

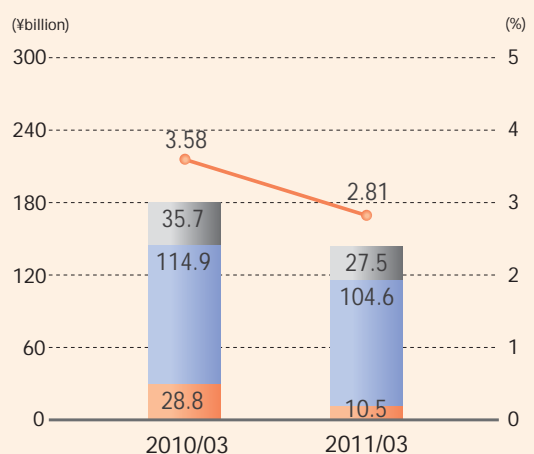
# Toward a Sounder Financial Position

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

## ● NPL Ratio declines by 0.77 percentage points to 2.81%

The Bank carries out write-offs and provision of reserves for our NPLs according to strict standards, based on self-assessment of assets. As of March 31, 2011, 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) decreased by ¥36.6 billion year on year, to ¥142.8 billion. As a result, the NPL ratio decreased to 2.81%, down 0.77 percentage points year on year compared with 3.58% for previous fiscal year-end. The coverage ratio for loans subject to mandatory disclosure of claims under the Financial Reconstruction Law is 88.53% through collateral, guarantees, and the reserve for possible loan losses. Coverage ratio for bankrupt and quasi-bankrupt assets is 100%.

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



Legend:  
 ■ Bankrupt and quasi-bankrupt assets (unrecoverable claims)  
 ■ Claims on potentially bankrupt borrowers  
 ■ Substandard loans  
 — Ratio of loans subject to mandatory disclosure of claims under the Financial Reconstruction Law

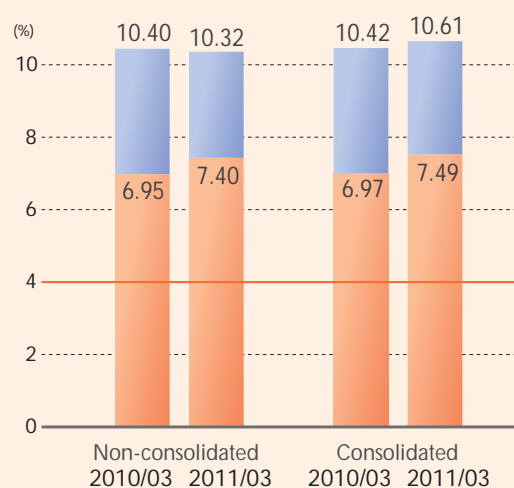
\*NPL including claims held by a subsidiary established for asset management purposes\*  
 = the Bank (parent) + NCB Turnaround Co., Ltd.

## ● Capital Ratio (consolidated) is 10.61%

The capital ratio as of March 31, 2011 stood at 10.32% (a decrease of 0.08 of a percentage point year on year) on a non-consolidated basis and 10.61% (an increase of 0.19 of a percentage point year on year) on a consolidated basis. These high figures are significantly higher than the minimum level of 4% required for banks operating in Japan.

The core Tier I ratio stood at 7.40% on a non-consolidated basis and 7.49% 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.

### Capital ratio



Minimum level required for banks operating in Japan: 4

■ Capital ratio ■ Tier I ratio