

Consolidated Financial Results
for the 3rd Quarter of Fiscal 2013

February 6, 2014



東京スター銀行

Consolidated Financial Results
for the 3rd Quarter of Fiscal 2013 ended December 31, 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 3rd Quarter of Fiscal 2013 Ended December 31, 2013

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

	For the nine months ended	
	December 31, 2013	December 31, 2012
Ordinary income	50,341	49,909
Change from the previous period	0.8%	(13.1)%
Ordinary profit	13,045	8,021
Change from the previous period	62.6%	(33.2)%
Net income	8,887	4,663
Change from the previous period	90.5%	(5.7)%
Net income per common share (yen)	12,695.84	6,661.59
Diluted net income per common share (yen)	-	-

Note: Comprehensive income for the nine months ended :

December 31, 2013 : 7,628 million yen 18.5 %
 December 31, 2012 : 6,436 million yen 62.9 %

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

	As of	
	December 31, 2013	March 31, 2013
Total assets	2,508,150	2,393,436
Net assets	100,549	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 :

December 31, 2013 : 100,549 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

**(2) Application of Special Accounting Methods
for Quarterly Consolidated Financial Statements** : 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.

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

- ① Changes accounting policies
due to revision of accounting standards etc. : No
- ② Changes 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 :
 - December 31, 2013 : 700,000 shares
 - March 31, 2013 : 700,000 shares
- ② Number of Treasury Shares Outstanding as of :
 - December 31, 2013 : - shares
 - March 31, 2013 : - shares
- ③ Average Number of Shares Outstanding for the nine months ended :
 - December 31, 2013 : 700,000 shares
 - December 31, 2012 : 700,000 shares

FINANCIAL STATEMENTS

1. Consolidated Balance Sheets

(in millions of yen)	As of March 31, 2013	As of December 31, 2013
Assets:		
Cash and due from banks	195,204	126,265
Call loans	30,470	50,349
Monetary claims bought	18,681	17,150
Money held in trust	2,037	1,675
Securities	592,817	724,260
Loans and bills discounted	1,529,358	1,559,536
Foreign exchanges	5,787	5,036
Other assets	27,215	28,128
Tangible fixed assets	6,022	6,120
Intangible fixed assets	4,733	5,146
Deferred tax assets	10,166	7,469
Customers' liabilities for acceptances and guarantees	16,472	14,398
Allowance for loan losses	(45,532)	(37,387)
Total assets	2,393,436	2,508,150
Liabilities:		
Deposits	2,105,560	2,102,777
Negotiable certificates of deposit	100	19,420
Payables under securities lending transactions	-	20,899
Borrowed money	66,230	135,970
Foreign exchanges	22	11
Bonds payable	43,900	40,400
Other liabilities	55,337	71,960
Provision for bonuses	1,749	1,329
Provision for directors' bonuses	280	209
Provision for directors' retirement benefits	54	64
Provision for losses on dormant deposit repayments	121	121
Provision for possible losses on refund of interest	22	22
Provision for loyalty program	6	16
Acceptances and guarantees	16,472	14,398
Total liabilities	2,289,857	2,407,601
Net assets:		
Capital stock	26,000	26,000
Capital surplus	24,000	24,000
Retained earnings	47,845	46,232
Total shareholders' equity	97,845	96,232
Valuation difference on available-for-sale securities	5,068	3,488
Deferred gains or losses on hedges	514	828
Total accumulated other comprehensive income	5,583	4,317
Minority interests	150	-
Total net assets	103,578	100,549
Total liabilities and net assets	2,393,436	2,508,150

2. Consolidated Statements of Income

(in millions of yen)	For the nine months ended	
	December 31, 2012	December 31, 2013
Ordinary income:	49,909	50,341
Interest income and dividends	33,160	32,272
<i>Interest on loans and discounts</i>	27,057	25,478
<i>Interest and dividends on securities</i>	4,960	5,440
Fees and commissions	8,963	8,939
Other ordinary income	5,259	5,947
Other income	2,525	3,182
Ordinary expenses:	41,888	37,296
Interest expenses	10,044	8,855
<i>Interest on deposits</i>	8,754	7,363
Fees and commissions payments	4,169	3,275
Other ordinary expenses	419	202
General and administrative expenses	22,055	22,997
Other expenses	5,198	1,965
Ordinary profit (loss)	8,021	13,045
Extraordinary income	67	-
Extraordinary loss	58	41
Income (Loss) before income taxes and minority interests	8,031	13,003
Income taxes-current	2,539	590
Income taxes-deferred	821	3,518
Total income taxes	3,360	4,109
Income (Loss) before minority interests	4,670	8,894
Minority interests in income	7	7
Net income (loss)	4,663	8,887

3. Consolidated Statements of Comprehensive Income

(in millions of yen)	For the nine months ended	
	December 31, 2012	December 31, 2013
Income (Loss) before minority interests	4,670	8,894
Other comprehensive income	1,766	(1,266)
Valuation difference on available-for-sale securities	2,577	(1,580)
Deferred gains or losses on hedges	(811)	314
Comprehensive income	6,436	7,628
Comprehensive income attributable to owners of the parent	6,429	7,620
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 3rd Quarter Results

1. Operating Results

(1) Consolidated

(in millions of yen)

	For the nine months ended December 31,		Increase/ (Decrease) (A)-(B)
	2013 (A)	2012 (B)	
Gross Operating Profit (Note 1)	34,826	32,750	2,075
Net Interest Income	23,417	23,116	301
Net Fees and Commissions	5,664	4,794	869
Net Other Ordinary Income	5,744	4,840	904
General and Administrative Expenses	22,997	22,055	941
Net Operating Income (Loss) before General Allowance and Goodwill (Note 2)	11,828	10,694	1,134
Provision for General Allowance for Loan Losses	(7,535)	(4,912)	(2,622)
Net Operating Income (Loss) (Note 3)	19,364	15,606	3,757
Other Income and Expenses	(6,318)	(7,585)	1,266
Net Gain and Loss on Stocks and Other Securities	1,769	11	1,758
Problem Claims related Costs	9,360	9,724	(363)
Written-offs of Loans	264	292	(27)
Provision for Specific Allowance for Loan Losses	8,984	9,451	(466)
Net Gain and Loss on Sales of Loans	111	(19)	131
Reversal of Allowance for Loan Losses	-	-	-
Recoveries of Written-off Claims	25	99	(73)
Other	1,246	2,028	(781)
Ordinary Profit (Loss)	13,045	8,021	5,023
Extraordinary Income and Loss	(41)	9	(51)
Net Gain and Loss on Disposal of Noncurrent Assets	(41)	9	(51)
Gain on Disposal of Noncurrent Assets	-	67	(67)
Loss on Disposal of Noncurrent Assets	41	58	(16)
Other	-	-	-
Income (Loss) before Income Taxes and Minority Interests	13,003	8,031	4,972
Income Taxes	4,109	3,360	748
Income Taxes - Current	590	2,539	(1,949)
Income Taxes - Deferred	3,518	821	2,697
Income (Loss) before Minority Interests	8,894	4,670	4,223
Minority Interests in Income (Loss)	7	7	-
Net Income (Loss)	8,887	4,663	4,223

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

Credit Costs (Note 4)	2,343	5,354	(3,010)
excluding Recoveries of Written-off Claims	2,369	5,453	(3,083)

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 nine months ended December 31,		Increase/ (Decrease) (A)-(B)
	2013 (A)	2012 (B)	
Gross Operating Profit	38,509	30,307	8,201
Net Interest Income	29,218	22,769	6,448
Net Fees and Commissions	3,547	2,699	847
Net Other Ordinary Income	5,743	4,839	904
of which Net Gain and Loss on Bonds	2,182	861	1,321
General and Administrative Expenses	22,605	21,365	1,240
Personnel Expenses	9,656	8,842	813
Nonpersonnel Expenses	12,148	11,661	487
Taxes	801	861	(60)
Net Operating Income (Loss) before General Allowance and Goodwill	15,903	8,942	6,961
Core Net Operating Income (Loss) (excluding Net Gain and Loss on Bonds)	13,720	8,080	5,640
Provision for General Allowance for Loan Losses	(7,235)	(2,884)	(4,350)
Amortization of Goodwill	-	-	-
Net Operating Income (Loss)	23,139	11,827	11,312
Other Income and Expenses	(5,866)	(7,011)	1,145
Net Gain and Loss on Stocks and Other Securities	1,769	11	1,758
Problem Claims related Costs	8,645	8,962	(317)
Written-offs of Loans	0	64	(64)
Provision for Specific Allowance for Loan Losses	8,533	8,917	(384)
Net Gain and Loss on Sales of Loans	111	(19)	131
Reversal of Allowance for Loan Losses	-	-	-
Recoveries of Written-off Claims	2	15	(13)
Other	1,006	1,923	(916)
Ordinary Profit (Loss)	17,272	4,815	12,457
Extraordinary Income and Loss	(3,867)	(6)	(3,861)
Net Gain and Loss on Disposal of Noncurrent Assets	(40)	(6)	(34)
Gain on Disposal of Noncurrent Assets	-	-	-
Loss on Disposal of Noncurrent Assets	40	6	34
Other	(3,827)	-	(3,827)
Income (Loss) before Income Taxes	13,405	4,808	8,596
Income Taxes	4,489	2,120	2,368
Income Taxes - Current	47	2,089	(2,041)
Income Taxes - Deferred	4,441	30	4,410
Net Income (Loss)	8,916	2,688	6,227

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, 2013
	2013 (A)	2012 (B)		
Bankruptcy and Quasi-Bankruptcy	5,885	13,616	(7,730)	6,687
Doubtful	46,531	45,406	1,125	55,733
Sub-standard	8,970	16,335	(7,364)	10,918
Sub-Total (A)	61,387	75,357	(13,970)	73,339
Normal	1,512,443	1,436,402	76,041	1,483,128
Total (B)	1,573,831	1,511,760	62,071	1,556,468
Ratio of Problem Loans to Total Claims (A / B × 100)	3.90%	4.98%	(1.08)%	4.71%

<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, 2013
	2013 (A)	2012 (B)		
Bankruptcy and Quasi-Bankruptcy	12,931	33,492	(20,561)	14,473
Doubtful	46,531	45,406	1,125	55,733
Sub-standard	8,970	16,335	(7,364)	10,918
Sub-Total (A)	68,433	95,234	(26,800)	81,125
Normal	1,512,443	1,436,402	76,041	1,483,128
Total (B)	1,580,877	1,531,636	49,240	1,564,254
Ratio of Problem Loans to Total Claims (A / B × 100)	4.32%	6.21%	(1.88)%	5.18%

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 December 31, 2013 (A)			As of December 31, 2012 (B)			As of September 30, 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	18,970	19,352	382	15,584	15,543	(40)	17,595	17,860	265
Total	18,970	19,352	382	15,584	15,543	(40)	17,595	17,860	265

Available-for-sale securities

(in millions of yen)

	As of December 31, 2013 (A)			As of December 31, 2012 (B)			As of September 30, 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	458,157	454,306	3,850	516,803	512,574	4,228	470,843	465,712	5,131
Government bonds	352,514	350,293	2,220	432,208	429,529	2,679	366,086	362,347	3,739
Municipal bonds	-	-	-	104	103	0	-	-	-
Corporate bonds	105,643	104,012	1,630	84,491	82,942	1,549	104,757	103,364	1,392
Others	258,446	256,878	1,568	185,699	182,910	2,788	236,601	234,978	1,622
Total	716,004	711,184	5,419	702,503	695,485	7,017	707,445	700,690	6,754

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, 2013 (A)			As of December 31, 2012 (B)			As of September 30, 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	1,013,571	573	573	1,069,065	449	449	1,013,847	498	498
Interest Rate Options	35,518	-	129	76,939	-	160	55,101	-	147
Other	-	-	-	-	-	-	-	-	-
Total		573	703		449	609		498	645

② Currency Derivatives

(in millions of yen)

	As of December 31, 2013 (A)			As of December 31, 2012 (B)			As of September 30, 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	27,630	908	908	14,555	1,035	1,035	18,484	1,348	1,348
Forward Foreign Exchange Contracts	121,773	(7,337)	(7,337)	47,742	(1,288)	(1,288)	103,726	(2,795)	(2,795)
Currency Options	205,147	-	4,972	193,013	-	4,749	199,429	-	5,109
Other	-	-	-	-	-	-	-	-	-
Total		(6,429)	(1,457)		(253)	4,495		(1,446)	3,662

③ Bond Derivatives

(in millions of yen)

	As of December 31, 2013 (A)			As of December 31, 2012 (B)			As of September 30, 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)
Listed:									
Bond Futures	6,107	57	57	-	-	-	5,391	(13)	(13)
Bond Futures Options	10,000	(14)	7	-	-	-	2,932	(18)	(8)
Total		43	65		-	-		(32)	(21)

④ Commodity Derivatives

(in millions of yen)

	As of December 31, 2013 (A)			As of December 31, 2012 (B)			As of September 30, 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	491	-	-	7,366	-	-	1,451	-	-
Total		-	-		-	-		-	-

*Equity Derivatives and Credit 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 December 31,				As of	
			2013 (A)		2012 (B)		September 30, 2013	
			Notional amounts	Fair value	Notional amounts	Fair value	Notional amounts	Fair value
Deferral hedge accounting	Interest Rate Swaps	Loans, Available-for-sale Securities(Bonds), Deposits	281,172	1,572	336,094	1,612	322,322	1,144
Exceptional accrual method	Interest Rate Swaps	Loans	2,142	-	1,967	-	1,987	-
Total				1,572		1,612		1,144

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

5. Balances of Loans and Deposits

(in millions of yen)

	As of December 31,		As of September 30, 2013
	2013 (A)	2012 (B)	
Total deposits	2,102,777	2,111,920	2,146,391
Individuals	1,835,863	1,874,079	1,845,142
Corporations	228,552	205,906	249,420
Public entities	34,791	28,331	44,642
Financial institutions	3,569	3,601	7,185
Loans and Bills Discounted	1,559,536	1,506,664	1,543,493