ltd.

TCSB's Challenge: To Become Japan's Leading Player in the Area of Asset Administration Services

Our Corporate Logo



Our corporate logo is modeled after a large door.
This door has two meanings.

First, it signifies the trust between our customers and us.

It is a "door of security," tightly closed against everyone except our customers.
However, it does not remain permanently closed.
It is also a "door of trust" that opens immediately in response to our customers' needs.

Second, it signifies a threshold leading towards our customers' futures.

We at TCSB stand ready to act as a reliable partner in helping our customers realize a brighter, more prosperous future.

The orange we use as our corporate color signifies both "progressiveness" and "warmth."

As a trust bank specializing in asset administration, we aim to build a sophisticated IT framework for advanced systems support and a solid service base to provide a warmhearted response to our customers' needs.

We sincerely hope that this Annual Report will serve to open the door to ever more successful partnerships between our customers and us.

This document is a partial translation of TCSB's Japanese Disclosure Report that has been prepared in accordance with the provisions of Article 21 of the Banking Law of Japan.

Note: This translation is provided for reference purposes only, and the Japanese original supercedes it in case of any discrepancy.

■Profile (as of June 30, 2014)

Established: January 22, 2001

Address: Tower Z, Harumi Triton Square, Harumi 1-8-12, Chuo-ku, Tokyo 104-6228

TEL +81-3-6220-4000

Capital: ¥50,000,000,000

Shareholders:	Mizuho Financial Group, Inc.	540,000 shares (54%)
(equity position in %)	The Dai-ichi Life Insurance Company, Limited	230,000 shares (23%)
	Asahi Mutual Life Insurance Company	100,000 shares (10%)
	Meiji Yasuda Life Insurance Company	90,000 shares (9%)
	Fukoku Mutual Life Insurance Company	40,000 shares (4%)

Employees: 597 (as of March 31, 2014)

* Number of employees includes persons on secondment from outside organizations. It does not include executive officers and temporary employees.

URL: <http://www.tcsb.co.jp/>

■Credit Ratings (as of June 30, 2014)

	Long-term	Short-term	Other
S&P	A+	A-1	-
Moody's	A1	Prime-1	C*
R&I	A+	a-1	-

* Bank financial strength rating

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Message from Management

TCSB's Challenge: To Become Japan's Leading Player in the Area of Asset Administration Services

I would like to start by once again thanking our shareholders and customers for constantly supporting Trust & Custody Services Bank, Ltd. (TCSB).

Since TCSB's founding in January 2001, we have adhered to the principle of growing our asset administration services into competitive products, then developing further into a company that provides comprehensive services associated with asset administration. Using this as a base, we have consistently worked on developing new, forward-looking services, reinforced our operational and IT infrastructure, and reformed our internal control structure as part of our efforts to become Japan's leading player in the area of asset administration services.

With our customers' support and understanding of our initiatives, we succeeded in further expanding the size of our business in fiscal 2013, when assets under custody and administration grew to approximately ¥370 trillion. We will continue to take on challenges with the aim of becoming "the Most Trusted Partner that Continues to be Chosen by Customers".

The area of asset administration services has witnessed not only progress in a succession of securities settlement system reforms, but also an acceleration in developments such as a diversification of investment choices, regions and styles. Customer needs have consequently become that much more diverse and sophisticated.

While keeping an eye on these needs, we shall focus thoroughly on improving quality and make untiring efforts to improve. At the same time we shall continue with our proactive efforts to strategically channel management resources into reinforcing our operational, IT and human resource infrastructure with a view to offering customers higher quality and higher value-added services. We are a full-range custodian bank offering a wide array of products, ranging from trust services to various kinds of custody services, the most advanced securities management models (comprehensive outsourcing models that extend to accounting operations) as well as value added services (lending services and foreign exchange services, etc.). As such, TCSB will further strengthen its capabilities and customer relationships as a means of responding more proactively to customers' needs through a new group operational structure which unifies banking, trust banking and securities businesses with Mizuho Bank, Ltd., Mizuho Trust & Banking Co., Ltd. and other group companies.

In the years ahead, we will continue to listen carefully to our customers, thoroughly promote improvement of our own ability to provide solutions and service quality, strive to reinforce our internal control structure and stabilize our profit foundation in order to be regarded as an asset administration partner that customers can really trust.

We look forward to your continuing support and patronage in these endeavors.

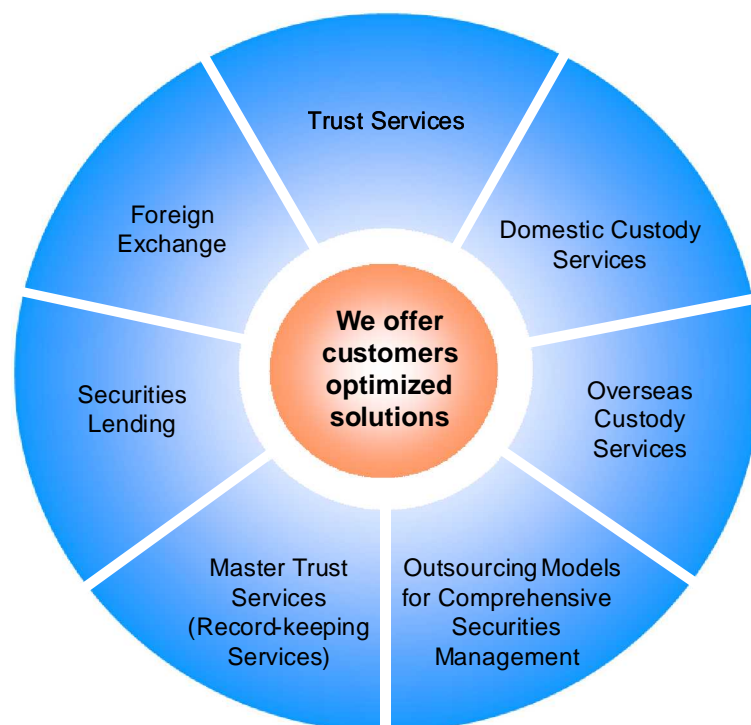
Akira Moriwaki, President & CEO

TCSB's Management Strategy

Aspiration

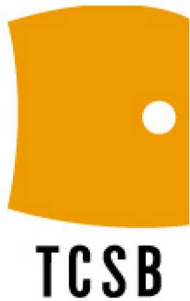
Based on the philosophy of growing our asset administration services into competitive products, then developing further into a company that provides comprehensive services associated with asset administration, we aspire to become a full-line custody bank that can respond quickly and precisely to all customers' needs.

A Full Line of Custody Services



Basic Vision

- 1** We will aim to become Japan's largest and most sophisticated trust bank specializing in asset administration services, with an unimpeachable reputation for adherence to best practices.
- 2** We will offer considerable benefits to our clients thanks to the economies of scale backed by the assets entrusted to us.
- 3** We will build a rigorous, effective and highly sophisticated back-office system based on global standards.
- 4** We will seek to obtain an accurate grasp of customers' needs so that we can offer them optimized solutions.



Code of Conduct (Excerpt)

Basic Policies

1. Social Responsibilities and Public Mission

As Japan's leading and open-minded trust bank specializing in asset administration, we are constantly aware of the gravity of our social responsibilities and public mission, and devote our efforts to sound management based on self-responsibility.

Through close communications with society, we work hard at ensuring that our corporate behavior is in harmony with social common sense.

2. Customer-oriented Practices

We provide the highest-level of services at all times in line with our customer-first approach.

We believe that winning our customers' trust lays the foundations for earning the trust of our shareholders, local communities and all other stakeholders.

3. Adherence to Laws and Regulations

We strictly observe all laws, ordinances and regulations as we pursue corporate activities in a fair and honest manner that conforms to the norms accepted by society.

We comply with international rules and local laws, as well as respect local customs and cultures.

4. Respect for Human Rights

We respect the dignity and fundamental human rights of all people in all our activities, including our customers, executives and staff, and are working to build a corporate culture that is imbued with the spirit of respect for human rights.

5. Opposition to Antisocial Forces

We are resolutely opposed to antisocial forces that threaten the order and safety of civil society.

TCSB's Commitment

TCSB has earned high praise from rating agencies because of its healthy financial fundamentals, specifically its:

Advanced Operations and IT Infrastructure

Rigorous Internal Control Structure

Customer oriented Philosophy

Based on these, we can:

Provide Customers with the Best Possible Solutions



Milestones

■January 2001

Trust & Custody Services Bank, Ltd. (TCSB) established.

■February 2001

Commences record-keeping services.

Receives mandate to administer assets of the investing life insurance companies.

■May 2001

Acquires long term and short term credit ratings from Moody's Investors Service.

■December 2001

Under a *Saishintaku* (re-entrustment) agreement, accepts assets entrusted to Mizuho Trust & Banking.

Acquires debtor rating from R&I.

■January-March 2002

Accepts stocks held by Dai-Ichi Kangyo Bank, Ltd., Fuji Bank, Ltd. and The Industrial Bank of Japan, Limited.

■March-April 2002

Entrusted with the resident-oriented custody operations of the banks currently known as Mizuho Bank and Mizuho Corporate Bank.

■May 2002

Head Office moved to Harumi Island Triton Square.

■August 2002

Perfects a common basic system for new settlement procedures.

■January 2003

Commences outsourcing services for comprehensive asset administration.

■March 2003

Offsite Backup Center goes on-line.

■May 2004

Acquires debtor rating from Standard & Poor's.

■September 2005

Commences Performance Monitoring Service (PMS).

Commences "TCSB Custody-net".

■November 2008

Outstanding assets under custody and administration grew to more than ¥300 trillion.

■January 2009

Commences response to respond to the Electric Share Certificate System.

■September 2009

Implements the Advanced Measurement Approach for the calculation of operational risk equivalent in association with capital adequacy ratios based on Basel II.

■June 2013

Commences entrusted administration services for middle- and back-office operations of asset management companies.

■Advanced Operations and IT Infrastructure

More than ever before, advanced asset management systems and sophisticated information technology (IT) are essential for asset administration operations that can process large volumes of high-level, globalized securities transactions quickly and accurately.

We have adopted various initiatives designed to enhance operational quality while further reinforcing our human resources with the view of providing customers with optimal asset administration services at all times.

In order to provide customers with the best possible solutions to their needs while accommodating securities settlement system reforms, we are taking full advantage of the economies of scale offered by outstanding assets under custody and administration of more than ¥370 trillion and working proactively to strengthen our IT infrastructure further.

Looking ahead, we will continue to offer next-generation financial services based on our advanced operations and IT infrastructure.

■Rigorous Internal Control Structure

We constantly recognize the gravity of our social responsibilities and public mission as Japan's leading trust bank specializing in asset administration. To this end, we strictly observe all laws, ordinances and regulations as we pursue corporate activities in a fair and honest manner that conforms to the norms accepted by society. We view thoroughgoing compliance as a fundamental management principle and are working to build a rigorous compliance structure.

As a company that provides customers with asset administration services, TCSB believes it is extremely important to protect and use information assets properly. TCSB is working to strengthen its information management structure through measures to protect information security and personal information.

Financial institutions face a variety of risks as deregulation and globalization advance, and financial operations rapidly become more diverse and complex. TCSB is proactively strengthening its risk management systems in order to respond even better to the trust placed in it by customers by ensuring healthier, more stable management.

As befits a custody bank of our standing, we have also built a rigorous audit structure. More specifically, our Internal Audit Department monitors the appropriateness and effectiveness of business operations from the perspective of compliance and risk management independently of operational reporting lines. At the same time, we have introduced audits utilizing external auditing organizations to put our business operations on a sounder, more appropriate footing.

We have also adopted a proactive approach to internal controls pertaining to financial reporting as mandated by the Sarbanes-Oxley Act and other measures.

■Customer-oriented Philosophy

Based on our customer-oriented practices, we are working proactively to raise CS (Customer Satisfaction) levels.

Putting ourselves in the customer's place when identifying customer needs, we are working to improve our services through more rapid responses, professional services and the challenge of developing new services.

As TCSB marked its 10th anniversary in January 2011, TCSB's fiscal 2011 is the first year of its next decade (Next Ten!). Taking this opportunity, TCSB formulated the TCSB "Next Ten!" Core Value as concrete guidelines to realize its Customer-oriented Philosophy and is currently committed to its practice companywide.

TCSB “Next Ten!” Core Value

“TCSB for the Customer”

Team Play: We will respect and trust each other, and work together to achieve our common goal.

Change & Challenge: We will think outside the box and act proactively, and address the challenges of innovation.

Satisfaction: We will take pride in our own jobs, and endeavor to create vigorous, enthusiastic and rewarding workplace.

Be Professional: We will enhance our expertise and skills as professionals of asset administration services.

■High Ratings from Ratings Agencies

As a trust bank specializing in asset administration, TCSB has been awarded high ratings for its healthy financial fundamentals and strong customer base by Standard & Poor's (S&P), Moody's Investors Service (Moody's) and Japan Rating and Investment Information, Inc. (R&I).

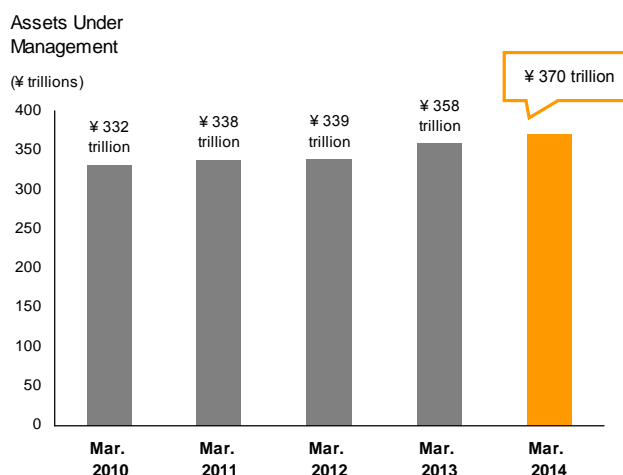
Looking ahead, we intend to maintain our sound financial health, provide high quality advanced services and reinforce customer trust.

(Jun. 30 th 2013)			
	Long-term	Short-term	Other
S&P	A+	A-1	-
Moody's	A1	Prime-1	C*
R&I	A+	a-1	-

* Bank financial strength rating

Performance Highlights

At the end of March 2014, assets under custody and administration **increased by ¥12 trillion year-on-year to ¥370 trillion.**

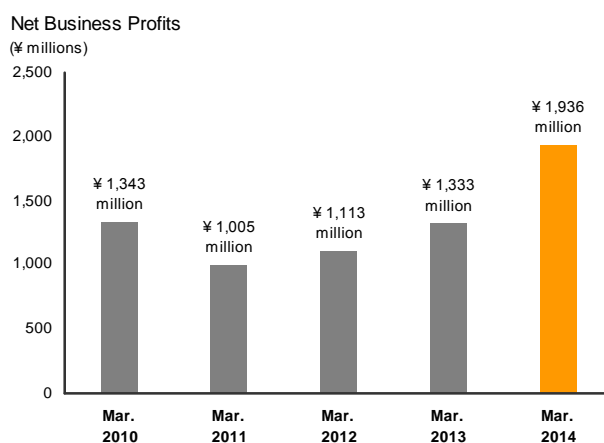


■Trends in Assets under custody and administration

At the end of the fiscal year under review, assets under custody and administration — based on entrusted trust assets and assets managed under custody agreements — increased by ¥12 trillion year-on-year to more than ¥370 trillion on the back of a rise in new customers concluding asset administration contracts and the number of existing customers concluding additional contracts.

■Trends in Profits and Losses

In the area of income and expenditures during the fiscal year under review, gross profits from operations increased ¥840 million year on year and amounted to ¥20,610 million mainly due to increases in fees and commissions, and Use and Source of Funds. Efforts to make the administration of expenditures more efficient while endeavoring to invest in management resources to offer high-quality, high-value-added services resulted in a ¥237 million-increase in expenditures, excluding those from temporary measures taken from the last fiscal year to ¥18,674 million. As a result, net business profits were ¥1,936 million (an increase of ¥602 million year over year).



Issues That TCSB Must Address

In Asset Administration Services, securities settlement system reforms are progressing and investment decision making (what to invest in and where to invest) and management styles are increasingly varied, thereby customer needs are increasingly diverse and sophisticated.

Under these circumstances, with the aim of becoming the Most Trusted Partner that Continues to be

Chosen by Customers, we are taking measures such as (a) establishing a competitive advantage in existing business areas, (b) creating new markets and businesses, (c) pursuing structural reforms to achieve a good balance between cost competitiveness and service quality, and (d) reinforcing the management base to support business strategies, while continuing to promote alliances with other Mizuho Financial Group companies.

Optimized Solutions to Customers' Needs

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Optimized Solutions to Customers' Needs

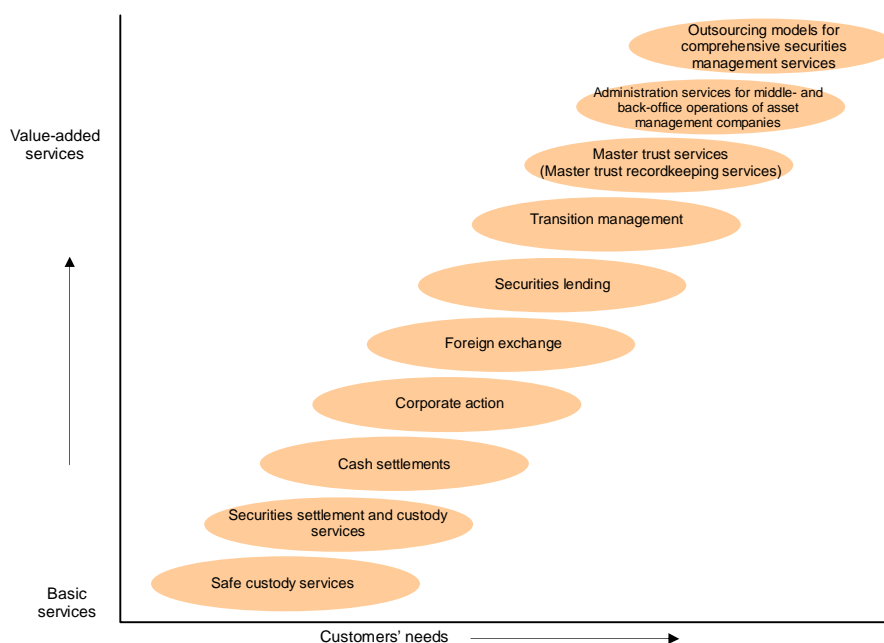
1. Asset Administration Services

A Custody Bank that Pays Close Attention to Customers' Needs

The emergence of new financial products and progress in securities settlement system reforms are feeding the need for securities administration outsourcing. Meanwhile, against the backdrop of the global financial crisis, the role of custodians in securities settlement has been increasing dramatically. We offer a wide range of products that extends from securities administration under trust and re-entrustment (*Saishintaku*) agreements to various kinds of custody services as we strive to become a custody bank that provides meticulous services in response to the respective needs of our customers.

A Full Line of Custody Services

TCSB offers a truly comprehensive line-up of services, ranging from trust services and basic custody services such as securities settlement, safekeeping, cash settlement and corporate action, to flexible foreign exchange packages, securities lending, performance analyses, portfolio management and accounting services to these basic services. We are also working proactively to offer consulting services to customers that require tailored solutions such as transition management and the outsourcing of back-office operations.



→Custody Services

Collective name for services whereby customers entrust us with the task of acting on their behalf in securities-related operations such as deliveries and settlements in connection with securities custody and trading, or the collection of principal, interest and cash dividends. In addition to custody services based on blanket proxy rights vis-à-vis issuers, we offer "account management institution services" based on the book-entry system that emerged as a result of securities settlement system reforms.

→Transition Management

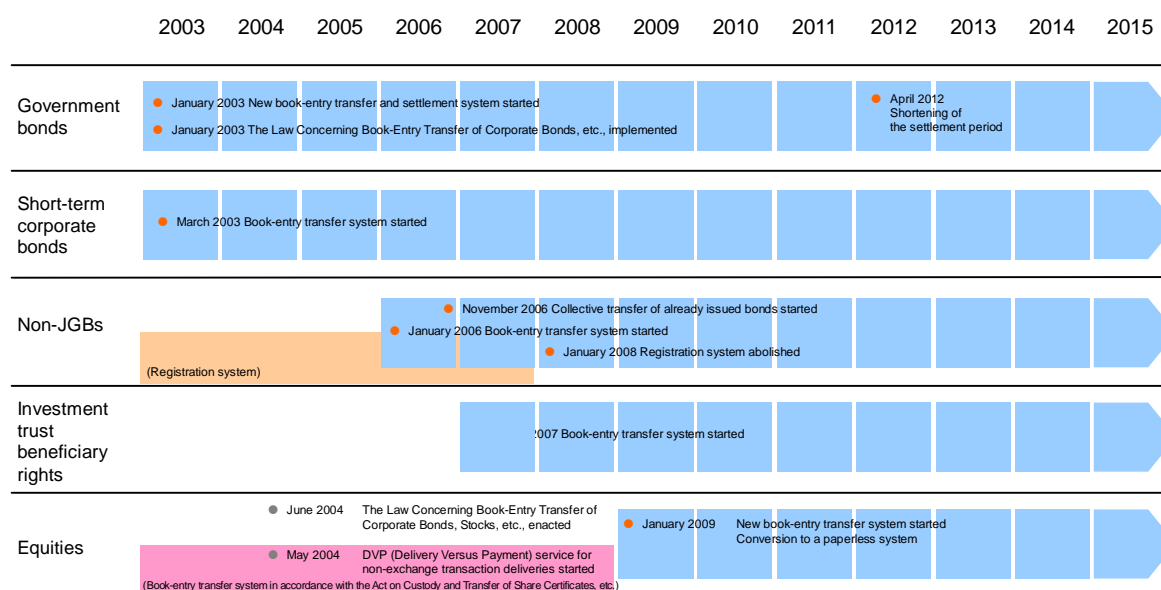
The series of transactions and services needed to minimize the total cost of transaction fees, market impact and other factors when restructuring portfolios or changing investment institutions, using a variety of transaction techniques while maintaining an appropriately balanced portfolio during the transition period.

Proactive Commitment to Institutional Reforms and Focus on Enhancing the Service Level

The shift to the paperless treatment of securities completed in line with the dematerialization of share certificates for Japanese equities in January 2009. The securities settlement system reforms in Japan continue to progress, as seen with the shortening of the settlement period for government bonds implemented in April 2012. Our custody services have been developed in line with these reforms and have been highly acclaimed by many financial institutions and institutional investors. As the securities settlement system reforms require immense implementation costs and materially affect many administrative practices, TCSB believes it has a mission to timely deliver information to help reduce the clerical burden of customers while maintaining its reputation as an “affordable and easy-to-use” custody bank. We are committed to further improvement of service content by carefully monitoring market trends and continuously taking into account the progress of reforms.

We stand committed to strengthening our services still more, bearing in mind at all times the fact that our mission and our roots lie in taking our fiduciary duties seriously and pursuing our duties faithfully in order to maximize profits for our beneficiaries.

Progress in securities settlement system reforms



Trust Services

Cooperation with Mizuho Trust & Banking Co., Ltd.

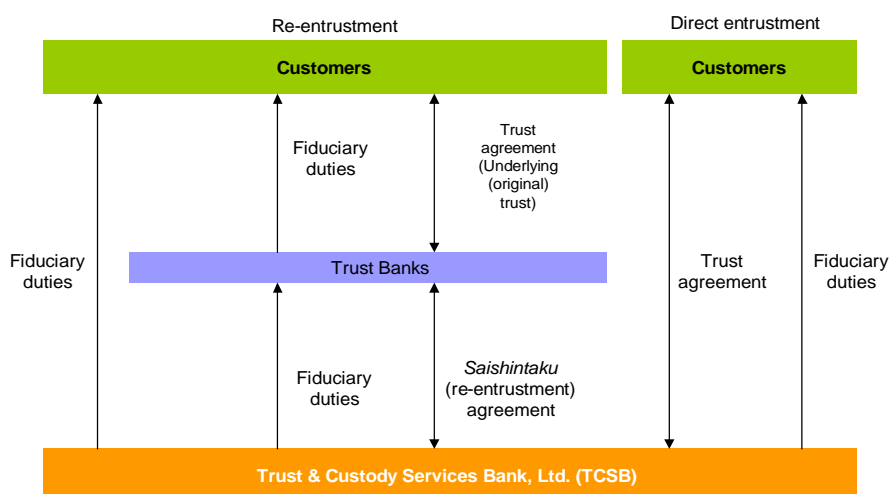
In our capacity as a trust bank specializing in asset administration, we accept, under re-entrustment (*Saishintaku*) agreements with other trust banks, entrustment of the administration of pension trusts and other trust assets entrusted to said other trust banks.

Of all the re-entrustment (*Saishintaku*) agreements, as for those with Mizuho Trust & Banking, we accepted entrustment of asset administration services in connection with pension trusts, specified money trusts, pecuniary trusts other than money trusts and investment trusts entrusted to Mizuho Trust & Banking.

Mizuho Trust & Banking is the primary contact for customers as the trustee for the underlying (original) trust agreement and also offers sophisticated professional expertise in the areas of asset investment and actuarial and management services. Meanwhile, acting as the trustee for the *Saishintaku*, TCSB offers various asset management services and other sophisticated value-added services such as security lending services that make the most of its high-grade know-how as a trust bank specializing in asset administration.

As of the end of March 2013, assets entrusted to TCSB under *Saishintaku* agreements amounted to approximately ¥50 trillion, constituting a very important part of our operations.

Re-entrustment and Direct Entrustment



Providing Direct Trust Services

We provide customers with trust services under direct contracts as well as *Saishintaku* agreements. As of March 31, 2013 assets entrusted to TCSB under direct contracts amounted to approximately ¥91 trillion.

In the case of trust services based on direct contracts, TCSB and the customer conclude a trust contract and TCSB engages in administration services including the administration of securities, and cash settlements in accordance with instructions from the customer or the asset management company entrusted by the customer with the decision making for investments.

As the segregation of investment and administration operations moves ahead, we foresee a further expansion and diversification of customers' needs in the services of trust banks specializing in asset administration. We will offer optimal solutions that satisfy the varied needs of customers and asset

management companies, with Investors Services Department acting as an all-round interface for our customers.

Domestic Custody Services

Enhancement of Custody Services

As a result of a series of securities settlement system reforms, customers' needs for the outsourcing of securities administration services are changing to cover a broader cross-section of products.

In view of these environmental conditions, our future-oriented custody service allows our customers to use various services pertaining to securities management on an integrated system, irrespective of the type of security. We have also quickly adapted ourselves to new procedures implemented along with the system reforms. In particular, we pay close attention to the trends of system reforms in association with government bonds and focus on providing timely services.

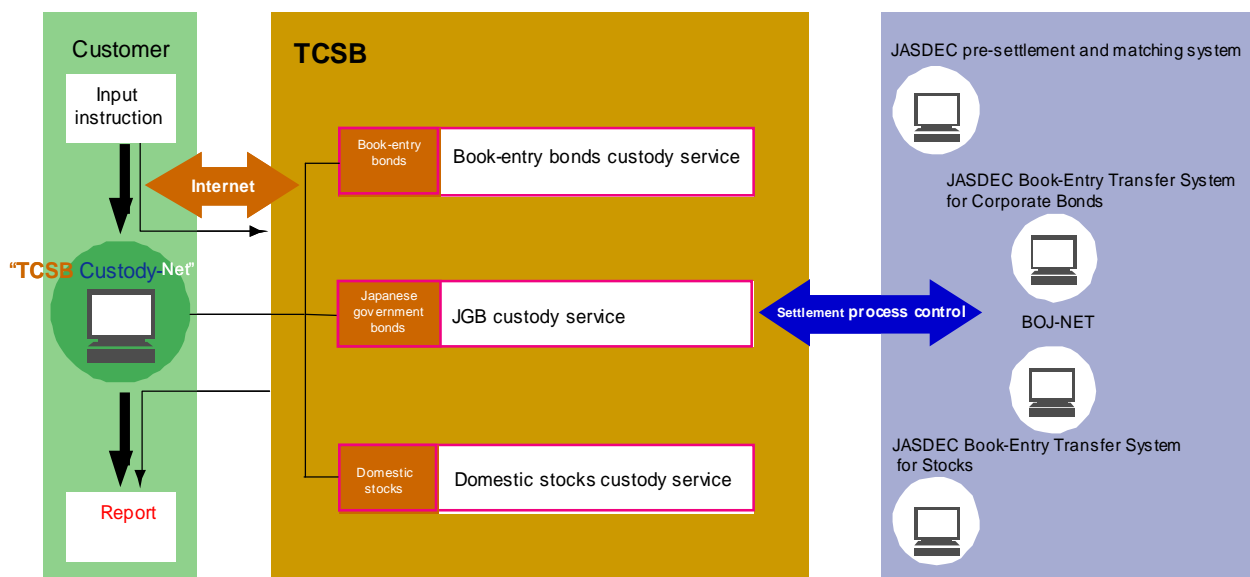
“TCSB Custody-net”

Our custody services are provided through the “TCSB Custody-net” system, which connects every customer with us via the Internet. Customers using the TCSB Custody-net can transmit settlement instructions to TCSB via the Internet. Transmitted instructions are encrypted and handled electronically by TCSB using STP (Straight Through Processing). The balance and trading data are also provided through the TCSB Custody-net system. These measures reduce operational risk and offering users greater peace of mind. The TCSB Custody-net has been well received and is now used by more than 100 corporate customers. In particular, it is one of the core products strongly supported by approximately 70% of the regional and second-tier regional banks.

TCSB provides its customers with necessary information through the TCSB Custody-net system after analyzing in detail the information provided by Japan Securities Depository Center, Inc., the Bank of Japan and other organizations with regard to securities settlement system reforms. In addition, analyzing inquiries from customers, TCSB prepares FAQs to enhance the convenience of customers who use the TCSB Custody-net system. To contribute to increasing the know-how of our customers, we will continue to provide the timely delivery of information regarding the securities settlement system reforms when it is issued by the Japan Securities Depository Center, the Bank of Japan and other organizations.

Custody Service

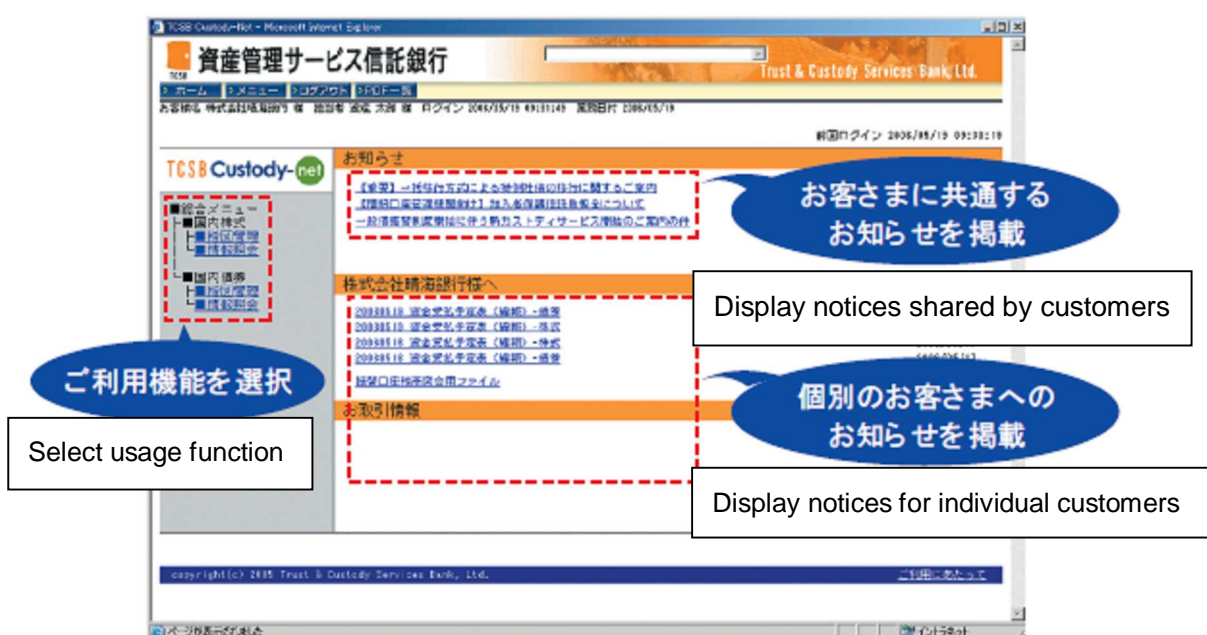
Centralized Provision of Tailored Services via “TCSB Custody-



High-Quality Services

As for the stocks custody service, TCSB provides high-quality back-office services including the safekeeping, securities settlement, cash settlement and corporate actions of listed stocks, REITs, ETFs and preferential subscription certificates. Since the dematerialization of Japanese share certificates, we have addressed increasing our service levels based on customers' requests, including the transmission of information concerning stocks on which the postponement of the general meeting of shareholders has been announced and the distribution of dividends.

As for the bonds custody service, TCSB provides services including the safekeeping, securities settlement, cash settlement and income processing of domestic bonds such as government and non-JGBs and the receipt by proxy of principal and interest. TCSB precisely and promptly provides its customers with necessary information by communicating with them through the TCSB Custody-net with regard to important documents related to the protection of customers' rights, which are transmitted by the security issuer through the Japan Securities Depository Center and of which the number of issuances has increased recently.



Client Support System

The Investors Services Department offers various proposals based on customers' respective needs, follows up on issues related to the securities settlement system and copes with other diverse referrals from customers. Our Domestic Asset Management Department responds to practical referrals from customers and monitors the TCSB Custody-net in order to support clients' operations on a real-time basis. We have established an operating system to respond quickly and precisely to a variety of inquiries from customers through the efficient collaboration of the aforementioned departments.

Overseas Custody Services

Global Custody Network

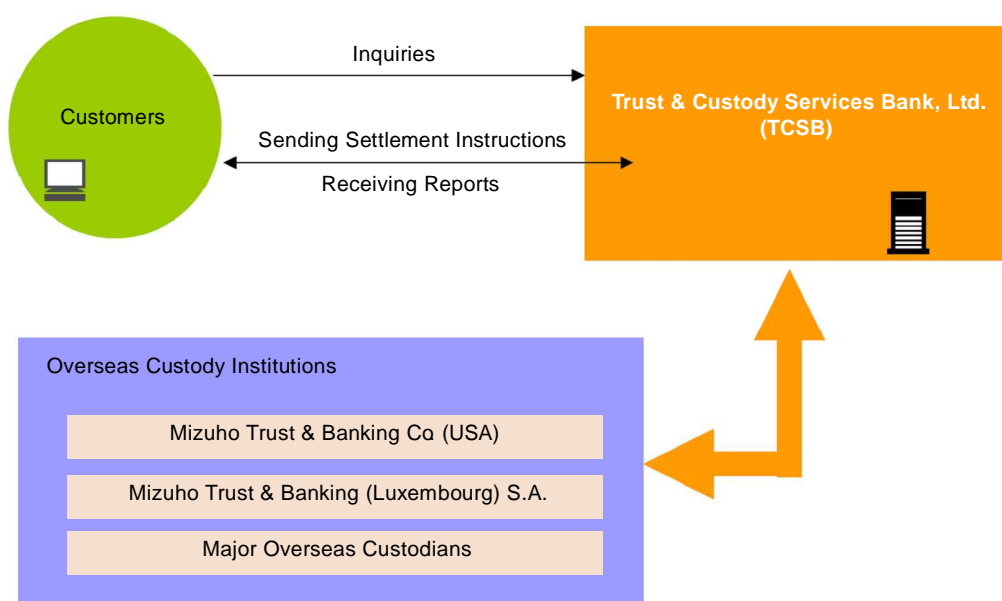
As customers increasingly engage in internationally diversified investment, their investments in foreign securities have become more active and diversified. TCSB offers foreign securities custody services to customers using overseas custodians as well as the global network of the Mizuho Financial Group. When TCSB selects overseas custodians, we evaluate their safety as measured by external ratings, clerical handling ability such as corporate actions, and fee levels. In addition, we also carry out regular reassessments of overseas custodians through local on-site visits, service review meetings and the confirmation of external audit reports.

Agency Service for Foreign Banks and Client Support Functions

Pursuant to the revision to the Banking Law of Japan implemented in December 2008, TCSB has conducted the agency service for foreign banks since February 2010. Currently, our Investors Services Department engages in intermediary services for the custody service of several overseas offices of the Mizuho Financial Group (Mizuho Trust & Banking Co. (USA) and Mizuho Trust & Banking (Luxembourg) S.A.). In addition, TCSB's Investors Services Department offers liaison support operations for customers, along with Japanese staff deployed at key overseas offices of the Mizuho Financial Group. To support customers with regard to the custody and securities lending services that our overseas offices provide, we have deployed expert personnel within the company to respond quickly to inquiries from customers through close contacts with main overseas offices.

Web Site Services

We offer web site services that allow customers to transmit settlement instructions, receive reports, and download data files using their own personal computers. These services not only enhance the speed and accuracy of foreign securities settlements but also allow centralized, efficient management of securities investment operations in multiple regions and markets.



Outsourcing Models for Comprehensive Securities Management Services

Business Models that Are the First of Their Kind for a Japanese Trust Bank

We have created business models to provide full-scale outsourcing services that offer asset administration and back-office functions, including securities accounting operations, pertaining to the securities holdings of institutional investors such as life insurance companies, launching these services in January 2003.

This business model extends conventional custody services to the outsourcing of integrated administration covering domestic and foreign securities (including derivative transactions, REITs, ETFs and other investment trusts, investment enterprise partnerships, and LPSs) and ancillary transactions in general, as well as securities and fund settlement operations. Its salient feature is that it is a comprehensive, across-the-board outsourcing model extending to the complex securities accounting operations that institutional investors have traditionally performed through their own back offices, including asset evaluation and the preparation of accounting journal data, financial data, and various administration and reporting materials. TCSB is the first Japanese trust bank to offer these revolutionary services.

Remarkable Cost Reductions

While institutional investors have no choice but to develop responses to the rapid progress in securities settlement system reforms, including the introduction of STP (Straight Through Processing) and the reduction of the settlement period, developing and maintaining proprietary systems is expected to result in substantial IT investment and maintenance personnel costs.

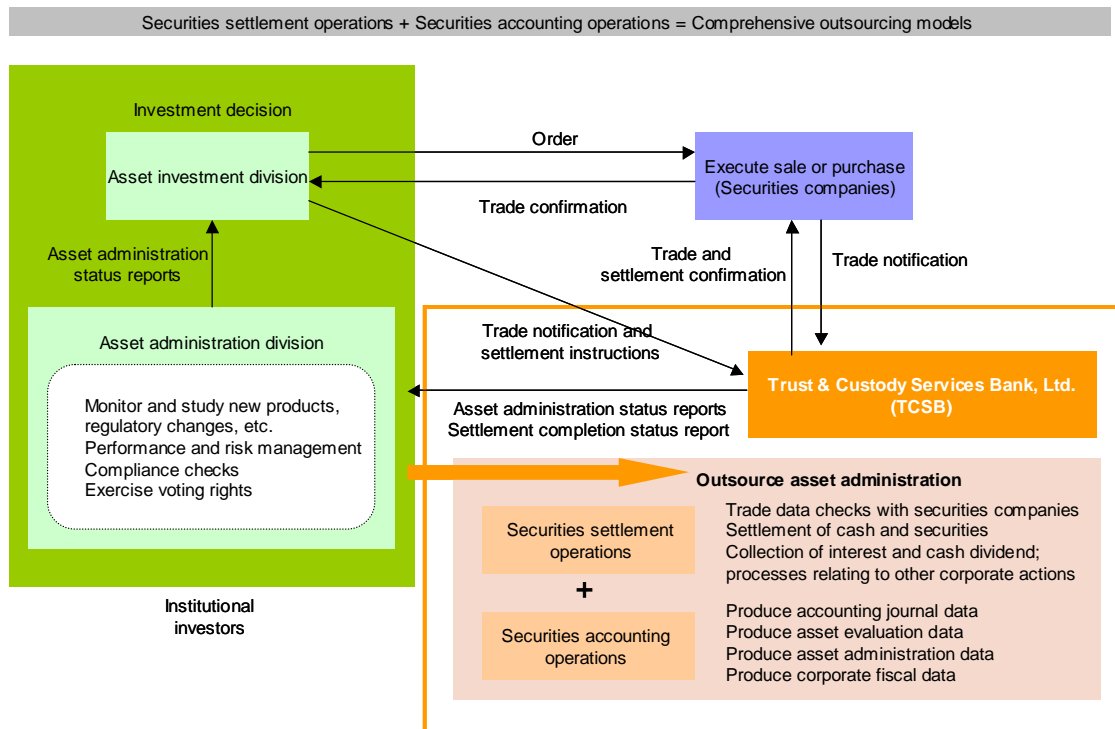
The comprehensive outsourcing models we offer consist of purpose-built systems designed for joint use by institutional investors to enable them to make significant savings in comparison with developing and maintaining their own in-house systems separately.

In addition, since these outsourcing models go beyond conventional custody services by offering securities accounting operations, they allow enormous savings not just in systems development and maintenance costs but also in the labor costs that would otherwise be incurred in IT and operations, savings that will continue well into the future.

Carefully Tailored Responses to Diverse Requirements

We have deployed planning staff who are equipped with exactly the right kind of consulting skills to provide customized solutions to the needs of our institutional investor customers. While existing customers already rate our services very highly, we are committed to ongoing efforts to draw on the solid expertise of our staffers to offer high quality back-office services, as well as respond proactively to the individual needs of each customer through our outsourcing models.

Basic outsourcing models



The models described above are our basic models, and we will continue to respond to our customers' needs.

Service Details

- Settlements of domestic and foreign stock (including derivative transactions) and ancillary transactions, and administration services.
- Asset assessments, and accounting operations such as the preparation of accounting journal data and financial data.
- Preparation of various kinds of administrative and reporting materials.
- Administrative operations in connection with general meetings of shareholders and complimentary items.
- Automatic yen conversion services.
- Securities Lending Services

2. Pension Services

Asset Administration Services for Defined Contribution Pensions

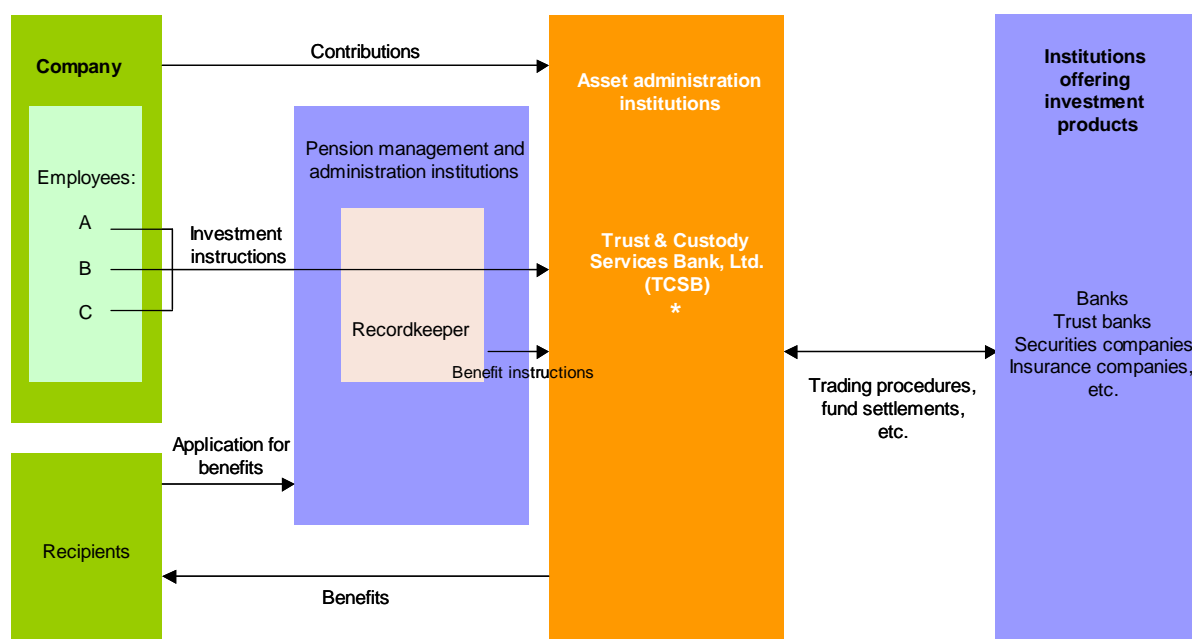
Defined Contribution Pension Market Expanding

The market for defined contribution pensions has expanded steadily in the twelve and a half years since the Defined Contribution Pension Law came into force in October 2001. An overview of the market reveals that as of March 31, 2014, pension rules had been approved for 4,434 corporate schemes (up 187 year-on-year), and the number of current participants in personal schemes, which are comprised of Category-1 insured persons and Category-2 insured persons, had reached 183,543 (up 25,334 year-on-year).

Proactive Approach to Infrastructure Improvements

As of the end of March 2014, we had been entrusted with 1,665 (an increase of 46 over last year) defined contribution pension plans and had connections with four record-keepers, more than any other Japanese asset administration institution. Our flexible entrustment acceptance system has won the trust and admiration of existing customers, such as Mizuho Financial Group and life insurance companies investing in us, as well as a large number of regional financial institutions.

Looking ahead, we are strongly committed to streamlining our IT and operational infrastructures and will offer even higher quality services, so that we can better satisfy the needs of customers handling a variety of investment products as well as those of pension management and administration institutions.



*We offer customers trust services through direct agreements, and through a *Saishintaku* agreement with Mizuho Trust & Banking.

Service Details

- Manage paying-in procedures such as verifying contributions.

- Handle trading procedures for investment products and manage assets through fund settlements, etc., on the basis of investment instructions collected by the record-keeper.
- Segregated custody and administration of contributions of pension assets.
- Handle remittances of benefits to beneficiaries on the basis of benefit instructions from the record-keeper.
- Handle tax payments associated with benefits.

→ **Defined Contribution Pension Plans**

Traditionally, Japan's corporate pension schemes (Employees Pension Fund and defined benefit corporate pension plans) have been defined benefit pension schemes under which the amount of benefits is decided in advance. In contrast, the defined contribution pension schemes typified by the 401(k) plans common in the United States determine the amount of contribution in advance and pay benefits according to how well investments of these contributions perform.

→ **Record-keeper**

A pension management and administration institution that handles record-keeping operations. It coordinates the investment instructions of participants, manages personal data records and arbitrates benefits. TCSB has established connections with four companies — Japan Investor Solutions & Technologies Co., Ltd., Sompo Japan DC Securities Inc., SBI Benefit Systems Co., Ltd. and Nippon Record Keeping Network Co., Ltd.

Master Trust Services (Master Trust Record-keeping Services)

Responding to the Need for Centralized Asset Administration (Master Trust) Services

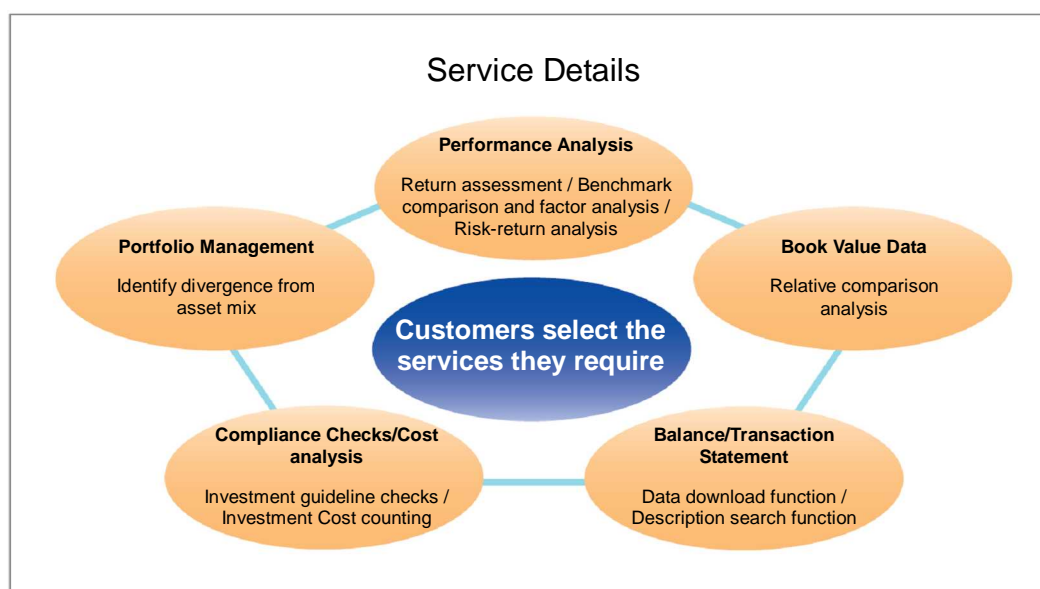
As pension system reforms advance, investors are attaching more importance to the provision of various high quality asset administration services. In particular, asset administration institutions face a growing need for centralized asset administration (master trust) services. As a pioneer of master trusts in Japan, we offer full-scale "information integration services" that allow a selection of services associated with asset management information.

Highly Convenient Service Line-up

As an element of TCSB's Japanese-style master trust services, "information integration services" use the Internet to provide pension sponsors and other customers with timely overall investment performance data for pension plans using aggregated analyses of standardized investment information concerning multiple investment institutions. Since October 2010, the daily appraisal method has been adopted for the calculation of the time weighted rate of return.

These services go beyond monitoring investment performance by strengthening rating checks, cost analyses and other risk management functions, and incorporating functions that allow customers to download data for secondary processing. They also include a "Multiple Pension Scheme Aggregation Service" function designed for centralized pension plan management.

Furthermore, as for the investment performance-related data prepared and provided by the investment institutions and an investment guideline checking function, TCSB provides an online Performance Monitoring Service (PMS).



→ **Master Trust**

"Master trust" refers to an arrangement whereby a single trust bank provides centralized management, accounting and reporting in connection with pension funds under a single trust agreement established for the purpose of managing multiple pension plans or multiple investment managers.

Master trusts first appeared in the United States in the 1970s, but today gigantic master trusts are emerging as the sector steadily becomes more oligopolistic.

Master trusts were launched in Japan in earnest after the authorities lifted the prohibition on the participation of trust banks in the discretionary investment business in fiscal 2004.

→ **Multiple Pension Scheme Aggregation Services**

In cases where multiple pension plans are involved, such as tax-qualified pension plans, employees' pension funds and defined benefit corporate pension plans, this function allows analyses of investment performance using aggregation. Overall management transcending individual pension schemes is thus possible.

3. Various Value-added Services in Asset Administration

Securities Lending Services

What Are Securities Lending Services?

When customers deposit securities with TCSB, these services create the opportunity of additional revenue for the customers from lending out these securities in securities lending markets at home and overseas. With movements underway to improve investment performance in pension funds and the like, and investment strategies becoming increasingly diversified and sophisticated, the securities lending market has become indispensable to market participants.

Lending Structure that Makes the Most of TCSB's Superior Market Presence

One of the most important considerations for players in the securities lending market is whether an institution's asset base and market presence are sufficient to enable it to respond to borrowers' broad needs on an ongoing basis. Thanks to the economies of scale we can offer through asset consolidation, we are in a position to return to clients considerable benefits from securities lending.

We have organized a specialist department (the Securities Lending & Management Department) to handle lending transactions, staffing it with personnel who are well-versed in the business. We have also designated these services as a strategic function and are channeling IT, personnel and other management resources into it.

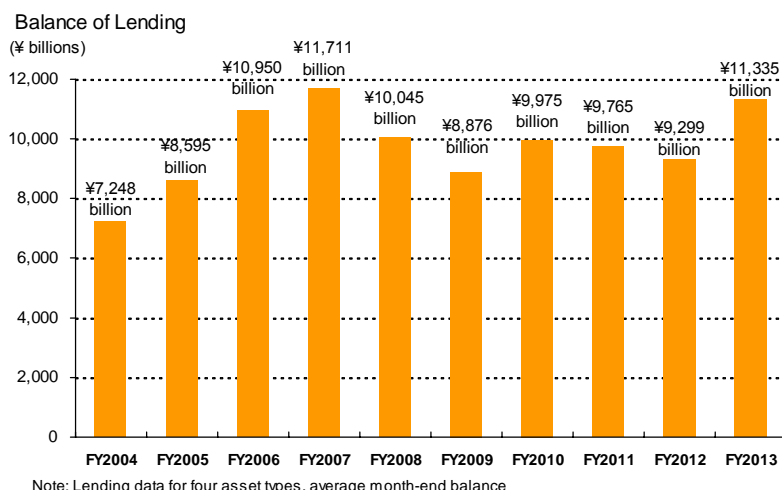
We are building a full-range lending program that covers domestic bonds (repo), domestic stocks, foreign bonds and foreign stocks. We have already established a strong market presence in the domestic bond (repo) and domestic stock lending markets, and have constructed an agency lending network for foreign bonds and stocks.

Repo Services (Lending Transactions in Claims with Cash Collateral)

We are active in the domestic repo market and short-term money market by making use of the domestic bonds held in securities trusts. In terms of assets entrusted and outstanding lendings, we boast one of the best records in this sector, and have earned an excellent reputation as a key market player among prominent domestic institutional investors and other customers, as well as market participants.

Domestic Stock Lending Services

In the domestic stock lending market, we mainly engage in the lending of pension-related assets (under both direct contracts with TCSB and *Saishintaku* (re-entrustment) from Mizuho Trust & Banking) and domestic stocks held by institutional investors. We are endeavoring to increase investment performance by seizing on opportunities to meet the borrowing needs of the market.



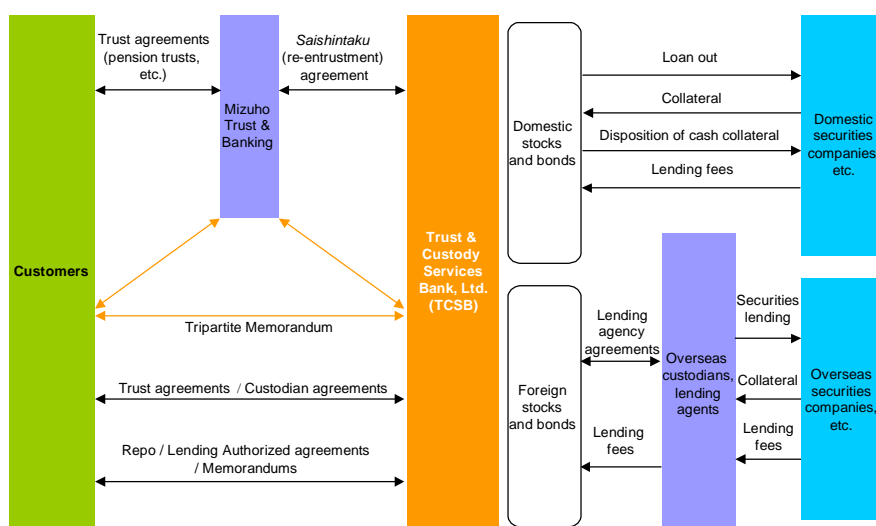
Foreign Bond and Stock Lending Services

With regard to pension-related assets entrusted to us by Mizuho Trust & Banking and foreign bonds and stocks held by institutional investors, we selected overseas custodians as lending agents and are conducting lending services in overseas markets (USA and Europe). We intend to continue work on expanding the issues that constitute our target assets and our asset base.

Strict Risk Monitoring System

We are building a system for managing the various kinds of risk involved in these transactions, including credit risk associated with borrowers and investment/liquidity risk associated with collateral. More specifically, in addition to the risk monitoring of the lending divisions responsible, the selection of borrowers is one of the criteria subject to approval by an independent credit assessment department (Risk Management Department). This department also monitors credit standing as measured by ratings and other yardsticks, adherence to credit lines and collateral coverage ratios, on a daily basis.

Outline of Securities Lending Services



Service Details

Create additional revenue opportunity by making loans in the lending market of securities entrusted under trust and custody contracts.

<Points of asset management>

- Select borrowers in accordance with selection criteria set by customers.
- Perform daily monitoring of various risks (monitoring of credit standing as measured by ratings and other yardsticks, adherence to credit lines and collateral coverage ratios).
- Understand market conditions and maintain ready access to a great many potential borrowers. Maximize lending performance.

Foreign Exchange Services

Asset Administration Services to Meet Our Customers' Needs

We offer foreign exchange services for customers who buy or sell securities denominated in foreign currencies or need to hedge against the exchange risks such transactions involve.

TCSB is the sole asset management-based trust bank that has the exchange dealing function. An exchange bank that is concurrently a trustee bank is advantageous to customers from the viewpoint of reducing operational risk.

The Pursuit of "Best Practices"

Since the launching of CLS (Continuous Linked Settlements) in the interbank market, we have been pursuing best practices with a view to providing customers with optimum prices by working to reduce settlement risk associated with foreign exchange settlements and strengthening our market access.

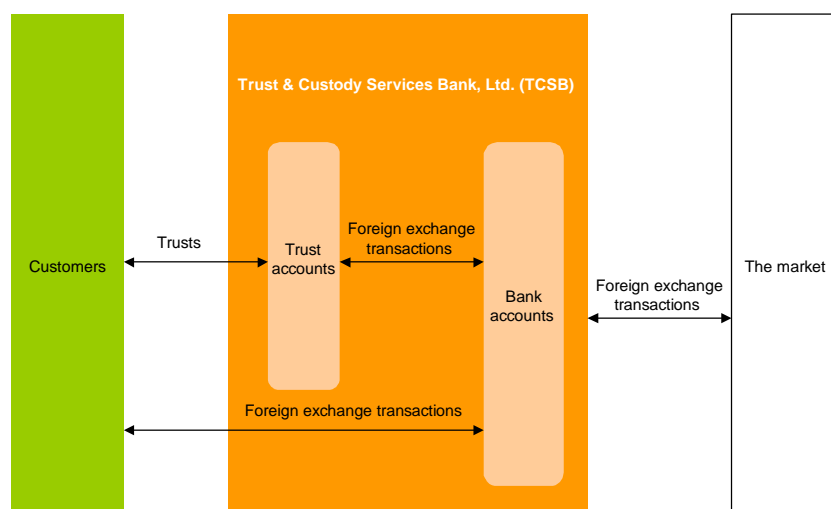
Internet-based Foreign Exchange Transaction Service

We offer an Internet-based foreign exchange transaction service for asset managers.

In addition to asking for foreign exchange rate information in the conventional way via telephone, customers are able to ask for pricings via the Internet using dedicated screens. The system not only allows transaction details to be confirmed the instant a contract is concluded, but also provides transaction records for verification.

We are therefore able to offer a high quality, high value-added service using Internet-based foreign exchange transactions backed by state-of-the-art technology.

Outline of Foreign Exchange Services



Service Details

- Satisfaction of actual currency requirements and provision of exchange hedges.
- Support for derivatives operations (currency options).

- Internet-based foreign exchange transaction service.

→**CLS**

(Continuous Linked Settlement)

Designed to reduce Herstatt risk (settlement risk arising from international time differences), CLS refers to the simultaneous settlement of foreign exchange transactions in currency pairs, such as the US dollar and the Japanese yen, at a certain time on the settlement date.

Business Foundations to Support Optimized Solutions

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Business Foundations to Support Optimized Solutions

1. Operations and Information Technology Infrastructure

IT Systems Development and Operations Framework

More sophisticated information technology (IT) is essential for asset administration business because of the need to process increasingly large volumes of high-level, globalized transactions with speed and accuracy. As a trust bank specializing in asset administration services, we are committed to building an IT infrastructure in order to provide customers with the best possible solutions for their demands.

Adoption of Open System Platforms

To keep up with changes in the external environment, TCSB is one of the first trust banks in Japan to use open system platforms, which employ UNIX servers for the entire range of business applications. This has enabled us to respond flexibly to wide-ranging changes in the business environment while drastically reducing investment costs.

Four-layer System Architecture

A key feature of our technology solutions is that they comprise a comprehensive suite consisting of four layers (components).

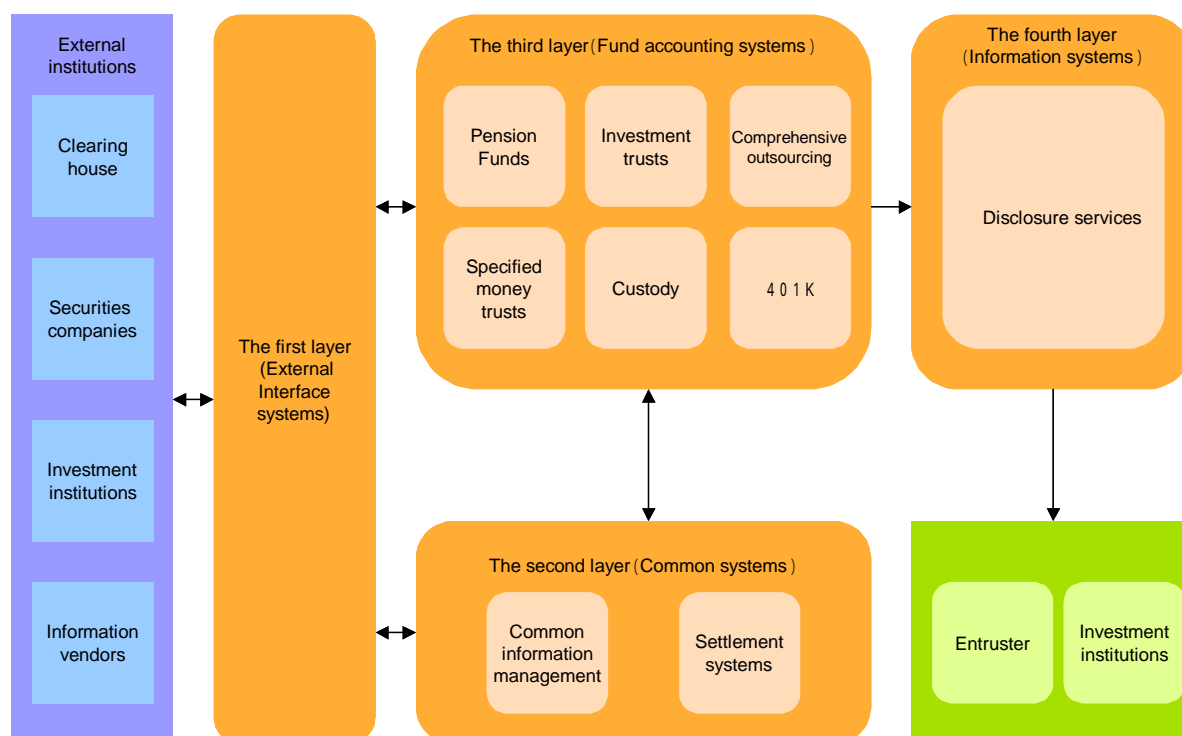
Layer 1 provides the various interfaces necessary for external communication. Layer 2 handles typical post-trade processing including settlements and market data management. Layer 3 is responsible for fund accounting. Layer 4 takes care of portfolio valuation and reporting centered on disclosure. Layer 3 is comprised of several modules depending on asset administration products such that each module can deal precisely with the specific characteristics of the relevant product, including pension trust, investment trust, Tokkin and others. In contrast, Layers 2 and 4 retain functional modules that are shared by all products.

This system architecture enables us to rapidly address institutional changes ranging from those specific to individual products to those affecting all the products. As an example, our settlement system on Layer 2 is available to support 24/7 trading operations without being affected by fund accounting procedures on Layer 3, on the assumption that settlement cycle will be shortened in the future.

Ongoing Transition to STP (Straight Through Processing)

The evolution of STP is crucial for processing a large volume of transactions. The focus of our development efforts in upgrades to technology each year is to facilitate the automated processes that incorporate receiving instructions, confirmation, settlement and reconciliation for both of domestic and cross-border transactions. In particular, we offer seamless interfaces to investment managers and brokers, those are the core of STP, via or through CPU connection, package tools, SWIFT or the Internet.

Schematic of TCSB's IT Systems



Challenges Faced in Fiscal 2013

During fiscal 2013, we addressed the following important issues in order to enhance our IT infrastructure and expand our services to customers.

NO	Name of initiatives	Purpose
1	Reconstruction of the overseas investment trust system	Enhance services for customers
2	Response to the next system adopted by Japan Securities Depository Center, Inc.	Address the new system
3	Address the system related to Securities Lending Services	Address the new system

Our fiscal 2014 plans call for IT investment aimed at further improvements in our service levels, including improving the management and offering function for information on our overseas rights; addressing participation in a government bond transaction clearing institution; and enhancing the platforms of Tokkin, 401K and disclose service systems.

Offsite Backup Center

Backup Center and Backup Office Provide Ample Security

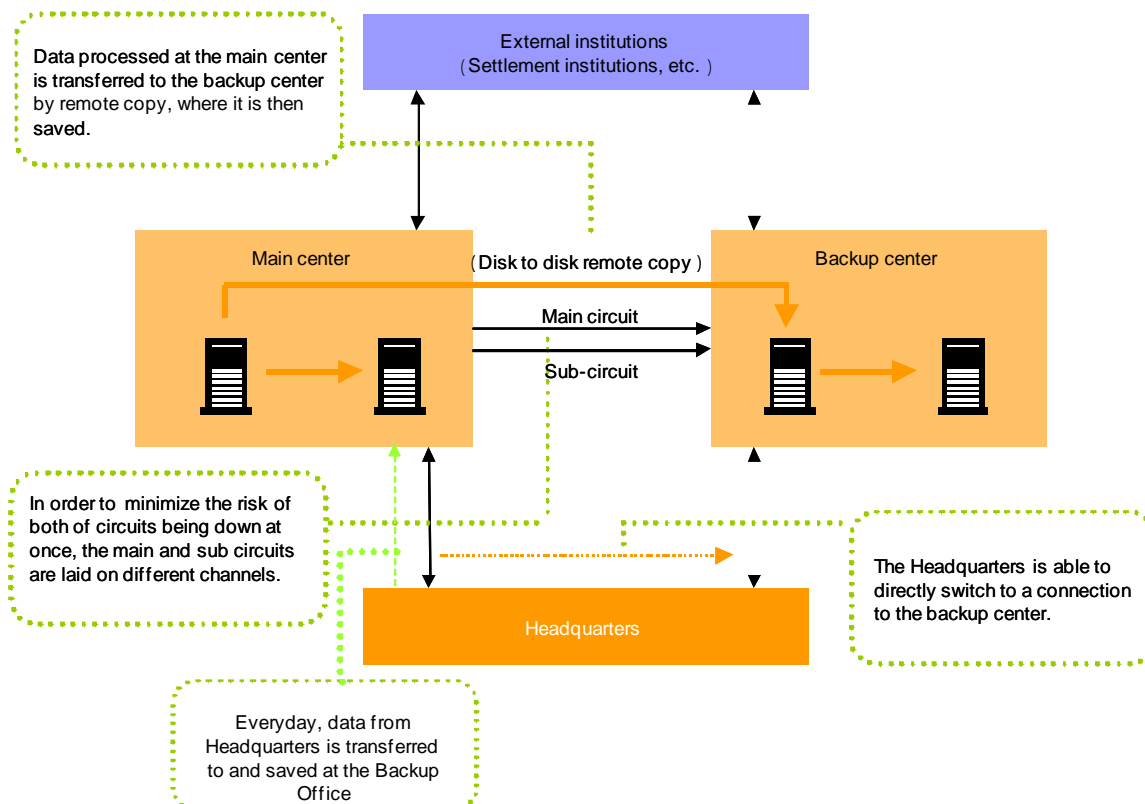
Our Head Office at Harumi Island Triton Square and the Main Center for our systems are both built to withstand earthquakes as large as the Great Hanshin-Awaji Earthquake (intensity 7 on the Japanese seismic scale) and feature their own auxiliary generators. Full redundancy has been built into our system servers and circuits to create a robust infrastructure that should be able to withstand any disasters or accidents that might occur.

In readiness for eventualities such as major earthquakes, fires, or terrorist attacks that may render our Head Office or Main Center inoperable, we have built a Backup Office and an Offsite Backup Center at a regional location some distance away to ensure that operations can continue.

Our Offsite Backup Center conforms to FISC (The Center for Financial Industry Information Systems) Security Guidelines, and was the first such facility of its type to be established by a domestic trust bank specializing in asset administration services when it went into operation in March 2003. It also uses the latest technology for remote copying between disks for secure data protection and non-stop business operation at the time of disaster.

Our Backup Office was expanded and enhanced within the Main Center in October 2006, and replicates the daily data updates at the Head Office. In the eventuality that it becomes impossible to continue operations at Head Office, we can quickly establish an operational environment at our Backup Office and continue operations.

Schematic Diagram of Backup Center and Office



Operational Quality Control

Providing the Best-quality Back-office Services

We constantly strive to offer the best-quality back-office services for our customers. Specific measures for ensuring higher quality are reported to or deliberated by the Product Improvement Committee on a regular basis and as the need arises. We also set a theme every year and implement measures on a corporate-wide basis to improve quality of operations and provide high-quality, high-value-added services. In recent years, Japan has been moving ahead with reforms designed to create a securities settlement system that is safe, efficient and convenient with a view to strengthening the international competitiveness of its securities market. We makes concerted efforts to highlight all related matters and devise concrete ways of satisfying these requirements in actual practice.

The “Quality Management Office”, established inside of our Operations Planning Department, is steadily progressing with the formulation and execution of solutions by sorting out and analyzing areas of back-office operations that could be made more accurate and efficient. And this movement is spreading throughout the company as a comon measure.

In addition, we are making efforts to carefully heed the wants and needs of customers in order to offer response that is prompt and appropriate, and to facilitate improvements of back-office services by analyzing operational issues.

We will continue to work on improving its operational services and operational quality.

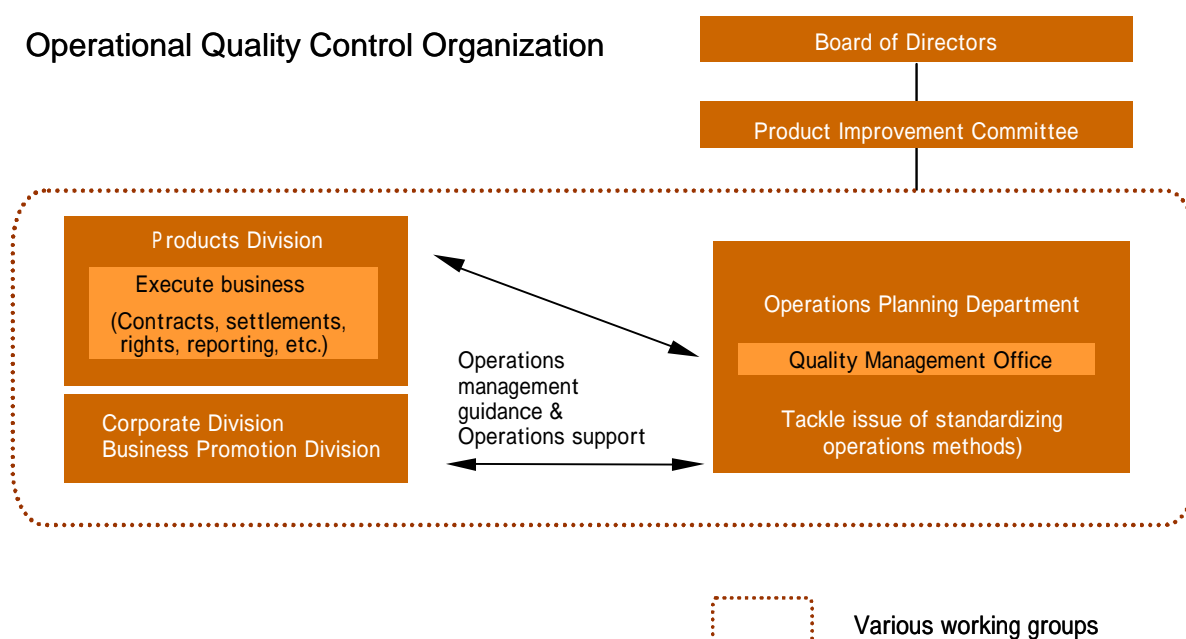
Activities for Further Improving Operational Quality

Each department treats the proposal and execution of measures to enhance quality through more robust, more efficient back-office operations as common issues within their business plans, and engages in activities to ensure excellence.

Mainly for high-risk areas and areas that require focused efforts, the Operations Planning Department and other departments are working together to sort out and analyze further issues, and propose and implement countermeasures.

The aim is to further improve the quality of back-office operations by repeatedly conducting analyses and implementing countermeasures aimed at resolving issues. This is how we endeavor to provide customers with the finest service.

Operational Quality Control Organization



2. Internal Control Structure

Compliance Structure

Basic Concepts

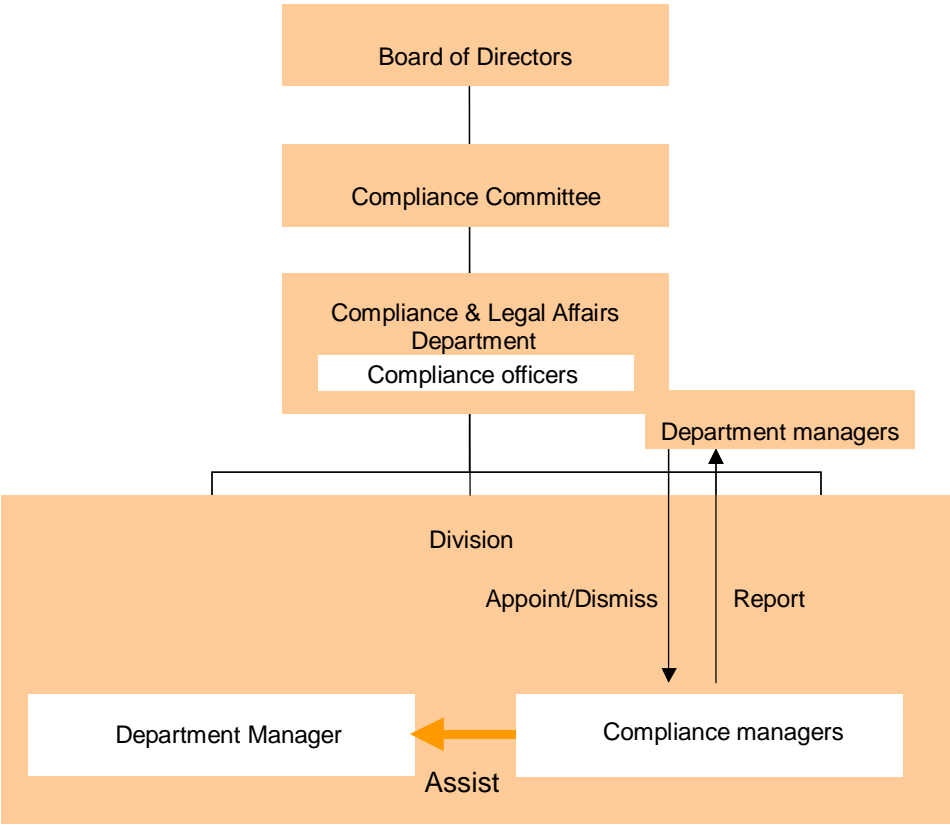
In addition to viewing thoroughgoing compliance as a fundamental management principle and constantly recognizing the gravity of our social responsibilities and public mission as Japan's leading trust bank specializing in asset administration, we are working to promote the creation of a compliance structure that satisfies global standards while winning high praise from customers and the markets, and the trust of society at large.

Thoroughgoing Compliance

Based on a decision of the Board of Directors, we established a Compliance Committee to enable senior management to discuss compliance directly, and manage it on a comprehensive basis. The Compliance & Legal Affairs Department serves as the secretariat to this Committee and supervises compliance management in each department to ensure its thoroughgoing enforcement. The Compliance & Legal Affairs Department Manager appoints compliance officers who check compliance in operations independently of the direction and supervision of each department.

In each department, the Department Manager is the person responsible for ensuring thoroughgoing compliance within the department. The Compliance Manager who is appointed, dismissed and judged by the Compliance & Legal Affairs Department Manager, checks the status of compliance within the department, assists the Department Manager, and works toward thoroughgoing compliance within the department.

Compliance Structure



Approaches to the Financial Alternative Dispute Resolution (ADR) System

In order to deal expeditiously, fairly and appropriately with complaints, etc., from customers TCSB has concluded the basic contract for the implementation of dispute resolution procedures with the Japanese Bankers Association, the designated dispute resolution organization under the Banking Law of Japan, and the Trust Companies Association of Japan, another legal dispute resolution organization under the Trust Business Law and the Act on Provision, etc., of Trust Business by Financial Institutions. The designated dispute resolution organization takes the steps towards resolution from a fair and neutral standpoint in cases where the solutions to customers' complaints adopted by TCSB are not accepted.

Dispute resolution organization designated under the Banking Law of Japan, as well as under the Trust Business Law and the Act on Provision, etc., of Trust Business by Financial Institutions

Dispute resolution organization designated under the Banking Law of Japan:

Designated dispute resolution organization: Japanese Bankers Association

Contact: Advisory Center of the Japanese Bankers Association

TEL: 0570-017109 (charged service available only within Japan) or +81-3-5252-3772

Dispute resolution organization designated under the Trust Business Law and the Act on Provision, etc., of Trust Business by Financial Institutions:

Designated dispute resolution organization: Trust Companies Association of Japan

Contact: Trust Consulting Office

TEL: 0120-817335 (toll-free service available only within Japan) or +81-3-3241-7335

Information Management Structure

Basic Concepts

As the use of information expands at a prodigious rate in line with the evolution of the advanced IT society, companies are tasked by society with the responsibility of protecting the information they hold in an appropriate manner. As a company that provides customers with asset administration services, TCSB believes it is extremely important to protect and use information assets properly.

To ensure that it does so, TCSB is working to strengthen its information management structure through measures to protect information security and personal information.

Overview of Information Management Structure

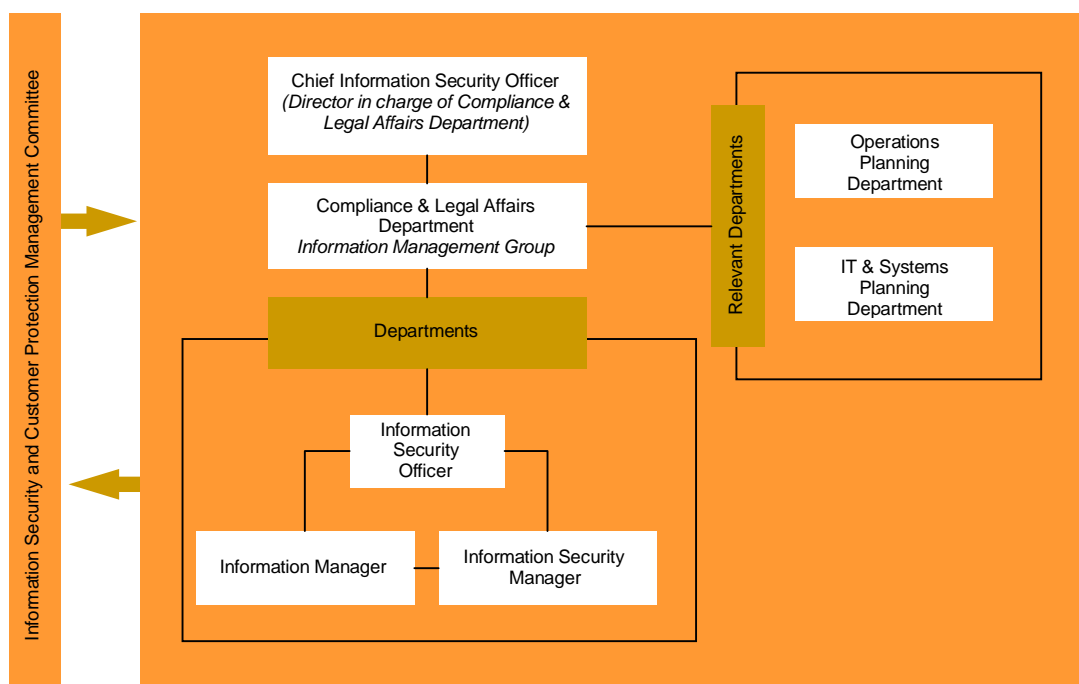
TCSB has formulated an Information Security Policy, an Information Security Standard and other information management-related regulations, based on which it has created an information management structure within the common framework adopted by the Mizuho Financial Group for information management. The Information Security and Customer Protection Management Committee discusses and coordinates matters pertaining to progress of implementing measures dealing with information management, management of risks associated with information security, and responses to relevant laws and regulations. TCSB has appointed a Chief Information Security Officer (Director in

charge of the Compliance & Legal Affairs Department) to oversee planning and proposals in connection with information management in general, and the execution thereof. It has also established a new expert group specializing in information management (the Information Management Group) within the Compliance & Legal Affairs Department.

We also believe that, in order to ensure proper use and protection of information assets, it is vitally important that each employee shows high awareness of, and interest in information security. To this end, we implement regular education and training programs in connection with information management.

Based on this information management structure, TCSB has drawn up and published privacy policies that comply with the Law Concerning the Protection of Personal Information, which came into full force in April 2005. It is also building a system to deal with disclosure requests, and strengthening its safety management measures.

Information Management System



Risk Management Structure

Basic Approach

Progress in financial deregulation and internationalization has led to rapid growth in the diversity and complexity of banking operations, exposing financial institutions to various risks.

We are acutely aware that in this kind of environment, creating a solid risk management structure to ensure the kind of sound and stable management is one of the fiduciary duties we must fulfill in order to confirm our trustworthiness in the eyes of customers.

At TCSB, we classify the risks arising in connection with operations by factor into credit risk, market risk, liquidity risk and operational risk and so on, and manage them according to their characteristics in line with risk management policies laid down by the Board of Directors. In other words, we have stipulated the departments responsible for each risk classification and for drawing up and executing plans concerning risk management. Further, we have established specialist committees made up of the relevant corporate officers and department managers to deal with important risks by discussing and determining company policies, identifying and analyzing risk, and implementing measures to deal with it. We are also working to strengthen our internal audit structure centered on our Internal Audit Department to ensure and monitor the effectiveness of our structures for managing various types of risk.

General Concept of Risk Management

Under the basic policies for risk management jointly adopted by members of the Mizuho Financial Group, in addition to managing each type of risk individually, TCSB has also established a risk management structure to identify and evaluate overall risk and, where necessary, to devise appropriate responses in order to keep risk within managerially acceptable limits in both qualitative and quantitative terms.

Reports on the individual and the overall risk management situation are submitted to the Board of Directors both regularly and as required.

Credit, Market and Liquidity Risk Management

The Risk Management Department is in charge of credit, market and liquidity risk management, and has established an ALM Committee.

Credit risk management is carried out in accordance with our internal credit rating system, and individual credit lines are as a general rule set and controlled by the final decisions of our credit assessment group every half year in line with the credit operation guidelines set by the ALM Committee.

In the case of market risk, caps are set according to interest rate sensitivity, while in the case of liquidity risk, ceilings are set on procuring finance from the market. As a general rule, the ALM Committee then determines risk-specific ceilings and financing limits every half-year.

The Risk Management Department measures and monitors observance of individual risk ceilings and caps on a daily basis and submits regular reports to the Board of Directors and other supervisory entities.

→Credit Risk

The risk that TCSB may incur losses due to a decline in, or total loss of, the value of assets (including off-balance sheet items) as a result of a deterioration in a counterparty's financial position.

→Market Risk

The risk that TCSB may incur losses due to changes in the value of its holdings of assets or

liabilities (including off-balance sheet items) caused by fluctuations in market risk factors such as interest rates, securities prices and foreign exchange rates.

→**Liquidity Risk**

The risk that TCSB may incur losses in the case where it faces funding difficulties due to a deterioration in its financial position that makes it difficult to raise necessary funds, or that forces to raise funds at significantly higher interest rates than usual.

→**Operational Risk**

The risk that TCSB may incur losses due to inadequate or failed internal processes, people and systems, or from external events.

Operational Risk Management

TCSB sees operational risk in broad terms, embracing operations risk, IT risk, legal risk, human resources risk, tangible asset risk, regulatory change risk and reputational risk, and places it under the jurisdiction of the Risk Management Department, where the Operational Risk Management Committee manages it.

At the end of March 2007, operational risk was additionally included under the regulatory capital requirements (Basel II). At the end of September 2009, TCSB implemented the Advanced Measurement Approach, which is the most advanced of the three methods proposed for the calculation of operational risk equivalent in association with capital adequacy ratios based on Basel II.

Management intended to suit each kind of risk as determined by scale and nature is implemented as follows.

The Operations Planning Department is in charge of operations risk management. As the trustee business associated with trust and custody operations becomes increasingly varied and complex and the number of transactions increases, we are seeking to deal with operations risk by strengthening our operations management system, raising our operational standards and tightening up our back-office procedures in an attempt to prevent operational errors altogether.

The IT & Systems Planning Department is responsible for IT risk management. We are doing everything we can to ensure the stable operations of our computers by controlling the quality of our software and building redundancy into our systems and equipment. Based on a long-term strategic vision, we are also creating a high-level systems development infrastructure manned by specialist systems engineers.

The Compliance & Legal Affairs Department is in charge of legal risk management and endeavors to identify the origins and scale of risks of tangible and intangible losses that may arise from violations of laws, ordinances and contracts and other legal factors, and devise appropriate responses to deal with such risks.

The Human Resources Department is responsible for human resources risk and oversees the status of working hours, vacation days taken and other relevant matters based on the scale and nature of human resources risk inherent in each operational area under an appropriate management framework.

The Corporate Planning Department oversees tangible asset risk, regulatory change risk and reputational risk, working to identify, assess and monitor the origins, scale and nature of these risks in a timely and accurate fashion, and to devise appropriate measures for controlling and reducing them.

In addition, we also recognize and manage "Information Security Risk", "Compliance Risk" and "Trust Business Risk", which constitute a combination of more than one of the above components of operational risk, as operational risk.

Risk Management Organization (Departments, etc., in charge of each kind of risk category)

Risk category	Departments in charge	Committees in charge
Credit risk	Risk Management Dept.	ALM Committee
Market risk		
Liquidity risk		
Operational risk	<div> <div>Operations Planning Dept.</div> <div>IT & Systems Planning Dept.</div> <div>Compliance & Legal Affairs Dept.</div> <div>Human Resources Department</div> <div>Corporate Planning Dept.</div> </div>	Operational Risk Management Committee
Operations risk		
IT risk		
Legal risk		
Human resources risk		
Tangible asset risk		
Regulatory risk		
Reputational risk		

→**Operations Risk**

The risk that any customer and/or TCSB may incur losses because inappropriate procedures resulting from unlawful acts, negligence or nonfeasance on the part of executives or employees, or from the operational framework itself may throw customer services into disarray.

→**IT risk**

The risk that any customer and/or TCSB may incur losses because systems defects such as failures, faults, or incompleteness in computer operations, or illegal or unauthorized use of computer systems may throw customer services into disarray.

→**Legal Risk**

The risk that TCSB may incur losses due to violations of laws and regulations, breach of contract, entering into improper contract or other legal factors.

→**Human Resources Risk**

The risk that TCSB may incur losses due to drain or loss of personnel, deterioration of morale, inadequate development of human resources, or inappropriate working schedule, inappropriate working and safety environment, inequality or inequity in human resource or discriminatory conduct.

→**Tangible Asset Risk**

The risk that TCSB may incur losses from damage to tangible assets or a decline in the quality of the working environment as a result of disasters, criminal actions or defects in asset maintenance.

→**Regulatory Change Risk**

The risk that TCSB may incur losses due to changes in various regulations or systems, such as those related to law, taxation and accounting.

→**Reputational Risk**

The risk that TCSB may incur losses due to damage to its credibility or the value of the “Mizuho” brand when market participants or others learn about, or the media reports on, various adverse events, including actual materialization of risks or false rumors.

→**Advanced Measurement Approaches (AMA)**

Advanced Measurement Approaches (AMA) is one of the methods for calculating operational risk under Basel. It is a statistical approach to calculate operational risk equivalent, employing both internal loss data and scenario data to reflect potential future loss events in the measurement.

Responses to Emergencies

In line with its efforts to build a strong in-house organization for ensuring operational continuity and early restoration of full services, TCSB has clarified the basic policies, priorities and countermeasures included in its contingency plans for dealing with emergencies such as large-scale natural disasters, system failures, terrorist attacks, criminal acts and other events that are likely to cause business or operational difficulties.

Internal Audit Structure

Basic Concepts

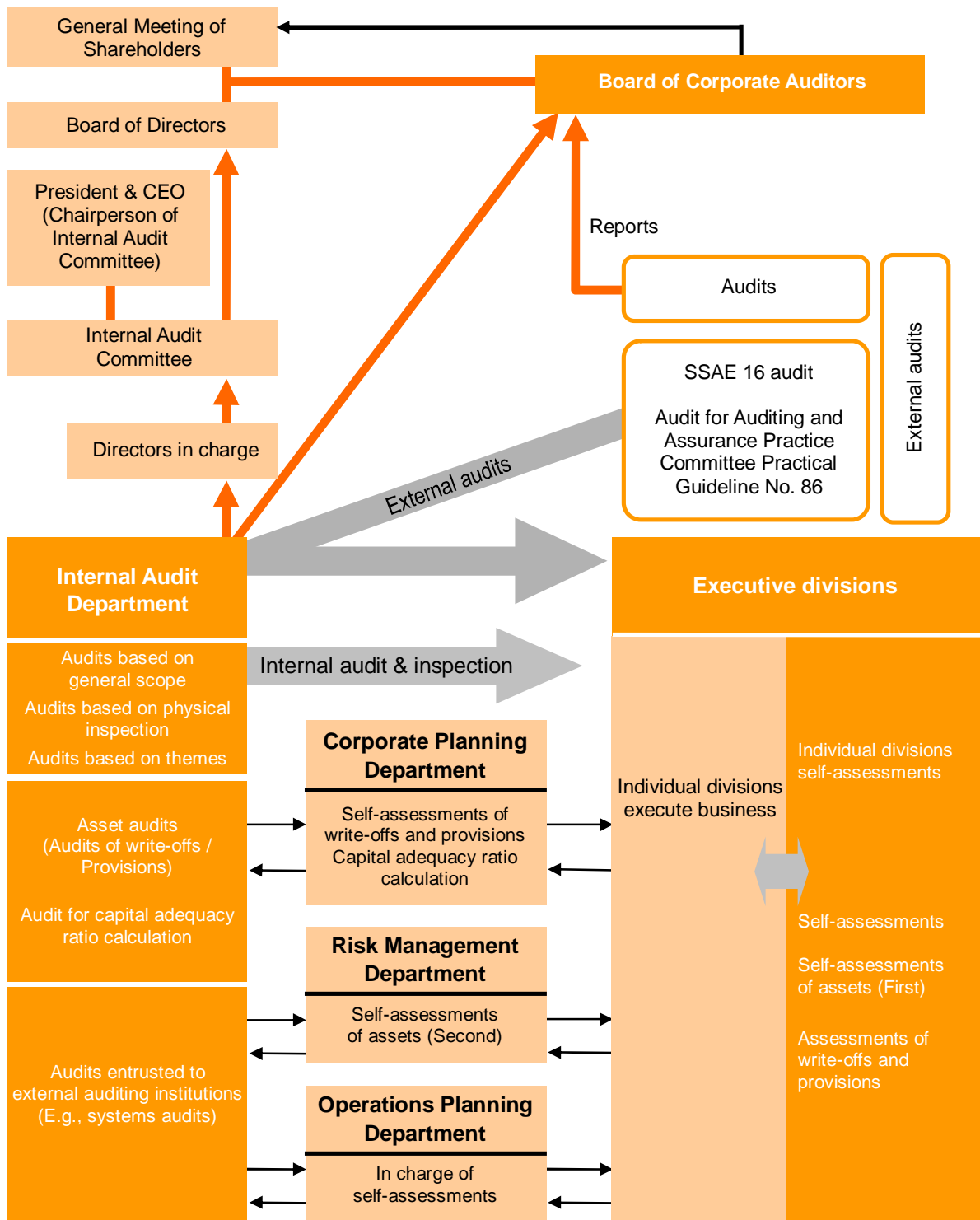
Independently of operational reporting lines, the Internal Audit Department carries out comprehensive and objective evaluations of the extent to which key internal control objectives are met in line with the "Basic Policies on Internal Audits" and provides advice and corrective recommendations with a view to resolving problems. The key internal control objectives include compliance with laws, regulations and internal rules, appropriate risk management, efficient and effective business operations and reliable financial reporting.

Internal Audit Management System

Our internal audit system covers various types of audits. Audits based on a general scope assess the control of risk management and compliance structures, as well as the state of business operations in departments throughout the company. Audits based on physical inspection verify the status of management of the actual valuables and important items, etc. and information. Audits based on themes look at specific operations across departments, while special audits clarify the truth about wrongful actions, violations of service discipline, mistakes in the course of business and violations of internal rules and regulations, etc., and investigate the reasons why they occur. The Internal Audit Department conducts these audits in such a way as to ensure that they combine dynamically into effective assessments of appropriateness and adequacy of internal management.

The results of internal audits and the status of improvement activities at the audited departments are reported to the Board of Directors by way of the Internal Audit Committee.

Audit structure



External Audits

Proactive Use of External Audits

To put our business operations on a sounder, more appropriate, more transparent footing, we make proactive use of external as well as internal audits.

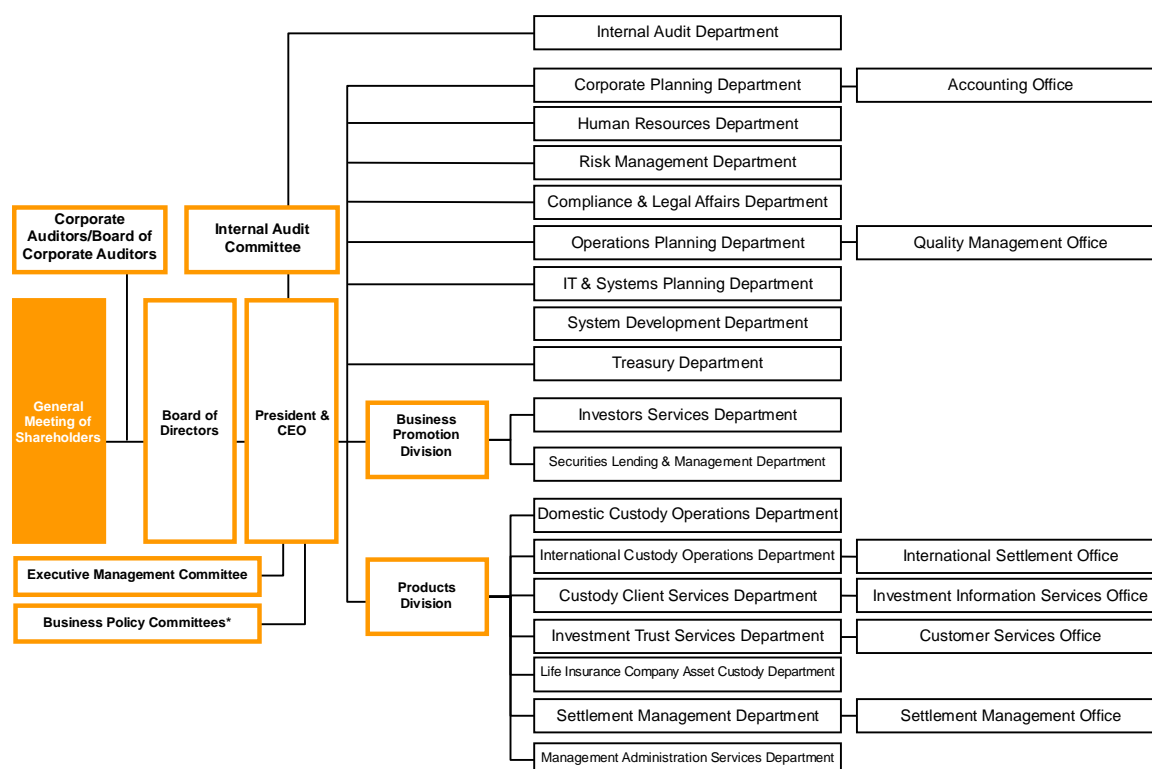
Our key Custody Client Services have been subject to external audits. The design and implementation of internal controls of all operations have received "suitably qualified" opinions in those external audits.

Supplement

Internal control audits based on U.S. service organization reporting standard implemented by external auditors shall comply with the "SSAE 16" (Statement on Standards for Attestation Engagements No. 16), which was stipulated by the American Institute of Certified Public Accountants (AICPA). Meanwhile, with regard to the internal control audits based on the Japanese service organization reporting standard, TCSB will comply with the Auditing and Assurance Practice Committee Practical Guideline No. 86, "Assurance Reports on Controls at a Service Organization," stipulated by the Japanese Institute of Certified Public Accountants.

Corporate Data

■Organization Chart (as of June 30, 2014)



* Business Policy Committees consist of eight committees including the Compliance Committee and others

■Corporate Officers (as of June 30, 2014)

President & CEO **Akira Moriwaki**

Deputy President **Yoshifumi Miyata**

Senior Managing Director, Head of Business Promotion Division **Atsushi Takahashi**

Managing Director **Makoto Ihori**

Director **Nobumitsu Watanabe**

Director **Koji Fujiwara**

Director **Shouzou Fujii**

Director **Koichi Nagao**

Corporate Auditor **Shinsuke Kuboyama**

Corporate Auditor **Yutaka Yoshimura**

Corporate Auditor **Hidekatsu Take**

Corporate Auditor **Takehiko Watabe**

Managing Executive Officer **Ichiro Iijima**

Managing Executive Officer, Head of Products Division **Noboru Senni**

Executive Officer and General Manager, Domestic Custody Operations Department
Yasufumi Kamiguchi

Executive Officer and General Manager, Operations Planning Department **Makoto Saito**

Executive Officer and General Manager, Life Insurance Company Asset Custody Department
Masafumi Yoshida

Executive Officer and General Manager, Corporate Planning Department **Hiroyuki Obata**

Workforce Information (as of March 31, 2014)

Number of employees **597**

Note: The number of employees includes persons on secondment from outside organizations. It does not include executive officers and temporary employees.

Financial Data

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- Statements of Changes in Net Assets

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Results of Operations

Overview of Business in Fiscal 2013

The Financial and Economic Environment

During the period under review (fiscal 2013), the world economy continued to recover at a moderate pace although it showed weak elements in part. The outlook for the future also anticipates an ongoing recovery trend, driven mainly by advanced nations. Meanwhile, the Japanese economy also remained on a moderate recovery path due to the improvements in revenues from exports backed by the weaker yen and to the effects of economic and monetary stimulus measures implemented. Consumer spending also strengthened thanks to last-minute demand before the consumption tax hike. Looking ahead, there is anticipation that the economy will gradually pick up in line with the moderate recovery of the global economy although a temporary slowdown is expected in reaction to the last-minute demand associated with the increase in consumption tax.

Business Developments and Results

TCSB has steadily pushed forward with operations with particular emphases on (a) establishing a competitive advantage in existing business areas, (b) creating new markets and businesses, (c) pursuing structural reforms to achieve good balance between cost competitiveness and service quality, and (d) reinforcing the management structure to support business strategies.

At the end of the fiscal year under review, assets under custody and administration — based on entrusted trust assets and assets managed under custody agreements — increased approximately ¥12 trillion from the previous period to more than ¥370 trillion on the back of efforts made to acquire new asset administration contracts and seek additional contracts from existing customers.

In the area of income and expenditures during the fiscal year, gross profits from operations increased ¥840 million from the year before to ¥20,610 million mainly due to increases in fees and commissions, and Use and Source of Funds. Efforts to make the administration of expenditures more efficient while endeavoring to invest in management resources to offer high-quality, high-value-added services resulted in a ¥237million increase in expenditures, excluding those from temporary measures taken from the last fiscal year, to ¥18,674 million.

As a result, net business profits were ¥1,936 million (¥602 million increase from the last year), ordinary profit was ¥1,911 million (¥614 million increase from the last year) and net income for the fiscal year was ¥1,169 million (¥374 million increase from the last year).

Financial Statement

■Balance Sheets

(UNITS: Millions of yen)

	2011	2012	2013
	As of 31.Mar.2012	As of 31.Mar.2013	As of 31.Mar.2014
Assets			
Cash and Due from Banks	65,764	2,358,122	191,241
Call Loans	223,000	195,000	185,000
Securities	299,372	212,209	281,942
Loans and Bills Discounted	43,164	98,565	48,000
Foreign Exchanges	264	620	967
Other Assets	13,788	21,648	14,904
Tangible Fixed Assets	634	609	639
Intangible Fixed Assets	14,846	13,462	12,757
Deferred Tax Assets	96	116	195
Total Assets	660,933	2,900,354	735,648
Liabilities			
Deposits	37,981	44,281	43,296
Negotiable Certificates of Deposit	3,453	2,258,094	59,002
Call Money	341,671	305,888	319,263
Due to Trust Accounts	197,887	202,241	215,717
Other Liabilities	22,957	32,178	39,707
Provision for Bonus Payments	21	25	27
Provision for Retirement Benefits	37	48	65
Provision for Directors' Retirement Benefits	97	51	33
Total Liabilities	604,107	2,842,808	677,112
Net Assets			
Capital Stock	50,000	50,000	50,000
Retained Earnings	6,822	7,511	8,520
Shareholders' Equity	56,822	57,511	58,520
Valuation Difference on Available-for-Sale Securities	3	33	15
Valuation and Translation Adjustments	3	33	15
Total Net Assets	56,825	57,545	58,535
Total Liabilities and Net Assets	660,933	2,900,354	735,648

(NOTE 1) Amounts less than one million yen are rounded down.

■ Statements of Income

(UNITS: Millions of yen)

	2011	2012	2013
	From 1.Apr.2011 To 31.Mar.2012	From 1.Apr.2012 To 31.Mar.2013	From 1.Apr.2013 To 31.Mar.2014
Ordinary Income			
Fiduciary Fees	10,082	9,935	9,894
Interest Income	1,355	1,528	1,869
Fees and Commissions	10,061	9,638	10,576
Other Operating Income	321	420	309
Other Ordinary Income	4	2	2
Total Ordinary Income	21,825	21,526	22,651
Ordinary Expenses			
Interest Expenses	461	589	740
Fees and Commissions Payments	1,165	1,163	1,298
Other Operating Expenses	12	-	-
General and Administrative Expenses	19,090	18,458	18,697
Other Ordinary Expenses	16	17	3
Total Ordinary Expenses	20,746	20,229	20,740
Ordinary Profit	1,078	1,296	1,911
Extraordinary Loss			
Loss on Disposal of Noncurrent Assets	164	10	2
Total Extraordinary Losses	164	10	2
Income Before Income Taxes	913	1,286	1,908
Income Taxes-Current	323	528	808
Income Taxes-Deferred	62	(36)	(69)
Total Income Taxes	386	492	739
Net Income	527	794	1,169

(NOTE 1) Amounts less than one million yen are rounded down.

■ Statements of Changes in Net Assets

(UNITS: Millions of yen)

	2011	2012	2013
	From 1.Apr.2011 To 31.Mar.2012	From 1.Apr.2012 To 31.Mar.2013	From 1.Apr.2013 To 31.Mar.2014
Shareholder's Equity			
Capital Stock			
Balance at the Beginning of the Current Period	50,000	50,000	50,000
Balance at the End of the Current Period	50,000	50,000	50,000
Retained Earnings			
Balance at the Beginning of the Current Period	6,404	6,822	7,511
Changes of Items During the Period			
Dividends from Surplus	(110)	(105)	(160)
Net Income	527	794	1,169
Total Changes of Items During the Period	417	689	1,009
Balance at the End of the Current Period	6,822	7,511	8,520
Shareholders' Equity			
Balance at the Beginning of the Current Period	56,404	56,822	57,511
Changes of Items During the Period			
Dividends from Surplus	(110)	(105)	(160)
Net Income	527	794	1,169
Total Changes of Items During the Period	417	689	1,009
Balance at the End of the Current Period	56,822	57,511	58,520
Valuation and Translation Adjustments			
Balance at the Beginning of the Current Period	(12)	3	33
Changes of Items During the Period			
Net Changes of Items Other than Shareholders' Equity	16	30	(18)
Total Changes of Items During the Period	16	30	(18)
Balance at the End of the Current Period	3	33	15
Total Net Assets			
Balance at the Beginning of the Current Period	56,392	56,825	57,545
Changes of Items During the Period			
Dividends from Surplus	(110)	(105)	(160)
Net Income	527	794	1,169
Net Changes of Items Other than Shareholders' Equity	16	30	(18)
Total Changes of Items During the Period	433	719	990
Balance at the End of the Current Period	56,825	57,545	58,535

(NOTE 1) Amounts less than one million yen are rounded down.

Notes (Fiscal 2013)

Significant Accounting Policies

- 1 . Evaluation Standards and Methods for Investment Securities
In regard to evaluation of securities, Other Securities are stated, in principle, at fair value based on the market price, etc., on the settlement day (cost of sale primarily calculated using the moving average method), except for those whose fair value it is deemed extremely difficult to measure. These are stated on a cost basis using the moving average method. Valuation differences on Other Securities are treated as comprehensive income.
- 2 . Evaluation Standards and Methods for Derivative Transactions
Derivatives transactions are valued at fair value.
- 3 . Methods for Depreciating Fixed Assets
 - (1) Tangible Fixed Assets
Tangible fixed assets are depreciated using the declining balance method except for buildings (excluding equipment accessory to buildings), which are depreciated using the straight-line method. Depreciation is mainly computed using the following range of useful lives:
Buildings 6 years to 50 years
Equipment 3 years to 20 years
 - (2) Intangible Fixed Assets
Intangible fixed assets are depreciated using the straight-line method. Internally used software items are amortized over their useful lives within the company (primarily five years).
- 4 . Standards for Translating Foreign Currency-Denominated Assets and Liabilities into Yen
Foreign currency-denominated assets and liabilities are primarily translated into yen at the exchange rates prevailing on the balance sheet date.
- 5 . Standards for Recording Reserves
 - (1) Allowance for Loan Losses
Allowance for loan losses are stated as follows in accordance with standards for write-offs and provisions stipulated in advance.
Claims equivalent to "normal credits" and "credits to need attention borrowers" as provided for in "Self-assessments of the Assets of Banks and other Financial Institutions, and Operating Guidelines Concerning Audits of Loan-Loss Write-Offs and Provisioning against Possible Loan Losses" (Report No. 4 of the Special Committee on Banking, etc., Supervision of the Japanese Institute of Certified Public Accountants) are classified into the corresponding categories and posted on the basis of loan-loss ratios calculated according to individual historical credit loss experiences.
Based on these asset self-assessment standards, asset assessment departments assess all claims in cooperation with the business promoting divisions concerned.
At the end of the year, however, there is no balance of the allowance for loan losses.
 - (2) Provision for Bonus Payments
To provide for employees' bonus, that portion of estimated bonuses payable to employees that can be attributed to the current fiscal year has been posted in the accounts under Provision for Bonus Payments.
 - (3) Provision for Retirement Benefits
To provide for retirement benefits to employees (including executive officers), that portion of estimated retirement benefit obligations payable to employees that can be attributed to the current fiscal year has been posted in the accounts under Provision for Retirement Benefits.
 - (4) Provision for Directors' Retirement Benefits
To provide for retirement benefits to directors, that portion of estimated directors' retirement benefits attributable to the current fiscal year has been recorded.
- 6 . Hedge Accounting Method
For some assets, special accounting treatment for interest rate swaps is applied.
- 7 . Accounting for Consumption Taxes, etc
Consumption taxes and local consumption taxes are excluded from transaction amounts.

Notes

(Balance Sheets)

1. Entire amount of loans and bills discounted is for the Japanese Government.
2. The following assets have been pledged as collateral:
 - Assets pledged as collateral
 - Securities: ¥229,475 million
 - Loans and Bills Discounted: ¥48,000 million
 - Liabilities collateralized by the above assets
 - Call money: ¥6,000 million

In addition to the above, securities to the value of ¥33,418 million have been pledged as collateral for exchange settlement transactions, etc.

Other Assets include guarantee money in the amount of ¥598 million.
3. Current account overdraft contracts are contracts by which the company is bound to extend loans up to the prearranged amount at the customer's request unless the customer is in breach of contract conditions. The unutilized balance of these contracts amounts to ¥2,154,500 million, and the original contractual terms for the total amount are one year or less.

Since many of these contracts expire without the rights being exercised, the unutilized balance itself does not necessarily affect TCSB's future cash flows. A provision is included in many of these contracts that entitles TCSB to refuse applications for the execution of loans, or reduce the maximum contracted amount when there is a change in the financial situation, necessity to preserve a claim, or other similar reasons. Where necessary, TCSB also obtains real estate or securities as collateral at the time the contracts are concluded and regularly monitors customer's business conditions thereafter under in-house procedures established in advance, amending contracts and taking other steps to control credit risks if needed.
4. Accumulated depreciation of Tangible Fixed Assets ¥1,386 million
5. The principal amount promised to be indemnified for Money Trusts is ¥222 million.
6. Total monetary claims due to Related companies ¥269 million
7. Total monetary liabilities due to Related companies ¥59,000 million
8. TCSB is subject to the restriction on dividends from surplus in accordance with the provisions of Article 18 of the Banking Law of Japan.

If TCSB intends to distribute dividends from surplus, regardless of the provision of Article 445, Paragraph 4, of the Banking Law of Japan, "Amounts of Capital and Reserves," TCSB records an amount that corresponds to a decrease in the surplus by distributing the dividends from surplus, multiplied by one-fifth (1/5) as the legal reserve.

The legal reserve recorded for the fiscal year under review related to the dividends from surplus is ¥32 million.

(Statements of Income)

Income related to transactions with Related companies	
Total revenue from trust transactions	¥16 million
Total revenue from service transactions	¥2,539 million
Expenses related to transactions with Related companies	
Total expenses related to financing transactions	¥43 million
Total expenses related to other operating and other ordinary transactions	¥40 million

(Statement of Changes in Net Assets)

1. Types and number of shares issued and outstanding are as shown below.

(UNITS: Thousands of shares)

	As of April 1, 2013	Increase during the fiscal year	Decrease during the fiscal year	As of March 31, 2014	Remarks
Shares Issued and Outstanding					
Common Stock	1,000	-	-	1,000	
Total	1,000	-	-	1,000	

2. Dividend

(1) Dividends paid during the year ended March 31, 2014

	Type of shares	Total dividend amount	Dividend per share	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 14, 2013	Common stock	¥160 million	¥160	March 31, 2013	June 17, 2013

- (2) Of the dividends for which the record date belongs to the fiscal year ended March 31, 2014, those for which the effective date of the dividends will be after March 31, 2014.

	Type of shares	Total dividend amount	Source of funds for dividends	Dividend per share	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 19, 2014	Common stock	¥240 million	Retained earnings	¥240	March 31, 2014	June 20, 2014

(Financial Instruments)

1. Status of Financial Instruments

(1) Policies on financial instruments

TCSB specializes in the asset management business and maintains a basic policy of risk-restrictive business administration. TCSB holds financial assets mainly consisting of “loans and bills discounted” to the Japanese Government, bonds such as government bonds and “call loans” on the asset investment side, as well as financial liabilities such as “call money” and “due to trust account” on the financing side.

TCSB is committed to the financing and asset investment of these financial instruments by taking into account various risk factors while paying attention to appropriate management in response to each risk by financial instrument.

(2) Description of financial instruments and related risks

The major financial assets held by TCSB are loans and bills discounted to the Japanese government, securities held to be deposited as collateral for settlement such as government bonds and call loans to financial institutions. These financial assets are exposed to the risk (credit risk) that the value of the financial instruments could be reduced or lost due to the deterioration of financial conditions at any borrower or issuer and the risk (market risk) that the value of the financial instruments could be reduced due to the fluctuation of interest rates.

Financial liabilities mainly refer to financing that uses call money and due to trust account. These financing methods could face cash flow problems due to the deterioration of TCSB's financial conditions or TCSB could be exposed to the risk of incurring losses due to reluctant financing because of significantly higher interest rates (liquidity risk).

Given the ongoing financial liberalization and internationalization, the financial assets and liabilities held by TCSB are becoming diversified and increasingly complicated, exposing

TCSB to various risks including the credit, market and liquidity risks detailed above.

(3) Risk management structure for financial instruments

1) Commitment to risk management

As a dedicated banking and trust company specializing in the asset management business, TCSB maintains a basic policy of risk-restrictive business administration.

To raise its corporate value while ensuring sound and stable management, TCSB is proactively improving its risk management structure based on the recognition that appropriately managing and controlling risks according to the characteristics of its operations and risks is a critical managerial task.

At TCSB, the Board of Directors has stipulated basic policies on risk management. The policies set forth diverse related matters: specific definitions of various risks, improvement of the structure for appropriate risk management and human resource development, and implementation of audits to verify the appropriateness and effectiveness of the risk management structure. TCSB endeavors to strengthen its risk management by drawing on a variety of techniques compliant with its basic policies to ensure increasingly sophisticated risk management.

2) Comprehensive risk management

At TCSB, we classify the risks to which our various financial assets and liabilities are exposed by factor into credit risk, market risk, liquidity risk, operational risk and so on, and manage them according to their respective characteristics.

TCSB manages each type of risk individually. It has also established a comprehensive risk management structure to identify and evaluate overall risk and, where necessary, to devise appropriate responses to keep risk within manageable limits in both qualitative and quantitative terms.

3) Credit risk management

Credit risk management is carried out by the credit administration, which manages the processes from granting credit to collection, in order to control the losses that TCSB could incur due to the emerging credit risk by transaction category based on the credit investigation of customers.

At TCSB, the Board of Directors determines important credit risk related matters in accordance with the Basic Policies on Credit Risk Management. Meanwhile, the ALM Committee deliberates on and coordinates basic policies and administration-related matters specific to credit risk and credit risk monitoring. The Risk Management Department, which is led by the officer responsible for the Department, draws up and executes plans and promotes the basic matters concerning credit risk management.

Credit risk management is carried out in accordance with our internal credit rating system, and individual credit lines, as a general rule, are set and controlled by the final decisions of our credit assessment department every half year. The individual credit lines are set in accordance with the credit business policies and determined through the screening of ceiling limits compared with the total amounts of on-balance transactions and derivative transactions (credit amounts are calculated with the current exposure method). Moreover, from the viewpoint of enhancing the check-and-balance function, the Internal Audit Department is established as an internal auditing organ independent from the operating departments.

4) Market risk management

At TCSB, the Board of Directors determines important market risk related matters in accordance with the Basic Policies on Market Risk Management. Meanwhile, the ALM Committee deliberates on and coordinates ALM-related basic policies, risk plans, market risk administration related matters and countermeasures in case of emergencies such as a sudden change in the market.

The officer responsible for the Risk Management Department holds jurisdiction over general matters concerning the planning and administration of market risk management. The Risk Management Department assumes practical operations such as monitoring, reporting and analysis of and proposals on market risk, and setting limits thereon, as well as drawing up and executing plans and promoting matters concerning market risk management. The Risk Management Department also works to identify and evaluate TCSB's risk situation, reports to the President on a daily basis and periodically reports to the Board of Directors and other relevant entities.

As a market risk management method, various limits are set and controlled. Although

TCSB does not engage in trading operations, ceiling limits are set on the losses that it could incur with regard to the banking operations and position boundaries are set using the interest-rate sensitivity analysis, as required.

Moreover, as for market operations, a middle office (Risk Management Department) is established as an internal entity independent from the front office (market departments) and the back office so that the check-and-balance function can effectively operate. The middle office manages market risk in detail with diverse measures: managing risk indicators such as 10 BPV (basis point value), conducting stress tests and applying the loss limits.

5) Status of market risk

TCSB has determined in the Basic Policies on Market Risk Management that its operations be conducted in a restrictive manner to minimize market risk exposure for its deals with customers and endeavors to ensure safe and reliable investments.

Major financial instruments at TCSB are government bonds and call loans, and they are mainly influenced by interest rate risk, which is a primary market risk. The Risk Management Department computes the BPV on the financial instruments on a daily basis and monitors whether the prearranged amounts (i.e., the upper limit) thereof are observed. As of March 31, 2014, the BPV for the financial instruments held by TCSB was set to ¥31 million.

6) Financing-specific liquidity risk management

TCSB's liquidity risk management structure is basically the same as the market risk management structure described in the preceding item 4) "Market risk management." In addition, the Treasury Department assumes practical operations such as cash flow management and draws up and executes plans and promotes matters concerning cash flow management. The cash flow situation is reported to the ALM Committee and the President.

Liquidity risk is measured using cash flow related indicators such as the ceiling limits concerning financing from the markets. The ALM Committee deliberates on and coordinates the limits specific to liquidity risk and so forth. Furthermore, the Committee determines the liquidity risk categories of "Ordinary," "Concerned" and "Critical" in response to the cash flow situation, as well as responsive actions to cope with the "Concerned" and "Critical" situations. The Committee has also established an emergency structure that allows us to take swift action in case of an "emergency" that could have a negative effect on TCSB's cash flow situation.

(4) Supplemental explanation on fair value of financial instruments, etc.

The fair values of financial instruments include not only the amounts based on the market value but also certain amounts reasonably calculated if no market value exists. As the calculation of such amounts adopts certain preconditions, the resulting values may differ depending on the preconditions used for calculation.

2. Fair value of financial instruments, etc.

The following table indicates the amount on the balance sheet, the fair value and the unrealized gain (loss) as of March 31, 2014, related to financial instruments. Unlisted stocks and the like, for which it is deemed extremely difficult to measure the fair value, are not included in the table below. (Refer to (NOTE 2.))

(UNITS: Millions of yen)

	Amount shown in Balance sheet	Fair value	Difference
(1) Cash and Due from Banks	191,241	191,225	▲ 15
(2) Call Loans	185,000	185,000	-
(3) Securities			
Other Securities	281,495	281,495	-
(4) Loans and Bills Discounted	48,000	48,000	-
Total Assets	705,736	705,721	▲ 15
(1) Deposits	43,296	43,296	-
(2) Negotiable Certificates of Deposit	59,002	59,002	-
(3) Call Money	319,263	319,263	-
(4) Due to Trust Accounts	215,717	215,717	-
Total Liabilities	637,278	637,278	-
Derivative Transactions (*1)			
(1) Those to which Hedge Accounting is not applied	2,311	2,311	-
Total Derivative Transactions	2,311	2,311	-

(*1) The derivative transactions recorded in "Other Assets" and "Other Liabilities" are collectively indicated above. Net receivables and payables, which were derived from derivative transactions, are presented in net amounts.

(NOTE 1) Calculation method of the fair value of financial instruments

Assets

(1) Cash and Due from Banks

As the fair value of the amounts of "due from banks" without maturity approximates the book value, the book value concerned is recorded as the fair value.

For "due from banks" with maturity, the present value is calculated by discounting the future cash flows for each of the certain fixed periods set. The market interest rate is used as the discount rate. For those with short maturity periods (within six months) the fair value approximates the book value, and therefore the book value concerned is recorded as the fair value.

(2) Call Loans

As the current maturity is short (within six months) and the fair value approximates the book value, the book value concerned is recorded as the fair value.

(3) Securities

The fair value of bonds is based on the prices traded at the stock exchange. The notes on securities by holding purpose are stated in (Securities) below.

(4) Loans and Bills Discounted

As the residual period is short (within six months) and the fair value approximates the book value, the book value concerned is recorded as the fair value.

Liabilities

(1) Deposits

For the demand deposits, the amount paid (book value) when requested at the end of the year under review is deemed the fair value.

(2) Negotiable Certificates of Deposit

The maturity period of negotiable certificates of deposit is short (within six months) and the fair value approximates the book value, therefore the book value concerned is recorded as the fair value.

(3) Call Money

As the current maturity is short (within six months) and the fair value approximates the book value, the book value concerned is recorded as the fair value.

(4) Due to Trust Account

The amount paid (book value) when requested at the end of the year under review is deemed the fair value.

Derivative Transactions

Derivative transactions to which Hedge Accounting is not applied

For derivative transactions to which hedge accounting is not applied, the contract amount at the closing date by transaction type or notional amount specified in the contract, fair value and unrealized gains (losses), as well as the calculation method of the fair value concerned, are as shown below. The contract amounts, etc., do not show a market risk related to derivative transactions.

1) Currency-related

(UNITS: Millions of yen)

Category	Type of derivative transaction	Contract value		Fair value (*1)	Unrealized gains (losses)
			Over one year		
Over the counter	Forward exchange contracts				
	Sold	1,062,261	-	▲ 8,935	▲ 8,935
	Bought	1,008,160	-	6,624	6,624
Total		2,070,421	-	▲ 2,311	▲ 2,311

(*1) The fair value of the above transactions is measured, and the resulting profits and losses are recorded on the statements of income. The calculation method of fair value is based on the forward foreign exchange rates.

(NOTE 2) Financial instruments for which it is deemed extremely difficult to measure the fair value are as shown below, and they are not included in Other Securities in (3) Securities of "Fair value of financial instruments, etc."

(UNITS: Millions of yen)

Category	Amount shown in Balance sheet
Unlisted stocks (*1)	447
Total	447

(*1) As unlisted stocks have no market value and it is deemed extremely difficult to measure the fair value thereof, they are not subject to the disclosure of fair value information.

(NOTE 3) Redemption schedule of monetary claims and securities with maturity dates for years subsequent to the closing date (March 31, 2014)

(UNITS: Millions of yen)

	Within 1 year	1-3 years	3-5 years	5-7 years	7-10 years	Over 10 years
Cash and Due from Banks	176,129	-	-	-	-	-
Call Loans	185,000	-	-	-	-	-
Securities						
Securities with Maturity Dates included in "Other Securities"	161,660	119,834	-	-	-	-
Loans and Bills Discounted	48,000	-	-	-	-	-
Total	570,790	119,834	-	-	-	-

(NOTE 4) Redemption schedule of borrowings and other interest-bearing debt for years subsequent to the closing date (March 31, 2014)

(UNITS: Millions of yen)

	Within 1 year	1-3 years	3-5 years	5-7 years	7-10 years	Over 10 years
Deposits (*1)	43,296	-	-	-	-	-
Negotiable Certificates of Deposit	59,002	-	-	-	-	-
Call Money	319,263	-	-	-	-	-
Due to Trust Accounts	215,717	-	-	-	-	-
Total	637,278	-	-	-	-	-

(*1) Of the deposits in the banking business, demand deposits are disclosed under "Within 1 year."

(Securities)

Other than government bonds, corporate bonds, stocks and other securities on the balance sheets, negotiable certificates of deposit in “Cash and Due from Banks” are included.

Other securities (As of March 31, 2014)

(UNITS: Millions of yen)

	Type	Amount shown in Balance sheet	Acquisition cost	Difference
Those of which the amount on the balance sheet exceeds the acquisition cost	Japanese Bonds			
	Government Bonds	122,440	122,407	33
	Corporate Bonds	47,524	47,519	4
	Subtotal	169,964	169,927	37
Those of which the amount on the balance sheet does not exceed the acquisition cost	Japanese Bonds			
	Government Bonds	56,801	56,804	▲ 2
	Corporate Bonds	54,728	54,740	▲ 11
	Other	125,000	125,000	-
	Subtotal	236,530	236,544	▲ 14
Total		406,495	406,471	23

(NOTE) Other securities for which it is deemed extremely difficult to measure the fair value

(UNITS: Millions of yen)

	Amount shown in Balance sheet
Stocks	442
Other	4
Total	447

As these securities have no market value, they are not included in “Other securities” in the list above.

(Tax-Effect Accounting)

1. Principal deferred tax assets and liabilities, broken down by cause, are shown below.

Deferred tax assets		
Accrued business and business facility taxes	¥68	million
Asset retirement obligations	50	
Provision for retirement benefits and provision for directors' retirement benefits	35	
Valuation difference on Available-for-Sale Securities	5	
Other	80	
Total deferred tax assets	239	
Deferred tax liabilities		
Tangible Fixed Assets	30	
Valuation difference on Available-for-Sale Securities	13	
Other	0	
Total deferred tax liabilities	43	
Net deferred tax assets	195	million

2. Following the promulgation of the Act on Partial Revision of the Income Tax Act, etc. (Act No. 10 of 2014) on March 31, 2014, we are no longer subject to the special reconstruction tax effective the business year starting on or after April 1, 2014. Consequently, the statutory effective tax rate for the calculation of deferred tax assets and deferred tax liabilities will be lowered from 38.01% to 35.64% for temporary differences expected to be eliminated in the business year beginning on April 1, 2014. As a result of this change, deferred tax assets decreased by ¥8 million while income taxes-deferred increased by ¥8 million.

(Related party transactions)

(1) Transactions with the parent company and principal corporate shareholders ,etc.

(UNITS: Millions of yen)

Category	Name of company, etc.	Percentage of voting rights (or ownership)	Relationship with related party	Details of transactions	Transaction amounts (Note 2)	Account classification	Balance at term end
Other related companies	The Dai-ichi Life Insurance Company, Limited	Direct ownership 23%	Entrustment of securities administration operations	Entrustment of securities administration operations (Note 1)	2,465	Accrued income	2

Transaction terms and determination thereof

(NOTE 1) Fees for the performance of outsourced securities administration operations are set according to the company's fee rates table.

(NOTE 2) Transaction amounts do not include consumption tax. Balance at term end includes consumption tax.

(2) Sister companies, etc.

(UNITS: Millions of yen)

Category	Name of company, etc	Percentage of voting rights (or ownership)	Relationship with related party	Details of transactions	Transaction amounts (Note 3)	Account classification	Balance at term end
Subsidiary of Parent Company	Mizuho Trust & Banking Company, Limited	None	Performance of trust services for trust bank Sharing of directors	Performance of trust services for trust bank (Note 1)	9,008	Suspense receipt	8,875
Subsidiary of Parent Company	Mizuho Trust Systems Company, Limited	None	Performance of outsourced system operation and software development services	Outsourcing of system operation	3,807	-	-
				Outsourcing of software development (Note 2)	3,949	-	-

Transaction terms and determination thereof

(NOTE 1) Fees for the performance of outsourced trust services are determined through negotiations based on fee amounts calculated by the company.

(NOTE 2) Fees for the performance of outsourced system operation and software development services are determined through negotiations based on fee amounts calculated by MHTS Co., Ltd.

(NOTE 3) Transaction amounts do not include consumption tax. Balance at term end include consumption tax.

(Per share information)

Net assets per share ¥58,535.98

Net income per share ¥1,169.04

Results of Trust Banking Business

■ Statements of Trust Assets and Liabilities

	(UNITS: Millions of yen)		
	2011	2012	2013
	As of 31.Mar.2012	As of 31.Mar.2013	As of 31.Mar.2014
Assets			
Securities	104,126,326	100,981,285	103,945,600
Beneficiary Rights to the Trusts	13,770,697	15,023,397	17,392,887
Securities Held in Custody Accounts	5,034,925	4,357,127	4,433,320
Money Claims	2,184,814	1,131,658	589,576
Call Loans	2,751,604	2,941,544	3,390,783
Due from Banking Account	197,887	202,241	215,717
Cash and Due from Banks	3,524,385	7,009,287	6,229,435
Other Assets	7,917,221	10,002,858	11,881,265
Total Assets	139,507,862	141,649,400	148,078,586
Liabilities			
Money Trusts	82,121,325	81,992,173	79,467,630
Investment Trusts	6,171	21,468	69,568
Money Entrusted Other than Money Trusts	95,859	61,859	62,371
Securities Trusts	6,818,659	6,881,445	7,393,969
Composite Trusts	50,465,846	52,692,452	61,085,047
Total Liabilities	139,507,862	141,649,400	148,078,586

(NOTE 1) Amounts less than one million yen are rounded down.

Capital Adequacy Ratio (Basel II)

			2012 As of 31.Mar.2013
Tier	Capital	(A)	57,351
Tier	Capital	(B)	-
Total	Risk-based Capital		
	(A) + (B)	(C)	57,351
	Risk-Weighted Assets	(D)	147,298
Capital Adequacy Ratio	(C)÷(D)×100		38.93%

(NOTE 1) Amounts less than one million yen are rounded down.

Capital Adequacy Ratio (Basel III)

			2013 As of 31.Mar.2014
Core capital: instruments and reserves	(A)		58,280
Core capital: regulatory adjustments	(B)		-
Capital (A) – (B)	(C)		58,280
Risk-Weighted Assets	(D)		148,287
Capital Adequacy Ratio	(C)÷(D)×100		39.30%