

Consolidated Financial Results
for the 1st Quarter of Fiscal 2013

August 1, 2013



Consolidated Financial Results
for the 1st Quarter of Fiscal 2013 ended June 30, 2013
[under Japanese GAAP]

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

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

Headquarters : Tokyo

Note: - 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 1st Quarter of Fiscal 2013 Ended June 30, 2013

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

	For the three months ended	
	June 30, 2013	June 30, 2012
Ordinary income	20,267	17,084
Change from the previous period	18.6%	(10.7)%
Ordinary profit	7,641	4,786
Change from the previous period	59.6%	40.6%
Net income	8,422	2,925
Change from the previous period	187.8%	59.0%
Net income per common share (yen)	12,032.23	4,179.85
Diluted net income per common share (yen)	-	-

Note: Comprehensive income for the three months ended :

June 30, 2013 :	6,801 million yen	127.8 %
June 30, 2012 :	2,985 million yen	29.5 %

(2) Financial Conditions (in millions of yen except percentages)

	As of	
	June 30, 2013	March 31, 2013
Total assets	2,489,859	2,393,436
Net assets	99,722	103,578
Ratio of net assets to total assets	4.0%	4.3%

Notes: 1. Net assets, excluding Stock acquisition rights and Minority interests, as of :

June 30, 2013 :	99,722 million yen
March 31, 2013 :	103,428 million yen

2. Ratio of net assets to total assets

= (Net assets - Stock acquisition rights - Minority interests) / 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.

* TSB Strategic Partners, Ltd., which does not fall under the category of material subsidiaries, is excluded from the scope of the consolidation, since its liquidation has been completed as at June 30, 2013.

**(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**

- ① Changes in accounting policies
due to revision of accounting standards etc. : No
- ② Changes in accounting policies other than ① above : No
- ③ Changes in accounting estimates : No
- ④ Correction of prior period errors : No

(4) Number of Shares Outstanding (Common stock)

① Number of Shares Outstanding as of :

June 30, 2013	:	700,000 shares
March 31, 2013	:	700,000 shares

② Number of Treasury Shares Outstanding as of :

June 30, 2013	:	- shares
March 31, 2013	:	- shares

③ Average Number of Shares Outstanding for the three months ended :

June 30, 2013	:	700,000 shares
June 30, 2012	:	700,000 shares

FINANCIAL STATEMENTS

1. Consolidated Balance Sheets

(in millions of yen)	As of March 31, 2013	As of June 30, 2013
Assets:		
Cash and due from banks	195,204	143,608
Call loans	30,470	23,701
Monetary claims bought	18,681	17,667
Money held in trust	2,037	1,771
Securities	592,817	708,506
Loans and bills discounted	1,529,358	1,547,965
Foreign exchanges	5,787	5,934
Other assets	27,215	41,957
Tangible fixed assets	6,022	6,031
Intangible fixed assets	4,733	4,947
Deferred tax assets	10,166	12,390
Customers' liabilities for acceptances and guarantees	16,472	15,780
Allowance for loan losses	(45,532)	(40,403)
Total assets	2,393,436	2,489,859
Liabilities:		
Deposits	2,105,560	2,095,165
Negotiable certificate of deposits	100	16,860
Borrowed money	66,230	156,240
Foreign exchanges	22	2
Bonds payable	43,900	48,000
Other liabilities	55,337	57,052
Provision for bonuses	1,749	615
Provision for directors' bonuses	280	212
Provision for directors' retirement benefits	54	57
Provision for losses on dormant deposit repayments	121	121
Provision for possible losses on refund of interest	22	22
Provision for loyalty program	6	5
Acceptances and guarantees	16,472	15,780
Total liabilities	2,289,857	2,390,137
Net assets:		
Capital stock	26,000	26,000
Capital surplus	24,000	24,000
Retained earnings	47,845	45,767
Total shareholders' equity	97,845	95,767
Valuation difference on available-for-sale securities	5,068	3,053
Deferred gains or losses on hedges	514	901
Total accumulated other comprehensive income	5,583	3,954
Minority interests	150	-
Total net assets	103,578	99,722
Total liabilities and net assets	2,393,436	2,489,859

2. Consolidated Statements of Income

(in millions of yen)	For the three months ended	
	June 30, 2012	June 30, 2013
Ordinary income:	17,084	20,267
Interest income and dividends	11,036	10,757
<i>Interest on loans and discounts</i>	9,229	8,492
<i>Interest and dividends on securities</i>	1,434	1,837
Fees and commissions	3,153	3,679
Other ordinary income	1,508	2,081
Other income	1,385	3,749
Ordinary expenses:	12,298	12,626
Interest expenses	3,144	2,944
<i>Interest on deposits</i>	2,760	2,440
Fees and commissions payments	1,442	1,057
Other ordinary expenses	53	681
General and administrative expenses	7,133	7,769
Other expenses	523	173
Ordinary profit	4,786	7,641
Extraordinary income	29	-
Extraordinary loss	7	7
Income before income taxes and minority interests	4,808	7,633
Income taxes-current	1,626	500
Income taxes-deferred	249	(1,296)
Total income taxes	1,875	(796)
Income before minority interests	2,933	8,430
Minority interests in income	7	7
Net income	2,925	8,422

3. Consolidated Statements of Comprehensive Income

(in millions of yen)	For the three months ended	
	June 30, 2012	June 30, 2013
Income before minority interests	2,933	8,430
Other comprehensive income	51	(1,628)
Valuation difference on available- for-sale securities	842	(2,015)
Deferred gains or losses on hedges	(790)	386
Comprehensive income	2,985	6,801
Comprehensive income attributable to owners of the parent	2,977	6,793
Comprehensive income attributable to minority interests	7	7

4. Going Concern Assumption

There is no applicable information.

5. Remarkable Changes in Shareholders' Equity

There is no applicable information.

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)
	2013 (A)	2012 (B)	
Gross Operating Profit (Note 1)	11,834	11,057	777
Net Interest Income	7,812	7,891	(79)
Net Fees and Commissions	2,621	1,710	911
Net Other Ordinary Income	1,400	1,454	(54)
General and Administrative Expenses	7,769	7,133	636
Net Operating Income before General Allowance and Goodwill (Note 2)	4,064	3,923	140
Provision for General Allowance for Loan Losses	-	(1,771)	1,771
Net Operating Income (Note 3)	4,064	5,695	(1,630)
Other Income and Expenses	3,576	(909)	4,486
Net Gain and Loss on Stocks and Other Securities	1,246	-	1,246
Problem Claims related Costs	149	2,267	(2,118)
Written-offs of Loans	7	14	(7)
Provision for Specific Allowance for Loan Losses	-	2,253	(2,253)
Net Gain and Loss on Sales of Loans	142	-	142
Reversal of Allowance for Loan Losses	1,977	-	1,977
Recoveries of Written-off Claims	10	25	(15)
Other	491	1,332	(840)
Ordinary Profit	7,641	4,786	2,855
Extraordinary Income and Loss	(7)	22	(30)
Net Gain and Loss on Disposal of Noncurrent Assets	(7)	22	(30)
Gain on Disposal of Noncurrent Assets	-	29	(29)
Loss on Disposal of Noncurrent Assets	7	7	0
Other	-	-	-
Income before Income Taxes and Minority Interests	7,633	4,808	2,824
Income Taxes	(796)	1,875	(2,671)
Income Taxes - Current	500	1,626	(1,126)
Income Taxes - Deferred	(1,296)	249	(1,545)
Income before Minority Interests	8,430	2,933	5,496
Minority Interests in Income	7	7	-
Net Income	8,422	2,925	5,496

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)	(1,578)	745	(2,324)
excluding Recoveries of Written-off Claims	(1,568)	771	(2,339)

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

(in millions of yen)

	For the three months ended June 30,		Increase/ (Decrease) (A)-(B)
	2013 (A)	2012 (B)	
Gross Operating Profit	17,058	10,230	6,828
Net Interest Income	13,726	7,787	5,939
Net Fees and Commissions	1,931	987	943
Net Other Ordinary Income	1,399	1,454	(54)
of which Net Gain and Loss on Bonds	162	513	(351)
General and Administrative Expenses	7,716	6,998	718
Personnel Expenses	3,090	2,693	397
Nonpersonnel Expenses	4,250	3,937	312
Taxes	375	367	8
Net Operating Income before General Allowance and Goodwill	9,341	3,231	6,109
Core Net Operating Income (excluding Net Gain and Loss on Bonds)	9,178	2,718	6,460
Provision for General Allowance for Loan Losses	-	(1,509)	1,509
Amortization of Goodwill	-	-	-
Net Operating Income	9,341	4,740	4,600
Other Income and Expenses	3,432	(616)	4,048
Net Gain and Loss on Stocks and Other Securities	1,246	-	1,246
Problem Claims related Costs	142	1,998	(1,856)
Written-offs of Loans	0	-	0
Provision for Specific Allowance for Loan Losses	-	1,998	(1,998)
Net Gain and Loss on Sales of Loans	142	-	142
Reversal of Allowance for Loan Losses	1,959	-	1,959
Recoveries of Written-off Claims	0	5	(5)
Other	368	1,376	(1,008)
Ordinary Profit	12,773	4,124	8,649
Extraordinary Income and Loss	(3,834)	(3)	(3,831)
Net Gain and Loss on Disposal of Noncurrent Assets	(7)	(3)	(4)
Gain on Disposal of Noncurrent Assets	-	-	-
Loss on Disposal of Noncurrent Assets	7	3	4
Other	(3,827)	-	(3,827)
Income before Income Taxes	8,939	4,121	4,818
Income Taxes	(109)	1,616	(1,726)
Income Taxes - Current	7	1,507	(1,500)
Income Taxes - Deferred	(117)	108	(226)
Net Income	9,048	2,504	6,544

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 June 30,		Increase/ (Decrease) (A)-(B)	As of March 31, 2013
	2013 (A)	2012 (B)		
Bankruptcy and Quasi-Bankruptcy	7,140	22,411	(15,270)	7,461
Doubtful	39,208	42,020	(2,812)	41,816
Sub-standard	11,364	19,345	(7,980)	14,855
Sub-Total (a)	57,713	83,777	(26,063)	64,133
Normal	1,504,242	1,457,465	46,777	1,476,519
Total (b)	1,561,956	1,541,243	20,713	1,540,652
Ratio of Problem Loans to Total Claims (a / b × 100)	3.69%	5.43%	(1.74)%	4.16%

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

(in millions of yen except percentages)

	As of June 30,		Increase/ (Decrease) (A)-(B)	As of March 31, 2013
	2013 (A)	2012 (B)		
Bankruptcy and Quasi-Bankruptcy	16,871	49,584	(32,713)	20,186
Doubtful	39,208	42,020	(2,812)	41,816
Sub-standard	11,364	19,345	(7,980)	14,855
Sub-Total (a)	67,444	110,950	(43,505)	76,858
Normal	1,504,242	1,457,465	46,777	1,476,519
Total (b)	1,571,687	1,568,416	3,271	1,553,377
Ratio of Problem Loans to Total Claims (a / b × 100)	4.29%	7.07%	(2.78)%	4.94%

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)

Held-to-maturity securities

(in millions of yen)

	As of June 30, 2013 (A)			As of June 30, 2012 (B)			As of March 31, 2013		
	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	-	-	-	-	-	-	-	-	-
Municipal bonds	-	-	-	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-	-	-	-
Others	17,746	17,849	103	14,275	13,333	(942)	16,929	17,072	143
Total	17,746	17,849	103	14,275	13,333	(942)	16,929	17,072	143

Available-for-sale securities

(in millions of yen)

	As of June 30, 2013 (A)			As of June 30, 2012 (B)			As of March 31, 2013		
	Balance sheet amount	Cost	Net unrealized gain/(loss)	Balance sheet amount	Cost	Net unrealized gain/(loss)	Balance sheet amount	Cost	Net unrealized gain/(loss)
Domestic equities	—	—	—	—	—	—	—	—	—
Domestic bonds	460,621	456,863	3,757	419,906	416,284	3,622	380,737	375,482	5,255
Government bonds	382,919	380,482	2,437	330,625	327,934	2,691	301,961	298,128	3,833
Municipal bonds	104	103	0	104	103	1	104	103	0
Corporate bonds	77,597	76,277	1,319	89,176	88,246	930	78,671	77,249	1,421
Others	240,409	239,419	989	133,501	132,801	700	205,555	202,928	2,626
Total	701,030	696,283	4,747	553,408	549,086	4,322	586,293	578,411	7,882

4. Derivatives (Consolidated)

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

① Interest Rate Derivatives

(in millions of yen)

	As of June 30, 2013 (A)			As of June 30, 2012 (B)			As of March 31, 2013		
	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	1,060,135	516	516	1,064,203	563	563	1,096,757	516	516
Interest Rate Options	57,113	-	152	87,710	-	176	74,671	-	160
Other	-	-	-	-	-	-	-	-	-
Total		516	668		563	740		516	676

② Currency Derivatives

(in millions of yen)

	As of June 30, 2013 (A)			As of June 30, 2012 (B)			As of March 31, 2013		
	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	23,244	1,492	1,492	12,011	(81)	(81)	14,155	1,317	1,317
Forward Foreign Exchange Contracts	118,647	(3,805)	(3,805)	54,084	(182)	(182)	106,785	(2,134)	(2,134)
Currency Options	186,319	-	4,705	177,337	-	4,300	200,431	-	4,883
Other	-	-	-	-	-	-	-	-	-
Total		(2,313)	2,392		(263)	4,036		(816)	4,067

③ Commodity Derivatives

(in millions of yen)

	As of June 30, 2013 (A)			As of June 30, 2012 (B)			As of March 31, 2013		
	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:									
Commodity Forward Contracts	-	-	-	-	-	-	-	-	-
Commodity Options	2,964	-	-	9,069	-	-	5,082	-	-
Total		-	-		-	-		-	-

④ Credit Derivatives

(in millions of yen)

	As of June 30, 2013 (A)			As of June 30, 2012 (B)			As of March 31, 2013		
	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:									
Other	-	-	-	17,718	(1)	-	-	-	-
Total		-	-		(1)	-		-	-

*Equity Derivatives and Bond Derivatives : Not applicable.

(2) Derivative transactions to which hedge accounting is applied

① Interest Rate Derivatives

(in millions of yen)

Treatments	Products	Major hedged items	As of June 30,				As of March 31, 2013	
			2013 (A)		2012 (B)		Notional amounts	Fair value
			Notional amounts	Fair value	Notional amounts	Fair value		
Deferral hedge accounting method	Interest Rate Swaps	Loans, Available-for-sale Securities(Bonds), Deposits	325,646	1,708	337,039	1,619	329,088	1,393
Exceptional accrual method	Interest Rate Swaps	Loans	2,123	-	1,893	-	2,025	-
Total				1,708		1,619		1,393

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

5. Balances of Loans and Deposits (Consolidated)

(in millions of yen)

	As of June 30,		As of March 31, 2013
	2013 (A)	2012 (B)	
Total deposits	2,095,165	2,084,471	2,105,560
Individuals	1,831,351	1,851,567	1,829,498
Corporations	221,246	206,470	245,057
Public entities	38,443	25,446	27,263
Financial institutions	4,124	986	3,741
Loans and Bills Discounted	1,547,965	1,543,138	1,529,358