

Consolidated Financial Results
for the 3rd Quarter of Fiscal 2010

February 8, 2011



Consolidated Financial Results for the 3rd Quarter of Fiscal 2010
ended December 31, 2010
 < under Japanese GAAP >

Company Name : **The Tokyo Star Bank, Limited**
 (URL <http://www.tokyostarbank.co.jp/>)

*The financial information presented here has not been audited.
 The amounts are rounded down to the nearest million of yen.*

1. Summary of Consolidated Financial Results
for the 3rd Quarter of Fiscal 2010 Ended December 31, 2010

(1) Operating Results

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

	For the nine months ended December 31,	
	2010	2009
Ordinary income	57,414	49,456
Change from the previous period	16.0 %	(7.9)%
Ordinary profit	1,293	(2,854)
Change from the previous period	-	-
Net income	(695)	(1,885)
Change from the previous period	-	-
Net income per common share (yen)	(993.34)	(2,693.63)

(2) Financial Conditions

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

	As of December 31, 2010	As of March 31, 2010
Total assets	2,147,599	2,126,379
Net assets	98,478	93,545
Ratio of net assets to total assets (*)	4.5 %	4.3 %
Net assets per common share (yen)	126,182.94	133,635.96

Net assets excluding Stock acquisition rights and Minority interests, as of :

December 31, 2010 : 98,328 million yen

March 31, 2010 : 93,545 million yen

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

2. Others

(1) Significant Change in the Scope of Consolidation :	No
(2) Application of Simplified Accounting Methods or Special Accounting Methods for Quarterly Consolidated Financial Statements :	Yes
1. application of simplified accounting methods to :	
a. Depreciation of fixed assets	
b. Allowance for loan losses	
c. Deferred tax assets or liabilities	
2. application of special accounting methods for quarterly consolidated financial statements to :	
a. Income taxes	
(3) Change in Accounting Policies for Quarterly Consolidated Financial Statements	
1. changes due to revision accounting standards etc. :	Yes
① (Application of Accounting Standard for Asset Retirement Obligations)	
From the first half year ended September 30, 2010, The Tokyo Star Bank, Limited. ("the Bank") and its subsidiaries have applied "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No.18, March 31, 2008) and "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No.21, March 31, 2008). This change resulted in a 12 million yen decrease in "Ordinary profit" and 98 million yen decrease in "Income before income taxes and minority interests". The change in Asset retirement obligations due to commencement of application of the accounting standards is 241 million yen.	
② (Application of Accounting Standard for Business Combination)	
From the first half year ended September 30, 2010, the Bank and its subsidiaries have applied "Accounting Standard for Business Combination" (ASBJ Statement No. 21, December 26, 2008), "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, December 26, 2008) and "Partial Amendments to Accounting Standard for Research and Development Costs" (ASBJ Statement No. 23, December 26, 2008), "Revised Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, December 26, 2008) and "Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, December 26, 2008).	
2. changes other than 1.above :	No
(4) Number of Shares Outstanding as of :	
December 31, 2010 (Common stock) :	700,000 shares
March 31, 2010 (Common stock) :	700,000 shares
(5) Number of Treasury Shares Outstanding for the Nine Months Ended :	
December 31, 2010 (Common stock) :	Not applicable
December 31, 2009 (Common stock) :	Not applicable
(6) Average Number of Shares Outstanding for the Nine Months Ended :	
December 31, 2010 (Common stock) :	700,000 shares
December 31, 2009 (Common stock) :	700,000 shares

FINANCIAL STATEMENTS

1. COMPARISON OF CONSOLIDATED BALANCE SHEETS

(in millions of yen)	As of December 31, 2010	As of March 31, 2010
Assets:		
Cash and due from banks	55,197	57,384
Call loans	87,471	62,190
Monetary claims bought	20,728	31,256
Money held in trust	2,690	3,084
Securities	444,046	500,574
Loans and bills discounted	1,515,466	1,439,861
Foreign exchanges	794	476
Other assets	31,522	24,122
Tangible fixed assets	6,960	7,863
Intangible fixed assets	2,349	2,492
Deferred tax assets	15,116	14,975
Customers' liabilities for acceptances and guarantees	23,518	26,423
Allowance for loan losses	(58,262)	(44,325)
Total assets	2,147,599	2,126,379
Liabilities and net assets		
Liabilities:		
Deposits	1,900,711	1,904,286
Borrowed money	6,800	-
Foreign exchanges	18	4
Bonds payable	68,100	60,700
Other liabilities	48,169	37,871
Provision for bonuses	895	911
Provision for directors' bonuses	161	125
Provision for directors' retirement benefits	78	48
Provision for losses on dormant deposit repayments	529	629
Provision for possible losses on refund of interest	30	30
Provision for losses on business restructuring	105	1,803
Acceptances and guarantees	23,518	26,423
Total liabilities	2,049,121	2,032,834
Net assets:		
Capital stock	26,000	21,000
Capital surplus	24,000	19,000
Retained earnings	45,639	51,080
Total shareholders' equity	95,639	91,080
Valuation difference on available-for-sale securities	(260)	473
Deferred gains or losses on hedges	2,949	1,990
Total valuation and translation adjustments	2,688	2,464
Minority interests	150	-
Total net assets	98,478	93,545
Total liabilities and net assets	2,147,599	2,126,379

2. COMPARISON OF CONSOLIDATED STATEMENTS OF INCOME

(in millions of yen)	For the nine months ended December 31,	
	2010	2009
Ordinary income:	57,414	49,456
Interest income and dividends	36,253	36,105
<i>Interest on loans and discounts</i>	30,671	30,335
<i>Interest and dividends on securities</i>	4,047	4,312
Fees and commissions	10,237	8,791
Other ordinary income	8,372	2,523
Other income	2,551	2,035
Ordinary expenses:	56,121	52,310
Interest expenses	10,228	10,038
<i>Interest on deposits</i>	9,233	9,358
Fees and commissions payments	4,076	4,092
Other ordinary expenses	582	5,284
General and administrative expenses	21,404	22,130
Other expenses	19,828	10,764
Ordinary profit (loss)	1,293	(2,854)
Extraordinary income	207	356
Extraordinary loss	263	73
Income (Loss) before income taxes and minority interests	1,237	(2,571)
Income taxes - current and deferred	1,932	(685)
Income (Loss) before minority interests	(695)	
Minority interests in income	-	-
Net income (loss)	(695)	(1,885)

3. Going Concern Assumption

There is no applicable information.

4. Remarkable Changes in Shareholders' Equity

There is no applicable information.

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) (A)-(B)
	2010 (A)	2009 (B)	
Gross Operating Profit (Note 1)	39,975	28,004	11,971
Net Interest Income	26,024	26,066	(42)
Net Fees and Commissions	6,161	4,699	1,462
Net Other Ordinary Income	7,789	(2,761)	10,550
General and Administrative Expenses	21,404	22,130	(726)
Net Operating Income (Loss) before General Allowance and Goodwill (Note 2)	18,570	5,874	12,696
Provision for General Allowance for Loan Losses	3,983	(1,384)	5,367
Net Operating Income (Loss) (Note 3)	14,587	7,258	7,329
Other Income and Expenses	(13,293)	(10,113)	(3,180)
Net Gain and Loss on Stocks and Other Securities	32	(0)	32
Problem Claims related Costs	14,764	11,905	2,859
Written-offs of Loans	367	2,323	(1,956)
Provision for Specific Allowance for Loan Losses	14,397	9,581	4,816
Net Gain and Loss on Sales of Loans	-	-	-
Other	1,438	1,792	(354)
Ordinary Profit (Loss)	1,293	(2,854)	4,147
Extraordinary Income and Loss	(56)	283	(339)
Net Gain and Loss on Disposal of Noncurrent Assets	(56)	(34)	(22)
Gain on Disposal of Noncurrent Assets	32	-	32
Loss on Disposal of Noncurrent Assets	88	34	54
Recoveries of Written-off Claims	121	356	(235)
Other	(121)	(38)	(83)
Income (Loss) before Income Taxes and Minority Interests	1,237	(2,571)	3,808
Income Taxes -Current and Deferred	1,932	(685)	2,617
Income (Loss) before Minority Interests	(695)		
Minority Interests in Income (Loss)	-	-	-
Net Income (Loss)	(695)	(1,885)	1,190

Notes: 1. Gross Operating Profit = (Interest Income - Interest Expenses) + (Fees and Commissions - Fees and Commissions Payments)

+ (Other Ordinary Income - Other Ordinary Expenses)

2. Net Operating Income (Loss) before General Allowance and Goodwill = Gross Operating Profit - General and Administrative Expenses

3. Net Operating Income (Loss) = Gross Operating Profit - General and Administrative Expenses

- Provision for General Allowance for Loan Losses

(2) Non-consolidated

(in millions of yen)

	For the nine months ended December 31,		Increase/ (Decrease) (A)-(B)
	2010 (A)	2009 (B)	
Gross Operating Profit	34,918	22,728	12,190
Net Interest Income	25,480	25,794	(314)
Net Fees and Commissions	1,648	(304)	1,952
Net Other Ordinary Income	7,789	(2,761)	10,550
of which Net Gain and Loss on Bonds	2,336	(5,182)	7,518
General and Administrative Expenses	20,455	21,725	(1,270)
Personnel Expenses	7,900	8,189	(289)
Nonpersonnel Expenses	11,695	12,767	(1,072)
Taxes	859	767	92
Net Operating Income (Loss) before General Allowance and Goodwill	14,463	1,002	13,461
Core Net Operating Income (Loss) (excluding Net Gain and Loss on Bonds)	12,127	6,184	5,943
Provision for General Allowance for Loan Losses	4,754	(1,136)	5,890
Amortization of Goodwill	-	-	-
Net Operating Income (Loss)	9,708	2,139	7,569
Other Income and Expenses	(8,398)	(7,725)	(673)
Net Gain and Loss on Stocks and Other Securities	32	(0)	32
Problem Claims related Costs	9,480	9,458	22
Written-offs of Loans	162	136	26
Provision for Specific Allowance for Loan Losses	9,318	9,322	(4)
Net Gain and Loss on Sales of Loans	-	-	-
Other	1,049	1,733	(684)
Ordinary Profit (Loss)	1,309	(5,586)	6,895
Extraordinary Income and Loss	(154)	(45)	(109)
Net Gain and Loss on Disposal of Noncurrent Assets	(81)	(34)	(47)
Gain on Disposal of Noncurrent Assets	0	-	0
Loss on Disposal of Noncurrent Assets	81	34	47
Recoveries of Written-off Claims	39	27	12
Other	(111)	(38)	(73)
Income (Loss) before Income Taxes	1,155	(5,631)	6,786
Income Taxes -Current and Deferred	685	(1,424)	2,109
Net Income (Loss)	469	(4,206)	4,675

(3) Combined (The Bank & TSBSP)

(in millions of yen)

	For the nine months ended December 31,		Increase/ (Decrease) (A)-(B)
	2010 (A)	2009 (B)	
Gross Operating Profit	35,204	22,728	12,476
Net Interest Income	25,766	25,794	(28)
Net Fees and Commissions	1,648	(304)	1,952
Net Other Ordinary Income	7,789	(2,761)	10,550
of which Net Gain and Loss on Bonds	2,336	(5,182)	7,518
General and Administrative Expenses	20,718	21,725	(1,007)
Personnel Expenses	7,917	8,189	(272)
Nonpersonnel Expenses	11,921	12,767	(846)
Taxes	879	767	112
Net Operating Income (Loss) before General Allowance and Goodwill	14,485	1,002	13,483
Core Net Operating Income (Loss) (excluding Net Gain and Loss on Bonds)	12,149	6,184	5,965
Provision for General Allowance for Loan Losses	4,758	(1,136)	5,894
Amortization of Goodwill	-	-	-
Net Operating Income (Loss)	9,726	2,139	7,587
Other Income and Expenses	(11,184)	(7,725)	(3,459)
Net Gain and Loss on Stocks and Other Securities	32	(0)	32
Problem Claims related Costs	12,265	9,458	2,807
Written-offs of Loans	162	136	26
Provision for Specific Allowance for Loan Losses	12,103	9,322	2,781
Net Gain and Loss on Sales of Loans	-	-	-
Other	1,048	1,733	(685)
Ordinary Profit (Loss)	(1,457)	(5,586)	4,129
Extraordinary Income and Loss	(154)	(45)	(109)
Net Gain and Loss on Disposal of Noncurrent Assets	(81)	(34)	(47)
Gain on Disposal of Noncurrent Assets	0	-	0
Loss on Disposal of Noncurrent Assets	81	34	47
Recoveries of Written-off Claims	39	27	12
Other	(111)	(38)	(73)
Income (Loss) before Income Taxes	(1,611)	(5,631)	4,020
Income Taxes -Current and Deferred	708	(1,424)	2,132
Net Income (Loss)	(2,319)	(4,206)	1,887

Note: "Combined" means simple aggregate on a non-consolidated of The Bank and TSB Strategic Partners, Ltd. ("TSBSP") which is one of its subsidiaries.

Composition of Revenue (Consolidated)

The Bank's ordinary income includes revenue that is derived from pursuant to the terms of the Bank's 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 the Bank's purchased loan from other financial institutions ("**Loan Purchase Revenue**"). The Bank manages "**Organic Revenue**" and "**Loan Purchase Revenue**" separately.

(1) Loan Purchase Revenue

(in millions of yen)

	For the nine months ended December 31,		Increase/ (Decrease) (A)-(B)
	2010 (A)	2009 (B)	
Loan Purchase Revenue	3,687	3,216	471
Amortization included in Interest Income (A)	1,511	1,562	(51)
Amortization of Unearned Loan Purchase Revenue	2,357	2,030	327
Offset of Provision for General Allowance for Loan Losses	(846)	(467)	(379)
Amortization included in Fees and Commissions (B)	46	52	(6)
Revenue included in Other Ordinary Income	1,283	1,134	149
Add-back of Offset of Provision for General Allowance for Loan Losses	846	467	379

(2) Gross Operating Profit

(in millions of yen)

	For the nine months ended December 31,		Increase/ (Decrease) (A)-(B)
	2010 (A)	2009 (B)	
Gross Operating Profit (including Loan Purchase Revenue)	39,975	28,004	11,971
Net Interest Income	26,024	26,066	(42)
Organic Revenue (C)	24,513	24,503	10
Loan Purchase Revenue (=A)	1,511	1,562	(51)
Net Fees and Commissions	6,161	4,699	1,462
Organic Revenue (D)	6,115	4,647	1,468
Loan Purchase Revenue (=B)	46	52	(6)
Net Other Ordinary Income (E)	7,789	(2,761)	10,550
Gross Operating Profit related to Organic Revenue (C+D+E)	38,417	26,389	12,028

Credit Costs (Consolidated)

(in millions of yen)

	For the nine months ended December 31,		Increase/ (Decrease) (A)-(B)
	2010 (A)	2009 (B)	
Provision for General Allowance for Loan Losses	3,983	(1,384)	5,367
Provision for Specific Allowance for Loan Losses	14,397	9,581	4,816
Written-offs of Loans	367	2,323	(1,956)
Net Gain and Loss on Sales of Loans	-	-	-
Credit Costs excluding Offset of Provision for General Allowance for Loan Losses with respect to Purchased Loans against Loan Purchase Revenue	18,748	10,521	8,227
Offset of Provision for General Allowance for Loan Losses with respect to Purchased Loans against Loan Purchase Revenue	846	467	379
Credit Costs before offsetting Recoveries of Written-off Claims	19,594	10,989	8,605
Offset of Recoveries of Written-off Claims	(121)	(356)	235
Credit Costs (Adjusted)	19,473	10,632	8,841

2. Disclosed Claims under Financial Revitalization Law (Consolidated)

<Disclosed Claims under Financial Revitalization Law after writing-off Category IV Claims>

(in millions of yen except percentages)

	As of December 31,		Increase/ (Decrease) (A)-(B)	As of September 30, 2010
	2010 (A)	2009 (B)		
Bankruptcy and Quasi-Bankruptcy	16,965	21,582	(4,617)	21,127
Doubtful	41,937	18,462	23,475	38,420
Sub-standard	15,761	11,270	4,491	9,870
Sub-Total (A)	74,664	51,314	23,350	69,418
Normal	1,437,900	1,274,035	163,865	1,432,341
Total (B)	1,512,564	1,325,349	187,215	1,501,759
Ratio of Problem Loans to Total Claims (A / B × 100)	4.93%	3.87%	1.06%	4.62%

<Disclosed Claims under Financial Revitalization Law including Category IV Claims>

(in millions of yen except percentages)

	As of December 31,		Increase/ (Decrease) (A)-(B)	As of September 30, 2010
	2010 (A)	2009 (B)		
Bankruptcy and Quasi-Bankruptcy	46,933	45,968	965	51,934
Doubtful	41,937	18,462	23,475	38,420
Sub-standard	15,761	11,270	4,491	9,870
Sub-Total (A)	104,631	75,700	28,931	100,225
Normal	1,437,900	1,274,035	163,865	1,432,341
Total (B)	1,542,532	1,349,736	192,796	1,532,566
Ratio of Problem Loans to Total Claims (A / B × 100)	6.78%	5.60%	1.18%	6.53%

Note:

Disclosed Claims under Financial Revitalization Law ("Disclosed Claims") is shown under two calculation methods.

Category IV claims are defined as those claims against legally or virtually bankrupt borrowers that have been judged as uncollectible. In such claims, any amount in excess of the value of the collateral or guarantees are either fully written-off (top chart) or fully reserved against (bottom chart).

The top chart has excluded all Category IV claims from Disclosed Claims since these claims have been deemed as uncollectible and the remaining balance is fully covered with collateral and guarantees after writing off the excess. Most Japanese banks have adopted this method for reporting Disclosed Claims.

The bottom chart has included all Category IV claims in Disclosed Claims even though any amount in excess of collateral and guarantees has been fully reserved against. The Bank and its subsidiaries have adopted this method and thus, Category IV claims are not deducted from Disclosed Claims until such claims are collected, legally settled, or sold. This results in a higher Disclosed amount and ratio than the calculation method used in the top chart.

3. Securities at Fair Value (Consolidated)

Available-for-sale securities

(in millions of yen)

		As of December 31, 2010			As of September 30, 2010		
		Balance sheet amount	Cost	Net unrealized gain/(loss)	Balance sheet amount	Cost	Net unrealized gain/(loss)
Balance sheet amount in excess of Cost	Domestic equities	—	—	—	—	—	—
	Domestic bonds	123,406	121,222	2,183	180,436	177,728	2,708
	Government bonds	60,084	59,984	100	108,574	107,812	762
	Municipal bonds	105	103	2	606	602	3
	Short-term bonds	—	—	—	4,997	4,996	0
	Corporate bonds	63,216	61,135	2,080	66,258	64,316	1,941
	Others	66,289	65,460	828	122,479	120,549	1,930
	Sub-Total	189,696	186,683	3,012	302,916	298,278	4,638
Balance sheet amount not in excess of Cost	Domestic equities	18	23	(5)	18	23	(4)
	Domestic bonds	182,598	185,007	(2,409)	100,119	102,361	(2,242)
	Government bonds	143,856	144,145	(289)	65,587	65,771	(184)
	Municipal bonds	—	—	—	—	—	—
	Short-term bonds	—	—	—	—	—	—
	Corporate bonds	38,741	40,861	(2,120)	34,531	36,589	(2,058)
	Others	81,443	82,481	(1,037)	21,468	22,273	(804)
	Sub-Total	264,060	267,512	(3,452)	121,606	124,658	(3,051)
	Total	453,756	454,195	(439)	424,523	422,936	1,586

4. Derivatives (Consolidated)

(1) Derivative transactions to which hedge accounting is not applied

① Interest Rate Derivatives

(in millions of yen)

	As of December 31, 2010			As of September 30, 2010		
	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	561,187	548	548	493,542	468	468
Interest Rate Options	78,443	-	252	64,907	-	197
Other	-	-	-	-	-	-
Total		548	801		468	666

② Currency Derivatives

(in millions of yen)

	As of December 31, 2010			As of September 30, 2010		
	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	58,470	803	803	71,086	124	124
Currency Options	130,342	-	2,050	122,107	-	1,713
Other	-	-	-	-	-	-
Total		803	2,854		124	1,837

③ Commodity Derivatives

(in millions of yen)

	As of December 31, 2010			As of September 30, 2010		
	Notional amounts	Fair value	Net unrealized gain (loss)	Notional amounts	Fair value	Net unrealized gain (loss)
Over-the-counter:						
Commodity Forward Contracts	-	-	-	-	-	-
Commodity Options	9,400	-	-	9,588	-	-
Total		-	-		-	-

④ Credit Derivatives

(in millions of yen)

	As of December 31, 2010			As of September 30, 2010		
	Notional amounts	Fair value	Net unrealized gain (loss)	Notional amounts	Fair value	Net unrealized gain (loss)
Over-the-counter:						
Other	19,211	(8)	-	19,421	(9)	-
Total		(8)	-		(9)	-

⑤ Other

(in millions of yen)

	As of December 31, 2010			As of September 30, 2010		
	Notional amounts	Fair value	Net unrealized gain (loss)	Notional amounts	Fair value	Net unrealized gain (loss)
Over-the-counter:						
Basket Options	613	-	-	630	-	-
Total		-	-		-	-

*Equity Derivatives and Bond Derivatives : Not applicable.

4. Derivatives (Consolidated)

(2) Derivative transactions to which hedge accounting is applied

① Interest Rate Derivatives

(in millions of yen)

Treatments	Products	Major hedged items	As of December 31, 2010		As of September 31, 2010	
			Notional amounts	Fair value	Notional amounts	Fair value
Deferral hedge accounting	Interest Rate Swaps	Loans, Available-for-sale Securities(Bonds), Deposits	346,144	5,198	346,628	5,765
Total				5,198		5,765

*Derivatives transactions other than Interest Rate Derivatives : Not applicable.

5. Balances of Loans and Deposits (Consolidated)

(in millions of yen)

	As of December 31,		As of September 31, 2010
	2010	2009	
Total deposits	1,900,711	1,862,176	1,873,065
Individuals	1,714,374	1,675,136	1,678,909
Corporations	175,283	178,478	185,030
Public entities	9,472	4,467	5,360
Financial institutions	1,581	4,093	3,764
Loans and Bills Discounted	1,515,466	1,318,894	1,504,925