

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2020 (Based on Japanese GAAP)

May 12, 2020

Company name: The Keiyo Bank, Ltd.
 Stock exchange listing: Tokyo
 Stock code: 8544 URL <https://www.keiyobank.co.jp/>
 Representative: President Toshiyuki Kumagai
 Inquiries: General Manager of Accounting Yukihiko Nezu TEL 043-306-2121
 Corporate Planning Division
 Scheduled date of ordinary general meeting of shareholders: June 25, 2020
 Scheduled date to file Securities Report: June 25, 2020
 Scheduled date to commence dividend payments: June 26, 2020
 Trading accounts: No
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

(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, 2020	68,081	0.9	8,182	(47.7)	5,564	(47.2)
Year ended March 31, 2019	67,465	3.5	15,670	(11.8)	10,547	(12.9)

	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, 2020	42.52	42.39	1.9	0.1	12.0
Year ended March 31, 2019	79.92	79.71	3.6	0.3	23.2

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, 2020	4,994,723	282,306	5.5	2,125.95
As of March 31, 2019	4,895,368	294,855	5.9	2,199.34

(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, 2020	23,671	(45,206)	(3,829)	248,118
Year ended March 31, 2019	(54,600)	41,914	(2,781)	273,483

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, 2019	–	5.50	–	11.00	–	2,904	27.5	1.0
Year ended March 31, 2020	–	11.00	–	9.00	20.00	2,610	47.0	0.9
Year ending March 31, 2021 (Forecast)	–	9.00	–	9.00	18.00		46.0	

Note: The Bank has implemented share consolidation of its common shares on a one for two basis effective October 1, 2018. For the fiscal year ended March 31, 2019, dividend per share for the 2nd quarter-end is calculated without factoring in this share consolidation, and “–” is indicated for the total amount of annual dividends. The annual dividends per share for the fiscal year ended March 31, 2019 calculated on a post-consolidation basis are 22.00 yen.

3. Forecast of consolidated financial results for the year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

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, 2020	3,500	(43.6)	2,200	(47.8)	16.85
Full year	7,900	(3.4)	5,100	(8.3)	39.07

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2020

(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, 2020	138,927,858 shares	As of March 31, 2019	143,927,858 shares
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Number of treasury shares at the end of the period

As of March 31, 2020	8,394,348 shares	As of March 31, 2019	11,923,488 shares
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Average number of shares during the period

Year ended March 31, 2020	130,874,973 shares	Year ended March 31, 2019	131,970,426 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. Average number of shares during the period was 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, 2019	As of March 31, 2020
Assets		
Cash and due from banks	275,936	250,132
Call loans and bills bought	6,265	3,980
Trading account securities	4,247	3,931
Securities	888,553	933,367
Loans and bills discounted	3,613,625	3,694,413
Foreign exchanges	2,949	3,498
Other assets	40,335	39,748
Tangible fixed assets	63,385	61,313
Buildings, net	26,684	25,388
Land	31,106	31,059
Construction in progress	94	134
Other tangible fixed assets	5,499	4,731
Intangible fixed assets	5,661	6,222
Software	2,261	1,966
Software in progress	3,200	4,056
Other intangible fixed assets	199	199
Deferred tax assets	37	6,809
Customers' liabilities for acceptances and guarantees	3,915	3,940
Allowance for loan losses	(9,545)	(12,635)
Total assets	4,895,368	4,994,723
Liabilities		
Deposits	4,556,163	4,665,243
Negotiable certificates of deposit	16,000	17,000
Foreign exchanges	173	135
Other liabilities	10,782	15,242
Provision for bonuses	1,245	1,307
Provision for bonuses for directors (and other officers)	66	61
Retirement benefit liability	2,669	2,507
Provision for retirement benefits for directors (and other officers)	5	2
Provision for loss on interest repayment	8	5
Provision for reimbursement of deposits	623	799
Provision for contingent loss	867	1,165
Deferred tax liabilities	3,349	363
Deferred tax liabilities for land revaluation	4,639	4,639
Acceptances and guarantees	3,915	3,940
Total liabilities	4,600,513	4,712,416

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Net assets		
Share capital	49,759	49,759
Capital surplus	39,704	39,704
Retained earnings	174,810	171,957
Treasury shares	(12,789)	(8,432)
Total shareholders' equity	251,485	252,989
Valuation difference on available-for-sale securities	33,642	20,065
Revaluation reserve for land	6,858	7,198
Remeasurements of defined benefit plans	(1,663)	(2,744)
Total accumulated other comprehensive income	38,837	24,519
Share acquisition rights	293	346
Non-controlling interests	4,238	4,451
Total net assets	294,855	282,306
Total liabilities and net assets	4,895,368	4,994,723

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

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Ordinary income	67,465	68,081
Interest income	48,735	47,930
Interest on loans and discounts	37,183	36,557
Interest and dividends on securities	10,934	10,818
Interest on call loans and bills bought	140	87
Interest on deposits with banks	466	466
Other interest income	9	0
Fees and commissions	11,370	10,849
Other ordinary income	1,380	1,801
Other income	5,979	7,499
Recoveries of written off receivables	4	3
Other	5,974	7,496
Ordinary expenses	51,794	59,899
Interest expenses	811	778
Interest on deposits	503	454
Interest on negotiable certificates of deposit	2	2
Interest on call money and bills sold	(14)	(12)
Interest on payables under securities lending transactions	320	334
Interest on borrowings and rediscounts	0	0
Fees and commissions payments	4,003	4,447
Other ordinary expenses	1,775	471
General and administrative expenses	37,418	37,067
Other expenses	7,785	17,134
Provision of allowance for loan losses	5,055	13,188
Other	2,730	3,945
Ordinary profit	15,670	8,182
Extraordinary income	–	235
Gain on disposal of non-current assets	–	235
Extraordinary losses	238	329
Loss on disposal of non-current assets	101	127
Impairment loss	137	202
Profit before income taxes	15,432	8,087
Income taxes - current	4,716	5,514
Income taxes - deferred	(23)	(3,198)
Total income taxes	4,693	2,316
Profit	10,739	5,771
Profit attributable to non-controlling interests	191	206
Profit attributable to owners of parent	10,547	5,564

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Profit	10,739	5,771
Other comprehensive income	(6,914)	(14,646)
Valuation difference on available-for-sale securities	(6,638)	(13,558)
Remeasurements of defined benefit plans, net of tax	(276)	(1,088)
Comprehensive income	3,824	(8,875)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,433	(9,093)
Comprehensive income attributable to non-controlling interests	390	217

Consolidated statements of changes in equity

Fiscal year ended March 31, 2019

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	49,759	39,704	167,453	(12,947)	243,970
Changes 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 in items other than shareholders' equity					
Total changes during period	-	-	7,357	157	7,514
Balance at end of 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 period	40,483	6,602	(1,390)	45,695	346	3,852	293,865
Changes 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 in items other than shareholders' equity	(6,840)	255	(272)	(6,857)	(53)	385	(6,525)
Total changes during period	(6,840)	255	(272)	(6,857)	(53)	385	989
Balance at end of period	33,642	6,858	(1,663)	38,837	293	4,238	294,855

Fiscal year ended March 31, 2020

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	49,759	39,704	174,810	(12,789)	251,485
Changes during period					
Dividends of surplus			(2,887)		(2,887)
Profit attributable to owners of parent			5,564		5,564
Purchase of treasury shares				(965)	(965)
Disposal of treasury shares			(3)	31	28
Cancellation of treasury shares			(5,290)	5,290	–
Reversal of revaluation reserve for land			(236)		(236)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	(2,853)	4,357	1,503
Balance at end of period	49,759	39,704	171,957	(8,432)	252,989

	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 period	33,642	6,858	(1,663)	38,837	293	4,238	294,855
Changes during period							
Dividends of surplus							(2,887)
Profit attributable to owners of parent							5,564
Purchase of treasury shares							(965)
Disposal of treasury shares							28
Cancellation of treasury shares							–
Reversal of revaluation reserve for land							(236)
Net changes in items other than shareholders' equity	(13,576)	339	(1,081)	(14,318)	52	213	(14,052)
Total changes during period	(13,576)	339	(1,081)	(14,318)	52	213	(12,548)
Balance at end of period	20,065	7,198	(2,744)	24,519	346	4,451	282,306

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from operating activities		
Profit before income taxes	15,432	8,087
Depreciation	4,320	3,948
Impairment loss	137	202
Increase (decrease) in allowance for loan losses	50	3,090
Increase (decrease) in provision for bonuses	(35)	61
Increase (decrease) in provision for bonuses for directors (and other officers)	–	(5)
Increase (decrease) in retirement benefit liability	(677)	(2,110)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	0	(3)
Increase (decrease) in provision for loss on interest repayment	(3)	(2)
Increase (decrease) in provision for reimbursement of deposits	0	175
Increase (decrease) in provision for contingent loss	187	298
Interest income	(37,800)	(37,111)
Interest expenses	811	778
Loss (gain) related to securities	(14,918)	(17,177)
Foreign exchange losses (gains)	(233)	619
Loss (gain) on disposal of non-current assets	101	(108)
Net decrease (increase) in loans and bills discounted	(158,982)	(80,787)
Net increase (decrease) in deposits	136,639	109,080
Net increase (decrease) in negotiable certificates of deposit	2,500	1,000
Net increase (decrease) in borrowed money	(31,400)	–
Net decrease (increase) in due from banks (excluding due from Bank of Japan)	(78)	439
Net decrease (increase) in call loans	3,635	2,284
Net decrease (increase) in foreign exchanges - assets	1,343	(549)
Net increase (decrease) in foreign exchanges - liabilities	(51)	(37)
Interest received	37,817	37,266
Interest paid	(843)	(772)
Other, net	(7,569)	(416)
Subtotal	(49,617)	28,249
Income taxes paid	(4,982)	(4,577)
Net cash provided by (used in) operating activities	(54,600)	23,671
Cash flows from investing activities		
Purchase of securities	(56,132)	(292,911)
Proceeds from sales of securities	63,924	124,169
Proceeds from redemption of securities	26,399	115,653
Proceeds from fund management as investing activities	11,151	10,415
Purchase of tangible fixed assets	(1,332)	(1,305)
Proceeds from sales of tangible fixed assets	–	235
Purchase of intangible assets	(2,010)	(1,351)
Other, net	(85)	(111)
Net cash provided by (used in) investing activities	41,914	(45,206)

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from financing activities		
Dividends paid	(2,902)	(2,887)
Dividends paid to non-controlling interests	(4)	(4)
Purchase of treasury shares	(7)	(965)
Proceeds from sales of treasury shares	133	28
Net cash provided by (used in) financing activities	(2,781)	(3,829)
Net increase (decrease) in cash and cash equivalents	(15,467)	(25,364)
Cash and cash equivalents at beginning of period	288,950	273,483
Cash and cash equivalents at end of period	273,483	248,118