Towards a Sounder Financial Position

As management priorities in the creation of a sounder financial position, we worked to reduce non-performing loans (NPLs) and improve the Bank's capital adequacy. As a result, we achieved improvement in both these indicators compared with the previous year.

NPL ratio

We took a stricter stance on bad debt write-offs and provisions to reserves to more faithfully reflect the Bank's self-assessment of assets.

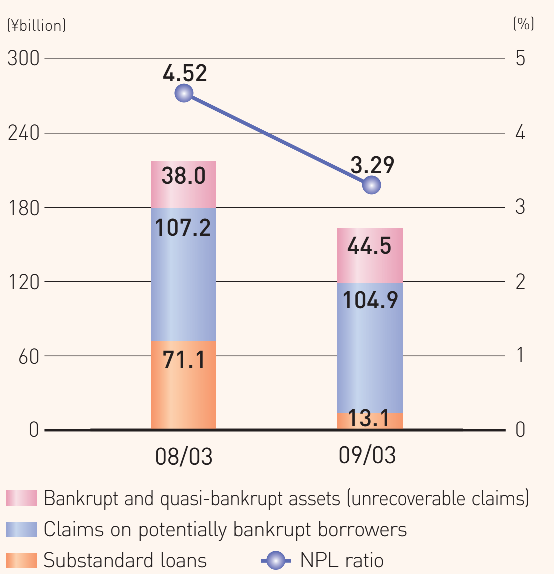
As of the end of March 2009, the Bank's NPL balance (subject to mandatory disclosure of claims under the Financial Reconstruction Law) declined by ¥53.8 billion year-on-year, to ¥162.6 billion. The Bank's NPL balance includes assets held by a subsidiary established for asset management purposes (NCB Turnaround Co., Ltd.). As a result, the Bank's NPL ratio declined to 3.29%, down 1.23 percentage points year-on-year. The coverage ratio for loans subject to mandatory disclosure of claims is 87.5%, through collateral, guarantees, and the reserve for possible loan losses. Coverage for bankrupt and quasi-bankrupt assets is 100%.

Capital ratio

The capital ratio at the end of March 2009 stood at 9.87% on a consolidated basis and 9.91% on a non-consolidated basis. These figures represent increases of 0.64 and 0.68 of a percentage point, respectively, over the previous year-end, and both were well over the 4.0% domestic standard for banks doing business solely in Japan. This means the Bank has already achieved its target of 9-10% or over, set for the end of the current three-year business plan.

The core Tier I ratio stood at 6.34% on a non-consolidated basis and 6.32% on a consolidated basis, with both figures marking improvements over the previous fiscal year. We will be taking steps to further improve the Bank's capital adequacy and raise the capital ratio.

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



*Including claims held by new subsidiaries created to undertake the disposal of bad debt

Capital ratios