Fiscal 2006 Results Presentation
Main Q&A

Q : Your forecast for fiscal 2007 consolidated net income is ¥800 billion and your fiscal 2009 target for net income is approximately ¥1,100 billion, so does that mean that you expect steady growth in fiscal 2008 and fiscal 2009?

A : In fiscal 2007 we are forecasting a decline to ¥800 billion as credit-related expenses returning to normal level. In fiscal 2008 we expect a return to profit growth as we should receive the benefits of a further rise in interest rates and we also expect the benefits of the measures we are taking in our Retail, Corporate and other businesses to become apparent. In addition, in fiscal 2009, we also expect the benefits of cost synergies to be realized. Regarding ROE, although we expect a decline in fiscal 2007 we expect ROE to rise to our target of approximately 15% in fiscal 2009.

Q : Regarding your target of joining the global top five, as circumstances change, for example with the emergence of the Chinese banks, will you still maintain your target?

A : Regarding ranking by market capitalization, our initial target for the former MTFG was to join the global top ten by market capitalization, however, the rise in Japanese equity markets took us into the global top five for a brief period last year. There have been some negative changes for us in the rankings recently, but we think it is partly because the price earnings ratios of Chinese banks have increased significantly. Our target is to join the global top five at a ‘normal’ price earnings ratio while steadily increasing our earnings per share.

Q : In terms of your plans to make investments aimed at growth in Japan and overseas, which areas are you considering?

A : In Japan the shift from savings to investment is a major trend and so far we have pursued investments and alliances mainly in the retail area. Looking ahead, we will continue to take appropriate steps as required. Overseas, we don't have any specific objectives at this time, but while considering the benefits of investment, including return on investment, we will pursue our plans taking into overall consideration including the benefits to our existing businesses, not simply the investment return.

Q : Domestic lending seems to have been flat, even excluding the effects of the securitization of housing loans, is this partly because of share adjustments? What measures do you plan to take to expand lending after share adjustments have been completed?

A : We believe that the effects of share adjustments are largely behind us but we think we are not in an environment where overall lending will grow significantly. However, lending to SMEs is growing thanks to our development of specialist regional offices and we expect demand for M&A related borrowing, while in housing loans we will strengthen our product line up, for example by the introduction of new loans guaranteed by the Japan Housing Finance Agency.

Q : Under the Basel II standards it seems that risk assets in the credit risk portion have declined. Based on corporate customer size or other factors, what are the reasons for this?

A : This is mainly because large corporate and housing loan risk assets have declined significantly while a very limited effect from SMEs. Overall credit risk assets have declined by ¥15 trillion compared to measurement under the former standards, but as ¥6 trillion of operational risk assets is newly included under the new standards, there has been a net decline of ¥9 trillion.