

**Presentation of 3<sup>rd</sup> Quarter FY 2006 Results**  
**(April 1, 2006 ~ December 31, 2006)**

**NIS GROUP CO., LTD.**  
**8571**

The figures herein are based on Japanese GAAP, are unaudited and may be subject to revision.

# Special Note Regarding Forward-Looking Statements



This presentation contains forward-looking statements, which are subject to various risks and uncertainties. Some risks and uncertainties that may affect our business results, stock price and financial position are discussed below.

These forward-looking statements are based on our current management's judgment as of February 5, 2007, the filing date for our financial results for the nine months ended December 31, 2006.

- I. Risks from Business Environment
  - (a) Weak economic conditions
  - (b) Intensified competition for customer acquisition 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
      - Regulations concerning loan operation
    - ii) The Special Measures Law concerning the Claims Servicing Business
    - 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 Risks
  - (a) Funding and market interest rates
  - (b) Reliability of our information or technological system and networks
  - (c) Influence on important decisions by the Chairman and Representative Director and his family
  - (d) Operating assets portfolio
  - (e) Risks concerning investments
  - (f) Strategic alliances and joint ventures to acquire new customers
  - (g) Risks concerning economic trends and liquidity in real estate-related businesses

Risks and uncertainties which may affect our business results are not limited to the factors listed above. Unknown or unexpected risks and uncertainties may affect us.

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# Summary of 3<sup>rd</sup> Quarter FY 2006

# Summary of Operating Results



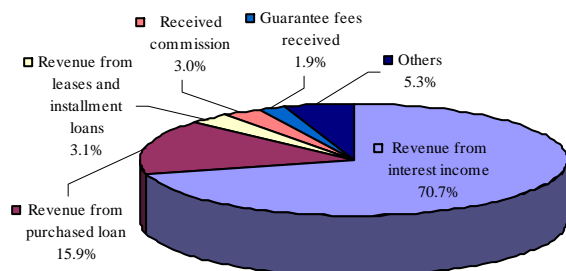
(Millions of yen except percentages)

	3Q FY2004	3Q FY 2005	3Q FY 2006	% change
<b>Consolidated</b>				
Operating revenues	31,657	42,508	59,796	40.7
Operating income	6,945	9,411	9,123	(3.1)
Ordinary income	7,127	9,434	8,922	(5.4)
Special gains	5,136	4,054	1,766	(56.4)
Special losses	889	337	7,822	-
Income before income taxes	11,374	13,151	2,866	(78.2)
Net income (loss)	6,563	7,438	831	(88.8)
<b>Non-Consolidated</b>				
Operating revenues	24,599	24,938	28,290	13.4
Operating income	6,326	5,640	2,436	(56.8)
Ordinary income	6,657	6,262	3,852	(38.5)
Income before income taxes	10,378	10,035	(2,017)	-
Net income (loss)	6,105	6,005	(1,083)	-

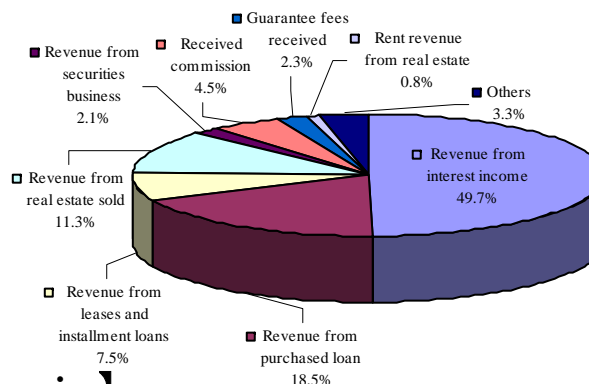
# Breakdown of Operating Revenues and Ordinary Income

## 【Breakdown of operating revenues by segments】

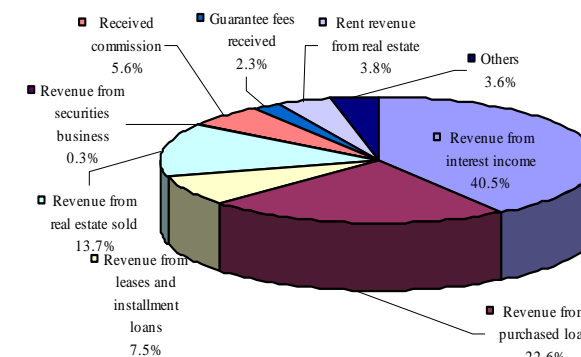
3Q FY 2004 ¥31,657 million



3Q FY 2005 ¥42,508 million

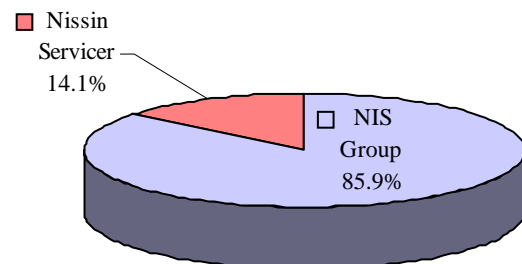


3Q FY 2006 ¥59,796 million

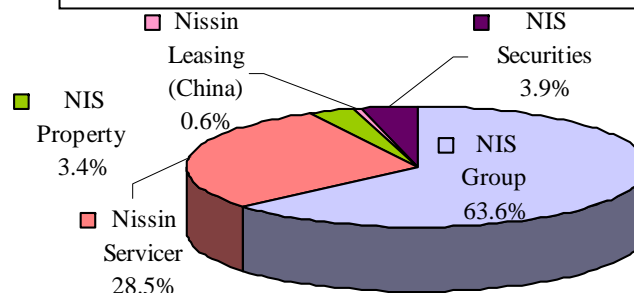


## 【Breakdown of ordinary income by companies】

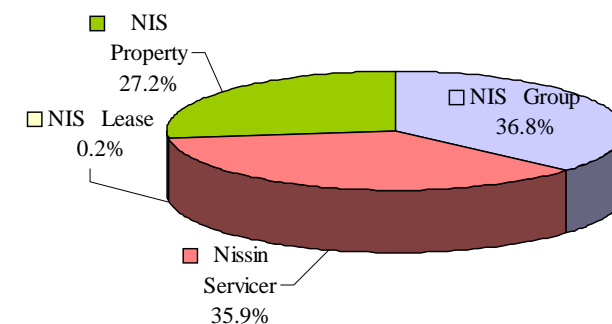
3Q FY 2004 ¥7,127 million



3Q FY 2005 ¥9,434 million



3Q FY 2006 ¥8,922 million



## 【Breakdown of operating results by companies】 3Q FY 2006

	NIS Group	Nissin Servicer	Aprek	NIS Lease	NIS Property	NIS Securities	Nissin Leasing (China)	Others	Total
Operating revenues	28,290	17,387	1,793	5,150	5,502	224	106	2,324	59,796
Operating income	2,436	4,255	56	15	2,485	(305)	(105)	44	9,123
Ordinary income	3,852	3,753	65	17	2,844	(304)	(85)	(79)	8,922
Income before income taxes	(2,017)	3,752	(76)	17	2,842	(315)	(86)	(159)	2,866
Net income (loss)	(1,083)	1,922	(154)	17	1,683	(316)	(86)	(133)	831

\*1 The total number of operating results includes consolidated adjustment accounts. \*2 Nissin Leasing (China)'s balance sheet date is end of December.

# Consolidated Balance Sheets



(Millions of yen)

Assets	2006.3	2006.12
<b>Total current assets</b>	<b>294,611</b>	<b>371,358</b>
Cash and deposits	22,788	27,877
Notes and loans receivable	224,240	258,525
Other loans receivable	2,149	3,728
Purchased loans receivable	24,038	28,536
Real estate for sale (loan servicing)	6,126	24,169
Real estate for sale (real estate business)	9,107	25,295
Investments in Tokumei-Kumiai relating to real estate	2,635	—
Installment loans	5,368	7,888
Deferred tax assets (current)	1,973	1,913
Others	5,759	7,192
Allowance for loan losses	(9,572)	(13,765)
<b>Fixed assets</b>	<b>56,250</b>	<b>56,699</b>
Assets held for leases	4,361	5,343
Other tangible fixed assets	1,679	1,881
Intangible fixed assets	2,094	1,922
Investment securities	34,501	31,769
Bankrupt and delinquent loans receivable	4,611	8,728
Investments in Tokumei-Kumiai relating to purchased loans	3,986	2,441
Investments in Tokumei-Kumiai relating to real estate	6,580	6,014
Deferred tax assets (long-term)	112	3,193
Others	2,192	2,688
Allowance for loan losses	(3,866)	(7,280)
<b>Total assets</b>	<b>350,861</b>	<b>428,057</b>

Liabilities and net assets	2006.3	2006.12
<b>Current liabilities</b>	<b>135,335</b>	<b>206,350</b>
Short-term borrowings	116,849	192,115
Account payable/Accrued expense	1,516	1,843
Accrued income taxes	6,088	1,813
Deferred installment benefits	1,094	1,578
Accrued bonuses-employees	751	589
Reserve for guarantee losses	629	928
Reserve for losses on excess interest repayments	590	—
Other	7,818	7,484
<b>Long-term liabilities</b>	<b>133,293</b>	<b>134,894</b>
Long-term borrowings	129,833	130,175
Reserve for losses on excess interest repayments	—	3,731
Other	3,460	988
<b>Total liabilities</b>	<b>268,629</b>	<b>341,245</b>
Common Stock	11,848	16,289
Additional paid in capital	15,519	20,067
Retained earnings	49,040	48,147
Treasury stock	(1,833)	(1,575)
Unrealized gains (losses) on investment securities	5,097	(418)
Foreign currency translation adjustments	150	214
Minority interest	2,407	3,969
Stock acquisition rights	—	118
<b>Total net assets</b>	<b>82,232</b>	<b>86,812</b>
<b>Total liabilities and net assets</b>	<b>350,861</b>	<b>428,057</b>

\*Guarantee borrowings outstanding 12,220 17,306  
(After deduction of reserve for guarantee losses)

\*Total interest-bearing debt 246,682 322,291

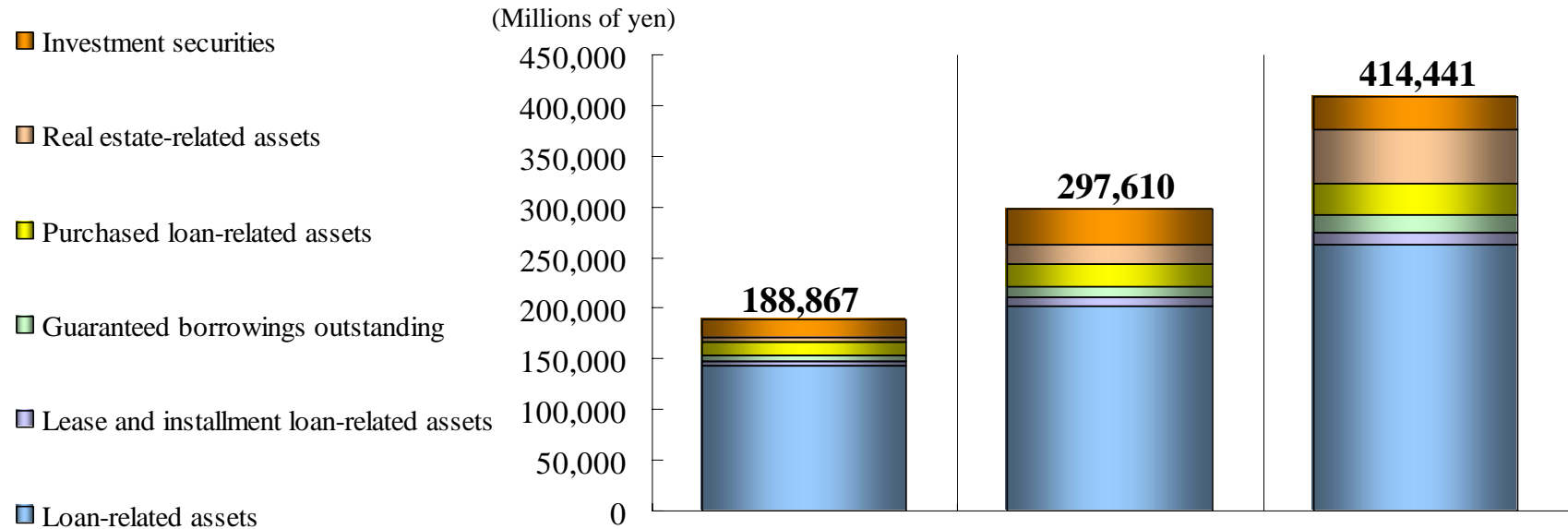
## Net Worth Ratio (%)

	2005.3	2005.12	2006.3	2006.12
Consolidated	29.1	25.2	22.8	19.3
Non-Consolidated	31.4	27.5	24.9	21.9

Note: The consolidated Balance Sheet as of March 31, 2006 was modified to conform to the current presentation.

Net worth ratio: (Total net assets – Minority interest – Stock acquisition rights) / Total liabilities and net assets

# Trend of Main Assets (Consolidated)



(Millions of yen)

	2004.12		2005.12		2006.12	
	Amount	%	Amount	%	Amount	%
Loan-related assets [NIS Group / Aprek]	142,782	75.6	202,490	68.0	267,254	64.5
Lease and installment loan-related assets [NIS Lease]	4,522	2.4	8,230	2.8	11,654	2.8
Guaranteed borrowings outstanding [NIS Group / NIS Lease]	6,424	3.4	11,196	3.8	17,306	4.2
<b>Credit total</b>	<b>153,729</b>	<b>81.4</b>	<b>221,917</b>	<b>74.6</b>	<b>296,215</b>	<b>71.5</b>
Real estate-related assets [Nissin Servicer / NIS Property]	4,155	2.2	19,361	6.5	55,480	13.4
Purchased loan-related assets [Nissin Servicer]	12,933	6.8	21,367	7.2	30,977	7.5
Investment securities [NIS Group / NIS Lease]	18,049	9.6	34,964	11.7	31,769	7.7
<b>Principal total</b>	<b>35,138</b>	<b>18.6</b>	<b>75,692</b>	<b>25.4</b>	<b>118,226</b>	<b>28.5</b>
<b>Total</b>	<b>188,867</b>	<b>100.0</b>	<b>297,610</b>	<b>100.0</b>	<b>414,441</b>	<b>100.0</b>

- Note:
1. Loan-related assets above include bankrupt, delinquent, and doubtful loans receivable.
  2. Guarantee borrowings outstanding above are the amount after deduction of reserve for guarantee losses.
  3. Real estate-related assets include real estate for sale (real estate business), real estate for sale (loan servicing) and investments in Tokumei-Kumiai.
  4. Purchased loan-related assets include purchased loans receivable and investments in Tokumei-Kumiai.

# Loan Business (Non-Consolidated)



## Loans outstanding (Stock base)

(Millions of yen except percentages)

	2005.12	2006.3	2006.12	% change
Business owner loans	84,565	84,805	74,286	(12.4)
Secured loans	65,274	90,323	136,873	51.5
Discount notes receivable	217	188	248	32.0
Consumer loans	45,148	44,157	36,696	(16.9)
Total	195,207	219,474	248,104	13.0
Average contracted interest (%)	17.6	16.0	13.9	-

Note: Loans receivable above include bankrupt, delinquent, and doubtful loans receivable.

Note: The average contracted interest rate shown above are not yield on loans but contractual yield on loans and contractual interest rates exclude loan origination fees.

## Newly contracted loans (Flow base)

(Millions of yen except percentages)

	3Q FY2005	3Q FY 2006	% change
Business owner loans	50,399	33,388	(33.8)
Secured loans	75,573	179,751	137.9
Discount notes receivable	485	623	28.3
Consumer loans	12,657	8,991	(29.0)
Total	139,115	222,754	60.1
Average contracted interest (%)	13.0	9.2	-

Note: The average contracted interest rate shown above are not yield on loans but contractual yield on loans and contractual interest rates exclude loan origination fees.

# Trend of Loans Charged-Off (Non-Consolidated)



## ■ Trend of Loans Charged-Off Ratio (Annual)

(%)

		FY2003	FY2004	FY2005	2Q FY2006	3Q FY2006
Business owner loans	Equal payment method	4.11	4.54	5.00	5.79	6.81
	Revolving loans	8.74	8.74	7.92	11.28	13.01
Secured loans		0.99	0.12	0.02	0.02	0.01
Consumer loans	Equal payment method	4.93	5.58	5.24	6.14	6.69
	Revolving loans	11.06	15.86	12.09	17.14	19.40
Total		6.16	5.20	3.53	3.78	3.94

\* The figures of 2Q FY2006 and 3Q FY2006 are calculated by annualized rate.

## ■ Loans Charged-Off (Quarter)

(Millions of yen)

		1Q FY2005	2Q FY2005	3Q FY2005	4Q FY2005	1Q FY2006	2Q FY2006	3Q FY2006
Loans charged-off		2,015	1,952	2,131	1,925	2,249	2,292	3,007
	Loan charged off related to excess interest repayment	498	567	516	563	602	820	794

## ■ Trend of Excess Interest Repayments (Quarter)

(Millions of yen, %)

	1Q FY2005		2Q FY2005		3Q FY2005		4Q FY2005		1Q FY2006		2Q FY2006		3Q FY2006	
	Amounts	Amounts/ Balance of loans receivable	Amounts	Amounts/ Balance of loans receivable	Amounts	Amounts/ Balance of loans receivable	Amounts	Amounts/ Balance of loans receivable	Amounts	Amounts/ Balance of loans receivable	Amounts	Amounts/ Balance of loans receivable	Amounts	Amounts/ Balance of loans receivable
Business owner loans	13	0.07	26	0.13	40	0.19	73	0.35	87	0.43	144	0.72	207	1.11
Secured loans	0	0.01	0	0.00	0	0.00	0	0.00	2	0.01	2	0.01	6	0.02
Consumer loans	38	0.32	44	0.38	53	0.47	86	0.78	149	1.43	201	2.05	284	3.10
Total	52	0.14	71	0.18	93	0.19	160	0.29	239	0.43	348	0.59	498	0.80

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



(Millions of yen except percentages)

	FY 2004	FY 2005	FY 2006 forecast	YOY (%) change
<b>Consolidated</b>				
Operating revenues	45,867	60,991	76,000	24.6
Operating income	8,619	12,784	13,600	6.4
Ordinary income	8,592	12,785	13,000	1.7
Income before income taxes	11,363	16,311	7,300	(55.2)
Net income (loss)	6,525	9,033	3,000	(66.8)
<b>Non-Consolidated</b>				
Operating revenues	32,370	34,152	37,700	10.4
Operating income	7,546	7,056	4,200	(40.5)
Ordinary income	7,989	8,109	5,700	(29.7)
Income before income taxes	10,234	11,675	200	(98.3)
Net income (loss)	6,279	6,944	100	(98.6)

\* No adjustment has been made to the financial forecasts from the last announcement on November 6, 2006.