

Consolidated Financial Results
for the 1st Quarter of Fiscal 2015

August 7, 2015



Consolidated Financial Results
for the 1st Quarter of Fiscal 2015 ended June 30, 2015
[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 2015 Ended June 30, 2015

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

	For the three months ended	
	June 30, 2015	June 30, 2014
Ordinary income	17,598	16,650
Change from the previous period	5.6%	(17.8)%
Ordinary profit	4,460	4,413
Change from the previous period	1.0%	(42.2)%
Net income attributable to owners of the parent	2,882	2,596
Change from the previous period	11.0%	(69.1)%
Net income per common share (yen)	4,117.90	3,708.68
Diluted net income per common share (yen)	-	-

Note: Comprehensive income for the three months ended :

June 30, 2015 : 947 million yen (60.4) %
 June 30, 2014 : 2,394 million yen (64.7) %

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

	As of	
	June 30, 2015	March 31, 2015
Total assets	2,784,776	2,778,726
Net assets	118,720	117,773
Ratio of net assets to total assets	4.2%	4.2%

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

June 30, 2015 : 118,720 million yen
 March 31, 2015 : 117,773 million yen

2. Ratio of net assets to total assets

= (Net assets - Stock acquisition rights - Non-controlling 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, 2015	:	700,000 shares
March 31, 2015	:	700,000 shares

② Number of Treasury Shares Outstanding as of :

June 30, 2015	:	- shares
March 31, 2015	:	- shares

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

June 30, 2015	:	700,000 shares
June 30, 2014	:	700,000 shares

FINANCIAL STATEMENTS

1. Consolidated Balance Sheets

(in millions of yen)	As of March 31, 2015	As of June 30, 2015
Assets:		
Cash and due from banks	224,760	423,991
Call loans	18,922	15,883
Monetary claims bought	4,598	3,846
Money held in trust	16,376	14,385
Securities	867,606	674,194
Loans and bills discounted	1,602,198	1,593,636
Foreign exchanges	4,773	3,770
Other assets	33,039	48,236
Tangible fixed assets	6,035	6,011
Intangible fixed assets	8,743	8,995
Deferred tax assets	4,821	5,166
Customers' liabilities for acceptances and guarantees	11,647	11,201
Allowance for loan losses	(24,796)	(24,542)
Total assets	2,778,726	2,784,776
Liabilities:		
Deposits	2,228,577	2,136,463
Negotiable certificate of deposits	77,630	229,250
Call money	-	9,803
Payables under securities lending transactions	80,101	93,541
Borrowed money	164,234	109,600
Foreign exchanges	16	9
Bonds payable	30,400	29,400
Other liabilities	65,514	45,567
Provision for bonuses	2,318	745
Provision for directors' bonuses	285	247
Provision for directors' retirement benefits	76	76
Provision for losses on dormant deposit repayments	137	137
Provision for possible losses on refund of interest	8	8
Provision for loyalty program	6	3
Acceptances and guarantees	11,647	11,201
Total liabilities	2,660,953	2,666,055
Net assets:		
Capital stock	26,000	26,000
Capital surplus	24,000	24,000
Retained earnings	64,014	66,896
Total shareholders' equity	114,014	116,896
Valuation difference on available-for-sale securities	4,041	1,764
Deferred gains or losses on hedges	(282)	59
Total accumulated other comprehensive income	3,758	1,824
Total net assets	117,773	118,720
Total liabilities and net assets	2,778,726	2,784,776

2. Consolidated Statements of Income

(in millions of yen)	For the three months ended	
	June 30, 2014	June 30, 2015
Ordinary income:	16,650	17,598
Interest income and dividends	10,560	10,183
<i>Interest on loans and discounts</i>	8,147	8,042
<i>Interest and dividends on securities</i>	1,911	1,927
Fees and commissions	3,201	2,345
Other ordinary income	1,830	2,615
Other income	1,057	2,455
Ordinary expenses:	12,236	13,138
Interest expenses	2,608	1,974
<i>Interest on deposits</i>	2,133	1,538
Fees and commissions payments	1,085	1,152
Other ordinary expenses	36	830
General and administrative expenses	8,402	9,037
Other expenses	104	142
Ordinary profit	4,413	4,460
Extraordinary income	1	-
Extraordinary loss	4	28
Income before income taxes	4,410	4,432
Income taxes-current	170	971
Income taxes-deferred	1,643	578
Total income taxes	1,813	1,549
Net income	2,596	2,882
Net income attributable to non-controlling interests	-	-
Net income attributable to owners of the parent	2,596	2,882

3. Consolidated Statements of Comprehensive Income

(in millions of yen)	For the three months ended	
	June 30, 2014	June 30, 2015
Net income	2,596	2,882
Other comprehensive income	(201)	(1,934)
Valuation difference on available- for-sale securities	205	(2,276)
Deferred gains or losses on hedges	(406)	342
Comprehensive income	2,394	947
Comprehensive income attributable to owners of the parent	2,394	947
Comprehensive income attributable to non-controlling interests	-	-

4. Going Concern Assumption

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)
	2015 (A)	2014 (B)	
Gross Operating Profit (Note 1)	11,185	11,862	(676)
Net Interest Income	8,208	7,951	256
Net Fees and Commissions	1,192	2,116	(924)
Net Other Ordinary Income	1,784	1,793	(9)
General and Administrative Expenses	9,037	8,402	635
Net Operating Income before General Allowance and Goodwill (Note 2)	2,147	3,459	(1,312)
Provision for General Allowance for Loan Losses	-	-	-
Net Operating Income (Note 3)	2,147	3,459	(1,312)
Other Income and Expenses	2,312	953	1,358
Net Gain and Loss on Stocks and Other Securities	1,010	19	990
Problem Claims related Costs	22	15	6
Written-offs of Loans	22	44	(22)
Provision for Specific Allowance for Loan Losses	-	-	-
Net Gain and Loss on Sales of Loans	-	(29)	29
Reversal of Allowance for Loan Losses	282	443	(160)
Recoveries of Written-off Claims	0	0	0
Other	1,041	505	535
Ordinary Profit	4,460	4,413	46
Extraordinary Income and Loss	(28)	(3)	(24)
Net Gain and Loss on Disposal of Noncurrent Assets	(28)	(3)	(24)
Gain on Disposal of Noncurrent Assets	-	1	(1)
Loss on Disposal of Noncurrent Assets	28	4	23
Other	-	-	-
Income before Income Taxes	4,432	4,410	22
Income Taxes	1,549	1,813	(264)
Income Taxes - Current	971	170	801
Income Taxes - Deferred	578	1,643	(1,065)
Net income	2,882	2,596	286
Net income attributable to non-controlling interests	-	-	-
Net income attributable to owners of the parent	2,882	2,596	286

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)	(70)	(200)	129
excluding Recoveries of Written-off Claims	(69)	(199)	130

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)
	2015 (A)	2014 (B)	
Gross Operating Profit	10,420	11,054	(633)
Net Interest Income	8,147	7,893	254
Net Fees and Commissions	488	1,367	(878)
Net Other Ordinary Income	1,784	1,793	(9)
of which Net Gain and Loss on Bonds	1,398	736	662
General and Administrative Expenses	8,948	8,235	713
Personnel Expenses	3,789	3,363	425
Nonpersonnel Expenses	4,432	4,409	22
Taxes	727	461	265
Net Operating Income before General Allowance and Goodwill	1,472	2,819	(1,347)
Core Net Operating Income (excluding Net Gain and Loss on Bonds)	74	2,083	(2,009)
Provision for General Allowance for Loan Losses	-	-	-
Amortization of Goodwill	-	-	-
Net Operating Income	1,472	2,819	(1,347)
Other Income and Expenses	2,747	1,357	1,390
Net Gain and Loss on Stocks and Other Securities	1,010	19	990
Problem Claims related Costs	3	(27)	31
Written-offs of Loans	-	1	(1)
Provision for Specific Allowance for Loan Losses	-	-	-
Net Gain and Loss on Sales of Loans	3	(29)	32
Reversal of Allowance for Loan Losses	660	831	(171)
Recoveries of Written-off Claims	-	-	-
Other	1,080	477	602
Ordinary Profit	4,219	4,176	42
Extraordinary Income and Loss	(28)	(4)	(23)
Net Gain and Loss on Disposal of Noncurrent Assets	(28)	(4)	(23)
Gain on Disposal of Noncurrent Assets	-	-	-
Loss on Disposal of Noncurrent Assets	28	4	23
Other	-	-	-
Income before Income Taxes	4,191	4,171	19
Income Taxes	1,472	1,733	(261)
Income Taxes - Current	863	142	720
Income Taxes - Deferred	608	1,590	(982)
Net Income	2,719	2,438	281

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, 2015
	2015 (A)	2014 (B)		
Bankruptcy and Quasi-Bankruptcy	4,914	5,504	(590)	4,883
Doubtful	30,171	36,891	(6,720)	30,450
Sub-standard	4,109	8,326	(4,216)	4,458
Sub-Total (a)	39,194	50,722	(11,527)	39,792
Normal	1,566,683	1,524,646	42,037	1,576,207
Total (b)	1,605,878	1,575,369	30,509	1,615,999
Ratio of Problem Loans to Total Claims (a / b × 100)	2.44%	3.21%	(0.77)%	2.46%

<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, 2015
	2015 (A)	2014 (B)		
Bankruptcy and Quasi-Bankruptcy	9,871	11,968	(2,096)	9,412
Doubtful	30,171	36,891	(6,720)	30,450
Sub-standard	4,109	8,326	(4,216)	4,458
Sub-Total (a)	44,152	57,186	(13,033)	44,321
Normal	1,566,683	1,524,646	42,037	1,576,207
Total (b)	1,610,835	1,581,832	29,003	1,620,528
Ratio of Problem Loans to Total Claims (a / b × 100)	2.74%	3.61%	(0.87)%	2.73%

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)

(1) Held-to-maturity securities

(in millions of yen)

	As of June 30, 2015 (A)			As of June 30, 2014 (B)			As of March 31, 2015		
	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	22,041	22,226	185	18,244	18,570	325	21,630	21,873	242
Total	22,041	22,226	185	18,244	18,570	325	21,630	21,873	242

(2) Available-for-sale securities

(in millions of yen)

	As of June 30, 2015 (A)			As of June 30, 2014 (B)			As of March 31, 2015		
	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	314,996	313,699	1,297	450,488	446,516	3,972	492,486	490,408	2,078
Government bonds	225,232	225,141	90	362,340	360,209	2,130	391,221	390,346	875
Municipal bonds	-	-	-	-	-	-	-	-	-
Corporate bonds	89,763	88,557	1,206	88,148	86,306	1,841	101,265	100,062	1,202
Others	337,853	336,545	1,308	299,112	295,442	3,670	353,185	349,288	3,897
Total	652,850	650,244	2,606	749,601	741,958	7,643	845,672	839,697	5,975

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, 2015 (A)			As of June 30, 2014 (B)			As of March 31, 2015		
	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	1,004,664	(899)	(899)	1,025,409	592	592	1,085,219	(716)	(716)
Interest Rate Options	41,065	-	90	43,027	-	123	44,425	-	133
Total		(899)	(808)		592	716		(716)	(582)

② Currency Derivatives

(in millions of yen)

	As of June 30, 2015 (A)			As of June 30, 2014 (B)			As of March 31, 2015		
	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	128,572	(2,520)	(2,520)	47,132	1,516	1,516	125,577	(3,259)	(3,259)
Forward Foreign Exchange Contracts	97,222	854	854	134,490	527	527	131,681	(451)	(451)
Currency Options	401,429	-	5,988	308,226	-	5,934	393,138	-	6,093
Total		(1,666)	4,321		2,043	7,977		(3,710)	2,383

③ Equity Derivatives

(in millions of yen)

	As of June 30, 2015 (A)			As of June 30, 2014 (B)			As of March 31, 2015		
	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 Futures	8,272	84	84	-	-	-	5,825	62	62
Stock Index Options	1,920	(12)	0	-	-	-	-	-	-
Total		72	85		-	-		62	62

③ Bond Derivatives

(in millions of yen)

	As of June 30, 2015 (A)			As of June 30, 2014 (B)			As of March 31, 2015		
	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	113,403	(585)	(585)	18,243	(79)	(79)	18,918	(121)	(121)
Total		(585)	(585)		(79)	(79)		(121)	(121)

④ Commodity Derivatives

(in millions of yen)

	As of June 30, 2015 (A)			As of June 30, 2014 (B)			As of March 31, 2015		
	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	-	-	-	19	-	-	-	-	-
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 June 30,				As of	
			2015 (A)		2014 (B)		March 31, 2015	
			Notional amounts	Fair value	Notional amounts	Fair value	Notional amounts	Fair value
Deferral hedge accounting method	Interest Rate Swaps	Deposits	20,000	138	238,416	355	63,000	(304)
Exceptional accrual method	Interest Rate Swaps	Loans	2,020	-	1,933	-	1,982	-
Total				138		355		(304)

*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, 2015
	2015 (A)	2014 (B)	
Total deposits	2,136,463	2,204,905	2,228,577
Individuals	1,888,500	1,895,478	1,950,622
Corporations	223,619	262,830	265,360
Public entities	19,275	42,251	7,197
Financial institutions	5,068	4,345	5,397
Loans and Bills Discounted	1,593,636	1,558,717	1,602,198