

Consolidated Financial Results for the Fiscal Year Ended March 31, 2007

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 Consolidated Financial Results for the Fiscal Year Ended March 31, 2007

(1) Operating Results

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

	For the year ended March 31,	
	2007	2006
Ordinary income	75,643	68,323
Change from the previous year	10.7 %	8.3%
Ordinary profits	25,588	24,043
Change from the previous year	6.4 %	5.7%
Net income	16,108	17,149
Change from the previous year	(6.0)%	17.7%
Net income per common share	23,012.13	24,499.10
Return on equity	16.6%	20.5%
Ratio of ordinary profits to total assets	1.6%	1.6%
Ratio of ordinary profits to ordinary income	33.8%	35.1%

(2) Financial Conditions

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

	As of March 31,	
	2007	2006
Total assets	1,682,345	1,505,492
Net assets	102,322	91,005
Ratio of net assets to total assets	6.0%	6.0%
Net assets per common share	146,175.53	130,007.85
Capital adequacy ratio (based on the domestic standards)	(Preliminary) 9.52%	8.95%

Notes:

- Net assets, excluding Stock acquisition rights and Minority interests, as of
 March 31, 2007: 102,322 million yen
 March 31, 2006: 91,005 million yen
- Ratio of net assets to total assets = (Net assets - Stock acquisition rights - Minority interests) / Total assets X 100
- Capital adequacy ratio as of March 31, 2007 is based on the new standard, Financial Services Agency Ordinance Announcement No.19. The ratio as of March 31, 2006 is based on the previous standard.

(3) Cash Flows

(in millions of yen)

	For the year ended March 31,	
	2007	2006
Net cash provided by (used in) operating activities	(9,525)	(122,408)
Net cash provided by (used in) investing activities	(42,599)	93,848
Net cash provided by (used in) financing activities	9,049	(1,300)
Cash and cash equivalents at the end of year	58,617	101,692

2.Payment of dividends

	As of March 31.		
	2007	2006	2008 (Projection)
Interim dividends per share	-	-	-
Term-end dividends per share	5,000.00yen	5,000.00 yen	5,000.00 yen
Total dividends per share (for the fiscal year)	5,000.00yen	5,000.00 yen	5,000.00 yen
Total dividend amount (for the fiscal year)	3,500 million yen	3,500 million yen	-
Dividend on earnings	21.7%	20.4%	20.5%
Dividend on net assets	3.6%	4.1%	-

3. Earnings Projections for the Fiscal Year Ending March 31, 2008

(in millions of yen except per share data)

	For the six-months ending September 30, 2007	For the year ending March 31, 2008
Ordinary income	37,000	76,400
Ordinary profits	10,300	21,500
Net income	10,300	17,000
Net income per common share	14,714.28	24,285.71

4. Others

(1) Significant Change in the Scope of Consolidation: no

(2) Change in Policies in preparation of Consolidated Financial Statements

1.changes due to revision accounting standards etc.: yes

2.changes other than 1.above: no

(3) Number of shares outstanding as of:

March 31, 2007 (Common stock): 700,000 shares

March 31, 2006 (Common stock): 700,000 shares

(Reference)

Summary of Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2007

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

	For the year ended March 31,	
	2007	2006
Ordinary income	73,726	66,545
Change from the previous year	10.7%	10.5%
Ordinary profits	21,717	22,174
Change from the previous year	(2.0%)	0.5%
Net income	15,595	16,695
Change from the previous year	(6.5%)	26.7%
Net income per common share	22,279.33	23,850.06

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

	For the year ended March 31,	
	2007	2006
Total assets	1,683,388	1,504,579
Net assets	100,688	89,888
Ratio of net assets to total assets	5.9 %	5.9 %
Net asset per common share	143,840.32	128,411.95
Capital adequacy ratio (based on the domestic standards)	(Preliminary) 9.42%	8.84 %

Notes:

1. Net assets, excluding Stock acquisition rights and Minority interests, as of
 March 31, 2007: 100,688 million yen
 March 31, 2006: 89,888 million yen
2. Ratio of net assets to total assets = (Net assets - Stock acquisition rights - Minority interests) / Total assets X 100
3. Capital adequacy ratio as of March 31, 2007 is based on the new standard, Financial Services Agency Ordinance Announcement No.19. The ratio as of March 31, 2006 is based on the previous standard.

2. Earnings Projections for the Fiscal Year Ending March 31, 2008

(in millions of yen except per share data)

	For the six-months ending September 30, 2007	For the year ending March 31, 2008
Ordinary income	36,500	75,300
Ordinary profits	8,500	16,000
Net income	10,000	16,200
Net income per common share	14,285.71	23,142.85

(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.

Consolidated Financial Statements

COMPARISON OF CONSOLIDATED BALANCE SHEETS

(in millions of yen)	As of March 31,		(A)-(B)
	2007 (A)	2006 (B)	
Assets:			
Cash and due from banks	74,516	119,816	(45,300)
Call loans	45,817	1,526	44,291
Monetary receivables bought	41,645	48,293	(6,648)
Trading securities	6	7	(1)
Monetary assets held in trust	3,624	3,670	(46)
Investment securities	318,679	271,478	47,201
Loans and bills discounted	1,169,024	1,031,891	137,133
Foreign exchange	1,261	275	986
Other assets	17,778	23,601	(5,823)
Premises and equipment	-	13,969	-
Tangible fixed assets	11,164	-	-
Intangible fixed assets	5,234	-	-
Deferred tax assets	13,198	12,402	796
Customers' liabilities for acceptances and guarantees	1,871	2,326	(455)
Reserve for possible loan losses	(21,478)	(23,768)	2,290
Total assets	1,682,345	1,505,492	176,853
Liabilities and stockholders' equity			
Liabilities:			
Deposits	1,480,455	1,364,714	115,741
Borrowed money	-	1,000	(1,000)
Foreign exchange	30	14	16
Corporate notes	55,500	3,000	52,500
Other liabilities	39,352	40,566	(1,214)
Reserve for employees' bonuses	1,652	1,528	124
Reserve for directors' bonuses	1,086	1,037	49
Reserve for executive retirement benefits	54	-	54
Reserve for losses from reimbursement of loan payment	16	-	16
Consolidation differences	-	297	-
Negative goodwill	2	-	-
Acceptances and guarantees	1,871	2,326	(455)
Total liabilities	1,580,022	1,414,486	165,536
Stockholders' equity:			
Common stock	-	21,000	-
Capital surplus	-	19,000	-
Retained earnings	-	51,437	-
Unrealized gain (loss) on available-for-sale securities, net of taxes	-	(432)	-
Total stockholders' equity	-	91,005	-
Total liabilities and stockholders' equity	-	1,505,492	-
Net assets:			
Common stock	21,000	-	-
Capital surplus	19,000	-	-
Retained earnings	64,046	-	-
Total owners' equity	104,046	-	-
Unrealized gain (loss) on available-for-sale securities, net of taxes	(98)	-	-
Deferred gain (loss) on hedging instruments, net of taxes	(1,624)	-	-
Total valuation and translation adjustments	(1,723)	-	-
Total net assets	102,322	-	-
Total liabilities and net assets	1,682,345	-	-

COMPARISON OF CONSOLIDATED STATEMENTS OF OPERATIONS

(in millions of yen)	For the year ended March 31,		
	2007 (A)	2006 (B)	(A)-(B)
Ordinary income:	75,643	68,323	7,320
Interest income	51,485	46,598	4,887
<i>Interest on loans and discounts</i>	41,913	38,192	3,721
<i>Interest and dividends on securities</i>	6,106	5,333	773
<i>Interest on call loans</i>	637	36	601
<i>Interest on due from banks</i>	117	151	(34)
<i>Other</i>	2,711	2,884	(173)
Fees and commissions	12,939	11,025	1,914
Other operating income	3,622	1,971	1,651
Other ordinary income	7,595	8,727	(1,132)
Ordinary expenses:	50,054	44,279	5,775
Interest expenses	9,361	7,857	1,504
<i>Interest on deposits</i>	8,978	7,762	1,216
<i>Interest on negotiable certificates of deposit</i>	2	4	(2)
<i>Interest on call money</i>	0	-	0
<i>Interest on payables under securities lending transactions</i>	0	-	0
<i>Interest on borrowed money</i>	0	17	(17)
<i>Interest on corporate notes</i>	378	72	306
<i>Others</i>	0	1	(1)
Fees and commissions	3,642	2,334	1,308
Other operating expenses	310	622	(312)
General and administrative expenses	31,253	27,648	3,605
Other ordinary expenses	5,485	5,817	(332)
<i>Provisions for possible loan losses</i>	753	-	753
<i>Others</i>	4,732	5,817	(1,085)
Ordinary profits	25,588	24,043	1,545
Extraordinary gains	1,410	5,731	(4,321)
<i>Gains on sales of premises and equipment</i>	-	2,007	-
<i>Collection of written-off claims</i>	1,289	5	1,284
<i>Gains on sales of fixed assets</i>	121	-	-
<i>Others</i>	-	3,717	(3,717)
Extraordinary losses	122	751	(629)
<i>Losses on sales of premises and equipment</i>	-	667	-
<i>Losses on sales of fixed assets</i>	90	-	-
<i>Losses on impairment of fixed assets</i>	11	25	(14)
<i>Others</i>	20	58	(38)
Income before income taxes	26,876	29,022	(2,146)
Income taxes			
Current	10,674	12,404	(1,730)
Deferred	93	(531)	624
Net income	16,108	17,149	(1,041)

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

For the year ended March 31, 2007

(in millions of yen)

	Owners' equity				Valuation and translation adjustment			Total net assets
	Common stock	Capital surplus	Retained earnings	Total	Unrealized gain (loss) on available-for-sale securities, net of taxes	Deferred gain (loss) on hedging instruments, net of taxes	Total valuation and translation adjustments	
Balance, at end of the previous period	21,000	19,000	51,437	91,437	(432)	-	(432)	91,005
Changes of items during the period								
Cash dividends	-	-	(3,500)	(3,500)	-	-	-	(3,500)
Net income	-	-	16,108	16,108	-	-	-	16,108
Net changes of items other than owners' equity	-	-	-	-	333	(1,624)	(1,291)	(1,291)
Total changes of items during the period	-	-	12,608	12,608	333	(1,624)	(1,291)	11,317
Balance, at end of the period	21,000	19,000	64,046	104,046	(98)	(1,624)	(1,723)	102,322

COMPARISON OF CONSOLIDATED STATEMENTS OF CAPITAL SURPLUS AND RETAINED EARNINGS

(in millions of yen)	For the year ended March 31,		
	2007 (A)	2006 (A)	(A)-(B)
Capital surplus			
Balance, at beginning of the year	-	19,000	-
Balance, at end of the year		19,000	
Retained earnings			
Balance, at beginning of the year	-	35,588	-
Additions	-	17,149	-
<i>Net income</i>	-	17,149	-
Deductions	-	1,300	-
<i>Dividend declared</i>	-	1,300	-
Balance, at end of the year	-	51,437	-

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

Consolidated statement of capital surplus and retained earnings was rescinded and consolidated statement of changes in net assets is applied since this fiscal year. Please see the table above for consolidated statement of changes in net assets.

COMPARISON OF CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions of yen)	For the year ended March 31,		
	2007 (A)	2006 (B)	(A)-(B)
I. Cash Flows from Operating Activities			
Income before income taxes	26,876	29,022	(2,146)
Depreciation	2,139	1,612	527
Losses on impairment of fixed assets	11	25	(14)
Amortization of consolidation differences	-	(274)	-
Amortization of negative goodwill	(295)	-	-
Net increase(decrease) in reserve for possible loan losses	(1,587)	(700)	(887)
Net increase(decrease) in reserve for employees' bonus	123	111	12
Net increase (decrease) in reserve for directors' bonus	49	802	(753)
Net increase (decrease) in reserve for executive retirement benefits	54	-	54
Net increase (decrease) in reserve for losses from reimbursement of loan payment	16	-	16
Interest and dividends income	(51,485)	(46,598)	(4,887)
Interest expenses	9,361	7,857	1,504
Net (gains) losses on investment securities	(798)	(4,119)	3,321
Net (gains) losses on monetary assets held in trust	(154)	(285)	131
Net (gains) losses on sales of premises and equipment	-	(1,340)	-
Net (gain) loss on sales of fixed assets	(30)	-	-
Net (increase) decrease in loans and bills discounted	(139,176)	(162,623)	23,447
Net increase (decrease) in deposits	115,740	36,637	79,103
Net increase (decrease) in non-subordinated borrowed money	(1,000)	(3,300)	2,300
Net (increase) decrease in due from banks excluding due from Bank of Japan	2,225	3,447	(1,222)
Net (increase) decrease in call loans and monetary receivables bought	(37,643)	1,751	(39,394)
Net (increase) decrease in foreign exchange assets	(986)	(38)	(948)
Net increase (decrease) in foreign exchange liabilities	16	9	7
Net increase (decrease) in non-subordinated corporate notes from issuance and redemption	40,000	-	40,000
Interest and dividends received	44,202	38,568	5,634
Interest paid	(5,928)	(1,235)	(4,693)
Others, net	(957)	(4,978)	4,021
Sub-total	774	(105,646)	106,420
Income taxes paid (including provisional payment)	(10,299)	(16,761)	6,462
Net cash (used in) provided by operating activities	(9,525)	(122,408)	112,883

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

(in millions of yen)	For the year ended March 31,		
	2007 (A)	2006 (B)	(A)-(B)
II. Cash flows from investing activities			
Purchases of investment securities	(208,398)	(382,235)	173,837
Proceeds from sales of investment securities	35,955	363,777	(327,822)
Proceeds from redemption of investment securities	131,855	108,707	23,148
Increase in monetary assets held in trust	(3,407)	(455)	(2,952)
Decrease in monetary assets held in trust	3,625	1,392	2,233
Purchases of premises and equipment	-	(1,943)	-
Purchases of tangible fixed assets	(881)	-	-
Proceeds from sales of premises and equipment	-	4,972	-
Proceeds from sales of tangible fixed assets	389	-	-
Purchases of intangible fixed assets	(1,742)	-	-
Proceeds from sales of intangible fixed assets	5	-	-
Payments for acquisition of subsidiaries	-	(367)	367
Net cash (used in) provided by investing activities	(42,599)	93,848	(136,447)
III. Cash flows from financing activities			
Proceeds from issuance of subordinated corporate notes	12,500	-	12,500
Dividends Paid	(3,450)	(1,300)	(2,150)
Net cash (used in) provided by financing activities	9,049	(1,300)	10,349
IV. Net (decrease) increase in cash and cash equivalents	(43,075)	(29,860)	(13,215)
V. Cash and cash equivalents at beginning of the year	101,692	131,553	(29,861)
VI. Cash and cash equivalents at end of the year	58,617	101,692	(43,075)

Significant Policies in Preparation of Consolidated Financial Statements

(1) Scope of consolidation

1) Consolidated subsidiaries: 2

Principal subsidiaries

TSB Capital, Ltd.

TSB Servicer, Ltd.

Sowa Business Ltd. and the other one have been excluded from the consolidation due to their liquidation.

2) Non-consolidated subsidiaries

There are no non-consolidated subsidiaries.

(2) Application of equity method

There are no affiliates accounted for under the equity method.

(3) Fiscal year end of consolidated subsidiaries

Fiscal year ends of all consolidated subsidiaries are March 31.

(4) Valuation of assets and liabilities of consolidated subsidiaries

The assets and liabilities of consolidated subsidiaries, including the portion attributable to minority shareholders, were evaluated at fair value.

(5) Amortization of goodwill

Goodwill is amortized over 5 years on a straight-line basis, except that when the excess is immaterial it is expensed or credited to income in the year of acquisition.

Notes to the 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. Available-for-sale securities whose fair value can be obtained for the market or estimated are carried at the fair value at the end of the fiscal year (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 gains or losses on available-for-sale securities are included in "Net assets", net of taxes.
4. Derivatives are stated at fair value.
5. Depreciation for tangible fixed assets of the Bank 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

Depreciation for tangible fixed assets of consolidated subsidiaries is computed principally using the declining-balance method based on the estimated useful lives.

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 and its consolidated subsidiaries. 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. Foreign currency assets and liabilities are principally translated into yen equivalents using the exchange rates prevailing at the fiscal year end.
9. 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.
10. Reserve for possible loan losses of the Bank 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 stated in Notes 22 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 March 31, 2007 was 18,651 million yen.

Reserve for possible loan losses for consolidated subsidiaries is provided based on historical loan loss experience for normal claims and estimated collectibility of each claim for claims that are rated as problem loan.

11. A reserve for employees' bonus is provided for the payment of employees' bonus based on the estimated amounts of the future payments attributed to the current fiscal year.
12. A reserve for directors' bonus is provided for the payment of directors' bonus based on the estimated amounts of the future payments attributed to the current fiscal year.
13. A reserve for executive retirement benefits is provided for the payment of executive retirement benefits based on the estimated amounts of the future payments attributed to the current fiscal year.
14. In providing for possible losses for refund of interest received from customers of the consolidated subsidiary exceeding the upper limit of interest rate prescribed under the Interest Rate Restriction Law, a reserve for losses from reimbursement of loan payment is estimated reasonably based on the condition of the previous reimbursement.
15. 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.
16. 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 its effectiveness.

17. 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 fixed assets and are not deductible as a tax credit, are charged to expenses when incurred.
18. Accumulated depreciation on tangible fixed assets was 4,059 million yen.
19. Besides tangible fixed assets included in the balance sheet, some equipment, vehicles and office equipment are used under lease agreements.
20. Loans to bankrupt borrowers and past due loans are included in Loans and bills discounted, and the amounts were 805 million yen and 20,451 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.
21. Loans past due three months or more are included in Loans and bills discounted, and the amount was 2 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.
22. Restructured loans are included in Loans and bills discounted, and the amount was 14,261 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.
23. Total amount of loans to bankrupt borrowers, past due loans, loans past due three months or more and restructured loans was 35,521 million yen. The amount stated in Notes 20 through 23 represents the gross receivable amounts before a reduction for the Reserve for possible loan losses.
24. 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 69 million yen. The amount of participated loans which were accounted for as loans to original debtors included in the balance sheet as of March 31, 2007 was 5,216 million yen.
25. Bills discounted are accounted for as secured lending transactions in conformity with the Industry Audit Committee Report No.24. Commercial bills are permitted to be sold or (re) pledged and the total face value was 862 million.
26. Assets pledged as collateral were as follows:

Investment securities 24,085 million yen

Liabilities related to the pledged assets were as follows:

Deposits 3,171 million yen

In addition to above, Investment securities of 33,600 million yen were pledged as collateral for settlement of exchange transactions, and security deposits of 2,295 million yen were included in "Other assets."

27. Subordinated notes of 15,500 million yen were included in "Corporate notes."
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 145,429 million yen, of which contracts whose original terms were within one year (or contracts unconditionally cancelable at voluntary timing) were 98,597 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 and its consolidated subsidiaries 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 and its consolidated subsidiaries obtain real estate, securities, etc. as collateral if considered to be necessary. Subsequently, the Bank and its consolidated subsidiaries perform 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 Bank was examined by the Tokyo Regional Taxation Bureau for its corporate income taxes (corporate tax, inhabitant tax and enterprise tax) for the fiscal year ended March 31, 2002 through March 31, 2004. As a result of this examination, the Bank has received a disposition concerning differences in profit recognized on amortization of difference between carrying values of purchased loans related to business transfer and its purchase amount as well as timing difference of profit recognition (that is to say, the amount of profit to be recognized was different or profit shall be recognized earlier for the tax purpose). Accordingly, the Bank received a notice regarding this disposition on June 29, 2005. Specifically, the Bank was required to make payments of back taxes of 8,801 million yen, which extend for the total of 3 fiscal years, as well as additional tax and delinquency tax of 1,685 million yen. In order to avoid further payment of additional tax and delinquency tax, the Bank has fully paid for back taxes, additional tax and delinquency tax. However, the Bank believes that the treatment of profit from amortization was appropriate from accounting as well as tax perspectives. Hence, the Bank has requested for examination to the National Tax Tribunal on August 26, 2005.
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) are 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 March 31, 2007 is 103,947 million yen.

- (2) Deferred hedging loss included in “Other assets” 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.”
 - ① Land, buildings and equipment, previously included in “Premises and equipment” are included in “Tangible fixed assets”. Suspense payment for construction and foregifts are also included in “Tangible fixed assets”. In addition, security deposits are included in “Other assets”.
 - ② Software previously included in “Other assets” is included in “Intangible fixed assets.”
 - (4) “Consolidation differences” in liabilities is included in “Negative goodwill.”
31. “Practical Solution in Investors’ Accounting for Investment Partnerships” (ASBJ Practical Solution No.20, September 8, 2006) is applied since this fiscal year. This accounting change had no material impact on the consolidated balance sheet.
 32. “Accounting Standard for Share-based Payment” (ASBJ Statement No.8, December 27, 2005) and “Guidance on Accounting Standard for Share-based Payment” (ASBJ Guidance No.11, December 27, 2005) are applied since this fiscal year. This accounting change had no material impact on the consolidated balance sheet.
 33. “Accounting Standards for Business Combinations” (Opinion Concerning Establishment of Accounting Standards for Business Combinations, October 31,2003), “Accounting Standard for Business Divestitures” (ASBJ Statement No.7, December 27, 2005) and “Guidance on Accounting Standard for Business Combination and Business Divestitures” (ASBJ Guidance No.10, Statement No.7, December 27, 2005) are applied since this fiscal year.
 34. Retirement benefits to executive officers were formerly expensed when paid. “Treatment for Auditing of Reserve under Special Taxation Measures Law, Reserve under Special Laws and Reserve for Retirement Benefits to Directors and Corporate Auditors” (JICPA Audit and Assurance Practice Committee Report No.42) was announced on April 13, 2007. In accordance with this accounting change, from March 31,2007, a reserve for executive retirement benefits is provided for the payment of executive retirement benefits based on the estimated amounts of the future payments attributed to the current fiscal year. As a result, general and administrative expenses increased by 54million yen and ordinary profits and income before income taxes decreased by the same amount respectively compared to the former method.
 35. “Application of auditing for provision of reserve for losses for re-claimed refund of interest in the accounting of consumer finance companies” (JICPA Industry audit practice committee report No.37) is applied since this fiscal year. In providing for possible losses for refund of interest received from customers of the consolidated subsidiary exceeding the upper limit of interest rate prescribed under the Interest Rate Restriction Law, a reserve for losses from reimbursement of loan payment is estimated reasonably based on the condition of the previous reimbursement. As a result, other ordinary expenses increased by 16million yen and ordinary profits and income before income taxes decreased by the same amount.

Notes to the Consolidated Statement of Operations:

1. The amounts are rounded down to the nearest million.
2. “Other ordinary income” includes gains on recoveries of purchased loans of 4,778 million yen
3. “Other ordinary expenses” includes write-off of loans of 4,351 million yen

Notes to the Consolidated Statement of changes in net assets:

1. The amounts are rounded down to the nearest million.
2. The number and class of shares issued and outstanding and treasury stock are as follows:

	March 31, 2006	Increase	Decrease	March 31, 2007
Issued shares	700	-	-	700
Common stock	700	-	-	700
Treasury stock	-	-	-	-

3. The detail of cash dividend is as follows:

(1) Dividends paid in the fiscal year

Date of declaration	May 26, 2006 (Board of directors' meeting)
Class of stock	Common stock
Total amount of cash dividends	3,500 million yen
Dividend per share	5,000 yen
Dividend record date	March 31, 2006
Effective date	May 26, 2006

(2) Dividends to be paid in the next fiscal year

Date of declaration	May 25, 2007 (Board of directors' meeting)
Class of stock	Common stock
Total amount of cash dividends	3,500 million yen
Source of dividends	Retained earnings
Dividend per share	5,000 yen
Dividend record date	March 31, 2007
Effective date	June 11, 2007

4. “Accounting Standard for Statement of Changes in Net Assets” (ASBJ Statement No. 6, December 27, 2005) and “Guidance on Accounting Standard for Statement of Changes in Net Assets” (ASBJ Guideline No. 9, December 27, 2005) were applied since this fiscal year. As a result of applying these standards, consolidated statement of changes in net assets is disclosed instead of consolidated statement of capital surplus and retained earnings.

Notes to the Consolidated Statement of Cash Flows:

1. The amounts are rounded down to the nearest million.
2. For the purpose of reporting cash flows, cash and cash equivalents are defined as cash and due from Bank of Japan (“BOJ”) included in the Cash and due from bank in the consolidated balance sheet.
3. The reconciliation of the balance of cash and cash equivalents to the cash and due from banks in the consolidated balance sheet at the year end is as follows:

	(in millions of yen)
Cash and due from banks	74,516
Due from banks excluding due from BOJ	<u>(15,898)</u>
Cash and cash equivalents	<u>58,617</u>

Segment Information

(1) Business segment information

Besides the banking business, certain consolidated subsidiaries engage in other businesses such as credit card business. Such information is, however, not disclosed since the proportion of those businesses in total is not significant.

(2) Geographic segment information

The information is not applicable since there is no foreign subsidiaries or branches.

(3) Ordinary income from overseas operations

The information is not disclosed since ordinary income from overseas operations is less than 10% of ordinary income on a consolidated basis.

Lease transactions

The information is not disclosed since it is not significant at this time. However, it will be disclosed in EDINET (security report).

Investment Securities

1. As of March 31, 2006

(1) Trading securities:

Carrying value	7 million yen
Net holding gain (loss)	(0) million yen

(2) Available-for-sale securities with a readily determinable fair value: (in millions of yen)

	Cost	Carrying value	Net unrealized gain (loss)	Gain	Loss
Equities	579	1,694	1,114	1,114	-
Japanese bonds	146,701	145,411	(1,290)	12	1,303
Government bonds	128,319	127,084	(1,234)	11	1,245
Municipal bonds	609	596	(12)	0	12
Corporate bonds	17,773	17,730	(43)	1	44
Others	87,140	86,592	(549)	508	1,058
Total	234,421	233,697	(725)	1,635	2,361

Notes:

1. Carrying value is stated at fair value.
2. Gain/Loss is breakdown of Net unrealized gain (loss).
3. Where compound instruments in “Others” as a whole are marked to market, and valuation gains (losses) are included in Income before income taxes, the valuation gains/losses of these instruments are excluded.

(3) Available-for-sale securities sold during the year: (in millions of yen)

	Proceeds from sales	Gain on sales	Loss on sales
Available-for-sale securities	363,777	1,744	504

(4) Securities whose fair value is not readily available are as follows: (in millions of yen)

	Balance sheet amount
Available-for-sale securities	
Unlisted domestic equity securities (excluding OTC traded equities)	3,356
Corporate bonds (industrial bonds)	32,655
Others	1,766

(5) Contractual maturities of bonds classified as Available for sale securities is as follows:

(in millions of yen)

	Within 1 year	After 1 year through 5 years	After 5 years through 10 years	After 10 years
Japanese bonds	19,236	123,082	27,962	7,785
Government bonds	15,686	89,896	13,716	7,785
Municipal bonds	-	498	98	-
Corporate bonds	3,550	32,688	14,147	-
Other	14,059	30,766	24,114	2,295
Total	33,296	153,848	52,077	10,080

2. As of March 31, 2007

(1) Trading securities:

Carrying value	6 million yen
Net holding gain (loss)	(0) million yen

(2) Available-for-sale securities with a readily determinable fair value: (in millions of yen)

	Cost	Carrying value	Net unrealized gain (loss)	Gain	Loss
Equities	483	1,287	804	804	-
Japanese bonds	187,203	186,569	(633)	6	640
Government bonds	166,316	165,710	(605)	0	606
Municipal bonds	609	603	(5)	0	5
Corporate bonds	20,277	20,255	(22)	6	28
Others	74,457	74,161	(337)	322	660
Total	262,143	262,018	(166)	1,134	1,300

Notes:

1. Carrying value is stated at fair value.
2. Gain/Loss is breakdown of Net unrealized gain (loss).
3. Where compound instruments in "Others" as a whole are marked to market, and valuation gains (losses) are included in Income before income taxes, the valuation gains/losses of these instruments are excluded.

(3) Available-for-sale securities sold during the year: (in millions of yen)

	Proceeds from sales	Gain on sales	Loss on sales
Available-for-sale securities	35,955	716	73

(4) Securities whose fair value is not readily available are as follows: (in millions of yen)

	Balance sheet amount
Available-for-sale securities	
Unlisted domestic equity securities (excluding OTC traded equities)	2,163
Corporate bonds (industrial bonds)	53,773
Others	723

(5) Contractual maturities of bonds classified as Available for sale securities is as follows:

(in millions of yen)

	Within 1 year	After 1 year through 5 years	After 5 years through 10 years	After 10 years
Japanese bonds	92,362	120,564	19,592	7,823
Government bonds	84,958	65,086	7,842	7,823
Municipal bonds	4	499	100	-
Corporate bonds	7,400	54,979	11,649	-
Other	4,616	29,907	27,696	-
Total	96,979	150,472	47,288	7,823

Monetary Assets Held in Trust

1. As of March 31, 2006

(1) Monetary assets held in trust for trading purposes:

Carrying value	3,670 million yen
Net holding gain (loss)	(17) million yen

(2) Monetary assets held in trust held-to-maturity:

Not applicable

(3) Monetary assets held in trust available-for-sale:

Not applicable

2. As of March 31, 2007

(1) Monetary assets held in trust for trading purposes:

Carrying value	3,624 million yen
Net holding gain (loss)	(16) million yen

(2) Monetary assets held in trust held-to-maturity:

Not applicable

(3) Monetary assets held in trust available-for-sale:

Not applicable

Unrealized Gain (Loss) on Available-for-sale Securities

1. As of March 31, 2006

Components of unrealized gain (loss) on available-for-sale securities:

(in millions of yen)

Gross valuation differences	(725)
Available-for-sale securities	(725)
Deferred tax assets (liabilities)	293
Unrealized gain (loss) on available-for-sale securities, net of taxes	(432)

2. As of March 31, 2007

Components of unrealized gain (loss) on available-for-sale securities:

(in millions of yen)

Gross valuation differences	(166)
Available-for-sale securities	(166)
Deferred tax assets (liabilities)	67
Unrealized gain (loss) on available-for-sale securities, net of taxes	(98)

Derivatives

The information is not disclosed since it is not significant at this time. However, it will be disclosed in EDINET (security report).

Retirement benefits

1. Retirement benefit plan

Our group has adopted defined contribution pension plans since April 2004.

2. Retirement benefit expenses

(in millions of yen)

	For the year ended March 31, 2007
Contributions to defined contribution plans	297
Retirement benefit expenses	297

Tax effect accounting

(in millions of yen)

		For the year ended March 31, 2006	For the year ended March 31, 2007
1. Details of deferred tax assets and liabilities	Deferred tax assets:		
	Reserve for possible loan losses	11,216	11,184
	Deferred loss on hedging instruments	-	1,114
	Reserve for employees' bonus	599	672
	Enterprise tax payable	523	424
	Unrealized loss on securities available for sale	295	-
	Depreciation	-	213
	Others	607	430
	Sub-total deferred tax assets	13,242	14,041
	Valuation allowance	(829)	(816)
	Total deferred tax assets	12,412	13,224
	Deferred tax liabilities:		
	Temporary differences inherent to Consolidation	(10)	-
	Redemption gain on securities	-	(25)
Total deferred tax liabilities	(10)	(25)	
Net deferred tax assets	12,402	13,198	
2. Reconciling items between effective income tax rate and statutory tax rate	The information is not disclosed because the differences between the effective income tax rate and the statutory tax rate are within 5% of the statutory income tax rate.		

Transactions with related parties

There are no material transactions to be disclosed.

Per Share Information

(in yen)

	For the year ended March 31,	
	2006	2007
Net assets per common share	130,007.85	146,175.53
Net income per common share	24,499.10	23,012.13

Notes: 1. The basis in calculating net income per common share is as follows:

(in millions of yen except per share data)

	For the year ended March 31,	
	2006	2007
Net income	17,149	16,108
Amount not available to stockholders	-	-
Net income available to stockholders	17,149	16,108
Weighted average number of shares of common stock outstanding	700,000	700,000

2. 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 net assets per common share decreased by 2,321.12 yen compared to the former standard.

Non-Consolidated Financial Statements

COMPARISON OF NON-CONSOLIDATED BALANCE SHEETS

(in millions of yen)	As of March 31,		(A)-(B)
	2007 (A)	2006 (B)	
Assets:			
Cash and due from banks	71,894	118,959	(47,065)
Call loans	45,817	1,526	44,291
Monetary receivables bought	41,645	48,293	(6,648)
Trading securities	6	7	(1)
Monetary assets held in trust	3,624	3,670	(46)
Investment securities	323,599	276,683	46,916
Loans and bills discounted	1,164,946	1,025,534	139,412
Foreign exchanges	1,261	275	986
Other assets	17,205	22,409	(5,204)
Premises and equipment	-	13,808	-
Tangible fixed assets	11,085	-	-
Intangible fixed assets	4,793	-	-
Deferred tax assets	12,014	12,097	(83)
Customers' liabilities for acceptances and guarantees	2,091	2,559	(468)
Reserve for possible loan losses	(16,599)	(21,245)	4,646
Total assets	1,683,388	1,504,579	178,809
Liabilities and stockholders' equity			
Liabilities:			
Deposits	1,484,137	1,366,471	117,666
Foreign exchanges	30	14	16
Corporate bonds and notes	55,500	3,000	52,500
Other liabilities	38,163	40,107	(1,944)
Reserve for employees' bonus	1,636	1,501	135
Reserve for directors' bonus	1,086	1,037	49
Reserve for executive retirement benefits	54	-	54
Acceptances and guarantees	2,091	2,559	(468)
Total Liabilities	1,582,699	1,414,691	168,008
Stockholders' equity:			
Common stock	-	21,000	-
Capital surplus	-	19,000	-
Capital reserve	-	19,000	-
Retained earnings	-	50,316	-
Earned surplus reserve	-	2,000	-
Unappropriated retained earnings	-	48,316	-
Unrealized gains on securities available for sale, net of tax	-	(427)	-
Total stockholders' equity	-	89,888	-
Total liabilities and stockholders' equity	-	1,504,579	-
Net assets:			
Common stock	21,000	-	-
Capital surplus	19,000	-	-
Capital reserve	19,000	-	-
Retained earnings	62,411	-	-
Earned surplus reserve	2,000	-	-
Other retained earnings	60,411	-	-
Total owners' equity	102,411	-	-
Unrealized gains on securities available for sale, net of tax	(98)	-	-
Deferred gain (loss) on hedging instruments, net of taxes	(1,624)	-	-
Total valuation and translation adjustments	(1,723)	-	-
Total net assets	100,688	-	-
Total liabilities and net assets	1,683,388	-	-

Note: The amounts are rounded down to the nearest million.

COMPARISON OF NON-CONSOLIDATED STATEMENTS OF OPERATIONS

(in millions of yen)	For the year ended March 31,		(A)-(B)
	2007 (A)	2006 (B)	
Ordinary income:	73,726	66,545	7,181
Interest income	50,595	45,627	4,968
<i>Interest on loans and discounts</i>	41,036	37,225	3,811
<i>Interest and dividends on securities</i>	6,106	5,331	775
Fees and commissions	12,789	10,845	1,944
Other operating income	3,039	1,940	1,099
Other ordinary income	7,301	8,132	(831)
Ordinary expenses:	52,008	44,370	7,638
Interest expenses	9,361	7,840	1,521
<i>Interest on deposits</i>	8,979	7,762	1,217
Fees and commissions	7,792	4,502	3,290
Other operating expenses	309	505	(196)
General and administrative expenses	31,014	26,372	4,642
Other ordinary expenses	3,530	5,149	(1,619)
Ordinary profits	21,717	22,174	(457)
Extraordinary gains	4,878	7,505	(2,627)
Extraordinary losses	101	716	(615)
Income before income taxes	26,494	28,964	(2,470)
Income taxes			
Current	9,926	12,536	(2,610)
Deferred	971	(267)	1,238
Net income	15,595	16,695	(1,100)
Unappropriated retained earnings at beginning of the fiscal year	-	31,621	-
Unappropriated retained earnings at end of the fiscal year	-	48,316	-

Note: The amounts are rounded down to the nearest million.

NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

For the year ended March 31, 2007

	Owners' equity					Total
	Common stock	Capital surplus	Retained earnings			
		Capital reserve	Earned surplus reserve	Other retained earnings	Total retained earnings	
Balance, at end of the previous period	21,000	19,000	2,000	48,316	50,316	90,316
Changes of items during the period						
Cash dividends	-	-	-	(3,500)	(3,500)	(3,500)
Net income	-	-	-	15,595	15,595	15,595
Net changes of items other than owners' equity	-	-	-	-	-	-
Total changes of items during the period	-	-	-	12,095	12,095	12,095
Balance, at end of the period	21,000	19,000	2,000	60,411	62,411	102,411

	Valuation and translation adjustment			Total net assets
	Unrealized gain (loss) on available-for-sale securities, net of taxes	Deferred gain (loss) on hedging instruments, net of taxes	Total valuation and translation adjustments	
Balance, at end of the previous period	(427)	-	(427)	89,888
Changes of items during the period				
Cash dividends	-	-	-	(3,500)
Net income	-	-	-	15,595
Net changes of items other than owners' equity	329	(1,624)	(1,295)	(1,295)
Total changes of items during the period	329	(1,624)	(1,295)	10,799
Balance, at end of the period	(98)	(1,624)	(1,723)	100,688

Notes:

- The amounts are rounded down to the nearest million.
- "Accounting Standard for Statement of Changes in Net Assets" (ASBJ Statement No. 6, December 27, 2005) and "Guidance on Accounting Standard for Statement of Changes in Net Assets" (ASBJ Guideline No. 9, December 27, 2005) were applied since this fiscal year. As a result of applying these standards, consolidated statement of changes in net assets is disclosed instead of consolidated statement of capital surplus and retained earnings.

COMPARISON OF APPROPRIATION STATEMENT

(in millions of yen)	For the year ended March 31,		(A)-(B)
	2007 (A)	2006 (B)	
Unappropriated retained earnings at end of the fiscal year	-	48,316	-
Appropriation of earnings	-	3,500	-
<i>Dividends declared</i>	-	3,500	-
Unappropriated retained earnings after appropriation	-	44,816	-

Note: The amounts are rounded down to the nearest million.

Consolidated statement of capital surplus and retained earnings was rescinded and consolidated statement of changes in net assets is applied since this fiscal year. Please see the table above for consolidated statement of changes in net assets.