Q & A for the 1st Quarter ended June 30, 2005

Q Please explain your first quarter results.
A In the first quarter, gross profit ¥419.6 billion, net business profit before credit costs for trust accounts and provision for formula allowance for loan losses ¥160.4 billion, ordinary profit income ¥150.4 billion and net income ¥96.9 billion, each representing an increase in profit over the first quarter of the previous fiscal year.

Q What were the major factors behind the change in gross profit compared to the first quarter of last fiscal year?
A Net interest income decreased ¥20.1 compared to the first quarter of last fiscal year mainly due to a reduction in the balance of foreign bonds and domestic loans.

On the other hand, as interest rates were relatively stable, net gains on debt securities in net of hedging gains and losses increased ¥13.0 billion and net other business income increased ¥17.7 billion from the first quarter of last fiscal year.

Furthermore, net trading profits recorded an increase of ¥14.6 billion, through increases at Group banks as well as a strong performance in bond dealing at Mitsubishi Securities.

Q I have heard that there is fierce competition between banks in housing loans. Is the outstanding amount increasing in line with your budget plan?
A Compared to the end of March 2005, the balance of housing loans increased approximately ¥60.0 billion to around ¥8 trillion. The newly launched long-term and full-term fixed rate housing loans contributed to this increase of housing loan. All banks are focusing on housing loan operations but we aim to further strengthen housing loan business especially by developing products that meet a wide range of customer needs.

Q How was your performance in arranging syndicated loans?
A In the first quarter of this year, the number and amount of syndicated loans we arranged exceeded that of the first quarter of last fiscal year. Large-scale syndicated loans aimed at large companies increased. Also the market for syndicated loans to small- and medium-sized companies broadened, leading to an increase in the amount that we arranged.