Q. With regard to your Common Equity Tier 1 ratio, if your ratio meets the requirements of the Basel III standards but compares unfavorably to U.S. and European banks, will this concern you?
A. As our profitability is currently about half that of U.S. and European banks and it takes time to accumulate retained earnings, the capital surcharge is a headwind for us. However, we have no intention of making simple comparisons with other banks. Meanwhile, in order to ensure management flexibility, it will be necessary to have a buffer of around 1-2% in addition to the minimum capital requirement.

Q. Will your lending balance turn around and start increasing in the second half of this fiscal year?
A. The decrease in the lending balance in the first half of this fiscal year was partly attributable to extraordinary factors, but we cannot overlook the fact that it decreased by around ¥2 trillion even excluding those factors. We have changed performance evaluation at our branches and offices, placing greater emphasis on the lending balance, so in the second half we expect that this declining trend will be stopped.

Q. What level of medium-term return do you expect from the purchase of ¥500 billion in project finance assets from RBS?
A. Assuming an average spread of 2% in the project finance market, ¥500 billion in loans would contribute around ¥10 billion per year to profits. However, that is not all that we are expecting. MUFG already holds the No. 1 position in the Americas project finance league table. As we plan to bring on board some of staff in RBS’s strong project finance team through this acquisition and expect them to play a central role, we aim to become the top bank in project finance in the Europe, Middle East and Africa region.
Q. Supposing that big investment opportunities emerge during the period until the detailed definitions of the new capital regulations are finalized, what will you do?

A. It is true that we cannot currently consider investments of close to ¥1 trillion, like our investment in Morgan Stanley. However, there are some high-quality investment opportunities even at around the ¥10 billion mark, and we intend to actively consider such investments.