

Toward a Sounder Financial Position

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

NPL Ratio of 3.58%

We have taken a stricter stance on bad debt write-offs and allowances in order to reflect the Bank's self-assessment of assets more faithfully. As of March 31, 2010, the Bank's NPL balance (subject to mandatory disclosure of claims under the Financial Reconstruction Law, including claims held by a subsidiary established for asset management purposes) increased by ¥16.8 billion year on year, to ¥179.4 billion. As a result, the NPL ratio increased to 3.58%, up 0.29 percentage points year on year.

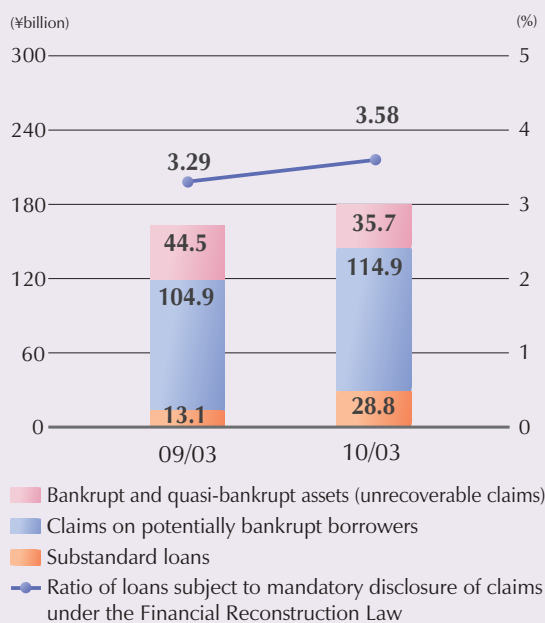
The coverage ratio for loans subject to mandatory disclosure of claims is 84.79% through collateral, guarantees, and the reserve for possible loan losses. Coverage for bankrupt and quasi-bankrupt assets is 100%.

Capital Ratio (consolidated) is 10.42%

The capital ratio as of March 31, 2010 stood at 10.40% on a non-consolidated basis and 10.42% on a consolidated basis. This was due to an increase in retained earnings, among other factors. Non-consolidated and consolidated capital ratios grew by 0.49 and 0.55 percentage points respectively, year-on-year. These high figures met the new medium-term business plan target of the 9.5% level ahead of schedule, and are significantly higher than the minimum level of 4% required for banks operating only in Japan.

The core Tier I ratio stood at 6.95% on a non-consolidated basis and 6.97% on a consolidated basis, with both figures exceeding the levels of the previous fiscal year. 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



*"NPL including claims held by a subsidiary established for asset management purposes"
= the Bank (parent) + NCB Turnaround Co., Ltd.

Capital ratio

