

Consolidated Financial Results
for the 1st Quarter of Fiscal 2023

August 14, 2023



August 14, 2023

Consolidated Financial Results
for the 1st Quarter of Fiscal 2023 ended June 30, 2023
[under Japanese GAAP]

Company Name : **The Tokyo Star Bank, Limited**

(URL <https://www.tokyostarbank.co.jp/>)

Headquarters : Tokyo

Notes: - The financial results presented here are not subject to certified public accountant's or audit firm's audits.
- The amounts are rounded down to the nearest million of yen.

1. Summary of Consolidated Financial Results
for the 1st Quarter of Fiscal 2023 ended June 30, 2023

(1) Operating Results

(Millions of yen except per share data and percentages)

	For the three months ended	
	June 30, 2023	June 30, 2022
Ordinary income	12,948	11,298
Change from the previous period	14.6%	6.3%
Ordinary profit	2,110	1,044
Change from the previous period	102.0%	128.3%
Net income attributable to owners of the parent	1,402	507
Change from the previous period	176.3%	123.5%
Net income per common share (yen)	2,003.20	724.95
Diluted net income per common share (yen)	-	-

Note: Comprehensive income for the three months ended :

June 30, 2023 : 1,284 million yen — %
June 30, 2022 : (210) million yen — %

(2) Financial Conditions

(Millions of yen except percentages)

	As of	
	June 30, 2023	March 31, 2023
Total assets	2,287,112	2,171,167
Net assets	169,681	168,397
Ratio of net assets to total assets	7.4%	7.7%

Notes: 1. Net assets, excluding Stock acquisition rights and Non-controlling interests, as of :

June 30, 2023 : 169,681 million yen
March 31, 2023 : 168,397 million yen

2. Ratio of net assets to total assets = Net assets / Total assets X 100

2. Notes

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

There is no changes in material subsidiaries accompanying significant change in the scope of consolidation.

**(2) Application of Special Accounting Methods
for Quarterly Consolidated Financial Statements** : No

**(3) Changes in Accounting Policies, Changes in Accounting Estimates
and Correction of Prior Period Errors for Quarterly Consolidated Financial Statements**

- (a) Changes in accounting policies
due to revision of accounting standards etc. : No
- (b) Changes in accounting policies other than (a) above : No
- (c) Changes in accounting estimates : No
- (d) Correction of prior period errors : No

(4) Number of Shares Outstanding (Common stock)

(a) Number of Shares Outstanding as of :

June 30, 2023	:	700,000 shares
March 31, 2023	:	700,000 shares

(b) Number of Treasury Shares Outstanding as of :

June 30, 2023	:	— shares
March 31, 2023	:	— shares

(c) Average Number of Shares Outstanding for the three months ended :

June 30, 2023	:	700,000 shares
June 30, 2022	:	700,000 shares

Consolidated Financial Statements

1. Consolidated Balance Sheets

(Millions of yen)	As of	
	March 31, 2023	June 30, 2023
Assets:		
Cash and due from banks	455,199	545,695
Call loans	3,000	3,000
Monetary claims bought	13,031	19,909
Securities	180,314	198,666
Loans and bills discounted	1,431,282	1,431,135
Foreign exchanges	12,433	16,223
Other assets	66,089	63,439
Tangible fixed assets	3,364	3,249
Intangible fixed assets	7,733	7,211
Deferred tax assets	5,725	5,681
Customers' liabilities for acceptances and guarantees	9,691	9,689
Allowance for loan losses	(16,699)	(16,789)
Total assets	2,171,167	2,287,112
Liabilities:		
Deposits	1,611,521	1,706,907
Negotiable certificates of deposits	210,100	219,200
Call money	133,059	129,699
Payables under repurchase agreements	—	13,789
Foreign exchanges	82	233
Other liabilities	37,154	36,434
Provision for bonuses	798	1,199
Provision for directors' bonuses	159	59
Provision for directors' retirement benefits	153	169
Provision for losses on dormant deposit repayments	43	43
Provision for possible losses on refund of interest	4	4
Acceptances and guarantees	9,691	9,689
Total liabilities	2,002,770	2,117,431
Net assets:		
Capital stock	26,000	26,000
Capital surplus	24,000	24,000
Retained earnings	119,425	120,827
Total shareholders' equity	169,425	170,827
Valuation difference on available-for-sale securities	(1,028)	(1,146)
Total accumulated other comprehensive income	(1,028)	(1,146)
Total net assets	168,397	169,681
Total liabilities and net assets	2,171,167	2,287,112

2. Consolidated Statements of Income

(Millions of yen)	For the three months ended	
	June 30, 2022	June 30, 2023
Ordinary income:	11,298	12,948
Interest income and dividends	7,936	10,411
<i>Interest on loans and discounts</i>	6,828	7,918
<i>Interest and dividends on securities</i>	892	2,044
Fees and commissions	1,514	1,575
Other ordinary income	1,509	593
Other income	337	368
Ordinary expenses:	10,253	10,838
Interest expenses	495	1,516
<i>Interest on deposits</i>	356	941
Fees and commissions payments	896	854
Other ordinary expenses	772	0
General and administrative expenses	7,403	7,880
Other expenses	686	586
Ordinary profit	1,044	2,110
Extraordinary income	—	—
Extraordinary loss	0	33
Income before income taxes	1,044	2,076
Income taxes-current	537	578
Income taxes-deferred	(0)	96
Total income taxes	536	674
Net income	507	1,402
Net income attributable to non-controlling interests	—	—
Net income attributable to owners of the parent	507	1,402

3. Consolidated Statements of Comprehensive Income

(Millions of yen)	For the three months ended	
	June 30, 2022	June 30, 2023
Net income	507	1,402
Other comprehensive income	(717)	(117)
Valuation difference on available-for-sale securities	(717)	(117)
Comprehensive income	(210)	1,284
Comprehensive income attributable to owners of the parent	(210)	1,284
Comprehensive income attributable to non-controlling interests	—	—

4. Going Concern Assumption

There is no applicable information.

Selected Financial Information of 1st Quarter Results

1. Operating Results

(1) Consolidated

(Millions of yen)

	For the three months ended June 30,		Increase/ (Decrease) (A)-(B)
	2023 (A)	2022 (B)	
Gross operating profit (Note 1)	10,208	8,796	1,412
Net interest income	8,894	7,440	1,453
Net fees and commissions	721	618	103
Net other ordinary income	592	737	(144)
General and administrative expenses	7,880	7,403	476
Net operating income before general allowance and goodwill (Note 2)	2,328	1,393	935
Provision for general allowance for loan losses	(414)	(178)	(236)
Net operating income (Note 3)	2,742	1,571	1,171
Non-recurring income and expenses	(632)	(526)	(105)
Net gain and loss on stocks and other securities	—	—	—
Problem claims related costs	891	771	119
Written-off of loans	2	3	(0)
Provision for specific allowance for loan losses	864	501	362
Net loss on sales of loans	24	266	(242)
Reversal of allowance for loan losses	—	—	—
Recoveries of written-off claims	0	0	0
Others	258	245	13
Ordinary profit	2,110	1,044	1,065
Extraordinary income and loss	(33)	(0)	(33)
Net gain and loss on disposal of non-current assets	(33)	(0)	(33)
Gain on disposal of non-current assets	—	—	—
Loss on disposal of non-current assets	33	0	33
Others	—	—	—
Income before income taxes	2,076	1,044	1,032
Income taxes	674	536	137
Income taxes - current	578	537	40
Income taxes - deferred	96	(0)	96
Net income	1,402	507	894
Net income attributable to non-controlling interests	—	—	—
Net income attributable to owners of the parent	1,402	507	894

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 before general allowance and goodwill = Gross operating profit - General and administrative expenses

3. Net operating income = Gross operating profit - General and administrative expenses
- Provision for general allowance for loan losses

Credit costs (Note 4)	498	624	(126)
Excluding recoveries of written-off claims	498	625	(126)

Note: 4. Credit costs = (Provision for general allowance for loan losses + Problem claims related costs)
- (Reversal of allowance for loan losses + Recoveries of written-off claims) + Adjustment on purchased loan

(2) Non-consolidated

(Millions of yen)

	For the three months ended June 30,		Increase/ (Decrease) (A)-(B)
	2023 (A)	2022 (B)	
Gross operating profit	9,660	8,261	1,399
Net interest income	8,877	7,420	1,456
Net fees and commissions	190	103	86
Net other ordinary income	592	737	(144)
of which net gain and loss on bonds	7	(767)	775
General and administrative expenses (excluding non-recurring expenses)	7,734	7,275	458
Personnel expenses	3,520	3,462	57
Nonpersonnel expenses	3,642	3,384	258
Taxes	571	429	142
Net operating income before general allowance and goodwill	1,926	985	940
Core net operating income (excluding net gain and loss on bonds)	1,919	1,753	165
Excluding gain and loss on cancellation of investment trusts	1,919	1,753	165
Provision for general allowance for loan losses	(423)	(166)	(256)
Amortization of goodwill	—	—	—
Net operating income	2,349	1,152	1,197
Non-recurring income and expenses	(423)	(306)	(117)
Net gain and loss on stocks and other securities	—	—	—
Problem claims related costs	621	507	113
Written-off of loans	—	—	—
Provision for specific allowance for loan losses	626	258	368
Net gain and loss on sales of loans	(5)	249	(254)
Reversal of allowance for loan losses	—	—	—
Recoveries of written-off claims	—	0	(0)
Others	198	201	(3)
Ordinary profit	1,926	845	1,080
Extraordinary income and loss	(33)	(0)	(33)
Net gain and loss on disposal of non-current assets	(33)	(0)	(33)
Gain on disposal of non-current assets	—	—	—
Loss on disposal of non-current assets	33	0	33
Others	—	—	—
Income before income taxes	1,892	845	1,047
Income taxes	619	470	149
Income taxes - current	552	480	72
Income taxes - deferred	67	(10)	77
Net income	1,272	375	897

2. Disclosed Claims under Financial Revitalization Law

(1) Consolidated

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

(Millions of yen except percentages)

	As of June 30,		Increase/ (Decrease) (A)-(B)	As of March 31, 2023
	2023 (A)	2022 (B)		
Bankruptcy and Quasi-Bankruptcy	3,699	5,338	(1,639)	4,096
Doubtful	10,749	9,764	984	10,540
Sub-standard	2,072	2,302	(229)	2,039
Loans Past Due 3 Months or More	428	641	(212)	463
Restructured Loans	1,644	1,661	(17)	1,575
Sub-Total (a)	16,521	17,406	(884)	16,676
Normal	1,434,215	1,431,616	2,599	1,430,535
Total (b)	1,450,736	1,449,022	1,714	1,447,212
Ratio of Problem Loans to Total Claims (a / b × 100)	1.13%	1.20%	(0.07)%	1.15%

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

(Millions of yen except percentages)

	As of June 30,		Increase/ (Decrease) (A)-(B)	As of March 31, 2023
	2023 (A)	2022 (B)		
Bankruptcy and Quasi-Bankruptcy	11,668	11,340	328	11,961
Doubtful	10,749	9,764	984	10,540
Sub-standard	2,072	2,302	(229)	2,039
Loans Past Due 3 Months or More	428	641	(212)	463
Restructured Loans	1,644	1,661	(17)	1,575
Sub-Total (a)	24,490	23,407	1,083	24,541
Normal	1,434,215	1,431,616	2,599	1,430,535
Total (b)	1,458,706	1,455,023	3,682	1,455,077
Ratio of Problem Loans to Total Claims (a / b × 100)	1.67%	1.60%	0.07%	1.68%

(2) Non-consolidated

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

(Millions of yen except percentages)

	As of June 30,		Increase/ (Decrease) (A)-(B)	As of March 31, 2023
	2023 (A)	2022 (B)		
Bankruptcy and Quasi-Bankruptcy	2,271	3,700	(1,429)	2,636
Doubtful	10,715	9,737	977	10,515
Sub-standard	2,072	2,302	(229)	2,039
Loans Past Due 3 Months or More	428	641	(212)	463
Restructured Loans	1,644	1,661	(17)	1,575
Sub-Total (a)	15,059	15,740	(681)	15,191
Normal	1,428,826	1,426,094	2,732	1,425,030
Total (b)	1,443,885	1,441,835	2,050	1,440,221
Ratio of Problem Loans to Total Claims (a / b × 100)	1.04%	1.09%	(0.05)%	1.05%

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

(Millions of yen except percentages)

	As of June 30,		Increase/ (Decrease) (A)-(B)	As of March 31, 2023
	2023 (A)	2022 (B)		
Bankruptcy and Quasi-Bankruptcy	9,126	8,514	612	9,242
Doubtful	10,715	9,737	977	10,515
Sub-standard	2,072	2,302	(229)	2,039
Loans Past Due 3 Months or More	428	641	(212)	463
Restructured Loans	1,644	1,661	(17)	1,575
Sub-Total (a)	21,914	20,554	1,360	21,797
Normal	1,428,826	1,426,094	2,732	1,425,030
Total (b)	1,450,741	1,446,648	4,092	1,446,827
Ratio of Problem Loans to Total Claims (a / b × 100)	1.51%	1.42%	0.09%	1.50%

3. Securities at Fair Value (Consolidated)

1) Held-to-maturity securities

(Millions of yen)

	As of June 30, 2023			As of June 30, 2022			As of March 31, 2023		
	Balance sheet amount	Fair Value	Net unrealized gain/(loss)	Balance sheet amount	Fair Value	Net unrealized gain/(loss)	Balance sheet amount	Fair Value	Net unrealized gain/(loss)
Government bonds	-	-	-	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-	-	-	-
Foreign Securities	110,601	109,938	(662)	64,419	63,090	(1,328)	83,743	82,699	(1,043)
Total	110,601	109,938	(662)	64,419	63,090	(1,328)	83,743	82,699	(1,043)

2) Available-for-sale securities

(Millions of yen)

	As of June 30, 2023			As of June 30, 2022			As of March 31, 2023		
	Balance sheet amount	Cost	Net unrealized gain/(loss)	Balance sheet amount	Cost	Net unrealized gain/(loss)	Balance sheet amount	Cost	Net unrealized gain/(loss)
Bonds	39,221	39,024	196	29,953	29,496	457	39,708	39,575	133
Government bonds	13,016	13,004	11	7,009	7,010	(0)	13,016	13,006	10
Corporate bonds	26,204	26,020	184	22,944	22,485	458	26,691	26,568	123
Others	52,394	54,242	(1,848)	111,736	113,276	(1,539)	60,376	61,992	(1,615)
Total	91,615	93,267	(1,651)	141,690	142,772	(1,082)	100,084	101,567	(1,482)

4. Derivatives (Consolidated)

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

(a) Interest Rate Derivatives

(Millions of yen)

		As of June 30, 2023			As of June 30, 2022			As of March 31, 2023		
		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 Swaps	456,397	(221)	(221)	372,628	(409)	(409)	440,039	(319)	(319)
	Others	40,764	(1)	149	44,679	(8)	133	41,321	(6)	144
Total			(223)	(72)		(417)	(275)		(325)	(174)

(b) Currency Derivatives

(Millions of yen)

		As of June 30, 2023			As of June 30, 2022			As of March 31, 2023		
		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	149,220	(4,613)	(4,613)	136,718	(3,850)	(3,850)	88,959	(174)	(174)
	Currency Options	1,218,974	(470)	9,967	1,129,928	(872)	11,115	1,133,756	(828)	9,574
Total			(5,084)	5,354		(4,722)	7,264		(1,003)	9,400

(c) Bond Derivatives

(Millions of yen)

		As of June 30, 2023			As of June 30, 2022			As of March 31, 2023		
		Notional amounts	Fair value	Net unrealized gain (loss)	Notional amounts	Fair value	Net unrealized gain (loss)	Notional amounts	Fair value	Net unrealized gain (loss)
Listed	Bond Futures	4,232	(5)	(5)	19,560	(168)	(168)	9,926	(74)	(74)
Total			(5)	(5)		(168)	(168)		(74)	(74)

*Commodity Derivatives, Equity Derivatives, Credit Derivatives : Not applicable.

(2) Derivative transactions to which hedge accounting is applied

Not applicable.

5. Balances of Loans and Deposits (Consolidated)

(Millions of yen)

	As of June 30,		As of March 31, 2023
	2023	2022	
Total deposits	1,926,107	1,864,508	1,821,621
Deposits	1,706,907	1,583,141	1,611,521
Individuals	1,141,691	1,158,973	1,122,910
Corporations	415,527	366,179	428,358
Public entities	144,149	55,249	54,736
Financial institutions	5,539	2,739	5,516
Negotiable certificates of deposit	219,200	281,367	210,100
Loans and bills discounted	1,431,135	1,427,188	1,431,282