

Consolidated Financial Results
for the 1st Quarter of Fiscal 2014

August 8, 2014



Consolidated Financial Results
for the 1st Quarter of Fiscal 2014 ended June 30, 2014
[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 2014 Ended June 30, 2014

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

	For the three months ended	
	June 30, 2014	June 30, 2013
Ordinary income	16,650	20,267
Change from the previous period	(17.8)%	18.6%
Ordinary profit	4,413	7,641
Change from the previous period	(42.2)%	59.6%
Net income	2,596	8,422
Change from the previous period	(69.1)%	187.8%
Net income per common share (yen)	3,708.68	12,032.23
Diluted net income per common share (yen)	-	-

Note: Comprehensive income for the three months ended :

June 30, 2014 :	2,394 million yen	(64.7) %
June 30, 2013 :	6,801 million yen	127.8 %

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

	As of	
	June 30, 2014	March 31, 2014
Total assets	2,692,641	2,542,739
Net assets	105,090	102,696
Ratio of net assets to total assets	3.9%	4.0%

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

June 30, 2014 :	105,090 million yen
March 31, 2014 :	102,696 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.

**(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, 2014	:	700,000 shares
March 31, 2014	:	700,000 shares

② Number of Treasury Shares Outstanding as of :

June 30, 2014	:	- shares
March 31, 2014	:	- shares

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

June 30, 2014	:	700,000 shares
June 30, 2013	:	700,000 shares

FINANCIAL STATEMENTS

1. Consolidated Balance Sheets

(in millions of yen)	As of March 31, 2014	As of June 30, 2014
Assets:		
Cash and due from banks	172,520	286,261
Call loans	13,129	19,646
Monetary claims bought	16,660	16,038
Money held in trust	1,623	1,576
Securities	742,786	755,349
Loans and bills discounted	1,566,884	1,558,717
Foreign exchanges	4,544	8,160
Other assets	27,983	50,209
Tangible fixed assets	6,367	6,248
Intangible fixed assets	5,595	5,609
Deferred tax assets	6,487	4,956
Customers' liabilities for acceptances and guarantees	13,729	13,215
Allowance for loan losses	(35,575)	(33,345)
Total assets	2,542,739	2,692,641
Liabilities:		
Deposits	2,148,006	2,204,905
Negotiable certificate of deposits	700	16,000
Payables under securities lending transactions	20,562	45,069
Borrowed money	154,280	169,160
Foreign exchanges	8	11
Bonds payable	40,400	40,400
Other liabilities	59,737	97,610
Provision for bonuses	2,102	698
Provision for directors' bonuses	279	248
Provision for directors' retirement benefits	67	70
Provision for losses on dormant deposit repayments	127	127
Provision for possible losses on refund of interest	17	17
Provision for loyalty program	24	14
Acceptances and guarantees	13,729	13,215
Total liabilities	2,440,042	2,587,550
Net assets:		
Capital stock	26,000	26,000
Capital surplus	24,000	24,000
Retained earnings	47,519	50,115
Total shareholders' equity	97,519	100,115
Valuation difference on available-for-sale securities	4,713	4,919
Deferred gains or losses on hedges	463	56
Total accumulated other comprehensive income	5,176	4,975
Total net assets	102,696	105,090
Total liabilities and net assets	2,542,739	2,692,641

2. Consolidated Statements of Income

(in millions of yen)	For the three months ended	
	June 30, 2013	June 30, 2014
Ordinary income:	20,267	16,650
Interest income and dividends	10,757	10,560
<i>Interest on loans and discounts</i>	8,492	8,147
<i>Interest and dividends on securities</i>	1,837	1,911
Fees and commissions	3,679	3,201
Other ordinary income	2,081	1,830
Other income	3,749	1,057
Ordinary expenses:	12,626	12,236
Interest expenses	2,944	2,608
<i>Interest on deposits</i>	2,440	2,133
Fees and commissions payments	1,057	1,085
Other ordinary expenses	681	36
General and administrative expenses	7,769	8,402
Other expenses	173	104
Ordinary profit	7,641	4,413
Extraordinary income	-	1
Extraordinary loss	7	4
Income before income taxes and minority interests	7,633	4,410
Income taxes-current	500	170
Income taxes-deferred	(1,296)	1,643
Total income taxes	(796)	1,813
Income before minority interests	8,430	2,596
Minority interests in income	7	-
Net income	8,422	2,596

3. Consolidated Statements of Comprehensive Income

(in millions of yen)	For the three months ended	
	June 30, 2013	June 30, 2014
Income before minority interests	8,430	2,596
Other comprehensive income	(1,628)	(201)
Valuation difference on available- for-sale securities	(2,015)	205
Deferred gains or losses on hedges	386	(406)
Comprehensive income	6,801	2,394
Comprehensive income attributable to owners of the parent	6,793	2,394
Comprehensive income attributable to minority interests	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)
	2014 (A)	2013 (B)	
Gross Operating Profit (Note 1)	11,862	11,834	27
Net Interest Income	7,951	7,812	139
Net Fees and Commissions	2,116	2,621	(505)
Net Other Ordinary Income	1,793	1,400	393
General and Administrative Expenses	8,402	7,769	632
Net Operating Income before General Allowance and Goodwill (Note 2)	3,459	4,064	(604)
Provision for General Allowance for Loan Losses	-	-	-
Net Operating Income (Note 3)	3,459	4,064	(604)
Other Income and Expenses	953	3,576	(2,622)
Net Gain and Loss on Stocks and Other Securities	19	1,246	(1,226)
Problem Claims related Costs	15	149	(133)
Written-offs of Loans	44	7	37
Provision for Specific Allowance for Loan Losses	-	-	-
Net Gain and Loss on Sales of Loans	(29)	142	(171)
Reversal of Allowance for Loan Losses	443	1,977	(1,533)
Recoveries of Written-off Claims	0	10	(9)
Other	505	491	13
Ordinary Profit	4,413	7,641	(3,227)
Extraordinary Income and Loss	(3)	(7)	4
Net Gain and Loss on Disposal of Noncurrent Assets	(3)	(7)	4
Gain on Disposal of Noncurrent Assets	1	-	1
Loss on Disposal of Noncurrent Assets	4	7	(2)
Other	-	-	-
Income before Income Taxes and Minority Interests	4,410	7,633	(3,223)
Income Taxes	1,813	(796)	2,610
Income Taxes - Current	170	500	(329)
Income Taxes - Deferred	1,643	(1,296)	2,939
Income before Minority Interests	2,596	8,430	(5,833)
Minority Interests in Income	-	7	(7)
Net Income	2,596	8,422	(5,826)

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)	(200)	(1,578)	1,378
excluding Recoveries of Written-off Claims	(199)	(1,568)	1,368

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)
	2014 (A)	2013 (B)	
Gross Operating Profit	11,054	17,058	(6,003)
Net Interest Income	7,893	13,726	(5,833)
Net Fees and Commissions	1,367	1,931	(563)
Net Other Ordinary Income	1,793	1,399	393
of which Net Gain and Loss on Bonds	736	162	573
General and Administrative Expenses	8,235	7,716	518
Personnel Expenses	3,363	3,090	273
Nonpersonnel Expenses	4,409	4,250	158
Taxes	461	375	85
Net Operating Income before General Allowance and Goodwill	2,819	9,341	(6,521)
Core Net Operating Income (excluding Net Gain and Loss on Bonds)	2,083	9,178	(7,095)
Provision for General Allowance for Loan Losses	-	-	-
Amortization of Goodwill	-	-	-
Net Operating Income	2,819	9,341	(6,521)
Other Income and Expenses	1,357	3,432	(2,075)
Net Gain and Loss on Stocks and Other Securities	19	1,246	(1,226)
Problem Claims related Costs	(27)	142	(170)
Written-offs of Loans	1	0	0
Provision for Specific Allowance for Loan Losses	-	-	-
Net Gain and Loss on Sales of Loans	(29)	142	(171)
Reversal of Allowance for Loan Losses	831	1,959	(1,127)
Recoveries of Written-off Claims	-	0	(0)
Other	477	368	109
Ordinary Profit	4,176	12,773	(8,596)
Extraordinary Income and Loss	(4)	(3,834)	3,829
Net Gain and Loss on Disposal of Noncurrent Assets	(4)	(7)	2
Gain on Disposal of Noncurrent Assets	-	-	-
Loss on Disposal of Noncurrent Assets	4	7	(2)
Other	-	(3,827)	3,827
Income before Income Taxes	4,171	8,939	(4,767)
Income Taxes	1,733	(109)	1,843
Income Taxes - Current	142	7	135
Income Taxes - Deferred	1,590	(117)	1,708
Net Income	2,438	9,048	(6,610)

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, 2014
	2014 (A)	2013 (B)		
Bankruptcy and Quasi-Bankruptcy	5,504	7,140	(1,636)	6,447
Doubtful	36,891	39,208	(2,316)	39,755
Sub-standard	8,326	11,364	(3,038)	8,528
Sub-Total (a)	50,722	57,713	(6,991)	54,732
Normal	1,524,646	1,504,242	20,403	1,525,783
Total (b)	1,575,369	1,561,956	13,412	1,580,516
Ratio of Problem Loans to Total Claims (a / b × 100)	3.21%	3.69%	(0.48)%	3.46%

<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, 2014
	2014 (A)	2013 (B)		
Bankruptcy and Quasi-Bankruptcy	11,968	16,871	(4,903)	12,827
Doubtful	36,891	39,208	(2,316)	39,755
Sub-standard	8,326	11,364	(3,038)	8,528
Sub-Total (a)	57,186	67,444	(10,258)	61,111
Normal	1,524,646	1,504,242	20,403	1,525,783
Total (b)	1,581,832	1,571,687	10,145	1,586,895
Ratio of Problem Loans to Total Claims (a / b × 100)	3.61%	4.29%	(0.68)%	3.85%

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, 2014 (A)			As of June 30, 2013 (B)			As of March 31, 2014		
	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	18,244	18,570	325	17,746	17,849	103	18,525	18,884	358
Total	18,244	18,570	325	17,746	17,849	103	18,525	18,884	358

Available-for-sale securities

(in millions of yen)

	As of June 30, 2014 (A)			As of June 30, 2013 (B)			As of March 31, 2014		
	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	450,488	446,516	3,972	460,621	456,863	3,757	467,198	463,026	4,172
Government bonds	362,340	360,209	2,130	382,919	380,482	2,437	362,889	360,293	2,596
Municipal bonds	-	-	-	104	103	0	-	-	-
Corporate bonds	88,148	86,306	1,841	77,597	76,277	1,319	104,309	102,733	1,575
Others	299,112	295,442	3,670	240,409	239,419	989	269,550	266,398	3,151
Total	749,601	741,958	7,643	701,030	696,283	4,747	736,749	729,425	7,323

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, 2014 (A)			As of June 30, 2013 (B)			As of March 31, 2014		
	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	1,025,409	592	592	1,060,135	516	516	1,004,899	565	565
Interest Rate Options	43,027	-	123	57,113	-	152	44,535	-	124
Other	-	-	-	-	-	-	-	-	-
Total		592	716		516	668		565	689

② Currency Derivatives

(in millions of yen)

	As of June 30, 2014 (A)			As of June 30, 2013 (B)			As of March 31, 2014		
	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	47,132	1,516	1,516	23,244	1,492	1,492	34,335	1,165	1,165
Forward Foreign Exchange Contracts	134,490	527	527	118,647	(3,805)	(3,805)	146,533	(555)	(555)
Currency Options	308,226	-	5,934	186,319	-	4,705	272,973	-	5,354
Other	-	-	-	-	-	-	-	-	-
Total		2,043	7,977		(2,313)	2,392		609	5,964

③ Bond Derivatives

(in millions of yen)

	As of June 30, 2014 (A)			As of June 30, 2013 (B)			As of March 31, 2014		
	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	18,243	(79)	(79)	-	-	-	7,235	12	12
Bond Futures Options	-	-	-	-	-	-	-	-	-
Total		(79)	(79)		-	-		12	12

④ Commodity Derivatives

(in millions of yen)

	As of June 30, 2014 (A)			As of June 30, 2013 (B)			As of March 31, 2014		
	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	19	-	-	2,964	-	-	225	-	-
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 June 30,				As of March 31, 2014	
			2014 (A)		2013 (B)		Notional amounts	Fair value
			Notional amounts	Fair value	Notional amounts	Fair value		
Deferral hedge accounting method	Interest Rate Swaps	Available-for-sale Securities(Bonds), Deposits	238,416	355	325,646	1,708	266,527	1,220
Exceptional accrual method	Interest Rate Swaps	Loans	1,933	-	2,123	-	1,963	-
Total				355		1,708		1,220

*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, 2014
	2014 (A)	2013 (B)	
Total deposits	2,204,905	2,095,165	2,148,006
Individuals	1,895,478	1,831,351	1,823,903
Corporations	262,830	221,246	278,595
Public entities	42,251	38,443	39,237
Financial institutions	4,345	4,124	6,270
Loans and Bills Discounted	1,558,717	1,547,965	1,566,884