



May 18, 2023

To whom it may concern:

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**Announcement Regarding Disposal of Treasury Shares through a Third-party Allotment
Based on a Capital and Business Alliance with Credit Saison Co., Ltd.,
changes in largest shareholder, which is a major shareholder, and other related companies**

At the Board of Directors meeting held today, as announced in the “Announcement Regarding Capital and Business Alliance between Suruga Bank Ltd. and Credit Saison Co., Ltd.” dated today, Suruga Bank Ltd. the Bank agreed to sign a capital and business alliance agreement (hereinafter referred to as the “Capital and Business Alliance Agreement”), and the capital and business alliance based on the agreement is referred to as the “Alliance”) with Credit Saison Co., Ltd. (hereinafter referred to as “Credit Saison” or “Allotment Party”) and to dispose of treasury stock through a third-party allotment with Credit Saison as the target for allocation (hereinafter referred to as the “Disposal of Treasury Stock”) based on the Capital and Business Alliance Agreement. In addition, with the disposal of the treasury stock, it is expected that the Banks’s major shareholders, the largest shareholder which is a major shareholder, and other related companies will change.

This Disposal of Treasury Stock is subject to the Securities Registration Statement under the Financial Instruments and Exchange Act pertaining to the disposition of the Bank’s common shares taking effect; the approval of the proposal to elect the candidate recommended by the Bank to Credit Saison as a director of Credit Saison at the annual shareholders meeting scheduled to be held in June 2023; and the approval of the relevant authorities required for the execution of this Disposal of Treasury Stock (including the fact that Credit Saison has obtained the approval of major bank shareholders based on Article 52-9, paragraph 1 of the Banking Act), etc. (hereinafter referred to as the “Preconditions”). The Bank plans to disclose the approval etc. of the relevant authorities required for the implementation of this Disposal of Treasury Stock immediately after obtaining it.

In addition, the Bank has resolved to establish a quota for the repurchase of treasury stock, as announced in the “Announcement Regarding the Establishment of a Quota for the Repurchase of Treasury Stock “ dated today.

I. Disposal of Treasury Stock Through Third-party Allotment

1. Overview of the Disposal of Treasury Stock

(1) Payment date	July 3, 2023 to September 29, 2023 (planned)
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(2) Type and number of shares to be disposed of	35,089,000 shares of common stock
(3) Disposal value	488 yen per share
(4) Amount of procured funds	17,123,432,000 yen
(5) Disposal method	By the method of third-party allotment.
(6) Disposition target	Credit Saison Co., Ltd.
(7) Other	The Disposal of Treasury Stock is subject to the fulfillment of the Preconditions.

Note: Although this Disposal of Treasury Stock is conditional on the fulfillment of the Preconditions, since it is not possible to determine the time at which the approval, etc. of the relevant authorities can be obtained, the Bank has set a payment period and has listed the payment period as the payment date. Credit Saison intends to make the payment after the Preconditions are met.

2. Purpose and Reasons for Disposal

The Bank and Credit Saison believe that the formation of a business alliance will lead to the enhancement of the corporate value of the two companies, and in order to ensure the promotion of the business alliance, the two companies have also agreed to form a capital alliance in the form of holding each other's shares in order to build a stable trust relationship. For details, please refer to "Announcement Regarding Capital and Business Alliance between Suruga Bank Ltd. and Credit Saison Co., Ltd." published today.

The Disposal of Treasury Stock is made as part of the Alliance, and the Bank will dispose of the treasury stock by third-party allotment based on the assumption that the Preconditions are met. Credit Saison will acquire 35,089,000 of the Bank's common shares (15.12% of the total number of issued shares (rounded to the third place below the decimal point. The same applies below.)), a total of 17,123 million yen (rounded to the nearest unit. The same applies below.)) At the same time, Credit Saison will dispose of its treasury stock through a third-party allotment and the Bank will acquire 8,224,700 common shares of Credit Saison (4.44% of the total number of issued shares, a total of 15,495 million yen).

In addition, since the Disposal of Treasury Stock involves dilution of the stock, treasury stock will be repurchased for the purpose of suppressing such dilution, and the matters related to the establishment of the treasury stock repurchase framework have also been resolved at the Board of Directors meeting held today (Note). However, depending on the market price trend of the Bank's common shares, the market environment and the Bank's financial situation, etc., the Bank may not execute all or part of such treasury stock repurchases. In addition, the specific timing and amount of treasury stock repurchases will be determined in the future, but the funds required for the treasury stock repurchases will be fully appropriated with treasury funds.

Note: Please refer to "Notice Concerning the Establishment of a Quota for the Repurchase of Treasury Stock" published separately today.

3. Amount of funds to be raised, use, and planned timing of expenditure

(1) Amount of funds to be raised

(1) Total amount to be paid	17,123,432,000 yen
(2) Estimated amount of disposal expenditure	254,890,000 yen
(3) Estimated amount of net proceeds	16,868,542,000 yen

Note: 1. Estimated disposal costs do not include consumption tax.

2. The estimated amount of disposal expenses includes attorneys' fees, advisory fees mainly to Nomura Securities Co., Ltd., and document preparation costs such as securities notification documents.

(2) Specific use of funds to be raised

The specific use and planned timing of expenditure of the estimated net proceeds of JPY 16,868,542,000 to be raised from the Disposal of Treasury Stock is as follows:

Specific use	Amount (yen)	Planned timing of expenditure
Investment in growth areas expected as a result of the business alliance with Credit Saison	16,868,542,000	Anytime after July 2023

Note: 1. Funds raised will be managed in a bank account until they are actually spent.

2. Regarding the “anytime” of the planned timing of expenditure, the Bank intends to spend the funds by FY2024.

The funds raised from the Disposal of Treasury Stock will be used to invest in the growth areas expected as a result of the Alliance. Specifically, the Bank assumes investment in growth areas (including IT and advertising investment, etc.) accompanying the joint measures that the Bank and Credit Saison are considering. For details, please refer to “Notice of Capital and Business Alliance between Suruga Bank Ltd. and Credit Saison Co., Ltd.” published today.

In addition, the Bank and Credit Saison will clarify that they will actively promote this capital and business alliance, and will acquire each other’s shares in order to improve its effectiveness, but all funds raised through this Disposal of Treasury Stock will be used to invest in the growth areas expected with the above capital and business alliance.

4. Concept for the reasonable use of funds

As stated in “I. Disposal of Treasury Stock Through Third-party Allotment 2. Purpose and Reasons for Disposal”, this Disposal of Treasury Stock aims to strengthen the cooperation between the Bank and Credit Saison, and the Bank believes that strengthening such cooperation will contribute to the Bank’s medium- and long-term growth and enhancement of corporate value, and the Bank believes that the above-mentioned use of funds is reasonable.

5. Reasonableness of disposal conditions, etc.

(1) Basis for calculating the amount to be paid and the specific content thereof

The disposal value shall be 488 yen, the closing price of the Bank’s shares on the Tokyo Stock Exchange on May 17, 2023, the business day immediately before the date of the resolution of the Board of Directors held on May 18, 2023 (hereinafter referred to as the “Resolution Date of the Board of Directors”). The Bank decided to adopt the closing price on the business day immediately before the Resolution Date of the Board of Directors because it believes that the closing price on this day, which is the market price closest to the time of calculation, is the most appropriate reflection of the Bank’s performance trends and financial conditions, etc., and is a reasonable price to be used as a basis for calculating the fair price of the Bank’s shares at the current time.

In addition, the disposal value of 488 yen is a discount of 4.50% (rounded to the third decimal place, the same applies hereinafter) of the closing average of 511 yen (rounded to the nearest unit, the same applies hereinafter) for one month (April 18, 2023 to May 17, 2023) prior to the business day immediately before the Resolution Date of the Board of Directors, a premium of 3.83% of the three-month closing average of 470 yen (February 20, 2023 to May 17, 2023), and a premium of 9.91% of the six-month closing average of 444 yen (November 18, 2022 to May 17, 2023).

For the above reasons, the Bank has determined that the disposal value does not fall under the category of a particularly favorable disposal value. Regarding the above disposal value, the Bank has obtained the opinion of all four members of the Audit and Supervisory Committee (including three independent outside directors) that the determination of the disposal value based on the above calculation is appropriate and reasonable; that it is in accordance with the “Guidelines for the Handling of Third-Party Allotment Increases” of the Japan Securities Dealers Association; that it does not fall under the category of a particularly favorable disposal value; and that it is legal.

(2) Basis for determining that the amount of disposal and the scale of dilution of the shares are reasonable

The number of shares to be disposed of is 35,089,000 (350,890 voting rights), which is equivalent to 15.12% of the Bank’s 232,139,248 outstanding shares as of March 31, 2023 (18.65% of the total voting rights of 1,881,255 as of March 31, 2023), and will result in a certain degree of dilution.

However, the Bank believes that strengthening the relationship between the Bank and Credit Saison through the Disposal of Treasury Stock as part of this Alliance is important for ensuring the promotion of the business alliance and contributes to the growth and profitability of the Bank’s business. As a result, the Bank believes that it will lead to the improvement of the Bank’s medium- and long-term corporate value and judges that the amount of disposal and the scale of dilution of the shares through this Disposal of Treasury Stock are at reasonable levels.

Note that, as described in the above and in the “Notice Concerning the Establishment of a Quota for the Repurchase of Treasury Stock” separately announced today, the Board of Directors has resolved today to repurchase shares with an upper limit for the number of share repurchases of 35,000,000 shares, an upper limit for the value of share repurchases of 22,000 million yen, and a repurchase period of July 4, 2023 to March 31, 2024 (however, the start of the repurchase will be after the completion of the Disposal of Treasury Stock). However, depending on the market price trend of the Bank’s common shares, the market environment and the Bank’s financial situation, etc., the Bank may not execute all or part of such treasury stock repurchases. In this way, to prepare for the event that the impact of dilution of shares becomes apparent, the Bank has also taken measures to suppress it.

6. Reasons for Selection of Allotment Target, Etc.

(1) Outline of the allotment target

(As of March 31, 2023. Except as otherwise noted.)

Name	Credit Saison Co., Ltd.	
Head Office Location	3-1-1 Higashi-Ikebukuro, Toshima-ku, Tokyo	
Name and title of representative	Katsumi Mizuno, Representative, Executive President and COO	
Business Description	Payments, Leasing, Finance, Real Estate and Entertainment	
Capital	75,929 million yen	
Date of establishment	May 1, 1951	
Shares issued	185,444,772 shares	
Account closing period	March 31	
Number of employees	5,840	
Main business partners	-	
Main trading banks	Mizuho Bank, Ltd., MUFJ Bank, Ltd., Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited, Norinchukin Bank	
Major shareholders and	The Master Trust Bank of Japan, Ltd. (Trust Account)	23.85%

shareholding ratio	Custody Bank of Japan, Ltd. (Trust Account)		12.42%
	Daiwa Securities Group Inc.		5.15%
	HSBC BANK PLC A/C M AND G(ACS)		4.67%
	BNYMSANV AS AGENT/CLIENTS LUX UCITS NON TREATY 1		4.58%
	City Index Eleventh Co., Ltd.		3.18%
	STATE STREET LONDON CARE OF STATE STREET BANK AND TRUST, BOSTON SSBTC A/C UK LONDON BRANCH CLIENTS-UNITED KINGDOM		2.06%
	Mizuho Bank, Ltd.		1.92%
	SSBTC CLIENT OMNIBUS ACCOUNT		1.62%
	Seven & i Holdings Co., Ltd.		1.31%
Relationship between the parties	Capital relationships	None.	
	Human relationships	None.	
	Business relationships	Banking transactions such as deposits and loans and the purchase and sale of loan receivables are performed, but there are no noteworthy business relationships.	
	Applicable conditions to related parties	None.	
Consolidated financial statements and consolidated operating results for the last three years (International Financial Reporting Standards)			
Account closing period	Fiscal Year Ended March 31, 2021	Fiscal Year Ended March 31, 2022	Fiscal Year Ended March 31, 2023
Equity attributable to owners of the parent company	530,971	562,387	598,301
Total assets	3,409,247	3,610,778	3,896,105
Equity attributable to owners of the parent company per share (yen)	3,397.92	3,598.22	3,827.22
Net earnings	282,625	299,017	322,638
Business profit	48,352	52,336	60,977
Profit before tax	50,915	49,936	61,044
Income attributable to owners of the parent	36,132	35,375	43,599
Comprehensive income attributable to owners of the parent	53,342	38,426	46,041
Earnings per share (yen)	231.24	226.35	278.92
Dividend per share (yen)	45.00	55.00	70.00

Note: 1. Unit: Millions of yen. Except as otherwise noted.

2. The shareholding ratio is rounded to the third decimal place.

3. The above table does not include the treasury stock owned by Credit Saison.
4. Although the shareholder registry is in the name of Credit Saison, there are 200 shares (2 voting rights) that are not substantially owned. These shares are not included in the above-mentioned treasury stock.
5. At Credit Saison’s General Meeting of Shareholders scheduled to be held on June 21, 2023, a proposal to appoint one member of the Board of Directors of Suruga Bank as an Outside Director of Credit Saison is scheduled to be put on the table, subject to the entry into force of the Disposal of Treasury Stock (Credit Saison).
6. Since the allotment target is listed on the Prime Market of the Tokyo Stock Exchange, the Bank has confirmed on the website of the Tokyo Stock Exchange the basic approach to eliminating anti-social forces and the status of its development as described in the “Corporate Governance Report” (last updated on April 3, 2023) submitted by the Bank to the Tokyo Stock Exchange. Based on the results of this confirmation, the Bank has determined that the allotment target, as well as its officers and major shareholders, have no relationship with anti-social forces. In addition, in this Capital and Business Alliance Agreement concluded with the allotment target, the Bank has received a guarantee from the allocation target that the allocation target is not an anti-social force and has no relationship with an anti-social force.

(2) Reasons for selecting the allotment target

See “I. Disposal of Treasury Stock Through Third-party Allotment 2.Purpose and Reasons for Disposal”.

(3) Holding policy of allotment target

The Bank has received an explanation from the allotment target that it intends to hold the Bank’s common shares acquired through this third-party allotment in the medium to long term.

The Bank intends to obtain a written confirmation by the allotment date that if the allocation target transfers all or part of the Bank’s common shares acquired by the third party allotment for a period of two years from the allotment, the allotment target will immediately report to the Bank in writing the name and address of the person who has been transferred, the number of shares transferred, the date of transfer, the transfer price, the reason for the transfer and the method of transfer, etc. The Bank will report the contents of such report in writing to the Tokyo Stock Exchange, and the Bank agrees that the contents of the report will be made available for public inspection.

(4) Contents that have been confirmed regarding the existence of property required for payment to the allotment target

The Bank has confirmed that the allotment target has the necessary and sufficient funds to make the payments pertaining to the Disposal of Treasury Stock based on the allotment target’s consolidated quarterly financial position statement (as of December 31, 2022) in the third quarterly report and the allotment target’s individual balance sheet in the 72nd annual securities report, which are cash and cash equivalents (JPY 118,915 million), cash and deposits (JPY 80,545 million), respectively.

7. Major shareholders and shareholding ratio after disposal

Before disposal (as of March 31, 2023)		After disposal	
The Master Trust Bank of Japan, Ltd. (Trust Account)	11.78%	Credit Saison Co., Ltd.	15.70%
Custody Bank of Japan, Ltd. (Trust	6.16%	The Master Trust Bank of Japan, Ltd. (Trust	9.93%

Account)		Account)	
The Tachibana Securities Co., Ltd.	4.92%	Custody Bank of Japan, Ltd. (Trust Account)	5.19%
Sompo Holdings, Inc.	3.94%	The Tachibana Securities Co., Ltd.	4.15%
Meiji Yasuda Life Insurance Company	3.90%	Sompo Holdings, Inc.	3.32%
Suruga Scholarship Foundation	2.87%	Meiji Yasuda Life Insurance Company	3.29%
DFA INTL SMALL CAP VALUE PORTFOLIO (Permanent Agent Citibank, NA Tokyo Branch)	1.55%	Suruga Scholarship Foundation	2.42%
OKASAN SECURITIES GROUP INC.	1.38%	DFA INTL SMALL CAP VALUE PORTFOLIO (Permanent Agent Citibank, NA Tokyo Branch)	1.31%
Sumitomo Realty & Development Co., Ltd.	1.26%	OKASAN SECURITIES GROUP INC.	1.16%
Mitsui Sumitomo Insurance Group Holdings, Inc.	1.24%	Sumitomo Realty & Development Co., Ltd.	1.07%

Note: 1. The above table does not include treasury stock owned by the Bank.

2. The shareholding ratio is the ratio of the number of shares held to the total number of issued shares (excluding treasury stock).
3. Major shareholders and shareholding ratios after the disposal are calculated by adding the number of shares due to the Disposal of Treasury Stock to the number of major shareholders and shareholding ratios before the Disposal of Treasury Stock.

8. Future Prospects

On May 12, 2023, the Bank announced its FY03/24 earnings forecasts, but did not factor in the impact of this Alliance. The Bank believes that this Alliance will contribute to the enhancement of the Bank's corporate value, but at this time, the specific impact on earnings from FY03/24 onwards is unknown. In the future, the Bank will promptly disclose any matters that should be announced during the review of the details of the business alliance between the two companies.

9. Matters concerning procedures under the Code of Business Conduct

Since the Disposal of Treasury Stock has a dilution rate of less than 25% and does not involve a change in the controlling shareholder, it is not necessary to obtain opinions from an independent third party as stipulated in Article 432 of the Securities Listing Regulations prescribed by the Tokyo Stock Exchange and the procedure for confirming the intention of shareholders.

10. Performance and equity financing status in the last three years

(1) Performance in the last three years

Account closing period	Fiscal Year Ended March 31, 2021	Fiscal Year Ended March 31, 2022	Fiscal Year Ended March 31, 2023
Consolidated ordinary revenue	99,791	92,072	92,403
Consolidated ordinary profit	23,113	10,596	13,266
Net profit attributable to owner of parent	21,433	7,960	10,576
Earnings per share (yen)	92.52	34.72	56.15
Dividend per share (yen)	5.00	6.00	9.00

Net assets per share (yen)	1,233.18	1,402.54	1,438.33
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Note: 1. Units: Millions of yen. Except as otherwise noted.

2. In terms of the figures for the fiscal year ending March 31, 2023, the audit by the audit corporation based on the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act has not been completed, and the audit report has not been received.

(2) Status of total number of shares issued and number of potential shares (as of May 18, 2023)

	Shares	Ratio versus total number of shares issued
Total number of shares issued	232,139,248 shares	100.00%
Potential number of shares in the current conversion price (exercise price)	— shares	—
Potential number of shares in the lower limit value conversion price (exercise price)	— shares	—
Potential number of shares in the upper limit value conversion price (exercise price)	— shares	—

(3) Recent share price situation

1. Situation in the last three years

	Fiscal Year Ended March 31, 2021	Fiscal Year Ended March 31, 2022	Fiscal Year Ended March 31, 2023
Opening price	350 yen	429 yen	407 yen
High price	482 yen	543 yen	469 yen
Low price	306 yen	314 yen	351 yen
Last price	427 yen	409 yen	464 yen

2. Status in the last 6 months

	December 2022	January 2023	Feb	Mar	Apr	May
Opening price	430 yen	425 yen	425 yen	428 yen	466 yen	518 yen
High price	455 yen	446 yen	439 yen	469 yen	522 yen	532 yen
Low price	400 yen	403 yen	409 yen	415 yen	458 yen	474 yen
Last price	423 yen	423 yen	428 yen	464 yen	514 yen	488 yen

Note: For May 2023, the status is as of May 17, 2023.

3. Share price on the business day before the date of resolution of disposal

	May 17, 2023
Opening price	481 yen

High price	490 yen
Low price	481 yen
Last price	488 yen

(4) Status of equity finance in the last three years

None.

11. Disposal outline

(1) Number of shares disposed	35,089,000 shares of common stock
(2) Disposal value	488 yen per share
(3) Total amount of disposal value	17,123,432,000 yen
(4) Disposal method	Disposal of treasury stock through third-party allotment
(5) Disposal date	July 3, 2023 to September 29, 2023 (planned)
(6) Allotted to (allotment target)	Credit Saison Co., Ltd.
(7) Number of treasury shares after disposal	8,679,676 shares

II. Changes in major shareholders, largest shareholder, which is a major shareholder, and other related companies

1. Background to changes

As described in “I. Disposal of Treasury Stock Through Third-party Allotment, 1. Overview of the Disposal of Treasury Stock,” when all 35,089,000 shares of the Bank’s common shares to be disposed of through the Disposal of Treasury Stock are disposed to Credit Saison, which is the allotment target, it is expected that there will be changes to the Bank’s major shareholders, the largest shareholder, which is a major shareholder, and other related companies as described below.

2. Summary of changed shareholders (shareholders who will newly fall under major shareholders, largest shareholder, which is a major shareholder, and other related companies)

See “I. Disposal of Treasury Stock Through Third-party Allotment, 6. Reasons for Selection of Allotment Target, Etc.”

3. Number of voting rights held by such shareholders (number of shares held) and ratio of the number of voting rights held by all shareholders before and after the change

	Attributes	Number of voting rights (voting rights ownership ratio)			Shareholders' ranking
		Direct ownership	Amount to be totaled	Total	
Before change (As of March 31, 2023)	—	—	—	—	—
After change	Largest shareholder, which is a major shareholder Other related companies	350,890 items (35,089,000 shares) (15.72%)	—	350,890 items (35,089,000 shares) (15.72%)	Rank 1

Note: 1. The percentage of voting rights is rounded to the third decimal place.

2. The “Major Shareholder Ranking” is based on the shareholder registry as of March 31, 2023.

4. Date of scheduled change

September 29, 2023

5. Future Prospects

For future prospects, see “I. Disposal of Treasury Stock Through Third-party Allotment 8. Future Prospects”.

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