

# **Presentation of 1Q Results for FY2006**

**2006.4~2006.6**

**NISSIN CO., LTD.**

**8571**

The figures herein are based on Japanese GAAP, are unaudited and may be subject to revision.  
※The term “FY 2006” refers to the Company’s fiscal year ending March 31, 2007 and other fiscal years are referred to in a corresponding manner unless otherwise stated.

# Special Note Regarding Forward-looking Statements

The risks that may affect our business results, stock price and financial position are discussed below. The forward-looking statements are based on current management's judgment as of August 7, 2006, the filing date.

I. Risk from Business Environment

- (a) Weak economic conditions
- (b) Intensified customer acquisition competition by entry of major financial institutions and IT companies
- (c) Misconduct by an employee or director or negative publicity for our industry

II. Regulations

- (a) Regulations under Japanese law
  - i) Regulations concerning loan business
    - Regulations concerning interest rate
    - Regulation concerning loan operation
  - ii) The Special Measures Law Concerning the Claims Servicing Business (the "Servicer Law")
  - iii) The Installment Sales Law
  - iv) The Securities and Exchange Law
  - v) Other related regulations
- (b) Regulations under U.S. law
- (c) Amendments to current laws and the growing variety of legal means with which our customers can seek protection from creditors

III. Business Risk

- (a) Funding and market interest rates
- (b) Reliability of our information or technological system and networks
- (c) Influence on important decisions by the Company chairman and his family
- (d) Operating assets portfolio
- (e) Risk concerning investments
- (f) Strategic alliances and joint ventures to acquire new customers
- (g) Risk concerning economic trend and liquidity in real estate-related businesses

Risks and uncertainties which may affect our business results are not limited to the factors listed above, as unknown risks and uncertainties may be as yet unexpected to us.

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## Highlights of NIS Group

### New Management

#### **Kunihiko Sakioka**

Chairman, Representative Director and Co-CEO  
(Ex-President and Representative Director and Executive Officer)

#### **Shinsuke Amiya**

President, Representative Director and Co-CEO  
(Ex-Vice Chairman and Head of Investment Banking Group at Merrill Lynch Japan Securities Co., Ltd.)

### Organizational Change

- Introduction of a “Group System” to accelerate business operation speed, and clarify responsibility and authority.
- Establishment of the division, “Group Strategy” to strengthen the control of affiliated companies and other investments.
- Establishment of “The Office of the CEO” which will, on behalf of the Co-CEOs, be engaged primarily in the planning and administration of company-wide projects.

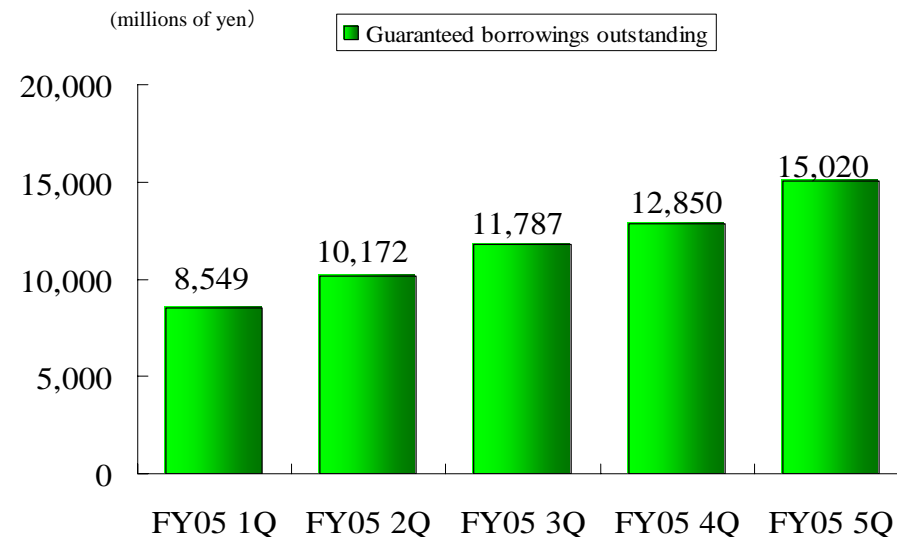
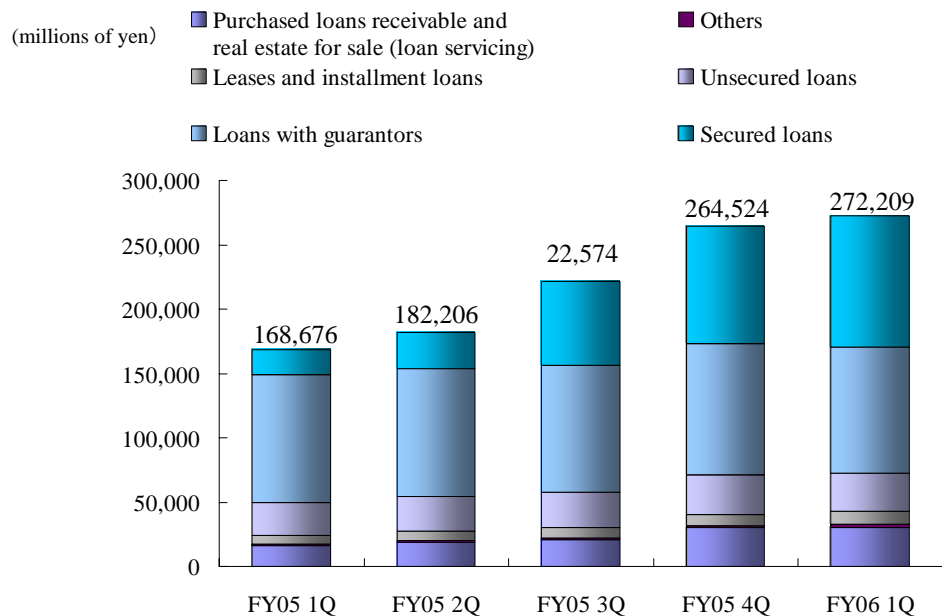
### Capital Alliance

New share allotment to SMBC for the purpose of future alliances for marketing financial solutions to small and medium sized enterprises (SMEs).

### Overseas Expansion

Full scale operation of lease businesses and related financing in China.

# Breakdown of Operating Assets and Trends (Consolidated)



	FY05 1Q	FY05 2Q	FY05 3Q	FY05 4Q	FY06 1Q
Secured loans	19,450	28,569	65,156	91,311	102,374
Loans with guarantors	99,595	99,452	98,573	102,353	97,779
Unsecured loans	25,411	26,788	27,685	30,575	29,794
Leases and installment loans	6,528	7,547	8,230	8,636	9,562
Others	1,470	1,356	1,516	1,482	2,660
Purchased loans receivable and real estate for sale (loan servicing)	16,220	18,491	20,491	30,165	30,536
<b>Total</b>	<b>168,676</b>	<b>182,206</b>	<b>228,574</b>	<b>264,524</b>	<b>272,709</b>
<b>Guaranteed borrowings outstanding</b>	<b>8,549</b>	<b>10,172</b>	<b>11,787</b>	<b>12,850</b>	<b>15,020</b>

※Loans receivable exclude bankrupt and delinquent loans outstanding.

※Loans receivable including subsidiary's balance from FY05 4Q.

※Assets held for leases and installment loans are mainly assets of NIS Lease Co., Ltd.

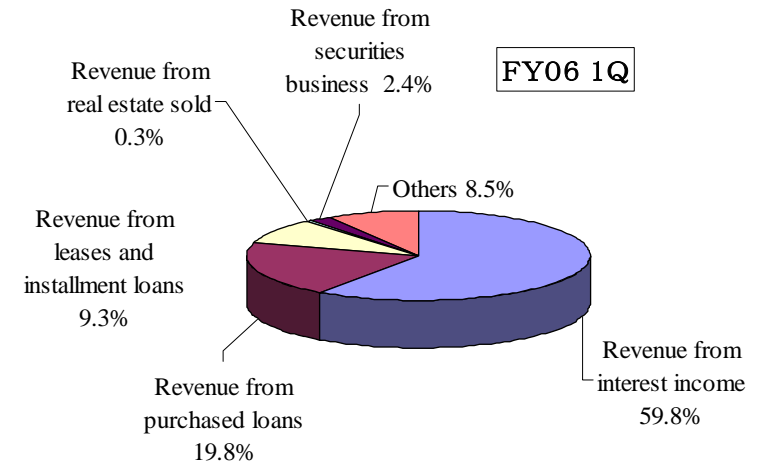
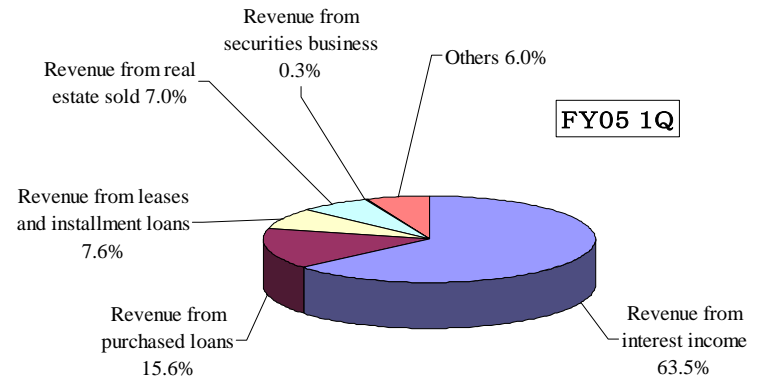
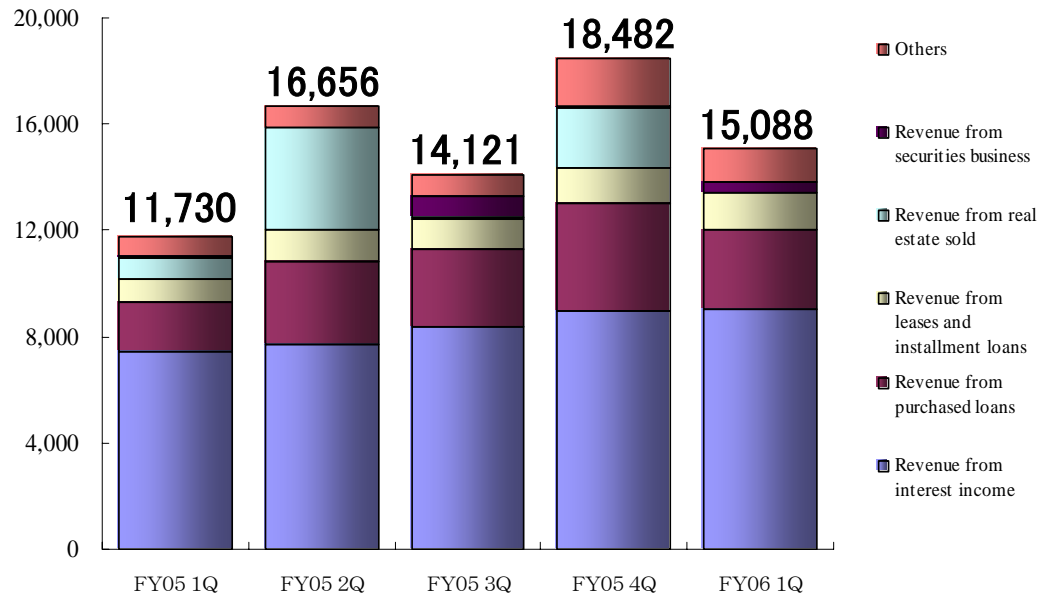
※Installment loans exclude unearned revenue.

※Guaranteed borrowings outstanding refers to the amount before deduction of reserves for guarantee losses.

※Please refer to the Financial Results (Consolidated) - P.23

# Breakdown of Operating Revenue and Trends (Consolidated)

(millions of yen)



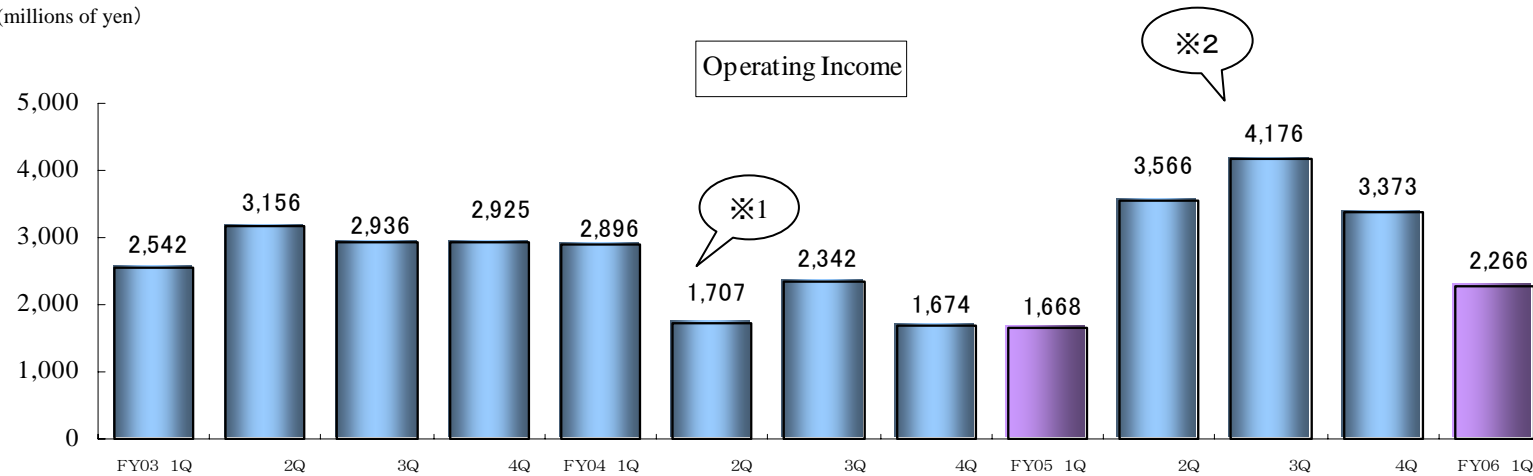
(millions of yen)

	FY05 1Q	FY05 2Q	FY05 3Q	FY05 4Q	FY06 1Q	Progress since (FY05 4Q)	PoP (FY06 1Q)
Revenue from interest income	7,451	7,685	8,404	8,987	9,025	0.43%	21.13%
Revenue from purchased loans	1,824	3,143	2,895	4,058	2,981	-26.52%	63.45%
Revenue from leases and installment loans	889	1,168	1,119	1,275	1,403	10.03%	57.82%
Revenue from real estate sold	822	3,887	73	2,259	39	-98.24%	-95.16%
Revenue from securities business	36	10	824	110	355	221.86%	870.14%
Others	707	761	804	1,792	1,282	-28.45%	81.27%
<b>Total</b>	<b>11,730</b>	<b>16,656</b>	<b>14,121</b>	<b>18,482</b>	<b>15,088</b>	<b>-18.36%</b>	<b>28.63%</b>

※Revenue from interest income: [Interest income from notes and loans receivable + Recovery from loans previously charged-offs + Loan origination fees]  
 ※Others: Guarantee fees received, rent revenue from real estate, etc.

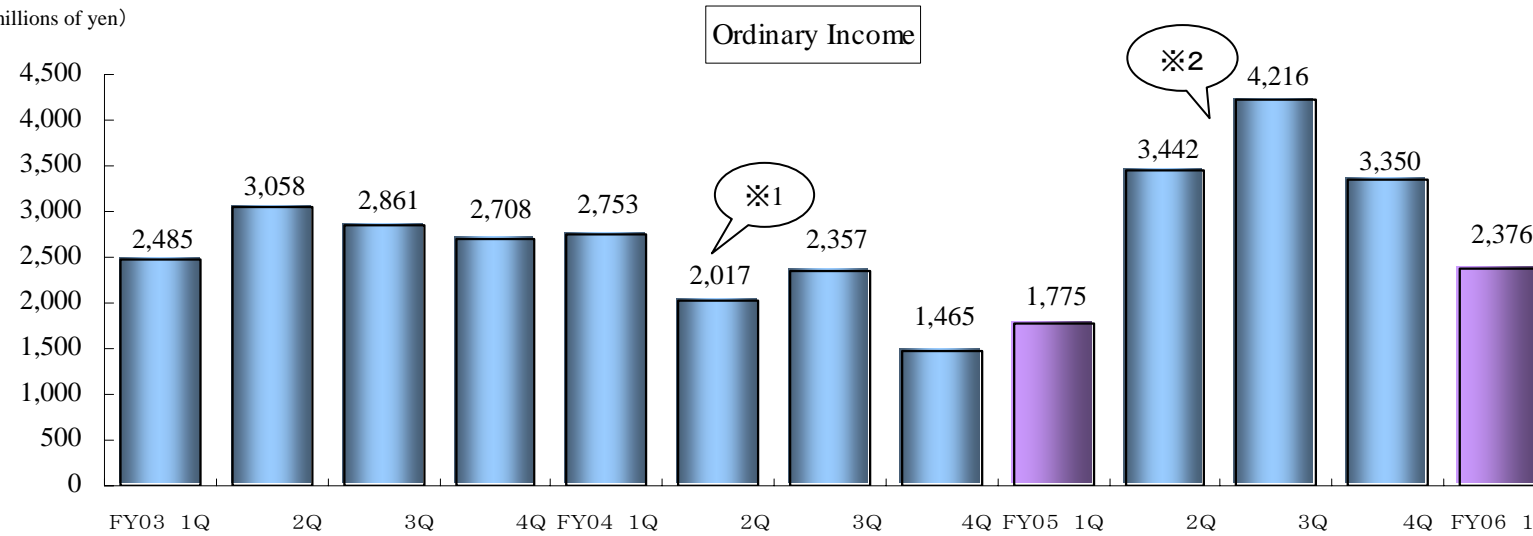
# Trend of profits (Consolidated)

(millions of yen)



**PoP  
+35.9%**

(millions of yen)



**PoP  
+33.8%**

※1 Sales of consumer loans assets (approx. 33 billion yen)

※2 Strengthen real estate related business.

# Trend of Borrowings by Source (Non-Consolidated)

## ■ Stable and Solid Fund Raising Ability

### 1. Diversification of Fund Procurement

- Securitization (¥15 billion)

### 2. Improvement in Fund Liquidity

- Commitment line and issuance of CP
- Procurement from stock lending agreement

### 3. Enhancement of Asset Liability Management

#### Adjusting to Procurement Strategy Following Customer Demand

- Enhancement of short term borrowings following growth in short term loans receivable.

(millions of yen)

	FY05 1Q		FY05 4Q		FY06 1Q		Progress since FY05 4Q	
	Amount	%	Amount	%	Amount	%	Amount	%
Indirect	92,957	70.1%	131,522	62.0%	146,594	62.0%	15,072	11.5%
Bank	73,189	55.2%	108,157	51.0%	96,232	40.7%	-11,925	-11.0%
Insurance companies	1,470	1.1%	1,982	0.9%	1,886	0.8%	-96	-4.8%
Other financial institution	4,857	3.7%	4,790	2.3%	4,226	1.8%	-564	-11.8%
Non-bank	13,440	10.1%	16,593	7.8%	44,249	18.7%	27,656	166.7%
Direct	39,574	29.9%	80,491	38.0%	89,793	38.0%	9,302	11.6%
SB	22,000	16.6%	28,000	13.2%	28,000	11.8%	0	0.0%
CB	8,426	6.4%	822	0.4%	685	0.3%	-137	-16.7%
CP	4,000	3.0%	30,000	14.2%	30,000	12.7%	0	0.0%
Securitization	5,148	3.9%	21,669	10.2%	31,108	13.2%	9,439	43.6%
Total	132,532	100.0%	212,013	100.0%	236,388	100.0%	24,375	11.5%
Weighted average borrowing interest rate		1.7%		1.3%		1.3%	-	
Average borrowing rate		1.8%		1.5%		1.3%	-	

※The figure do not include the borrowings of subsidiaries.

## Forecasts for the Year Ending March 31, 2007 (Consolidated)

### Maximize group synergy to specialize in financial services for SMEs

(millions of yen)

	FY05			FY06			%
	FY05 4Q	FY05 1Q	Progress toward FY05 4Q	FY06 4Q forecast	FY06 1Q	Progress toward FY06 4Q	PoP
Operating revenue	60,991	11,730	19.2%	68,000	15,088	22.2%	28.6%
Operating income	12,784	1,668	13.0%	14,600	2,266	15.5%	35.9%
Ordinary Income	12,785	1,775	13.9%	14,200	2,376	16.7%	33.8%
Net income	9,033	1,322	14.6%	7,600	1,645	21.6%	24.5%

# Company Structure

## Our continuing endeavors to strength Corporate Governance

### Appointment of External Director

※Elected at OGM on June 24, 2006

- Enhancement of checks-and-balance system to ensure legality of directors' actions.

### Establishment of Compliance Committee

※Newly established on June 24, 2006

#### ■ Strengthening Corporate Governance

Establishment of Compliance Committee made up of knowledgeable persons (lawyers, scholars, etc), with the External Director as the Chairman.

#### ■ Strengthening Risk Management

Compliance Committee acts as advisory body to the Board of Directors.

### Establishment of Executive Officers Committee

※Newly established on June 24, 2006

- Acceleration of decision-making and clarification of duties and authority, by separating performance and oversight functions.

**Strengthening corporate governance by monitoring its effectiveness, in order to maintain credibility among stakeholders, including shareholders, customers, employees, and etc.**