

***SELECTED FINANCIAL  
INFORMATION***

***For the Fiscal Year Ended March 31, 2006  
(Supplementary)***



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東京スター銀行

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## I. Overview (Consolidated)

### Earnings

- Net income of JPY 17.1 billion, 17.7% above prior year, and 18.3% above the forecast on November 18, 2005.
- Return on Assets and Return on Equity remained strong at 1.16% and 20.50%, respectively.

### Growth and Efficiency

- Outstanding loans exceeded 1 trillion for the first time ever, up 19% from March 2005, and more than double the level from the start of business in June 2001.
- Both business segments contributed significantly to our loan growth with Retail up 43% (+JPY 102 billion) and Corporate up 14% (+JPY 81 billion).
- Loan-to-deposit ratio increased from 65% in the prior year to 76%.
- Our year-over-year G&A expense to average loan ratio fell from 3.2% to 2.9%, a reduction of 9%.

### Asset Quality

- Ratio of disclosed claims under the Financial Revitalization Law declined to 3.44%, down from 5.14% at the end of March 2005.
- Credit costs, including both write-offs and changes in the reserve for loan losses declined to 1,808 million yen compared with 8,513 million yen of the previous year.
- Our capital adequacy ratio increased from 8.84% to 8.95%.

### <Reference>

	<Consolidated basis>		(in millions of yen except per share data)	
	FY2005	FY2004	Increase/ Decrease	%
Ordinary Income	68,323	63,059	5,264	8.3
Ordinary Profits	24,043	22,747	1,296	5.7
Net Income	17,149	14,570	2,579	17.7
Net Income per Share	24,499.10 yen	20,815.24 yen	3,683.86 yen	17.7

## II. Selected Financial Information for the Fiscal Year Ended March 31, 2006

### 1. Operating Results

【Non-consolidated basis】

(in millions of yen)

	For the year ended March 31, 2006	For the year ended March 31, 2005	Increase/ (Decrease)
<b>Gross Operating Profits</b>	<b>45,586</b>	<b>40,738</b>	<b>4,848</b>
Net Interest Income	37,809	34,614	3,195
Net Fees and Commissions	6,342	6,056	286
Net Other Operating Income	1,435	67	1,368
General & Administrative Expenses	26,372	22,263	4,109
Personnel Expenses	11,725	9,547	2,178
Nonpersonnel Expenses	13,304	11,445	1,859
Taxes	1,343	1,271	72
<b>Net Operating Income (before General Reserve)</b>	<b>19,214</b>	<b>18,475</b>	<b>739</b>
Provision for General Reserve for Possible Loan Losses	—	1,212	(1,212)
<b>Net Operating Income</b>	<b>19,214</b>	<b>17,263</b>	<b>1,951</b>
of which Net Gains & Losses on Bonds	815	(385)	1,200
Other Income & Expenses	2,960	4,796	(1,836)
Net Gains & Losses on Equity Securities	(24)	160	(184)
Credit Costs	4,510	5,647	(1,137)
Write-off of Loans	4,510	3,740	770
Provision for Specific Reserve for Possible Loan Losses	—	1,772	(1,772)
Losses on Sales of Loans	—	134	(134)
Other	7,496	10,283	(2,787)
<b>Ordinary Profits</b>	<b>22,174</b>	<b>22,059</b>	<b>115</b>
Extraordinary Gains & Losses	6,789	61	6,728
of which Net Gains & Losses on Sales of Premises and Equipment	1,370	(296)	1,666
Gains on Sales of Premises and Equipment	2,007	728	1,279
Losses on Sales of Premises and Equipment	637	1,025	(388)
of which Gains on Collection of Written-off Claims	3	357	(354)
of which Gains on Reversal of Reserve for Possible Loan Losses	4,845	—	4,845
<b>Income before Income Taxes</b>	<b>28,964</b>	<b>22,121</b>	<b>6,843</b>
Income Taxes - Current	12,536	11,961	575
- Deferred	(267)	(3,016)	2,749
<b>Net Income</b>	<b>16,695</b>	<b>13,175</b>	<b>3,520</b>

【Consolidated basis】

(in millions of yen)

	For the year ended March 31, 2006	For the year ended March 31, 2005	Increase/ (Decrease)
<b>Gross Operating Profits</b>	<b>48,781</b>	<b>43,119</b>	<b>5,662</b>
Net Interest Income	38,740	35,984	2,756
Net Fees and Commissions	8,690	7,762	928
Net Other Operating Income	1,349	(626)	1,975
General & Administrative Expenses	27,648	23,991	3,657
Provision for General Reserve for Possible Loan Losses	—	866	(866)
Other Income & Expenses	2,910	4,485	(1,575)
of which Net Gains & Losses on Equity Securities	415	170	245
of which Credit Costs	5,189	6,234	(1,045)
<b>Ordinary Profits</b>	<b>24,043</b>	<b>22,747</b>	<b>1,296</b>
Extraordinary Gains & Losses	4,979	680	4,299
of which Net Gains & Losses on Sales of Premises and Equipment	1,340	(412)	1,752
of which Gains on Collection of Written-off Claims	5	364	(359)
of which Gains on Reversal of Reserve for Possible Loan Losses	3,716	—	3,716
<b>Income before Income Taxes</b>	<b>29,022</b>	<b>23,428</b>	<b>5,594</b>
Income Taxes - Current	12,404	11,996	408
- Deferred	(531)	(3,138)	2,607
Minority Interests in net income of subsidiaries	—	0	(0)
<b>Net Income</b>	<b>17,149</b>	<b>14,570</b>	<b>2,579</b>
Number of Consolidated Subsidiaries	4	4	0

### Composition of Revenue (Consolidated basis)

Our ordinary income includes revenue that is derived pursuant to the terms of our loans and bills discounted, as well as revenue that is derived from the amortization of the difference between the stated principal amount and book value, which initially is the purchase price, of our purchased loan from Tokyo Sowa Bank ("Loan Purchase Revenue"), we measure our performance based on "Organic Revenue," which is shown below.

<b>Organic Revenue</b>		<i>(in millions of yen)</i>	
	For the year ended March 31, 2006	For the year ended March 31, 2005	Increase/ (Decrease)
Ordinary Income	68,323	63,059	5,264
Interest Income from Interest Rate Swap for Deposits (Note)	(1,360)	—	(1,360)
Fee and Commission Expenses	(2,334)	(1,718)	(616)
Other Operating Expenses	(622)	(2,033)	1,411
Loan Purchase Revenue (after Offset of Provision for General Reserve for Possible Loan Losses)	(14,735)	(15,237)	502
<b>Organic Revenue</b>	<b>49,270</b>	<b>44,069</b>	<b>5,201</b>

(Note) "Interest Income from Interest Rate Swap" is deducted from Ordinary Income to determine the amount of "Organic Revenue" since such interest income is derived from funding activities. Thus, it is excluded from our measurements of revenue performance and included as a reduction in our funding costs.

<b>Loan Purchase Revenue</b>		<i>(in millions of yen)</i>	
	For the year ended March 31, 2006	For the year ended March 31, 2005	Increase/ (Decrease)
<b>Loan Purchase Revenue</b>	15,101	16,784	(1,683)
Amortization included in Interest Income	8,447	8,668	(221)
Amortization of Unearned Loan Purchase Revenue	8,813	10,215	(1,402)
Offset of Provision for General Reserve for Possible Loan Losses	(366)	(1,547)	1,181
Amortization included in Fees and Commissions	103	124	(21)
Revenue included in Other Ordinary Income	6,185	6,444	(259)
Add-back of Offset of Provision for General Reserve for Possible Loan Losses	366	1,547	(1,181)

**Comparison of Organic Revenue and Loan Purchase Revenue** (in millions of yen except percentages)

	For the year ended March 31, 2006		For the year ended March 31, 2005		Increase/(Decrease)	
	Amount	% of total	Amount	% of total	Amount	%
Total Revenue	64,371	100.0	60,853	100.0	3,518	5.8
Organic Revenue	49,270	76.5	44,069	72.4	5,201	11.8
Loan Purchase Revenue	15,101	23.5	16,784	27.6	(1,683)	(10.0)

**Credit Costs**

(in millions of yen)

	For the year ended March 31, 2006	For the year ended March 31, 2005	Increase/ (Decrease)
Provision for (Reversal of) Reserve for Possible Loan Losses	(3,716)	2,910	(6,626)
Write-off of Loans	5,159	4,055	1,104
<b>Credit Costs excluding Offset of Provision for General Reserve for Possible Loan Losses with respect to Purchased Loans against Loan Purchase Revenue</b>	1,442	6,966	(5,524)
Offset of Provision for General Reserve for Possible Loan Losses with respect to Purchased Loans against Loan Purchase Revenue	366	1,547	(1,181)
<b>Total Credit Costs</b>	1,808	8,513	(6,705)

**2. Return on Equity**

(%)

	For the year ended March 31, 2006 (A)	For the year ended March 31, 2005 (B)	Increase/ (Decrease) (A)-(B)
Non-Consolidated Basis	20.18	19.05	1.13
Consolidated Basis	20.50	21.06	(0.56)

**3. Net Interest Margin after General & Administrative Expenses**

(Excluding International Operations, Non-consolidated)

(%)

	For the year ended March 31, 2006 (A)	For the year ended March 31, 2005 (B)	Increase/ (Decrease) (A)-(B)
(1) Return on Interest-Earning Assets (A)	3.19	3.09	0.10
(a) Yields on Loans	3.96	4.45	(0.49)
(b) Yields on Securities	0.84	0.73	0.11
(2) Financing Costs including General & Administrative Expenses (B)	2.60	2.31	0.29
(a) Yields on Deposits	0.53	0.39	0.14
(b) Yields on Other External Liabilities	—	—	—
(3) Net Interest Margin after General & Administrative Expenses (A) - (B)	0.59	0.78	(0.19)

**4. Gains & Losses on Securities (Non-consolidated)**

(in millions of yen)

	For the year ended March 31, 2006 (A)	For the year ended March 31, 2005 (B)	Increase/ (Decrease) (A)-(B)
Net Gains & Losses on Bonds	815	(385)	1,200
Gains on Sales	1,320	588	732
Gains on Redemption	—	—	—
Losses on Sales	504	974	(470)
Losses on Redemption	—	—	—
Write-off	—	—	—
Net Gains & Losses on Equity Securities	(24)	160	(184)
Gains on Sales	—	170	(170)
Losses on Sales	—	—	—
Write-off	24	9	15



**5. BIS Capital Adequacy Ratio**

【Non-consolidated】

(in millions of yen)

	As of March 31, 2006 (A)	As of March 31, 2005 (B)	Increase/ (Decrease) (A)-(B)
(1) Capital Adequacy Ratio	8.84	8.77	0.07
(2) Tier I Capital	86,388	73,621	12,767
(3) Tier II Capital	9,799	8,872	927
(4) Reductions	—	—	—
(5) Capital (2)+(3)-(4)	96,187	82,493	13,694
(6) Risk-adjusted Assets	1,087,879	939,632	148,247

【Consolidated】

(in millions of yen)

	As of March 31, 2006 (A)	As of March 31, 2005 (B)	Increase/ (Decrease) (A)-(B)
(1) Capital Adequacy Ratio	8.95	8.84	0.11
(2) Tier I Capital	87,505	74,288	13,217
(3) Tier II Capital	9,790	8,877	913
(4) Reductions	—	—	—
(5) Capital (2)+(3)-(4)	97,296	83,166	14,130
(6) Risk-adjusted Assets	1,086,542	940,457	146,085

### III. Loan Portfolio & Deposits

#### 1. Status of Risk-Managed Loans & Bills Discounted

【Non-consolidated】

(in billions of yen)

	As of March 31, 2006 (A)	As of March 31, 2005 (B)	Increase/ (Decrease) (A)-(B)
Loans to Bankrupt Borrowers	0.4	2.5	(2.1)
Past Due Loans	21.0	29.0	(8.0)
Loans Past Due 3 Months or More	0.0	0.0	0.0
Restructured Loans	11.8	11.4	0.4
Total (A)	33.3	43.0	(9.7)
Ending Balance of Loans and Bills Discounted (B)	1,025.5	860.6	164.9
Ratio of Risk-Managed Loans to Total Loans and Bills Discounted (%) (A/B X 100)	3.25	4.99	(1.74)
Amounts Secured (C)	24.7	36.6	(11.9)
Coverage Ratio (%) (C/A X 100)	74.07	85.29	(11.22)

【Consolidated】

(in billions of yen)

	As of March 31, 2006 (A)	As of March 31, 2005 (B)	Increase/ (Decrease) (A)-(B)
Loans to Bankrupt Borrowers	0.6	2.5	(1.9)
Past Due Loans	22.2	30.4	(8.2)
Loans Past Due 3 Months or More	0.0	0.0	0.0
Restructured Loans	12.0	11.6	0.4
Total (A)	34.9	44.6	(9.7)
Ending Balance of Loans and Bills Discounted (B)	1,031.8	868.1	163.7
Ratio of Risk-Managed Loans to Total Loans and Bills Discounted (%) (A/B X 100)	3.38	5.13	(1.75)
Amounts Secured (C)	24.5	37.5	(13.0)
Coverage Ratio (%) (C/A X 100)	70.28	84.13	(13.85)

## 2. Disclosed Claims under Financial Revitalization Law

【Non-consolidated】

(in billions of yen)

	As of March 31, 2006 (A)	As of March 31, 2005 (B)	Increase/ (Decrease) (A)-(B)
Bankruptcy and Quasi-Bankruptcy	4.1	6.9	(2.8)
Doubtful	18.4	25.1	(6.7)
Sub-standard	11.8	11.4	0.4
Sub-Total (A)	34.3	43.5	(9.2)
Normal	996.3	823.1	173.2
Total (B)	1,030.7	866.7	164.0
Ratio of Problem Loans to Total Claims (A/B X 100) (%)	3.33	5.02	(1.69)
Amounts Secured (C)	25.7	37.1	(11.4)
Coverage Ratio (C/A X 100) (%)	74.77	85.37	(10.60)

【Consolidated】

(in billions of yen)

	As of March 31, 2006 (A)	As of March 31, 2005 (B)	Increase/ (Decrease) (A)-(B)
Bankruptcy and Quasi-Bankruptcy	5.0	7.9	(2.9)
Doubtful	18.6	25.3	(6.7)
Sub-standard	12.0	11.6	0.4
Sub-Total (A)	35.7	44.9	(9.2)
Normal	1,001.1	829.0	172.1
Total (B)	1,036.9	874.0	162.9
Ratio of Problem Loans to Total Claims (A/B X 100) (%)	3.44	5.14	(1.70)
Amounts Secured (C)	25.3	37.7	(12.4)
Coverage Ratio (C/A X 100) (%)	70.89	84.05	(13.16)

## 3. Reserve for Possible Loan Losses (Non-consolidated)

(in billions of yen)

	As of March 31, 2006 (A)	As of March 31, 2005 (B)	Increase/ (Decrease) (A)-(B)
General Reserve for Possible Loan Losses	13.0	14.0	(1.0)
Specific Reserve for Possible Loan Losses	8.1	12.3	(4.2)
Total Reserve for Possible Loan Losses	21.2	26.3	(5.1)
Total Loans and Bills Discounted	1,025.5	860.6	164.9
Ratio of Total Reserve for Possible Loan Losses to Total Loans and Bills Discounted (%)	2.07	3.06	(0.99)

#### 4. Classifications of Loans & Bills Discounted (Non-consolidated)

##### 1) Classification by Type of Borrower Industry

(in millions of yen)

	As of March 31, 2006 (A)	As of March 31, 2005 (B)	Increase/ (Decrease) (A)-(B)
Domestic (excl. offshore banking account)	1,025,534	860,630	164,904
Manufacturing	13,148	12,767	381
Agriculture	249	130	119
Forestry	145	123	22
Fishery	102	102	0
Mining	248	286	(38)
Construction	6,684	9,201	(2,517)
Utilities	211	17	194
Communications and information	9,841	11,847	(2,006)
Transportation	9,870	8,782	1,088
Wholesale and retail	38,502	26,369	12,133
Banks and other financial institutions	75,449	79,471	(4,022)
Real estate	306,514	247,941	58,573
Services	156,369	146,310	10,059
Municipal government	1,185	1,465	(280)
Other	407,011	315,813	91,198
Overseas and Offshore Banking Account	—	—	—
Governments and official institutions	—	—	—
Financial institutions	—	—	—
Other	—	—	—
<b>Total</b>	<b>1,025,534</b>	<b>860,630</b>	<b>164,904</b>

##### 2) Consumer Loans

(in millions of yen)

	As of March 31, 2006 (A)	As of March 31, 2005 (B)	Increase/ (Decrease) (A)-(B)
Consumer Loans	337,996	243,041	94,955
of which Housing Loans	292,966	218,564	74,402
of which Other Loans	45,030	24,477	20,553

##### 3) Loans to Small- and Medium-sized Enterprises and Individuals

(in millions of yen)

	As of March 31, 2006 (A)	As of March 31, 2005 (B)	Increase/ (Decrease) (A)-(B)
Loans to Small and Medium-sized Enterprises and Individuals (A)	954,366	778,325	176,041
Total Loans and Bills Discounted (B)	1,025,534	860,630	164,904
Ratio of Loans to Small and Medium-sized Enterprises and Individuals to Total Loans and Bills Discounted ((A)/(B) X 100) (%)	93.06	90.43	2.63

**5. Balances of Loans and Deposits (Non-consolidated)**

*(in millions of yen)*

		As of March 31, 2006 (A)	As of March 31, 2005 (B)	Increase/ (Decrease) (A)-(B)
Deposits	(Ending Bal.)	1,366,471	1,329,918	36,553
	(Average Bal.)	1,316,031	1,185,197	130,834
Loans and Bills Discounted	(Ending Bal.)	1,025,534	860,630	164,904
	(Average Bal.)	940,709	741,730	198,979