

SURUGA Bank LTD.

Consolidated Financial Results for First Quarter of Fiscal Year Ending March 31, 2015

<under Japanese GAAP>

Stock Exchange: Tokyo (code: 8358)
 URL: <http://www.surugabank.co.jp>
 Representative: President Mitsuyoshi Okano

(Japanese yen amounts of less than one million and the first decimal place have been rounded down.)

1. Consolidated Financial Results (for the three months ended June 30, 2014)

(1) Operating Results

(Unit: Millions of Yen, %: Changes from corresponding period of the previous fiscal year)

	Ordinary Income		Ordinary Profit		Net Income	
	Amount	%	Amount	%	Amount	%
First Quarter						
Ended June 30, 2014	30,536	5.6%	11,435	13.4%	6,936	12.8%
Ended June 30, 2013	28,898	8.0%	10,083	42.0%	6,148	45.3%

(Note1) Comprehensive Income: First quarter ended June 30, 2014: ¥8,433 million (22.0%); First quarter ended June 30, 2013: ¥6,911 million (159.2%)

(Note2) Percentages shown in Ordinary Income, Ordinary Profit and Net Income and Comprehensive Income are the increase (decrease) from the same period previous year.

	Net Income per Share		Net Income per Share(Diluted)	
	Amount	%	Amount	%
First Quarter				
Ended June 30, 2014	¥29.31		¥29.27	
Ended June 30, 2013	¥26.03		¥25.99	

(2) Financial Position

(Unit: Millions of Yen, except percentages)

	Total Assets		Total Net Assets		Own Capital Ratio	
	Amount	%	Amount	%	Amount	%
June 30, 2014	4,107,035		256,078		6.1%	
March 31, 2014	4,098,552		251,816		6.0%	

(Reference) Own Capital: June 30, 2014: ¥253,882 million; March 31, 2014: ¥249,595 million

(Note) Own Capital Ratio = (Total Net Assets - Subscription Rights to Shares - Minority Interests) / Total Assets * 100

2. Dividend on Common Stock

	Annual Cash Dividends per Share				
	1 st Quarter-End	2 nd Quarter-End	3 rd Quarter-End	Fiscal Year-End	Total
Fiscal year ended March 31, 2014	—	¥7.50	—	¥9.50	¥17.00
Fiscal year ending March 31, 2015	—	—	—	—	—
Fiscal year ending March 31, 2015 (Forecasts)	—	¥8.50	—	¥8.50	¥17.00

(Note) Revision of forecasts for dividends for quarter in review: No

3. Earnings Forecasts (for the fiscal year ending March 31, 2015)

(Unit: Millions of Yen, except per share data)

	Ordinary Income		Ordinary Profit		Net Income		Net Income per Share	
	Amount	%	Amount	%	Amount	%	Amount	%
Six months								
Ending September 30, 2014	61,500	4.8%	22,700	1.3%	14,000	1.1%	¥59.15	
Fiscal year								
Ending March 31, 2015	124,000	2.2%	46,000	△0.2%	28,600	3.5%	¥120.85	

(Note1) Percentages shown in Ordinary Income, Ordinary Profit and Net Income are the increase (decrease) from the same period previous year.

(Note2) Revision of earnings forecasts for quarter in review: No

※Note

(1) Changes in the scope of consolidated significant subsidiaries during the three months ended June 30, 2014: No

(2) Adoption of simplified accounting methods for the preparation of quarterly consolidated financial statements: Yes

Note: For details, please refer to the “Adoption of particular accounting methods for quarterly consolidated financial statements” in the section 2. Items regarding summary information (notes) on page 3.

(3) Changes in accounting standards, accounting estimates, and restatements.

(A) Changes due to revision of accounting standards: Yes

(B) Changes due to reasons other than (A): No

(C) Changes in accounting estimates: No

(D) Restatements: No

Note: For details, please refer to the “Adoption of particular accounting methods for quarterly consolidated financial statements” in the section 3. Items regarding summary information (notes) on page 3.

(4) Number of common shares issued at the end of period

(A) Number of stocks issued (including treasury stocks):	June 30, 2014	258,139,248 shares	March 31, 2014	258,139,248 shares
(B) Number of treasury stocks:	June 30, 2014	21,487,975 shares	March 31, 2014	21,557,594 shares
(C) Average outstanding stocks for the three months ended:	June 30, 2014	236,621,683 shares	June 30, 2013	236,145,199 shares

(Statement relating to the status of the quarterly review procedures)

This quarterly report is not subject to the quarterly review procedures, which are based on the Financial Instruments and Exchange Law.

The audit procedures are not finished at the time of release of these financial statements.

(Notes for using forecasts information etc.)

The description of future performance of this report is based on information, which is presently available and certain assumptions which are considered to be reasonable, and it does not guarantee future performance. Please take note that future performance may differ from forecasts. Regarding the assumptions for financial forecasts of this report, please refer to P2 of attached documents.

[Attachment]

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1. Qualitative information

(1) Description of business performance

With regard to the profit and loss situation on a consolidated basis ordinary income was up ¥1.638 billion from the same period of the previous year to ¥30.536 billion owing to factors such as gains from increase in interest on loans and discounts.

Ordinary expenses totaled ¥19.101 billion, up ¥287 million year-on-year owing to factors such as increase in Interest on deposits and Fees and commissions payments.

As a result, ordinary profit increased ¥1.352 billion from a year earlier to ¥11.435 billion.

Net income during the period performed a year-on-year increase of ¥788 million to ¥6.936 billion.

(2) Description of financial position

With regard to our main accounts on a consolidated basis at the end of the period, balance of deposits was up ¥12.629 billion to ¥3.822287 trillion from the end of the previous fiscal year, as the balance of individual deposits grew ¥ 59.282 billion.

Balance of loans and bills discounted totaled ¥2.88672 trillion, up ¥ 7.979 billion from the same period of the previous year as the personal loan balance (non-consolidated) increased ¥29,126 billion.

Balance of securities totaled ¥224.030 billion, down ¥5.140 billion compared to the end of the previous fiscal year.

(3) Description of forward-looking information such as consolidated earnings forecast

There is no change in forecasts for the year ending March 31, 2015 from the figures published on May 8, 2014.

Consolidated

	Millions of Yen	
	Six month ending September 30, 2014	Fiscal year ending March 31, 2015
Ordinary income	61,500	124,000
Ordinary profit	22,700	46,000
Net income	14,000	28,600

Non-consolidated

	Six month ending September 30, 2014	Fiscal year ending March 31, 2015
Ordinary income	57,500	116,000
Net business profit	24,000	48,500
Ordinary profit	22,500	45,500
Net income	14,000	28,500
Credit-related expenses in real terms	500	1,000

(Note) The earnings forecast was created based on the information available as of the date of this announcement and actual results may differ from the forecast figures owing to various factors in the future.

2. Items regarding summary information (notes)

(1) Changes in the scope of consolidated significant subsidiaries during the three months ended June 30, 2014

There is no applicable item.

(2) Adoption of particular accounting methods for quarterly consolidated financial statements

The Company calculates tax expenses for the Company and its consolidated subsidiaries by multiplying a reasonably estimated effective tax rate by net income before taxes for the current quarter.

(3) Changes in accounting standards, accounting estimates, and restatements

Suruga Bank has adopted the main clause of Article 35 of the accounting standard for retirement benefits (ASBJ Statement No. 26, May 17, 2012, hereinafter referred to as the "Retirement Benefits Statement") and the main clause of Article 67 of the guidance on accounting standard for retirement benefits (ASBJ Guidance No.25, May 17, 2012) from first quarter ended June 30, 2014. Accordingly the calculation methods of Retirement benefit obligations and Service cost were reconsidered. The method for attributing the expected benefit obligations was changed from the straight-line basis to a benefit formula basis. The method of determining the discount rate applied in the calculation of projected benefit obligation was changed from the method using the number of year approximate to the employees' average remaining service period to the method using the single weighted average discount rate that reflects the estimated period and amount of benefit payment in each period.

The Retirement Benefits Standard and other standards were applied in accordance with the transitional treatment set forth in Article 37 of the Retirement Benefits Statement, and the effect of the change in the calculation methods of retirement benefit obligations and service cost were added to or deducted from Retained earnings at the beginning of first quarter ended June 30, 2014.

As a result, Net defined benefit asset decreased by ¥3.158 billion, Retained earnings decreased by ¥2.046 billion as of the beginning of the three months ended June 30, 2014. In addition, both Ordinary profit and Income before income taxes increased by ¥6 million at first quarter ended June 30, 2014.

3. Quarterly consolidated financial statements
 (1) Quarterly consolidated balance sheets

Millions of Yen

	As of Mar. 31, 2014	As of Jun. 30, 2014
Assets		
Cash and due from banks	700,543	746,349
Call loans and bills bought	183,295	137,367
Trading account securities	39	44
Money held in trust	905	1,054
Securities	218,890	224,030
Loans and bills discounted	2,878,723	2,886,702
Foreign exchanges	3,858	3,036
Lease receivables and investment assets	5,558	5,311
Other assets	39,580	39,343
Tangible fixed assets	48,971	48,783
Intangible fixed assets	30,995	30,669
Net defined benefit asset	5,268	2,331
Deferred tax assets	3,222	3,549
Customers' liabilities for acceptances and guarantees	4,108	3,954
Allowance for loan losses	△25,410	△25,494
Total assets	4,098,552	4,107,035
Liabilities		
Deposits	3,809,658	3,822,287
Borrowed money	2,805	2,600
Foreign exchanges	5	49
Other liabilities	25,189	17,972
Provision for bonus	667	15
Provision for directors' bonus	140	—
Net defined benefit liability	278	237
Provision for directors' retirement benefits	2,902	2,949
Provision for reimbursement of deposits	282	243
Provision for contingent loss	523	482
Deferred tax liabilities	174	165
Acceptances and guarantees	4,108	3,954
Total liabilities	3,846,735	3,850,957
Net assets		
Capital stock	30,043	30,043
Capital surplus	20,278	20,380
Retained earnings	203,340	205,982
Treasury stock	△16,626	△16,581
Total shareholders' equity	237,035	239,824
Valuation difference on available-for-sale securities	10,955	12,546
Deferred gains or losses on hedges	△13	△41
Remeasurements of defined benefit plans	1,617	1,553
Total accumulated other comprehensive income	12,560	14,058
Subscription rights to shares	406	381
Minority interests	1,813	1,813
Total net assets	251,816	256,078
Total liabilities and net assets	4,098,552	4,107,035

(2) Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income

Millions of Yen

	Three months ended Jun. 30, 2013	Three months ended Jun. 30, 2014
Ordinary income	28,898	30,536
Interest income	24,449	26,095
(Interest on loans and discounts)	23,395	25,395
(Interest and dividends on securities)	857	456
Fees and commissions	3,050	3,072
Other ordinary income	1,022	988
Other income	376	380
Ordinary expenses	18,814	19,101
Interest expenses	809	957
(Interest on deposits)	793	946
Fees and commissions payments	3,102	3,474
Other ordinary expenses	1,120	823
General and administrative expenses	11,624	12,429
Other expenses	2,156	1,416
Ordinary profit	10,083	11,435
Extraordinary income	51	0
Gain on disposal of noncurrent assets	51	0
Extraordinary loss	26	551
Loss on disposal of noncurrent assets	26	551
Income before income taxes and minority interests	10,109	10,883
Total income taxes	3,969	3,959
Income before minority interests	6,139	6,923
Loss attributable to minority interests	△8	△12
Interim net income	6,148	6,936

Quarterly consolidated statements of comprehensive income

Millions of Yen

	Three months ended Jun. 30, 2013	Three months ended Jun. 30, 2014
Income before minority interests	6,139	6,923
Other comprehensive income		
Valuation difference on available-for-sale securities	754	1,603
Deferred gains or losses on hedges	17	△28
Remeasurements of defined benefit plans	—	△64
Total other comprehensive income	771	1,510
Comprehensive income	6,911	8,433
(Breakdown)		
Comprehensive income attributable to owners of the parent	6,910	8,434
Comprehensive income attributable to minority interests	1	△0

(3) Explanatory notes regarding the going concern assumption
There is no applicable item.

(4) Note for Material Changes in Shareholders' Equity
There is no applicable item.

(Reference data)

【Non-consolidated】

(1) Interest margin

All operations

(%)

	Three months ended Jun. 30, 2014		Three months ended Jun. 30, 2013	March. 31, 2013
	(a)	(a) - (b)		
Yield on outstanding loans A	3.44	0.12	3.32	3.38
Yield on deposits B	0.10	0.01	0.09	0.09
Loan - deposit margin A - B	3.34	0.11	3.23	3.29
Loan - deposit margin (after deduction from expense ratio)	2.09	0.10	1.99	2.06
Net interest margin	1.24	△0.26	1.50	1.31

Domestic operations

(%)

	Three months ended Jun. 30, 2014		Three months ended Jun. 30, 2013	March. 31, 2013
	(a)	(a) - (b)		
Yield on outstanding loans A	3.45	0.10	3.35	3.40
Yield on deposits B	0.09	0.01	0.08	0.09
Loan - deposit margin A - B	3.36	0.09	3.27	3.31
Loan - deposit margin (after deduction from expense ratio)	2.11	0.11	2.00	2.08
Net interest margin	1.28	△0.27	1.55	1.35

(2) OHR

(%)

	Three months ended Jun. 30, 2014		Three months ended Jun. 30, 2013	March. 31, 2013
	(a)	(a) - (b)		
OHR	50.0	1.2	48.8	47.6

(3) The capital adequacy ratio

(%)

	As of Jun. 30, 2015		As of Jun. 30, 2014	March. 31, 2013
	(a)	(a) - (b)		
The capital adequacy ratio (Domestic standard)	11.62	0.52	11.10	11.42

The capital adequacy ratio has been calculated based on the new domestic standard from the fiscal year ended March 31, 2014.

(4) ROE, ROA

(%)

	Three months ended Jun. 30, 2014		Three months ended Jun. 30, 2013	March. 31, 2013
	(a)	(a) - (b)		
ROE	11.86	△0.03	11.89	13.22
ROA	0.67	0.01	0.66	0.72

* ROE: Net income per average own capital

ROA: Net income per average total assets