

Consolidated Financial Results
for the 3rd Quarter of Fiscal 2021

February 10, 2022



Consolidated Financial Results
for the 3rd Quarter of Fiscal 2021 ended December 31, 2021
[under Japanese GAAP]

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

(URL <http://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 3rd Quarter of Fiscal 2021 ended December 31, 2021

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

	For the nine months ended	
	December 31, 2021	December 31, 2020
Ordinary income	32,127	33,301
Change from the previous period	(3.5)%	(20.0)%
Ordinary profit(loss)	2,690	(2,895)
Change from the previous period	192.9%	-
Net income(loss) attributable to owners of the parent	1,867	(2,844)
Change from the previous period	165.6%	-
Net income(loss) per common share (yen)	2,667.18	(4,063.52)
Diluted net income(loss) per common share (yen)	-	-

Note: Comprehensive income for the nine months ended :

December 31, 2021 : 2,475 million yen 90.2 %

December 31, 2020 : 1,301 million yen (82.5) %

(2) Financial Conditions (Millions of yen except percentages)

	As of	
	December 31, 2021	March 31, 2021
Total assets	2,180,148	2,317,753
Net assets	165,614	163,590
Ratio of net assets to total assets	7.5%	7.0%

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

December 31, 2021 165,614 million yen

March 31, 2021 : 163,590 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. : Yes

Application of Accounting Standards for Revenue Recognition

The Tokyo Star Bank, Limited (the "Bank") applied "Accounting Standards for Revenue Recognition"(Accounting Standards Board of Japan("ASBJ") Statement No.29, March 31, 2020) etc. from the beginning of the fiscal year ended March 31,2022, and has recognized revenue in an amount expected to be earned in exchange for goods or services at the time when controls of the promised goods or services are transferred to customers.

As for the application of Accounting standards for Revenue Recognition etc, in accordance with transitional treatment stipulated in the proviso of Paragraph 84 of "Accounting Standard for Revenue Recognition", there is no cumulative effects arising from retroactive application of these new accounting policies to the previous periods in Retained earnings as of April 1, 2021.

Also, the impact on the consolidated financial statements for the third quarter of fiscal 2021 ended December 31, 2021 is immaterial.

Application of Accounting Standards for Fair Value Measurement

The Bank has applied "Accounting Standards for Fair Value Measurement" (ASBJ Statement No.30, July 4, 2019) and "Implementation 'Guidance on Accounting Standards for Fair Value Measurement" (ASBJ Guidance No.31, July 4, 2019) from the beginning of the fiscal year ended March 31,2022.

In accordance with Article 8 of "Accounting Standards for Fair Value Measurement", the Bank has reviewed the fair value adjustment method for calculating the market value of derivative transactions to a method that maximizes the use of observable inputs estimated from derivatives traded in the market.

In accordance with Article 20 of "Accounting Standards for Fair Value Measurement", the Bank has reflected the cumulative effects arising from retroactive application of these new accounting policies to the previous periods in Retained earnings as of April 1, 2021.

As a result, Retained earnings decreased by 450 million yen, Other assets decreased by 743 million yen, Other liabilities decreased by 82 million yen, and Allowance for loan losses decreased by 11 million yen, Deferred tax assets increased by 198 million yen, and Net assets per share decreased by 643.91 yen at the beginning of the fiscal year ended March 31, 2022.

(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 :

December 31, 2021	:	700,000 shares
March 31, 2021	:	700,000 shares

(b) Number of Treasury Shares Outstanding as of :

December 31, 2021	:	— shares
March 31, 2021	:	— shares

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

December 31, 2021	:	700,000 shares
December 31, 2020	:	700,000 shares

Consolidated Financial Statements

1. Consolidated Balance Sheets

(Millions of yen)	As of	
	March 31, 2021	December 31, 2021
Assets:		
Cash and due from banks	390,579	463,546
Call loans	65,500	19,500
Monetary claims bought	5,785	7,929
Securities	191,602	158,182
Loans and bills discounted	1,574,291	1,457,387
Foreign exchanges	6,513	11,260
Other assets	70,248	51,701
Tangible fixed assets	4,164	3,672
Intangible fixed assets	7,634	7,210
Deferred tax assets	4,119	4,145
Customers' liabilities for acceptances and guarantees	11,591	10,985
Allowance for loan losses	(14,277)	(15,372)
Total assets	2,317,753	2,180,148
Liabilities:		
Deposits	1,737,253	1,647,397
Negotiable certificate of deposits	327,421	286,000
Call money	31,071	30,000
Borrowed money	774	115
Foreign exchanges	60	42
Other liabilities	44,358	38,043
Provision for bonuses	960	1,615
Provision for directors' bonuses	147	121
Provision for directors' retirement benefits	102	155
Provision for losses on dormant deposit repayments	71	52
Provision for possible losses on refund of interest	4	4
Provision for business restructuring	343	—
Acceptances and guarantees	11,591	10,985
Total liabilities	2,154,162	2,014,533
Net assets:		
Capital stock	26,000	26,000
Capital surplus	24,000	24,000
Retained earnings	113,722	115,138
Total shareholders' equity	163,722	165,138
Valuation difference on available-for-sale securities	(131)	476
Total accumulated other comprehensive income	(131)	476
Total net assets	163,590	165,614
Total liabilities and net assets	2,317,753	2,180,148

2. Consolidated Statements of Income

(Millions of yen)	For the nine months ended	
	December 31, 2020	December 31, 2021
Ordinary income:	33,301	32,127
Interest income and dividends	24,917	22,682
Interest on loans and discounts	22,494	20,683
Interest and dividends on securities	2,127	1,641
Fees and commissions	5,367	5,478
Other ordinary income	1,374	2,516
Other income	1,641	1,449
Ordinary expenses:	36,196	29,436
Interest expenses	1,539	1,213
Interest on deposits	1,293	1,190
Fees and commissions payments	2,970	2,757
Other ordinary expenses	823	222
General and administrative expenses	24,623	22,155
Other expenses	6,239	3,088
Ordinary profit (loss)	(2,895)	2,690
Extraordinary income	76	—
Extraordinary loss	817	75
Income (Loss) before income taxes	(3,637)	2,615
Income taxes-current	997	842
Income taxes-deferred	(1,789)	(94)
Total income taxes	(792)	748
Net income (loss)	(2,844)	1,867
Net income(loss) attributable to non-controlling interests	—	—
Net income(loss) attributable to owners of the parent	(2,844)	1,867

3. Consolidated Statements of Comprehensive Income

(Millions of yen)	For the nine months ended	
	December 31, 2020	December 31, 2021
Net income (loss)	(2,844)	1,867
Other comprehensive income	4,145	607
Valuation difference on available-for-sale securities	4,145	607
Comprehensive income	1,301	2,475
Comprehensive income attributable to owners of the parent	1,301	2,475
Comprehensive income attributable to non-controlling interests	—	—

4. Going Concern Assumption

There is no applicable information.

Selected Financial Information of 3rd Quarter Results

1. Operating Results

(1) Consolidated

(Millions of yen)

	For the nine months ended December 31,		Increase/ (Decrease) (A)-(B)
	2021 (A)	2020 (B)	
Gross operating profit (Note 1)	26,484	26,327	157
Net interest income	21,469	23,378	(1,908)
Net fees and commissions	2,721	2,397	323
Net other ordinary income	2,293	551	1,742
General and administrative expenses	22,155	24,623	(2,468)
Net operating income before general allowance and goodwill (Note 2)	4,329	1,703	2,626
Provision for general allowance for loan losses	(268)	1,524	(1,792)
Net operating income (Note 3)	4,597	179	4,418
Non-recurring income and expenses	(1,907)	(3,074)	1,167
Net gain and loss on stocks and other securities	—	—	—
Problem claims related costs	3,225	3,659	(433)
Written-off of loans	101	112	(10)
Provision for specific allowance for loan losses	2,776	3,523	(747)
Net loss on sales of loans	348	23	324
Reversal of allowance for loan losses	—	—	—
Recoveries of written-off claims	4	1	3
Others	1,313	583	730
Ordinary profit (loss)	2,690	(2,895)	5,586
Extraordinary income and loss	(75)	(741)	666
Net gain and loss on disposal of non-current assets	(75)	19	(95)
Gain on disposal of non-current assets	—	76	(76)
Loss on disposal of non-current assets	75	56	19
Others	—	(761)	761
Income (Loss) before income taxes	2,615	(3,637)	6,252
Income taxes	748	(792)	1,540
Income taxes - current	842	997	(154)
Income taxes - deferred	(94)	(1,789)	1,695
Net income (loss)	1,867	(2,844)	4,711
Net income(loss) attributable to non-controlling interests	—	—	—
Net income(loss) attributable to owners of the parent	1,867	(2,844)	4,711

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)	2,992	5,239	(2,246)
Excluding recoveries of written-off claims	2,997	5,240	(2,243)

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 nine months ended December 31,		Increase/ (Decrease) (A)-(B)
	2021 (A)	2020 (B)	
Gross operating profit	24,968	24,878	89
Net interest income	21,419	23,343	(1,923)
Net fees and commissions	1,254	983	270
Net other ordinary income	2,293	551	1,742
of which net gain and loss on bonds	(184)	(40)	(144)
General and administrative expenses (excluding non-recurring expenses)	21,733	24,254	(2,520)
Personnel expenses	10,762	12,282	(1,520)
Nonpersonnel expenses	9,862	10,837	(974)
Taxes	1,108	1,133	(24)
Net operating income before general allowance and goodwill	3,234	624	2,609
Core net operating income (excluding net gain and loss on bonds)	3,419	664	2,754
Excluding gain and loss on cancellation of investment trusts	3,419	664	2,754
Provision for general allowance for loan losses	(185)	1,662	(1,847)
Amortization of goodwill	—	—	—
Net operating income(loss)	3,419	(1,037)	4,457
Non-recurring income and expenses	(1,350)	(2,604)	1,254
Net gain and loss on stocks and other securities	—	—	—
Problem claims related costs	2,501	2,914	(412)
Written-off of loans	15	17	(2)
Provision for specific allowance for loan losses	2,495	2,896	(401)
Net gain and loss on sales of loans	(8)	0	(9)
Reversal of allowance for loan losses	—	—	—
Recoveries of written-off claims	0	0	(0)
Others	1,150	309	841
Ordinary profit (loss)	2,069	(3,642)	5,711
Extraordinary income and loss	(73)	(722)	648
Net gain and loss on disposal of non-current assets	(73)	34	(108)
Gain on disposal of non-current assets	—	76	(76)
Loss on disposal of non-current assets	73	41	32
Others	—	(757)	757
Income (Loss) before income taxes	1,995	(4,364)	6,360
Income taxes	585	(1,020)	1,606
Income taxes - current	829	829	0
Income taxes - deferred	(243)	(1,849)	1,605
Net income (loss)	1,409	(3,344)	4,754

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 December 31,		Increase/ (Decrease) (A)-(B)	As of September 30, 2021
		2021 (A)	2020 (B)		
	Bankruptcy and Quasi-Bankruptcy	5,076	4,297	779	5,134
	Doubtful	12,652	13,785	(1,133)	11,898
	Sub-standard	2,000	1,980	20	3,362
	Sub-Total (a)	19,729	20,063	(333)	20,396
	Normal	1,457,184	1,580,422	(123,238)	1,450,446
	Total (b)	1,476,913	1,600,485	(123,572)	1,470,842
	Ratio of Problem Loans to Total Claims (a / b × 100)	1.33%	1.25%	0.08%	1.38%

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

(Millions of yen except percentages)

		As of December 31,		Increase/ (Decrease) (A)-(B)	As of September 30, 2021
		2021 (A)	2020 (B)		
	Bankruptcy and Quasi-Bankruptcy	9,363	7,510	1,853	9,718
	Doubtful	12,652	13,785	(1,133)	11,898
	Sub-standard	2,000	1,980	20	3,362
	Sub-Total (a)	24,016	23,276	740	24,979
	Normal	1,457,184	1,580,422	(123,238)	1,450,446
	Total (b)	1,481,201	1,603,698	(122,497)	1,475,426
	Ratio of Problem Loans to Total Claims (a / b × 100)	1.62%	1.45%	0.17%	1.69%

(2) Non-consolidated

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

(Millions of yen except percentages)

		As of December 31,		Increase/ (Decrease) (A)-(B)	As of September 30, 2021
		2021 (A)	2020 (B)		
	Bankruptcy and Quasi-Bankruptcy	3,488	2,526	961	3,532
	Doubtful	12,620	13,694	(1,074)	11,862
	Sub-standard	2,000	1,980	20	3,362
	Sub-Total (a)	18,109	18,201	(92)	18,757
	Normal	1,451,506	1,574,079	(122,573)	1,444,655
	Total (b)	1,469,615	1,592,281	(122,666)	1,463,412
	Ratio of Problem Loans to Total Claims (a / b × 100)	1.23%	1.14%	0.09%	1.28%

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

(Millions of yen except percentages)

		As of December 31,		Increase/ (Decrease) (A)-(B)	As of September 30, 2021
		2021 (A)	2020 (B)		
	Bankruptcy and Quasi-Bankruptcy	6,658	4,004	2,654	6,732
	Doubtful	12,620	13,694	(1,074)	11,862
	Sub-standard	2,000	1,980	20	3,362
	Sub-Total (a)	21,279	19,679	1,599	21,957
	Normal	1,451,506	1,574,079	(122,573)	1,444,655
	Total (b)	1,472,786	1,593,759	(120,973)	1,466,612
	Ratio of Problem Loans to Total Claims (a / b × 100)	1.44%	1.23%	0.21%	1.49%

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)

(Millions of yen)

1) Held-to-maturity securities

	As of December 31, 2021			As of December 31, 2020			As of September 30, 2021		
	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)
Bonds	-	-	-	-	-	-	-	-	-
Government bonds	-	-	-	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-	-	-	-
Others	24,356	24,330	(25)	-	-	-	4,537	4,521	(16)
Total	24,356	24,330	(25)	-	-	-	4,537	4,521	(16)

2) Available-for-sale securities

(Millions of yen)

	As of December 31, 2021			As of December 31, 2020			As of September 30, 2021		
	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	30,989	30,547	441	41,232	40,965	267	27,018	26,591	426
Government bonds	4,007	4,009	(1)	18,516	18,540	(23)	-	-	-
Corporate bonds	26,981	26,538	442	22,715	22,424	291	27,018	26,591	426
Others	106,932	106,689	243	161,229	160,608	621	119,465	119,175	290
Total	137,921	137,237	684	202,462	201,573	889	146,484	145,767	717

4. Derivatives (Consolidated)

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

(a) Interest Rate Derivatives

(Millions of yen)

		As of December 31, 2021			As of December 31, 2020			As of September 30, 2021		
		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	358,175	(365)	(365)	421,440	(249)	(249)	340,229	(342)	(342)
	Others	48,312	(1)	168	56,527	-	194	49,124	(1)	170
Total			(367)	(196)		(249)	(55)		(344)	(172)

(b) Currency Derivatives

(Millions of yen)

		As of December 31, 2021			As of December 31, 2020			As of September 30, 2021		
		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	-	-	-	66,117	274	274	11,192	(187)	(187)
	Forward Foreign Exchange Contracts	114,476	(1,693)	(1,693)	31,530	(175)	(175)	86,968	(947)	(947)
	Currency Options	871,019	(373)	13,116	996,129	-	16,385	917,794	(438)	14,740
Total			(2,066)	11,423		98	16,484		(1,572)	13,606

(c) Bond Derivatives

(Millions of yen)

		As of December 31, 2021			As of December 31, 2020			As of September 30, 2021		
		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	1,648	(0)	(0)	-	-	-	7,331	119	119
Total			(0)	(0)		-	-		119	119

(d) Commodity Derivatives

(Millions of yen)

		As of December 31, 2021			As of December 31, 2020			As of September 30, 2021		
		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 Swaps	1,108	(0)	(0)	4,307	-	-	1,366	(0)	(0)
Total			(0)	(0)		-	-		(0)	(0)

*Equity Derivatives, Credit Derivatives : Not applicable.

(2) Derivative transactions to which hedge accounting is applied

There is no applicable transactions.

5. Balances of Loans and Deposits (Consolidated)

(Millions of yen)

	As of December 31,		As of September 30, 2021
	2021	2020	
Total deposits	1,933,397	2,079,702	1,913,474
Deposits	1,647,397	1,838,521	1,675,574
Individuals	1,184,899	1,250,540	1,218,560
Corporations	396,016	424,920	349,585
Public entities	61,983	94,659	61,532
Financial institutions	4,498	68,400	45,896
Negotiable certificates of deposit	286,000	241,180	237,900
Loans and bills discounted	1,457,387	1,587,678	1,451,650