

Consolidated Financial Results
for the 1st Quarter Results of Fiscal 2008

TOKYO
S T A R
B A N K 

東京スター銀行

For Immediate Press Release:

Consolidated Financial Results for the 1st Quarter of Fiscal 2008 ended June 30, 2008

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

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

1. Summary of Consolidated Financial Results for the 1st Quarter of Fiscal 2008 Ended June 30, 2008

(1) Operating Results	(in millions of yen except per share data and percentages)	
	For the three months ended June 30,	
	2008	2007
Ordinary income	18,347	19,545
Change from the previous period	(6.1)%	9.8 %
Ordinary profit	2,258	6,220
Change from the previous period	(63.6)%	(9.1)%
Net income	1,388	3,746
Change from the previous period	(62.9)%	(9.5)%
Net income per common share (yen)	1,983.50	5,351.46

(2) Financial Conditions	(in millions of yen except per share data and percentages)	
	As of June 30, 2008	As of March 31, 2008
Total assets	1,850,926	1,857,176
Net assets	109,270	110,328
Ratio of net assets to total assets (*)	5.9%	5.9%
Net assets per common share (yen)	156,100.46	157,612.10

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

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

June 30, 2008 : 109,270 million yen

March 31, 2008: 110,328 million yen

2. Earnings Projections for the Fiscal Year Ending March 31, 2009

The information is not applicable, since the Bank does not announce the consolidated earnings projections.

3. 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:	
June 30, 2008 (Common stock) :	700,000 shares
March 31, 2008 (Common stock):	700,000 shares
(4)Average number of shares outstanding during the first quarter of fiscal 2008 ended:	
June 30, 2008 (Common stock) :	700,000 shares
June 30, 2007 (Common stock) :	700,000 shares

COMPARISON OF CONSOLIDATED BALANCE SHEETS

(in millions of yen)	As of June 30, 2008	As of March 31, 2008
Assets:		
Cash and due from banks	57,353	74,323
Call loans and bills bought	197,090	196,183
Monetary claims bought	39,398	41,573
Trading account securities	0	1
Money held in trust	3,560	3,577
Securities	256,727	256,552
Loans and bills discounted	1,278,922	1,266,086
Foreign exchanges	514	419
Other assets	18,162	18,331
Property, plant and equipment	5,716	5,884
Intangible assets	3,810	3,955
Deferred tax assets	17,819	16,029
Customers' liabilities for acceptances and guarantees	1,616	1,687
Allowance for loan losses	(29,767)	(27,429)
Assets	1,850,926	1,857,176
Liabilities and net assets		
Liabilities:		
Deposits	1,646,696	1,655,960
Foreign exchanges	0	10
Bonds payable	55,500	55,500
Other liabilities	36,257	31,286
Provision for bonuses	556	1,478
Provision for directors' bonuses	462	366
Provision for directors' retirement benefits	36	28
Provision for loss on dormant deposit repayments	512	512
Provision for loss on interest repayment	17	17
Acceptances and guarantees	1,616	1,687
Liabilities	1,741,656	1,746,847
Net assets:		
Capital stock	21,000	21,000
Capital surplus	19,000	19,000
Retained earnings	75,777	74,389
Shareholders' equity	115,777	114,389
Valuation difference on available-for-sale securities	(5,294)	(4,759)
Deferred gains or losses on hedges	(1,212)	699
Valuation and translation adjustments	(6,507)	(4,060)
Net assets	109,270	110,328
Liabilities and net assets	1,850,926	1,857,176

COMPARISON OF CONSOLIDATED STATEMENTS OF INCOME

(in millions of yen)	For the three months ended June 30,	
	2008	2007
Ordinary income:	18,347	19,545
Interest income	12,765	14,109
<i>Interest on loans and discounts</i>	<i>10,257</i>	<i>11,250</i>
Fees and commissions	3,449	3,636
Other ordinary income	292	199
Other income	1,840	1,600
Ordinary expenses:	16,088	13,324
Interest expenses	3,543	2,779
<i>Interest on deposits</i>	<i>3,298</i>	<i>2,551</i>
Fees and commissions payments	1,377	1,211
Other ordinary expenses	87	95
General and administrative expenses	8,167	8,051
Other expenses	2,913	1,187
Ordinary profit	2,258	6,220
Extraordinary income	102	58
Extraordinary loss	5	19
Income before income taxes	2,355	6,260
Income taxes - Current and Deferred	967	2,514
Net income	1,388	3,746

Selected Financial Information of 1st Quarter Results

1. Operating Results

(1) 【Consolidated】

(in millions of yen)

	For the three months ended June 30,		Increase/ (Decrease) (A)-(B)
	2008 (A)	2007 (B)	
Gross Operating Profit	11,498	13,859	(2,361)
Net Interest Income	9,221	11,330	(2,109)
Net Fees and Commissions	2,072	2,425	(353)
Net Other Ordinary Income	204	104	100
General and Administrative Expenses	8,167	8,051	116
Provision of General Allowance for Loan Losses	147	(855)	1,002
Other Income and Expenses	(925)	(442)	(483)
Net Gain and Loss on Stocks and Other Securities	-	390	(390)
Problem Claims related Costs	2,593	1,887	706
Written-off of Loans	489	805	(316)
Provision of Specific Allowance for Loan Losses	2,104	1,082	1,022
Profit and Loss on Sales of Loans	-	-	-
Other	1,668	1,054	614
Ordinary Profit	2,258	6,220	(3,962)
Extraordinary Income and Loss	96	39	57
Net Gain and Loss on Disposal of Noncurrent Assets	(3)	39	(42)
Gain on Disposal of Noncurrent Assets	-	58	(58)
Loss on Disposal of Noncurrent Assets	3	19	(16)
Recoveries of Written-off Claims	102	0	102
Reversal of Allowance for Loan Losses	-	-	-
Other	(1)	-	(1)
Income before Income Taxes	2,355	6,260	(3,905)
Income Taxes (Current and Deferred)	967	2,514	(1,547)
Net Income	1,388	3,746	(2,358)

(2) 【Non-consolidated】

(in millions of yen)

	For the three months ended June 30,		Increase/ (Decrease) (A)-(B)
	2008 (A)	2007 (B)	
Gross Operating Profit	9,577	12,152	(2,575)
Net Interest Income	9,081	11,151	(2,070)
Net Fees and Commissions	291	897	(606)
Net Other Ordinary Income	204	103	101
General and Administrative Expenses	7,913	7,748	165
Personnel Expenses	3,222	3,372	(150)
Nonpersonnel Expenses	4,308	3,984	324
Taxes	382	391	(9)
Net Operating Income (before Provision of General Allowance for Loan Losses and Amortization of Goodwill)	1,663	4,404	(2,741)
Provision of General Allowance for Loan Losses	97	-	97
Amortization of Goodwill	-	-	-
Net Operating Income	1,566	4,404	(2,838)
of which Net Gain and Loss on Bonds	9	(28)	37
Other Income and Expenses	400	696	(296)
Net Gain and Loss on Stocks and Other Securities	-	390	(390)
Problem Claims related Costs	1,238	642	596
Written-off of Loans	-	642	(642)
Provision of Specific Allowance for Loan Losses	1,238	-	1,238
Profit and Loss on Sales of Loans	-	-	-
Other	1,638	948	690
Ordinary Profit	1,967	5,100	(3,133)
Extraordinary Income and Loss	(5)	671	(676)
Net Gain and Loss on Disposal of Noncurrent Assets	(3)	39	(42)
Gain on Disposal of Noncurrent Assets	-	58	(58)
Loss on Disposal of Noncurrent Assets	3	19	(16)
Recoveries of Written-off Claims	-	0	(0)
Reversal of Allowance for Loan Losses	-	631	(631)
Other	(1)	-	(1)
Income before Income Taxes	1,961	5,771	(3,810)
Income Taxes (Current and Deferred)	807	2,327	(1,520)
Net Income	1,154	3,444	(2,290)

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 three months ended June 30, 2008	For the three months ended June 30, 2007	Increase/ (Decrease)
Loan Purchase Revenue	1,001	2,704	(1,703)
Amortization included in Interest Income (A)	490	1,539	(1,049)
Amortization of Unearned Loan Purchase Revenue	513	1,586	(1,073)
Offset of Provision of General Allowance for Loan Losses	(23)	(46)	23
Amortization included in Fees and Commissions (B)	19	20	(1)
Revenue included in Other Ordinary Income	469	1,096	(627)
Add-back of Offset of Provision of General Allowance for Loan Losses	23	46	(23)

(2) Gross Operating Profit *(in millions of yen)*

	For the three months ended June 30, 2008	For the three months ended June 30, 2007	Increase/ (Decrease)
Gross Operating Profit (including Loan Purchase Revenue)	11,498	13,859	(2,361)
Net Interest Income	9,221	11,330	(2,109)
Organic Revenue (C)	8,731	9,790	(1,059)
Loan Purchase Revenue (=A)	490	1,539	(1,049)
Net Fees and Commissions	2,072	2,425	(353)
Organic Revenue (D)	2,053	2,404	(351)
Loan Purchase Revenue (=B)	19	20	(1)
Net Other Ordinary Income (E)	204	104	100
Gross Operating Profit related to Organic Revenue (C+D+E)	10,989	12,298	(1,309)

Credit Costs (Consolidated)

(in millions of yen)

	For the three months ended June 30, 2008	For the three months ended June 30, 2007	Increase/ (Decrease)
Provision of General Allowance for Loan Losses	147	(855)	1,002
Provision of Specific Allowance for Loan Losses	2,104	1,082	1,022
Written-off of Loans	489	805	(316)
Profit 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	2,741	1,032	1,709
Offset of Provision of General Allowance for Loan Losses with respect to Purchased Loans against Loan Purchase Revenue	23	46	(23)
Credit Costs before offsetting Recoveries of Written-off Claims	2,764	1,079	1,685
Offset of Recoveries of Written-off Claims	(102)	(0)	(102)
Credit Costs (Adjusted)	2,661	1,078	1,583

2. Disclosed Claims under Financial Revitalization Law (Consolidated)

(in millions of yen except percentages)

	As of June 30, 2008		As of June 30, 2007	As of March 31, 2008	
		(Reference) In case of continuing Partial Write-offs			(Reference) In case of continuing Partial Write-offs
Bankruptcy and Quasi-Bankruptcy	20,690	9,530	5,868	17,810	8,686
Doubtful	12,744	12,744	17,409	13,378	13,378
Sub-standard	10,859	10,859	11,262	11,277	11,277
Sub-Total (A)	44,294	33,133	34,541	42,467	33,343
Normal	1,239,511	1,239,511	1,155,898	1,228,136	1,228,136
Total (B)	1,283,805	1,272,645	1,190,439	1,270,603	1,261,479
Ratio of Problem Loans to Total Claims (A / B × 100)	3.45%	2.60%	2.90%	3.34%	2.64%

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

(in billions of yen)

	As of June 30,								As of			
	2008				2007				March 31, 2008			
	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:	193.5	(8.9)	0.0	9.0	239.5	(1.5)	0.6	2.2	194.9	(8.0)	0.1	8.1
Stocks	0.1	(0.0)	-	0.0	0.5	0.3	0.3	-	0.2	(0.0)	-	0.0
Bonds	129.8	(1.0)	0.0	1.0	148.7	(0.8)	0.0	0.8	141.6	(0.7)	0.0	0.7
Other	63.5	(7.8)	0.0	7.8	90.2	(1.1)	0.3	1.4	53.1	(7.2)	0.1	7.3

4. Derivatives (Consolidated)

(1) Interest Rate Derivatives

(in billions of yen)

	As of June 30,						As of		
	2008			2007			March 31, 2008		
	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	771.3	(1.1)	(1.1)	499.9	(0.3)	(0.3)	757.3	(0.9)	(0.9)
Interest Rate Options	45.3	-	0.0	34.5	-	0.0	43.3	-	0.0
Other	-	-	-	-	-	-	-	-	-
Total			(1.0)			(0.2)			(0.9)

(2) Currency Derivatives

(in billions of yen)

	As of June 30,						As of		
	2008			2007			March 31, 2008		
	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	3.3	0.0	0.0	35.6	(0.2)	(0.2)	20.6	0.0	0.0
Currency Options	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total			0.0			(0.2)			0.0

4. Derivatives (Consolidated) (continued)

(3) Equity Derivatives

Not applicable.

(4) Bond Derivatives

Not applicable.

(5) Commodity Derivatives

Not applicable.

(6) Credit Derivatives

Not applicable.

(7) Other

	As of June 30,						<i>(in billions of yen)</i> As of March 31, 2008		
	2008			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	15.4	-	-	0.9	-	-	9.0	-	-
Total			-			-			-

5. Balances of Loans and Deposits (Consolidated)

	As of June 30,		<i>(in billions of yen)</i> As of March 31, 2008
	2008	2007	
Individuals	1,433.6	1,265.5	1,411.3
Corporations	174.8	206.5	200.9
Public entities	32.4	34.5	34.7
Financial institutions	5.7	6.0	8.9
Total deposits	1,646.6	1,512.7	1,655.9
Loans and Bills Discounted	1,278.9	1,186.1	1,266.0