

Consolidated Financial Results
for the 3rd Quarter Results of Fiscal 2007



Consolidated Financial Results for the 3rd Quarter of Fiscal 2007 ended December 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

The financial information presented here has not been audited.
Simplified accounting treatments are used for the depreciation of fixed assets, reserve for possible loan losses and income taxes.
The amounts are rounded down to the nearest million of yen.

1. Summary of Consolidated Financial Results for the 3rd Quarter of Fiscal 2007 Ended December 31, 2007

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

	For the nine months ended December 31,		For the year ended March 31, 2007
	2007	2006	
Ordinary income	59,527	57,047	75,643
Change from the previous period	4.3 %	16.8 %	
Ordinary profits	17,406	21,347	25,588
Change from the previous period	(18.4)%	33.6 %	
Net income	20,035	14,006	16,108
Change from the previous period	43.0 %	3.2 %	
Net income per common share (yen)	28,622.78	20,009.28	23,012.13

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

	As of December 31,		As of March 31, 2007
	2007	2006	
Total assets	1,711,459	1,641,942	1,682,345
Net assets	116,507	99,556	102,322
Ratio of net assets to total assets (*)	6.8%	6.1%	6.0%
Net assets per common share (yen)	166,438.78	142,223.41	146,175.53

(*) Ratio of net assets to total assets = (Net assets - Stock acquisition rights - Minority interests) / Total assets X 100

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

(millions of yen except per share data)

	For the year ending March 31, 2008
Ordinary income	76,400
Ordinary profits	21,500
Net income	23,000
Net income per common share (yen)	32,857.14

(Note)

Earning projections for the fiscal year ending March 31, 2008 remains the same as the ones which were previously disclosed on November 16, 2007 shown as above.

As announced on February 4, 2008, the Tokyo Star Bank ("the Bank") adopted a resolution at the board of directors meeting that if the Tender Offer for the shares and warrants of the Bank by the joint Tender Offerors, i.e. Japan Blue Sky Capital Partners, L.P., Japan Banking Investment Partners, L.P., Tokyo Capital Management Partners, L.P. and Cayman Strategic Partners, L.P., is successful, the Bank will not declare or pay financial year-end dividends as of the record date of March 31, 2008.

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.

3. Others

Change in Policies in preparation of Consolidated Financial Statements

The Bank's reserve for possible loan losses is provided pursuant to the internal rules governing the write-offs of claims and the reserve for possible loan losses.

For collateralized or guaranteed claims against 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 ("Partial write-offs").

In recent years, several claims exist after the method, considerable amounts were collected (e.g., sales of collateral). In view of these circumstances, starting from this fiscal year, the Bank has decided to discontinue the method and to adopt an accounting policy where claims will not be charged off until collections on claims are completed or the amount deemed uncollectible is determined. Instead, a reserve will be established for the uncollectible portion.

As a result of this accounting change, loans and reserve for possible loan losses increased by 8,125 million yen respectively, as compared with the amounts which would have been recorded under the previous method.

Ordinary profits increased by 5,336 million yen and extraordinary profits decreased by 5,336 million yen and income before income taxes had no impact on the consolidated statements of operations for the nine months ended December 31, 2007.

COMPARISON OF CONSOLIDATED BALANCE SHEETS

(millions of yen)	As of December 31,		Change		As of March 31,
	2006 (A)	2007 (B)	(B)-(A)	%	2007 (C)
Assets:					
Cash and due from banks	73,740	67,145	(6,595)	(8.9)	74,516
Call loans	89,263	101,160	11,897	13.3	45,817
Monetary receivables bought	67,744	43,530	(24,214)	(35.7)	41,645
Trading securities	7	1	(6)	(85.7)	6
Monetary assets held in trust	3,633	3,589	(44)	(1.2)	3,624
Investment securities	289,849	244,748	(45,101)	(15.5)	318,679
Loans and bills discounted	1,083,903	1,224,572	140,669	12.9	1,169,024
Foreign exchange	1,001	395	(606)	(60.5)	1,261
Other assets	22,088	24,471	2,383	10.7	17,778
Tangible fixed assets	11,200	6,039	(5,161)	(46.0)	11,164
Intangible fixed assets	5,126	4,037	(1,089)	(21.2)	5,234
Deferred tax assets	13,764	15,294	1,530	11.1	13,198
Customers' liabilities for acceptances and guarantees	2,134	1,748	(386)	(18.0)	1,871
Reserve for possible loan losses	(21,516)	(25,274)	(3,758)	(17.4)	(21,478)
Total assets	1,641,942	1,711,459	69,517	4.2	1,682,345
Liabilities and net assets					
Liabilities:					
Deposits	1,453,207	1,502,348	49,141	3.3	1,480,455
Foreign exchange	0	6	6	-	30
Corporate notes	43,000	55,500	12,500	29.0	55,500
Other liabilities	42,013	33,538	(8,475)	(20.1)	39,352
Reserve for employees' bonuses	1,234	1,015	(219)	(17.7)	1,652
Reserve for executives' bonuses	787	752	(35)	(4.4)	1,086
Reserve for executives' retirement benefits	-	26	26	-	54
Reserve for possible losses on refund of interest	-	16	16	-	16
Negative goodwill	7	-	(7)	(100.0)	2
Acceptances and guarantees	2,134	1,748	(386)	(18.0)	1,871
Total liabilities	1,542,386	1,594,952	52,566	3.4	1,580,022
Net assets:					
Common stock	21,000	21,000	-	-	21,000
Capital surplus	19,000	19,000	-	-	19,000
Retained earnings	61,944	80,582	18,638	30.0	64,046
Total stockholders' equity	101,944	120,582	18,638	18.2	104,046
Unrealized loss on available-for-sale securities, net of taxes	(428)	(3,637)	(3,209)	(749.7)	(98)
Deferred loss on hedging instruments, net of taxes	(1,959)	(437)	1,522	77.6	(1,624)
Total valuation and translation adjustments	(2,387)	(4,075)	(1,688)	(70.7)	(1,723)
Total net assets	99,556	116,507	16,951	17.0	102,322
Total liabilities and net assets	1,641,942	1,711,459	69,517	4.2	1,682,345

COMPARISON OF CONSOLIDATED STATEMENTS OF OPERATIONS

(millions of yen)	For nine months ended December 31,		Change		For year ended
	2006 (A)	2007 (B)	(B)-(A)	%	March 31, 2007
Ordinary income:	57,047	59,527	2,480	4.3	75,643
Interest and dividend income	38,276	40,284	2,008	5.2	51,485
<i>Interest on loans and discounts</i>	31,009	32,360	1,351	4.3	41,913
<i>Interest and dividends on securities</i>	4,643	5,495	852	18.3	6,106
Fees and commissions	9,192	11,123	1,931	21.0	12,939
Other operating income	3,387	1,515	(1,872)	(55.2)	3,622
Other ordinary income	6,190	6,603	413	6.6	7,595
Ordinary expenses:	35,700	42,121	6,421	17.9	50,054
Interest expenses	6,902	8,401	1,499	21.7	9,361
<i>Interest on deposits</i>	6,711	7,693	982	14.6	8,978
Fees and commissions	2,491	3,865	1,374	55.1	3,642
Other operating expenses	196	1,305	1,109	565.8	310
General and administrative expenses	23,039	24,297	1,258	5.4	31,253
Other ordinary expenses	3,070	4,251	1,181	38.4	5,485
Ordinary profits	21,347	17,406	(3,941)	(18.4)	25,588
Extraordinary gains	2,562	19,792	17,230	672.5	1,410
<i>Reversal of reserve for possible loan losses</i>	1,467	-	(1,467)	(100.0)	-
Extraordinary losses	66	3,050	2,984	4,521.2	122
Income before income taxes	23,842	34,148	10,306	43.2	26,876
Income taxes					
Current	9,835	14,112	4,277	43.4	10,674
Deferred	-	-	-	-	93
Net income	14,006	20,035	6,029	43.0	16,108

Selected Financial Information of 3rd Quarter Results

1. Operating Results

(1) 【Consolidated】

(in millions of yen)

	For the nine months ended December 31,		Increase/ (Decrease)
	2007	2006	
Gross Operating Profits	39,351	41,266	(1,915)
Net Interest Income	31,882	31,374	508
Net Fees and Commissions	7,258	6,701	557
Net Other Operating Income	210	3,190	(2,980)
General & Administrative Expenses	24,297	23,039	1,258
Provision for General Reserve for Possible Loan Losses	(2,930)	-	(2,930)
Other Income & Expenses	(578)	3,119	(3,697)
Net Gain & Loss on Equity Securities	385	776	(391)
Problem Claims related Costs	3,786	2,831	955
Write-offs of Loans	1,154	2,770	(1,616)
Provision for Specific Reserve for Possible Loan Losses	5,587	-	5,587
Net Gain & Loss on Sale of Loans	(2,956)	60	(3,016)
Other	2,822	5,175	(2,353)
Ordinary Profits	17,406	21,347	(3,941)
Extraordinary Gains & Losses	16,742	2,495	14,247
Net Gain & Loss on Sales of Fixed Assets	18,038	40	17,998
Gain on Sales of Fixed Assets	19,044	85	18,959
Loss on Disposal of fixed Assets	1,005	44	961
Gain on Collection of Written-off Claims	748	1,009	(261)
Reversal of Reserve for Possible Loan Losses	-	1,467	(1,467)
Other	(2,045)	(22)	(2,023)
Income before Income Taxes	34,148	23,842	10,306
Income Taxes (Current & Deferred)	14,112	9,835	4,277
Net Income	20,035	14,006	6,029

(2) 【Non-consolidated】

(in millions of yen)

	For the nine months ended December 31,		Increase/ (Decrease)
	2007	2006	
Gross Operating Profits	34,046	37,789	(3,743)
Net Interest Income	31,361	30,714	647
Net Fees and Commissions	2,455	4,312	(1,857)
Net Other Operating Income	229	2,762	(2,533)
General & Administrative Expenses	23,465	22,914	551
Personnel Expenses	9,394	8,985	409
Nonpersonnel Expenses	12,810	12,850	(40)
Taxes	1,261	1,077	184
Net Operating Income (before General Reserve and Goodwill)	10,580	14,874	(4,294)
Provision for General Reserve for Possible Loan Losses	-	-	-
Amortization of Goodwill	-	-	-
Net Operating Income	10,580	14,874	(4,294)
of which Net Gain & Loss on Bonds	(41)	48	(89)
Other Income & Expenses	5,882	3,314	2,568
Net Gain & Loss on Equity Securities	390	771	(381)
Problem Claims related Costs	(2,997)	2,344	(5,341)
Write-offs of Loans	2	2,319	(2,317)
Provision for Specific Reserve for Possible Loan Losses	-	-	-
Net Gain & Loss on Sale of Loans	(2,999)	24	(3,023)
Other	2,494	4,887	(2,393)
Ordinary Profits	16,462	18,189	(1,727)
Extraordinary Gains & Losses	17,155	5,285	11,870
Net Gain & Loss on Sale of Fixed Assets	18,040	52	17,988
Gain on Sale of Fixed Assets	19,044	85	18,959
Loss on Disposal of Fixed Assets	1,003	32	971
Gain on Collection of Written-off Claims	191	1,008	(817)
Reversal of Reserve for Possible Loan Losses	968	4,245	(3,277)
Other	(2,045)	(22)	(2,023)
Income before Income Taxes	33,617	23,475	10,142
Income Taxes (Current & Deferred)	13,716	9,620	4,096
Net Income	19,901	13,854	6,047

Composition of Revenue (Consolidated)

Our ordinary income includes revenue that is derived from 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."

(1) Loan Purchase Revenue

(in millions of yen)

	For the nine months ended December 31, 2007	For the nine months ended December 31, 2006	Increase/ (Decrease)
Loan Purchase Revenue	5,368	9,383	(4,015)
Amortization included in Interest Income (A)	2,916	5,119	(2,203)
Amortization of Unearned Loan Purchase Revenue	2,962	5,305	(2,343)
Offset of Provision for General Reserve for Possible Loan Losses	(45)	(185)	140
Amortization included in Fees and Commissions (B)	61	66	(5)
Revenue included in Other Ordinary Income	2,344	4,011	(1,667)
Add-back of Offset of Provision for General Reserve for Possible Loan Losses	45	185	(140)

(2) Gross Operating Profits

(in millions of yen)

	For the nine months ended December 31, 2007	For the nine months ended December 31, 2006	Increase/ (Decrease)
Gross Operating Profits (incl. Loan Purchase Revenue)	39,351	41,266	(1,915)
Net Interest Income	31,882	31,374	508
Organic Revenue (C)	28,966	26,254	2,712
Loan Purchase Revenue (=A)	2,916	5,119	(2,203)
Net Fees and Commissions	7,258	6,701	557
Organic Revenue (D)	7,196	6,634	562
Loan Purchase Revenue (=B)	61	66	(5)
Net Other Operating Income (E)	210	3,190	(2,980)
Gross Operating Profits related to Organic Revenue (C+D+E)	36,373	36,080	293

Credit Costs (Consolidated)

(in millions of yen)

	For the nine months ended December 31, 2007	For the nine months ended December 31, 2006	Increase/ (Decrease)
Provision for General Reserve for Possible Loan Losses	(2,930)	(1,467)	4,124
Provision for Specific Reserve for Possible Loan Losses	5,587		
Write-offs of Loans	1,154	2,770	(1,616)
Profit and Loss on Sales of Loans	(2,956)	60	(3,016)
Credit Costs excluding Offset of Provision for General Reserve for Possible Loan Losses with respect to Purchased Loans against Loan Purchase Revenue	855	1,363	(508)
Offset of Provision for General Reserve for Possible Loan Losses with respect to Purchased Loans against Loan Purchase Revenue	45	185	(140)
Credit Costs before offsetting Gain on Collection of Written-off Claims	901	1,549	(648)
Offset of Gain on Collection of Written-off Claims	(748)	(1,009)	261
Credit Costs (Adjusted)	152	540	(388)

2. Disclosed Claims under Financial Revitalization Law (Consolidated)

(in millions of yen except percentages)

	As of December 31, 2007	(Reference) In case of continuing Partial Write-offs	As of December 31, 2006	As of March 31, 2007
Bankruptcy and Quasi-Bankruptcy	12,032	3,906	4,281	3,721
Doubtful	13,031	13,031	22,554	17,869
Sub-standard	12,578	12,578	10,526	14,264
Sub-Total (A)	37,642	29,517	37,362	35,855
Normal	1,191,522	1,191,522	1,051,493	1,138,895
Total (B)	1,229,165	1,221,039	1,088,855	1,174,751
Ratio of Problem Loans to Total Claims (A / B × 100)	3.06%	2.42%	3.43%	3.05%

Note: Reconciliation with Classification under Self-Assessment

Financial Revitalization Law	Classification under Self-Assessment
Bankruptcy and Quasi-Bankruptcy	Debtors who are legally bankrupt and virtually bankrupt
Doubtful	Debtors who are likely to become bankrupt
Sub-standard	Debtors whose claims are restructured

3. Capital Adequacy Ratio (Consolidated)

	As of March 31, 2008 (Forecast)	As of March 31, 2007 (Reference)
Capital Adequacy Ratio	Around 10%	9.52%
Tier I Capital Ratio	Above 8%	7.77%

Note: Please note that the future forecast above may differ from the prospect due to matters such as changes in business environments.

4. Unrealized Gains/Losses on Available-for-sale Securities (Consolidated)

(in billions of yen)

	As of December 31,								As of March 31, 2007			
	2007				2006				Carrying value	Net unrealized gain (loss)	Gain	Loss
	Carrying value	Net unrealized gain (loss)	Gain	Loss	Carrying value	Net unrealized gain (loss)	Gain	Loss				
Available-for-sale securities:	180.5	(6.1)	0.3	6.4	239.3	(0.7)	0.7	1.5	262.0	(0.1)	1.1	1.3
Equities	0.2	0.0	0.0	-	0.9	0.4	0.4	-	1.2	0.8	0.8	-
Bonds	103.4	(0.4)	0.0	0.4	151.9	(0.7)	0.0	0.7	186.5	(0.6)	0.0	0.6
Other	76.9	(5.6)	0.3	5.9	86.4	(0.4)	0.3	0.7	74.1	(0.3)	0.3	0.6

5. Derivatives (Consolidated)

(1) Interest Rate Derivatives

(in billions of yen)

	As of December 31,						As of March 31, 2007		
	2007			2006			Notional amounts	Fair value	Net unrealized gain (loss)
	Notional amounts	Fair value	Net unrealized gain (loss)	Notional amounts	Fair value	Net unrealized gain (loss)			
Over-the-counter:									
Interest Rate Forward Contracts	-	-	-	-	-	-	-	-	
Interest Rate Swaps	751.1	(0.8)	(0.8)	237.5	(0.0)	(0.0)	399.2	(0.1)	
Interest Rate Options	45.4	-	0.0	33.8	-	0.0	33.9	-	
Others	-	-	-	-	-	-	-	-	
Total			0.7			0.0		(0.1)	

(2) Currency Derivatives

(in billions of yen)

	As of December 31,						As of		
	2007			2006			March 31, 2007		
	Notional amounts	Fair value	Net unrealized gain (loss)	Notional amounts	Fair value	Net unrealized gain (loss)	Notional amounts	Fair value	Net unrealized gain (loss)
Over-the-counter:									
Currency Swaps	-	-	-	-	-	-	-	-	-
Forward Foreign Exchange Contracts	28.0	(0.0)	(0.0)	14.5	0.0	0.0	29.7	(0.0)	(0.0)
Currency Options	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
Total			(0.0)			0.0			(0.0)

(3) Equity Derivatives

Not applicable.

(4) Bond Derivatives

Not applicable.

(5) Commodity Derivatives

Not applicable.

(6) Credit Derivatives

Not applicable.

(7) Other

(in billions of yen)

	As of December 31,						As of		
	2007			2006			March 31, 2007		
	Notional amounts	Fair value	Net unrealized gain (loss)	Notional amounts	Fair value	Net unrealized gain (loss)	Notional amounts	Fair value	Net unrealized gain (loss)
Over-the-counter:									
Basket Options	4.6	-	-	-	-	-	0.7	-	-
Total			-			-			-

6. Balances of Loans and Deposits (Consolidated)

(in billions of yen)

	As of December 31,		As of
	2007	2006	
Individuals	1,258.5	1,193.4	1,212.9
Corporations	193.1	193.9	202.1
Public entities	43.0	60.7	38.7
Financial institutions	7.5	5.1	26.6
Total deposits	1,502.3	1,453.2	1,480.4
Loans and Bills Discounted	1,224.5	1,083.9	1,169.0