

SURUGA Bank LTD.

Consolidated Financial Results for Third 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 third quarter (from April 1, 2014 to December 31, 2014)

(1) Operating Results

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

	Ordinary Income		Ordinary Profit		Net Income	
Third Quarter						
Ended Dec. 31, 2014	95,649	8.5%	38,352	12.4%	24,023	15.1%
Ended Dec. 31, 2013	88,145	7.5%	34,113	31.4%	20,860	35.1%

(Note1) Comprehensive Income: Third quarter ended Dec. 30, 2014: ¥29,859 million (14.6%); Third quarter ended Dec. 31, 2013: ¥26,052 million (54.9%)

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

	Net Income per Share	Net Income per Share(Diluted)
Third Quarter		
Ended Dec. 31, 2014	¥101.43	¥101.29
Ended Dec. 31, 2013	¥88.24	¥88.13

(2) Financial Position

(Unit: Millions of Yen, except percentages)

	Total Assets	Total Net Assets	Own Capital Ratio
Dec. 31, 2014	4,170,423	275,992	6.5%
March 31, 2014	4,098,552	251,816	6.0%

(Reference) Own Capital: Dec. 31, 2014: ¥273,876 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	—	¥8.50	—		
Fiscal year ending March 31, 2015 (Forecasts)				¥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
Fiscal year							
Ending March 31, 2015	124,000	2.2%	46,000	△0.2%	28,600	3.5%	¥120.65

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

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

※Note

(1) Changes in the scope of consolidated significant subsidiaries during the nine months ended Dec. 31, 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 policies, 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):	Dec. 31, 2014	258,139,248 shares	March 31, 2014	258,139,248 shares
(B) Number of treasury stocks:	Dec. 31, 2014	21,106,449 shares	March 31, 2014	21,557,594 shares
(C) Average outstanding stocks for the three months ended:	Dec. 31, 2014	236,842,566 shares	Dec. 31, 2013	236,386,832 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 page2 of attached documents.

[Appendix]

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1. Qualitative information on the third quarter financial statement

(1) Description of business performance

With regard to the profit and loss situation on a consolidated basis ordinary income increased by ¥7.504 billion from the same period of the previous fiscal year to ¥95.649 billion owing to factors such as gains from increase in interest on loans and discounts.

Ordinary expenses totaled ¥57.296 billion, increased by ¥3.265 billion year-on-year, due to factors such as increase in general and administrative expense.

As a result, ordinary profit increased by ¥4.239 billion compared with the same period of the previous fiscal year to ¥38.352 billion.

Net income during the period increased by ¥3.163 billion year-on-year, to ¥24.023 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 increased by ¥51.023 billion to 3.860681 trillion from the end of previous fiscal year, as the balance of individual deposits grew ¥148.239 billion.

Balance of loans and bills discounted totaled ¥2.962789 trillion increased by ¥84.066 billion compared with the same period of previous fiscal year, as personal loan balance (non-consolidated) increased by ¥112.310 billion.

Balance of securities totaled ¥226.680 billion increased by 7.790 billion from 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 Nov. 7, 2014.

Consolidated

	Millions of Yen
	Fiscal year ending March 31, 2015
Ordinary income	124,000
Ordinary profit	46,000
Net income	28,600

Non-consolidated

	Fiscal year ending March 31, 2015
Ordinary income	116,000
Net business profit	48,500
Ordinary profit	45,500
Net income	28,500
Credit-related expenses in real terms	1,000

(Note) The earnings forecast were 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) 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.

(2) Changes in accounting policies, 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 nine months ended December 31, 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 nine months ended December 31, 2014. In addition, both Ordinary profit and Income before income taxes increased by ¥20 million for the nine months ended December 31, 2014.

3. Quarterly consolidated financial statements

(1) Quarterly consolidated balance sheets

Millions of Yen

	As of Mar. 31, 2014	As of Dec. 31, 2014
Assets		
Cash and due from banks	700,543	747,214
Call loans and bills bought	183,295	104,667
Trading account securities	39	70
Money held in trust	905	1,077
Securities	218,890	226,680
Loans and bills discounted	2,878,723	2,962,789
Foreign exchanges	3,858	2,899
Lease receivables and investment assets	5,558	5,203
Other assets	39,580	55,335
Tangible fixed assets	48,971	49,608
Intangible fixed assets	30,995	30,979
Net defined benefit asset	5,268	2,816
Deferred tax assets	3,222	1,250
Customers' liabilities for acceptances and guarantees	4,108	3,791
Allowance for loan losses	△25,410	△23,961
Total assets	4,098,552	4,170,423
Liabilities		
Deposits	3,809,658	3,860,681
Borrowed money	2,805	2,390
Foreign exchanges	5	28
Other liabilities	25,189	23,376
Provision for bonus	667	5
Provision for directors' bonus	140	—
Net defined benefit liability	278	241
Provision for directors' retirement benefits	2,902	3,047
Provision for reimbursement of deposits	282	183
Provision for contingent loss	523	419
Deferred tax liabilities	174	265
Acceptances and guarantees	4,108	3,791
Total liabilities	3,846,735	3,894,431
Net assets		
Capital stock	30,043	30,043
Capital surplus	20,278	20,788
Retained earnings	203,340	221,056
Treasury stock	△16,626	△16,302
Total shareholders' equity	237,035	255,585
Valuation difference on available-for-sale securities	10,955	16,905
Deferred gains or losses on hedges	△13	△38
Remeasurements of defined benefit plans	1,617	1,424
Total accumulated other comprehensive income	12,560	18,291
Subscription rights to shares	406	196
Minority interests	1,813	1,918
Total net assets	251,816	275,992
Total liabilities and net assets	4,098,552	4,170,423

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

Millions of Yen

	Nine months ended Dec. 31, 2013	Nine months ended Dec. 31, 2014
Ordinary income	88,145	95,649
Interest income	74,728	81,472
(Interest on loans and discounts)	72,371	78,753
(Interest and dividends on securities)	1,750	1,989
Fees and commissions	9,154	9,338
Other ordinary income	2,895	3,229
Other income	1,366	1,610
Ordinary expenses	54,031	57,296
Interest expenses	2,544	3,004
(Interest on deposits)	2,500	2,940
Fees and commissions payments	9,377	10,024
Other ordinary expenses	2,828	2,517
General and administrative expenses	34,292	36,908
Other expenses	4,988	4,841
Ordinary profit	34,113	38,352
Extraordinary income	140	30
Gain on disposal of non-current assets	51	10
Gain on reversal of subscription rights to shares	88	20
Extraordinary loss	182	699
Loss on disposal of non-current assets	182	699
Income before income taxes and minority interests	34,071	37,683
Total income taxes	13,166	13,603
Income before minority interests	20,905	24,080
Minority interests in income	44	56
Net income	20,860	24,023

Quarterly consolidated statements of comprehensive income

Millions of Yen

	Nine months ended Dec. 31, 2013	Nine months ended Dec. 31, 2014
Income before minority interests	20,905	24,080
Other comprehensive income		
Valuation difference on available-for-sale securities	5,142	5,998
Deferred gains or losses on hedges	5	△25
Remeasurements of defined benefit plans	—	△193
Total other comprehensive income	5,147	5,779
Comprehensive income	26,052	29,859
(Breakdown)		
Comprehensive income attributable to owners of the parent	25,971	29,754
Comprehensive income attributable to minority interests	81	104

(3) Notes for the assumption of going concern

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

(%)

		Nine months ended Dec. 31, 2014		Nine months ended Dec. 31, 2013 (b)	March. 31, 2014
		(a)	(a) - (b)		
Yield on outstanding loans	A	3.47	0.11	3.36	3.38
Yield on deposits	B	0.10	0.01	0.09	0.09
Loan - deposit margin	A - B	3.37	0.10	3.26	3.28
Loan - deposit margin (after deduction from expense ratio)		2.14	0.08	2.06	2.06
Net interest margin		1.31	△0.22	1.53	1.31

Domestic operations

(%)

		Nine months ended Dec. 31, 2014		Nine months ended Dec. 31, 2013 (b)	March. 31, 2014
		(a)	(a) - (b)		
Yield on outstanding loans	A	3.48	0.10	3.38	3.40
Yield on deposits	B	0.10	0.01	0.09	0.09
Loan - deposit margin	A - B	3.38	0.09	3.29	3.30
Loan - deposit margin (after deduction from expense ratio)		2.15	0.08	2.07	2.08
Net interest margin		1.34	△0.23	1.57	1.35

(2) OHR

(%)

	Nine months ended Dec. 31, 2014		Nine months ended Dec. 31, 2013 (b)	March. 31, 2014
	(a)	(a) - (b)		
OHR	47.3	0.2	47.1	47.6

(3) The capital adequacy ratio

(%)

	As of Dec. 31, 2014		As of Dec. 31, 2013 (b)	March. 31, 2014
	(a)	(a) - (b)		
The capital adequacy ratio (Domestic standard)	11.90	0.46	11.44	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

(%)

	Nine months ended Dec. 31 2014		Nine months ended Dec. 31, 2013 (b)	March. 31, 2014
	(a)	(a) - (b)		
ROE	13.43	0.17	13.26	13.22
ROA	0.76	0.03	0.73	0.72

* ROE: Net income per average own capital

ROA: Net income per average total assets