The Tokyo Star Bank, Limited

For Immediate Press Release: November 17, 2006

Non-Consolidated Financial Results for the First Half of Fiscal 2006
ended September 30, 2006

Company Name (Code Number):	**The Tokyo Star Bank, Limited (8384)** (URL http://www.tokyostarbank.co.jp/)
Stock Exchange Listings:	First Section of Tokyo
Headquarters:	Tokyo
Application of US GAAP:	Not applied

1. Summary of Non-Consolidated Financial Results for the First Half of Fiscal 2006

(1) Operating Results (in millions of yen except per share data and percentages)

	For the six months ended September 30,		For the year ended
	2006	2005	March 31, 2006
Ordinary income	**35,956**	31,133	66,545
Change from the previous year	**15.5 %**	6.6 %	
Ordinary profit	**11,555**	8,178	22,174
Change from the previous year	**41.3 %**	(37.3)%	
Net income	**7,999**	8,076	16,695
Change from the previous year	**(1.0)%**	(2.3)%	
Net income per common share	**11,427.17**	11,537.55	23,850.06

Average number of shares outstanding:

For the six months ended September 30, 2006:	(Common stock)	700,000	shares
For the six months ended September 30, 2005:	(Common stock)	700,000	shares
For the year ended March 31, 2006:	(Common stock)	700,000	shares

(2) Financial Conditions (in millions of yen except per share data and percentages)

	For the six months ended September 30,		For the year ended
	2006	2005	March 31, 2006
Total assets	**1,576,183**	1,439,487	1,504,579
Net assets	**92,634**	82,092	89,888
Ratio of net assets to total assets	**5.9 %**	5.7 %	6.0%
Net assets per common share	**132,335.09**	117,274.75	128,411.96
Capital adequacy ratio (based on the Domestic Standards)	**9.13 %**	8.93 %	8.84 %

Note:

Number of shares outstanding as of:

September 30, 2006:	(common stock)	700,000	shares
September 30, 2005:	(common stock)	700,000	shares
March 31, 2006:	(common stock)	700,000	shares

2. Earning Projections for the Fiscal Year Ending March 31, 2006

(in millions of yen)

Ordinary income	Ordinary profits	Net income
74,000	25,000	14,700

Projected net income per common share for the year ending March 31, 2006 is 21,000.00 yen.

3. Payment of dividends per Common Share

(in yen)

	For the year ended March 31, 2006	For the six months ended or ending September 30,	
		2006 (Actual)	2007 (Projection)
End of 1st quarter	-	-	-
End of 2nd quarter	-	-	-
End of 3rd quarter	-	-	-
End of 4th quarter	5,000.0	-	5,000.0
Other	-	-	-
Annual total	5,000.0	-	5,000.0

(Note)
The information contains forward-looking statements. The forward-looking statements are inherently susceptible to risks and uncertainties and does not guarantee future performance. Please note that future performance may differ from the prospect due to matters such as changes in business environments.

NON-CONSOLIDATED BALANCE SHEET
As of September 30, 2006

	(in millions of yen)
Assets:	
Cash and due from banks	106,810
Call loans	8,810
Monetary receivables bought	45,779
Trading securities	6
Monetary assets held in trust	3,643
Investment securities	301,627
Loans and bills discounted	1,083,948
Foreign exchange	384
Other assets	14,555
Tangible fixed assets	11,342
Intangible fixed assets	4,503
Deferred tax assets	13,000
Customers' liabilities for acceptances and guarantees	2,419
Reserve for possible loan losses	(20,648)
Total assets	**1,576,183**
Liabilities and net assets	
Liabilities:	
Deposits	1,416,867
Foreign exchange	3
Corporate notes	23,000
Other liabilities	39,436
Reserve for employees' bonuses	1,114
Reserve for directors' bonuses	708
Acceptances and guarantees	2,419
Total liabilities	**1,483,548**
Net assets:	
Common stock	21,000
Capital surplus	19,000
Capital reserve	19,000
Retained earnings	54,815
Earned surplus reserve	2,000
Other retained earnings	52,815
Earned surplus brought forward	52,815
Total owners' equity	94,815
Unrealized gain (loss) on available-for-sale securities, net of taxes	(164)
Deferred gain (loss) on hedging instruments, net of taxes	(2,016)
Total valuation and translation adjustments	(2,180)
Total net assets	**92,634**
Total liabilities and net assets	**1,576,183**

Notes to the Non-Consolidated Balance Sheet:

1. The amounts are rounded down to the nearest million of yen.
2. Trading Securities are stated at market value (cost of securities sold is determined by the moving-average method).
3. Investments in subsidiaries are stated at moving-average cost, Available-for-sale securities whose fair value can be obtained from the market or estimated are carried at the fair value at the end of interim period (cost of securities sold is calculated by the moving-average method), and other available-for-sale securities with no market value are stated at cost or amortized cost (straight-line) computed by the moving-average method. Unrealized gain or loss on available-for-sale securities is included in the net assets, net of taxes.
4. Derivatives are stated at fair value.
5. Depreciation for tangible fixed assets is computed using the declining-balance method (depreciation for buildings except for fixtures is computed using the straight-line method).
   The estimated useful lives of primary buildings and equipment are as follows:
   Building --- 8 years to 50 years
   Equipment and furniture --- 2 years to 20 years
6. Amortization for intangible fixed assets is computed using the straight-line method. Costs of computer software developed or obtained for internal use are deferred and amortized over the estimated useful lives (5 years) as defined by the Bank.
   Goodwill is amortized using the straight-line method over 5 years and if the amount of goodwill is immaterial it is charged to the consolidated statements of operations in the year of acquisition.
7. Issuance costs of corporate notes are charged to the consolidated statements of operations in the year of issuance.
8. Loans acquired from other financial institutions, loans on deeds and bills discounted are recorded at acquisition costs in the balance sheet, and the difference between the acquisition costs and principal amount is amortized in proportion to the principal amount over the actual collection period. Overdrafts and loans on notes are carried at principal amount and the difference is recorded as a liability and is amortized over the actual collection period using the straight-line method. Loans that are classified as likely to become bankrupt, virtually bankrupt and legally bankrupt are recorded at acquisition costs and the difference is not amortized.
9. Foreign currency assets and liabilities are principally translated into yen equivalents using the exchange rates prevailing at the interim period end.
10. Reserve for possible loan losses is provided pursuant to the internal rules for the write-off of claims and providing reserve for possible loan losses.
    For claims to debtors who are legally bankrupt or virtually bankrupt, a reserve is provided based on the amount of claims, after charge-offs as stated below, and net of amounts expected to be collected through the disposal of collateral or the execution of guarantees.
    For claims to debtors who are likely to become bankrupt and for which future cash flows can not be reasonably estimated, a reserve is provided for the amount considered to be necessary based on an overall

solvency assessment performed for the amount of the claim, net amounts expected to be collected through the disposal of collateral or execution of guarantees.

For claims to debtors who are likely to become bankrupt or whose claims are restructured as noted in 19 below and the amount of claims exceeds certain levels for which the amount of future cash flows can be reasonably estimated, a reserve is provided for the difference between the present value of the expected future cash flows discounted using the initial contracted interest rate and the carrying value of the claim. For other claims, a reserve is provided based on historical loan loss experience.

All claims are assessed by the business related divisions based on the internal rules for self-assessment of asset quality. The credit examination related division, which is independent from business related divisions, subsequently conducts examination of their assessments, and the reserve is provided based on the examination results.

Provisions for possible loan losses are directly offset with the corresponding income recognized by applying the amortized cost method since such income is arising from the change in credit risk of purchased claims.

For collateralized or guaranteed claims to debtors who are legally bankrupt or virtually bankrupt, the amount of claims exceeding the estimated value of the collateral or guarantees, which is deemed uncollectible, has been charged-off against the respective claims. The amount of the charge-off as of September 30, 2006 was 14,876 million yen.

11. A reserve for employees' bonuses is provided for the payment of employees' bonuses based on the estimated amounts of the future payments attributed to the current interim period.
12. A reserve for directors' bonuses is provided for the payment of directors' bonuses based on the estimated amounts of the future payments attributed to the current interim period.
13. Equipment used under finance lease agreements is accounted for as equipment leased under operating leases, except for those leases which transfer ownership of leased equipment to the lessee, in which case the equipment is capitalized.
14. With respect to hedge accounting for interest rate risks arising from financial assets and liabilities, the Bank has adopted deferral hedges prescribed in the Industry Audit Committee Report No. 24, "Practical Guidelines for Accounting Financial Instruments", issued by the Japanese Institute of Certified Public Accountants ("JICPA"). As for the assessment of hedge effectiveness, the Bank groups the deposits (hedged items) and interest swap transactions (hedging instruments) by their maturities and evaluate their effectiveness.
15. The national consumption tax and the local consumption tax are excluded from transaction amounts. The portion of the national consumption tax and the local consumption tax, which are paid on the purchase of tangible fixed assets and are not deductible as a tax credit, are charged to expenses when incurred.
16. Accumulated depreciation on tangible fixed assets was 3,413 million yen.

17. Loans to bankrupt borrowers and past due loans are included in Loans and bills discounted, and the amounts were 923 million yen and 25,690 million yen, respectively.

    Loans to bankrupt borrowers represent loans which have been placed in non-accrual status due to substantial delinquency or other reasons such as non-accrual loans, and meet certain provisions as stipulated in Article 96, Paragraph 1, Subparagraphs 3 and 4 of the Enforcement Ordinance of the Corporation Tax Law of Japan. Past due loans represent non-accrual loans excluding those loans to bankrupt borrowers and loans for which interest payments are deferred in order to assist the financial recovery of debtors in financial difficulties.

    DIP finance loans (finance to restructuring companies under turnaround procedures) of 400 million yen are included in the amount of loans to bankrupt borrowers. These loans are fully secured by collaterals and other means.
18. Loans past due three months or more are included in Loans and bills discounted, and the amount was 4 million yen. Loans past due three months or more are loans whose principal or interest payments are three months or more past due from the following day of the prescribed payment date. Loans to bankrupt borrowers and past due loans are excluded.
19. Restructured loans are included in Loans and bills discounted, and the amount was 11,642 million yen. Restructured loans are loans on which concessions (e.g., reduction of the stated interest rate, deferral of interest payment, extension of maturity date, reduction of the face amount or maturity amount of the debt or accrued interest) have been granted to debtors in financial difficulties to assist them in their financial recovery and eventually to be able to repay to creditors. Loans classified as loans to bankrupt borrowers, past due loans or loans past due three months or more are excluded.
20. Total amount of loans to bankrupt borrowers, past due loans, loans past due three months or more and restructured loans was 38,261 million yen. The amounts stated in Notes 17 through 20 represent the gross receivable amounts before a reduction for the Reserve for possible loan losses.
21. With respect to Loan Participation, the total principal balance of loans which are accounted for as sales under JICPA Accounting System Committee Report No.3 issued on June 1, 1995 was 76 million yen. The amount of participated loans which were accounted for as loans to original debtors included in the balance sheet as of September 30, 2006 was 19,181 million yen.
22. Bills discounted are accounted for as secured lending transactions in conformity with the Industry Audit Committee Report No.24. Bank acceptances, commercial bills, bills of exchange, and foreign bills bought are permitted to be sold or (re) pledged and the total face value was 393 million.
23. Assets pledged as collateral were as follows:

Investment securities	24,162 million yen

    Liabilities related to the pledged assets were as follows:

Deposits	274 million yen

    In addition to above, Investment securities of 40,481 million yen were pledged as collateral for settlement of exchange transactions and security deposits of 2,186 million yen were included in “Other assets.”
24. Subordinated bonds of 3,000 million yen were included in “Corporate notes.”

25. Net assets per common share was 132,335.08 yen.

Guidance on Accounting Standard for Earnings Per Share (ASBJ Guidance No. 4, September 25, 2002) was revised on January 31, 2006 and applied since this fiscal year. As a result of applying this standard, "Deferred gain (loss) on hedging instruments, net of taxes" is included in the computation of net assets per common share and it decreased by 2,880.44 yen compared to the former standard.

26. Fair value and unrealized gain/loss of investment securities are as follows.

Available-for-sale securities with fair value: (in millions of yen)

	Cost	Carrying value	Net unrealized gain (loss)
Equities	483	1,015	531
Japanese bonds	160,271	159,811	(460)
Government bonds	142,031	141,622	(409)
Municipal bonds	609	602	(6)
Corporate bonds	17,630	17,586	(43)
Others	87,294	87,100	(348)
Total	248,049	247,927	(277)

Where compound instruments in "Others" as a whole are marked to market, and unrealized gain (loss) is included in Income before income taxes, these instruments are excluded.

The unrealized gain (loss) amount, net of deferred tax assets of 112 million yen, were (164) million yen, which were included in "Unrealized gain (loss) on available-for-sale securities, net of taxes."

27. Securities whose fair value is not readily available are as follows:

(in millions of yen)

Investments in subsidiaries and affiliates	5,020
Investments in subsidiaries	5,020
Available-for-sale securities	48,679
Unlisted domestic equity securities (excluding OTC traded equities)	2,337
Corporate bonds (industrial bonds)	44,602
Others	1,739

28. Contracts of overdraft facilities and loan commitment line are contracts under which customers are lent to up to the prescribed limits in response to the customers' application for a loan as long as there is no violation of any condition in the contracts. The unused amount within the limits relating to these contracts was 137,010 million yen, of which contracts whose original terms were within one year (or contracts unconditionally cancelable at voluntary timing) were 105,031 million yen. Since many of these commitments expire without being drawn, the unused amount does not necessarily represent a future cash requirement. Most of these contracts have conditions that allow the Bank to refuse the customers' application for a loan or decrease the contract limits with proper reasons (e.g., changes in financial situation, deterioration in customers' creditworthiness, etc.). At the inception of contracts, the Bank obtains real estate, securities, etc. as collateral if considered to be necessary. Subsequently, the Bank performs periodic reviews (semi-annually) of the customers' business results based on internal rules, and take necessary measures to reconsider conditions in contracts and/or require additional collateral and guarantees.
29. The major components of deferred tax assets and liabilities are as follows.

	(in millions of yen)
Deferred tax assets	
Reserve for possible loan losses	10,119
Deferred hedging loss	1,383
Reserve for employees' bonuses	453
Enterprise tax payable	431
Unrealized loss on available-for-sale securities, net of taxes	112
Other	500
Gross deferred tax assets	13,000
Net deferred tax assets	13,000

30. Accounting Standard for Presentation of Net Assets in the Balance Sheet (ASBJ Statement No. 5, December 9, 2005) and Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet (ASBJ Guideline No. 8, December 9, 2005) were applied since this fiscal year. As a result of applying these standards, the presentation was changed from this fiscal year as follows:
    (1) The former "Stockholders' equity" is presented as "Net assets" and classified into "Owners' equity" and "Valuation and translation adjustments" from this fiscal year. "Stockholders' equity" calculated based on the former standard, as of September 30, 2006 is 94,650 million yen.
    (2) Deferred hedging gain included in "Other liabilities" is presented as "Deferred gain (loss) on hedging instruments, net of taxes" in "Valuation and translation adjustments."
    (3) "Premises and equipment" is separately presented as "Tangible fixed assets", "Intangible fixed assets" and "Other assets."
    (4) Software previously included in "Other assets" is included "Intangible fixed assets."
    (5) "Consolidation differences" in liabilities is included in "Negative goodwill."

NON-CONSOLIDATED STATEMENT OF OPERATIONS

For the six months ended September 30, 2006

(in millions of yen)

Ordinary income:		**35,956**
Interest and dividend income	24,264	
Interest on loans and discounts	*19,710*	
Interest on and dividends on securities	*2,750*	
Fees and commissions	5,745	
Other operating income	1,450	
Other ordinary income	4,495	
Ordinary expenses:		**24,400**
Interest expenses	4,408	
Interest on deposits	*4,324*	
Fees and commissions	2,815	
Other operating expenses	91	
General and administrative expenses	14,949	
Other ordinary expenses	2,136	
Ordinary profits		**11,555**
Extraordinary gains		**1,990**
Extraordinary losses		**44**
Income before Income Taxes		**13,501**
Income taxes		
Current		5,202
Deferred		299
Net income		**7,999**

Notes to the Non-Consolidated Statement of Operations

1. The amounts are rounded down to the nearest million of yen.
2. Net income per common share is 11,427.16 yen.
3. "Other ordinary income" includes gain on recoveries of purchased loans of 3,300 million yen.
4. "Other ordinary expenses" includes write-offs of loans of 1,982 million yen.
5. "Extraordinary gains" includes reversal of possible loan losses of 965 million yen, collection of written-off claims of 939 million and gain on sales of fixed assets of 85 million yen.
6. "Extraordinary losses" includes loss on disposal of fixed assets of 32 million yen and loss

COMPARISON OF NON-CONSOLIDATED BALANCE SHEETS

	As of September 30,			As of March 31,	
(in millions of yen)	2006 (A)	2005 (B)	(A)-(B)	2006 (C)	(A)-(C)
Assets:					
Cash and due from banks	106,810	108,315	(1,505)	118,959	(12,149)
Call loans	8,810	474	8,336	1,526	7,284
Monetary receivables bought	45,779	53,627	(7,848)	48,293	(2,514)
Trading securities	6	9	(3)	7	(1)
Monetary assets held in trust	3,643	4,238	(595)	3,670	(27)
Investment securities	301,627	329,905	(28,278)	276,683	24,944
Loans and bills discounted	1,083,948	918,583	165,365	1,025,534	58,414
Foreign exchange	384	307	77	275	109
Other assets	14,555	15,304	(749)	22,409	(7,854)
Premises and equipment	-	14,601	-	13,808	-
Tangible fixed assets	11,342	-	-	-	-
Intangible fixed assets	4,503	-	-	-	-
Deferred tax assets	13,000	11,487	1,513	12,097	903
Customers' liabilities for acceptances and guarantees	2,419	3,996	(1,577)	2,559	(140)
Reserve for possible loan losses	(20,648)	(21,362)	714	(21,245)	597
Total assets	1,576,183	1,439,487	136,696	1,504,579	71,604
Liabilities and Stockholders' Equity					
Liabilities:					
Deposits	1,416,867	1,307,195	109,672	1,366,471	50,396
Negotiable certificates of deposit	-	10,000	(10,000)	-	-
Foreign exchange	3	-	3	14	(11)
Corporate notes	23,000	3,000	20,000	3,000	20,000
Other liabilities	39,436	31,787	7,649	40,107	(671)
Reserve for employees' bonuses	1,114	920	194	1,501	(387)
Reserve for directors' bonuses	708	495	213	1,037	(329)
Acceptances and guarantees	2,419	3,996	(1,577)	2,559	(140)
Total Liabilities	1,483,548	1,357,395	126,153	1,414,691	68,857
Stockholders' equity:					
Common stock	-	21,000	-	21,000	-
Capital surplus	-	19,000	-	19,000	-
Capital reserve	-	19,000	-	19,000	-
Retained earnings	-	41,697	-	50,316	-
Earned surplus reserve	-	2,000	-	2,000	-
Unappropriated retained earnings	-	39,697	-	48,316	-
Unrealized gain (loss) on available-for-sale securities, net of taxes	-	394	-	(427)	-
Total stockholders' equity	-	82,092	-	89,888	-
Total liabilities and stockholders' equity	-	1,439,487	-	1,504,579	-
Net assets:					
Common stock	21,000	-	-	-	-
Capital surplus	19,000	-	-	-	-
Capital reserve	19,000	-	-	-	-
Retained earnings	54,815	-	-	-	-
Earned surplus reserve	2,000	-	-	-	-
Other retained earnings	52,815	-	-	-	-
Earned surplus brought forward	52,815	-	-	-	-
Total owners' equity	94,815	-	-	-	-
Unrealized gain (loss) on available-for-sale securities, net of taxes	(164)	-	-	-	-
Deferred gain (loss) on hedging instruments, net of taxes	(2,016)	-	-	-	-
Total valuation and translation adjustments	(2,180)	-	-	-	-
Total net assets	92,634	-	-	-	-
Total liabilities and net assets	1,576,183	-	-	-	-

Notes: The amounts are rounded down to the nearest million of yen.

COMPARISON OF NON-CONSOLIDATED STATEMENTS OF OPERATIONS

(in millions of yen)	For six months ended September 30, 2006 (A)	2005 (B)	(A)-(B)	For year ended March 31, 2006
Ordinary income:	35,956	31,133	4,823	66,545
Interest and dividend income	24,264	21,817	2,447	45,627
Interest on loans and discounts	*19,710*	*17,791*	*1,919*	*37,225*
Interest on and dividends from securities	*2,750*	*2,616*	*134*	*5,331*
Fees and commissions	5,745	4,344	1,401	10,845
Other operating income	1,450	1,206	244	1,940
Other ordinary income	4,495	3,765	730	8,132
Ordinary expenses:	24,400	22,954	1,446	44,370
Interest expenses	4,408	3,913	495	7,840
Interest on deposits	*4,324*	*3,875*	*449*	*7,762*
Fees and commissions	2,815	2,074	741	4,502
Other operating expenses	91	101	(10)	505
General and administrative expenses	14,949	12,683	2,266	26,372
Other ordinary expenses	2,136	4,181	(2,045)	5,149
Ordinary profits	11,555	8,178	3,377	22,174
Extraordinary gains	1,990	6,177	(4,187)	7,505
Extraordinary losses	44	459	(415)	716
Income before income taxes	13,501	13,896	(395)	28,964
Income taxes				
Current	5,202	6,042	(840)	12,536
Deferred	299	(221)	520	(267)
Net income	7,999	8,076	(77)	16,695
Unappropriated retained earnings at beginning of the period	-	31,621	-	31,621
Unappropriated retained earnings at end of the period	-	39,697	-	48,316

Notes: The amounts are rounded down to the nearest million of yen.

Subsequent Events

The Tokyo Star Bank, Limited issued unsecured straight bonds in the domestic capital market based on the decision of the representative executive officer on October 27, 2006. The detail of bonds is as follows:

1. Total Issue Amount	20 billion yen
2. Issue Price	100 yen per 100 yen in face value
3. Coupon	1.78% per annum
4. Payment Date	November 16, 2006
5. Maturity Date	November 16, 2011
6. Purpose of Funds	Operating Capital