

SURUGA bank, Ltd.

Consolidated financial results for the six months ended September 30, 2017

<under Japanese GAAP>

Stock exchange listings: Tokyo (code: 8358)

URL: <http://www.surugabank.co.jp>

Representative: Akihiro Yoneyama, President

Dividend payment date: December 11, 2017

(Amounts and percentages are rounded down to the nearest million yen and first decimal places, respectively.)

1. Consolidated financial results for the six months ended September 30, 2017

(1) Consolidated operating results (% represents the change from the same period in the previous fiscal year)

	Ordinary income		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended						
September 30, 2017	75,775	7.4	31,162	11.2	21,168	10.1
September 30, 2016	70,501	1.5	28,000	(3.3)	19,219	1.2

(Note) Comprehensive income:

(a) Six months ended Sep. 30, 2017: ¥24,980 million [59.7%]; (b) Six months ended Sep. 30, 2016: ¥15,641 million [2.1 %]

	Earnings per share	Earnings per share (diluted)
Six months ended	yen	yen
September 30, 2017	91.39	91.37
September 30, 2016	83.01	82.97

(2) Consolidated financial position

	Total assets	Total net assets	Net assets ratio
As of	Millions of yen	Millions of yen	%
September 30, 2017	4,465,475	362,589	8.0
March 31, 2017	4,471,725	340,379	7.5

(Reference) Shareholders' equity:

(a) As of September 30, 2017: ¥360,042 million; (b) As of March 31, 2017: ¥338,029 million

(Note) Net assets ratio = {(Total net assets - Subscription rights to shares - Non-controlling interests) / Total assets} × 100

This ratio is not calculated based on the "Capital Adequacy Ratio Notification".

2. Dividends on common stock

	Dividends per share				
	1 st quarter -end	2 nd quarter -end	3 rd quarter -end	Fiscal year -end	Total
Fiscal year	yen	yen	yen	yen	yen
ended March 31, 2017	-	10.00	-	12.00	22.00
ending March 31, 2018	-	10.50	-	10.50	21.00
ending March 31, 2018 (forecast)	-	-	-	10.50	21.00

(Note) Revision of dividend forecast from the latest announcement: No

Breakdown of fiscal year-end dividend for the fiscal year ended March 31, 2017:

(a) Ordinary dividend: ¥11.00; (b) Special dividend: ¥1.00

3. Consolidated earnings forecast for the fiscal year ending March 31, 2018

(% represents the change from the previous fiscal year)

	Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	yen
Fiscal year ending					
March 31, 2018	61,500	5.6	43,000	0.8	185.64

(Note) Revision of earnings forecast from the latest announcement: No

* Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries that caused changes in the scope of consolidation): No
- (2) Changes in accounting policies, changes in accounting estimates and restatements
 (A) Changes in accounting policies due to revision of accounting standards: No
 (B) Changes in accounting policies due to reasons other than (A): No
 (C) Changes in accounting estimates: No
 (D) Restatements: No

(3) Number of issued shares (common stock)

(A) Number of issued shares (including treasury shares):	As of Sep. 30, 2017	232,139,248 shares	As of Mar. 31, 2017	232,139,248 shares
(B) Number of treasury shares:	As of Sep. 30, 2017	518,344 shares	As of Mar. 31, 2017	530,965 shares
(C) Average number of shares:	Six months ended Sep. 30, 2017	231,615,477 shares	Six months ended Sep. 30, 2016	231,518,042 shares

(Summary of non-consolidated financial results)

1. Non-consolidated financial results for the six months ended September 30, 2017

(1) Non-consolidated operating results (% represents the change from the same period in the previous fiscal year)

Six months ended	Ordinary income		Ordinary profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2017	68,357	6.6	29,941	8.9	20,479	7.1
September 30, 2016	64,114	0.2	27,469	(1.5)	19,113	3.0

Earnings per share	
Six months ended	yen
September 30, 2017	88.41
September 30, 2016	82.55

(2) Non-consolidated financial position

	Total assets	Total net assets	Net assets ratio
As of	Millions of yen	Millions of yen	%
September 30, 2017	4,458,850	352,482	7.9
March 31, 2017	4,465,825	331,551	7.4

(Reference) Shareholders' equity:

(a) As of September 30, 2017: ¥352,461 million; (b) As of March 31, 2017: ¥331,527 million

(Note) Net assets ratio = {(Total net assets - Subscription rights to shares) / Total assets} × 100

This ratio is not calculated based on the "Capital Adequacy Ratio Notification".

2. Non-consolidated earnings forecast for the fiscal year ending March 31, 2018

(% represents the change from the previous fiscal year)

Fiscal year ending	Ordinary profit		Net income		Earnings per share
	Millions of yen	%	Millions of yen	%	yen
March 31, 2018	60,000	4.9	42,000	0.6	181.33

(Note) This report is outside the scope of the external auditor's interim audit procedure.

(Note) Explanation on appropriate use of forecast and other special items

- The company is a "Specified business company" under the Article 17-15-2 of the "Cabinet Office Ordinance regarding Disclosure of Corporate Information, etc." and prepares its interim consolidated and interim non-consolidated financial statements for the six months ended September 30, 2017.
- The performance forecasts and other forward-looking statements in this report are based on information currently available to the company and on certain assumptions deemed to be reasonable, and are not intended to guarantee future performance. Actual performance may differ materially depending on various factors.

(Appendix)

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* Financial results for the six months ended September 30, 2017 supplementary information

1. Qualitative information on financial results

(1) Details of operating results

As for the consolidated operating results for the six months ended September 30, 2017, ordinary income increased by ¥5.274 billion year-on-year to ¥75.775 billion. This was primarily due to the growth in interest income on the back of the rise in interest on loans and bills discounted. Meanwhile, ordinary expenses increased by ¥2.112 billion year-on-year to ¥44.612 billion, mainly due to the rise in other expenses. As a result, ordinary profit increased by ¥3.162 billion year-on-year to ¥31.162 billion. Profit attributable to owners of parent increased by ¥1.949 billion year-on-year to ¥21.168 billion.

(2) Details of financial position

As for the major account balances as of September 30, 2017 on a consolidated basis, loans and bills discounted came in at ¥3,286.902 billion, up by ¥33.179 billion from March 31, 2017, primarily due to an increase in consumer loans (non-consolidated) of ¥56.096 billion.

Securities amounted to ¥125.526 billion, down by ¥23.001 billion from March 31, 2017.

Deposits amounted to ¥4,065.829 billion, down by ¥29.680 billion from March 31, 2017, despite an increase in individual deposits of ¥17.432 billion.

(3) Details of forecast information, including consolidated earnings forecast

The earnings forecast for the fiscal year ending March 31, 2018 remains unchanged from that announced on August 4, 2017.

Consolidated		(Billions of yen)
	Fiscal year ending March 31, 2018	
Ordinary profit	61.5	
Profit attributable to owners of parent	43.0	

Non-consolidated		(Billions of yen)
	Fiscal year ending March 31, 2018	
Net operating profit	65.0	
Ordinary profit	60.0	
Net income	42.0	
Actual credit costs	4.5	

(Note) The performance forecasts and other forward-looking statements in this report are based on information currently available to the company and on certain assumptions deemed to be reasonable, and are not intended to guarantee future performance. Actual performance may differ materially depending on various factors.

2. Consolidated financial statements and notes

(1) Consolidated balance sheets

(Millions of yen)

	As of Mar. 31, 2017	As of Sep. 30, 2017
Assets		
Cash and due from banks	927,519	901,786
Call loans and bills bought	2,276	2,238
Trading account securities	72	89
Money held in trust	1,149	1,246
Securities	148,527	125,526
Loans and bills discounted	3,253,723	3,286,902
Foreign exchanges	2,885	3,004
Lease receivables and investment assets	5,479	5,559
Other assets	56,909	66,411
Tangible fixed assets	51,906	52,128
Intangible fixed assets	28,591	27,885
Net defined benefit asset	7,787	8,692
Deferred tax assets	860	736
Customers' liabilities for acceptances and guarantees	3,340	2,975
Allowance for loan losses	(19,305)	(19,708)
Total assets	4,471,725	4,465,475
Liabilities		
Deposits	4,095,509	4,065,829
Borrowed money	1,540	1,345
Foreign exchanges	40	34
Other liabilities	25,503	26,402
Provision for bonuses	715	722
Provision for directors' bonuses	173	-
Net defined benefit liability	279	259
Provision for directors' retirement benefits	3,280	2,444
Provision for reimbursement of deposits	287	227
Provision for contingent losses	169	150
Deferred tax liabilities	505	2,495
Acceptances and guarantees	3,340	2,975
Total liabilities	4,131,346	4,102,886
Net assets		
Capital stock	30,043	30,043
Capital surplus	4	4
Retained earnings	291,063	309,452
Treasury shares	(606)	(594)
Total shareholders' equity	320,504	338,906
Net unrealized gains (losses) on available-for-sale securities	17,153	20,680
Deferred gains (losses) on hedges	(61)	(170)
Remeasurements of defined benefit plans	433	626
Total accumulated other comprehensive income	17,525	21,136
Subscription rights to shares	24	20
Non-controlling interests	2,325	2,526
Total net assets	340,379	362,589
Total liabilities and net assets	4,471,725	4,465,475

(2) Consolidated statements of income and Consolidated statements of comprehensive income
Consolidated statements of income

	(Millions of yen)	
	For the six months ended Sep. 30, 2016	For the six months ended Sep. 30, 2017
Ordinary income	70,501	75,775
Interest income	60,617	64,820
Interest on loans and bills discounted	59,511	62,285
Interest and dividends on securities	607	1,813
Fees and commissions	6,774	6,746
Other operating income	2,178	2,090
Other income	931	2,117
Ordinary expenses	42,500	44,612
Interest expenses	2,157	2,013
Interest on deposits	2,068	1,907
Fees and commissions payments	6,984	7,426
Other operating expenses	1,892	1,680
General and administrative expenses	26,194	26,550
Other expenses	5,271	6,941
Ordinary profit	28,000	31,162
Extraordinary gains	2	9
Gains on disposal of non-current assets	2	9
Extraordinary losses	147	249
Losses on disposal of non-current assets	147	249
Income before income taxes	27,856	30,922
Income taxes - current	7,698	9,134
Income taxes - deferred	826	498
Total income taxes	8,525	9,633
Profit	19,331	21,289
Profit attributable to non-controlling interests	111	120
Profit attributable to owners of parent	19,219	21,168

Consolidated statements of comprehensive income

	(Millions of yen)	
	For the six months ended Sep. 30, 2016	For the six months ended Sep. 30, 2017
Profit	19,331	21,289
Other comprehensive income		
Net unrealized gains (losses) on available-for-sale securities	(3,584)	3,607
Deferred gains (losses) on hedges	14	(109)
Remeasurements of defined benefit plans, net of tax	(118)	192
Total other comprehensive income	(3,689)	3,690
Comprehensive income	15,641	24,980
(Breakdown)		
Comprehensive income attributable to owners of parent	15,528	24,779
Comprehensive income attributable to non-controlling interests	112	200

(3) Consolidated statements of changes in net assets

For the six months ended September 30, 2016

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	30,043	-	253,182	(750)	282,475
Changes of items during period					
Dividends of surplus			(2,430)		(2,430)
Profit attributable to owners of parent			19,219		19,219
Purchase of treasury shares				(2)	(2)
Disposal of treasury shares		5		65	70
Net changes of items other than shareholders' equity					
Total changes of items during period	-	5	16,789	62	16,857
Balance at end of current period	30,043	5	269,971	(687)	299,333

	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Net unrealized gains (losses) on available-for-sale securities	Deferred gains (losses) on hedges	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	16,121	(83)	1,517	17,556	61	2,144	302,237
Changes of items during period							
Dividends of surplus							(2,430)
Profit attributable to owners of parent							19,219
Purchase of treasury shares							(2)
Disposal of treasury shares							70
Net changes of items other than shareholders' equity	(3,586)	14	(118)	(3,690)	(17)	112	(3,595)
Total changes of items during period	(3,586)	14	(118)	(3,690)	(17)	112	13,261
Balance at end of current period	12,535	(68)	1,399	13,865	43	2,257	315,499

For the six months ended September 30, 2017

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	30,043	4	291,063	(606)	320,504
Changes of items during period					
Dividends of surplus			(2,779)		(2,779)
Profit attributable to owners of parent			21,168		21,168
Purchase of treasury shares				(3)	(3)
Disposal of treasury shares		0		16	16
Net changes of items other than shareholders' equity					
Total changes of items during period	-	0	18,388	12	18,401
Balance at end of current period	30,043	4	309,452	(594)	338,906

	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Net unrealized gains (losses) on available-for-sale securities	Deferred gains (losses) on hedges	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	17,153	(61)	433	17,525	24	2,325	340,379
Changes of items during period							
Dividends of surplus							(2,779)
Profit attributable to owners of parent							21,168
Purchase of treasury shares							(3)
Disposal of treasury shares							16
Net changes of items other than shareholders' equity	3,527	(109)	192	3,610	(3)	200	3,808
Total changes of items during period	3,527	(109)	192	3,610	(3)	200	22,210
Balance at end of current period	20,680	(170)	626	21,136	20	2,526	362,589

(4) Notes regarding consolidated financial statements

(Notes on going-concern assumption)

Not applicable.

(Changes in accounting policies, changes in accounting estimates and restatements)

Not applicable.

3. Non-consolidated financial statements

(1) Non-consolidated balance sheets

(Millions of yen)

	As of Mar. 31, 2017	As of Sep. 30, 2017
Assets		
Cash and due from banks	926,783	900,761
Call loans	2,276	2,238
Trading account securities	72	89
Money held in trust	1,149	1,246
Securities	154,340	130,914
Loans and bills discounted	3,253,790	3,286,047
Foreign exchanges	2,885	3,004
Other assets	48,611	58,910
Other	48,611	58,910
Tangible fixed assets	50,569	50,842
Intangible fixed assets	26,212	25,605
Prepaid pension cost	7,165	7,794
Customers' liabilities for acceptances and guarantees	3,951	3,585
Allowance for loan losses	(11,983)	(12,191)
Total assets	4,465,825	4,458,850
Liabilities		
Deposits	4,105,455	4,076,076
Foreign exchanges	40	34
Other liabilities	20,232	21,319
Income taxes payable	8,000	9,159
Lease obligations	497	463
Other	11,734	11,695
Provision for bonuses	667	671
Provision for directors' bonuses	173	-
Provision for directors' retirement benefits	3,277	2,442
Provision for reimbursement of deposits	287	227
Provision for contingent losses	169	150
Deferred tax liabilities	18	1,860
Acceptances and guarantees	3,951	3,585
Total liabilities	4,134,274	4,106,367
Net assets		
Capital stock	30,043	30,043
Capital surplus	18,590	18,590
Legal capital surplus	18,585	18,585
Other capital surplus	4	4
Retained earnings	267,078	284,778
Legal retained earnings	30,043	30,043
Other retained earnings	237,034	254,734
Reserve for advanced depreciation of non-current assets	59	59
General reserve	103,032	103,032
Retained earnings brought forward	133,943	151,643
Treasury shares	(606)	(594)
Total shareholders' equity	315,104	332,817
Net unrealized gains (losses) on available-for-sale securities	16,480	19,810
Deferred gains (losses) on hedges	(58)	(167)
Total valuation and translation adjustments	16,422	19,643
Subscription rights to shares	24	20
Total net assets	331,551	352,482
Total liabilities and net assets	4,465,825	4,458,850

(2) Non-consolidated statements of income

	(Millions of yen)	
	For the six months ended Sep. 30, 2016	For the six months ended Sep. 30, 2017
Ordinary income	64,114	68,357
Interest income	57,033	60,382
Interest on loans and bills discounted	55,940	57,864
Interest and dividends on securities	596	1,796
Fees and commissions	6,130	5,871
Other operating income	224	243
Other income	725	1,860
Ordinary expenses	36,644	38,415
Interest expenses	2,161	2,019
Interest on deposits	2,068	1,907
Fees and commissions payments	7,019	7,392
Other operating expenses	184	59
General and administrative expenses	24,186	24,456
Other expenses	3,091	4,487
Ordinary profit	27,469	29,941
Extraordinary gains	1	7
Extraordinary losses	141	239
Income before income taxes	27,330	29,709
Income taxes - current	7,431	8,788
Income taxes - deferred	785	442
Total income taxes	8,216	9,230
Net income	19,113	20,479

(3) Non-consolidated statements of changes in net assets
For the six months ended September 30, 2016

(Millions of yen)

	Shareholders' equity							
	Capital stock	Capital surplus			Legal retained earnings	Retained earnings		
		Legal capital surplus	Other capital surplus	Total capital surplus		Other retained earnings		
						Reserve for advanced depreciation of non-current assets	General reserve	Retained earnings brought forward
Balance at beginning of current period	30,043	18,585	-	18,585	30,043	59	103,032	96,961
Changes of items during period								
Dividends of surplus								(2,430)
Net income								19,113
Purchase of treasury shares								
Disposal of treasury shares			5	5				
Net changes of items other than shareholders' equity								
Total changes of items during period	-	-	5	5	-	-	-	16,683
Balance at end of current period	30,043	18,585	5	18,591	30,043	59	103,032	113,644

	Shareholders' equity			Valuation and translation adjustments			Subscription rights to shares	Total net assets
	Retained earnings	Treasury shares	Total shareholders' equity	Net unrealized gains (losses) on available-for-sale securities	Deferred gains (losses) on hedges	Total valuation and translation adjustments		
	Total retained earnings							
Balance at beginning of current period	230,096	(750)	277,974	15,525	(78)	15,446	61	293,482
Changes of items during period								
Dividends of surplus	(2,430)		(2,430)					(2,430)
Net income	19,113		19,113					19,113
Purchase of treasury shares		(2)	(2)					(2)
Disposal of treasury shares		65	70					70
Net changes of items other than shareholders' equity				(3,581)	14	(3,566)	(17)	(3,584)
Total changes of items during period	16,683	62	16,751	(3,581)	14	(3,566)	(17)	13,167
Balance at end of current period	246,779	(687)	294,726	11,944	(63)	11,880	43	306,650

For the six months ended September 30, 2017

(Millions of yen)

	Shareholders' equity							
	Capital stock	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		
						Reserve for advanced depreciation of non-current assets	General reserve	Retained earnings brought forward
Balance at beginning of current period	30,043	18,585	4	18,590	30,043	59	103,032	133,943
Changes of items during period								
Dividends of surplus								(2,779)
Net income								20,479
Purchase of treasury shares								
Disposal of treasury shares			0	0				
Net changes of items other than shareholders' equity								
Total changes of items during period	-	-	0	0	-	-	-	17,700
Balance at end of current period	30,043	18,585	4	18,590	30,043	59	103,032	151,643

	Shareholders' equity			Valuation and translation adjustments			Subscription rights to shares	Total net assets
	Retained earnings	Treasury shares	Total shareholders' equity	Net unrealized gains (losses) on available-for-sale securities	Deferred gains (losses) on hedges	Total valuation and translation adjustments		
	Total retained earnings							
Balance at beginning of current period	267,078	(606)	315,104	16,480	(58)	16,422	24	331,551
Changes of items during period								
Dividends of surplus	(2,779)		(2,779)					(2,779)
Net income	20,479		20,479					20,479
Purchase of treasury shares		(3)	(3)					(3)
Disposal of treasury shares		16	16					16
Net changes of items other than shareholders' equity				3,330	(109)	3,221	(3)	3,218
Total changes of items during period	17,700	12	17,713	3,330	(109)	3,221	(3)	20,931
Balance at end of current period	284,778	(594)	332,817	19,810	(167)	19,643	20	352,482