

***SELECTED FINANCIAL  
INFORMATION***

***For the First Half of Fiscal 2006  
(Supplementary)***



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東京スター銀行

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## I. Overview of Consolidated Business Results for the First Half Year Ended September 30, 2006

### Earnings, Returns and Capital

- Interim Net Income on a consolidated basis was JPY 8.2 billion, JPY 0.8 billion or 10.3% above the forecast of JPY 7.4 billion.
- Excluding the reversal of JPY 3.7 billion in credit reserves in the prior half-year period, pre-tax income grew by JPY 3.4 billion or 33% compared with the first half of last year.
- Compared with the first half of the prior year, Operating Revenues grew 14% to JPY 36.6 billion and Operating Profit grew 38% (+ JPY 3.6 billion) to JPY 12.8 billion.
- Return on assets (ROA) and return on equity (ROE) remained strong at 1.06% and 17.6%, respectively.
- Capital adequacy ratio stands at 9.23% with Tier 1 capital representing 90% of total capital.

### Growth and Efficiency

- As of September 2006, loan balance was JPY 1,088 billion, up JPY 164 billion (+17.8%) from September 2005.
- Retail Banking loans grew JPY 112 billion (+40%) and Corporate Finance loans were up JPY 59 billion (+10%) vs. a year ago.
- Gross operating profit, excluding revenue derived from loans purchased at a discount, grew 21% to JPY 22.7 billion (+JPY 4.0 billion) compared with the first half of FY 2005.
- Of this gross operating profit increase, net interest income grew by JPY 2.5 billion (+18%), net fees and commissions were up by JPY 1.1 billion (+33%), and net other operating income increased by JPY 0.3 billion (+33%).
- Total deposits grew JPY 99 billion (+7.5%) from the year earlier period to JPY 1,414 billion.
- Individual JPY deposits, representing 81% of the total deposit base, grew by JPY 92 billion since September 2005 (+8.7%) to JPY 1,151 billion.
- Efficiency ratio, excluding revenue derived from loans purchased at a discount, declined from 71.2% in the first half of the prior year, to 66.2%.

### Asset Quality

- Excluding the JPY 3.7 billion reversal of credit reserves during the first half of the prior year, credit costs were JPY 1.7 billion lower than the first half of the prior year and, in proportion to average loans, declined from 0.81% to 0.36%.
- Non-performing loan ratio (under the Financial Revitalization Law) declined to 3.68%, down from 4.09% at the end of September 2005.

### <Reference>

(in millions of yen, except figures in percentage and yen)

	1st Half Fiscal 2006 (A)	Projection as of May 26		1st Half Fiscal 2005			
		(B)	Change (A)-(B)	Change (%)	(C)	Change (A)-(C)	Change (%)
Ordinary Income	36,629	35,000	1,629	4.7	32,066	4,563	14.2
Ordinary Profits	12,818	12,500	318	2.5	9,258	3,560	38.5
Net Income	8,162	7,400	762	10.3	8,260	(98)	(1.2)
Net Income per Share (yen)	11,661.33	10,571.42	1,089.91	10.3	11,800.37	(139.04)	(1.2)

## II. Selected Financial Information of First Half Results

### 1. Operating Results

【Consolidated basis】

(in millions of yen)

	First Half of Fiscal 2006	First Half of Fiscal 2005	Change
<b>Gross Operating Profits</b>	<b>26,068</b>	<b>22,679</b>	<b>3,389</b>
Net Interest Income	20,326	18,350	1,976
Net Fees and Commissions	4,379	3,306	1,073
Net Other Operating Income	1,362	1,022	340
General & Administrative Expenses	15,026	13,341	1,685
Provision for General Reserve for Possible Loan Losses	(585)	—	(585)
Other Income & Expenses	1,190	(79)	1,269
of which Net Gain & Loss on Equity Securities	310	367	(57)
of which Problem Claims related Costs	3,267	3,676	(409)
<b>Ordinary Profits</b>	<b>12,818</b>	<b>9,258</b>	<b>3,560</b>
Extraordinary Gains & Losses	979	4,825	(3,846)
of which Net Gain & Loss on Sales of Fixed Assets	52	308	(256)
of which Gain on Collection of Written-off Claims	939	2	937
of which Reversal of Possible Loan Losses	—	4,587	(4,587)
<b>Income before Income Taxes</b>	<b>13,797</b>	<b>14,083</b>	<b>(286)</b>
Income Taxes - Current	5,343	6,043	(700)
- Deferred	291	(220)	511
Minority Interests in net income of subsidiaries	—	—	—
<b>Net Income</b>	<b>8,162</b>	<b>8,260</b>	<b>(98)</b>

Note: Gross Operating Profits = (Interest Income - Interest Expenses) + (Fees and Commission Income - Fees and Commission Expenses)  
+ (Other Operating Income - Other Operating Expenses)

Number of Consolidated Subsidiaries	3	5	(2)
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【Non-consolidated basis】

(in millions of yen)

	First Half of Fiscal 2006	First Half of Fiscal 2005	Change
<b>Gross Operating Profits</b>	<b>24,154</b>	<b>21,289</b>	<b>2,865</b>
Net Interest Income	19,865	17,915	1,950
Net Fees and Commissions	2,930	2,269	661
Net Other Operating Income	1,359	1,104	255
General & Administrative Expenses	14,949	12,683	2,266
Personnel Expenses	5,743	5,444	299
Nonpersonnel Expenses	8,427	6,492	1,935
Taxes	778	746	32
<b>Net Operating Income (before General Reserve)</b>	<b>9,205</b>	<b>8,605</b>	<b>600</b>
Provision for General Reserve for Possible Loan Losses	—	—	—
Amortization of Goodwill	—	—	—
<b>Net Operating Income</b>	<b>9,205</b>	<b>8,605</b>	<b>600</b>
of which Net Gain & Loss on Bonds	45	1,051	(1,006)
Other Income & Expenses	2,349	(427)	2,776
Net Gain & Loss on Equity Securities	305	—	305
Problem Claims related Costs	1,982	3,643	(1,661)
Write-offs of Loans	1,982	3,643	(1,661)
Provision for Specific Reserve for Possible Loan Losses	—	—	—
Loss on Sales of Loans	—	—	—
Other	4,026	3,216	810
<b>Ordinary Profits</b>	<b>11,555</b>	<b>8,178</b>	<b>3,377</b>
Extraordinary Gains & Losses	1,945	5,718	(3,773)
of which Net Gain & Loss on Sales of Fixed Assets	53	333	(280)
Gain on Sales of Fixed Assets	85	719	(634)
Loss on Disposal of Fixed Assets	32	385	(353)
of which Gain on Collection of Written-off Claims	939	1	938
of which Reversal of Possible Loan Losses	965	4,807	(3,842)
<b>Income before Income Taxes</b>	<b>13,501</b>	<b>13,896</b>	<b>(395)</b>
Income Taxes - Current	5,202	6,042	(840)
- Deferred	299	(221)	520
<b>Net Income</b>	<b>7,999</b>	<b>8,076</b>	<b>(77)</b>

### 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.

#### Organic Revenue

(in millions of yen)

	First Half of Fiscal 2006	First Half of Fiscal 2005	Change
Ordinary Income	36,629	32,066	4,563
Interest Income from Interest Rate Swap for Deposits (Note)	(733)	(583)	(150)
Fee and Commission Expenses	(1,437)	(1,129)	(308)
Other Operating Expenses	(91)	(191)	100
Loan Purchase Revenue (after Offset of Provision for General Reserve for Possible Loan Losses)	(6,668)	(6,595)	(73)
<b>Organic Revenue</b>	<b>27,698</b>	<b>23,567</b>	<b>4,131</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.

#### Loan Purchase Revenue

(in millions of yen)

	First Half of Fiscal 2006	First Half of Fiscal 2005	Change
<b>Loan Purchase Revenue</b>	<b>6,921</b>	<b>7,459</b>	<b>(538)</b>
Amortization included in Interest Income	3,323	3,897	(574)
Amortization of Unearned Loan Purchase Revenue	3,577	4,761	(1,184)
Offset of Provision for General Reserve for Possible Loan Losses	(253)	(863)	610
Amortization included in Fees and Commissions	44	55	(11)
Revenue included in Other Ordinary Income	3,300	2,642	658
Add-back of Offset of Provision for General Reserve for Possible Loan Losses	253	863	(610)

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

	First Half of Fiscal 2006		First Half of Fiscal 2005		Change	
	Amount	% of total	Amount	% of total	Amount	%
Organic Revenue	27,698	80.0	23,567	76.0	4,131	17.5
Loan Purchase Revenue	6,921	20.0	7,459	24.0	(538)	(7.2)
Total Revenue	34,619	100.0	31,026	100.0	3,593	11.6

**Credit Costs**

(in millions of yen)

		First Half of Fiscal 2006	First Half of Fiscal 2005	Change
	Provision for (Reversal of) Possible Loan Losses	351	(4,587)	4,938
	Write-offs of Loans	2,297	3,676	(1,379)
	Credit Costs excluding Offset of Provision for General Reserve for Possible Loan Losses with respect to Purchased Loans against Loan Purchase Revenue	2,648	(911)	3,559
	Offset of Provision for General Reserve for Possible Loan Losses with respect to Purchased Loans against Loan Purchase Revenue	253	863	(610)
	Credit Costs before offsetting Gain on Collection of Written-off Claims	2,901	(47)	2,948
	Gain on Collection of Written-off Claims	(939)	(2)	(937)
	Credit Costs (Adjusted)	1,962	(50)	2,012

**2. Return on Equity**

(%)

	First Half of Fiscal 2006 (A)	First Half of Fiscal 2005 (B)	Change (A)-(B)
Consolidated Basis	17.60	20.69	(3.09)
Non-Consolidated Basis	17.48	20.43	(2.95)

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

(Excluding International Operations, Non-consolidated)

(%)

	First Half of Fiscal 2006 (A)	First Half of Fiscal 2005 (B)	Change (A)-(B)
(1) Return on Interest-Earning Assets (A)	3.11	3.07	0.04
(a) Yields on Loans	3.66	3.94	(0.28)
(b) Yields on Securities	1.13	0.78	0.35
(2) Financing Costs including General & Administrative Expenses (B)	2.67	2.51	0.16
(a) Yields on Deposits	0.53	0.53	0.00
(b) Yields on Other External Liabilities	0.08	—	0.08
(3) Net Interest Margin after General & Administrative Expenses (A) - (B)	0.44	0.56	(0.12)

**4. Gain & Loss on Securities (Non-consolidated)**

(in millions of yen)

	First Half of Fiscal 2006 (A)	First Half of Fiscal 2005 (B)	Change (A)-(B)
Net Gain & Loss on Bonds	45	1,051	(1,006)
Gain on Sales	76	1,106	(1,030)
Gain on Redemption	—	—	—
Loss on Sales	31	55	(24)
Loss on Redemption	—	—	—
Write-off	—	—	—
Net Gain & Loss on Equity Securities	305	—	305
Gain on Sales	306	—	306
Loss on Sales	—	—	—
Write-off	0	—	0



**5. Capital Adequacy Ratio**

【Consolidated】

(in millions of yen)

	As of	As of	Change (A)-(B)	As of	Change (A)-(C)
	September 30, 2006 (A)	March 31, 2006 (B)		September 30, 2005 (C)	
<b>(1) Capital Adequacy Ratio</b>	<b>9.23</b>	<b>8.95</b>	<b>0.28</b>	<b>9.04</b>	<b>0.19</b>
(2) Tier I Capital	95,936	87,505	8,431	82,548	13,388
(3) Tier II Capital	10,183	9,790	393	9,350	833
(4) Reductions	—	—	—	—	—
(5) Capital (2)+(3)-(4)	106,120	97,296	8,824	91,899	14,221
(6) Risk-adjusted Assets	1,149,416	1,086,542	62,874	1,016,075	133,341

【Non-consolidated】

(in millions of yen)

	As of	As of	Change (A)-(B)	As of	Change (A)-(C)
	September 30, 2006 (A)	March 31, 2006 (B)		September 30, 2005 (C)	
<b>(1) Capital Adequacy Ratio</b>	<b>9.13</b>	<b>8.84</b>	<b>0.29</b>	<b>8.93</b>	<b>0.20</b>
(2) Tier I Capital	94,650	86,388	8,262	81,697	12,953
(3) Tier II Capital	10,169	9,799	370	9,366	803
(4) Reductions	—	—	—	—	—
(5) Capital (2)+(3)-(4)	104,820	96,187	8,633	91,064	13,756
(6) Risk-adjusted Assets	1,147,140	1,087,879	59,261	1,018,711	128,429

### III. Loan Portfolio & Deposits

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

【Consolidated】

(in billions of yen)

	As of	As of	Change (A)-(B)	As of	Change (A)-(C)
	September 30, 2006 (A)	March 31, 2006 (B)		September 30, 2005 (C)	
Loans to Bankrupt Borrowers	1.0	0.6	0.4	1.9	(0.9)
Past Due Loans	26.8	22.2	4.6	25.6	1.2
Loans Past Due 3 Months or More	0.0	0.0	0.0	0.0	0.0
Restructured Loans	11.8	12.0	(0.2)	9.6	2.2
Total (A)	39.7	34.9	4.8	37.3	2.4
Ending Balance of Loans and Bills Discounted (B)	1,088.0	1,031.8	56.2	923.9	164.1
Ratio of Risk-Managed Loans to Total Loans and Bills Discounted (%) (A/B X 100)	3.65	3.38	0.27	4.04	(0.39)
Amounts Secured (C)	25.3	24.5	0.8	29.6	(4.3)
Coverage Ratio (%) (C/A X 100)	63.85	70.28	(6.43)	79.25	(15.40)

【Non-consolidated】

(in billions of yen)

	As of	As of	Change (A)-(B)	As of	Change (A)-(C)
	September 30, 2006 (A)	March 31, 2006 (B)		September 30, 2005 (C)	
Loans to Bankrupt Borrowers	0.9	0.4	0.5	1.8	(0.9)
Past Due Loans	25.6	21.0	4.6	24.4	1.2
Loans Past Due 3 Months or More	0.0	0.0	0.0	0.0	0.0
Restructured Loans	11.6	11.8	(0.2)	9.4	2.2
Total (A)	38.2	33.3	4.9	35.7	2.5
Ending Balance of Loans and Bills Discounted (B)	1,083.9	1,025.5	58.4	918.5	165.4
Ratio of Risk-Managed Loans to Total Loans and Bills Discounted (%) (A/B X 100)	3.53	3.25	0.28	3.89	(0.36)
Amounts Secured (C)	25.4	24.7	0.7	29.2	(3.8)
Coverage Ratio (%) (C/A X 100)	66.51	74.07	(7.56)	81.69	(15.18)

## 2. Disclosed Claims under Financial Revitalization Law

【Consolidated】

(in billions of yen)

	As of	As of	Change	As of	Change
	September 30, 2006 (A)	March 31, 2006 (B)		September 30, 2005 (C)	
Bankruptcy and Quasi-Bankruptcy	4.6	5.0	(0.4)	6.8	(2.2)
Doubtful	23.7	18.6	5.1	21.5	2.2
Sub-standard	11.8	12.0	(0.2)	9.6	2.2
Sub-Total (A)	40.2	35.7	4.5	38.0	2.2
Normal	1,053.0	1,001.1	51.9	892.0	161.0
Total (B)	1,093.3	1,036.9	56.4	930.0	163.3
Ratio of Problem Loans to Total Claims (A/B X 100) (%)	3.68	3.44	0.24	4.09	(0.41)
Amounts Secured (C)	25.7	25.3	0.4	30.5	(4.8)
Coverage Ratio (C/A X 100) (%)	63.94	70.89	(6.95)	80.21	(16.27)

【Non-consolidated】

(in billions of yen)

	As of	As of	Change	As of	Change
	September 30, 2006 (A)	March 31, 2006 (B)		September 30, 2005 (C)	
Bankruptcy and Quasi-Bankruptcy	3.7	4.1	(0.4)	5.7	(2.0)
Doubtful	23.4	18.4	5.0	21.4	2.0
Sub-standard	11.6	11.8	(0.2)	9.4	2.2
Sub-Total (A)	38.9	34.3	4.6	36.6	2.3
Normal	1,050.0	996.3	53.7	888.2	161.8
Total (B)	1,089.0	1,030.7	58.3	924.8	164.2
Ratio of Problem Loans to Total Claims (A/B X 100) (%)	3.57	3.33	0.24	3.96	(0.39)
Amounts Secured (C)	25.9	25.7	0.2	30.0	(4.1)
Coverage Ratio (C/A X 100) (%)	66.75	74.77	(8.02)	82.09	(15.34)

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

(in billions of yen)

	As of	As of	Variance	As of	Variance
	September 30, 2006 (A)	March 31, 2006 (B)		September 30, 2005 (C)	
General Reserve for Possible Loan Losses	12.0	13.0	(1.0)	10.7	1.3
Specific Reserve for Possible Loan Losses	8.5	8.1	0.4	10.5	(2.0)
Total Reserve for Possible Loan Losses	20.6	21.2	(0.6)	21.3	(0.7)
Total Loans and Bills Discounted	1,083.9	1,025.5	58.4	918.5	165.4
Ratio of Total Reserve for Possible Loan Losses to Total Loans and Bills Discounted (%)	1.90	2.07	(0.17)	2.32	(0.42)

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

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

(in millions of yen)

	As of	As of	Change	As of	Change
	September 30, 2006 (A)	March 31, 2006 (B)		September 30, 2005 (C)	
Domestic (excl. offshore banking account)	1,083,948	1,025,534	58,414	918,583	165,365
Manufacturing	16,157	13,148	3,009	14,310	1,847
Agriculture	291	249	42	498	(207)
Forestry	137	145	(8)	119	18
Fishery	100	102	(2)	104	(4)
Mining	301	248	53	267	34
Construction	7,497	6,684	813	6,660	837
Utilities	949	211	738	14	935
Communications and information	13,320	9,841	3,479	12,163	1,157
Transportation	8,703	9,870	(1,167)	8,923	(220)
Wholesale and retail	30,074	38,502	(8,428)	24,397	5,677
Banks and other financial institutions	78,467	75,449	3,018	83,117	(4,650)
Real estate	325,543	306,514	19,029	259,231	66,312
Services	152,971	156,369	(3,398)	162,895	(9,924)
Municipal government	1,009	1,185	(176)	1,307	(298)
Other	448,421	407,011	41,410	344,578	103,843
Overseas and Offshore Banking Account	—	—	—	—	—
Governments and official institutions	—	—	—	—	—
Financial institutions	—	—	—	—	—
Other	—	—	—	—	—
<b>Total</b>	<b>1,083,948</b>	<b>1,025,534</b>	<b>58,414</b>	<b>918,583</b>	<b>165,365</b>

**2) Consumer Loans**

(in millions of yen)

	As of	As of	Change	As of	Change
	September 30, 2006 (A)	March 31, 2006 (B)		September 30, 2005 (C)	
Consumer Loans	373,146	337,996	35,150	282,023	91,123
of which Housing Loans	317,606	292,966	24,640	248,992	68,614
of which Other Loans	55,540	45,030	10,510	33,031	22,509

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

(in millions of yen)

	As of	As of	Change	As of	Change
	September 30, 2006 (A)	March 31, 2006 (B)		September 30, 2005 (C)	
Loans to Small and Medium-sized Enterprises and Individuals (A)	1,013,418	954,366	59,052	853,326	160,092
Total Loans and Bills Discounted (B)	1,083,948	1,025,534	58,414	918,583	165,365
Ratio of Loans to Small and Medium-sized Enterprises and Individuals to Total Loans and Bills Discounted ((A)/(B) X 100) (%)	93.49	93.06	0.43	92.89	0.60

**5. Balances of Loans and Deposits**

(in millions of yen)

		As of September 30, 2006 (A)	As of March 31, 2006 (B)	Change (A)-(B)	As of September 30, 2005 (C)	Change (A)-(C)
Deposits	Consolidated (Ending Bal.)	1,414,196	1,364,714	49,482	1,305,406	108,790
	Non-consolidated (Ending Bal.)	1,416,867	1,366,471	50,396	1,307,195	109,672
	Non-consolidated (Average Bal.)	1,384,623	1,316,031	68,592	1,318,742	65,881
Loans and Bills Discounted	Consolidated (Ending Bal.)	1,088,095	1,031,891	56,204	923,946	164,149
	Non-consolidated (Ending Bal.)	1,083,948	1,025,534	58,414	918,583	165,365
	Non-consolidated (Average Bal.)	1,072,221	940,709	131,512	900,152	172,069