

**Consolidated Financial Results**  
*for the 3rd Quarter of Fiscal 2019*

**February 7, 2020**



**Consolidated Financial Results**  
**for the 3rd Quarter of Fiscal 2019 ended December 31, 2019**  
*[ under Japanese GAAP ]*

Company Name : **The Tokyo Star Bank, Limited**

(URL <http://www.tokyostarbank.co.jp/>)

Headquarters : Tokyo

- Notes: - The financial results presented here are not subject to certified public accountant's or audit firm's audits.  
 - The amounts are rounded down to the nearest million of yen.

**1. Summary of Consolidated Financial Results**  
**for the 3rd Quarter of Fiscal 2019 ended December 31, 2019**

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

	For the nine months ended	
	December 31, 2019	December 31, 2018
Ordinary income	<b>41,677</b>	46,039
Change from the previous period	<b>(9.4)%</b>	(6.8)%
Ordinary profit	<b>8,048</b>	8,132
Change from the previous period	<b>(1.0)%</b>	(33.0)%
Net income attributable to owners of the parent	<b>7,797</b>	5,850
Change from the previous period	<b>33.2%</b>	(31.1)%
Net income per common share (yen)	<b>11,139.90</b>	8,357.40
Diluted net income per common share (yen)	-	-

Note: Comprehensive income for the nine months ended :

December 31, 2019	7,465 million yen	12.2 %
December 31, 2018	6,649 million yen	(27.7) %

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

	As of	
	December 31, 2019	March 31, 2019
Total assets	<b>2,362,730</b>	2,460,480
Net assets	<b>165,527</b>	158,061
Ratio of net assets to total assets	<b>7.0%</b>	6.4%

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

December 31, 2019	165,527 million yen
March 31, 2019	158,061 million yen

2. Ratio of net assets to total assets

$$= (\text{Net assets} - \text{Stock acquisition rights} - \text{Non-controlling interests}) / \text{Total assets} \times 100$$

## 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**

(a) Changes in accounting policies  
due to revision of accounting standards etc. : No

(b) Changes in accounting policies other than (a) above : No

(c) Changes in accounting estimates : No

(d) Correction of prior period errors : No

**(4) Number of Shares Outstanding (Common stock)**

(a) Number of Shares Outstanding as of :

December 31, 2019 : 700,000 shares

March 31, 2019 : 700,000 shares

(b) Number of Treasury Shares Outstanding as of :

December 31, 2019 : — shares

March 31, 2019 : — shares

(c) Average Number of Shares Outstanding for the nine months ended :

December 31, 2019 : 700,000 shares

December 31, 2018 : 700,000 shares

## Consolidated Financial Statements

### 1. Consolidated Balance Sheets

(Millions of yen)	As of	
	March 31, 2019	December 31, 2019
<b>Assets:</b>		
Cash and due from banks	412,822	325,991
Call loans	17,000	20,000
Monetary claims bought	7,091	6,527
Money held in trust	4,949	0
Securities	231,389	237,575
Loans and bills discounted	1,670,433	1,665,795
Foreign exchanges	6,427	4,688
Other assets	96,373	86,627
Tangible fixed assets	5,542	4,687
Intangible fixed assets	8,763	8,142
Deferred tax assets	3,362	3,762
Customers' liabilities for acceptances and guarantees	9,139	10,771
Allowance for loan losses	(12,815)	(11,841)
<b>Total assets</b>	<b>2,460,480</b>	<b>2,362,730</b>
<b>Liabilities:</b>		
Deposits	1,713,328	1,719,008
Negotiable certificate of deposits	429,326	286,763
Call money	22,000	42,868
Payables under securities lending transactions	37,075	42,577
Borrowed money	28,329	43,177
Foreign exchanges	23	232
Other liabilities	61,978	49,350
Provision for bonuses	928	2,103
Provision for directors' bonuses	175	256
Provision for losses on dormant deposit repayments	99	80
Provision for possible losses on refund of interest	11	11
Acceptances and guarantees	9,139	10,771
<b>Total liabilities</b>	<b>2,302,418</b>	<b>2,197,202</b>
<b>Net assets:</b>		
Capital stock	26,000	26,000
Capital surplus	24,000	24,000
Retained earnings	107,065	114,863
<b>Total shareholders' equity</b>	<b>157,065</b>	<b>164,863</b>
Valuation difference on available-for-sale securities	996	663
<b>Total accumulated other comprehensive income</b>	<b>996</b>	<b>663</b>
<b>Total net assets</b>	<b>158,061</b>	<b>165,527</b>
<b>Total liabilities and net assets</b>	<b>2,460,480</b>	<b>2,362,730</b>

## 2. Consolidated Statements of Income

(Millions of yen)	For the nine months ended	
	December 31, 2018	December 31, 2019
<b>Ordinary income:</b>	46,039	41,677
Interest income and dividends	29,619	29,048
<i>Interest on loans and discounts</i>	24,904	24,927
<i>Interest and dividends on securities</i>	4,345	3,780
Fees and commissions	7,954	7,695
Other ordinary income	5,769	3,818
Other income	2,696	1,115
<b>Ordinary expenses:</b>	37,906	33,629
Interest expenses	3,520	2,586
<i>Interest on deposits</i>	2,761	2,319
Fees and commissions payments	3,607	3,130
Other ordinary expenses	2,139	56
General and administrative expenses	26,608	26,607
Other expenses	2,030	1,248
<b>Ordinary profit</b>	8,132	8,048
Extraordinary income	—	3,188
Extraordinary loss	68	170
<b>Income before income taxes</b>	8,064	11,066
Income taxes-current	2,013	3,521
Income taxes-deferred	200	(253)
Total income taxes	2,214	3,268
<b>Net income</b>	5,850	7,797
Net income attributable to non-controlling interests	—	—
Net income attributable to owners of the parent	5,850	7,797

### 3. Consolidated Statements of Comprehensive Income

(Millions of yen)	For the nine months ended	
	December 31, 2018	December 31, 2019
Net income	5,850	7,797
Other comprehensive income	799	(332)
Valuation difference on available-for-sale securities	999	(332)
Deferred gains or losses on hedges	(200)	—
<b>Comprehensive income</b>	<b>6,649</b>	<b>7,465</b>
Comprehensive income attributable to owners of the parent	6,649	7,465
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

(Millions of yen)

	For the nine months ended December 31,		Increase/ (Decrease) (A)-(B)
	2019 (A)	2018 (B)	
<b>Gross operating profit</b> (Note 1)	<b>34,789</b>	<b>34,075</b>	<b>714</b>
Net interest income	26,462	26,098	364
Net fees and commissions	4,564	4,346	217
Net other ordinary income	3,762	3,629	132
General and administrative expenses	26,607	26,608	(0)
<b>Net operating income before general allowance and goodwill</b> (Note 2)	<b>8,182</b>	<b>7,467</b>	<b>715</b>
Provision for general allowance for loan losses	368	(578)	946
<b>Net operating income</b> (Note 3)	<b>7,813</b>	<b>8,045</b>	<b>(231)</b>
Non-recurring income and expenses	234	87	147
Net gain and loss on stocks and other securities	—	(777)	777
Problem claims related costs	241	976	(735)
Written-off of loans	73	98	(25)
Provision for specific allowance for loan losses	(244)	1,049	(1,294)
Net loss on sales of loans	412	(171)	584
Reversal of allowance for loan losses	—	—	—
Recoveries of written-off claims	0	2	(1)
Others	475	1,839	(1,363)
<b>Ordinary profit</b>	<b>8,048</b>	<b>8,132</b>	<b>(84)</b>
Extraordinary income and loss	3,018	(68)	3,086
Net gain and loss on disposal of non-current assets	3,018	(68)	3,086
Gain on disposal of non-current assets	3,188	—	3,188
Loss on disposal of non-current assets	170	68	102
Others	—	—	—
<b>Income before income taxes</b>	<b>11,066</b>	<b>8,064</b>	<b>3,002</b>
Income taxes	3,268	2,214	1,054
Income taxes - current	3,521	2,013	1,508
Income taxes - deferred	(253)	200	(454)
<b>Net income</b>	<b>7,797</b>	<b>5,850</b>	<b>1,947</b>
Net income attributable to non-controlling interests	—	—	—
Net income attributable to owners of the parent	7,797	5,850	1,947

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)	721	552	169
Excluding recoveries of written-off claims	722	554	167

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 nine months ended December 31,		Increase/ (Decrease) (A)-(B)
	2019 (A)	2018 (B)	
<b>Gross operating profit</b>	<b>33,322</b>	<b>32,756</b>	<b>565</b>
Net interest income	26,323	26,037	285
Net fees and commissions	3,235	3,089	146
Net other ordinary income	3,763	3,629	134
of which net gain and loss on bonds	1,230	(1,838)	3,068
General and administrative expenses (excluding non-recurring expenses)	26,175	26,160	15
Personnel expenses	12,978	12,725	253
Nonpersonnel expenses	11,915	12,087	(171)
Taxes	1,281	1,347	(66)
<b>Net operating income before general allowance and goodwill</b>	<b>7,147</b>	<b>6,596</b>	<b>550</b>
<b>Core net operating income (excluding net gain and loss on bonds)</b>	<b>5,916</b>	<b>8,434</b>	<b>(2,517)</b>
<b>Excluding gain and loss on cancellation of investment trusts</b>	<b>5,916</b>	<b>8,434</b>	<b>(2,517)</b>
Provision for general allowance for loan losses	—	—	—
Amortization of goodwill	—	—	—
<b>Net operating income</b>	<b>7,147</b>	<b>6,596</b>	<b>550</b>
Non-recurring income and expenses	390	1,480	(1,089)
Net gain and loss on stocks and other securities	—	(777)	777
Problem claims related costs	2	(316)	319
Written-off of loans	—	—	—
Provision for specific allowance for loan losses	—	—	—
Net gain and loss on sales of loans	2	(316)	319
Reversal of allowance for loan losses	155	260	(105)
Recoveries of written-off claims	—	—	—
Others	237	1,680	(1,442)
<b>Ordinary profit</b>	<b>7,537</b>	<b>8,076</b>	<b>(538)</b>
Extraordinary income and loss	3,026	(62)	3,088
Net gain and loss on disposal of non-current assets	3,026	(62)	3,088
Gain on disposal of non-current assets	3,186	—	3,186
Loss on disposal of non-current assets	159	62	97
Others	—	—	—
<b>Income before income taxes</b>	<b>10,564</b>	<b>8,014</b>	<b>2,549</b>
Income taxes	3,214	2,169	1,044
Income taxes - current	3,454	1,941	1,513
Income taxes - deferred	(240)	228	(468)
<b>Net income</b>	<b>7,349</b>	<b>5,845</b>	<b>1,504</b>



## 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 December 31,		Increase/ (Decrease) (A)-(B)	As of September 30, 2019
	2019 (A)	2018 (B)		
Bankruptcy and Quasi-Bankruptcy	4,333	4,566	(233)	4,498
Doubtful	4,808	9,955	(5,146)	4,371
Sub-standard	437	419	18	437
<b>Sub-Total (a)</b>	<b>9,579</b>	<b>14,940</b>	<b>(5,361)</b>	<b>9,307</b>
Normal	1,669,974	1,693,383	(23,409)	1,660,406
Total (b)	1,679,554	1,708,324	(28,770)	1,669,714
<b>Ratio of Problem Loans to Total Claims (a / b × 100)</b>	<b>0.57%</b>	<b>0.87%</b>	<b>(0.30)%</b>	<b>0.55%</b>

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

(Millions of yen except percentages)

	As of December 31,		Increase/ (Decrease) (A)-(B)	As of September 30, 2019
	2019 (A)	2018 (B)		
Bankruptcy and Quasi-Bankruptcy	8,811	7,839	971	9,047
Doubtful	4,808	9,955	(5,146)	4,371
Sub-standard	437	419	18	437
<b>Sub-Total (a)</b>	<b>14,057</b>	<b>18,214</b>	<b>(4,156)</b>	<b>13,856</b>
Normal	1,669,974	1,693,383	(23,409)	1,660,406
Total (b)	1,684,032	1,711,598	(27,565)	1,674,263
<b>Ratio of Problem Loans to Total Claims (a / b × 100)</b>	<b>0.83%</b>	<b>1.06%</b>	<b>(0.23)%</b>	<b>0.82%</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)

### Available-for-sale securities

(Millions of yen)

	As of December 31, 2019			As of December 31, 2018			As of September 30, 2019		
	Balance sheet amount	Cost	Net unrealized gain/(loss)	Balance sheet amount	Cost	Net unrealized gain/(loss)	Balance sheet amount	Cost	Net unrealized gain/(loss)
Bonds	53,314	53,241	73	77,011	76,625	385	56,008	55,556	452
Government bonds	30,182	30,401	(219)	47,208	47,345	(137)	28,373	28,408	(35)
Corporate bonds	23,132	22,839	292	29,802	29,280	522	27,635	27,147	487
Others	187,094	186,210	883	162,673	162,506	167	179,742	178,105	1,636
Total	240,408	239,451	956	239,684	239,132	552	235,751	233,661	2,089

## 4. Derivatives (Consolidated)

## (1) Derivative transactions to which hedge accounting is not applied

## (a) Interest Rate Derivatives

(Millions of yen)

		As of December 31, 2019			As of December 31, 2018			As of September 30, 2019		
		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	613,486	(444)	(444)	760,478	(485)	(485)	635,926	(353)	(353)
	Others	60,662	—	183	39,059	—	51	58,554	—	170
Total			(444)	(260)		(485)	(433)		(353)	(182)

## (b) Currency Derivatives

(Millions of yen)

		As of December 31, 2019			As of December 31, 2018			As of September 30, 2019		
		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	95,218	(1,191)	(1,191)	107,482	1,829	1,829	104,083	165	165
	Forward Foreign Exchange Contracts	27,593	10	10	38,266	30	30	59,711	251	251
	Currency Options	1,156,882	—	18,065	984,817	—	15,048	1,135,329	—	17,901
Total			(1,180)	16,884		1,860	16,908		416	18,318

## (c) Bond Derivatives

(Millions of yen)

		As of December 31, 2019			As of December 31, 2018			As of September 30, 2019		
		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	21,154	(7)	(7)	21,856	(21)	(21)	22,489	(2)	(2)
Total			(7)	(7)		(21)	(21)		(2)	(2)

## (d) Commodity Derivatives

(Millions of yen)

		As of December 31, 2019			As of December 31, 2018			As of September 30, 2019		
		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 Swaps	6,255	—	—	581	—	—	5,034	—	—
Total			—	—		—	—		—	—

\*Equity Derivatives, Credit Derivatives : Not applicable.

## (2) Derivative transactions to which hedge accounting is applied

## Interest Rate Derivatives

(Millions of yen)

Treatments	Products	Major hedged items	As of December 31,				As of September 30, 2019	
			2019		2018		Notional amounts	Fair value
			Notional amounts	Fair value	Notional amounts	Fair value		
Exceptional accrual method	Interest Rate Swaps	Loans	343	—	707	—	338	—
Total				—		—		—

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

**5. Balances of Loans and Deposits (Consolidated)**

(Millions of yen)

	As of December 31,		As of September 30, 2019
	2019	2018	
<b>Total deposits</b>	<b>2,005,771</b>	2,206,797	2,087,564
Deposits	1,719,008	1,798,370	1,852,374
Individuals	1,310,053	1,517,088	1,336,287
Corporations	333,474	279,563	350,949
Public entities	3,626	158	23,392
Financial institutions	71,853	1,559	141,745
Negotiable certificates of deposit	286,763	408,427	235,189
<b>Loans and bills discounted</b>	<b>1,665,795</b>	1,693,558	1,656,121