

# ***SELECTED FINANCIAL INFORMATION***

***For the Fiscal Year Ended March 31, 2007  
(Supplementary)***

TOKYO  
S T A R  
B A N K 

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東京スター銀行

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## I. Overview of Consolidated Business Results

### Earnings and Returns

- Ordinary income and ordinary profits surpassed prior year by 10.7% and 6.4% respectively.  
Excluding the credit reversal in the prior year, pre-tax income grew by JPY 1.2 billion or 4.6%.  
Net income was JPY 0.4 billion or 2.5% above the forecast disclosed on November 17, 2006.
- Gross operating profits, excluding all revenue derived from loans purchased at a discount, grew by JPY 7.6 billion (+18.9%) to JPY 47.8 billion compared with the prior year.
- Return on assets (ROA) and return on equity (ROE) remained strong at 1.01% and 16.6%, respectively.

### Growth and Efficiency

- Loans and discounted bills increased by JPY 163.9 billion, or 16.3%, compared with the prior year, excluding the effect of the sale of non-core housing loan assets.
- Excluding the impact from loans purchased at a discount, actual loan yield expanded to 3.21% against 3.14% in the prior year.
- Loan growth was funded primarily with solid growth in retail deposits, up JPY 115.7 billion, or 8.4%, compared with the prior year, to JPY 1,480 billion.
- Efficiency ratio, excluding all revenue derived from loans purchased at a discount, fell from 68.7% in the prior year, to 65.2%.

### Asset Quality

- Non-performing loan ratio (under the Financial Revitalization Law) declined to 3.05%, down from 3.44% at the end of March 2006.
- Excluding the one-time contribution of JPY 3.3 billion of credit reversals in the prior year, total credit cost declined by 22% to JPY 3.9 billion from JPY 5.1 billion.
- Capital adequacy ratio reached 9.52% under the new Basel II standard.

### <Reference>

<On a Consolidated Basis> (in millions of yen, except figures in percentage and yen)

	Fiscal 2006	Fiscal 2005	Change	Change (%)	Earnings Projections for FY 2006*
Ordinary Income	75,643	68,323	7,320	10.7	75,500
Ordinary Profits	25,588	24,043	1,545	6.4	26,500
Net Income	16,108	17,149	(1,041)	(6.0)	15,700
Net Income per share (yen)	23,012.13	24,499.10	(1,486.97)	(6.0)	22,428.57

(\* Disclosed on November 17, 2006.)

## II. Selected Financial Information for the Fiscal Year Ended March 31, 2007

### 1. Operating Results

【Consolidated basis】

(in millions of yen)

	For the Year Ended March 31, 2007	For the Year Ended March 31, 2006	Increase/ (Decrease)
<b>Gross Operating Profits</b>	<b>54,732</b>	<b>48,781</b>	<b>5,951</b>
Net Interest Income	42,123	38,740	3,383
Net Fees and Commissions	9,296	8,690	606
Net Other Operating Income	3,312	1,349	1,963
General & Administrative Expenses	31,253	27,648	3,605
Provision for General Reserve for Possible Loan Losses	(427)	—	(427)
Other Income & Expenses	1,682	2,910	(1,228)
Net Gain & Loss on Equity Securities	776	415	361
Problem Claims related Costs	5,589	5,189	400
Write-offs of Loans	4,351	5,159	(808)
Provision for Specific Reserve for Possible Loan Losses	1,181	—	1,181
Profit and Loss on Sales of Loans	57	29	28
Other	6,495	7,683	(1,188)
<b>Ordinary Profits</b>	<b>25,588</b>	<b>24,043</b>	<b>1,545</b>
Extraordinary Gains & Losses	1,287	4,979	(3,692)
of which Net Gain & Loss on Sales of Fixed Assets	30	1,340	(1,310)
Gain on Sales of Fixed Assets	121	2,007	(1,886)
Loss on Disposal of Fixed Assets	90	667	(577)
of which Gain on Collection of Written-off Claims	1,289	5	1,284
of which Reversal of Possible Loan Losses	—	3,716	(3,716)
<b>Income before Income Taxes</b>	<b>26,876</b>	<b>29,022</b>	<b>(2,146)</b>
Income Taxes - Current	10,674	12,404	(1,730)
- Deferred	93	(531)	624
Minority Interests in net income of subsidiaries	—	—	—
<b>Net Income</b>	<b>16,108</b>	<b>17,149</b>	<b>(1,041)</b>

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

	For the Year Ended March 31, 2007	For the Year Ended March 31, 2006	Increase/ (Decrease)
Number of Consolidated Subsidiaries	2	4	(2)

**【Non-consolidated basis】**

(in millions of yen)

	For the Year Ended March 31, 2007	For the Year Ended March 31, 2006	Increase/ (Decrease)
<b>Gross Operating Profits</b>	<b>48,982</b>	<b>45,586</b>	<b>3,396</b>
Net Interest Income	41,255	37,809	3,446
Net Fees and Commissions	4,996	6,342	(1,346)
Net Other Operating Income	2,729	1,435	1,294
General & Administrative Expenses	30,960	26,372	4,588
Personnel Expenses	12,103	11,725	378
Nonpersonnel Expenses	17,504	13,304	4,200
Taxes	1,353	1,343	10
<b>Net Operating Income (before General Reserve and Goodwill)</b>	<b>18,022</b>	<b>19,214</b>	<b>(1,192)</b>
Provision for General Reserve for Possible Loan Losses	—	—	—
Amortization of Goodwill	—	—	—
<b>Net Operating Income</b>	<b>18,022</b>	<b>19,214</b>	<b>(1,192)</b>
of which Net Gain & Loss on Bonds	21	815	(794)
Other Income & Expenses	3,695	2,960	735
Net Gain & Loss on Equity Securities	772	(24)	796
Problem Claims related Costs	3,230	4,510	(1,280)
Write-offs of Loans	3,215	4,510	(1,295)
Provision for Specific Reserve for Possible Loan Losses	—	—	—
Profit and Loss on Sales of Loans	14	—	14
Other	6,153	7,496	(1,343)
<b>Ordinary Profits</b>	<b>21,717</b>	<b>22,174</b>	<b>(457)</b>
Extraordinary Gains & Losses	4,776	6,789	(2,013)
of which Net Gain & Loss on Sales of Fixed Assets	42	1,370	(1,328)
Gain on Sales of Fixed Assets	121	2,007	(1,886)
Loss on Disposal of Fixed Assets	78	637	(559)
of which Gain on Collection of Written-off Claims	1,284	3	1,281
of which Reversal of Possible Loan Losses	3,472	4,845	(1,373)
<b>Income before Income Taxes</b>	<b>26,494</b>	<b>28,964</b>	<b>(2,470)</b>
Income Taxes - Current	9,926	12,536	(2,610)
- Deferred	971	(267)	1,238
<b>Net Income</b>	<b>15,595</b>	<b>16,695</b>	<b>(1,100)</b>

## Composition of Revenue (Consolidated basis)

Our ordinary income includes revenue that is derived pursuant to the terms of our loans and bills discounted ("**Organic Revenue**"), 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**."

### Loan Purchase Revenue

(in millions of yen)

	For the Year Ended March 31, 2007	For the Year Ended March 31, 2006	Increase/ (Decrease)
<b>Loan Purchase Revenue</b>	<b>11,767</b>	<b>15,101</b>	<b>(3,334)</b>
Amortization included in Interest Income (A)	6,777	8,447	(1,670)
Amortization of Unearned Loan Purchase Revenue	6,900	8,813	(1,913)
Offset of Provision for General Reserve for Possible Loan Losses	(122)	(366)	244
Amortization included in Fees and Commissions (B)	87	103	(16)
Revenue included in Other Ordinary Income	4,778	6,185	(1,407)
Add-back of Offset of Provision for General Reserve for Possible Loan Losses	122	366	(244)

### Gross Operating Profits

(in millions of yen)

	For the Year Ended March 31, 2007	For the Year Ended March 31, 2006	Increase/ (Decrease)
<b>Gross Operating Profits (incl. Loan Purchase Revenue)</b>	<b>54,732</b>	<b>48,781</b>	<b>5,951</b>
Net Interest Income	42,123	38,740	3,383
Organic Revenue (C)	35,346	30,293	5,053
Loan Purchase Revenue (=A)	6,777	8,447	(1,670)
Net Fees and Commissions	9,296	8,690	606
Organic Revenue (D)	9,209	8,587	622
Loan Purchase Revenue (=B)	87	103	(16)
Net Other Operating Income (E)	3,312	1,349	1,963
<b>Gross Operating Profits related to Organic Revenue (C+D+E)</b>	<b>47,867</b>	<b>40,231</b>	<b>7,636</b>

**Unamortized Loan Purchase Revenue**

(in millions of yen)

	As of March 31, 2007	As of March 31, 2006	Increase/ (Decrease)
Unamortized Loan Purchase Revenue in Interest Income (excluding "Problem Loans" related)	17,735	29,143	(11,408)
Unamortized Unearned Guarantees in Fees and Commissions	752	839	(87)
<b>Unamortized Loan Purchase Revenue</b>	<b>18,487</b>	<b>29,983</b>	<b>(11,496)</b>

Note: "Problem Loans" means Bankruptcy claims, Quasi-Bankruptcy claims and Doubtful claims based on the Self-assessment Guideline.

**Ordinary Income Projections**

(in million of yen except percentages)

	For the year ending March 31, 2008 (Projection)		For the year ended March 31, 2007 (Actual)		Change (%)	
	Interim		Interim		Interim	
Ordinary Income	37,000	76,400	36,629	75,643	1.0	1.0
Organic Revenue	33,000	70,200	29,961	63,998	10.1	9.7
Loan Purchase Revenue	4,000	6,200	6,668	11,645	(40.0)	(46.8)

**Credit Costs (Consolidated basis)**

**Credit Costs**

(in millions of yen)

	For the Year Ended March 31, 2007	For the Year Ended March 31, 2006	Increase/ (Decrease)
Provision for General Reserve for Possible Loan Losses	(427)	(3,716)	4,470
Provision for Specific Reserve for Possible Loan Losses	1,181		
Write-offs of Loans	4,351	5,159	(808)
Profit and Loss on Sales of Loans	57	29	28
Credit Costs excluding Offset of Provision for General Reserve for Possible Loan Losses with respect to Purchased Loans against Loan Purchase Revenue	5,162	1,472	3,690
Offset of Provision for General Reserve for Possible Loan Losses with respect to Purchased Loans against Loan Purchase Revenue	122	366	(244)
Credit Costs before offsetting Gain on Collection of Written-off Claims	5,285	1,838	3,447
Offset of Gain on Collection of Written-off Claims	(1,289)	(5)	(1,284)
<b>Credit Costs (Adjusted)</b>	<b>3,995</b>	<b>1,832</b>	<b>2,163</b>

**2. Return on Equity**

(%)

	For the Year Ended March 31, 2007 (A)	For the Year Ended March 31, 2006 (B)	Increase/ (Decrease) (A)-(B)
Consolidated Basis	16.66	20.50	(3.84)
Non-consolidated Basis	16.36	20.18	(3.82)

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

(excluding International Operations, Non-consolidated)

(%)

	For the Year Ended March 31, 2007 (A)	For the Year Ended March 31, 2006 (B)	Increase/ (Decrease) (A)-(B)
(1) Return on Interest-Earning Assets (A)	3.19	3.19	0.00
(a) Yields on Loans	3.74	3.96	(0.22)
(b) Yields on Securities	1.38	0.84	0.54
(2) Financing Costs including General & Administrative Expenses (B)	2.76	2.60	0.16
(a) Yields on Deposits	0.55	0.53	0.02
(b) Yields on Other External Liabilities	0.12	—	0.12
(3) Net Interest Margin after General & Administrative Expenses (A) - (B)	0.43	0.59	(0.16)

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

(in millions of yen)

	For the Year Ended March 31, 2007 (A)	For the Year Ended March 31, 2006 (B)	Increase/ (Decrease) (A)-(B)
Net Gain & Loss on Bonds	21	815	(794)
Gain on Sales	95	1,320	(1,225)
Gain on Redemption	—	—	—
Loss on Sales	73	504	(431)
Loss on Redemption	—	—	—
Write-off	—	—	—
Net Gain & Loss on Equity Securities	772	(24)	796
Gain on Sales	772	—	772
Loss on Sales	—	—	—
Write-off	—	24	(24)



## 5. Capital Adequacy Ratio (Preliminary)

### 【Consolidated】

(in millions of yen)

		As of March 31, 2007 Preliminary (A)	As of March 31, 2006 (B)	Increase/ (Decrease) (A)-(B)
(1)	<b>Capital Adequacy Ratio</b>	<b>9.52</b>	<b>8.95</b>	<b>0.57</b>
(2)	Tier I Capital	100,447	87,505	12,942
	Tier I Ratio	7.77	8.05	(0.28)
(3)	Tier II Capital	23,571	9,790	13,781
(4)	Reductions	1,058	—	1,058
(5)	Capital (2)+(3)-(4)	122,960	97,296	25,664
(6)	Credit Risk-adjusted Assets	1,197,523	1,086,542	110,981
(7)	Operational Risks	93,965		
(8)	Risk-adjusted Assets (6)+(7)	1,291,489	1,086,542	204,947

### 【Non-consolidated】

(in millions of yen)

		As of March 31, 2007 Preliminary (A)	As of March 31, 2006 (B)	Increase/ (Decrease) (A)-(B)
(1)	<b>Capital Adequacy Ratio</b>	<b>9.42</b>	<b>8.84</b>	<b>0.58</b>
(2)	Tier I Capital	98,813	86,388	12,425
	Tier I Ratio	7.67	7.94	(0.27)
(3)	Tier II Capital	23,543	9,799	13,744
(4)	Reductions	1,058	—	1,058
(5)	Capital (2)+(3)-(4)	121,297	96,187	25,110
(6)	Credit Risk-adjusted Assets	1,200,037	1,087,879	112,158
(7)	Operational Risks	86,907		
(8)	Risk-adjusted Assets (6)+(7)	1,286,945	1,087,879	199,066

- Notes: 1. As a new standard on Capital Adequacy Ratio, Financial Services Agency Ordinance Announcement No.19, is applied from March 31, 2007, figures as of March 31, 2007 are based on the new standard. (Figures as of March 31, 2006 are based on the previous standard.)
2. "Credit Risk-adjusted Assets" is calculated on "Standard Method."
3. "Operational Risks" is equivalent amounts of operational risks divided by 8%.

### III. Loan Portfolio & Deposits

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

##### 【Consolidated】

(in millions of yen)

	As of March 31, 2007 (A)	As of March 31, 2006 (B)	Increase/ (Decrease) (A)-(B)
Loans to Bankrupt Borrowers	805	601	204
Past Due Loans	20,451	22,260	(1,809)
Loans Past Due 3 Months or More	2	6	(4)
Restructured Loans	14,261	12,041	2,220
Total (A)	35,521	34,909	612
Ending Balance of Loans and Bills Discounted (B)	1,169,024	1,031,891	137,133
Ratio of Risk-Managed Loans to Total Loans and Bills Discounted (%) (A/B X 100)	3.03	3.38	(0.35)
Amounts Secured (C)	21,027	24,535	(3,508)
Coverage Ratio (%) (C/A X 100)	59.19	70.28	(11.09)

##### 【Non-consolidated】

(in millions of yen)

	As of March 31, 2007 (A)	As of March 31, 2006 (B)	Increase/ (Decrease) (A)-(B)
Loans to Bankrupt Borrowers	633	465	168
Past Due Loans	19,482	21,057	(1,575)
Loans Past Due 3 Months or More	2	6	(4)
Restructured Loans	14,261	11,818	2,443
Total (A)	34,380	33,348	1,032
Ending Balance of Loans and Bills Discounted (B)	1,164,946	1,025,534	139,412
Ratio of Risk-Managed Loans to Total Loans and Bills Discounted (%) (A/B X 100)	2.95	3.25	(0.30)
Amounts Secured (C)	21,398	24,704	(3,306)
Coverage Ratio (%) (C/A X 100)	62.24	74.07	(11.83)

## 2. Disclosed Claims under Financial Revitalization Law

### 【Consolidated】

(in millions of yen)

	As of March 31, 2007 (A)	As of March 31, 2006 (B)	Increase/ (Decrease) (A)-(B)
Bankruptcy and Quasi-Bankruptcy	3,721	5,021	(1,300)
Doubtful	17,869	18,675	(806)
Sub-standard	14,264	12,048	2,216
Sub-Total (A)	35,855	35,745	110
Normal	1,138,895	1,001,195	137,700
Total (B)	1,174,751	1,036,940	137,811
Ratio of Problem Loans to Total Claims (A/B X 100) (%)	3.05	3.44	(0.39)
Amounts Secured (C)	21,320	25,343	(4,023)
Coverage Ratio (C/A X 100) (%)	59.46	70.89	(11.43)

### 【Non-consolidated】

(in millions of yen)

	As of March 31, 2007 (A)	As of March 31, 2006 (B)	Increase/ (Decrease) (A)-(B)
Bankruptcy and Quasi-Bankruptcy	2,998	4,151	(1,153)
Doubtful	17,647	18,410	(763)
Sub-standard	14,264	11,824	2,440
Sub-Total (A)	34,910	34,387	523
Normal	1,135,902	996,337	139,565
Total (B)	1,170,812	1,030,724	140,088
Ratio of Problem Loans to Total Claims (A/B X 100) (%)	2.98	3.33	(0.35)
Amounts Secured (C)	21,886	25,713	(3,827)
Coverage Ratio (C/A X 100) (%)	62.69	74.77	(12.08)

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

(in millions of yen)

	As of March 31, 2007 (A)	As of March 31, 2006 (B)	Increase/ (Decrease) (A)-(B)
General Reserve for Possible Loan Losses	9,916	13,091	(3,175)
Specific Reserve for Possible Loan Losses	6,683	8,154	(1,471)
Total Reserve for Possible Loan Losses	16,599	21,245	(4,646)
Total Loans and Bills Discounted	1,164,946	1,025,534	139,412
Ratio of Total Reserve for Possible Loan Losses to Total Loans and Bills Discounted (%)	1.42	2.07	(0.65)

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

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

(in millions of yen)

	As of March 31, 2007 (A)	As of March 31, 2006 (B)	Increase/ (Decrease) (A)-(B)
Domestic (excluding offshore banking account)	1,164,946	1,025,534	139,412
Manufacturing	16,734	13,148	3,586
Agriculture	191	249	(58)
Forestry	56	145	(89)
Fishery	204	102	102
Mining	3	248	(245)
Construction	9,716	6,684	3,032
Utilities	1,648	211	1,437
Communications and information	7,166	9,841	(2,675)
Transportation	9,715	9,870	(155)
Wholesale and retail	28,597	38,502	(9,905)
Banks and other financial institutions	70,666	75,449	(4,783)
Real estate	333,467	306,514	26,953
Services	177,735	156,369	21,366
Municipal government	928	1,185	(257)
Other	508,113	407,011	101,102
Overseas and Offshore Banking Account	—	—	—
Governments and official institutions	—	—	—
Financial institutions	—	—	—
Other	—	—	—
<b>Total</b>	<b>1,164,946</b>	<b>1,025,534</b>	<b>139,412</b>

##### 2) Consumer Loans

(in millions of yen)

	As of March 31, 2007 (A)	As of March 31, 2006 (B)	Increase/ (Decrease) (A)-(B)
Consumer Loans	427,404	337,996	89,408
Housing Loans	359,676	292,966	66,710
Other Consumer Loans	67,728	45,030	22,698

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

(in millions of yen)

	As of March 31, 2007 (A)	As of March 31, 2006 (B)	Increase/ (Decrease) (A)-(B)
Loans to Small and Medium-sized Enterprises and Individuals (A)	1,055,662	954,366	101,296
Total Loans and Bills Discounted (B)	1,164,946	1,025,534	139,412
Ratio of Loans to Small and Medium-sized Enterprises and Individuals to Total Loans and Bills Discounted ((A)/(B) X 100) (%)	90.61	93.06	(2.45)

**5. Balances of Loans and Deposits**

(in millions of yen)

		As of March 31, 2007 (A)	As of March 31, 2006 (B)	Increase/ (Decrease) (A)-(B)
Deposits	Consolidated (Ending Bal.)	1,480,455	1,364,714	115,741
	Non-consolidated (Ending Bal.)	1,484,137	1,366,471	117,666
	Non-consolidated (Average Bal.)	1,413,538	1,316,031	97,507
Loans and Bills Discounted	Consolidated (Ending Bal.)	1,169,024	1,031,891	137,133
	Non-consolidated (Ending Bal.)	1,164,946	1,025,534	139,412
	Non-consolidated (Average Bal.)	1,088,453	940,709	147,744