

# Toward a Sounder Financial Position

The pursuit of a sounder financial position is ranked as one of the Bank's key priorities. Accordingly, we are strengthening our capital adequacy and reducing non-performing loans (NPLs).

## NPL ratio improved by 0.29 percentage points to 2.72%

The Bank carries out write-offs and provision of reserves for its NPLs according to strict standards, based on self-assessment of assets. As of March 31, 2014, the Bank's NPL balance (subject to mandatory disclosure of claims under the Financial Reconstruction Law, non-consolidated basis) decreased by ¥8.5 billion year-on-year to ¥154.3 billion. As a result, the NPL ratio declined to 2.72%, compared with 3.01% at the end of the previous fiscal year.

The coverage ratio for loans subject to mandatory disclosure of claims under the Financial Reconstruction Law is 84.81%, mainly through collateral and guarantees. The coverage ratio for bankrupt and quasi-bankrupt assets remains at 100%.

## Capital ratio (consolidated) at 10.24%

From March 31, 2014, the revised capital adequacy requirements (Basel III) have been adopted. The capital ratio as of March 31, 2014, stood at 10.15% on a non-consolidated basis and 10.24% on a consolidated basis. These figures are significantly higher than the minimum level of 4.0% required of banks operating in Japan.

We will be implementing measures to further strengthen our capital adequacy and raise the capital ratio.

### Balance of NPLs and ratio of loans subject to mandatory disclosure of claims under the Financial Reconstruction Law



### Capital ratio

