

Consolidated Financial Results
for the 1st Quarter of Fiscal 2016

August 5, 2016



Consolidated Financial Results
for the 1st Quarter of Fiscal 2016 ended June 30, 2016
[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 2016 Ended June 30, 2016

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

	For the three months ended	
	June 30, 2016	June 30, 2015
Ordinary income	16,174	17,598
Change from the previous period	(8.0)%	5.6%
Ordinary profit	3,092	4,460
Change from the previous period	(30.6)%	1.0%
Net income attributable to owners of the parent	2,344	2,882
Change from the previous period	(18.6)%	11.0%
Net income per common share (yen)	3,348.78	4,117.90
Diluted net income per common share (yen)	-	-

Note: Comprehensive income for the three months ended :

June 30, 2016 :	2,403 million yen	153.5 %
June 30, 2015 :	947 million yen	(60.4) %

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

	As of	
	June 30, 2016	March 31, 2016
Total assets	2,706,441	2,738,786
Net assets	128,760	126,356
Ratio of net assets to total assets	4.7%	4.6%

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

June 30, 2016 :	128,760 million yen
March 31, 2016 :	126,356 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, 2016	:	700,000 shares
March 31, 2016	:	700,000 shares

② Number of Treasury Shares Outstanding as of :

June 30, 2016	:	- shares
March 31, 2016	:	- shares

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

June 30, 2016	:	700,000 shares
June 30, 2015	:	700,000 shares

FINANCIAL STATEMENTS

1. Consolidated Balance Sheets

(in millions of yen)	As of March 31, 2016	As of June 30, 2016
Assets:		
Cash and due from banks	339,010	355,511
Call loans	39,612	37,096
Receivables under securities borrowing transactions	-	10,693
Monetary claims bought	4,854	4,345
Money held in trust	11,863	11,421
Securities	568,895	498,288
Loans and bills discounted	1,703,229	1,653,120
Foreign exchanges	6,062	4,152
Other assets	56,636	123,394
Tangible fixed assets	5,868	5,724
Intangible fixed assets	8,550	8,280
Deferred tax assets	4,874	4,411
Customers' liabilities for acceptances and guarantees	10,741	10,051
Allowance for loan losses	(21,414)	(20,052)
Total assets	2,738,786	2,706,441
Liabilities:		
Deposits	2,072,187	1,981,708
Negotiable certificate of deposits	294,770	269,798
Call money	-	38,300
Payables under repurchase agreements	32,222	21,241
Payables under securities lending transactions	87,056	103,706
Borrowed money	44,400	38,600
Foreign exchanges	-	30
Bonds payable	22,500	22,500
Other liabilities	45,787	90,452
Provision for bonuses	2,398	894
Provision for directors' bonuses	241	275
Provision for losses on dormant deposit repayments	115	115
Provision for possible losses on refund of interest	3	3
Provision for loyalty program	5	2
Acceptances and guarantees	10,741	10,051
Total liabilities	2,612,429	2,577,681
Net assets:		
Capital stock	26,000	26,000
Capital surplus	24,000	24,000
Retained earnings	75,106	77,451
Total shareholders' equity	125,106	127,451
Valuation difference on available-for-sale securities	1,189	1,853
Deferred gains or losses on hedges	60	(544)
Total accumulated other comprehensive income	1,250	1,309
Total net assets	126,356	128,760
Total liabilities and net assets	2,738,786	2,706,441

2. Consolidated Statements of Income

(in millions of yen)	For the three months ended	
	June 30, 2015	June 30, 2016
Ordinary income:	17,598	16,174
Interest income and dividends	10,183	10,217
<i>Interest on loans and discounts</i>	8,042	8,061
<i>Interest and dividends on securities</i>	1,927	2,030
Fees and commissions	2,345	2,132
Other ordinary income	2,615	1,821
Other income	2,455	2,002
Ordinary expenses:	13,138	13,081
Interest expenses	1,974	1,684
<i>Interest on deposits</i>	1,538	1,140
Fees and commissions payments	1,152	1,200
Other ordinary expenses	830	941
General and administrative expenses	9,037	9,152
Other expenses	142	101
Ordinary profit	4,460	3,092
Extraordinary income	-	-
Extraordinary loss	28	10
Income before income taxes	4,432	3,082
Income taxes-current	971	301
Income taxes-deferred	578	437
Total income taxes	1,549	738
Net income	2,882	2,344
Net income attributable to non-controlling interests	-	-
Net income attributable to owners of the parent	2,882	2,344

3. Consolidated Statements of Comprehensive Income

(in millions of yen)	For the three months ended	
	June 30, 2015	June 30, 2016
Net income	2,882	2,344
Other comprehensive income	(1,934)	59
Valuation difference on available- for-sale securities	(2,276)	664
Deferred gains or losses on hedges	342	(605)
Comprehensive income	947	2,403
Comprehensive income attributable to owners of the parent	947	2,403
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)
	2016 (A)	2015 (B)	
Gross Operating Profit (Note 1)	10,344	11,185	(840)
Net Interest Income	8,532	8,208	324
Net Fees and Commissions	932	1,192	(260)
Net Other Ordinary Income	880	1,784	(904)
General and Administrative Expenses	9,152	9,037	115
Net Operating Income before General Allowance and Goodwill (Note 2)	1,191	2,147	(955)
Provision for General Allowance for Loan Losses	-	-	-
Net Operating Income (Note 3)	1,191	2,147	(955)
Other Income and Expenses	1,900	2,312	(411)
Net Gain and Loss on Stocks and Other Securities	-	1,010	(1,010)
Problem Claims related Costs	21	22	(1)
Written-offs of Loans	15	22	(6)
Provision for Specific Allowance for Loan Losses	-	-	-
Net Gain and Loss on Sales of Loans	5	-	5
Reversal of Allowance for Loan Losses	595	282	313
Recoveries of Written-off Claims	1	0	1
Other	1,324	1,041	282
Ordinary Profit	3,092	4,460	(1,367)
Extraordinary Income and Loss	(10)	(28)	17
Net Gain and Loss on Disposal of Noncurrent Assets	(10)	(28)	17
Gain on Disposal of Noncurrent Assets	-	-	-
Loss on Disposal of Noncurrent Assets	10	28	(17)
Other	-	-	-
Income before Income Taxes	3,082	4,432	(1,349)
Income Taxes	738	1,549	(811)
Income Taxes - Current	301	971	(670)
Income Taxes - Deferred	437	578	(141)
Net income	2,344	2,882	(538)
Net income attributable to non-controlling interests	-	-	-
Net income attributable to owners of the parent	2,344	2,882	(538)

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)	(404)	(70)	(334)
excluding Recoveries of Written-off Claims	(402)	(69)	(332)

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)
	2016 (A)	2015 (B)	
Gross Operating Profit	9,632	10,420	(788)
Net Interest Income	8,435	8,147	288
Net Fees and Commissions	316	488	(172)
Net Other Ordinary Income	880	1,784	(904)
of which Net Gain and Loss on Bonds	959	1,398	(438)
General and Administrative Expenses	8,984	8,948	36
Personnel Expenses	4,110	3,789	321
Nonpersonnel Expenses	4,341	4,432	(90)
Taxes	532	727	(194)
Net Operating Income before General Allowance and Goodwill	647	1,472	(824)
Core Net Operating Income (excluding Net Gain and Loss on Bonds)	(311)	74	(385)
Provision for General Allowance for Loan Losses	-	-	-
Amortization of Goodwill	-	-	-
Net Operating Income	647	1,472	(824)
Other Income and Expenses	2,150	2,747	(597)
Net Gain and Loss on Stocks and Other Securities	-	1,010	(1,010)
Problem Claims related Costs	(10)	3	(13)
Written-offs of Loans	-	-	-
Provision for Specific Allowance for Loan Losses	-	-	-
Net Gain and Loss on Sales of Loans	(10)	3	(13)
Reversal of Allowance for Loan Losses	833	660	173
Recoveries of Written-off Claims	-	-	-
Other	1,306	1,080	226
Ordinary Profit	2,798	4,219	(1,421)
Extraordinary Income and Loss	(10)	(28)	17
Net Gain and Loss on Disposal of Noncurrent Assets	(10)	(28)	17
Gain on Disposal of Noncurrent Assets	-	-	-
Loss on Disposal of Noncurrent Assets	10	28	(17)
Other	-	-	-
Income before Income Taxes	2,787	4,191	(1,403)
Income Taxes	663	1,472	(808)
Income Taxes - Current	284	863	(578)
Income Taxes - Deferred	378	608	(229)
Net Income	2,124	2,719	(595)

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, 2016
	2016 (A)	2015 (B)		
Bankruptcy and Quasi-Bankruptcy	4,650	4,914	(264)	5,194
Doubtful	21,407	30,171	(8,763)	25,579
Sub-standard	782	4,109	(3,326)	801
Sub-Total (a)	26,839	39,194	(12,355)	31,575
Normal	1,638,646	1,566,683	71,962	1,685,829
Total (b)	1,665,485	1,605,878	59,607	1,717,405
Ratio of Problem Loans to Total Claims (a / b × 100)	1.61%	2.44%	(0.83)%	1.83%

<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, 2016
	2016 (A)	2015 (B)		
Bankruptcy and Quasi-Bankruptcy	8,555	9,871	(1,316)	9,613
Doubtful	21,407	30,171	(8,763)	25,579
Sub-standard	782	4,109	(3,326)	801
Sub-Total (a)	30,745	44,152	(13,406)	35,994
Normal	1,638,646	1,566,683	71,962	1,685,829
Total (b)	1,669,391	1,610,835	58,555	1,721,824
Ratio of Problem Loans to Total Claims (a / b × 100)	1.84%	2.74%	(0.90)%	2.09%

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, 2016 (A)			As of June 30, 2015 (B)			As of March 31, 2016		
	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	16,902	16,898	(3)
Total	-	-	-	22,041	22,226	185	16,902	16,898	(3)

(2) Available-for-sale securities

(in millions of yen)

	As of June 30, 2016 (A)			As of June 30, 2015 (B)			As of March 31, 2016		
	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	161,207	160,392	814	314,996	313,699	1,297	240,496	239,467	1,029
Government bonds	126,686	126,523	162	225,232	225,141	90	161,185	160,988	197
Municipal bonds	-	-	-	-	-	-	-	-	-
Corporate bonds	34,520	33,869	651	89,763	88,557	1,206	79,311	78,479	832
Others	338,766	336,908	1,858	337,853	336,545	1,308	313,171	312,485	685
Total	499,973	497,301	2,672	652,850	650,244	2,606	553,668	551,953	1,715

Note: "Available-for-sale securities" include "Securities" and Negotiable certificates of deposit in "Cash and due from banks".

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, 2016 (A)			As of June 30, 2015 (B)			As of March 31, 2016		
	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	1,009,606	(1,535)	(1,535)	1,004,664	(899)	(899)	1,038,539	(2,025)	(2,025)
Interest Rate Options	-	-	-	41,065	-	90	-	-	-
Other	-	-	-	-	-	-	18,438	-	27
Total		(1,535)	(1,535)		(899)	(808)		(2,025)	(1,997)

② Currency Derivatives

(in millions of yen)

	As of June 30, 2016 (A)			As of June 30, 2015 (B)			As of March 31, 2016		
	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	115,729	1,779	1,779	128,572	(2,520)	(2,520)	134,643	1,710	1,710
Forward Foreign Exchange Contracts	88,501	451	451	97,222	854	854	122,201	173	173
Currency Options	488,348	-	8,329	401,429	-	5,988	508,688	-	7,834
Total		2,231	10,561		(1,666)	4,321		1,884	9,719

③ Equity Derivatives

(in millions of yen)

	As of June 30, 2016 (A)			As of June 30, 2015 (B)			As of March 31, 2016		
	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	7,981	507	507	8,272	84	84	4,003	(18)	(18)
Stock Index Options	-	-	-	1,920	(12)	0	900	(4)	2
Total		507	507		72	85		(22)	(16)

④ Bond Derivatives

(in millions of yen)

	As of June 30, 2016 (A)			As of June 30, 2015 (B)			As of March 31, 2016		
	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	36,137	(464)	(464)	113,403	(585)	(585)	11,223	(14)	(14)
Bond Futures Options	-	-	-	-	-	-	11,752	(52)	(8)
Total		(464)	(464)		(585)	(585)		(67)	(23)

* 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 June 30,				As of	
			2016 (A)		2015 (B)		March 31, 2016	
			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	51,455	(946)	20,000	138	22,536	74
Exceptional accrual method	Interest Rate Swaps	Loans	1,418	-	2,020	-	1,553	-
Total				(946)		138		74

*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, 2016
	2016 (A)	2015 (B)	
Total deposits	2,251,507	2,365,713	2,366,957
Deposits	1,981,708	2,136,463	2,072,187
Individuals	1,782,900	1,888,500	1,815,903
Corporations	195,620	223,619	252,911
Public entities	424	19,275	90
Financial institutions	2,763	5,068	3,281
Negotiable Certificates of Deposit	269,798	229,250	294,770
Loans and Bills Discounted	1,653,120	1,593,636	1,703,229