

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2018 (Based on Japanese GAAP)

November 6, 2018

Company name: The Keiyo Bank, Ltd.
 Stock exchange listing: Tokyo
 Stock code: 8544 URL <https://www.keijobank.co.jp/>
 Representative: President Toshiyuki Kumagai
 General Manager of Accounting
 Inquiries: Corporate Planning Division Yukihiro Nezu TEL 043-306-2121
 Scheduled date to file Quarterly Securities Report: November 14, 2018
 Scheduled date to commence dividend payments: December 3, 2018
 Trading accounts: No
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2018 (from April 1, 2018 to September 30, 2018)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Ordinary income		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2018	33,830	2.4	7,967	(15.0)	5,374	(14.6)
Six months ended September 30, 2017	33,008	(4.0)	9,381	(9.2)	6,298	(6.0)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2018	40.73		40.62	
Six months ended September 30, 2017	47.76		47.64	

Note: The Bank has implemented share consolidation of its common shares on a one for two basis effective October 1, 2018. Earnings per share and Diluted earnings per share have been calculated as if this consolidation of shares was implemented at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2018	4,907,285	296,042	5.9
As of March 31, 2018	4,789,498	293,865	6.0

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2018	-	5.50	-	5.50	11.00
Year ending March 31, 2019	-	5.50	-	-	-
Year ending March 31, 2019 (Forecast)	-	-	-	11.00	-

Note: The Bank has implemented share consolidation of its common shares on a one for two basis effective October 1, 2018. The year-end dividend per share for the fiscal year ending March 31, 2019 reflects the effect of this consolidation of shares, and “-” is indicated for the total amount of annual dividends. The year-end dividend and annual dividends per share for the fiscal year ending March 31, 2019 calculated without factoring in the share consolidation are 5.50 yen and 11.00 yen. Accordingly, there will be no change in the dividend forecasts announced on May 9, 2018.

3. Forecast of consolidated financial results for the year ending March 31, 2019 (from April 1, 2018 to March 31, 2019)

Percentages indicate year-on-year changes

	Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Yen
Full year	18,000	1.1	12,500	3.1	94.71

Note: The Bank has implemented share consolidation of its common shares on a one for two basis effective October 1, 2018. Earnings per share in the forecast of consolidated financial results for the year ending March 31, 2019 factor in the impact of this consolidation of shares.

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2018
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2018	143,927,858 shares	As of March 31, 2018	143,927,858 shares
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Number of treasury shares at the end of the period

As of September 30, 2018	11,921,192 shares	As of March 31, 2018	12,069,293 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2018	131,935,906 shares	Six months ended September 30, 2017	131,851,765 shares
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Note: The Bank has implemented share consolidation of its common shares on a one for two basis effective October 1, 2018. Total number of issued shares at the end of the period (including treasury shares), Number of treasury shares at the end of the period, and Average number of shares during the period (cumulative from the beginning of the fiscal year) were calculated as of this consolidation of shares was implemented at the beginning of the previous fiscal year.

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2018	As of September 30, 2018
Assets		
Cash and due from banks	291,325	343,711
Call loans and bills bought	9,900	6,161
Trading account securities	4,195	4,276
Securities	928,118	918,212
Loans and bills discounted	3,454,643	3,527,732
Foreign exchanges	4,292	2,677
Other assets	31,898	40,483
Tangible fixed assets	65,706	64,395
Intangible fixed assets	4,471	4,566
Deferred tax assets	42	39
Customers' liabilities for acceptances and guarantees	4,400	4,350
Allowance for loan losses	(9,495)	(9,322)
Total assets	4,789,498	4,907,285
Liabilities		
Deposits	4,419,524	4,567,492
Negotiable certificates of deposit	13,500	13,500
Borrowed money	31,400	–
Foreign exchanges	225	150
Other liabilities	10,324	10,067
Provision for bonuses	1,281	1,251
Provision for directors' bonuses	66	33
Net defined benefit liability	2,631	2,287
Provision for directors' retirement benefits	5	5
Provision for loss on interest repayment	12	10
Provision for reimbursement of deposits	622	668
Provision for contingent loss	680	699
Deferred tax liabilities	6,316	6,084
Deferred tax liabilities for land revaluation	4,643	4,643
Acceptances and guarantees	4,400	4,350
Total liabilities	4,495,633	4,611,242
Net assets		
Capital stock	49,759	49,759
Capital surplus	39,704	39,704
Retained earnings	167,453	171,345
Treasury shares	(12,947)	(12,787)
Total shareholders' equity	243,970	248,022
Valuation difference on available-for-sale securities	40,483	38,270
Revaluation reserve for land	6,602	6,602
Remeasurements of defined benefit plans	(1,390)	(1,278)
Total accumulated other comprehensive income	45,695	43,595
Share acquisition rights	346	254
Non-controlling interests	3,852	4,170
Total net assets	293,865	296,042
Total liabilities and net assets	4,789,498	4,907,285

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Ordinary income	33,008	33,830
Interest income	25,028	24,421
Interest on loans and discounts	18,589	18,621
Interest and dividends on securities	6,162	5,492
Fees and commissions	5,216	5,573
Other ordinary income	1,147	436
Other income	1,615	3,398
Ordinary expenses	23,626	25,862
Interest expenses	440	414
Interest on deposits	301	262
Fees and commissions payments	2,629	2,647
Other ordinary expenses	139	1,247
General and administrative expenses	19,173	18,817
Other expenses	1,244	2,734
Ordinary profit	9,381	7,967
Extraordinary income	4	–
Gain on disposal of non-current assets	4	–
Extraordinary losses	158	84
Loss on disposal of non-current assets	158	75
Impairment loss	–	9
Profit before income taxes	9,227	7,882
Income taxes - current	2,577	1,782
Income taxes - deferred	201	591
Total income taxes	2,778	2,374
Profit	6,449	5,508
Profit attributable to non-controlling interests	151	134
Profit attributable to owners of parent	6,298	5,374

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Profit	6,449	5,508
Other comprehensive income	2,656	(1,911)
Valuation difference on available-for-sale securities	2,468	(2,022)
Remeasurements of defined benefit plans, net of tax	187	110
Comprehensive income	9,105	3,596
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,873	3,274
Comprehensive income attributable to non-controlling interests	232	322

Consolidated statements of changes in equity

Six months ended September 30, 2017

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	49,759	39,704	158,239	(12,973)	234,730
Changes of items during period					
Dividends of surplus			(1,448)		(1,448)
Profit attributable to owners of parent			6,298		6,298
Purchase of treasury shares				(6)	(6)
Disposal of treasury shares			(3)	42	38
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	4,845	35	4,881
Balance at end of current period	49,759	39,704	163,085	(12,938)	239,611

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	40,541	6,602	(2,342)	44,802	287	3,398	283,219
Changes of items during period							
Dividends of surplus							(1,448)
Profit attributable to owners of parent							6,298
Purchase of treasury shares							(6)
Disposal of treasury shares							38
Net changes of items other than shareholders' equity	2,385	–	189	2,575	15	302	2,893
Total changes of items during period	2,385	–	189	2,575	15	302	7,774
Balance at end of current period	42,927	6,602	(2,152)	47,377	303	3,701	290,993

Six months ended September 30, 2018

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	49,759	39,704	167,453	(12,947)	243,970
Changes of items during period					
Dividends of surplus			(1,450)		(1,450)
Profit attributable to owners of parent			5,374		5,374
Purchase of treasury shares				(5)	(5)
Disposal of treasury shares			(31)	165	133
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	3,892	159	4,051
Balance at end of current period	49,759	39,704	171,345	(12,787)	248,022

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	40,483	6,602	(1,390)	45,695	346	3,852	293,865
Changes of items during period							
Dividends of surplus							(1,450)
Profit attributable to owners of parent							5,374
Purchase of treasury shares							(5)
Disposal of treasury shares							133
Net changes of items other than shareholders' equity	(2,212)	–	112	(2,100)	(92)	317	(1,874)
Total changes of items during period	(2,212)	–	112	(2,100)	(92)	317	2,177
Balance at end of current period	38,270	6,602	(1,278)	43,595	254	4,170	296,042