

Translation

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**Summary of Consolidated Financial Results
for the Year Ended March 31, 2019
(Based on Japanese GAAP)**

May 10, 2019

Company name: The Keiyo Bank, Ltd.
 Stock exchange listing: Tokyo
 Stock code: 8544 URL <https://www.keiyobank.co.jp/>
 Representative: President Toshiyuki Kumagai
 General Manager of Accounting
 Inquiries: Corporate Planning Division Yukihiro Nezu TEL 043-306-2121
 Scheduled date of ordinary general meeting of shareholders: June 26, 2019
 Scheduled date to file Securities Report: June 26, 2019
 Scheduled date to commence dividend payments: June 27, 2019
 Trading accounts: No
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

(1) Consolidated operating results

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	%
Year ended March 31, 2019	67,465	3.5	15,670	(11.8)	10,547	(12.9)
Year ended March 31, 2018	65,139	(2.1)	17,787	0.6	12,116	4.1

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Ordinary profit/ordinary income
	Yen	Yen	%	%	%
Year ended March 31, 2019	79.92	79.71	3.6	0.3	23.2
Year ended March 31, 2018	91.89	91.62	4.2	0.3	27.3

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	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2019	4,895,368	294,855	5.9	2,199.34
As of March 31, 2018	4,789,498	293,865	6.0	2,196.79

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

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2019	(54,600)	41,914	(2,781)	273,483
Year ended March 31, 2018	(17,881)	95,967	(2,763)	288,950

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2018	–	5.50	–	5.50	11.00	2,900	23.9	1.0
Year ended March 31, 2019	–	5.50	–	11.00	–	2,904	27.5	1.0
Year ending March 31, 2020 (Forecast)	–	11.00	–	11.00	22.00		26.9	

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, 2020 (from April 1, 2019 to March 31, 2020)

Percentages indicate year-on-year changes

	Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2019	8,000	0.4	5,400	0.4	41.10
Full year	15,700	0.1	10,700	1.4	81.71

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2019

(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 March 31, 2019	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 March 31, 2019	11,923,488 shares	As of March 31, 2018	12,069,293 shares
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Average number of shares during the period

Year ended March 31, 2019	131,970,426 shares	Year ended March 31, 2018	131,857,195 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 were calculated as of this consolidation of shares was implemented at the beginning of the previous fiscal year.

Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Assets		
Cash and due from banks	291,325	275,936
Call loans and bills bought	9,900	6,265
Trading account securities	4,195	4,247
Securities	928,118	888,553
Loans and bills discounted	3,454,643	3,613,625
Foreign exchanges	4,292	2,949
Other assets	31,898	40,335
Tangible fixed assets	65,706	63,385
Buildings, net	28,077	26,684
Land	31,175	31,106
Construction in progress	409	94
Other tangible fixed assets	6,043	5,499
Intangible fixed assets	4,471	5,661
Software	2,329	2,261
Software in progress	1,941	3,200
Other intangible fixed assets	200	199
Deferred tax assets	42	37
Customers' liabilities for acceptances and guarantees	4,400	3,915
Allowance for loan losses	(9,495)	(9,545)
Total assets	4,789,498	4,895,368
Liabilities		
Deposits	4,419,524	4,556,163
Negotiable certificates of deposit	13,500	16,000
Borrowed money	31,400	–
Foreign exchanges	225	173
Other liabilities	10,324	10,782
Provision for bonuses	1,281	1,245
Provision for bonuses for directors (and other officers)	66	66
Retirement benefit liability	2,631	2,669
Provision for retirement benefits for directors (and other officers)	5	5
Provision for loss on interest repayment	12	8
Provision for reimbursement of deposits	622	623
Provision for contingent loss	680	867
Deferred tax liabilities	6,316	3,349
Deferred tax liabilities for land revaluation	4,643	4,639
Acceptances and guarantees	4,400	3,915
Total liabilities	4,495,633	4,600,513

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Net assets		
Capital stock	49,759	49,759
Capital surplus	39,704	39,704
Retained earnings	167,453	174,810
Treasury shares	(12,947)	(12,789)
Total shareholders' equity	243,970	251,485
Valuation difference on available-for-sale securities	40,483	33,642
Revaluation reserve for land	6,602	6,858
Remeasurements of defined benefit plans	(1,390)	(1,663)
Total accumulated other comprehensive income	45,695	38,837
Share acquisition rights	346	293
Non-controlling interests	3,852	4,238
Total net assets	293,865	294,855
Total liabilities and net assets	4,789,498	4,895,368

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Ordinary income	65,139	67,465
Interest income	49,713	48,735
Interest on loans and discounts	37,176	37,183
Interest and dividends on securities	11,961	10,934
Interest on call loans and bills bought	106	140
Interest on deposits with banks	468	466
Other interest income	0	9
Fees and commissions	10,662	11,370
Other ordinary income	1,569	1,380
Other income	3,193	5,979
Recoveries of written off claims	3	4
Other	3,190	5,974
Ordinary expenses	47,351	51,794
Interest expenses	860	811
Interest on deposits	567	503
Interest on negotiable certificates of deposit	3	2
Interest on call money and bills sold	(16)	(14)
Interest on payables under securities lending transactions	306	320
Interest on borrowings and rediscounts	0	0
Fees and commissions payments	3,811	4,003
Other ordinary expenses	648	1,775
General and administrative expenses	38,389	37,418
Other expenses	3,641	7,785
Provision of allowance for loan losses	916	5,055
Other	2,725	2,730
Ordinary profit	17,787	15,670
Extraordinary income	106	–
Gain on disposal of non-current assets	106	–
Extraordinary losses	287	238
Loss on disposal of non-current assets	246	101
Impairment loss	41	137
Profit before income taxes	17,606	15,432
Income taxes - current	5,104	4,716
Income taxes - deferred	122	(23)
Total income taxes	5,227	4,693
Profit	12,378	10,739
Profit attributable to non-controlling interests	262	191
Profit attributable to owners of parent	12,116	10,547

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Profit	12,378	10,739
Other comprehensive income	1,014	(6,914)
Valuation difference on available-for-sale securities	62	(6,638)
Remeasurements of defined benefit plans, net of tax	952	(276)
Comprehensive income	13,393	3,824
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	13,009	3,433
Comprehensive income attributable to non-controlling interests	383	390

Consolidated statements of changes in equity

Fiscal year ended March 31, 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	158,239	(12,973)	234,730
Changes of items during period					
Dividends of surplus			(2,899)		(2,899)
Profit attributable to owners of parent			12,116		12,116
Purchase of treasury shares				(16)	(16)
Disposal of treasury shares			(3)	42	38
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	9,213	26	9,239
Balance at end of current period	49,759	39,704	167,453	(12,947)	243,970

	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							(2,899)
Profit attributable to owners of parent							12,116
Purchase of treasury shares							(16)
Disposal of treasury shares							38
Net changes of items other than shareholders' equity	(57)	–	951	893	58	454	1,406
Total changes of items during period	(57)	–	951	893	58	454	10,646
Balance at end of current period	40,483	6,602	(1,390)	45,695	346	3,852	293,865

Fiscal year ended March 31, 2019

(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			(2,902)		(2,902)
Profit attributable to owners of parent			10,547		10,547
Purchase of treasury shares				(7)	(7)
Disposal of treasury shares			(31)	165	133
Reversal of revaluation reserve for land			(255)		(255)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	7,357	157	7,514
Balance at end of current period	49,759	39,704	174,810	(12,789)	251,485

	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							(2,902)
Profit attributable to owners of parent							10,547
Purchase of treasury shares							(7)
Disposal of treasury shares							133
Reversal of revaluation reserve for land							(255)
Net changes of items other than shareholders' equity	(6,840)	255	(272)	(6,857)	(53)	385	(6,525)
Total changes of items during period	(6,840)	255	(272)	(6,857)	(53)	385	989
Balance at end of current period	33,642	6,858	(1,663)	38,837	293	4,238	294,855

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from operating activities		
Profit before income taxes	17,606	15,432
Depreciation	4,460	4,320
Impairment loss	41	137
Increase (decrease) in allowance for loan losses	(234)	50
Increase (decrease) in provision for bonuses	(11)	(35)
Increase (decrease) in retirement benefit liability	(595)	(677)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	3	0
Increase (decrease) in provision for loss on interest repayment	(3)	(3)
Increase (decrease) in provision for reimbursement of deposits	49	0
Increase (decrease) in provision for contingent loss	51	187
Gain on fund management	(37,751)	(37,800)
Financing expenses	860	811
Loss (gain) related to securities	(14,325)	(14,918)
Foreign exchange losses (gains)	252	(233)
Loss (gain) on disposal of non-current assets	139	101
Net decrease (increase) in loans and bills discounted	(183,169)	(158,982)
Net increase (decrease) in deposit	182,448	136,639
Net increase (decrease) in negotiable certificates of deposit	–	2,500
Net increase (decrease) in borrowed money	(1,000)	(31,400)
Net decrease (increase) in deposit (excluding deposit paid to Bank of Japan)	(1,032)	(78)
Net decrease (increase) in call loans	(3,818)	3,635
Net decrease (increase) in foreign exchanges - assets	(1,430)	1,343
Net increase (decrease) in foreign exchanges - liabilities	119	(51)
Proceeds from fund management	37,741	37,817
Payments for finance	(1,065)	(843)
Other, net	(12,453)	(7,569)
Subtotal	(13,117)	(49,617)
Income taxes paid	(4,764)	(4,982)
Net cash provided by (used in) operating activities	(17,881)	(54,600)
Cash flows from investing activities		
Purchase of securities	(34,164)	(56,132)
Proceeds from sales of securities	58,032	63,924
Proceeds from redemption of securities	64,059	26,399
Proceeds from fund management as investing activities	12,238	11,151
Purchase of tangible fixed assets	(2,525)	(1,332)
Proceeds from sales of tangible fixed assets	212	–
Purchase of intangible assets	(1,760)	(2,010)
Other, net	(124)	(85)
Net cash provided by (used in) investing activities	95,967	41,914

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from financing activities		
Cash dividends paid	(2,899)	(2,902)
Dividends paid to non-controlling interests	(4)	(4)
Purchase of treasury shares	(16)	(7)
Proceeds from sales of treasury shares	156	133
Net cash provided by (used in) financing activities	(2,763)	(2,781)
Net increase (decrease) in cash and cash equivalents	75,322	(15,467)
Cash and cash equivalents at beginning of period	213,628	288,950
Cash and cash equivalents at end of period	288,950	273,483