
Financial update

(3rd quarter result and FY2007 forecast)



Financial result for the 3rd quarter in FY2007(non-consolidated) 1

Core net business income, main profitability index, steadily increased (up 7% compared to last year) mainly due to higher interest margin between loan rate and deposit rate. However, net business income, ordinary profit and net income decreased compared to same period of last year due to impairment loss on investments and increase of reserves for possible loan losses.

(¥ billion)	FY 2007 3rd Quarter	FY 2006 3rd Quarter	Change	change	
Net business income	33	45	△ 11	△26%	Net interest income (+4 billion) Mainly due to increase in interest margin.
Core net business income	41	38	3	+7%	
Gross business profit	87	94	△ 7	△8%	Other profits (△12 billion) Mainly due to impairment loss on investments due to price mark downs (△10.4 billion).
Net interest income	82	78	4		
Net fee and commissions	11	12	1		
Other profit	△ 7	4	△ 12		
G&A expenses	54	52	2		Disposals of non-performing loans. (+2 billion) Increased due to more strict standard.
Transfer to general reserve for possible loan losses	△ 0	△ 2	1		
Net non-recurring gains(losses)	△ 3	△ 6	2		
Disposals of non-performing loans	10	8	2		
Net gains on equity securities	5	0	6		
Ordinary profit	30	38	△ 7	△21%	
Net special gains (losses)	△ 1	1	△ 2		
Gains on loan charged-offs	2	2	0		
Other special losses	2	0	2		
Net income before tax	29	40	△ 9		
Net income after tax	13	24	△ 10	△45%	



Forecast for FY2007(non-consolidated)

Conservatively prepared for further increase in impairment of investments due to future market fluctuations and in reserves for possible loan losses.

○FY 2007 forecast[non-consolidated]

	FY 2007 forecast		change
	¥billion	Change from forecast at the beginning	
Net business income	33	△ 24	△42%
Ordinary profit	33	△ 17	△34%
Net income	15	△ 15	△50%
Credit cost	10	+ 4	+66%

○Reasons for forecast change

- Prepared for further increase in impairment of investment securities conservatively (+20 billion, 10.3billion in 3rd quarter and additional 9.7billion in 4th quarter).
- Increased credit cost by 4 billion preparing for further increase in possible loan losses (expect 2.7 billion in 3rd quarter and additional 1.3billion in 4th quarter).

○Gross business profits

	¥billion		
	FY2007(forecast)	FY2006	FY2005
Gross business profit	106	124	124
Net interest income	108	106	107
Net fees and commissions	16	16	15
Gain/loss on bonds	△ 19	1	1
Credit cost	10	1	13

○Gross business profit

Radical decrease in gain on bonds led temporary decrease in gross business profit.

○Forecast for FY after 2007

Net interest income and fees and commissions showing steady increase following past trend.

After FY2007, expect profit recovery as used to be.

Returns to Shareholders in FY2007

Sustain current 'Shareholders Return Policy' in FY 2007 as the management promised.

● Shareholder Return Ratio* Targeting ratio equal to or higher than 40%.

● Dividend Pay-out Ratio Targeting ratio equal to or higher than 20%.

⇒ Expect 8 yen per share (pay-out 42%) and shareholders return ratio approximately 100%.

○Shareholders return history

	FY2003	FY2004	FY2005	FY2006	FY2007(forecast)
Number of stocks repurchased(thousands)	24,401	4,122	9,955	20,815	Max.15,000
Total amount of stock repurchases(Y bn)	8.1	1.8	7.2	14.5	Max.11.1
Number of stocks retired(thousands)	—	—	13,000	15,000	15,000
Number of treasury stocks(thousands)	30,154	33,845	30,466	35,931	
Total dividends(Y bn)	4.1	4.9	4.9	5.6	6.3
Dividend per stock(Y)	5.0	6.0	6.0	7.0	8.0
Net income after tax (non-consolidated)(Y bn)	22.8	26.1	24.7	26.1	15.0
Shareholder return ratio(%)	54.2	26.2	49.2	77.0	approx.100%
Dividend pay-out ratio(%)	18.4	19.1	20.0	21.6	approx.42%

* Shareholder Return Ratio=(Dividends paid + Stock repurchases) / Net income after tax

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