

Consolidated Financial Results
for the 1st Quarter of Fiscal 2017

August 7, 2017



Consolidated Financial Results
for the 1st Quarter of Fiscal 2017 ended June 30, 2017
[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 2017 Ended June 30, 2017

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

	For the three months ended	
	June 30, 2017	June 30, 2016
Ordinary income	14,606	16,174
Change from the previous period	(9.6)%	(8.0)%
Ordinary profit	1,838	3,092
Change from the previous period	(40.5)%	(30.6)%
Net income attributable to owners of the parent	1,443	2,344
Change from the previous period	(38.4)%	(18.6)%
Net income per common share (yen)	2,062.68	3,348.78
Diluted net income per common share (yen)	-	-

Note: Comprehensive income for the three months ended :

June 30, 2017 :	1,617 million yen	(32.7) %
June 30, 2016 :	2,403 million yen	153.5 %

(2) Financial Conditions (Millions of yen except percentages)

	As of	
	June 30, 2017	March 31, 2017
Total assets	2,580,290	2,530,596
Net assets	138,206	136,589
Ratio of net assets to total assets	5.3%	5.3%

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

June 30, 2017 :	138,206 million yen
March 31, 2017 :	136,589 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 : 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, 2017	:	700,000 shares
March 31, 2017	:	700,000 shares

② Number of Treasury Shares Outstanding as of :

June 30, 2017	:	- shares
March 31, 2017	:	- shares

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

June 30, 2017	:	700,000 shares
June 30, 2016	:	700,000 shares

FINANCIAL STATEMENTS

1. Consolidated Balance Sheets

(Millions of yen)	As of March 31, 2017	As of June 30, 2017
Assets:		
Cash and due from banks	428,726	359,532
Call loans	32,681	17,360
Monetary claims bought	3,653	3,047
Money held in trust	5,193	5,182
Securities	316,286	474,549
Loans and bills discounted	1,661,483	1,633,527
Foreign exchanges	6,606	6,880
Other assets	63,652	68,129
Tangible fixed assets	5,510	5,588
Intangible fixed assets	7,903	7,767
Deferred tax assets	4,102	3,465
Customers' liabilities for acceptances and guarantees	9,112	8,841
Allowance for loan losses	(14,316)	(13,582)
Total assets	2,530,596	2,580,290
Liabilities:		
Deposits	1,994,450	1,959,502
Negotiable certificate of deposits	284,764	196,314
Call money	-	20,000
Payables under repurchase agreements	22,898	69,912
Payables under securities lending transactions	9,846	116,165
Borrowed money	6,468	2,464
Foreign exchanges	5	15
Bonds payable	16,300	14,200
Other liabilities	47,193	53,365
Provision for bonuses	2,563	941
Provision for directors' bonuses	298	256
Provision for losses on dormant deposit repayments	96	96
Provision for possible losses on refund of interest	5	5
Provision for loyalty program	4	3
Acceptances and guarantees	9,112	8,841
Total liabilities	2,394,007	2,442,083
Net assets:		
Capital stock	26,000	26,000
Capital surplus	24,000	24,000
Retained earnings	86,513	87,957
Total shareholders' equity	136,513	137,957
Valuation difference on available-for-sale securities	75	495
Deferred gains or losses on hedges	-	(247)
Total accumulated other comprehensive income	75	248
Total net assets	136,589	138,206
Total liabilities and net assets	2,530,596	2,580,290

2. Consolidated Statements of Income

(Millions of yen)	For the three months ended	
	June 30, 2016	June 30, 2017
Ordinary income:	16,174	14,606
Interest income and dividends	10,217	9,624
<i>Interest on loans and discounts</i>	8,061	7,783
<i>Interest and dividends on securities</i>	2,030	1,728
Fees and commissions	2,132	2,472
Other ordinary income	1,821	1,529
Other income	2,002	979
Ordinary expenses:	13,081	12,767
Interest expenses	1,684	1,749
<i>Interest on deposits</i>	1,140	1,101
Fees and commissions payments	1,200	1,234
Other ordinary expenses	941	576
General and administrative expenses	9,152	8,967
Other expenses	101	240
Ordinary profit	3,092	1,838
Extraordinary income	-	-
Extraordinary loss	10	28
Income before income taxes	3,082	1,809
Income taxes-current	618	64
Income taxes for prior periods	(317)	(259)
Income taxes-deferred	437	560
Total income taxes	738	365
Net income	2,344	1,443
Net income attributable to non-controlling interests	-	-
Net income attributable to owners of the parent	2,344	1,443

3. Consolidated Statements of Comprehensive Income

(Millions of yen)	For the three months ended	
	June 30, 2016	June 30, 2017
Net income	2,344	1,443
Other comprehensive income	59	173
Valuation difference on available- for-sale securities	664	420
Deferred gains or losses on hedges	(605)	(247)
Comprehensive income	2,403	1,617
Comprehensive income attributable to owners of the parent	2,403	1,617
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)
	2017 (A)	2016 (B)	
Gross Operating Profit (Note 1)	10,066	10,344	(278)
Net Interest Income	7,874	8,532	(658)
Net Fees and Commissions	1,238	932	306
Net Other Ordinary Income	953	880	73
General and Administrative Expenses	8,967	9,152	(185)
Net Operating Income before General Allowance and Goodwill (Note 2)	1,099	1,191	(92)
Provision for General Allowance for Loan Losses	-	-	-
Net Operating Income (Note 3)	1,099	1,191	(92)
Non-recurring Income and Expenses	738	1,900	(1,161)
Net Gain and Loss on Stocks and Other Securities	196	-	196
Problem Claims related Costs	25	21	4
Written-offs of Loans	18	15	3
Provision for Specific Allowance for Loan Losses	-	-	-
Net Loss on Sales of Loans	6	5	1
Reversal of Allowance for Loan Losses	109	595	(486)
Recoveries of Written-off Claims	0	1	(1)
Others	458	1,324	(865)
Ordinary Profit	1,838	3,092	(1,254)
Extraordinary Income and Loss	(28)	(10)	(17)
Net Gain and Loss on Disposal of Noncurrent Assets	(28)	(10)	(17)
Gain on Disposal of Noncurrent Assets	-	-	-
Loss on Disposal of Noncurrent Assets	28	10	17
Others	-	-	-
Income before Income Taxes	1,809	3,082	(1,272)
Income Taxes	365	738	(372)
Income Taxes - Current	64	618	(553)
Income taxes for prior periods	(259)	(317)	57
Income Taxes - Deferred	560	437	123
Net income	1,443	2,344	(900)
Net income attributable to non-controlling interests	-	-	-
Net income attributable to owners of the parent	1,443	2,344	(900)

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)	99	(404)	504
excluding Recoveries of Written-off Claims	100	(402)	502

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

(Millions of yen)

	For the three months ended June 30,		Increase/ (Decrease) (A)-(B)
	2017 (A)	2016 (B)	
Gross Operating Profit	9,477	9,632	(155)
Net Interest Income	7,783	8,435	(651)
Net Fees and Commissions	740	316	423
Net Other Ordinary Income	953	880	73
of which Net Gain and Loss on Bonds	(22)	959	(981)
General and Administrative Expenses (excluding non-recurring expenses)	8,883	8,984	(101)
Personnel Expenses	4,151	4,110	41
Nonpersonnel Expenses	4,219	4,341	(121)
Taxes	511	532	(20)
Net Operating Income before General Allowance and Goodwill	594	647	(53)
Core Net Operating Income (excluding Net Gain and Loss on Bonds)	616	(311)	928
Provision for General Allowance for Loan Losses	-	-	-
Amortization of Goodwill	-	-	-
Net Operating Income	594	647	(53)
Non-recurring Income and Expenses	1,070	2,150	(1,079)
Net Gain and Loss on Stocks and Other Securities	196	-	196
Problem Claims related Costs	(9)	(10)	1
Written-offs of Loans	-	-	-
Provision for Specific Allowance for Loan Losses	-	-	-
Net Gain and Loss on Sales of Loans	(9)	(10)	1
Reversal of Allowance for Loan Losses	352	833	(481)
Recoveries of Written-off Claims	0	-	0
Others	513	1,306	(792)
Ordinary Profit	1,664	2,798	(1,133)
Extraordinary Income and Loss	(28)	(10)	(17)
Net Gain and Loss on Disposal of Noncurrent Assets	(28)	(10)	(17)
Gain on Disposal of Noncurrent Assets	-	-	-
Loss on Disposal of Noncurrent Assets	28	10	17
Others	-	-	-
Income before Income Taxes	1,636	2,787	(1,151)
Income Taxes	252	663	(411)
Income Taxes - Current	7	601	(594)
Income taxes for prior periods	(259)	(317)	57
Income Taxes - Deferred	504	378	125
Net Income	1,384	2,124	(739)

2. Disclosed Claims under Financial Revitalization Law (Consolidated)

<Disclosed Claims under Financial Revitalization Law after writing-off Category IV Claims>

(Millions of yen except percentages)

	As of June 30,		Increase/ (Decrease) (A)-(B)	As of March 31, 2017
	2017 (A)	2016 (B)		
Bankruptcy and Quasi-Bankruptcy	4,234	4,650	(415)	4,644
Doubtful	10,685	21,407	(10,722)	10,409
Sub-standard	541	782	(240)	516
Sub-Total (a)	15,461	26,839	(11,377)	15,569
Normal	1,632,695	1,638,646	(5,950)	1,659,988
Total (b)	1,648,157	1,665,485	(17,328)	1,675,557
Ratio of Problem Loans to Total Claims (a / b × 100)	0.93%	1.61%	(0.68)%	0.92%

<Disclosed Claims under Financial Revitalization Law including Category IV Claims>

(Millions of yen except percentages)

	As of June 30,		Increase/ (Decrease) (A)-(B)	As of March 31, 2017
	2017 (A)	2016 (B)		
Bankruptcy and Quasi-Bankruptcy	7,598	8,555	(957)	8,346
Doubtful	10,685	21,407	(10,722)	10,409
Sub-standard	541	782	(240)	516
Sub-Total (a)	18,824	30,745	(11,920)	19,272
Normal	1,632,695	1,638,646	(5,950)	1,659,988
Total (b)	1,651,520	1,669,391	(17,870)	1,679,260
Ratio of Problem Loans to Total Claims (a / b × 100)	1.13%	1.84%	(0.71)%	1.14%

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) Trading securities

(Millions of yen)

	As of June 30, 2017	As of June 30, 2016	As of March 31, 2017
Valuation difference included in net gain/(loss)	(420)	-	117

(2) Available-for-sale securities

(Millions of yen)

	As of June 30, 2017			As of June 30, 2016			As of March 31, 2017		
	Balance sheet amount	Cost	Net unrealized gain/(loss)	Balance sheet amount	Cost	Net unrealized gain/(loss)	Balance sheet amount	Cost	Net unrealized gain/(loss)
Equities	-	-	-	-	-	-	-	-	-
Bonds	112,849	112,938	(89)	161,207	160,392	814	132,945	133,026	(81)
Government bonds	47,785	48,422	(636)	126,686	126,523	162	68,909	69,508	(599)
Municipal bonds	8,527	8,556	(28)	-	-	-	8,029	8,048	(18)
Corporate bonds	56,535	55,959	576	34,520	33,869	651	56,006	55,469	536
Others	267,531	266,728	803	338,766	336,908	1,858	135,802	135,612	190
Total	380,380	379,666	714	499,973	497,301	2,672	268,747	268,639	108

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, 2017			As of June 30, 2016			As of March 31, 2017		
	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:									
Interest Rate Futures	11,040	5	5	-	-	-	-	-	-
Over-the-counter:									
Interest Rate Swaps	956,101	(821)	(821)	1,009,606	(1,535)	(1,535)	982,941	(919)	(919)
Other	10,000	-	10	-	-	-	10,000	-	10
Total		(815)	(805)		(1,535)	(1,535)		(919)	(909)

② Currency Derivatives

(in millions of yen)

	As of June 30, 2017			As of June 30, 2016			As of March 31, 2017		
	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:									
Currency Futures	639	(15)	(15)	-	-	-	611	20	20
Over-the-counter:									
Currency Swaps	105,424	(783)	(783)	115,729	1,779	1,779	105,071	2,179	2,179
Forward Foreign Exchange Contracts	9,927	139	139	88,501	451	451	19,825	130	130
Currency Options	685,711	-	10,142	488,348	-	8,329	642,867	-	10,594
Total		(659)	9,482		2,231	10,561		2,330	12,925

③ Equity Derivatives

(in millions of yen)

	As of June 30, 2017			As of June 30, 2016			As of March 31, 2017		
	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	6,415	9	9	7,981	507	507	-	-	-
Stock Index Options	-	-	-	-	-	-	3,025	(18)	5
Total		9	9		507	507		(18)	5

④ Bond Derivatives

(in millions of yen)

	As of June 30, 2017			As of June 30, 2016			As of March 31, 2017		
	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	49,820	152	152	36,137	(464)	(464)	17,544	(66)	(66)
Bond Futures Options	9,307	(12)	18	-	-	-	11,886	(42)	8
Total		139	171		(464)	(464)		(109)	(58)

* 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 March 31, 2017	
			2017		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)	56,000	(515)	51,455	(946)	-	-
Exceptional accrual method	Interest Rate Swaps	Loans	1,224	-	1,418	-	1,226	-
Total				(515)		(946)		-

*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, 2017
	2017	2016	
Total deposits	2,155,816	2,251,507	2,279,214
Deposits	1,959,502	1,981,708	1,994,450
Individuals	1,780,413	1,782,900	1,807,373
Corporations	176,359	195,620	184,546
Public entities	355	424	67
Financial institutions	2,373	2,763	2,462
Negotiable Certificates of Deposit	196,314	269,798	284,764
Loans and Bills Discounted	1,633,527	1,653,120	1,661,483