Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2017 (Based on Japanese GAAP)

May 10, 2017

Company name: The Keiyo Bank, Ltd.
Stock exchange listing: Tokyo
Stock code: 8544 URL http://www.keiyobank.co.jp/
Representative: President Toshiyuki Kumagai
Inquiries: General Manager of Accounting Corporate Planning Division Yukihiko Nezu TEL 043-306-2121
Scheduled date of ordinary general meeting of shareholders: June 28, 2017
Scheduled date to file Securities Report: June 28, 2017
Scheduled date to commence dividend payments: June 29, 2017
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, 2017 (from April 1, 2016 to March 31, 2017)

(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, 2017	66,570	(5.6)	17,666	(26.5)	11,634	(23.3)
Year ended March 31, 2016	70,526	(1.7)	24,041	(5.9)	15,188	1.7

	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, 2017	44.07	43.96	4.1	0.3	26.5
Year ended March 31, 2016	56.31	56.17	5.4	0.5	34.0

(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, 2017	4,598,425	283,219	6.0	1,060.19
As of March 31, 2016	4,493,684	283,077	6.2	1,050.21

(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, 2017	(65,459)	(51,296)	(3,932)	213,628
Year ended March 31, 2016	(19,087)	54,114	(9,098)	334,317

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, 2016	–	5.50	–	5.50	11.00	2,930	19.5	1.0
Year ended March 31, 2017	–	5.50	–	5.50	11.00	2,900	24.9	1.0
Year ending March 31, 2018 (Forecast)	–	5.50	–	5.50	11.00		23.2	

3. Forecast of consolidated financial results for the year ending March 31, 2018 (from April 1, 2017 to March 31, 2018)

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, 2017	8,500	(17.7)	6,000	(10.5)	22.75
Full year	18,000	1.8	12,500	7.4	47.40

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2017 (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:	Yes
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, 2017	287,855,716 shares	As of March 31, 2016	290,855,716 shares

Number of treasury shares at the end of the period

As of March 31, 2017	24,195,137 shares	As of March 31, 2016	24,454,731 shares

Average number of shares during the period

Year ended March 31, 2017	263,994,793 shares	Year ended March 31, 2016	269,707,365 shares

Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Assets		
Cash and due from banks	336,389	214,970
Call loans and bills bought	7,780	6,082
Trading account securities	3,671	4,192
Securities	964,613	1,013,957
Loans and bills discounted	3,098,839	3,271,474
Foreign exchanges	1,699	2,861
Other assets	11,692	17,854
Tangible fixed assets	67,786	67,236
Buildings, net	28,886	28,594
Land	31,530	31,275
Construction in progress	926	871
Other tangible fixed assets	6,443	6,494
Intangible fixed assets	1,932	3,304
Software	1,000	1,642
Software in progress	731	1,461
Other intangible fixed assets	200	200
Deferred tax assets	67	60
Customers' liabilities for acceptances and guarantees	7,433	6,159
Allowance for loan losses	(8,222)	(9,729)
Total assets	4,493,684	4,598,425
Liabilities		
Deposits	4,095,472	4,237,075
Negotiable certificates of deposit	11,467	13,500
Borrowed money	62,400	32,400
Foreign exchanges	137	106
Other liabilities	10,314	8,923
Provision for bonuses	1,294	1,292
Provision for directors' bonuses	82	66
Net defined benefit liability	6,791	4,056
Provision for directors' retirement benefits	8	2
Provision for loss on interest repayment	13	15
Provision for reimbursement of deposits	527	573
Provision for contingent loss	699	628
Deferred tax liabilities	9,276	5,762
Deferred tax liabilities for land revaluation	4,687	4,643
Acceptances and guarantees	7,433	6,159
Total liabilities	4,210,607	4,315,206

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Net assets		
Capital stock	49,759	49,759
Capital surplus	39,718	39,704
Retained earnings	151,110	158,239
Treasury shares	(13,450)	(12,973)
Total shareholders' equity	227,137	234,730
Valuation difference on available-for-sale securities	49,029	40,541
Revaluation reserve for land	6,625	6,602
Remeasurements of defined benefit plans	(3,015)	(2,342)
Total accumulated other comprehensive income	52,639	44,802
Subscription rights to shares	315	287
Non-controlling interests	2,983	3,398
Total net assets	283,077	283,219
Total liabilities and net assets	4,493,684	4,598,425

Consolidated statements of income and consolidated statements of comprehensive income

Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Ordinary income	70,526	66,570
Interest income	54,083	51,112
Interest on loans and discounts	40,295	38,269
Interest and dividends on securities	13,240	12,301
Interest on call loans and bills bought	69	70
Interest on deposits with banks	476	470
Other interest income	0	0
Fees and commissions	10,954	10,434
Other ordinary income	2,902	3,297
Other income	2,586	1,726
Reversal of allowance for loan losses	533	–
Recoveries of written off claims	1	9
Other	2,051	1,717
Ordinary expenses	46,485	48,903
Interest expenses	1,941	1,105
Interest on deposits	1,652	837
Interest on negotiable certificates of deposit	13	2
Interest on call money and bills sold	0	(5)
Interest on payables under securities lending transactions	201	249
Interest on borrowings and rediscounts	73	21
Fees and commissions payments	3,716	3,812
Other ordinary expenses	–	26
General and administrative expenses	38,100	39,035
Other expenses	2,727	4,923
Provision of allowance for loan losses	–	2,832
Other	2,727	2,090
Ordinary profit	24,041	17,666
Extraordinary income	13	4
Gain on disposal of non-current assets	13	4
Extraordinary losses	284	558
Loss on disposal of non-current assets	284	439
Impairment loss	–	118
Profit before income taxes	23,769	17,113
Income taxes - current	6,953	5,330
Income taxes - deferred	1,309	(128)
Total income taxes	8,263	5,202
Profit	15,506	11,910
Profit attributable to non-controlling interests	317	276
Profit attributable to owners of parent	15,188	11,634

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Profit	15,506	11,910
Other comprehensive income	(355)	(7,754)
Valuation difference on available-for-sale securities	3,018	(8,428)
Revaluation reserve for land	246	–
Remeasurements of defined benefit plans, net of tax	(3,620)	673
Comprehensive income	15,150	4,156
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	14,817	3,820
Comprehensive income attributable to non-controlling interests	333	335

Consolidated statements of changes in equity

Fiscal year ended March 31, 2016

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	49,759	39,718	138,880	(7,342)	221,016
Changes of items during period					
Dividends of surplus			(2,979)		(2,979)
Profit attributable to owners of parent			15,188		15,188
Purchase of treasury shares				(6,146)	(6,146)
Disposal of treasury shares			(6)	38	31
Reversal of revaluation reserve for land			27		27
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	12,229	(6,107)	6,121
Balance at end of current period	49,759	39,718	151,110	(13,450)	227,137

	Accumulated other comprehensive income				Subscription rights to shares	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	46,046	6,406	585	53,038	271	2,653	276,980
Changes of items during period							
Dividends of surplus							(2,979)
Profit attributable to owners of parent							15,188
Purchase of treasury shares							(6,146)
Disposal of treasury shares							31
Reversal of revaluation reserve for land							27
Net changes of items other than shareholders' equity	2,982	219	(3,600)	(399)	44	329	(24)
Total changes of items during period	2,982	219	(3,600)	(399)	44	329	6,096
Balance at end of current period	49,029	6,625	(3,015)	52,639	315	2,983	283,077

Fiscal year ended March 31, 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	39,718	151,110	(13,450)	227,137
Changes of items during period					
Dividends of surplus			(2,909)		(2,909)
Profit attributable to owners of parent			11,634		11,634
Purchase of treasury shares				(1,283)	(1,283)
Disposal of treasury shares		(13)	(8)	150	128
Retirement of treasury shares			(1,609)	1,609	–
Reversal of revaluation reserve for land			22		22
Net changes of items other than shareholders' equity					
Total changes of items during period	–	(13)	7,129	476	7,592
Balance at end of current period	49,759	39,704	158,239	(12,973)	234,730

	Accumulated other comprehensive income				Subscription rights to shares	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	49,029	6,625	(3,015)	52,639	315	2,983	283,077
Changes of items during period							
Dividends of surplus							(2,909)
Profit attributable to owners of parent							11,634
Purchase of treasury shares							(1,283)
Disposal of treasury shares							128
Retirement of treasury shares							–
Reversal of revaluation reserve for land							22
Net changes of items other than shareholders' equity	(8,487)	(22)	672	(7,837)	(28)	414	(7,450)
Total changes of items during period	(8,487)	(22)	672	(7,837)	(28)	414	141
Balance at end of current period	40,541	6,602	(2,342)	44,802	287	3,398	283,219

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from operating activities		
Profit before income taxes	23,769	17,113
Depreciation	4,287	4,375
Impairment loss	–	118
Increase (decrease) in allowance for loan losses	(1,501)	1,507
Increase (decrease) in provision for bonuses	28	(2)
Increase (decrease) in provision for directors' bonuses	–	(16)
Increase (decrease) in net defined benefit liability	(467)	(2,462)
Increase (decrease) in provision for directors' retirement benefits	1	(6)
Increase (decrease) in provision for loss on interest repayment	0	2
Increase (decrease) in provision for reimbursement of deposits	101	45
Increase (decrease) in provision for contingent loss	39	(71)
Gain on fund management	(40,842)	(38,810)
Financing expenses	1,941	1,105
Loss (gain) related to securities	(16,382)	(15,723)
Foreign exchange losses (gains)	208	(100)
Loss (gain) on disposal of non-current assets	271	435
Net decrease (increase) in loans and bills discounted	(150,247)	(172,635)
Net increase (decrease) in deposit	163,839	141,603
Net increase (decrease) in negotiable certificates of deposit	1,825	2,032
Net increase (decrease) in borrowed money	(29,400)	(30,000)
Net decrease (increase) in deposit (excluding deposit paid to Bank of Japan)	(300)	730
Net decrease (increase) in call loans	(5,037)	1,698
Net increase (decrease) in call money	(2,403)	–
Net decrease (increase) in foreign exchanges - assets	495	(1,162)
Net increase (decrease) in foreign exchanges - liabilities	(20)	(31)
Proceeds from fund management	40,979	39,053
Payments for finance	(2,040)	(1,433)
Other, net	(1,013)	(6,485)
Subtotal	(11,868)	(59,118)
Income taxes paid	(7,219)	(6,340)
Net cash provided by (used in) operating activities	(19,087)	(65,459)
Cash flows from investing activities		
Purchase of securities	(238,045)	(143,746)
Proceeds from sales of securities	148,638	28,660
Proceeds from redemption of securities	135,332	56,967
Proceeds from fund management as investing activities	13,368	12,572
Purchase of tangible fixed assets	(3,965)	(3,865)
Proceeds from sales of tangible fixed assets	67	196
Purchase of intangible assets	(1,154)	(1,783)
Other, net	(128)	(298)
Net cash provided by (used in) investing activities	54,114	(51,296)

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from financing activities		
Cash dividends paid	(2,979)	(2,909)
Dividends paid to non-controlling interests	(4)	(4)
Purchase of treasury shares	(6,146)	(1,283)
Proceeds from sales of treasury shares	31	265
Net cash provided by (used in) financing activities	(9,098)	(3,932)
Net increase (decrease) in cash and cash equivalents	25,927	(120,688)
Cash and cash equivalents at beginning of period	308,389	334,317
Cash and cash equivalents at end of period	334,317	213,628