

For Immediate Press Release

Shinsei Bank, Limited
(Code: 8303, TSE First Section)

Net Income Increases 10.2% in First Quarter Fiscal Year 2006

Tokyo (Tuesday, July 25, 2006) – Shinsei Bank, Limited (“Shinsei Bank”) today reported its financial results for the first three months of fiscal year 2006 ended June 30, 2006.

“The growing diversification of Shinsei’s business and revenue base contributed to net income growth in a volatile market environment” said Mr. Thierry Porte, President and Chief Executive Officer of Shinsei Bank, “Our performance remains on track for the year while new investments and initiatives during the first quarter provide further opportunities for business expansion and profitable growth.”

Financial Overview: First Three Months of Fiscal Year 2006

(All figures compared to first three months of Fiscal Year 2005)

- Revenue grew 3.6 billion yen or 5.6% to 68.1 billion yen
- Ordinary Business Profit (OBP) increased 2.6% to 30.8 billion yen; OBP after net credit costs grew 2.1 billion yen or 8.6% to 27.0 billion yen
- Net income increased 10.2% to 19.2 billion yen; Cash basis net income increased 4.9% to 24.5 billion yen
 - Cash basis diluted EPS was 12.09 yen, an increase of 4.2%
- Expense-to-revenue ratio was 54.8% as compared to 53.5% a year ago
- Return on assets was 0.8%; on a cash basis 1.1%
- Return on equity (diluted) was 9.0%; on a cash basis 11.6%
- Return on tangible equity was 16.7%

Key Highlights: First Three Months of Fiscal Year 2006

- In Institutional Banking, the impact of continuing demand for corporate loans as well as an increase in asset prices which supported revenue growth in credit trading business was partly offset by slower growth in the capital markets business.
- Strong performance at APLUS contributed to a 17.2% growth in revenue in Consumer and Commercial Finance (CCF).

- Retail Banking revenues continue to grow based on sales of an increasingly diverse range of products to a growing customer base.
- In April 2006, Shinsei Bank reached an agreement to form a 50/50 joint venture with Macquarie Group to focus exclusively on advisory services relating to acquisition and management of assets with long-term stable cash flows in infrastructure and related sectors in Japan. This initiative aims to take advantage of favorable economic trends and the ongoing public-to-private sector shift in Japan.
- In May 2006, Shinsei Bank announced an agreement to invest approximately 40 billion yen in common and preferred shares representing 31.8% common ownership in Jih Sun Financial Holding Co., Ltd. This provides Shinsei Bank the opportunity to leverage its strength in credit trading know-how, institutional banking product knowledge, risk management expertise and information technology at Jih Sun.
- On June 9, 2006, The Asian Banker awarded Shinsei Bank the Best Retail Bank in Japan 2005 award, in consideration of its agility and innovativeness in this market, as well as the Excellence in Internet Banking 2005 award for offering the most progressive internet banking service amongst Asian regional peers.
- On June 28, 2006, Japan Credit Ratings (JCR) upgraded Shinsei Bank's long-term senior debt rating from "A-" to "A" citing improved revenue diversification, a strong capital base and a low level of non-performing loans.

1. Income Statement:

Shinsei Bank reported consolidated revenue of 68.1 billion yen for the first three months of fiscal year 2006, an increase of 3.6 billion yen or 5.6% as compared to the same period in the previous year. Net interest income increased by 5.2 billion yen to 24.5 billion yen reflecting higher growth in interest-earning assets and lower borrowing costs in APLUS and Showa Leasing. Revenue from fees and commissions, trading and other non-interest sources, including revenue from leased assets and installment receivables for the first quarter of fiscal year 2006 were 43.5 billion yen as compared to 45.1 billion yen in the same period last fiscal year. Non-interest income for the period represented 63.9% of total revenues.

General and administrative expenses increased by 2.8 billion yen to 37.3 billion yen in the first three months of fiscal year 2006 largely due to increased business activities in all the three strategic business

pillars. As a result, for the three months ended June 30, 2006, Shinsei Bank's expense-to-revenue ratio was 54.8%.

Ordinary business profit (OBP) for the first three months of fiscal year 2006 was 30.8 billion yen or 2.6% higher than the same period last year. During the period, OBP after net credit costs grew 8.6% to 27.0 billion yen.

Net credit costs were 3.7 billion yen for the three months ended June 30, 2006 compared with net credit costs of 5.1 billion yen during the same period last year. The decrease in credit costs in this fiscal year was attributable to lower credit reserves required on the total claims (non-consolidated) outstanding as of June 30, 2006. This was partly offset by an increase in net credit costs relating to CCF companies.

Consolidated net income for the period was 19.2 billion yen, up 10.2% as compared to the same period last year. Diluted net income per share for the three-month ended June 30, 2006 was 9.46 yen.

Cash Basis Net Income

Shinsei Bank also reports cash basis net income on a voluntary basis in order to provide greater transparency and understanding of its underlying performance. Cash basis net income is calculated by excluding amortization of acquired goodwill and other intangibles, net of tax benefit, from net income under Japanese GAAP. The first three months of this fiscal year included 5.3 billion yen of amortized acquired goodwill and other intangibles, net of tax benefit related to the acquisition of CCF companies. Consolidated cash basis net income for the period was 24.5 billion yen, an increase of 4.9% as compared to the same period last year. Cash basis diluted net income per share for the three-month period of fiscal year 2006 was 12.09 yen, an increase of 4.2%, as compared to the same period last year.

2. Business Line Results:

Shinsei Bank's business model is based on three strategic pillars: Institutional Banking, Consumer and Commercial Finance and Retail Banking. These three pillars cover a broad range of businesses and customer segments which provide the Bank with diversified revenues.

Institutional Banking

The Institutional Banking business has positioned itself as a hybrid commercial and investment bank which provides innovative solutions to institutional customers through an integrated team of relationship managers and product specialists. The business generated revenue of 24.4 billion yen in

the first three months of this fiscal year. This is 1.1 billion yen lower than the same period last year partly due to slower growth in capital markets business this quarter. However, the business saw a significant pickup in demand for corporate loans and continuing strength in asset prices contributed to out performance in the credit trading business. In the first three months of this fiscal year, general and administrative expenses were 10.4 billion yen, 0.7 billion yen higher than the same period last year. Ordinary business profit for the first quarter of fiscal year 2006 was 13.9 billion yen as compared to 15.7 billion yen in the same period last fiscal year. The expense-to-revenue ratio of this business was 42.9%.

Consumer and Commercial Finance

The CCF business has now been fully integrated as the third strategic business pillar. Shinsei Bank has been acquiring and integrating into its service lines a number of CCF subsidiaries or affiliates that provide products such as sub-prime or near-prime consumer loans, loans to small and medium-sized enterprises and mortgage loans. In the three months ended June 30, 2006, the CCF business contributed revenue of 31.8 billion yen, an increase of 4.6 billion yen or 17.2% as compared to same period in fiscal year 2005. Strong revenue growth during the quarter improved the expense to revenue ratio to 53.7% from 57.0% during the same period a year ago. The business generated ordinary business profit of 14.7 billion yen, an increase of 3.0 billion yen from the same period last year primarily due to increased profitability in APLUS.

Retail Banking

The Retail Banking business continues to optimize its physical and remote channel mix more effectively and efficiently with its “bricks and clicks” business strategy. In the three months ended June 30, 2006, the Retail Banking business added more than 82,000 new *PowerFlex* retail customers and the business now has close to 1.8 million retail accounts.

During the first three months of this fiscal year, total revenue was 10.5 billion yen, up 8.1% from the same period last year. The main sources of revenue were interest income from retail deposits and loans, option income from structured deposits and fees from asset management products. The ability to successfully sell an increasingly diverse range of products is contributing to more balanced and recurring revenue growth.

Retail Banking incurred general and administrative expenses of 9.9 billion yen during the three month period, an increase of 0.6 billion yen as compared to the same period last fiscal year. The expense increase relates to expansion of distribution channels and the growth of customer driven transactions. The business generated ordinary business profit of 0.5 billion yen for the three months of fiscal year 2006, an increase of 0.1 billion yen from the same period last fiscal year.

ALM/Corporate/Other

Asset Liability Management (ALM), Corporate and Other primarily includes results of corporate treasury activities, income from proprietary investments, inter-company adjustments, and corporate level expenses. In the first three months of this fiscal year ordinary business profit was 1.5 billion yen.

3. Balance Sheet:

Shinsei Bank's loan balance was 4,241.7 billion yen at the end of June 2006 as compared to 4,087.5 billion yen as at March 31, 2006. In the first quarter of fiscal year 2006, loan growth was largely attributable to corporate loans, retail housing loans and lending to CCF customers. Corporate loans increased 3.8% to 2,961.2 billion yen, loans to retail customers, including lending to high net worth individuals, grew 6.8% or 33.7 billion yen to 527.4 billion yen. Lending to CCF customers increased 5.0% to 391.9 billion yen in the first quarter ended June 30, 2006.

Shinsei Bank has been diversifying its funding base through continuing growth in its retail deposits. Total deposits, including negotiable certificates of deposit, increased 384.1 billion yen or 9.4% to 4,455.9 billion yen in the first quarter ended June 30, 2006. The retail deposit balance, including high net worth customers, grew 127.7 billion yen or 4.1% in the first quarter of fiscal year 2006 as compared to the previous quarter, and has now reached over 3.2 trillion yen. As a result, retail funding now represents 68.9% of total customer deposits and debentures.

4. Non-performing Loans (non-consolidated):

As of June 30, 2006, total non-performing loans were 41.9 billion yen, a decline of 0.7 billion yen from March 2006 level. Non-performing loans now represent 0.98% of total claims outstanding.

Shinsei Bank is a Japanese financial institution providing a full range of financial products and services to both institutional and retail customers based on a three pillar business model comprising Institutional Banking, Consumer and Commercial Finance and Retail Banking. The Bank has total assets of US\$ 84 billion on a consolidated basis and a network of 29 Shinsei Bank branches in Japan (as of June 2006). Shinsei Bank demands uncompromising levels of integrity and transparency in all its activities to earn the trust of customers, staff and shareholders. The Bank is committed to delivering long-term profit growth and increasing value for all its stakeholders.

News and other information about Shinsei Bank are available at <http://www.shinseibank.com/english/index.html>.

Financial Highlights - Consolidated

Results of Operations

	Three months ended		Change	Three months ended	
	June 30, 2006 (1Q-FY2006) a	June 30, 2005 (1Q-FY2005) b		March 31, 2006 (4Q-FY2005) c	Change a - c (%)
Net interest income	24.5	19.3	26.9%	21.7	12.7%
Fees and commissions	11.2	12.8	(12.9)%	9.3	20.4%
Net trading income	7.0	4.7	46.4%	6.3	9.8%
Other business income	25.3	27.4	(7.9)%	32.7	(22.6)%
Non-interest income	43.5	45.1	(3.5)%	48.4	(10.0)%
Total revenue ⁽¹⁾	68.1	64.5	5.6%	70.2	(3.0)%
General and administrative expenses ⁽¹⁾	37.3	34.4	8.2%	34.5	8.0%
Ordinary business profit (<i>jisshitsu gyomu jun-eki</i>) ⁽¹⁾	30.8	30.0	2.6%	35.6	(13.5)%
Net credit costs	(3.7)	(5.1)	26.6%	(7.3)	48.7%
Amortization of consolidation (acquired) goodwill and other intangibles	(6.2)	(6.8)	9.7%	(8.4)	26.9%
Taxes and others	(1.6)	(0.5)	(175.0)%	(3.4)	51.9%
Net income	19.2	17.4	10.2%	16.4	17.1%
Cash basis net income ⁽²⁾	24.5	23.3	4.9%	23.9	2.4%

(1) Represents results based on management accounting basis.

(2) Excludes amortization of consolidation (acquired) goodwill and other intangibles, net of tax benefit, related to the acquisition of consumer and commercial finance companies.

Selected Balance Sheet Data

	As of		Change	
	June 30, 2006	March 31, 2006	Amount	%
Securities	1,540.9	1,494.4	46.5	3.1%
Loans and bills discounted	4,241.7	4,087.5	154.2	3.8%
Lease and installment receivables ⁽³⁾	829.9	825.0	4.9	0.6%
Intangible assets ⁽⁴⁾	66.0	68.1	(2.1)	(3.1)%
Consolidation (acquired) goodwill, net ⁽⁵⁾	221.4	226.6	(5.2)	(2.3)%
Customers' liabilities for acceptances and guarantees	808.2	813.4	(5.2)	(0.6)%
Total assets	9,696.6	9,405.0	291.6	3.1%
Deposits (including Negotiable Certificates of Deposit)	4,455.9	4,071.7	384.1	9.4%
Debentures and corporate bonds	1,146.0	1,316.9	(170.9)	(13.0)%
Borrowed money	1,142.0	1,205.7	(63.7)	(5.3)%
Acceptances and guarantees	808.2	813.4	(5.2)	(0.6)%
Total liabilities	8,586.2	8,287.8	298.4	3.6%
Minority interests in subsidiaries	/	261.8	/	/
Total net assets ⁽⁶⁾	1,110.4	855.3	/	/

(3) Lease assets are included in tangible/intangible fixed assets and installment receivables are a part of other assets in the consolidated balance sheet.

(4) Identified intangible assets are recorded through the acquisition of consumer and commercial finance companies.

(5) Consolidation (acquired) goodwill, net are included in intangible fixed assets in the consolidated balance sheet.

(6) As newly defined under Japanese Corporation Act effective May 1, 2006, total net assets as of June 30, 2006 represent total assets minus total liabilities and largely include total shareholders' equity and minority interest in subsidiaries (261.7 billion yen).

References

	As of	As of	As of
	June 30, 2006	March 31, 2006	June 30, 2005
Exchange rate (¥/\$)	115.24	117.47	110.62
Nikkei average	15,505.18	17,059.66	11,584.01

Interest-Earning Assets and Interest-Bearing Liabilities (Consolidated)
(billions of yen, except percentages)

	Three months ended June 30, 2006 (1Q-FY2006)			Fiscal year ended March 31, 2006 (FY2005)		
	Average balance	Interest	Yield/rate (%)	Average balance	Interest	Yield/rate (%)
Interest-earning assets:						
Loans and bills discounted	4,146.0	27.8	2.69	3,730.7	104.4	2.80
Leased assets and installment receivables	843.4	12.8	6.10	793.7	46.0	5.80
Securities	1,532.3	6.8	1.78	1,721.4	16.8	0.98
Other interest-earning assets ⁽¹⁾	655.2	3.4	2.12	503.7	3.7	0.74
Total revenue on interest-earning assets	7,177.1	50.9	2.85	6,749.7	171.0	2.53
Interest-bearing liabilities:						
Deposits, including negotiable certificates of deposit	4,233.7	5.4	0.52	3,776.8	16.9	0.45
Debentures	925.8	0.8	0.35	1,152.9	4.7	0.41
Subordinated debt	349.3	1.8	2.08	259.7	5.5	2.13
Borrowed money and corporate bonds	1,104.7	2.5	0.93	999.3	12.2	1.22
Other interest-bearing liabilities ⁽¹⁾	279.4	2.8	4.14	229.4	3.3	1.45
Total expense on interest-bearing liabilities	6,893.1	13.5	0.79	6,418.3	42.7	0.67
Non-interest-bearing sources of funds:						
Non-interest-bearing (assets) liabilities, net	(823.9)	-	-	(489.6)	-	-
Shareholders' equity ⁽²⁾	1,107.9	-	-	821.0	-	-
Total interest-bearing liabilities and non-interest-bearing sources of funds	7,177.1	-	-	6,749.7	-	-
Net interest margin	-	-	2.06	-	-	1.87
Impact of non-interest-bearing sources	-	-	0.03	-	-	0.03
Net revenue on interest-earning assets/yield on interest-earning assets	-	37.4	2.09	-	128.3	1.90
Note:						
Reconciliation of total revenue on interest-earning assets to total interest income.						
Total revenue on interest-earning assets	7,177.1	50.9	2.85	6,749.7	171.0	2.53
Less: Income on leased assets and installment receivables	843.4	12.8	6.10	793.7	46.0	5.80
Total interest income	6,333.6	38.1	2.41	5,955.9	125.0	2.10
Total interest expense	-	13.5	-	-	42.7	-
Net interest income	-	24.5	-	-	82.2	-

(1) Other interest-earning assets and other interest-bearing liabilities include interest swaps and fund swaps

(2) Represents a simple average of the balance at the end of the current.

Interest-Earning Assets and Interest-Bearing Liabilities (Non-consolidated)
(billions of yen, except percentages)

	Three months ended June 30, 2006 (1Q-FY2006)			Fiscal year ended March 31, 2006 (FY2005)		
	Average balance	Interest	Yield/rate (%)	Average balance	Interest	Yield/rate (%)
Interest-earning assets:						
Cash and due from banks	149.1	0.6	1.83	86.3	2.0	2.33
Call loans	113.7	0.0	0.05	100.9	0.0	0.02
Receivables under resale agreements	-	-	-	-	-	-
Collateral related to securities borrowing transactions	116.9	0.0	0.21	10.2	0.0	0.29
Securities	1,842.4	8.7	1.90	1,997.4	21.0	1.05
Loans and bills discounted	3,967.4	14.5	1.46	3,612.3	57.8	1.60
Other interest-earning assets	54.3	0.2	2.18	65.4	0.9	1.40
Interest rate and fund swaps	-	2.4	-	-	0.6	-
Total interest-earning assets	6,244.0	26.7	1.71	5,872.8	82.6	1.40
Interest-bearing liabilities:						
Deposits	4,099.7	5.4	0.53	3,746.5	16.9	0.45
Negotiable certificates of deposit	205.1	0.0	0.08	199.7	0.0	0.03
Debentures	927.8	0.8	0.34	1,158.6	4.7	0.40
Call money	67.9	0.1	0.80	127.3	0.0	0.07
Payable under repurchase agreements	-	-	-	0.6	0.0	0.00
Collateral related to securities lending transactions	58.4	0.0	0.09	4.9	0.0	0.55
Borrowed money	259.7	0.4	0.75	308.4	5.8	1.88
Corporate bonds	446.7	4.5	4.04	105.3	1.7	1.64
Other interest-bearing liabilities	0.3	2.5	***	0.3	3.0	***
Interest rate and fund swaps	-	-	-	-	-	-
Total interest-bearing liabilities	6,065.9	14.0	0.92	5,652.1	32.3	0.57
Net interest income/yield on interest-earning assets	6,244.0	12.6	0.81	5,872.8	50.2	0.85

Per Share Data

	for the first quarter ended		for the fiscal year ended
	June 2006	June 2005	March 2006
	(1Q-FY2006)	(1Q-FY2005)	(FY2005)
Common shareholder's equity	378.37	341.22	380.20
Fully diluted shareholders' equity	434.81	394.75	421.62
Basic net income	14.15	12.83	53.16
Diluted net income	9.46	8.65	37.75

Note:

For calculation of per share data

(shareholders' equity)	Number of common shares ⁽¹⁾	1,352,364,416	1,358,521,108	1,358,520,547
	Fully diluted number of shares ⁽¹⁾	1,951,572,269	2,027,720,977	2,028,676,851
(net income)	Number of common shares ⁽²⁾	1,356,915,702	1,358,522,235	1,358,521,302
	Fully diluted number of shares ⁽²⁾	2,029,659,620	2,014,877,111	2,015,832,613

(1) Outstanding shares at the end of the respective period

(2) Weighted average number of outstanding shares during the respective period

Cash Basis Per Share Data

	for the first quarter ended		for the fiscal year ended
	June 2006	June 2005	March 2006
	(1Q-FY2006)	(1Q-FY2005)	(FY2005)
Basic net income	18.08	17.21	72.16
Diluted net income	12.09	11.60	50.55

Performance Ratios

	for the first quarter ended		for the fiscal year ended
	June 2006	June 2005	March 2006
	(1Q-FY2006)	(1Q-FY2005)	(FY2005)
Return on assets	0.8% ⁽¹⁾	0.8% ⁽¹⁾	0.8%
Return on equity (fully diluted)	9.0% ⁽¹⁾	8.8% ⁽¹⁾	9.3%
Cash basis return on assets	1.1% ⁽¹⁾	1.1% ⁽¹⁾	1.2%
Cash basis return on equity (fully diluted)	11.6% ⁽¹⁾	11.8% ⁽¹⁾	12.4%
Expense-to-revenue ratio ^{(2) (3)}	54.8%	53.5%	49.7%

(1) Annualized basis

(2) Management accounting basis

(3) Expense denotes general and administrative expenses.

Supplemental Financial Data and Reconciliation to Japanese GAAP Measures ⁽¹⁾

For the first quarter FY2006 ended June 30, 2006

(billions of yen, except per share data and percentages)

Amortization of consolidation goodwill and other intangibles

Amortization of intangible assets	2.1
Associated deferred tax liability	(0.8)
Amortization of consolidation (acquired) goodwill	4.0
Total amortization of consolidation goodwill and other intangibles, net of tax benefit	5.3

Reconciliation of net income to cash basis net income

Net income	19.2
Amortization of consolidated goodwill and other intangibles, net of tax benefit	5.3
Cash basis net income	24.5

Reconciliation of basic net income per share to cash basis basic net income per share

Basic net income per share	14.15
Effect of amortization of consolidation goodwill and other intangibles, net of tax benefit	3.92
Cash basis basic net income per share	18.08

Reconciliation of fully diluted net income per share to cash basis fully diluted net income per share

Fully diluted net income per share	9.46
Effect of amortization of consolidation goodwill and other intangibles, net of tax benefit	2.62
Cash basis fully diluted net income per share	12.09

Reconciliation of return on assets to cash basis return on assets

Return on assets	0.8 ⁽³⁾
Effect of amortization of consolidation goodwill and other intangibles, net of tax benefit	0.2 ⁽³⁾
Cash basis return on assets	1.1 ⁽³⁾

Reconciliation of return on equity to cash basis return on equity

Return on equity (fully diluted)	9.0 ⁽³⁾
Effect of amortization of consolidation goodwill and other intangibles, net of tax benefit	2.5 ⁽³⁾
Cash basis return on equity (fully diluted)	11.6 ⁽³⁾

Reconciliation of return on equity to return on tangible equity

Return on equity (fully diluted)	9.0 ⁽³⁾
Effect of consolidation goodwill and other intangibles ⁽²⁾	7.6 ⁽³⁾
Return on tangible equity (fully diluted)	16.7 ⁽³⁾

(1) Reflects adjustments of consolidation (acquired) goodwill and other intangibles associated with the acquisition of consumer and commercial finance companies.

(2) Net income excludes amortization of consolidation (acquired) goodwill and other intangibles, net of tax benefit. Average shareholders' equity excludes consolidation (acquired) goodwill and other intangibles.

(3) Annualized basis

Business Line Ordinary Business Profit⁽¹⁾
(billions of yen)
For the First Quarter of Fiscal Year 2006 ended June 30, 2006

	Institutional Banking	Consumer and Commercial Finance (※)	Retail Banking	ALM/ Corporate/ Other ⁽²⁾	Total
Total revenue	24.4	31.8	10.5	1.3	68.1
General and administrative expenses	10.4	17.0	9.9	(0.1)	37.3
Ordinary business profit	13.9	14.7	0.5	1.5	30.8

 (※) breakdown of Consumer and
Commercial Finance

	APLUS	Showa Leasing	Other	Consumer and Commercial Finance
Total revenue	23.6	5.7	2.5	31.8
General and administrative expenses	13.1	2.5	1.4 ⁽³⁾	17.0
Ordinary business profit	10.5	3.1	1.1	14.7

For the First Quarter of Fiscal Year 2005 ended June 30, 2005

	Institutional Banking	Consumer and Commercial Finance (※)	Retail Banking	ALM/ Corporate/ Other ⁽²⁾	Total
Total revenue	25.5	27.1	9.7	2.1	64.5
General and administrative expenses	9.7	15.4	9.2	0.0	34.4
Ordinary business profit	15.7	11.6	0.4	2.1	30.0

 (※) breakdown of Consumer and
Commercial Finance

	APLUS	Showa Leasing	Other	Consumer and Commercial Finance
Total revenue	19.4	5.8	1.9	27.1
General and administrative expenses	11.1	2.6	1.7 ⁽³⁾	15.4
Ordinary business profit	8.3	3.2	0.1	11.6

(1) Represents results based on management accounting basis.

(2) ALM/Corporate/Other largely includes results of corporate treasury activities, income from proprietary investments, and corporate level expenses.

(3) Includes unallocated consumer and commercial finance sub-group expenses.

Earnings Forecast for Fiscal Year 2006 (as announced previously)

(Consolidated)

(billions of yen)
for the fiscal year ended

	Mar. 31, 2007 (FY2006) Forecast	Mar. 31, 2006 (FY2005) Actual
Net income	84.0	76.0
Cash basis net income ⁽⁴⁾	107.0	101.9

(4) Excludes amortization of consolidation (acquired) goodwill and other intangibles, net of tax benefit, related to the acquisition of consumer and commercial finance companies.

 (Non-consolidated)⁽⁵⁾
(billions of yen (other than dividends))
for the fiscal year ended

	Mar. 31, 2007 (FY2006) Forecast	Mar. 31, 2006 (FY2005) Actual
Net business profit	77.0	69.1
Net income	75.0	74.8
Dividends (in yen)		
Common stock	3.32	2.96
Class A preferred share	13.00	13.00
Class B preferred share	4.84	4.84

(5) Revitalization plan basis

Above forecasts are based on current assumptions of future events and trends, which may be incorrect. Actual results may differ materially from those in the statements as a result of various factors.

Consolidated Statements of Income

(millions of yen)

	Three months ended	Three months ended	Change		Fiscal year ended
	Jun. 30, 2006	Jun. 30, 2005	a-b	%	Mar.31,2006
	a	b			c
Interest on loans and bills	27,845	24,424	3,421	14.0%	104,438
Interest and dividends on securities	6,816	4,136	2,680	64.8%	16,879
Other interest income	3,461	1,325	2,136	161.2%	3,711
Interest income	38,123	29,886	8,237	27.6%	125,029
Fees and commissions income	16,354	17,750	(1,396)	(7.9)%	68,263
Trading profits	7,082	4,856	2,226	45.8%	27,665
Other business income	67,061	65,397	1,664	2.5%	268,611
Other ordinary income	6,319	5,296	1,023	19.3%	39,487
Ordinary income	134,941	123,186	11,755	9.5%	529,057
Interest on deposits,including negotiable certificates of deposit	5,494	3,851	1,643	42.7%	16,934
Interest on debentures	806	1,349	(543)	(40.3)%	4,709
Interest on other borrowings	2,404	4,729	(2,325)	(49.2)%	14,694
Other interest expenses	4,843	592	4,251	718.1%	6,390
Interest expenses	13,549	10,522	3,027	28.8%	42,729
Fees and commissions expenses	5,152	4,898	254	5.2%	22,767
Trading losses	57	59	(2)	(3.4)%	152
Other business expenses	44,616	42,756	1,860	4.4%	186,283
General and administrative expenses	37,336	34,605	2,731	7.9%	136,596
Amortization of consolidation goodwill	4,061	/	/	/	/
Amortization of other intangibles	2,141	/	/	/	/
Total General and administrative expenses	43,539	34,605	8,934	25.8%	136,596
Other ordinary expenses	7,382	7,579	(197)	(2.6)%	13,649
Amortization of consolidation goodwill	/	4,587	/	/	20,397
Amortization of other intangibles	/	2,283	/	/	9,047
Total Other ordinary expenses	7,382	14,450	(7,068)	(48.9)%	69,057
Ordinary expenses	114,298	107,292	7,006	6.5%	457,586
Net ordinary income	20,643	15,893	4,750	29.9%	71,471
Special gains	2,647	1,640	1,007	61.4%	3,703
Special losses	51	33	18	54.5%	1,463
Income before income taxes and minority interests	23,238	17,500	5,738	32.8%	73,711
Income tax (current)	960	844	116	13.7%	3,733
Income tax (deferred)	(1,135)	(1,367)	232	(17.0)%	(11,414)
Minority interests in net income of subsidiaries	4,200	586	3,614	616.7%	5,293
Net income	19,212	17,437	1,775	10.2%	76,099

(billions of yen)

(Ref.) Ordinary business profit (<i>jisshitsu gyomu jun-eki</i>) ⁽¹⁾	30.8	30.0	0.8	2.6%	137.7
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Consolidated Balance Sheets

-- Assets

(millions of yen)

	As of June 30, 2006 a	As of June 30, 2005 b	Change a-b	As of March 31, 2006 c	Change a-c
<<Assets>>					
Cash and due from banks	250,091	264,104	(14,013)	488,601	(238,510)
Call loans	175,762	21,507	154,255	50,000	125,762
Collateral related to securities borrowing transactions	80,261	4,240	76,021	33,107	47,154
Other monetary claims purchased	287,416	269,473	17,943	273,937	13,479
Trading assets	366,753	92,008	274,745	193,581	173,172
Monetary assets held in trust	447,944	313,961	133,983	456,167	(8,223)
Securities	1,540,990	1,548,234	(7,244)	1,494,489	46,501
Loans and bills discounted	4,241,744	3,407,506	834,238	4,087,561	154,183
Foreign exchanges	9,600	8,409	1,191	12,140	(2,540)
Other assets	848,133	901,930	(53,797)	974,398	(126,265)
Premises and equipment	/	412,493	/	415,522	/
Tangible fixed assets	396,049	/	/	/	/
Intangible fixed assets	354,735	/	/	/	/
Consolidation goodwill, net	221,407	/	/	/	/
Deferred discounts on and issuance expenses for debentures	124	235	(111)	177	(53)
Deferred tax assets	30,912	24,908	6,004	30,022	890
Consolidation goodwill, net	/	237,985	/	226,692	/
Customers' liabilities for acceptances and guarantees	808,256	1,053,349	(245,093)	813,480	(5,224)
Reserve for credit losses	(142,137)	(148,061)	5,924	(144,868)	2,731
Total assets	9,696,639	8,412,289	1,284,350	9,405,013	291,626

Consolidated Balance Sheets

-- Liabilities and Net assets

(millions of yen)

	As of June 30, 2006 a	As of June 30, 2005 b	Change a-b	As of March 31, 2006 c	Change a-c
<<Liabilities>>					
Deposits, including negotiable certificates of deposit	4,455,913	3,399,949	1,055,964	4,071,758	384,155
Debentures	847,091	1,192,097	(345,006)	1,018,909	(171,818)
Call money	129,285	1,106	128,179	30,000	99,285
Collateral related to securities lending transactions	76,053	—	76,053	—	76,053
Commercial paper	165,000	96,300	68,700	133,200	31,800
Trading liabilities	150,511	78,591	71,920	149,990	521
Borrowed money	1,142,003	1,126,432	15,571	1,205,765	(63,762)
Foreign exchanges	7	6	1	39	(32)
Corporate bonds	298,996	87,637	211,359	298,002	994
Other liabilities	493,112	494,257	(1,145)	535,753	(42,641)
Accrued employees bonuses	5,017	3,930	1,087	13,886	(8,869)
Reserve for bonuses to directors	62	—	62	13	49
Reserve for retirement benefits	3,090	3,247	(157)	3,309	(219)
Reserve for loss on disposition of premises and equipment	/	153	/	—	/
Reserve under special law	2	2	0	2	—
Deferred tax liabilities	11,835	19,220	(7,385)	13,718	(1,883)
Acceptances and guarantees	808,256	1,053,349	(245,093)	813,480	(5,224)
Total liabilities	8,586,239	7,556,283	1,029,956	8,287,832	298,407
<<Minority interests in subsidiaries>>					
Minority interests in subsidiaries	/	55,561	/	261,845	/
<<Net Assets>>					
Shareholders' equity		<<Shareholders' equity>>		<<Shareholders' equity>>	
Capital stock	451,296	451,296	-	451,296	—
Capital surplus	18,558	18,558	-	18,558	—
Retained earnings	394,767	324,787	69,980	379,502	15,265
Treasury stock, at cost	(4,557)	(10)	(4,547)	(12)	(4,545)
Total shareholders' equity	860,065	/	/	/	/
Net unrealized gain / loss and translation adjustments					
Net unrealized gain / loss on securities available-for-sale, net of taxes	(288)	2,948	(3,236)	2,208	(2,496)
Net unrealized gain / loss on deferred hedge	(14,510)	/	/	/	/
Foreign currency transaction adjustments	3,315	2,863	452	3,781	(466)
Total net unrealized gain / loss and translation adjustments	(11,483)	/	/	/	/
Stock acquisition rights	55	/	/	/	/
Minority interests in subsidiaries	261,762	/	/	/	/
Total net assets	1,110,400	800,444	/	855,335	/
Total liabilities and net assets	9,696,639	8,412,289	1,284,350	9,405,013	291,626

yen / US\$

@115.24

@110.62

*1: Certain account titles of the balance sheets as of Jun.30,2005 (b) and Mar.31,2006 (c) are realigned in line with the balance sheet as of Jun.30,2006 (a).

*2: "Total liabilities and net assets" balances as of Jun.30,2005 (b) and Mar.31,2006 (c) include "Minority interests in subsidiaries".

Reference Material

(The tables below represent translations of the original disclosure in the Japanese language.)

1. Non-Consolidated Financial Results [and Projections]

(millions of yen)

	for the first quarter ended		for the fiscal year ended	for the fiscal year ended
	June 30, 2006 (1Q-FY2006) (Unaudited)	June 30, 2005 (1Q-FY2005) (Unaudited)	March 31, 2006 (FY2005) (Reference)	March 31, 2007 (FY2006) (Projection)
Gross business profit (<i>gyomu sorieki</i>) ⁽¹⁾	31,124	37,849	142,440	-
Net interest income	13,697	16,627	53,139	-
Net fees and commissions	9,153	9,552	50,958	-
Net trading income	5,102	3,743	20,276	-
Other income	3,170	7,925	18,065	-
General & administrative expenses	20,135	19,039	73,257	-
Net business profit (<i>jisshitsu gyomu jun-eki</i>) ⁽¹⁾	10,989	18,809	69,182	77,000
Net operating income (<i>keijou rieki</i>)	9,991	18,394	60,497	73,000
Net income	16,127	20,510	74,890	75,000
Net credit recoveries	(4,914)	(960)	(4,937)	
Reversal of reserve for credit losses	(4,914)	(969)	(5,498)	

(1) Includes income from monetary assets held in trust of 5,944 million yen for the first quarter period ended June 30, 2006, 6,936 million yen for the first quarter ended June 30, 2005 and 39,508 million yen for the fiscal year ended March 31, 2006.

2. Problem Claims

(i) Claims Classified Under the Financial Revitalization Law (Non-Consolidated)

(billions of yen, %)

	As of June 30, 2006 (Unaudited)	As of March 31, 2006	Change	As of June 30, 2005 (Unaudited)	Change
	a	b	a-b	c	a-c
Claims against bankrupt and quasi-bankrupt obligors	0.5	0.7	(0.2)	3.3	(2.7)
Doubtful claims	20.2	20.7	(0.5)	38.0	(17.7)
Substandard claims	21.1	21.1	0.0	6.4	14.7
Total (A)	41.9	42.5	(0.7)	47.6	(5.8)
Total claims (B)	4,253.8	4,129.0	124.8	3,595.8	658.0
(A) / (B) x 100	0.98	1.03	(0.05)	1.32	(0.34)
(ref.) Amount of partial write-off	2.4	2.4		6.0	

(ii) Risk Monitored Loans (Non-Consolidated)

(billions of yen, %)

	As of June 30, 2006 (Unaudited)	As of March 31, 2006	Change	As of June 30, 2005 (Unaudited)	Change
	a	b	a-b	c	a-c
Loans to bankrupt obligors	0.3	0.5	(0.2)	2.4	(2.1)
Non-accrual delinquent loans	20.0	20.4	(0.4)	37.1	(17.1)
Loans past due three months or more	0.0	0.0	0.0	3.0	(3.0)
Restructured loans	21.0	21.0	(0.0)	3.3	17.7
Total (A)	41.4	42.1	(0.7)	46.0	(4.6)
Loans and bills discounted (B)	4,099.4	3,961.2	138.2	3,394.0	705.4
(A) / (B) x 100	1.01	1.06	(0.05)	1.36	(0.35)
Reserve for credit losses (C)	106.4	111.4	(5.0)	118.2	(11.8)
Reserve ratios (C) / (A) x 100	256.74	264.51	(7.77)	256.84	(0.10)

3. Securities (Non-Consolidated)

As of June 30, 2006 (Unaudited)

(billions of yen)

	Fair value	Net unrealized gain (loss)	
		Gross unrealized gains	Gross unrealized losses
Equity securities (domestic)	12.2	0.7	0.3
Bonds (domestic)	679.1	(4.7)	4.9
Other ⁽¹⁾	218.6	0.9	1.2
Total	910.0	(3.1)	6.5

As of March 31, 2006

(billions of yen)

	Fair value	Net unrealized gain (loss)	
		Gross unrealized gains	Gross unrealized losses
Equity securities (domestic)	11.1	1.5	0.0
Bonds (domestic)	671.4	(4.7)	4.7
Other ⁽¹⁾	149.6	2.6	0.7
Total	832.2	(0.4)	5.4

As of June 30, 2005 (Unaudited)

(billions of yen)

	Fair value	Net unrealized gain (loss)	
		Gross unrealized gains	Gross unrealized losses
Equity securities (domestic)	5.6	1.8	0.0
Bonds (domestic)	1,108.0	(0.0)	0.4
Other ⁽¹⁾	105.4	3.0	0.9
Total	1,219.1	4.8	1.4

(1) "Other" mainly consists of foreign securities.

4. Balance of Deposits (Non-Consolidated)

(billions of yen)

	As of June 30, 2006 (Unaudited)	As of March 31, 2006	Change	As of June 30, 2005 (Unaudited)	Change
Balance of deposits (including NCDs)	4,521.3	4,158.1	363.2	3,492.2	1,029.1
Balance of deposits from individuals	3,209.2	3,081.6	127.5	2,562.7	646.4

Non-Consolidated Statements of Income

(millions of yen)

	Three months ended	Three months ended	Change		FY2005
	June 30, 2006 (1Q-FY2006)	June 30, 2005 (1Q-FY2005)	a-b	%	c
	a	b			
Interest on loans and bills	14,531	14,583	(52)	(0.4)%	57,895
Interest and dividends on securities	8,753	7,625	1,128	14.8%	21,036
Other interest income	3,457	1,192	2,265	190.0%	3,689
Interest income	26,742	23,401	3,341	14.3%	82,620
Fees and commissions income	5,487	4,732	755	16.0%	22,065
Trading profits	5,191	3,826	1,365	35.7%	20,740
Other business income	4,601	9,291	(4,690)	(50.5)%	23,523
Other ordinary income	9,300	8,128	1,172	14.4%	48,334
Ordinary income	51,323	49,380	1,943	3.9%	197,284
Interest on deposits, including negotiable certificates of deposit	5,508	3,864	1,644	42.5%	16,994
Interest on debentures	807	1,352	(545)	(40.3)%	4,720
Interest on other borrowings	623	1,809	(1,186)	(65.6)%	5,895
Other interest expenses	7,105	357	6,748	1,890.2%	4,787
Interest expenses	14,044	7,383	6,661	90.2%	32,398
Fees and commissions expenses	2,284	2,126	158	7.4%	10,659
Trading losses	89	82	7	8.5%	463
Other business expenses	1,425	1,355	70	5.2%	5,415
General and administrative expenses	20,163	19,154	1,009	5.3%	73,860
Other ordinary expenses	3,326	882	2,444	277.1%	13,990
Ordinary expenses	41,332	30,985	10,347	33.4%	136,787
Net ordinary income	9,991	18,394	(8,403)	(45.7)%	60,497
Special gains	4,915	975	3,940	404.1%	6,261
Special losses	24	16	8	50.0%	119
Income before income taxes	14,882	19,353	(4,471)	(23.1)%	66,639
Income taxes (current)	(1,244)	(1,156)	(88)	7.6%	(5,991)
Income taxes (deferred)	-	-	-	-	(2,260)
Net income	16,127	20,510	(4,383)	(21.4)%	74,890

US\$ / yen

@115.24

@110.62

@117.47

Non-Consolidated Balance Sheets -- Assets

(millions of yen)

	As of June 30, 2006 a	As of June 30, 2005 b	Change a-b	As of March 31, 2006 c	Change a-c
<<Assets>>					
Cash and due from banks	135,346	122,054	13,292	315,282	(179,936)
Call loans	175,762	21,507	154,255	50,000	125,762
Collateral related to securities borrowing transactions	80,261	4,240	76,021	33,107	47,154
Other monetary claims purchased	52,416	60,401	(7,985)	40,233	12,183
Trading assets	350,981	91,279	259,702	173,315	177,666
Monetary assets held in trust	547,142	369,127	178,015	556,448	(9,306)
Securities	1,849,671	1,892,514	(42,843)	1,809,798	39,873
Loans and bills discounted	4,099,476	3,394,026	705,450	3,961,246	138,230
Foreign exchanges	9,600	8,409	1,191	12,140	(2,540)
Other assets	257,583	251,320	6,263	282,669	(25,086)
Premises and equipment	/	26,715	/	26,701	/
Tangible fixed assets	21,306	/	/	/	/
Intangible fixed assets	14,440	/	/	/	/
Deferred discounts on and issuance expenses for debentures	124	235	(111)	177	(53)
Deferred tax assets	29,040	23,462	5,578	27,965	1,075
Customers' liabilities for acceptances and guarantees	30,372	53,139	(22,767)	30,985	(613)
Reserve for credit losses	(106,460)	(118,216)	11,756	(111,421)	4,961
Total assets	7,547,065	6,200,218	1,346,847	7,208,651	338,414
	US\$ / yen	@115.24	@110.62	@117.47	

Non-Consolidated Balance Sheets

-- Liabilities and Net assets

(millions of yen)

	As of June 30, 2006 a	As of June 30, 2005 b	Change a-b	As of March 31, 2006 c	Change a-c
<<Liabilities>>					
Deposits, including negotiable certificates of deposit	4,521,385	3,492,271	1,029,114	4,158,192	363,193
Debentures	848,401	1,196,107	(347,706)	1,021,419	(173,018)
Call money	79,285	1,106	78,179	30,000	49,285
Collateral related to securities lending transactions	76,053	-	76,053	-	76,053
Bills sold	50,000	-	50,000	-	50,000
Trading liabilities	144,202	74,590	69,612	129,059	15,143
Borrowed money	279,570	318,548	(38,978)	314,789	(35,219)
Foreign exchanges	281	283	(2)	325	(44)
Corporate bonds	451,685	50,000	401,685	447,024	4,661
Other liabilities	218,400	204,338	14,062	213,567	4,833
Accrued employees bonuses	3,466	2,892	574	10,040	(6,574)
Reserve for retirement benefits	171	903	(732)	200	(29)
Reserve for loss on disposition of premises and equipment	/	153	/	-	/
Acceptances and guarantees	30,372	53,139	(22,767)	30,985	(613)
Total liabilities	6,703,276	5,394,334	1,308,942	6,355,605	347,671
<<Net assets>>					
		<<Stockholders' Equity>>		<<Stockholders' Equity>>	
Shareholders' equity					
Capital stock	451,296	451,296	-	451,296	-
Capital surplus	18,558	18,558	-	18,558	-
Additional paid-in capital	18,558	18,558	-	18,558	-
Retained earnings	392,707	330,093	62,614	380,526	12,181
Appropriated for legal reserve	8,567	6,987	1,580	7,777	790
Other retained earnings	384,139	323,105	61,034	372,749	11,390
Earned surplus brought forward	384,139	323,105	61,034	372,749	11,390
Treasury stock, at cost	(4,552)	(5)	(4,547)	(6)	(4,546)
Total shareholders' equity	858,010	/	/	/	/
Net unrealized gain / loss and translation adjustments					
Net unrealized gain / loss on securities available-for-sale, net of taxes	1,104	5,940	(4,836)	2,670	(1,566)
Net unrealized gain / loss on deferred hedge	(15,381)	/	/	/	/
Total net unrealized gain / loss and translation adjustments	(14,276)	/	/	/	/
Stock acquisition rights	55	/	/	/	/
Total net assets	843,789	805,883	37,906	853,046	(9,257)
Total liabilities and net assets	7,547,065	6,200,218	1,346,847	7,208,651	338,414

US\$ / yen

@115.24

@110.62

@117.47

* Certain account titles of the balance sheets as of Jun.30,2005 (b) and Mar.31,2006 (c) are realigned in line with the balance sheet as of Jun.30,2006 (a).