

**Consolidated Financial Results**  
*for the 3rd Quarter of Fiscal 2015*

**February 8, 2016**



**Consolidated Financial Results**  
**for the 3rd Quarter of Fiscal 2015 ended December 31, 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 3rd Quarter of Fiscal 2015 Ended December 31, 2015**

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

	For the nine months ended	
	December 31, 2015	December 31, 2014
Ordinary income	52,821	56,587
Change from the previous period	(6.6)%	12.4%
Ordinary profit	15,155	18,625
Change from the previous period	(18.6)%	42.7%
Net income	10,280	12,172
Change from the previous period	(15.5)%	36.9%
Net income per common share (yen)	14,685.92	17,388.83
Diluted net income per common share (yen)	-	-

Note: Comprehensive income for the nine months ended :

December 31, 2015 : 7,639 million yen (32.7) %  
 December 31, 2014 : 11,353 million yen 48.8 %

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

	As of	
	December 31, 2015	March 31, 2015
Total assets	2,768,141	2,778,726
Net assets	125,412	117,773
Ratio of net assets to total assets	4.5%	4.2%

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

December 31, 2015 : 125,412 million yen  
 March 31, 2015 : 117,773 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. : Yes

From the beginning of fiscal 2015, the Tokyo Star Bank and its consolidated subsidiaries have applied “ Accounting Standard for Business Combinations “ (ASBJ Statement No.21, September 13, 2013), “ Accounting Standard for Consolidated Financial Statements ” (ASBJ Statement No.22, September 13, 2013), “ Accounting Standard for Business Divestitures ” (ASBJ Statement No.7, September 13, 2013) and other related standards.

Due to the application, the presentation of “ Net income ” and other related items is changed. The consolidated financial statements for the 3rd quarter of fiscal 2014 and for the fiscal year ended March 31, 2015 are reclassified to reflect these changes.

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, 2015	:	700,000 shares
March 31, 2015	:	700,000 shares

② Number of Treasury Shares Outstanding as of :

December 31, 2015	:	- shares
March 31, 2015	:	- shares

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

December 31, 2015	:	700,000 shares
December 31, 2014	:	700,000 shares

## FINANCIAL STATEMENTS

### 1. Consolidated Balance Sheets

(in millions of yen)	As of March 31, 2015	As of December 31, 2015
<b>Assets:</b>		
Cash and due from banks	224,760	475,402
Call loans	18,922	19,757
Monetary claims bought	4,598	4,458
Money held in trust	16,376	12,181
Securities	867,606	565,887
Loans and bills discounted	1,602,198	1,624,895
Foreign exchanges	4,773	7,405
Other assets	33,039	48,134
Tangible fixed assets	6,035	5,917
Intangible fixed assets	8,743	8,496
Deferred tax assets	4,821	4,867
Customers' liabilities for acceptances and guarantees	11,647	11,056
Allowance for loan losses	(24,796)	(20,319)
<b>Total assets</b>	<b>2,778,726</b>	<b>2,768,141</b>
<b>Liabilities:</b>		
Deposits	2,228,577	2,130,382
Negotiable certificates of deposit	77,630	308,380
Payables under repurchase agreements	-	25,364
Payables under securities lending transactions	80,101	51,866
Borrowed money	164,234	44,900
Foreign exchanges	16	9
Bonds payable	30,400	22,500
Other liabilities	65,514	46,426
Provision for bonuses	2,318	1,512
Provision for directors' bonuses	285	180
Provision for directors' retirement benefits	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	4
Acceptances and guarantees	11,647	11,056
<b>Total liabilities</b>	<b>2,660,953</b>	<b>2,642,729</b>
<b>Net assets:</b>		
Capital stock	26,000	26,000
Capital surplus	24,000	24,000
Retained earnings	64,014	74,294
<b>Total shareholders' equity</b>	<b>114,014</b>	<b>124,294</b>
Valuation difference on available-for-sale securities	4,041	1,118
Deferred gains or losses on hedges	(282)	-
<b>Total accumulated other comprehensive income</b>	<b>3,758</b>	<b>1,118</b>
<b>Total net assets</b>	<b>117,773</b>	<b>125,412</b>
<b>Total liabilities and net assets</b>	<b>2,778,726</b>	<b>2,768,141</b>

## 2. Consolidated Statements of Income

( in millions of yen)	For the nine months ended	
	December 31, 2014	December 31, 2015
<b>Ordinary income:</b>	56,587	52,821
Interest income and dividends	32,906	31,075
<i>Interest on loans and discounts</i>	25,138	24,697
<i>Interest and dividends on securities</i>	6,245	5,804
Fees and commissions	9,301	8,565
Other ordinary income	7,361	5,338
Other income	7,017	7,841
<b>Ordinary expenses:</b>	37,962	37,665
Interest expenses	8,604	5,447
<i>Interest on deposits</i>	7,178	4,153
Fees and commissions payments	3,391	3,508
Other ordinary expenses	107	1,121
General and administrative expenses	24,898	26,834
Other expenses	959	754
<b>Ordinary profit</b>	<b>18,625</b>	<b>15,155</b>
Extraordinary income	1	-
Extraordinary loss	22	382
<b>Income before income taxes</b>	<b>18,604</b>	<b>14,772</b>
Income taxes-current	4,022	3,277
Income taxes-deferred	2,409	1,215
Total income taxes	6,432	4,492
<b>Net income</b>	<b>12,172</b>	<b>10,280</b>
Net income attributable to non-controlling interests	-	-
Net income attributable to owners of the parent	12,172	10,280

### 3. Consolidated Statements of Comprehensive Income

( in millions of yen)	For the nine months ended	
	December 31, 2014	December 31, 2015
Net income	12,172	10,280
Other comprehensive income	(819)	(2,640)
Valuation difference on available-for-sale securities	(292)	(2,923)
Deferred gains or losses on hedges	(526)	282
<b>Comprehensive income</b>	<b>11,353</b>	<b>7,639</b>
Comprehensive income attributable to owners of the parent	11,353	7,639
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

(in millions of yen)

	For the nine months ended December 31,		Increase/ (Decrease) (A)-(B)
	2015 (A)	2014 (B)	
<b>Gross Operating Profit</b> (Note 1)	<b>34,902</b>	<b>37,466</b>	<b>(2,563)</b>
Net Interest Income	25,628	24,302	1,325
Net Fees and Commissions	5,057	5,909	(852)
Net Other Ordinary Income	4,217	7,253	(3,036)
General and Administrative Expenses	26,834	24,898	1,935
<b>Net Operating Income before General Allowance and Goodwill</b> (Note 2)	<b>8,068</b>	<b>12,567</b>	<b>(4,498)</b>
Provision for General Allowance for Loan Losses	-	-	-
<b>Net Operating Income</b> (Note 3)	<b>8,068</b>	<b>12,567</b>	<b>(4,498)</b>
Other Income and Expenses	7,086	6,058	1,028
Net Gain and Loss on Stocks and Other Securities	1,147	645	501
Problem Claims related Costs	387	478	(91)
Written-offs of Loans	200	276	(75)
Provision for Specific Allowance for Loan Losses	-	-	-
Net Gain and Loss on Sales of Loans	186	201	(15)
Reversal of Allowance for Loan Losses	3,547	2,914	632
Recoveries of Written-off Claims	3	2	1
Other	2,775	2,972	(197)
<b>Ordinary Profit</b>	<b>15,155</b>	<b>18,625</b>	<b>(3,470)</b>
Extraordinary Income and Loss	(382)	(20)	(361)
Net Gain and Loss on Disposal of Noncurrent Assets	(382)	(20)	(361)
Gain on Disposal of Noncurrent Assets	-	1	(1)
Loss on Disposal of Noncurrent Assets	382	22	360
Other	-	-	-
<b>Income before Income Taxes</b>	<b>14,772</b>	<b>18,604</b>	<b>(3,831)</b>
Income Taxes	4,492	6,432	(1,939)
Income Taxes - Current	3,277	4,022	(745)
Income Taxes - Deferred	1,215	2,409	(1,194)
<b>Net income</b>	<b>10,280</b>	<b>12,172</b>	<b>(1,892)</b>
Net income attributable to non-controlling interests	-	-	-
Net income attributable to owners of the parent	<b>10,280</b>	<b>12,172</b>	<b>(1,892)</b>

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)	(2,857)	(2,048)	(809)
excluding Recoveries of Written-off Claims	(2,853)	(2,045)	(808)

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)
	2015 (A)	2014 (B)	
<b>Gross Operating Profit</b>	<b>32,624</b>	<b>35,053</b>	<b>(2,429)</b>
Net Interest Income	25,399	24,125	1,274
Net Fees and Commissions	3,007	3,674	(666)
Net Other Ordinary Income	4,217	7,253	(3,036)
of which Net Gain and Loss on Bonds	1,721	2,999	(1,277)
General and Administrative Expenses	26,326	24,318	2,007
Personnel Expenses	11,474	10,615	858
Nonpersonnel Expenses	13,271	12,576	695
Taxes	1,580	1,126	453
<b>Net Operating Income before General Allowance and Goodwill</b>	<b>6,297</b>	<b>10,734</b>	<b>(4,436)</b>
<b>Core Net Operating Income (excluding Net Gain and Loss on Bonds)</b>	<b>4,576</b>	<b>7,735</b>	<b>(3,159)</b>
Provision for General Allowance for Loan Losses	-	-	-
Amortization of Goodwill	-	-	-
<b>Net Operating Income</b>	<b>6,297</b>	<b>10,734</b>	<b>(4,436)</b>
Other Income and Expenses	8,074	7,154	920
Net Gain and Loss on Stocks and Other Securities	1,147	645	501
Problem Claims related Costs	3	202	(198)
Written-offs of Loans	5	1	3
Provision for Specific Allowance for Loan Losses	-	-	-
Net Gain and Loss on Sales of Loans	(1)	201	(202)
Reversal of Allowance for Loan Losses	4,302	3,915	387
Recoveries of Written-off Claims	1	-	1
Other	2,627	2,795	(168)
<b>Ordinary Profit</b>	<b>14,372</b>	<b>17,888</b>	<b>(3,516)</b>
Extraordinary Income and Loss	(381)	(21)	(359)
Net Gain and Loss on Disposal of Noncurrent Assets	(381)	(21)	(359)
Gain on Disposal of Noncurrent Assets	-	-	-
Loss on Disposal of Noncurrent Assets	381	21	(359)
Other	-	-	-
<b>Income before Income Taxes</b>	<b>13,990</b>	<b>17,867</b>	<b>(3,876)</b>
Income Taxes	4,248	6,174	(1,926)
Income Taxes - Current	3,063	3,861	(797)
Income Taxes - Deferred	1,184	2,313	(1,129)
<b>Net Income</b>	<b>9,742</b>	<b>11,692</b>	<b>(1,949)</b>



## 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, 2015
	2015 (A)	2014 (B)		
Bankruptcy and Quasi-Bankruptcy	4,855	5,961	(1,105)	4,823
Doubtful	27,632	32,621	(4,989)	29,594
Sub-standard	1,231	7,007	(5,775)	1,322
<b>Sub-Total (A)</b>	<b>33,720</b>	<b>45,591</b>	<b>(11,870)</b>	<b>35,741</b>
Normal	1,607,257	1,559,013	48,243	1,597,318
Total (B)	1,640,977	1,604,604	36,373	1,633,059
<b>Ratio of Problem Loans to Total Claims (A / B × 100)</b>	<b>2.05%</b>	<b>2.84%</b>	<b>(0.79)%</b>	<b>2.18%</b>

### <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, 2015
	2015 (A)	2014 (B)		
Bankruptcy and Quasi-Bankruptcy	9,152	11,067	(1,915)	9,804
Doubtful	27,632	32,621	(4,989)	29,594
Sub-standard	1,231	7,007	(5,775)	1,322
<b>Sub-Total (A)</b>	<b>38,017</b>	<b>50,697</b>	<b>(12,679)</b>	<b>40,722</b>
Normal	1,607,257	1,559,013	48,243	1,597,318
Total (B)	1,645,274	1,609,710	35,563	1,638,040
<b>Ratio of Problem Loans to Total Claims (A / B × 100)</b>	<b>2.31%</b>	<b>3.14%</b>	<b>(0.83)%</b>	<b>2.48%</b>

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, 2015 (A)			As of December 31, 2014 (B)			As of September 30, 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	21,709	21,767	57	21,699	21,956	257	21,592	21,706	113
Total	21,709	21,767	57	21,699	21,956	257	21,592	21,706	113

### Available-for-sale securities

(in millions of yen)

	As of December 31, 2015 (A)			As of December 31, 2014 (B)			As of September 30, 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	241,764	240,654	1,110	486,952	483,619	3,333	337,746	336,509	1,236
Government bonds	140,233	140,120	112	380,834	379,400	1,433	240,179	240,118	60
Municipal bonds	-	-	-	-	-	-	-	-	-
Corporate bonds	101,531	100,533	997	106,118	104,219	1,899	97,567	96,391	1,175
Others	302,097	301,557	540	393,462	389,926	3,536	315,144	314,134	1,009
Total	543,862	542,211	1,650	880,415	873,546	6,869	652,890	650,644	2,246

#### 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, 2015 (A)			As of December 31, 2014 (B)			As of September 30, 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	1,014,662	(815)	(815)	1,003,400	(871)	(871)	1,017,065	(760)	(760)
Interest Rate Options	19,350	-	27	46,283	-	133	32,698	-	80
Total		(815)	(787)		(871)	(738)		(760)	(680)

###### ② Currency Derivatives

(in millions of yen)

	As of December 31, 2015 (A)			As of December 31, 2014 (B)			As of September 30, 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	145,938	(98)	(98)	130,796	(9,016)	(9,016)	149,950	(0)	(0)
Forward Foreign Exchange Contracts	85,979	978	978	97,960	(1,570)	(1,570)	121,325	(12)	(12)
Currency Options	514,122	-	7,328	340,148	-	5,475	456,707	-	6,651
Total		879	8,207		(10,586)	(5,111)		(13)	6,637

###### ③ Equity Derivatives

(in millions of yen)

	As of December 31, 2015 (A)			As of December 31, 2014 (B)			As of September 30, 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	1,714	2	2	-	-	-	1,973	60	60
Stock Index Options	5,374	(17)	21	2,220	(1)	7	-	-	-
Total		(15)	23		(1)	7		60	60

###### ④ Bond Derivatives

(in millions of yen)

	As of December 31, 2015 (A)			As of December 31, 2014 (B)			As of September 30, 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	12,869	(5)	(5)	2,217	0	0	33,458	(135)	(135)
Bond Futures Options	6,126	(21)	10	23,127	(14)	45	-	-	-
Total		(27)	4		(13)	45		(135)	(135)

\* Commodity 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 September 30, 2015	
			2015 (A)		2014 (B)		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	6,500	49
Exceptional accrual method	Interest Rate Swaps	Loans	1,828	-	2,146	-	1,818	-
	Total			-		140		49

\*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, 2015
	2015 (A)	2014 (B)	
<b>Deposits and Negotiable Certificates of Deposit</b>	<b>2,438,762</b>	2,376,771	2,360,557
Deposits	2,130,382	2,298,341	2,041,847
Individuals	1,870,571	2,006,477	1,810,651
Corporations	243,000	252,248	216,528
Public entities	11,881	34,535	12,559
Financial institutions	4,928	5,080	2,108
Negotiable Certificates of Deposit	308,380	78,430	318,710
<b>Loans and Bills Discounted</b>	<b>1,624,895</b>	1,591,110	1,620,547