Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2018 (Based on Japanese GAAP)

May 9, 2018

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 27, 2018
Scheduled date to file Securities Report: June 27, 2018
Scheduled date to commence dividend payments: June 28, 2018
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, 2018 (from April 1, 2017 to March 31, 2018)

(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, 2018	65,139	(2.1)	17,787	0.6	12,116	4.1
Year ended March 31, 2017	66,570	(5.6)	17,666	(26.5)	11,634	(23.3)

	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, 2018	45.94	45.81	4.2	0.3	27.3
Year ended March 31, 2017	44.07	43.96	4.1	0.3	26.5

(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, 2018	4,789,498	293,865	6.0	1,098.39
As of March 31, 2017	4,598,425	283,219	6.0	1,060.19

(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, 2018	(17,881)	95,967	(2,763)	288,950
Year ended March 31, 2017	(65,459)	(51,296)	(3,932)	213,628

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, 2017	–	5.50	–	5.50	11.00	2,900	24.9	1.0
Year ended March 31, 2018	–	5.50	–	5.50	11.00	2,900	23.9	1.0
Year ending March 31, 2019 (Forecast)	–	5.50	–	5.50	11.00		23.2	

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
Six months ending September 30, 2018	9,000	(4.0)	6,000	(4.7)	22.75
Full year	18,000	1.1	12,500	3.1	47.39

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 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 March 31, 2018	287,855,716 shares	As of March 31, 2017	287,855,716 shares

Number of treasury shares at the end of the period

As of March 31, 2018	24,138,586 shares	As of March 31, 2017	24,195,137 shares

Average number of shares during the period

Year ended March 31, 2018	263,714,390 shares	Year ended March 31, 2017	263,994,793 shares

Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Assets		
Cash and due from banks	214,970	291,325
Call loans and bills bought	6,082	9,900
Trading account securities	4,192	4,195
Securities	1,013,957	928,118
Loans and bills discounted	3,271,474	3,454,643
Foreign exchanges	2,861	4,292
Other assets	17,854	31,898
Tangible fixed assets	67,236	65,706
Buildings, net	28,594	28,077
Land	31,275	31,175
Construction in progress	871	409
Other tangible fixed assets	6,494	6,043
Intangible fixed assets	3,304	4,471
Software	1,642	2,329
Software in progress	1,461	1,941
Other intangible fixed assets	200	200
Deferred tax assets	60	42
Customers' liabilities for acceptances and guarantees	6,159	4,400
Allowance for loan losses	(9,729)	(9,495)
Total assets	4,598,425	4,789,498
Liabilities		
Deposits	4,237,075	4,419,524
Negotiable certificates of deposit	13,500	13,500
Borrowed money	32,400	31,400
Foreign exchanges	106	225
Other liabilities	8,923	10,324
Provision for bonuses	1,292	1,281
Provision for directors' bonuses	66	66
Net defined benefit liability	4,056	2,631
Provision for directors' retirement benefits	2	5
Provision for loss on interest repayment	15	12
Provision for reimbursement of deposits	573	622
Provision for contingent loss	628	680
Deferred tax liabilities	5,762	6,316
Deferred tax liabilities for land revaluation	4,643	4,643
Acceptances and guarantees	6,159	4,400
Total liabilities	4,315,206	4,495,633

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Net assets		
Capital stock	49,759	49,759
Capital surplus	39,704	39,704
Retained earnings	158,239	167,453
Treasury shares	(12,973)	(12,947)
Total shareholders' equity	234,730	243,970
Valuation difference on available-for-sale securities	40,541	40,483
Revaluation reserve for land	6,602	6,602
Remeasurements of defined benefit plans	(2,342)	(1,390)
Total accumulated other comprehensive income	44,802	45,695
Share acquisition rights	287	346
Non-controlling interests	3,398	3,852
Total net assets	283,219	293,865
Total liabilities and net assets	4,598,425	4,789,498

Consolidated statements of income and consolidated statements of comprehensive income

Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Ordinary income	66,570	65,139
Interest income	51,112	49,713
Interest on loans and discounts	38,269	37,176
Interest and dividends on securities	12,301	11,961
Interest on call loans and bills bought	70	106
Interest on deposits with banks	470	468
Other interest income	0	0
Fees and commissions	10,434	10,662
Other ordinary income	3,297	1,569
Other income	1,726	3,193
Recoveries of written off claims	9	3
Other	1,717	3,190
Ordinary expenses	48,903	47,351
Interest expenses	1,105	860
Interest on deposits	837	567
Interest on negotiable certificates of deposit	2	3
Interest on call money and bills sold	(5)	(16)
Interest on payables under securities lending transactions	249	306
Interest on borrowings and rediscounts	21	0
Fees and commissions payments	3,812	3,811
Other ordinary expenses	26	648
General and administrative expenses	39,035	38,389
Other expenses	4,923	3,641
Provision of allowance for loan losses	2,832	916
Other	2,090	2,725
Ordinary profit	17,666	17,787
Extraordinary income	4	106
Gain on disposal of non-current assets	4	106
Extraordinary losses	558	287
Loss on disposal of non-current assets	439	246
Impairment loss	118	41
Profit before income taxes	17,113	17,606
Income taxes - current	5,330	5,104
Income taxes - deferred	(128)	122
Total income taxes	5,202	5,227
Profit	11,910	12,378
Profit attributable to non-controlling interests	276	262
Profit attributable to owners of parent	11,634	12,116

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Profit	11,910	12,378
Other comprehensive income	(7,754)	1,014
Valuation difference on available-for-sale securities	(8,428)	62
Remeasurements of defined benefit plans, net of tax	673	952
Comprehensive income	4,156	13,393
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,820	13,009
Comprehensive income attributable to non-controlling interests	335	383

Consolidated statements of changes in equity

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				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	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

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

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Cash flows from operating activities		
Profit before income taxes	17,113	17,606
Depreciation	4,375	4,460
Impairment loss	118	41
Increase (decrease) in allowance for loan losses	1,507	(234)
Increase (decrease) in provision for bonuses	(2)	(11)
Increase (decrease) in provision for directors' bonuses	(16)	–
Increase (decrease) in net defined benefit liability	(2,462)	(595)
Increase (decrease) in provision for directors' retirement benefits	(6)	3
Increase (decrease) in provision for loss on interest repayment	2	(3)
Increase (decrease) in provision for reimbursement of deposits	45	49
Increase (decrease) in provision for contingent loss	(71)	51
Gain on fund management	(38,810)	(37,751)
Financing expenses	1,105	860
Loss (gain) related to securities	(15,723)	(14,325)
Foreign exchange losses (gains)	(100)	252
Loss (gain) on disposal of non-current assets	435	139
Net decrease (increase) in loans and bills discounted	(172,635)	(183,169)
Net increase (decrease) in deposit	141,603	182,448
Net increase (decrease) in negotiable certificates of deposit	2,032	–
Net increase (decrease) in borrowed money	(30,000)	(1,000)
Net decrease (increase) in deposit (excluding deposit paid to Bank of Japan)	730	(1,032)
Net decrease (increase) in call loans	1,698	(3,818)
Net decrease (increase) in foreign exchanges - assets	(1,162)	(1,430)
Net increase (decrease) in foreign exchanges - liabilities	(31)	119
Proceeds from fund management	39,053	37,741
Payments for finance	(1,433)	(1,065)
Other, net	(6,485)	(12,453)
Subtotal	(59,118)	(13,117)
Income taxes paid	(6,340)	(4,764)
Net cash provided by (used in) operating activities	(65,459)	(17,881)
Cash flows from investing activities		
Purchase of securities	(143,746)	(34,164)
Proceeds from sales of securities	28,660	58,032
Proceeds from redemption of securities	56,967	64,059
Proceeds from fund management as investing activities	12,572	12,238
Purchase of tangible fixed assets	(3,865)	(2,525)
Proceeds from sales of tangible fixed assets	196	212
Purchase of intangible assets	(1,783)	(1,760)
Other, net	(298)	(124)
Net cash provided by (used in) investing activities	(51,296)	95,967

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Cash flows from financing activities		
Cash dividends paid	(2,909)	(2,899)
Dividends paid to non-controlling interests	(4)	(4)
Purchase of treasury shares	(1,283)	(16)
Proceeds from sales of treasury shares	265	156
Net cash provided by (used in) financing activities	(3,932)	(2,763)
Net increase (decrease) in cash and cash equivalents	(120,688)	75,322
Cash and cash equivalents at beginning of period	334,317	213,628
Cash and cash equivalents at end of period	213,628	288,950