

Towards a Sounder Financial Position

For the term ending March 31, 2009, we have set the following targets in our medium-term management plan: reducing the ratio of loans subject to mandatory disclosure to around 4% and raising the consolidated capital ratio to 8%.

Lowering the NPL ratio from 6.02% to 4.49%

As a result of efforts to support corporate rehabilitation and reduce our NPL exposure undertaken throughout fiscal 2006, the balance of loans subject to mandatory disclosure under the Financial Reconstruction Law declined by ¥70.9 billion at the term-end to ¥210 billion. We are close to our target of reducing this ratio by 1.53 percentage points to 4.49% of total credits.

The coverage ratio for loans subject to mandatory disclosure is 83.16%, through collateral, guarantees and reserve for possible loan losses. Coverage for bankrupt and quasi-bankrupt assets is 100%.

We will continue to reduce our NPL holdings, using an independently spun-off corporate rehabilitation affiliate to handle our corporate rehabilitation services and deal with final liquidations.

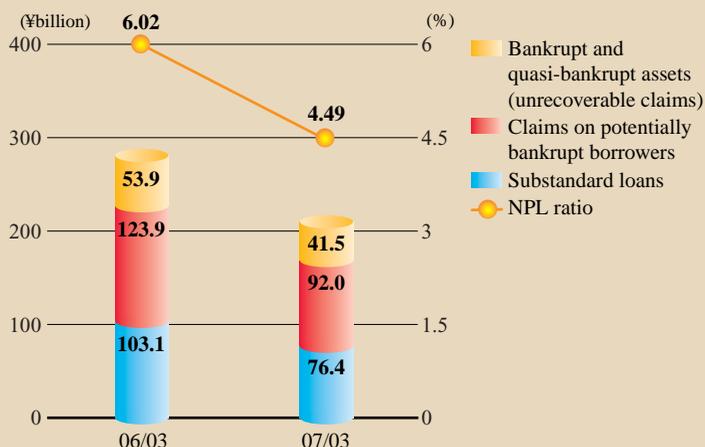
Increasing the capital ratio to 9.30%

At March 31, 2007, our capital ratio stood at 9.25% on a non-consolidated basis, up from 8.50% at the end of the previous term, and the consolidated percentages were 9.30%, up from 8.79%, due to steady increases in retained earnings. These levels are far above the 4.0% threshold of Japan's capital adequacy standards, and also ahead of targets in our medium-term management plan.

Our core Tier I ratio stands at 5.84% on a non-consolidated basis, and 5.79% on a consolidated basis. Looking ahead, we aim to further consolidate our financial position and improve our capital ratio.

(Note): From the year ended March 31, 2007, the capital ratio is calculated based on Notification of the Financial Services Agency No. 19, 2006, the standard for assessing a Bank's capital adequacy in light of asset-holdings based on the Banking Law, Article 14-2. For the period ended March 31, 2006, the old standards were used in calculations.

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



Capital ratios

