

For Immediate Press Release

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

Shinsei Bank Reports First Half Fiscal Year 2006 Results

Cancels 85 Million Common Shares

Tokyo (Wednesday, November 15, 2006) – Shinsei Bank, Limited (“Shinsei Bank”) today reported its financial results for the first six months of fiscal year 2006 ended September 30, 2006.

“Despite a particularly challenging market environment” said Mr. Thierry Porté, President and CEO of Shinsei Bank, “our consolidated reported net income for the first half of fiscal year 2006 is close to our original forecast largely resulting from our disciplined balance sheet management and an increasingly diversified range of businesses and revenue sources”.

Financial Overview: First Six Months of Fiscal Year 2006

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

- Revenue grew 7.9 billion yen or 6.1% to 138.5 billion yen
- Net income increased 3.1% to 38.8 billion yen; Cash basis net income was 47.6 billion yen, declined 2.9 billion yen from a year ago
 - Cash basis diluted EPS of 23.96 yen
 - Expense-to-revenue ratio of 54.7% as compared to 51.1% a year ago
- Return on assets 0.8%; on a cash basis 1.0%
- Return on equity (diluted) 9.7%; on a cash basis 11.9%
- Return on tangible equity 17.7%
- Total capital adequacy ratio of 13.5%
- Non-performing loans (non-consolidated) decreased 20.1 billion yen to 26.0 billion yen, representing 0.5% of total claims outstanding
- Interim common dividend of 1.66 yen per share, as compared to 1.48 yen per share a year ago

Key Highlights: First Six Months of Fiscal Year 2006

- In April 2006, Shinsei Bank reached an agreement to form a 50/50 joint venture with Macquarie Bank 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 Shinsei Bank and Macquarie Bank's complementary strengths and the ongoing public-to-private sector shift in Japan.

- 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, and the Excellence in Internet Banking 2005 award for being the most progressive amongst Asian regional peers.

- On June 28, 2006, 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.

- On July 21, 2006, Shinsei made a 39.7 billion yen (NT\$ 11.3 billion) investment representing a 35.4% fully-diluted ownership interest in Jih Sun Financial Holding, a financial group that offers a full array of banking and brokerage products and services in Taiwan. Jih Sun's future growth and development can benefit by leveraging Shinsei Bank's knowledge and experience in risk management, credit trading, information technology and corporate and retail banking.

- On July 31, 2006, 300 million Series 3 Class B Preferred Shares issued by Shinsei Bank were converted into 200,033,338 Shinsei Bank Common Shares by The Resolution and Collection Corporation ("RCC") and the revised conversion price of 735.0 yen was applied effective August 1, 2006 to the remaining 300 million Series 3 Class B Preferred Shares issued by Shinsei Bank.

On August 17, 2006, RCC sold the converted Shinsei Bank Common Shares through ToSTNeT-2 (for transactions at closing price) of the Tokyo Stock Exchange, and Shinsei Bank purchased 175,466,000 shares among such shares for a total of 132.1 billion yen and has held them as treasury stock.

Cancellation of Treasury Shares

Shinsei Bank's Board of Directors today approved the cancellation of 85 million Shinsei Bank Common Shares currently held as treasury stock on November 16, 2006. The cancellation of 85 million Common Shares will not affect the Tier 1 or Total Capital ratios.

The reset of 50% of Series 3 Class B Preferred Shares issued by Shinsei Bank from 599.9 yen to 735.0 yen per share on August 1, 2006 reduced share count by 1.8% on a fully diluted basis.

Canceling 85 million Common Shares will further reduce share count by 4.2% on a fully diluted basis, resulting in an aggregate share count reduction of 6.0%.

1. Income Statement:

For the six months ended September 30, 2006, Shinsei Bank reported total revenue of 138.5 billion yen, an increase of 7.9 billion yen, or 6.1%, as compared to the same period in the previous fiscal year.

Net interest income grew 11.6 billion yen, or 28.9%, to 51.7 billion yen due partly to an increase in interest-earning assets in all three strategic pillars (Institutional Banking, Consumer and Commercial Finance and Retail Banking), as well as to an increase in net yield on interest-earning assets. Net revenue on interest-earning assets, comprised of net interest income and revenue on leased assets and installment receivables, increased by 13.5 billion yen to 77.3 billion yen for the first half of fiscal year 2006 as compared to the same period last year. The increase in the average balance of interest-earning assets was largely attributable to substantial growth in loans and bills discounted balance. The increase in yields on interest-earning assets largely reflects higher yields on foreign currency denominated securities. The higher balance of customer deposits, including negotiable certificates of deposits, accounted for about 90% of the increase in interest-bearing liabilities. The increase in yields of interest-bearing liabilities primarily reflected the interest expense associated with funding swaps.

Non-interest income, consisting of net fees and commissions, net trading income and net other business income, declined 3.6 billion yen, or 4.0%, to 86.8 billion yen. The primary factor causing a decline in non-interest income was equity in the non-consolidated net loss of Shinsei Bank's equity-method affiliate, Shinki. Shinki incurred a non-consolidated net loss of 15.4 billion yen, and Shinsei Bank's equity in such loss was 5.3 billion yen, net of consolidation adjustments, which is included in net other business income. Shinki's non-consolidated net loss was due primarily to provisions for potential losses from the reimbursement of excess interest payments and related loan losses. Declines in net other business income caused by Shinsei Bank's equity in Shinki's net loss and other factors were offset in part by increased revenue from credit trading and other activities.

General and administrative expenses for the six months ended September 30, 2006 were 75.7 billion yen, an increase of 9.0 billion yen, or 13.5%, as compared to the same period in the previous fiscal year. The increase is due mainly to increased product and customer support required for business expansion in all three business pillars as well as to the addition of 2.1 billion yen in expenses related to the newly acquired consumer finance company, Zen-Nichi Shinpan.

Net credit costs were 5.2 billion yen for the six months ended September 30, 2006, as compared to 14.5 billion yen for the same period in the previous fiscal year. The decline in net credit costs was mainly attributable to an improvement in the credit ratings of several obligors. This was offset in part by higher credit provisions in APLUS relating primarily to delays in portfolio collections.

The acquisition of majority stakes in APLUS, Showa Leasing and other consumer and commercial finance (CCF) companies resulted in the creation of goodwill and other intangibles. The amortization of goodwill and other intangibles declined 4.1 billion yen to 10.5 billion yen for the six months ended September 30, 2006 compared with the same period in the previous fiscal year. The amortization of goodwill and other intangibles relating to APLUS (including Zen-Nichi Shinpan) and Showa Leasing was 8.7 billion yen and 1.7 billion yen, respectively.

Shinsei Bank's financial results for the six months ended September 30, 2006 were impacted by provisions made by APLUS and Shinki for future possible losses on reimbursements of excess interest payments and loan losses in response to the release on October 13, 2006, by the Japan Institute of Certified Public Accountants of "Audit Guidelines on Consumer Finance Companies' Provisions for Possible Losses on Reimbursements of Excess Interest Payments". These guidelines stipulate that consumer finance companies make certain provisions as of September 30, 2006, for possible losses on reimbursements of excess interest payments and loan losses related to consumer finance loans extended at interest rates in excess of the maximum interest rate prescribed in the Interest Rate Restriction Law. In accordance with such guidelines, the amount of such reserve for APLUS and Shinki was calculated using the average period to maturity of the affected loans, an estimate of the percentage of such loan transactions that will be subject to a future reimbursement request based on past experience and an estimate of the average amount to be reimbursed based on past experience. APLUS (including Zen-Nichi Shinpan) made an additional provision and incurred related costs of 2.3 billion yen, and Shinki made substantial provisions, as discussed above.

Taxes and other for the first half of fiscal year 2006 totaling 8.1 billion yen includes minority interests in net income of subsidiaries. For the six months ended September 30, 2006, minority interests in net income of subsidiaries increased to 8.2 billion yen from 1.2 billion yen for the same period in the previous fiscal year reflecting primarily dividends paid on perpetual preferred securities issued by two finance subsidiaries in February and March 2006.

As a result, net income for the six months ended September 30, 2006 amounted to 38.8 billion yen, an increase of 1.1 billion yen, or 3.1%, compared with the same period in the previous fiscal year.

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 goodwill and other intangibles, net of tax benefit, from net income under Japanese GAAP. The first six months of this fiscal year included 8.7 billion yen of amortized goodwill

and other intangibles, net of tax benefit related to the acquisition of CCF companies. Consolidated cash basis net income for the period was 47.6 billion yen, as compared to 50.5 billion yen a year ago. Cash basis diluted net income per share for the six-month period of fiscal year 2006 was 23.96 yen, a decrease of 4.5%, as compared to the same period last year.

2. Business Line Results

Shinsei Bank continues to expand and develop its coverage of a broad range of businesses and customer segments through its three strategic pillars: Institutional Banking, Consumer and Commercial Finance and Retail Banking. Institutional Banking is focused on offering a growing range of advanced and innovative investment and commercial banking services to institutional customers. Consumer and Commercial Finance provides a full range of products and services to small and medium-sized companies and individual customers. Retail Banking continues to grow its individual customer base by providing innovative products through convenient distribution channels.

Institutional Banking

Shinsei Bank has developed a successful hybrid banking business model based on the functionality of a commercial bank and the innovativeness of an investment bank. In the first half of fiscal year 2006, the Institutional Banking business earned revenue of 55.2 billion yen, 4.5% or 2.3 billion yen higher than the same period a year ago. The business made good progress in real estate finance, loan portfolio growth and in both the domestic and international credit trading business. Securitization activities were limited by oversupply in the market while volatility in the equity and fixed income markets challenged the capital market business. General and administrative expenses for the period increased 2.1 billion yen to 21.9 billion yen, relating to expansion of the business. Net credit recoveries for the period of 17.2 billion yen are mainly attributable to an improvement in the credit ratings of several obligors. As a result, ordinary business profit after net credit recoveries totaled 50.5 billion yen, a 15.0 billion yen increase over the same period last fiscal year.

Consumer and Commercial Finance

The Consumer and Commercial Finance business provides consumer finance, commercial finance and specialty property finance for both consumers and small businesses. This business has been built up through the acquisition of a number of subsidiaries which now form an integral part of the Shinsei Bank Group with a dedicated team providing operational and managerial direction to each subsidiary to leverage core competencies and intra-bank synergies. The business generated total revenue of 60.7 billion yen in the first six months of fiscal year 2006. This is 3.0 billion yen higher than a year ago. General and administrative expenses increased 5.1 billion yen, partly due to 2.1 billion yen in expenses relating to Zen-Nichi Shinpan, a newly acquired subsidiary of APLUS.

The first half of fiscal year 2006 has been a challenging period for the Consumer and Commercial Finance business. Though Showa Leasing and the specialty property businesses posted good results during the period under review, the additional provision requirements following recent regulatory changes arising from the “Grey Zone” interest rate cap issue have affected the financial performance of consumer finance related subsidiary APLUS and affiliate Shinki. APLUS made an additional provision and incurred related costs of 2.3 billion yen and Shinki made substantial provisions, as discussed above.

Net credit costs during the first half of fiscal year 2006 increased 3.6 billion yen to 20.1 billion yen mainly due to delays in portfolio collection in APLUS. As a result, ordinary business profit after net credit costs was 5.5 billion yen, 5.7 billion yen lower than same period a year ago.

Retail Banking

Shinsei Bank’s retail customer base continues to grow at a significant rate, reaching over 1.8 million *Powerflex* relationships as of the end of September 2006. The Bank continued to launch new products such as the *Power Step-up Yokin*, an extendable yen time deposit, and the Emerging Currency Bond Fund, a publicly-offered domestic investment trust that invests in emerging market fixed-income securities. New branches have been opened in Omotesando and Nihombashi and the Bank has also expanded its ATM network.

During the period under review, savings, time and structured deposits continued to grow steadily but spread compression on structured deposits and weak demand for asset management products impacted revenue growth. In the first half of fiscal year 2006, the business generated revenue of 19.5 billion yen, 1.9 billion yen lower than same period last year. The increase in general and administrative expenses of 1.9 billion yen to 19.4 billion yen relates to the full impact of retail banking facilities established in the prior year, increased investments in new technology systems and customer driven transaction activities. Ordinary business profit after net credit costs for the period was nil as compared to 3.7 billion yen a year ago.

In August 2006 Shinsei Bank was once again ranked No. 1 in a customer satisfaction survey by the Nihon Keizai Shimbun and in October 2006, the Bank was recognized as “Best Retail Bank in Japan” by The Asian Banker for the second consecutive year and awarded the “Excellence in Internet Award” for the Asia-Pacific region by the same publication.

ALM/Corporate/Other

ALM, Corporate and Other primarily includes results of corporate treasury activities, inter-company

adjustments, and corporate level expenses. In the first six months of this fiscal year ordinary business profit after net credit costs was 1.4 billion yen.

3. Balance Sheet:

Total loans and bills discounted balance increased to 4,781.4 billion yen at September 30, 2006 as compared to 4,087.5 billion yen as at March 31, 2006. In the six months ended September 30, 2006, Shinsei achieved loan growth in all three business pillars. Corporate loans increased 8.8% to 3,103.2 billion yen, non-recourse real estate finance loans increased 44.3% to 665.8 billion yen, loans to retail customers, including lending to high net worth individuals, grew 11.1% to 548.6 billion yen and loans to consumer and commercial finance customers increased 11.5% to 416.1 billion yen.

Total deposits, including negotiable certificates of deposit, increased 873.9 billion yen, or 21.5%, to 4,945.7 billion yen at September 30, 2006, compared with March 31, 2006. The retail deposit balance grew 283.8 billion yen, or 9.1%, in the six months ended September as compared to March 31, 2006 and now exceeds 3.3 trillion yen. As a result, retail funding represented 66.5% of total customer deposits and debentures at September 30, 2006.

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

Non-performing loans (NPLs) under the Financial Revitalization Law as of September 30, 2006, declined to 26.0 billion yen, a reduction of 16.5 billion yen, or 38.9%, as compared to the NPLs balance at March 31, 2006. The NPLs balance now represents 0.5% of total non-consolidated claims outstanding.

5. Capital Ratios:

Shinsei Bank's Tier I and Total Capital ratios were 8.3% and 13.5% respectively as of September 30, 2006. Net deferred tax assets, the difference between deferred tax assets and deferred tax liabilities, constituted 2.6% of Tier I capital.

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\$ 88 billion on a consolidated basis and a network of 29 Shinsei Bank branches in Japan (as of September 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 is available at <http://www.shinseibank.com/english/index.html>.

Financial Highlights - Consolidated

Results of Operations ⁽¹⁾

| (Half year comparison) | for the first half ended | | | | (billions of yen) |
|---|--------------------------|---------------|--------------|---------------|----------------------------|
| | Sep. 30, 2006 | Sep. 30, 2005 | Change | | (reference) |
| | (1H-FY2006) | (1H-FY2005) | a-b | % | March 31, 2006 (FY2005) |
| | a | b | | | |
| Net interest income | 51.7 | 40.1 | 11.6 | 28.9% | 82.2 |
| Net fees and commissions | 22.2 | 23.5 | (1.2) | (5.3)% | 45.5 |
| Net trading income | 11.2 | 12.7 | (1.4) | (11.5)% | 27.5 |
| Net other business income | 53.2 | 54.1 | (0.9) | (1.7)% | 118.3 |
| Non-interest income | 86.8 | 90.4 | (3.6) | (4.0)% | 191.4 |
| Total revenue ⁽²⁾ | 138.5 | 130.5 | 7.9 | 6.1% | 273.7 |
| General and administrative expenses ⁽³⁾ | 75.7 | 66.6 | 9.0 | 13.5% | 135.9 |
| Ordinary business profit (<i>jisshitsu gyomu jun-eki</i>) ⁽²⁾ | 62.8 | 63.8 | (1.0) | (1.6)% | 137.7 |
| Net credit costs | (5.2) | (14.5) | 9.3 | (64.0)% | (30.1) |
| Amortization of goodwill and other intangibles | (10.5) | (14.6) | 4.1 | (28.2)% | (29.4) |
| Taxes and others | (8.1) | 3.1 | (11.2) | (363.0)% | (2.0) |
| Net income | 38.8 | 37.7 | 1.1 | 3.1% | 76.0 |
| Cash basis net income ⁽⁴⁾ | 47.6 | 50.5 | (2.9) | (5.8)% | 101.9 |

| (Three months comparison) | (billions of yen) | | | | |
|---|--------------------|--------------------|----------------|--------------------|---------------|
| | Three months ended | Three months ended | Change | Three months ended | Change |
| | Sep. 30, 2006 | Sep. 30, 2005 | a - b (%) | Jun. 30, 2006 | a - c (%) |
| | a | b | | c | |
| Net interest income | 27.1 | 20.7 | 30.8% | 24.5 | 10.5% |
| Net fees and commissions | 11.0 | 10.6 | 3.8% | 11.2 | (1.3)% |
| Net trading income | 4.2 | 7.9 | (46.5)% | 7.0 | (39.5)% |
| Net other business income | 27.9 | 26.6 | 4.7% | 25.3 | 10.3% |
| Non-interest income | 43.2 | 45.2 | (4.5)% | 43.5 | (0.7)% |
| Total revenue ⁽²⁾ | 70.3 | 66.0 | 6.6% | 68.1 | 3.3% |
| General and administrative expenses ⁽³⁾ | 38.4 | 32.1 | 19.3% | 37.3 | 2.9% |
| Ordinary business profit (<i>jisshitsu gyomu jun-eki</i>) ⁽²⁾ | 31.9 | 33.8 | (5.4)% | 30.8 | 3.8% |
| Net credit costs | (1.4) | (9.4) | (84.4)% | (3.7) | (60.9)% |
| Amortization of goodwill and other intangibles | (4.3) | (7.8) | (44.5)% | (6.2) | (30.1)% |
| Taxes and others | (6.5) | 3.7 | (276.3)% | (1.6) | 297.5% |
| Net income | 19.6 | 20.2 | (3.1)% | 19.2 | 2.2% |
| Cash basis net income ⁽⁴⁾ | 23.1 | 27.1 | (14.9)% | 24.5 | (5.9)% |

(1) Certain prior period amounts have been reclassified to conform to current period presentation.

(2) Represents results based on management accounting basis.

(3) In our consolidated financial statements, amortization of goodwill and other intangibles is recorded in general and administrative expenses from fiscal year commenced on April 1, 2006.

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

Selected Balance Sheet Data

| | as of the end of | | | | (billions of yen) |
|--|------------------|----------------|----------------|--------------|-------------------|
| | Sep. 2006 | Mar. 2006 | Change | | |
| | a | b | a-b | % | |
| Securities | 1,771.7 | 1,494.4 | 277.3 | 18.6% | |
| Loans and bills discounted | 4,781.4 | 4,087.5 | 693.9 | 17.0% | |
| Leased assets and installment receivables ⁽⁴⁾ | 835.4 | 825.0 | 10.4 | 1.3% | |
| Other intangibles ⁽⁵⁾ | 63.8 | 68.1 | (4.3) | (6.3)% | |
| Goodwill, net | 219.4 | 226.6 | (7.2) | (3.2)% | |
| Customers' liabilities for acceptances and guarantees | 789.4 | 813.4 | (24.0) | (3.0)% | |
| Total assets | 10,433.6 | 9,405.0 | 1,028.6 | 10.9% | |
| Deposits (including Negotiable Certificates of Deposit) | 4,945.7 | 4,071.7 | 874.0 | 21.5% | |
| Debentures and corporate bonds | 1,059.5 | 1,316.9 | (257.4) | (19.5)% | |
| Borrowed money | 1,213.9 | 1,205.7 | 8.2 | 0.7% | |
| Acceptances and guarantees | 789.4 | 813.4 | (24.0) | (3.0)% | |
| Total liabilities | 9,422.9 | 8,287.8 | 1,135.1 | 13.7% | |
| Minority interests in subsidiaries | / | 261.8 | / | / | |
| Total net assets ⁽⁶⁾ | 1,010.7 | 855.3 | 155.4 | 18.2% | |

(4) Leased assets are included in premises and equipment or other assets and installment receivables are a part of other assets in the consolidated balance sheet.

(5) Identified intangible assets recorded through acquisitions of consumer and commercial finance companies.

(6) Total net assets as of the end of Sep. 2006 include minority interests in subsidiaries (264.6 billions of yen).

Capital Adequacy Ratio

| | as of the end of | | | | (%, billions of yen) |
|------------------------|------------------|-----------|---------|---------|----------------------|
| | Sep. 2006 | Mar. 2006 | Change | | |
| | a | b | a-b | % | |
| Capital adequacy ratio | 13.47% | 15.53% | (2.06)% | (13.3)% | |
| Tier I ratio | 8.31% | 10.27% | (1.96)% | (19.1)% | |
| Tier I capital | 646.8 | 738.1 | (91.3) | (12.4)% | |
| Tier II capital | 475.6 | 419.5 | 56.1 | 13.4% | |
| Risk assets | 7,782.7 | 7,180.4 | 602.3 | 8.4% | |

References

| | as of the end of | |
|---------------------|------------------|-----------|
| | Sep. 2006 | Mar. 2006 |
| Exchange rate (V\$) | 117.91 | 117.47 |
| Nikkei average | 16,127.58 | 17,059.66 |

Per share data

(yen)

| | <i>for the first half ended</i> | | (reference) for the fiscal year ended |
|---|--|------------------------------|--|
| | Sep. 30, 2006 (1H-FY2006) | Sep. 30, 2005 (1H-FY2005) | Mar. 31, 2006 (FY2005) |
| Common shareholder's net assets ⁽¹⁾ | 383.20 | 354.68 | 380.20 |
| Fully diluted shareholders' net assets ⁽¹⁾ | 411.58 | 404.66 | 421.62 |
| Basic net income | 27.19 | 26.33 | 53.16 |
| Diluted net income | 19.54 | 18.71 | 37.75 |

Note:

For calculation of per share data

| | | | | |
|--------------|---|----------------------|---------------|---------------|
| (net assets) | Number of common shares ⁽²⁾ | 1,377,120,053 | 1,358,521,003 | 1,358,520,547 |
| | Fully diluted number of shares ⁽²⁾ | 1,812,055,674 | 2,028,002,412 | 2,028,676,851 |
| (net income) | Number of common shares ⁽³⁾ | 1,384,101,577 | 1,358,521,647 | 1,358,521,302 |
| | Fully diluted number of shares ⁽³⁾ | 1,988,114,409 | 2,015,158,063 | 2,015,832,613 |

(1) Calculated by deducting stock acquisition rights, minority interests in subsidiaries, preferred shares and dividends related to preferred shares from the total net assets on the consolidated interim balance sheets as of September 30, 2006.

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

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

Cash basis per share data

(yen)

| | <i>for the first half ended</i> | | (reference) for the fiscal year ended |
|--------------------|--|------------------------------|--|
| | Sep. 30, 2006 (1H-FY2006) | Sep. 30, 2005 (1H-FY2005) | Mar. 31, 2006 (FY2005) |
| Basic net income | 33.55 | 35.79 | 72.16 |
| Diluted net income | 23.96 | 25.08 | 50.55 |

Performance Ratios

(%)

| | <i>for the first half ended</i> | | (reference) for the fiscal year ended |
|--|--|------------------------------|--|
| | Sep. 30, 2006 (1H-FY2006) | Sep. 30, 2005 (1H-FY2005) | Mar. 31, 2006 (FY2005) |
| Return on assets | 0.8% | 0.8% | 0.8% |
| Return on equity (fully diluted) | 9.7% | 9.4% | 9.3% |
| Cash basis return on assets | 1.0% | 1.2% | 1.2% |
| Cash basis return on equity (fully diluted) | 11.9% | 12.5% | 12.4% |
| Expense to revenue (overhead) ratio ⁽¹⁾ | 54.7% | 51.1% | 49.7% |

(1) Management accounting basis

Supplemental Financial Data and Reconciliation to Japanese GAAP Measures ⁽¹⁾
For the first half FY2006 ended September 30, 2006

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

| | |
|--|--------------|
| Amortization of goodwill and other intangibles | |
| Amortization of other intangibles | 4.2 |
| Associated deferred tax liability | (1.7) |
| Amortization of goodwill | 6.2 |
| Total amortization of goodwill and other intangibles, net of tax benefit | 8.7 |
| Reconciliation of net income to cash basis net income | |
| Net income | 38.8 |
| Amortization of goodwill and other intangibles, net of tax benefit | 8.7 |
| Cash basis net income | 47.6 |
| Reconciliation of basic net income per share to cash basis basic net income per share | |
| Basic net income per share | 27.19 |
| Effect of amortization of goodwill and other intangibles, net of tax benefit | 6.35 |
| Cash basis basic net income per share | 33.55 |
| Reconciliation of fully diluted net income per share to cash basis fully diluted net income per share | |
| Fully diluted net income per share | 19.54 |
| Effect of amortization of goodwill and other intangibles, net of tax benefit | 4.42 |
| Cash basis fully diluted net income per share | 23.96 |
| Reconciliation of return on assets to cash basis return on assets | |
| Return on assets | 0.8 |
| Effect of amortization of goodwill and other intangibles, net of tax benefit | 0.2 |
| Cash basis return on assets | 1.0 |
| Reconciliation of return on equity to cash basis return on equity | |
| Return on equity (fully diluted) | 9.7 |
| Effect of amortization of goodwill and other intangibles, net of tax benefit | 2.2 |
| Cash basis return on equity (fully diluted) | 11.9 |
| Reconciliation of return on equity to return on tangible equity | |
| Return on equity (fully diluted) | 9.7 |
| Effect of goodwill and other intangibles ⁽²⁾ | 7.9 |
| Return on tangible equity (fully diluted) | 17.7 |

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

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

Interest-Earning Assets and Interest-Bearing Liabilities (Consolidated) ⁽¹⁾
(billions of yen, except percentages)
for the first half ended

| | Six months ended Sep. 30, 2006 (1H-FY2006) | | | Six months ended Sep. 30, 2005 (1H-FY2005) | | | Fiscal year ended Mar. 31, 2006 (FY2005) | | |
|--|--|----------------------------|-------------|--|----------------------------|-------------|--|----------------------------|-------------|
| | Average balance | Yield/rate Interest (%) | | Average balance | Yield/rate Interest (%) | | Average balance | Yield/rate Interest (%) | |
| Interest-earning assets ⁽²⁾: | | | | | | | | | |
| Loans and bills discounted | 4,304.8 | 59.2 | 2.74 | 3,576.5 | 50.8 | 2.83 | 3,730.7 | 104.4 | 2.80 |
| Leased assets and installment receivables ⁽²⁾ | 838.0 | 25.5 | 6.09 | 781.4 | 23.6 | 6.04 | 793.7 | 46.0 | 5.80 |
| Securities | 1,605.9 | 16.8 | 2.09 | 1,698.5 | 8.3 | 0.98 | 1,721.4 | 16.8 | 0.98 |
| Other interest-earning assets ⁽³⁾⁽⁴⁾ | 672.7 | 6.8 | n.m. | 356.8 | 2.1 | n.m. | 503.7 | 3.7 | n.m. |
| Total interest-earning assets ⁽²⁾ | 7,421.6 | 108.5 | 2.92 | 6,413.3 | 84.9 | 2.64 | 6,749.7 | 171.0 | 2.53 |
| Interest-bearing liabilities: | | | | | | | | | |
| Deposits and negotiable certificates of deposit | 4,472.7 | 13.6 | 0.61 | 3,548.5 | 8.0 | 0.45 | 3,776.8 | 16.9 | 0.45 |
| Debentures | 871.0 | 1.5 | 0.36 | 1,198.9 | 2.6 | 0.44 | 1,152.9 | 4.7 | 0.41 |
| Subordinated debt | 360.9 | 3.5 | 1.99 | 251.6 | 3.0 | 2.41 | 259.7 | 5.5 | 2.13 |
| Borrowed money and corporate bonds | 1,127.2 | 5.3 | 0.94 | 967.3 | 6.5 | 1.36 | 999.3 | 12.2 | 1.22 |
| Other interest-bearing liabilities ⁽⁴⁾ | 387.5 | 7.0 | n.m. | 225.8 | 0.8 | n.m. | 229.5 | 3.3 | n.m. |
| Total interest-bearing liabilities | 7,219.6 | 31.2 | 0.86 | 6,192.4 | 21.2 | 0.68 | 6,418.4 | 42.7 | 0.67 |
| Non interest-bearing sources of funds: | | | | | | | | | |
| Non interest-bearing (assets) liabilities, net | (598.7) | - | - | (582.7) | - | - | (489.7) | - | - |
| Shareholders' equity | 800.7 | - | - | 803.6 | - | - | 821.0 | - | - |
| Total interest-bearing liabilities and non interest-bearing sources of funds | 7,421.6 | - | - | 6,413.3 | - | - | 6,749.7 | - | - |
| Net interest margin ⁽²⁾ | - | - | 2.05 | - | - | 1.96 | - | - | 1.87 |
| Impact of non interest-bearing sources | - | - | 0.02 | - | - | 0.02 | - | - | 0.03 |
| Net revenue/yield on interest-earning assets ⁽²⁾ | - | 77.3 | 2.08 | - | 63.7 | 1.98 | - | 128.3 | 1.90 |

Note:

Reclass from total revenue on interest-earning assets to total interest income.

| | | | | | | | | | |
|---|----------------|-------------|-------------|----------------|-------------|-------------|----------------|--------------|-------------|
| Total revenue on interest-earning assets | 7,421.6 | 108.5 | 2.92 | 6,413.3 | 84.9 | 2.64 | 6,749.7 | 171.0 | 2.53 |
| Less: Income on leased assets and installment receivables | 838.0 | 25.5 | 6.09 | 781.4 | 23.6 | 6.04 | 793.7 | 46.0 | 5.80 |
| Total interest income | 6,583.5 | 82.9 | 2.51 | 5,631.9 | 61.3 | 2.17 | 5,955.9 | 125.0 | 2.10 |
| Total interest expense | - | 31.2 | - | - | 21.2 | - | - | 42.7 | - |
| Net interest income | - | 51.7 | - | - | 40.1 | - | - | 82.2 | - |

(1) Certain prior period numbers have been reclassified to conform to current period presentation.

(2) Includes leased assets and installment receivables and related yields.

(3) Interest earning deposits have been restated, by excluding cash deposits, to be consistent with prior period reporting.

(4) Other interest-earning assets and other interest-bearing liabilities include interest swaps and funding swaps.

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

| | Six months ended Sep. 30, 2006 (1H-FY2006) | | | Six months ended Sep. 30, 2005 (1H-FY2005) | | | Fiscal year ended Mar. 31, 2006 (FY2005) | | |
|---|--|----------------------------|-------------|--|----------------------------|-------------|--|----------------------------|-------------|
| | Average balance | Yield/rate Interest (%) | | Average balance | Yield/rate Interest (%) | | Average balance | Yield/rate Interest (%) | |
| Interest-earning assets: | | | | | | | | | |
| Cash and due from banks | 92.2 | 1.2 | 2.77 | 72.3 | 1.0 | 2.92 | 86.3 | 2.0 | 2.33 |
| Call loans | 87.1 | 0.1 | 0.23 | 44.9 | 0.0 | 0.03 | 100.9 | 0.0 | 0.02 |
| Receivables under resale agreements | - | - | - | - | - | - | - | - | - |
| Collateral related to securities borrowing transactions | 149.7 | 0.2 | 0.27 | 6.4 | 0.0 | 0.49 | 10.2 | 0.0 | 0.29 |
| Securities | 1,900.3 | 20.7 | 2.17 | 1,977.4 | 11.8 | 1.19 | 1,997.4 | 21.0 | 1.05 |
| Loans and bills discounted | 4,124.7 | 31.7 | 1.53 | 3,483.9 | 28.8 | 1.65 | 3,612.3 | 57.8 | 1.60 |
| Other interest-earning assets | 58.4 | 0.6 | 2.31 | 82.6 | 0.3 | 0.93 | 65.4 | 0.9 | 1.40 |
| Interest rate and funding swaps | - | 4.5 | - | - | 0.5 | - | - | 0.6 | - |
| Total interest-earning assets | 6,412.6 | 59.2 | 1.84 | 5,667.7 | 42.7 | 1.50 | 5,872.8 | 82.6 | 1.40 |
| Interest-bearing liabilities: | | | | | | | | | |
| Deposits | 4,278.0 | 13.4 | 0.62 | 3,421.1 | 8.0 | 0.47 | 3,746.5 | 16.9 | 0.45 |
| Negotiable certificates of deposit | 256.0 | 0.2 | 0.21 | 199.6 | 0.0 | 0.02 | 199.7 | 0.0 | 0.03 |
| Debentures | 872.9 | 1.5 | 0.35 | 1,206.3 | 2.6 | 0.43 | 1,158.6 | 4.7 | 0.40 |
| Call money | 157.1 | 1.0 | 1.27 | 139.1 | 0.0 | 0.07 | 127.3 | 0.0 | 0.07 |
| Payable under repurchase agreements | - | - | - | 1.2 | 0.0 | 0.00 | 0.6 | 0.0 | 0.00 |
| Collateral related to securities lending transactions | 70.1 | 0.0 | 0.20 | 6.6 | 0.0 | 0.20 | 4.9 | 0.0 | 0.55 |
| Borrowed money | 279.6 | 0.9 | 0.67 | 324.4 | 3.5 | 2.20 | 308.4 | 5.8 | 1.88 |
| Corporate bonds | 450.1 | 9.2 | 4.08 | 50.0 | 0.1 | 0.42 | 105.3 | 1.7 | 1.64 |
| Other interest-bearing liabilities | 0.3 | 5.6 | n.m. | 0.3 | 0.7 | n.m. | 0.3 | 3.0 | n.m. |
| Interest rate and funding swaps | - | - | - | - | - | - | - | - | - |
| Total interest-bearing liabilities | 6,364.5 | 32.1 | 1.00 | 5,348.8 | 15.2 | 0.56 | 5,652.1 | 32.3 | 0.57 |
| Net interest income/yield on interest-earning assets | 6,412.6 | 27.1 | 0.84 | 5,667.7 | 27.4 | 0.96 | 5,872.8 | 50.2 | 0.85 |

n.m.: not meaningful

Business Line Ordinary Business Profit After Net Credit Costs (Recoveries)⁽¹⁾⁽²⁾

(billions of yen)

For the first half Fiscal Year 2006 ended September 30, 2006

| | Institutional Banking | Consumer and Commercial Finance (*) | Retail Banking | ALM/Corporate/Other ⁽³⁾ | Total |
|--|-----------------------|-------------------------------------|----------------|------------------------------------|-------|
| Total revenue | 55.2 | 60.7 | 19.5 | 2.9 | 138.5 |
| General and administrative expenses | 21.9 | 35.0 | 19.4 | (0.7) | 75.7 |
| Ordinary business profit | 33.3 | 25.7 | 0.1 | 3.6 | 62.8 |
| Net credit costs (recoveries) | (17.2) | 20.1 | 0.0 | 2.1 | 5.2 |
| Ordinary business profit after net credit costs (recoveries) | 50.5 | 5.5 | 0.0 | 1.4 | 57.5 |

(*) breakdown of Consumer and Commercial Finance

| | APLUS | Showa Leasing | Other subsidiaries ⁽⁴⁾ | Consumer and Commercial Finance |
|--|-------|---------------|-----------------------------------|---------------------------------|
| Total revenue | 48.2 | 13.4 | (0.9) | 60.7 |
| General and administrative expenses | 27.0 | 5.3 | 2.6 | 35.0 |
| Ordinary business profit (loss) | 21.1 | 8.0 | (3.5) | 25.7 |
| Net credit costs | 17.5 | 1.4 | 1.2 | 20.1 |
| Ordinary business profit (loss) after net credit costs | 3.5 | 6.6 | (4.7) | 5.5 |

For the first half Fiscal Year 2005 ended September 30, 2005

| | Institutional Banking | Consumer and Commercial Finance (*) | Retail Banking | ALM/Corporate/Other ⁽³⁾ | Total |
|---|-----------------------|-------------------------------------|----------------|------------------------------------|-------|
| Total revenue | 52.8 | 57.6 | 21.5 | (1.5) | 130.5 |
| General and administrative expenses | 19.8 | 29.8 | 17.5 | (0.5) | 66.6 |
| Ordinary business profit (loss) | 33.0 | 27.8 | 4.0 | (1.0) | 63.8 |
| Net credit costs (recoveries) | (2.4) | 16.5 | 0.2 | 0.2 | 14.5 |
| Ordinary business profit (loss) after net credit costs (recoveries) | 35.4 | 11.2 | 3.7 | (1.2) | 49.2 |

(*) breakdown of Consumer and Commercial Finance

| | APLUS | Showa Leasing | Other subsidiaries ⁽⁴⁾ | Consumer and Commercial Finance |
|---|-------|---------------|-----------------------------------|---------------------------------|
| Total revenue | 40.4 | 12.1 | 5.0 | 57.6 |
| General and administrative expenses | 21.1 | 5.3 | 3.3 | 29.8 |
| Ordinary business profit | 19.2 | 6.7 | 1.7 | 27.8 |
| Net credit costs | 13.7 | 2.3 | 0.4 | 16.5 |
| Ordinary business profit after net credit costs | 5.5 | 4.4 | 1.2 | 11.2 |

(1) Certain prior period amounts have been reclassified to conform to current period presentation.

(2) Represents results based on management accounting basis.

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

(4) Includes net profit (loss) of Shinki, an affiliate, and unallocated Consumer and Commercial Finance sub-group expenses.

Earnings Forecast for Fiscal Year 2006 Results

(Consolidated)

(billions of yen)

| | Fiscal year ended | |
|------------|---------------------------------------|-------------------------------------|
| | Mar. 31, 2007 (FY2006) Forecast | Mar. 31, 2006 (FY2005) Actual |
| Net income | 76.0 | 76.0 |

(Non-consolidated)⁽⁵⁾

(billions of yen (other than dividends))

| | Fiscal year ended | |
|-------------------------|---------------------------------------|-------------------------------------|
| | Mar. 31, 2007 (FY2006) Forecast | Mar. 31, 2006 (FY2005) Actual |
| Net business profit | 59.0 | 69.1 |
| Net income | 75.0 | 74.8 |
| Dividends (in yen) | | |
| Common stock | 3.3 | 3.0 |
| Class A preferred share | 13.0 | 13.0 |
| Class B preferred share | 4.8 | 4.8 |

(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 results of various factors.

Consolidated Interim Statements of Income

(millions of yen)

| | 1H-FY2006 | 1H-FY2005 | Change | |
|--|----------------|----------------|---------------|--------------|
| | a | b | a-b | % |
| Interest on loans and bills | 59,240 | 50,809 | 8,431 | 16.6% |
| Interest and dividends on securities | 16,811 | 8,370 | 8,441 | 100.8% |
| Other interest income | 6,894 | 2,129 | 4,765 | 223.8% |
| Interest income | 82,946 | 61,309 | 21,637 | 35.3% |
| Fees and commissions income | 34,075 | 34,239 | (164) | (0.5)% |
| Trading profits | 11,429 | 12,791 | (1,362) | (10.6)% |
| Other business income | 138,202 | 132,693 | 5,509 | 4.2% |
| Other ordinary income | 16,461 | 12,571 | 3,890 | 30.9% |
| Ordinary income | 283,113 | 253,606 | 29,507 | 11.6% |
| Interest on deposits, including negotiable certificates of deposit | 13,692 | 8,074 | 5,618 | 69.6% |
| Interest on debentures | 1,556 | 2,621 | (1,065) | (40.6)% |
| Interest on other borrowings | 5,864 | 8,484 | (2,620) | (30.9)% |
| Other interest expenses | 10,115 | 2,022 | 8,093 | 400.2% |
| Interest expenses | 31,228 | 21,201 | 10,027 | 47.3% |
| Fees and commissions expenses | 11,808 | 10,740 | 1,068 | 9.9% |
| Trading losses | 156 | 47 | 109 | 231.9% |
| Other business expenses | 93,370 | 90,177 | 3,193 | 3.5% |
| General and administrative expenses | 75,913 | 67,003 | 8,910 | 13.3% |
| Amortization of goodwill | 6,246 | / | / | / |
| Amortization of other intangibles | 4,294 | / | / | / |
| Total General and administrative expenses | 86,454 | 67,003 | 19,451 | 29.0% |
| Other ordinary expenses | 14,192 | 16,050 | (1,858) | (11.6)% |
| Amortization of consolidation goodwill | / | 10,113 | / | / |
| Amortization of other intangibles | / | 4,575 | / | / |
| Total Other ordinary expenses | 14,192 | 30,739 | (16,547) | (53.8)% |
| Ordinary expenses | 237,212 | 219,911 | 17,301 | 7.9% |
| Net ordinary income | 45,901 | 33,695 | 12,206 | 36.2% |
| Special gains | 2,776 | 2,713 | 63 | 2.3% |
| Special losses | 1,394 | 596 | 798 | 133.9% |
| Income before income taxes and minority interests | 47,284 | 35,812 | 11,472 | 32.0% |
| Income tax (current) | 1,367 | 1,733 | (366) | (21.1)% |
| Income tax (deferred) | (1,209) | (4,885) | 3,676 | (75.3)% |
| Minority interests in net income of subsidiaries | 8,269 | 1,258 | 7,011 | 557.3% |
| Net income | 38,857 | 37,706 | 1,151 | 3.1% |

| | | | | |
|--|------------|---------|---------|--------|
| (Ref.) Ordinary business profit (<i>jishitsu gyomu jun-eki</i>) ⁽¹⁾ | 62.8 | 63.8 | (1.0) | (1.6)% |
| | yen / US\$ | @117.91 | @113.21 | |

(1) Management accounting basis

Consolidated Interim Balance Sheets

-- Assets

(millions of yen)

| | Sep. 30, 2006 | Mar. 31, 2006 | Change | |
|---|-------------------|------------------|------------------|--------------|
| | a | b | a-b | % |
| <<Assets>> | | | | |
| Cash and due from banks | 312,406 | 488,601 | (176,195) | (36.1)% |
| Call loans | 20,000 | 50,000 | (30,000) | (60.0)% |
| Collateral related to securities borrowing transactions | 27,215 | 33,107 | (5,892) | (17.8)% |
| Other monetary claims purchased | 296,955 | 273,937 | 23,018 | 8.4% |
| Trading assets | 423,423 | 193,581 | 229,842 | 118.7% |
| Monetary assets held in trust | 506,563 | 456,167 | 50,396 | 11.0% |
| Securities | 1,771,793 | 1,494,489 | 277,304 | 18.6% |
| Loans and bills discounted | 4,781,419 | 4,087,561 | 693,858 | 17.0% |
| Foreign exchanges | 13,908 | 12,140 | 1,768 | 14.6% |
| Other assets | 844,194 | 974,398 | (130,204) | (13.4)% |
| Premises and equipment | / | 415,522 | / | / |
| Tangible fixed assets | 398,152 | / | / | / |
| Intangible fixed assets | 351,079 | / | / | / |
| (Goodwill, net) | 219,411 | / | / | / |
| Deferred issuance expenses for debentures | 115 | 177 | (62) | (35.0)% |
| Deferred tax assets | 30,805 | 30,022 | 783 | 2.6% |
| Consolidation goodwill, net | / | 226,692 | / | / |
| Customers' liabilities for acceptances and guarantees | 789,451 | 813,480 | (24,029) | (3.0)% |
| Reserve for credit losses | (133,820) | (144,868) | 11,048 | (7.6)% |
| Total assets | 10,433,666 | 9,405,013 | 1,028,653 | 10.9% |

yen / US\$

@117.91

@117.47

Consolidated Interim Balance Sheets

-- Liabilities and Net assets

(millions of yen)

| | Sep. 30, 2006 | Mar. 31, 2006 | Change | |
|---|-------------------|---|------------------|--------------|
| | a | b | a-b | % |
| <<Liabilities>> | | | | |
| Deposits, including negotiable certificates of deposit | 4,945,741 | 4,071,758 | 873,983 | 21.5% |
| Debentures | 758,891 | 1,018,909 | (260,018) | (25.5)% |
| Call money | 449,989 | 30,000 | 419,989 | 1400.0% |
| Collateral related to securities lending transactions | 41,407 | - | 41,407 | n.m. |
| Commercial paper | 168,700 | 133,200 | 35,500 | 26.7% |
| Trading liabilities | 106,634 | 149,990 | (43,356) | (28.9)% |
| Borrowed money | 1,213,998 | 1,205,765 | 8,233 | 0.7% |
| Foreign exchanges | 4 | 39 | (35) | (89.7)% |
| Corporate bonds | 300,627 | 298,002 | 2,625 | 0.9% |
| Other liabilities | 619,725 | 535,753 | 83,972 | 15.7% |
| Accrued employees bonuses | 8,059 | 13,886 | (5,827) | (42.0)% |
| Reserve for bonuses to directors | 103 | 13 | 90 | 692.3% |
| Reserve for retirement benefits | 3,190 | 3,309 | (119) | (3.6)% |
| Reserve for losses on interest repayments | 2,485 | - | 2,485 | n.m. |
| Reserve under special law | 2 | 2 | - | - |
| Deferred tax liabilities | 13,903 | 13,718 | 185 | 1.3% |
| Acceptances and guarantees | 789,451 | 813,480 | (24,029) | (3.0)% |
| Total liabilities | 9,422,915 | 8,287,832 | 1,135,083 | 13.7% |
| <<Minority interests in subsidiaries>> | | | | |
| Minority interests in subsidiaries | / | 261,845 | / | / |
| <<Net Assets>> | | <<Shareholders' equity>> | | |
| Shareholders' equity | | | | |
| Capital stock | 451,296 | 451,296 | - | - |
| Capital surplus | 18,558 | 18,558 | - | - |
| Retained earnings | 414,399 | 379,502 | 34,897 | 9.2% |
| Treasury stock, at cost | (136,543) | (12) | (136,531) | 1137758.3% |
| Total shareholders' equity | 747,711 | / | / | / |
| Net unrealized gain / loss and translation adjustments | | | | |
| Net unrealized gain / loss on securities available-for-sale, net of taxes | (556) | 2,208 | (2,764) | (125.2)% |
| Net deferred loss on hedge, net of taxes | (3,944) | / | / | / |
| Foreign currency translation adjustments | 2,604 | 3,781 | (1,177) | (31.1)% |
| Total net unrealized gain / loss and translation adjustments | (1,895) | / | / | / |
| Stock acquisition rights | 260 | / | / | / |
| Minority interests in subsidiaries | 264,675 | / | / | / |
| Total net assets | 1,010,750 | 855,335 | / | / |
| Total liabilities and net assets | 10,433,666 | 9,405,013 | 1,028,653 | 10.9% |

yen / US\$

@117.91

@117.47

n.m.: not meaningful

Consolidated Interim Statement of Changes in Net Assets

(millions of yen)

| | Shareholders' equity | | | | |
|---|----------------------|-----------------|-------------------|-------------------------|----------------------------|
| | Capital stock | Capital surplus | Retained earnings | Treasury stock, at cost | Total shareholders' equity |
| Balance at beginning of period | 451,296 | 18,558 | 379,502 | (12) | 849,345 |
| Changes in amounts during the period | | | | | |
| Dividends from surplus (note) | - | - | (3,947) | - | (3,947) |
| Net income | - | - | 38,857 | - | 38,857 |
| Acquisition of treasury stock | - | - | - | (136,671) | (136,671) |
| Disposal of treasury stock | - | - | (13) | 140 | 126 |
| Net change of items other than shareholders' equity | - | - | - | - | - |
| Total changes during the period | - | - | 34,897 | (136,530) | (101,633) |
| Balance at end of period | 451,296 | 18,558 | 414,399 | (136,543) | 747,711 |

| | Net unrealized gain/loss and translation adjustments | | | | Stock acquisition rights | Minority interests in subsidiaries | Total net assets |
|---|--|--|--|--|--------------------------|------------------------------------|------------------|
| | Net unrealized loss on securities available-for-sale, net of taxes | Net deferred loss on hedge, net of taxes | Foreign currency translation adjustments | Total net unrealized gain/loss and translation adjustments | | | |
| Balance at beginning of period | 2,208 | - | 3,781 | 5,990 | - | 261,845 | 1,117,180 |
| Changes in amounts during the period | | | | | | | |
| Dividends from surplus (note) | - | - | - | - | - | - | (3,947) |
| Net income | - | - | - | - | - | - | 38,857 |
| Acquisition of treasury stock | - | - | - | - | - | - | (136,671) |
| Disposal of treasury stock | - | - | - | - | - | - | 126 |
| Net change of items other than shareholders' equity | (2,765) | (3,944) | (1,177) | (7,886) | 260 | 2,830 | (4,796) |
| Total changes during the period | (2,765) | (3,944) | (1,177) | (7,886) | 260 | 2,830 | (106,429) |
| Balance at end of period | (556) | (3,944) | 2,604 | (1,895) | 260 | 264,675 | 1,010,750 |

(note) This item is resulted from appropriation of profit of previous fiscal year.

Consolidated Interim Statements of Cash Flows

(millions of yen)

| | Sept. 30, 2006 (6 months) | Sept. 30, 2005 (6 months) | Change |
|---|------------------------------|------------------------------|-----------|
| I. Cash flows from operating activities: | | | |
| Income before income taxes and minority interests | 47,284 | 35,812 | 11,472 |
| Depreciation (other than leased assets) | 5,776 | 2,045 | 3,731 |
| Depreciation of leased assets | 66,723 | 68,684 | (1,961) |
| Amortization of consolidation goodwill | / | 10,113 | / |
| Amortization of goodwill | 6,246 | / | / |
| Amortization of other intangibles | 4,294 | 4,575 | (281) |
| Equity in net income of affiliates | 3,547 | (2,056) | 5,603 |
| Net change in reserve for credit losses | (11,048) | 6,177 | (17,225) |
| Net change in accrued employees bonuses | (5,834) | (3,249) | (2,585) |
| Net change in reserve for retirement benefits | (119) | (139) | 20 |
| Net change in reserve for losses on interest repayments | 2,485 | - | 2,485 |
| Interest income | (82,946) | (61,309) | (21,637) |
| Interest expenses | 31,228 | 21,201 | 10,027 |
| Gain on securities sold | (6,615) | (34) | (6,581) |
| Gain on monetary assets held in trust | (4,140) | (3,563) | (577) |
| Net exchange loss (gain) | 1,481 | (53) | 1,534 |
| Net loss on sale of premises and equipment | / | 63 | / |
| Net gain on sale of fixed assets | (2,073) | / | / |
| Net (gain) loss on sale of leased assets | (1,004) | 5,493 | (6,497) |
| Net change in trading assets | (229,842) | 48,625 | (278,467) |
| Net change in trading liabilities | (43,356) | 10,981 | (54,337) |
| Net change in loans and bills discounted | (693,734) | (396,993) | (296,741) |
| Net change in deposits | 682,967 | 564,891 | 118,076 |
| Net change in negotiable certificates of deposit | 191,015 | (53,315) | 244,330 |
| Net change in debentures | (260,017) | (60,903) | (199,114) |
| Net change in borrowed money (other than subordinated debt) | 46,243 | (3,299) | 49,542 |
| Net change in corporate bonds (other than subordinated bonds) | 6,845 | (4,333) | 11,178 |
| Net change in deposits (other than non-interest-bearing deposits) | (26,217) | 29,438 | (55,655) |
| Net change in call loans | 30,000 | (47,000) | 77,000 |
| Net change in other monetary claims purchased | (20,305) | 78,007 | (98,312) |
| Net change in collateral related to securities borrowing transactions | 5,891 | (1,488) | 7,379 |
| Net change in call money | 419,989 | (33,631) | 453,620 |
| Net change in commercial paper | 35,500 | 64,500 | (29,000) |
| Net change in collateral related to securities lending transactions | 41,407 | 5,672 | 35,735 |
| Net change in foreign exchange assets | (1,768) | (4,331) | 2,563 |
| Net change in foreign exchange liabilities | (34) | 149 | (183) |
| Net change in net trust account | (10,302) | 6,532 | (16,834) |
| Interest received | 72,521 | 67,968 | 4,553 |
| Interest paid | (24,086) | (19,903) | (4,183) |
| Net change in trading securities | (37,471) | (27,790) | (9,681) |
| Net change in monetary assets held in trust | (59,235) | (4,975) | (54,260) |
| Net change in leased assets | (77,836) | (68,499) | (9,337) |
| Others, net | 162,179 | (12,912) | 175,091 |
| Subtotal | 265,637 | 221,150 | 44,487 |
| Income taxes paid | (3,986) | (1,822) | (2,164) |
| Net cash provided by operating activities | 261,651 | 219,327 | 42,324 |
| II. Cash flows from investing activities: | | | |
| Purchase of securities | (1,210,621) | (1,866,752) | 656,131 |
| Proceeds from sale of securities | 64,414 | 361,094 | (296,680) |
| Proceeds from maturity of securities | 861,947 | 1,392,514 | (530,567) |
| Investment in monetary assets held in trust | (5,508) | (20,793) | 15,285 |
| Proceeds from disposition of monetary assets held in trust | 18,476 | 7,861 | 10,615 |
| Purchase of premises and equipment (other than leased assets) | / | (2,797) | / |
| Proceeds from sale of premises and equipment (other than leased assets) | / | 954 | / |
| Purchase of tangible fixed assets (other than leased assets) | (2,094) | / | / |
| Proceeds from sale of tangible fixed assets (other than leased assets) | 6,525 | / | / |
| Proceeds from sale of subsidiary's stocks | 3,077 | 9,116 | (6,039) |
| Others, net | (2,272) | - | (2,272) |
| Net cash used in investing activities | (266,054) | (118,800) | (147,254) |
| III. Cash flows from financing activities: | | | |
| Proceeds from issuance of subordinated debt | 60,000 | 10,000 | 50,000 |
| Repayment of subordinated debt | (98,000) | - | (98,000) |
| Payment for redemption of subordinated bonds | (10,945) | (3,000) | (7,945) |
| Proceeds from minority shareholders of subsidiaries | 0 | - | 0 |
| Payment for capital refundment to minority shareholders of subsidiaries | (628) | - | (628) |
| Dividends paid | (3,947) | (3,688) | (259) |
| Dividends paid to minority shareholders of subsidiaries | (8,422) | - | (8,422) |
| Purchase of treasury stock | (136,671) | (2) | (136,669) |
| Proceeds from sale of treasury stock | 126 | - | 126 |
| Net cash (used in) provided by financing activities | (198,486) | 3,309 | (201,795) |
| . Foreign currency translation adjustments on cash and cash equivalents | 2 | 3 | (1) |
| . Net change in cash and cash equivalents | (202,887) | 103,839 | (306,726) |
| . Cash and cash equivalents at beginning of period | 340,713 | 162,226 | 178,487 |
| . Cash and cash equivalents at end of period | 137,826 | 266,065 | (128,239) |

Reference Material

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

1. Non-Consolidated Financial Results [and Projections]

(billions of yen)

| | for the first half ended | | for the fiscal year ended | |
|--|------------------------------|------------------------------|--|--|
| | Sep. 30, 2006 (1H-FY2006) | Sep. 30, 2005 (1H-FY2005) | Mar. 31, 2006 (FY2005) (Reference) | March 31, 2007 (FY2006) (Projection) |
| Gross business profit (<i>gyomu sorieki</i>) | 67.3 | 70.4 | 142.4 | / |
| Net interest income | 30.4 | 28.7 | 53.1 | |
| Net fees and commissions | 21.6 | 17.6 | 50.9 | |
| Net trading income | 9.0 | 10.0 | 20.2 | |
| Net other business income | 6.1 | 13.9 | 18.0 | |
| General & administrative expenses | 39.6 | 36.1 | 73.2 | |
| Net business profit (<i>jisshitsu gyomu jun-eki</i>) | 27.6 | 34.2 | 69.1 | 59.0 |
| Net income | 41.5 | 39.1 | 74.8 | 75.0 |
| Credit recoveries | 11.9 | 2.3 | 4.9 | / |
| Reversal of reserve for credit losses | 12.8 | 2.8 | 5.4 | |

2. Non-performing Loans

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

(billions of yen, %)

| | Sep. 30, 2006 | | Mar. 31, 2006 | Sep. 30, 2005 |
|---|---------------|------------------------------|---------------|---------------|
| | | Change from Mar. 31, 2006 | | |
| Claims against bankrupt and quasi-bankrupt obligors | 0.3 | (0.3) | 0.7 | 2.4 |
| Doubtful claims | 8.3 | (12.3) | 20.7 | 28.3 |
| Substandard claims | 17.3 | (3.8) | 21.1 | 15.4 |
| Total non-performing loans (A) | 26.0 | (16.5) | 42.5 | 46.1 |
| Total claims (B) | 4,806.5 | 677.5 | 4,129.0 | 3,967.0 |
| % of total claims outstanding (A) / (B) | 0.54% | (0.49)% | 1.03% | 1.16% |
| (ref.) At or below "need caution" level | 99.8 | (19.5) | 119.3 | (190.1) |

3. Coverage Ratios for Non-Performing Claims Disclosed Under the Financial Revitalization Law (Non-Consolidated)

(millions of yen, %)

| | Amount of claims | Amount of coverage | | Coverage ratio |
|---|---------------------|----------------------------|------------------------------|----------------|
| | | Reserve for loan losses | Collateral and guarantees | |
| Claims against bankrupt and quasi-bankrupt obligors | 342 | - | 342 | 100.0 |
| Doubtful claims | 8,334 | 3,890 | 3,020 | 82.9 |
| Substandard claims | 17,289 | 7,376 | 5,037 | 71.8 |
| Total | 25,965 | 11,267 | 8,400 | 75.7 |

4. Risk Monitored Loans

(Consolidated)

(millions of yen)

| | Sep. 30, 2006 | | Mar. 31, 2006 | Sep. 30, 2005 | |
|-------------------------------------|---------------|------------------------------|---------------|---------------|------------------------------|
| | | Change from Mar. 31, 2006 | | | Change from Sep. 30, 2005 |
| Loans to bankrupt obligors | 2,077 | 188 | (1,271) | 1,889 | 3,348 |
| Non-accrual delinquent loans | 19,401 | (16,946) | (28,808) | 36,347 | 48,209 |
| Loans past due for 3 months or more | 4,125 | 1,000 | 1,595 | 3,125 | 2,530 |
| Restructured loans | 38,241 | (4,591) | 2,173 | 42,832 | 36,068 |
| Total risk monitored loans | 63,846 | (20,349) | (26,311) | 84,195 | 90,157 |
| Loans and bills discounted | 4,781,419 | 693,858 | 953,349 | 4,087,561 | 3,828,070 |

(% to total loans)

| | | | | | |
|-------------------------------------|------|--------|--------|------|------|
| Loans to bankrupt obligors | 0.0% | 0.0% | (0.1)% | 0.0% | 0.1% |
| Non-accrual delinquent loans | 0.4% | (0.5)% | (0.9)% | 0.9% | 1.3% |
| Loans past due for 3 months or more | 0.1% | 0.0% | 0.0% | 0.1% | 0.1% |
| Restructured loans | 0.8% | (0.2)% | (0.1)% | 1.0% | 0.9% |
| Total risk monitored loans | 1.3% | (0.8)% | (1.1)% | 2.1% | 2.4% |

(Non-Consolidated)

(millions of yen)

| | Sep. 30, 2006 | | Mar. 31, 2006 | Sep. 30, 2005 | |
|-------------------------------------|---------------|------------------------------|---------------|---------------|------------------------------|
| | | Change from Mar. 31, 2006 | | | Change from Sep. 30, 2005 |
| Loans to bankrupt obligors | 232 | (354) | (1,340) | 586 | 1,572 |
| Non-accrual delinquent loans | 8,117 | (12,326) | (19,431) | 20,443 | 27,548 |
| Loans past due for 3 months or more | 53 | 29 | (52) | 24 | 105 |
| Restructured loans | 17,235 | (3,834) | 1,937 | 21,069 | 15,298 |
| Total risk monitored loans | 25,638 | (16,485) | (18,886) | 42,123 | 44,524 |
| Loans and bills discounted | 4,683,764 | 722,518 | 895,747 | 3,961,246 | 3,788,017 |

(% to total loans)

| | | | | | |
|-------------------------------------|------|--------|--------|------|------|
| Loans to bankrupt obligors | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Non-accrual delinquent loans | 0.2% | (0.3)% | (0.5)% | 0.5% | 0.7% |
| Loans past due for 3 months or more | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Restructured loans | 0.4% | (0.1)% | 0.0% | 0.5% | 0.4% |
| Total risk monitored loans | 0.5% | (0.6)% | (0.7)% | 1.1% | 1.2% |

5. Reserve for Credit Losses

(Consolidated)

(millions of yen)

| | Sep. 30, 2006 | | Mar. 31, 2006 | Sep. 30, 2005 | |
|---------------------------|---------------|------------------------------|---------------|---------------|------------------------------|
| | | Change from Mar. 31, 2006 | | | Change from Sep. 30, 2005 |
| Reserve for credit losses | 133,820 | (11,048) | (22,160) | 144,868 | 155,980 |
| General | 90,947 | 1,904 | 14,873 | 89,043 | 76,074 |
| Specific | 42,866 | (12,953) | (37,023) | 55,819 | 79,889 |
| Restructuring countries | 6 | 1 | (10) | 5 | 16 |

(Non-Consolidated)

(millions of yen)

| | Sep. 30, 2006 | | Mar. 31, 2006 | Sep. 30, 2005 | |
|---------------------------|---------------|------------------------------|---------------|---------------|------------------------------|
| | | Change from Mar. 31, 2006 | | | Change from Sep. 30, 2005 |
| Reserve for credit losses | 98,492 | (12,929) | (16,106) | 111,421 | 114,598 |
| General | 61,070 | 850 | 1,719 | 60,220 | 59,351 |
| Specific | 37,414 | (13,782) | (17,817) | 51,196 | 55,231 |
| Restructuring countries | 6 | 1 | (10) | 5 | 16 |

6. Reserve Ratio to Risk Monitored Loans

(Consolidated)

| | Sep. 30, 2006 | | Mar. 31, 2006 | Sep. 30, 2005 |
|---------------------------|---------------|------------------------------|---------------|---------------|
| | | Change from Mar. 31, 2006 | | |
| % on risk monitored loans | 209.6% | 37.5% | 36.6% | 172.1% |

(Non-Consolidated)

| | Sep. 30, 2006 | | Mar. 31, 2005 | Sep. 30, 2005 |
|---------------------------|---------------|------------------------------|---------------|---------------|
| | | Change from Mar. 31, 2006 | | |
| % on risk monitored loans | 384.2% | 119.7% | 126.8% | 264.5% |

7. Unrealized Gains (Losses) on Available-for Sale Securities

(Consolidated)

As of September 30, 2006

(millions of yen)

| | Unrealized gains (Losses) | | |
|----------|---------------------------|-------|--------|
| | | Gains | Losses |
| Equities | 1,447 | 2,332 | 885 |
| Bonds | (3,050) | 337 | 3,387 |
| Other | 1,227 | 1,633 | 405 |
| Total | (374) | 4,304 | 4,678 |

As of September 30, 2005

(millions of yen)

| | Unrealized gains (Losses) | | |
|----------|---------------------------|-------|--------|
| | | Gains | Losses |
| Equities | 4,278 | 4,502 | 223 |
| Bonds | (2,538) | 118 | 2,656 |
| Other | 3,399 | 4,143 | 743 |
| Total | 5,139 | 8,763 | 3,623 |

(Non-consolidated)

As of September 30, 2006

(millions of yen)

| | Unrealized gains (Losses) | | |
|----------|---------------------------|-------|--------|
| | | Gains | Losses |
| Equities | 235 | 663 | 427 |
| Bonds | (3,073) | 309 | 3,382 |
| Other | 1,235 | 1,633 | 397 |
| Total | (1,601) | 2,606 | 4,208 |

As of September 30, 2005

(millions of yen)

| | Unrealized gains (Losses) | | |
|----------|---------------------------|-------|--------|
| | | Gains | Losses |
| Equities | 1,035 | 1,052 | 16 |
| Bonds | (2,578) | 76 | 2,654 |
| Other | 3,385 | 4,119 | 734 |
| Total | 1,843 | 5,248 | 3,404 |

8. Balance of Housing Loans (Non-Consolidated)

(millions of yen)

| | Sep. 30, 2006 | | Mar. 31, 2006 | Sep. 30, 2005 |
|--------------------------|---------------|------------------------------|---------------|---------------|
| | | Change from Mar. 31, 2006 | | |
| Balance of housing loans | 497,235 | 42,674 | 111,263 | 454,561 |

9. Balance of Deposits (Non-Consolidated)

(millions of yen)

| | Sep. 30, 2006 | | Mar. 31, 2006 | Sep. 30, 2005 |
|--------------------------------------|---------------|------------------------------|---------------|---------------|
| | | Change from Mar. 31, 2006 | | |
| Balance of deposits (including NCDs) | 5,014,085 | 855,893 | 967,149 | 4,158,192 |
| Balance of deposits from individuals | 3,363,953 | 282,262 | 550,008 | 2,813,945 |

10. Subsidiaries and Affiliates

| | Sep. 30, 2006 | Mar. 31, 2006 | Sep. 30, 2005 |
|--|---------------|---------------|---------------|
| Consolidated subsidiaries | 89 | 82 | 77 |
| Affiliates accounted for using the equity method | 27 | 13 | 8 |

11. Expense for Retirement Benefit (Consolidated)

(millions of yen)

| | Sep. 30, 2006 |
|--------------------------------|---------------|
| Expense for retirement benefit | 2,546 |

12. Derivative Transactions Based on Hedge Accounting

(Consolidated)

(billions of yen)

| | As of September 30, 2006 | | | |
|-----------------------------------|--------------------------|-----------------------------------|--------------|-------|
| | Within 1 year | Over 1 year and within 5 years | Over 5 years | Total |
| Interest rate swap | | | | |
| Receive fixed and pay floating | 33.0 | 312.9 | 281.9 | 627.9 |
| Receive floating and pay fixed | 13.0 | 101.8 | 53.7 | 168.6 |
| Receive floating and pay floating | - | 0.5 | - | 0.5 |
| Total notional principal amount | 46.0 | 415.3 | 335.6 | 797.0 |
| Currency swap | | | | |
| Total notional principal amount | 206.7 | 254.0 | 173.9 | 634.7 |

(Non-Consolidated)

(billions of yen)

| | As of September 30, 2006 | | | |
|-----------------------------------|--------------------------|-----------------------------------|--------------|-------|
| | Within 1 year | Over 1 year and within 5 years | Over 5 years | Total |
| Interest rate swap | | | | |
| Receive fixed and pay floating | 33.0 | 312.9 | 281.9 | 627.9 |
| Receive floating and pay fixed | 13.0 | 101.8 | 53.7 | 168.6 |
| Receive floating and pay floating | - | 0.5 | - | 0.5 |
| Total notional principal amount | 46.0 | 415.3 | 335.6 | 797.0 |
| Currency swap | | | | |
| Total notional principal amount | 206.7 | 254.0 | 173.9 | 634.7 |

13. Problem Claims

A. Losses on Disposals

(Consolidated)

(billions of yen)

| | Net provision of general reserve for loan losses | Disposal of problem claims (Banking account) | Disposal of problem claims (Trust account) | Total credit costs |
|------------------|--|--|--|--------------------|
| 1H-FY2006 | 24.7 | (19.5) | - | 5.2 |
| FY2005 | 30.0 | 0.1 | - | 30.1 |
| 1H-FY2005 | 27.6 | (13.0) | - | 14.5 |

(Non-Consolidated)

(billions of yen)

| | Net provision of general reserve for loan losses | Disposal of problem claims (Banking account) | Disposal of problem claims (Trust account) | Total credit costs |
|------------------|--|--|--|--------------------|
| 1H-FY2006 | 0.8 | (12.8) | - | (11.9) |
| FY2005 | 4.1 | (9.0) | - | (4.9) |
| 1H-FY2005 | 3.1 | (5.5) | - | (2.3) |

B. Outstanding of Non-Performing Loans

(billions of yen)

| | Self assessment | | | | |
|----------------------|--|--------------------------------|--|-----------------------|-------------------|
| | Bankruptcy and virtually bankrupt obligors (a) | Possibly bankrupt obligors (b) | Below possibly bankrupt obligors (a)+(b) | Need caution obligors | Total (a)+(b)+(c) |
| Sep. 30, 2006 | 0.3 | 8.3 | 8.6 | 91.1 | 99.8 |
| Mar. 31, 2006 | 0.7 | 20.7 | 21.4 | 97.9 | 119.3 |
| Sep. 30, 2005 | 2.3 | 28.2 | 30.6 | 159.4 | 190.1 |

| | Claims under the Financial Revitalization Law | |
|----------------------|---|-------------------|
| | Substandard claims (d) | Total (a)+(b)+(d) |
| Sep. 30, 2006 | 17.3 | 26.0 |
| Mar. 31, 2006 | 21.1 | 42.5 |
| Sep. 30, 2005 | 15.4 | 46.1 |

C. Final Disposal of Claims and New Claims

Balance of Claims

(full year comparison)

(billions of yen)

| | Claims against bankrupt and quasi-bankrupt obligors (a) | Doubtful claims (b) | Total (a)+(b) |
|--|---|---------------------|---------------|
| Newly added from March 31, 2006 to September 30, 2006 | 0.8 | 2.4 | 3.2 |
| Off balanced from March 31, 2006 to September 30, 2006 | (1.3) | (14.6) | (15.9) |
| Increase (decrease) from March 31, 2006 to September 30, 2006 | (0.4) | (12.4) | (12.8) |
| Sep. 30, 2006 | 0.3 | 8.3 | 8.7 |
| Mar. 31, 2006 | 0.7 | 20.7 | 21.4 |
| Sep. 30, 2005 | 2.4 | 28.3 | 30.7 |

Note:

* The balance of claims against bankrupt and quasi-bankrupt obligors as of September 30, 2006 includes 0.2 billion yen of claims not appearing on the balance sheet as a result of off-balance arrangements.

* The balance of claims against bankrupt and quasi-bankrupt obligors as of March 31, 2006 includes 0.2 billion yen of claims not appearing on the balance sheet as a result of off-balance arrangements.

* The balance of claims against bankrupt and quasi-bankrupt obligors as of September 30, 2005 includes 2.2 billion yen of claims not appearing on the balance sheet as a result of off-balance arrangements.

D. Details of Arrangements to Remove Claims from the Balance Sheet

(billions of yen)

| | Disposal by liquidation (A) | Disposal by obligor revitalization (B) | Disposal by improvement in conditions accompanying obligor revitalization (C) | Securitization | |
|-----------|-----------------------------|--|---|----------------|-------------|
| | | | | Total (D) | Sale to RCC |
| 1H-FY2006 | (0.0) | (0.0) | - | - | - |
| FY2005 | (0.1) | (1.2) | - | (5.6) | - |
| 1H-FY2005 | - | (0.9) | - | (0.0) | - |

(billions of yen)

| | Write-off (E) | Other total (F) | Collection & repayment (G) | Business improvement (H) | Total (sum of A through F) |
|-----------|---------------|-----------------|----------------------------|--------------------------|----------------------------|
| | | | | | |
| FY2005 | 2.8 | (23.7) | (12.9) | (10.7) | (27.8) |
| 1H-FY2005 | (0.8) | (19.3) | (8.8) | (10.4) | (21.0) |

E. Financial Support for Borrowers

(billions of yen, number)

| | Amount | Number of cases | Company |
|--|--------|-----------------|---------|
| Debt forgiveness | - | - | |
| Based on private liquidation guideline | - | - | |
| Debt equity swap | - | - | |
| Underwriting of preferred shares | - | - | |
| Total | - | - | |

F. Reserve Ratio by Obligor

| | As of Sep. 30, 2006 | As of Mar. 31, 2006 | As of Sep. 30, 2005 |
|--|---------------------|---------------------|---------------------|
| (i) Legally or virtually bankrupt obligors (out of unsecured portion of claims) | 100.00% | 100.00% | 100.00% |
| (ii) Possibly bankrupt obligors (out of unsecured portion of claims) | 73.14% | 89.91% | 88.55% |
| (iii) Substandard obligors (out of unsecured portion of claims) | 58.42% | 51.32% | 61.67% |
| (iv) Caution obligors (except for substandard obligors) (out of unsecured portion of claims) | 31.00% | 29.99% | 47.69% |
| (out of total claims) | 14.31% | 9.43% | 9.19% |
| (v) Normal obligors (out of total claims) | 0.32% | 0.40% | 0.43% |

G. Reserve by Discounted Cash Flow Method

Since fiscal year 2002, we have established reserves for loan losses using the DCF method to more than 90% of claims, by balance, against substandard obligors and possibly bankrupt obligors.

14. Distributable Surplus for Public Funds

(billions of yen)

| | Shinsei Bank | |
|---|--------------|--|
| Unappropriated retained earnings on Sep. 30, 2006 | 409.5 | (retained earnings except for legal reserve) |
| Net unrealized gain on securities available-for-sale, net of taxes on Sep. 30, 2006 | (1.3) | |
| Dividends necessary in full year for preferred shares injected by public funds | 2.4 | |

Non-Consolidated Interim Statements of Income

(millions of yen)

| | 1H-FY2006 | 1H-FY2005 | Change | |
|--|----------------|---------------|----------------|----------------|
| | a | b | a-b | % |
| Interest on loans and bills | 31,725 | 28,830 | 2,895 | 10.0% |
| Interest and dividends on securities | 20,731 | 11,823 | 8,908 | 75.3% |
| Other interest income | 6,824 | 2,051 | 4,773 | 232.7% |
| Interest income | 59,282 | 42,705 | 16,577 | 38.8% |
| Fees and commissions income | 12,010 | 10,308 | 1,702 | 16.5% |
| Trading profits | 9,296 | 10,252 | (956) | (9.3)% |
| Other business income | 10,608 | 16,351 | (5,743) | (35.1)% |
| Other Ordinary Income | 24,199 | 15,441 | 8,758 | 56.7% |
| Ordinary Income | 115,397 | 95,058 | 20,339 | 21.4% |
| Interest on deposits, including negotiable certificates of deposit | 13,732 | 8,102 | 5,630 | 69.5% |
| Interest on debentures | 1,558 | 2,626 | (1,068) | (40.7)% |
| Interest on other borrowings | 1,954 | 3,637 | (1,695) | (46.6)% |
| Other interest expenses | 14,898 | 867 | 14,043 | 1,619.7% |
| Interest expenses | 32,144 | 15,234 | 16,910 | 111.0% |
| Fees and commissions expenses | 5,774 | 4,766 | 1,008 | 21.1% |
| Trading losses | 224 | 170 | 54 | 31.8% |
| Other business expenses | 4,480 | 2,408 | 2,072 | 86.0% |
| General and administrative expenses | 39,846 | 36,491 | 3,355 | 9.2% |
| Other ordinary expenses | 6,567 | 3,093 | 3,474 | 112.3% |
| Ordinary expenses | 89,038 | 62,165 | 26,873 | 43.2% |
| Net ordinary income | 26,358 | 32,892 | (6,534) | (19.9)% |
| Special gains | 12,828 | 3,075 | 9,753 | 317.2% |
| Special losses | 378 | 33 | 345 | 1,045.5% |
| Income before income taxes | 38,808 | 35,934 | 2,874 | 8.0% |
| Income taxes (current) | (1,625) | (2,908) | 1,283 | (44.1)% |
| Income taxes (deferred) | (1,150) | (310) | (840) | 271.0% |
| Net income | 41,584 | 39,153 | 2,431 | 6.2% |

yen / US\$

@117.91

@113.21

Non-Consolidated Interim Balance Sheets -- Assets

(millions of yen)

| | Sep. 30, 2006 | Mar. 31, 2006 | Change | |
|---|------------------|------------------|------------------|--------------|
| | a | b | a-b | % |
| <<Assets>> | | | | |
| Cash and due from banks | 137,839 | 315,282 | (177,443) | (56.3)% |
| Call loans | 20,000 | 50,000 | (30,000) | (60.0)% |
| Collateral related to securities borrowing transactions | 27,215 | 33,107 | (5,892) | (17.8)% |
| Other monetary claims purchased | 63,778 | 40,233 | 23,545 | 58.5% |
| Trading assets | 393,601 | 173,315 | 220,286 | 127.1% |
| Monetary assets held in trust | 628,396 | 556,448 | 71,948 | 12.9% |
| Securities | 2,049,116 | 1,809,798 | 239,318 | 13.2% |
| Loans and bills discounted | 4,683,764 | 3,961,246 | 722,518 | 18.2% |
| Foreign exchanges | 13,908 | 12,140 | 1,768 | 14.6% |
| Other assets | 238,584 | 282,669 | (44,085) | (15.6)% |
| Premises and equipment | / | 26,701 | / | / |
| Tangible fixed assets | 21,337 | / | / | / |
| Intangible fixed assets | 13,694 | / | / | / |
| Deferred issuance expenses for debentures | 115 | 177 | (62) | (35.0)% |
| Deferred tax assets | 29,537 | 27,965 | 1,572 | 5.6% |
| Customers' liabilities for acceptances and guarantees | 21,544 | 30,985 | (9,441) | (30.5)% |
| Reserve for credit losses | (98,492) | (111,421) | 12,929 | (11.6)% |
| Total assets | 8,243,944 | 7,208,651 | 1,035,293 | 14.4% |
| | yen / US\$ | @117.91 | @117.47 | |

Non-Consolidated Interim Balance Sheets

-- Liabilities and net assets

(millions of yen)

| | Sep. 30, 2006 | Mar. 31, 2006 | Change | |
|---|------------------|--------------------------|------------------|----------------|
| | a | b | a-b | % |
| <<Liabilities>> | | | | |
| Deposits, including negotiable certificates of deposit | 5,014,085 | 4,158,192 | 855,893 | 20.6% |
| Debentures | 759,501 | 1,021,419 | (261,918) | (25.6)% |
| Call money | 449,989 | 30,000 | 419,989 | 1,400.0% |
| Collateral related to securities lending transactions | 41,407 | - | 41,407 | n.m. |
| Trading liabilities | 98,099 | 129,059 | (30,960) | (24.0)% |
| Borrowed money | 320,850 | 314,789 | 6,061 | 1.9% |
| Foreign exchanges | 286 | 325 | (39) | (12.0)% |
| Corporate bonds | 459,492 | 447,024 | 12,468 | 2.8% |
| Other liabilities | 328,503 | 213,567 | 114,936 | 53.8% |
| Accrued employees bonuses | 5,379 | 10,040 | (4,661) | (46.4)% |
| Reserve for retirement benefits | 161 | 200 | (39) | (19.5)% |
| Acceptances and guarantees | 21,544 | 30,985 | (9,441) | (30.5)% |
| Total liabilities | 7,499,300 | 6,355,605 | 1,143,695 | 18.0% |
| <<Net assets>> | | <<Stockholders' Equity>> | | |
| Shareholders' equity | | | | |
| Capital stock | 451,296 | 451,296 | - | - |
| Capital surplus | 18,558 | 18,558 | - | - |
| Additional paid-in capital | 18,558 | 18,558 | - | - |
| Retained earnings | 418,150 | 380,526 | 37,624 | 9.9% |
| Appropriated for legal reserve | 8,567 | 7,777 | 790 | 10.2% |
| Other retained earnings | 409,583 | 372,749 | 36,834 | 9.9% |
| Earned surplus brought forward | 409,583 | 372,749 | 36,834 | 9.9% |
| Treasury stock, at cost | (136,538) | (6) | (136,532) | 2,275,533.3% |
| Total shareholders' equity | 751,467 | / | / | / |
| Net unrealized gain / loss and translation adjustments | | | | |
| Net unrealized gain / loss on securities available-for-sale, net of taxes | (1,397) | 2,670 | (4,067) | (152.3)% |
| Net deferred gain / loss on hedge, net of taxes | (5,687) | / | / | / |
| Total Net unrealized gain / loss and translation adjustments | (7,084) | / | / | / |
| Stock acquisition rights | 260 | / | / | / |
| Total net assets | 744,643 | 853,046 | (108,403) | (12.7)% |
| Total liabilities and net assets | 8,243,944 | 7,208,651 | 1,035,293 | 14.4% |

US\$ / yen

@117.91

@117.47

Non-consolidated Interim Statement of Changes in Net Assets

For the six months ended September 30, 2006

(millions of yen)

| | Shareholders' equity | | | | | | | |
|--|----------------------|--------------------------------|-----------------------|-----------------------------------|----------------------------|----------------------------|-------------------------------|-------------------------------------|
| | Capital stock | Capital surplus | | Appropriated for regal reserve | Retained earnings | | Treasury stock, at cost | Total of shareholders' equity |
| | | Additional paid- in capital | Total capital surplus | | Other retained earnings | Total retained earnings | | |
| Balance at beginning of period | 451,296 | 18,558 | 18,558 | 7,777 | 372,749 | 380,526 | (6) | 850,375 |
| Changes in amounts during the period | | | | | | | | |
| Dividends from surplus (note) | | | | 790 | (4,737) | (3,947) | | (3,947) |
| Net income | | | | | 41,584 | 41,584 | | 41,584 |
| Acquisition of treasury stock | | | | | | | (136,672) | (136,672) |
| Disposal of treasury stock | | | | | (13) | (13) | 140 | 126 |
| Net change of items other than shareholders' equity | | | | | | | | |
| Total changes during the period | - | - | - | 790 | 36,833 | 37,623 | (136,532) | (98,908) |
| Balance at end of period | 451,296 | 18,558 | 18,558 | 8,567 | 409,583 | 418,150 | (136,538) | 751,467 |

(millions of yen)

| | Net unrealized gain/loss and translation adjustments | | | Stock acquisition rights | Total net assets |
|--|--|---|---|-----------------------------|------------------|
| | Net unrealized gain/loss on securities available-for-sale, net of taxes | Net deferred gain /loss on hedge, net of taxes | Total net unrealized gain/loss and translation adjustments | | |
| Balance at beginning of period | 2,670 | - | 2,670 | - | 853,046 |
| Changes in amounts during the period | | | | | |
| Dividends from surplus (note) | | | | | (3,947) |
| Net income | | | | | 41,584 |
| Acquisition of treasury stock | | | | | (136,672) |
| Disposal of treasury stock | | | | | 126 |
| Net change of items other than shareholders' equity | (4,068) | (5,687) | (9,755) | 260 | (9,494) |
| Total changes during the period | (4,068) | (5,687) | (9,755) | 260 | (108,402) |
| Balance at end of period | (1,397) | (5,687) | (7,084) | 260 | 744,643 |

(note) This item is resulted from appropriation of profit of previous fiscal year.

[All figures presented in the following tables are based on APLUS' disclosed financials and before consolidation to Shinsei's financials.]

(Reference) APLUS Key Data

(billions of yen)

for the six months ended

| Summary of Income Statement (Consolidated) | Sep. 30, 2006 | Mar. 31, 2006 | Sep. 30, 2005 | Mar. 31, 2005 |
|---|---------------|---------------|---------------|---------------|
| Operating Revenue | 57.3 | 51.7 | 49.5 | 51.0 |
| Credit card shopping (Sogo) | 4.2 | 3.4 | 3.0 | 2.8 |
| Installment shopping credit (Kohin) | 10.2 | 6.8 | 6.7 | 7.3 |
| Credit guarantee | 13.8 | 14.6 | 15.4 | 15.6 |
| Loan | 23.9 | 21.3 | 19.8 | 20.6 |
| Consumer loan | 23.7 | 21.1 | 19.6 | 20.4 |
| Cashing by credit card | 10.5 | 10.3 | 10.0 | 0.0 |
| Loan card | 11.5 | 9.5 | 8.4 | 0.0 |
| Other consumer loan | 1.6 | 1.2 | 1.1 | 0.0 |
| Other loan | 0.1 | 0.1 | 0.1 | 0.1 |
| Financial income | 1.0 | 1.0 | 0.9 | 1.2 |
| Others | 4.0 | 4.4 | 3.5 | 3.2 |
| Operating Expenses | 53.9 | 43.5 | 43.2 | 44.7 |
| SG&A | 51.3 | 41.3 | 40.5 | 38.3 |
| Net provision of allowance for bad debts | 17.5 | 13.0 | 13.7 | 12.7 |
| Others | 33.7 | 28.2 | 26.8 | 25.5 |
| Financial expenses | 2.5 | 2.2 | 2.6 | 6.4 |
| Operating Income | 3.4 | 8.1 | 6.3 | 6.3 |
| Ordinary Income | 3.5 | 8.1 | 6.4 | 4.6 |
| Net Extraordinary Profit (Loss) | (1.4) | (1.3) | (0.3) | 0.0 |
| Net Income before Tax | 2.1 | 6.8 | 6.1 | 4.6 |
| Net Income | 0.5 | 8.3 | 8.0 | 4.6 |

(billions of yen)

as of the end of

| Summary of Financials and Other Major Business Information (Consolidated) | Sep. 2006 | Mar. 2006 | Sep. 2005 | Mar. 2005 |
|--|-----------|-----------|-----------|-----------|
| Total Assets | 1,608.2 | 1,593.1 | 1,542.9 | 1,667.0 |
| Total Liabilities | 1,534.2 | 1,516.1 | 1,469.4 | 1,602.3 |
| Total Net Assets | 74.0 | 76.9 | 73.4 | 64.7 |
| Total Account Receivables | 1,329.1 | 1,315.0 | 1,358.3 | 1,505.3 |
| Total installment receivables | 604.7 | 568.7 | 541.6 | 485.0 |
| Credit card shopping (Sogo) | 39.4 | 36.9 | 28.5 | 27.1 |
| Installment shopping credit (Kohin) | 296.8 | 253.8 | 243.6 | 214.2 |
| Loan | 268.2 | 277.7 | 266.7 | 240.4 |
| Consumer loan | 253.3 | 234.0 | 222.8 | 196.9 |
| Cashing by credit card | 70.0 | 66.3 | 64.5 | 57.9 |
| Loan card | 133.7 | 131.9 | 104.0 | 85.4 |
| Other consumer loan | 49.5 | 35.7 | 54.3 | 53.5 |
| Other loan | 14.9 | 43.6 | 43.8 | 43.4 |
| Others | 0.1 | 0.1 | 2.7 | 3.2 |
| Credit guarantee receivables | 724.3 | 746.3 | 816.7 | 1,020.3 |
| Number of Merchants (thousands) | 897 | 648 | 634 | 625 |
| Total Available Cardholders (thousands) (non-consolidated) | 7,359 | 6,841 | 6,263 | 5,734 |
| Number of New Card Issuance (thousands) (non-consolidated) | 905 | 891 | 887 | 834 |
| Loan Receivables Outstanding by Interest Rate Zone (non-consolidated) * | 204.3 | / | / | / |
| ~ 15.0% | 0.9 | / | / | / |
| ~ 18.0% | 32.9 | / | / | / |
| ~ 20.0% | 15.2 | / | / | / |
| ~ 25.0% | 52.7 | / | / | / |
| ~ 29.2% | 102.4 | / | / | / |
| Cashing by credit card | 75.7 | / | / | / |
| Loan card | 128.5 | / | / | / |
| Credit Outstanding Per Account (thousand yen) | 371 | / | / | / |
| Cashing by credit card | 242 | / | / | / |
| Loan card | 541 | / | / | / |

* This is a total of cashing by credit card / loan card outstanding (177.2 billion yen, non-consolidated, as of the end of Sep. 2006) based on managed assets basis, which include securitized receivables and uncollectible estimated amounts, etc.

Grey zone related:

In the six months ended Sep. 2006, APLUS incurred grey-zone related costs of 2.3 billion yen for future possible losses on reimbursements of excess interest payments. As of the end of Sep. 2006, the reserve amount stood at 2.4 billion yen.

[All figures presented in the following tables are based on Shinki' disclosed financials]

(Reference) Shinki Key Data

(billions of yen)

| Summary of Income Statement (non-consolidated) | for the six months ended | | for the fiscal year ended | |
|---|--------------------------|---------------|---------------------------|---------------|
| | Sep. 30, 2006 | Sep. 30, 2005 | Mar. 31, 2006 | Mar. 31, 2005 |
| Operating Income | 23.0 | 25.5 | 50.5 | 50.4 |
| Interest income | 12.5 | 13.6 | 27.9 | 26.1 |
| Interest on subordinated investor certificate | 9.8 | 11.0 | 21.1 | 22.8 |
| Others | 0.6 | 0.7 | 1.3 | 1.4 |
| Operating Expenses | 22.2 | 20.6 | 43.7 | 42.1 |
| Financial expenses | 0.8 | 1.0 | 1.9 | 3.2 |
| Other operating expenses | 21.4 | 19.5 | 41.7 | 38.9 |
| Allowance for bad debts and write offs | 12.3 | 8.9 | 20.0 | 19.6 |
| Others | 9.0 | 10.6 | 21.7 | 19.2 |
| Operating Profit | 0.7 | 4.8 | 6.7 | 8.2 |
| Ordinary Profit | 0.8 | 4.9 | 6.8 | 8.0 |
| Net Extraordinary Profit (Loss) | (13.3) | 0.2 | 0.2 | (0.1) |
| Net Income before Tax | (12.4) | 5.1 | 7.0 | 7.9 |
| Net Income | (15.4) | 2.9 | 4.1 | 4.5 |

(billions of yen)

| Summary of Financials and Other Major Business Information (non-consolidated) | as of the end of | | | |
|--|------------------|-----------|-----------|-----------|
| | Sep. 2006 | Mar. 2006 | Sep. 2005 | Mar. 2005 |
| Total Assets | 171.9 | 189.7 | 195.5 | 180.1 |
| Total Liabilities | 120.1 | 121.1 | 128.0 | 114.8 |
| Total Net Assets | 51.8 | 68.5 | 67.4 | 65.3 |
| Loan Receivables Outstanding ⁽¹⁾ | 187.5 | 199.4 | 211.9 | 211.8 |
| Consumer loans | 130.0 | 136.8 | 144.8 | 142.3 |
| Unsecured loans | 129.6 | 136.3 | 144.2 | 141.6 |
| Secured loans | 0.4 | 0.4 | 0.5 | 0.7 |
| Business loans | 57.5 | 62.6 | 67.0 | 69.4 |
| Loans on deeds | 0.4 | 0.6 | 0.9 | 1.3 |
| Noloan business | 56.9 | 61.8 | 65.7 | 67.0 |
| Secured loans | 0.0 | 0.1 | 0.3 | 1.0 |
| Number of Branch Offices | 572 | 610 | 568 | 475 |
| Weighted Average Rate of Loan Interest Rate (%) | 27.18 | 26.60 | 27.23 | 27.18 |
| Consumer loans | 27.59 | 26.91 | 27.60 | 27.62 |
| Unsecured loans | 27.65 | 26.97 | 27.67 | 27.70 |
| Secured loans | 11.07 | 11.15 | 11.61 | 11.84 |
| Business loans | 26.24 | 25.93 | 26.42 | 26.29 |
| Loans on deeds | 21.29 | 21.26 | 22.21 | 22.25 |
| Noloan business | 26.30 | 26.02 | 26.57 | 26.77 |
| Secured loans | 11.54 | 9.68 | 9.19 | 7.39 |
| Weighted Average Rate of Funding Rate (%) | | | | |
| During the fiscal year | 1.64 | 1.82 | 1.96 | 2.71 |
| As of the end of the fiscal year | 1.68 | 1.63 | 1.80 | 2.33 |

(1) Balance of loans include ones off-balanced through securitization program

Grey zone related:

In the six months ended Sep. 2006, Shinki (non-consolidated basis) incurred grey-zone related costs of 14.8 billion yen for future possible losses on reimbursements of excess interest payments. (3.4 billion yen was recorded in operating expenses and 11.4 billion yen was recorded in extraordinary losses.) As of the end of Sep. 2006, the reserve amount stood at 17.2 billion yen.