

Consolidated Financial Results
for the 3rd Quarter of Fiscal 2014

February 9, 2015



東京スター銀行

Consolidated Financial Results
for the 3rd Quarter of Fiscal 2014 ended December 31, 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 3rd Quarter of Fiscal 2014 Ended December 31, 2014

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

	For the nine months ended	
	December 31, 2014	December 31, 2013
Ordinary income	56,587	50,341
Change from the previous period	12.4%	0.8%
Ordinary profit	18,625	13,045
Change from the previous period	42.7%	62.6%
Net income	12,172	8,887
Change from the previous period	36.9%	90.5%
Net income per common share (yen)	17,388.83	12,695.84
Diluted net income per common share (yen)	-	-

Note: Comprehensive income for the nine months ended :

December 31, 2014 : 11,353 million yen 48.8 %
 December 31, 2013 : 7,628 million yen 18.5 %

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

	As of	
	December 31, 2014	March 31, 2014
Total assets	2,929,533	2,542,739
Net assets	114,049	102,696
Ratio of net assets to total assets	3.8%	4.0%

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

December 31, 2014 : 114,049 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

**(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 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, 2014 : 700,000 shares

March 31, 2014 : 700,000 shares

② Number of Treasury Shares Outstanding as of :

December 31, 2014 : - shares

March 31, 2014 : - shares

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

December 31, 2014 : 700,000 shares

December 31, 2013 : 700,000 shares

FINANCIAL STATEMENTS

1. Consolidated Balance Sheets

(in millions of yen)	As of March 31, 2014	As of December 31, 2014
Assets:		
Cash and due from banks	172,520	355,697
Call loans	13,129	32,370
Monetary claims bought	16,660	15,738
Money held in trust	1,623	1,181
Securities	742,786	891,696
Loans and bills discounted	1,566,884	1,591,110
Foreign exchanges	4,544	4,370
Other assets	27,983	35,123
Tangible fixed assets	6,367	6,100
Intangible fixed assets	5,595	8,839
Deferred tax assets	6,487	4,531
Customers' liabilities for acceptances and guarantees	13,729	12,203
Allowance for loan losses	(35,575)	(29,430)
Total assets	2,542,739	2,929,533
Liabilities:		
Deposits	2,148,006	2,298,341
Negotiable certificates of deposit	700	78,430
Call money	-	9,803
Payables under securities lending transactions	20,562	115,696
Borrowed money	154,280	172,100
Foreign exchanges	8	4
Bonds payable	40,400	32,500
Other liabilities	59,737	94,478
Provision for bonuses	2,102	1,474
Provision for directors' bonuses	279	213
Provision for directors' retirement benefits	67	73
Provision for losses on dormant deposit repayments	127	127
Provision for possible losses on refund of interest	17	17
Provision for loyalty program	24	18
Acceptances and guarantees	13,729	12,203
Total liabilities	2,440,042	2,815,484
Net assets:		
Capital stock	26,000	26,000
Capital surplus	24,000	24,000
Retained earnings	47,519	59,691
Total shareholders' equity	97,519	109,691
Valuation difference on available-for-sale securities	4,713	4,421
Deferred gains or losses on hedges	463	(63)
Total accumulated other comprehensive income	5,176	4,357
Total net assets	102,696	114,049
Total liabilities and net assets	2,542,739	2,929,533

2. Consolidated Statements of Income

(in millions of yen)	For the nine months ended	
	December 31, 2013	December 31, 2014
Ordinary income:	50,341	56,587
Interest income and dividends	32,272	32,906
<i>Interest on loans and discounts</i>	25,478	25,138
<i>Interest and dividends on securities</i>	5,440	6,245
Fees and commissions	8,939	9,301
Other ordinary income	5,947	7,361
Other income	3,182	7,017
Ordinary expenses:	37,296	37,962
Interest expenses	8,855	8,604
<i>Interest on deposits</i>	7,363	7,178
Fees and commissions payments	3,275	3,391
Other ordinary expenses	202	107
General and administrative expenses	22,997	24,898
Other expenses	1,965	959
Ordinary profit (loss)	13,045	18,625
Extraordinary income	-	1
Extraordinary loss	41	22
Income (Loss) before income taxes and minority interests	13,003	18,604
Income taxes-current	590	4,022
Income taxes-deferred	3,518	2,409
Total income taxes	4,109	6,432
Income (Loss) before minority interests	8,894	12,172
Minority interests in income	7	-
Net income (loss)	8,887	12,172

3. Consolidated Statements of Comprehensive Income

(in millions of yen)	For the nine months ended	
	December 31, 2013	December 31, 2014
Income (Loss) before minority interests	8,894	12,172
Other comprehensive income	(1,266)	(819)
Valuation difference on available-for-sale securities	(1,580)	(292)
Deferred gains or losses on hedges	314	(526)
Comprehensive income	7,628	11,353
Comprehensive income attributable to owners of the parent	7,620	11,353
Comprehensive income attributable to minority interests	7	-

4. Going Concern Assumption

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)
	2014 (A)	2013 (B)	
Gross Operating Profit (Note 1)	37,466	34,826	2,639
Net Interest Income	24,302	23,417	885
Net Fees and Commissions	5,909	5,664	245
Net Other Ordinary Income	7,253	5,744	1,508
General and Administrative Expenses	24,898	22,997	1,901
Net Operating Income (Loss) before General Allowance and Goodwill (Note 2)	12,567	11,828	738
Provision for General Allowance for Loan Losses	-	(7,535)	7,535
Net Operating Income (Loss) (Note 3)	12,567	19,364	(6,796)
Other Income and Expenses	6,058	(6,318)	12,376
Net Gain and Loss on Stocks and Other Securities	645	1,769	(1,124)
Problem Claims related Costs	478	9,360	(8,882)
Written-offs of Loans	276	264	12
Provision for Specific Allowance for Loan Losses	-	8,984	(8,984)
Net Gain and Loss on Sales of Loans	201	111	89
Reversal of Allowance for Loan Losses	2,914	-	2,914
Recoveries of Written-off Claims	2	25	(23)
Other	2,972	1,246	1,726
Ordinary Profit (Loss)	18,625	13,045	5,579
Extraordinary Income and Loss	(20)	(41)	21
Net Gain and Loss on Disposal of Noncurrent Assets	(20)	(41)	21
Gain on Disposal of Noncurrent Assets	1	-	1
Loss on Disposal of Noncurrent Assets	22	41	(19)
Other	-	-	-
Income (Loss) before Income Taxes and Minority Interests	18,604	13,003	5,600
Income Taxes	6,432	4,109	2,323
Income Taxes - Current	4,022	590	3,432
Income Taxes - Deferred	2,409	3,518	(1,109)
Income (Loss) before Minority Interests	12,172	8,894	3,277
Minority Interests in Income (Loss)	-	7	(7)
Net Income (Loss)	12,172	8,887	3,285

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)	(2,048)	2,343	(4,392)
excluding Recoveries of Written-off Claims	(2,045)	2,369	(4,415)

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)
	2014 (A)	2013 (B)	
Gross Operating Profit	35,053	38,509	(3,455)
Net Interest Income	24,125	29,218	(5,092)
Net Fees and Commissions	3,674	3,547	126
Net Other Ordinary Income	7,253	5,743	1,510
of which Net Gain and Loss on Bonds	2,999	2,182	816
General and Administrative Expenses	24,318	22,605	1,713
Personnel Expenses	10,615	9,656	959
Nonpersonnel Expenses	12,576	12,148	428
Taxes	1,126	801	325
Net Operating Income (Loss) before General Allowance and Goodwill	10,734	15,903	(5,168)
Core Net Operating Income (Loss) (excluding Net Gain and Loss on Bonds)	7,735	13,720	(5,985)
Provision for General Allowance for Loan Losses	-	(7,235)	7,235
Amortization of Goodwill	-	-	-
Net Operating Income (Loss)	10,734	23,139	(12,404)
Other Income and Expenses	7,154	(5,866)	13,020
Net Gain and Loss on Stocks and Other Securities	645	1,769	(1,124)
Problem Claims related Costs	202	8,645	(8,442)
Written-offs of Loans	1	0	0
Provision for Specific Allowance for Loan Losses	-	8,533	(8,533)
Net Gain and Loss on Sales of Loans	201	111	89
Reversal of Allowance for Loan Losses	3,915	-	3,915
Recoveries of Written-off Claims	-	2	(2)
Other	2,795	1,006	1,788
Ordinary Profit (Loss)	17,888	17,272	616
Extraordinary Income and Loss	(21)	(3,867)	3,845
Net Gain and Loss on Disposal of Noncurrent Assets	(21)	(40)	18
Gain on Disposal of Noncurrent Assets	-	-	-
Loss on Disposal of Noncurrent Assets	21	40	(18)
Other	-	(3,827)	3,827
Income (Loss) before Income Taxes	17,867	13,405	4,462
Income Taxes	6,174	4,489	1,685
Income Taxes - Current	3,861	47	3,813
Income Taxes - Deferred	2,313	4,441	(2,127)
Net Income (Loss)	11,692	8,916	2,776

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, 2014
	2014 (A)	2013 (B)		
Bankruptcy and Quasi-Bankruptcy	5,961	5,885	76	6,109
Doubtful	32,621	46,531	(13,909)	33,205
Sub-standard	7,007	8,970	(1,962)	7,231
Sub-Total (A)	45,591	61,387	(15,796)	46,547
Normal	1,559,013	1,512,443	46,569	1,560,583
Total (B)	1,604,604	1,573,831	30,773	1,607,130
Ratio of Problem Loans to Total Claims (A / B × 100)	2.84%	3.90%	(1.06)%	2.89%

<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, 2014
	2014 (A)	2013 (B)		
Bankruptcy and Quasi-Bankruptcy	11,067	12,931	(1,863)	10,956
Doubtful	32,621	46,531	(13,909)	33,205
Sub-standard	7,007	8,970	(1,962)	7,231
Sub-Total (A)	50,697	68,433	(17,736)	51,393
Normal	1,559,013	1,512,443	46,569	1,560,583
Total (B)	1,609,710	1,580,877	28,833	1,611,976
Ratio of Problem Loans to Total Claims (A / B × 100)	3.14%	4.32%	(1.18)%	3.18%

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, 2014 (A)			As of December 31, 2013 (B)			As of September 30, 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	21,699	21,956	257	18,970	19,352	382	19,701	19,995	294
Total	21,699	21,956	257	18,970	19,352	382	19,701	19,995	294

Available-for-sale securities

(in millions of yen)

	As of December 31, 2014 (A)			As of December 31, 2013 (B)			As of September 30, 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	486,952	483,619	3,333	458,157	454,306	3,850	451,148	448,016	3,131
Government bonds	380,834	379,400	1,433	352,514	350,293	2,220	361,789	360,314	1,474
Municipal bonds	-	-	-	-	-	-	-	-	-
Corporate bonds	106,118	104,219	1,899	105,643	104,012	1,630	89,359	87,701	1,657
Others	393,462	389,926	3,536	258,446	256,878	1,568	389,047	385,433	3,614
Total	880,415	873,546	6,869	716,604	711,184	5,419	840,196	833,450	6,746

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, 2014 (A)			As of December 31, 2013 (B)			As of September 30, 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 Swaps	1,003,400	(871)	(871)	1,013,571	573	573	1,061,162	(679)	(679)
Interest Rate Options	46,283	-	133	35,518	-	129	40,229	-	126
Total		(871)	(738)		573	703		(679)	(552)

② Currency Derivatives

(in millions of yen)

	As of December 31, 2014 (A)			As of December 31, 2013 (B)			As of September 30, 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	130,796	(9,016)	(9,016)	27,630	908	908	67,311	(2,369)	(2,369)
Forward Foreign Exchange Contracts	97,960	(1,570)	(1,570)	121,773	(7,337)	(7,337)	191,228	(4,394)	(4,394)
Currency Options	340,148	-	5,475	205,147	-	4,972	362,002	-	6,153
Total		(10,586)	(5,111)		(6,429)	(1,457)		(6,763)	(610)

③ Equity Derivatives

(in millions of yen)

	As of December 31, 2014 (A)			As of December 31, 2013 (B)			As of September 30, 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:									
Stock Index Options	2,220	(1)	7	-	-	-	-	-	-
Total		(1)	7		-	-		-	-

④ Bond Derivatives

(in millions of yen)

	As of December 31, 2014 (A)			As of December 31, 2013 (B)			As of September 30, 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	2,217	0	0	6,107	57	57	20,248	24	24
Bond Futures Options	23,127	(14)	45	10,000	(14)	7	35,024	(91)	16
Total		(13)	45		43	65		(67)	40

⑤ Commodity Derivatives

(in millions of yen)

	As of December 31, 2014 (A)			As of December 31, 2013 (B)			As of September 30, 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 Options	-	-	-	491	-	-	-	-	-
Total		-	-		-	-		-	-

*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	
			2014 (A)		2013 (B)		September 30, 2014	
			Notional amounts	Fair value	Notional amounts	Fair value	Notional amounts	Fair value
Deferral hedge accounting	Interest Rate Swaps	Available-for-sale Securities(Bonds), Deposits	156,502	140	281,172	1,572	186,947	184
Exceptional accrual method	Interest Rate Swaps	Loans	2,146	-	2,142	-	1,949	-
Total				140		1,572		184

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

5. Balances of Loans and Deposits (Consolidated)

(in millions of yen)

	As of December 31,		As of September 30, 2014
	2014 (A)	2013 (B)	
Total deposits	2,298,341	2,102,777	2,333,398
Individuals	2,006,477	1,835,863	1,993,768
Corporations	252,248	228,552	283,200
Public entities	34,535	34,791	51,159
Financial institutions	5,080	3,569	5,271
Loans and Bills Discounted	1,591,110	1,559,536	1,589,067