

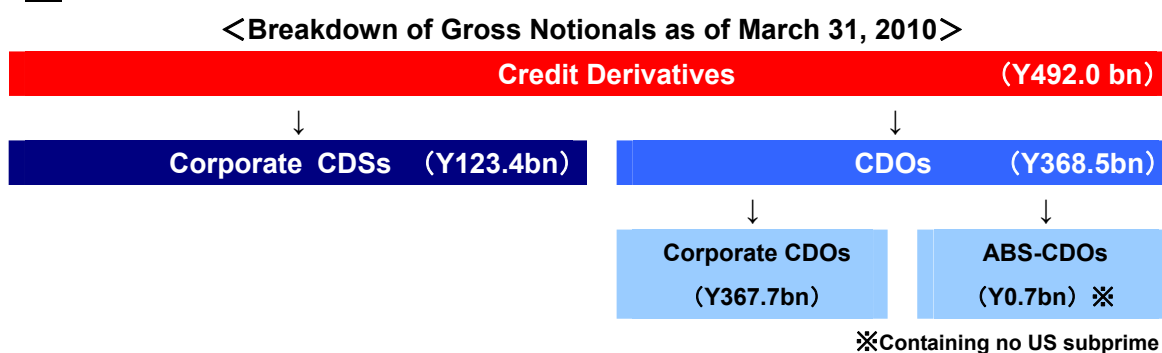
Update on Credit Derivatives, etc. as of March 31, 2010

We have prepared herewith a further update on “Credit Derivatives” and “Reinsurance Ceded from US Monolines”. For the status as of March 31, 2010, please see the following Q and A’s.

◆Credit Derivatives

Q1: Tell us about the breakdown of outstanding notional amount as of March 31, 2010.

A1:



- The total notional amount is ¥492.0 billion. Of this total, the exposure to CDSs, where credit risks of companies have been individually underwritten, is ¥123.4 billion. The notional amount of CDO tranches underwritten is ¥368.5 billion.
- Of the ¥368.5 billion for CDO tranches, ¥367.7 billion is for corporate CDOs, and ¥0.7 billion is for ABS-CDOs.
- The gross notionals under Credit Derivatives, 99.8% of which are for credit risk of corporations, contain no US-subprime risk.

Q2: What about the outstanding notional amount by ratings?

A2:

CDSs					(Y bn)	CDOs		(Y bn)
Rating	Notional amount(% of total)					Rating	Notional amount (% of total)	
	Domestic companies	Overseas companies	of which financial institutions					
AAA	3.7 (3.0%)	3.7 (3.3%)	-	(-)	-	AAA	336.3	(91.3%)
AA	64.9 (52.6%)	59.9 (53.4%)	4.9	(44.4%)	-	AA	5.0	(1.4%)
A	51.9 (42.1%)	47.6 (42.4%)	4.3	(39.0%)	-	A	13.2	(3.6%)
BBB	2.8 (2.3%)	1.0 (0.9%)	1.8	(16.6%)	-	BBB	4.6	(1.3%)
BB or lower	-	-	-	(-)	-	BB or lower	9.3	(2.5%)
Total	123.4 (100%)	112.2 (100%)	11.1	(100%)	-	Total	368.5	(100%)

- Please see the table presented above. As for the CDSs, the exposure to companies of “A” rating or higher accounts for 98% of the portfolio.
- As for the exposure for CDOs, 91% remains at “AAA” rating, and 96% “A” or above.

Q3: Will you brief us on the diversity of the “corporate CDSs” portfolio?

A3:

- The number of companies, domestic and overseas, whose corporate risk is individually underwritten is 62 and 8, respectively.
- The average notional amount per company is ¥1.7 billion.

Q4: What is the average subordination ratio for CDO tranches?

A4

- The average subordination ratio weighted by guaranteed amount is 17 %.

Q5: What’s the mark-to-market unrealized gains/losses booked for credit derivatives for FY 2009?

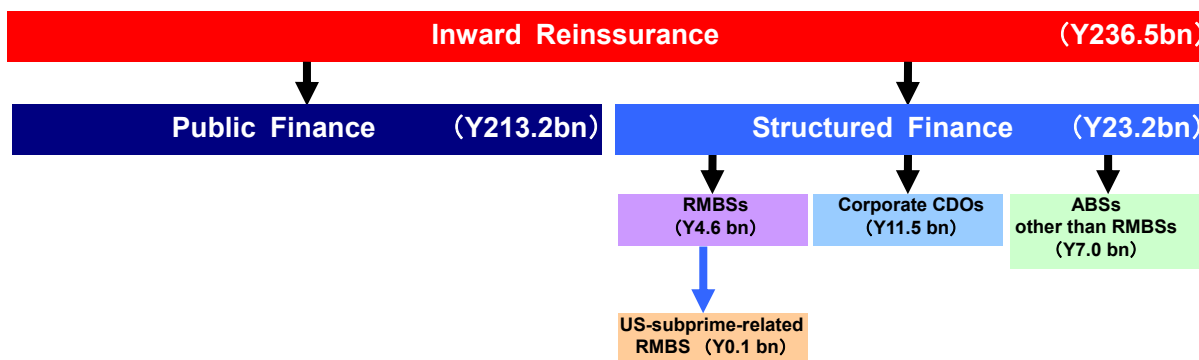
A5:

- It’s ¥24.6 billion in gains: ¥7.4 billion gain for CDSs and ¥17.1 billion gain for corporate CDOs.

◆ Reinsurance Ceded from US Monolines

Q1: Tell us about the breakdown of outstanding reinsured par amount as of March 31, 2010.

< Breakdown of Outstanding Guaranteed Balance as of March 31, 2010 >



A1:

- The total outstanding amount is ¥236.5 billion. Of this total, the exposure to “public finance” is ¥213.2 billion. The exposure to “structured finance” is ¥23.2 billion.
- Of the ¥23.2 billion for “structured finance”, ¥4.6 billion is for RMBSs, ¥11.5 billion is for corporate CDOs, and ¥7.0 billion is for ABSs in general.
- Of the ¥4.6 billion for RMBSs, ¥0.1 billion is for US-subprime related.

Q2: Why is it that the outstanding guaranteed balance has decreased by ¥322.2 billion compared to 31 December, 2009?

A2:

- It's because we terminated part of the inward reinsurance in the fourth quarter of FY2009.
- Where we have underwritten part of the original risk from US monolines mostly through reinsurance treaties, we decided to terminate part of existing policies, considering that, while the level of incurred losses has been as presented below*, there is no denying the possibilities for US economy to remain sluggish.

*Incurred losses to date:	FY2007:	¥0.5 billion
	FY2008:	¥3.9 billion
	FY2009 (up to 3 rd quarter):	¥1.5 billion

- As a result of the above, our guarantee balance for “structured finance” has been decreased substantially from ¥179.4 billion (balance as of December 31, 2009) to ¥23.2 billion.

Q3: Tell us about the outstanding reinsured par amount by ratings.

A3:

(Y bn)

Rating	Balance underwritten (% of total)	
AAA	16.0	(6.8%)
AA	80.1	(33.9%)
A	94.3	(39.9%)
BBB	41.0	(17.3%)
BB or lower	5.0	(2.1%)
Total	236.5	(100%)

- As exhibited above, 81% of the portfolio underwritten is rated “A” or higher, and 98% “BBB” or higher, maintaining a strong credit position as a whole.

Q4: Do the downgrades to US monolines have any adverse effect on the quality of your portfolio of reinsurance?

A4:

- It is not the credit risk of monolines that we have underwritten through inward reinsurance but the credit risk of municipal bonds, ABSs, etc. which the monolines have underwritten.
- Therefore, the downgrades to monolines (primary insurers) do not have any adverse effects on the nature or quality of the risk we have underwritten through inward reinsurance.

(ref.) The following is our credit exposure to US monolines as of March 31, 2010.

- ¥7.1 billion for guarantees/underwriting in relation to bonds guaranteed by monolines, and ¥0.9 billion investments in bonds guaranteed by monolines.

(Note that, as for these guarantees and investments, it is only when both the “underlying bond” and the “guaranteeing monoline” go into default that we become liable to pay.)

Q5: What’s the amount of the loss incurred during FY 2009 with regard to reinsurance ceded from US monolines?

A5:

- ¥10.6 billion loss (i.e. total of payout and outstanding claims) was booked for the period, inclusive of the payment in relation to the above-mentioned termination.

-- end of Q and A's --