



May 15, 2019

To whom it may concern:

Name of Company: Suruga Bank, Ltd.
Name of Representative: Director and President: Michio Arikuni
(Code No. 8358 First Section of Tokyo Stock Exchange)
Contact Person: Senior Executive Officer
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Notice of Transition to Company with Audit and Supervisory Committee

The Company hereby announces that the Company resolved the policy to shift to a company with an audit and supervisory committee at the Board of Directors meeting held today, which is conditional on the approval of the 208th Ordinary General Meeting of Shareholders scheduled to be held in June 2019.

Note

1. Purpose of transition

As stated in the business improvement plan submitted to the Financial Services Agency on November 30, 2018, in response to problems with share house-related loans, and to reform its corporate culture and corporate governance, the Company established the Reform Committee of Corporate Culture and Governance in June 2018. This was to strengthen the functions of the Board of Directors and the Board of Corporate Auditors, and to restructure the compliance system. At the same time we have been repeatedly studying the transition to a new structure where we can exercise stronger and more appropriate corporate governance.

As a result of this study, we have come to a resolution to shift from a company with a board of corporate auditors to a company with an audit and supervisory committee. This is to strengthen the supervisory function of the Board of Directors by including the Audit and Supervisory Committee members, who are responsible for audits of the execution of duties of Directors, into the Board of Directors to conduct audits from the perspective of legitimacy as well as appropriateness. In addition, this is also to increase the transparency and objectivity of the Company's management through exercising the right to express the opinions of the Audit and Supervisory Committee members, who are selected by the Audit and Supervisory Committee, at the general meeting of shareholders regarding the appointment, dismissal, resignation, and compensation of Directors other than the Audit and Supervisory Committee members. We will work to further enhance corporate governance by further strengthening these monitoring systems.

2. Time of transition

At the 208th Ordinary General Meeting of Shareholders scheduled to be held in June 2019,

the Company is expected to shift to a company with an audit and supervisory committee after approval of the amendments to the Articles of Incorporation necessary for the transition.

3. Establishment of an optional "Nomination and Compensation Committee"

In line with shifting from a company with a board of corporate auditors to a company with an audit and supervisory committee, we will establish an optional "Nomination and Remuneration Committee" with recommendation functions regarding personnel affairs and compensation of Directors, etc. This will ensure the objectivity and transparency of procedures regarding personnel affairs and compensation of Directors, etc. so that we can strengthen supervisory functions and further enhance the corporate governance system.

In addition, the Reform Committee of Corporate Culture and Governance, which previously had the substantive functions of the Nomination and Compensation Committee, has passed such functions on to the Nomination and Compensation Committee. Meanwhile, the Reform Committee of Corporate Culture and Governance will provide recommendations, proposals, advice, etc. to the Board of Directors on creating a sound corporate culture, developing the governance system, and practicing customer-oriented business operations, etc., while focusing on monitoring the implementation status of these tasks to further enhance and deepen corporate governance.

4. Other

Details of the amendments to the Articles of Incorporation and the appointment of Directors and Executive Officers, etc. will be notified as soon as they are determined.

End