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(Securities Code: 8358)

June 13, 2018

To Shareholders:

Akihiro Yoneyama
President and Director
Suruga Bank Ltd.
23 Toriyoko-cho, Numazu City,
Shizuoka, Japan

NOTICE OF CONVOCAION OF THE 207TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 207th Annual General Meeting of Shareholders of Suruga Bank Ltd. (the “Bank”), which will be held as described below.

If you are unable to attend the meeting, you can exercise your voting rights by either of the following methods. Please review the Reference Documents for the General Meeting of Shareholders below and exercise your voting rights no later than 5:00 p.m. (JST) on June 27 (Wednesday), 2018.

[Exercise of Voting Rights in Writing]

Please indicate your approval or disapproval for each of the proposals on the enclosed Voting Rights Exercise Form and return it so that it will reach the Bank by the aforementioned deadline.

[Exercise of Voting Rights via the Internet etc.]

Please access the Bank’s designated website for the exercise of voting rights (<https://www.e-sokai.jp>) using the “Voting Rights Exercise Code” and “Password” shown on the enclosed Voting Rights Exercise Form, follow the on-screen guidance, and enter your approval or disapproval for each of the proposals.

Please refer to the “Information on Exercising Voting Rights via the Internet etc.” on pages 4 to 5 when voting via the Internet etc. and exercise your voting right by the aforementioned deadline.

The Business Report, Consolidated Financial Statements, Non-consolidated Financial Statements, as well as the Copy of the Accounting Auditor’s Report concerning Consolidated Financial Statements and the Copy of the Accounting Auditor’s Report are as stated in the “Attached Documents.”

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© Of the documents required to be appended to this Notice of Convocation, Matters relating to Subscription Rights to Shares of the Company, Consolidated Statement of Shareholders’ Equity, the Notes to the Consolidated Financial Statements, Non-consolidated Statement of Shareholders’ Equity, and the Notes to the Non-consolidated Financial Statements are posted on the Bank’s website (<http://www.surugabank.co.jp/>) (Japanese only) in accordance with laws and regulations and Article 16 of the Articles of Incorporation of the Bank, and are therefore not included in the documents attached to this Notice of Convocation.

The Consolidated Financial Statements and the Non-consolidated Financial Statements included in the documents attached to this Notice of Convocation are part of the Consolidated Financial Statements and the Non-consolidated Financial Statements that were subject to audit by the Accounting Auditor and by the Audit & Supervisory Board Members for the purpose of preparation of the Independent Auditors' Report and the Audit Report, respectively.

- © Any revisions to the Reference Documents for the General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements, or the Non-consolidated Financial Statements will be posted on the Bank's website (<http://www.surugabank.co.jp/>).
- © Exercise of voting rights by proxy is permitted, provided that another shareholder with voting rights is designated as a proxy, in accordance with Article 18 of the Articles of Incorporation of the Bank. A shareholder may designate one proxy. To enable exercise of voting rights by proxy, a document evidencing the proxy's power of representation must be submitted.

**1. Date and Time:** June 28, 2018 (Thursday) at 10:00 a.m. Japan Standard Time  
(Reception opens at 9:00 a.m.)

**2. Place:** Convention Hall B, 3F,  
Plaza Verde  
1-1-4 Otemachi, Numazu City, Shizuoka, Japan

**3. Meeting Agenda:**

**Matters to be reported:** (1) The Business Report and Consolidated Financial Statements for the Bank's 207th Fiscal Year (from April 1, 2017 to March 31, 2018) and the results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board  
(2) Non-consolidated Financial Statements for the Bank's 207th Fiscal Year (from April 1, 2017 to March 31, 2018)

**Proposals to be resolved:**

**Proposal No. 1:** Election of Eleven (11) Directors

**Proposal No. 2:** Election of Two (2) Audit & Supervisory Board Members

**4. Information on Convocation:**

- (1) If you choose to exercise your voting rights in writing and do not indicate your approval or disapproval for each of the proposals on the Voting Rights Exercise Form returned to the Bank, you will be deemed to indicate approval for the proposals.
- (2) If you exercise your voting rights in writing in duplicate, the last Voting Rights Exercise Form to reach the Bank will be deemed to be valid.
- (3) If you exercise your voting rights both in writing and via the Internet etc., your exercise via the Internet etc. will be deemed to be valid. In addition, if you exercise your voting rights multiple times via the Internet etc., your last exercise will be deemed to be valid.
- (4) If you intend to engage in split voting, you are required to submit a written notice to the Bank indicating your intention to engage in split voting and the reasons for the split voting at least three days prior to the General Meeting of Shareholders.

To shareholders attending the meeting

- ◎ When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.
- ◎ We would appreciate it if you could bring this reference documents with you to the meeting.
- ◎ Please refrain from photographing and/or recording using a camera, smartphone, feature phone, etc. Please also refrain from talking or texting on smartphone, feature phone, etc.
- ◎ Please note that from the previous fiscal year we are no longer handing out gifts to shareholders attending the meeting.

## **Information on Exercising Voting Rights via the Internet, etc.**

Please read the following before exercising your voting rights via the Internet, etc.

Voting rights can be exercised via the Internet by accessing **the website for the exercise of voting rights** (**<https://www.e-sokai.jp>**) designated by the Bank.

This website for the exercise of voting rights is not accessible via the Internet from mobile phones except for certain mobile phone terminals (smartphones, etc.).

You are cordially requested to exercise your voting rights by **the voting deadline** to facilitate the timely recording of votes.

The Password is a means to identify the voter is the shareholder.

You are requested to keep the Password safely until the closure of this General Meeting of Shareholders.

Please note that we are unable to respond to any inquiries about the Voting Rights Exercise Code or the Password.

### **Procedures to Access the Website for Exercising the Voting Rights**

#### **1. Access the website for the exercise of voting rights**

**Website for the exercise of voting rights**

**<https://www.e-sokai.jp>**

\*All charges required for accessing the website for the exercise of voting rights, such as service charge by the Internet service provider and communication fees charged by carriers (telephone charges etc.), shall be borne by shareholders.

Access the website for the exercise of voting rights, read the instructions on the exercise of voting rights via the Internet and click “Proceed.”

#### **2. Log in**

Enter the “Voting Rights Exercise Code” indicated on the Voting Rights Exercise Form and click “Log in.”

#### **3. Enter the Password**

Enter the “Password” indicated on the Voting Rights Exercise Form and click “Proceed.”

**Then, follow the instructions on the screen and indicate your vote for or against each proposal.**

**Voting Deadline: 5:00 p.m. (JST) on June 27 (Wednesday), 2018**

For institutional investors

Management trust banks and other nominee shareholders (including standing proxies), by applying in advance to use the Electronic Voting Platform for Institutional Investors managed by ICJ Inc., a joint company established by the Tokyo Stock Exchange, Inc. and other entities, are able to use the Platform as an alternative to the method for exercising the voting rights via the Internet described above.

The following system environment is required for the use of the website for the exercise of voting rights.

- Computer with Internet access
  - Microsoft® Internet Explorer Version 5.01 SP2 or later must be installed as your browser.
  - Hardware environment in which the above browser can be used.
  - The Notice of Convocation and the Reference Documents for the General Meeting of Shareholders can be viewed on the website for the exercise of voting rights only if Adobe Acrobat Reader Version 4.0 or later or Adobe Reader Version 6.0 or later is installed on your computer.
- \* Microsoft and Internet Explorer are registered trademarks or trademarks of Microsoft Corporation (U.S.A.) in the U.S.A. and other countries.
- \* Adobe Acrobat Reader and Adobe Reader are registered trademarks or trademarks of Adobe Systems Incorporated (U.S.A.) in the U.S.A. and other countries.

#### **Inquiries regarding the Exercise of Voting Rights via the Internet**

If you have any inquiries about the exercise of voting rights via the Internet, please call the following number.

- |                            |                                                                                         |
|----------------------------|-----------------------------------------------------------------------------------------|
| ■ Transfer agent:          | Agency Department, JAPAN SECURITIES AGENTS, LTD.                                        |
| ■ Web support direct line: | 0120-707-743 (toll-free)                                                                |
| ■ Business hours:          | Open from 9:00 a.m. to 9:00 p.m. (including Saturdays, Sundays, and national holidays). |

## Reference Documents for the General Meeting of Shareholders

### Proposals and References

#### Proposal No. 1: Election of Eleven (11) Directors

The terms of office of all Directors will expire at the conclusion of this Annual General Meeting of Shareholders. Accordingly, the election of eleven (11) Directors is proposed.

The candidates are as follows:

| No. | Name               | Positions and responsibilities at the Bank                                                                | Candidate attributes                                        | Attendance at the Board of Directors' meetings |
|-----|--------------------|-----------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|------------------------------------------------|
| 1   | Mitsuyoshi Okano   | Representative Director and Chairman                                                                      | Reappointment                                               | 12/12<br>(100%)                                |
| 2   | Akihiro Yoneyama   | Representative Director and President                                                                     | Reappointment                                               | 12/12<br>(100%)                                |
| 3   | Toshihiko Shirai   | Representative Director and Senior Managing Director<br>Responsible for Management Planning Division      | Reappointment                                               | 12/12<br>(100%)                                |
| 4   | Kazuya Mochizuki   | Senior Managing Director<br>Responsible for Corporate Administration Division and Market Finance Division | Reappointment                                               | 12/12<br>(100%)                                |
| 5   | Nobuaki Yanagisawa | Managing Director<br>General Manager of Operations Division                                               | Reappointment                                               | 10/10<br>(100%)                                |
| 6   | Takeshi Yagi       | Director<br>Responsible for Credit Division                                                               | Reappointment                                               | 12/12<br>(100%)                                |
| 7   | Michio Arikuni     | Director<br>Responsible for Systems Division and Administration Division                                  | Reappointment                                               | 12/12<br>(100%)                                |
| 8   | Yoshinori Ando     | Outside Director                                                                                          | Reappointment<br>Outside Director<br>Independent Director   | 11/12<br>(91%)                                 |
| 9   | Shione Kinoshita   | Outside Audit & Supervisory Board Member                                                                  | New appointment<br>Outside Director<br>Independent Director | 12/12<br>(100%)                                |
| 10  | Shigeharu Kawahara |                                                                                                           | New appointment<br>Outside Director<br>Independent Director | -                                              |
| 11  | Satoshi Nagano     |                                                                                                           | New appointment<br>Outside Director<br>Independent Director | -                                              |

## Candidates for Directors

### 1 Mitsuyoshi Okano

[Reappointment]

Date of birth: February 5, 1945  
Current positions and responsibilities at the Bank: Representative Director and Chairman  
Number of shares of the Bank held: 245,091 shares  
Attendance of Board of Directors' meetings: 12/12  
Career summary, positions, responsibilities and significant concurrent positions  
Apr. 1969 Joined The Fuji Bank, Limited (currently Mizuho Bank, Ltd.)  
Mar. 1975 Joined the Bank  
Jan. 1983 Senior Managing Director  
May 1985 Representative Director and President  
Jun. 1998 Representative Director, President and Chief Executive Officer  
Jun. 2016 Representative Director and Chairman  
to present

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#### [Reasons for nomination as a candidate for Director]

Mr. Mitsuyoshi Okano is leading the Bank's management, serving as Representative Director and Chairman. He is performing his duties and fulfilling his responsibilities appropriately and demonstrating strong leadership. The Bank believes that he is capable of leading the Bank's management in the right direction in order to recover the trust of stakeholders, and in view of his knowledge and experience, he is able to perform management control precisely, fairly, and efficiently. The Bank judges that Mr. Okano will make a great contribution to the Bank, and thus nominates him as a candidate for Director.

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#### To our shareholders

To recover the trust of our customers and reestablish a sustainable, robust business foundation for the future, we are committed to reforming the sales approach, strengthening credit screening, and reinforcing compliance systems. At the same time, we will reform management control systems to make the Bank's overall risk management systems appropriate and will work to establish a structure that will enable strict exercise of governance functions. We will ensure the practice of "customer-first operation." Moreover, in order to fulfill the mission of the Bank in society, we will vigorously address the environmental, social and governance criteria related to our business. Leading the Group's employees, I am resolved to implement reforms of various systems and the corporate culture.

Mitsuyoshi Okano  
Representative Director and Chairman

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## 2 Akihiro Yoneyama

[Reappointment]

Date of birth: September 18, 1965  
Current positions and responsibilities at the Bank: Representative Director and President  
Number of shares of the Bank held: 4,400 shares  
Attendance of Board of Directors' meetings: 12/12

Career summary, positions, responsibilities and significant concurrent positions

Apr. 1989 Joined the Bank  
Apr. 2002 General Manager of Planning and Administration Department, Credit Division  
Apr. 2004 General Manager of Numazu Central Branch  
Oct. 2005 General Manager of Yokohama Totsuka Branch  
Apr. 2007 Senior Manager of Quality Support Department  
Apr. 2009 Manager of Planning Group, System Planning, Systems Division  
Apr. 2014 Senior Manager of Planning Group, Systems Division  
Apr. 2015 Executive Officer and General Manager of Systems Division  
Jun. 2016 Representative Director and President  
to present

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### [Reasons for nomination as a candidate for Director]

Mr. Akihiro Yoneyama is leading the Bank's business execution, serving as Representative Director and President. In regard to the Bank's efforts to enhance corporate value, he is performing his duties and fulfilling his responsibilities appropriately. The Bank believes that based on his wealth of business experience, he is a suitable person to lead management in order to recover the trust of all stakeholders, and in view of his knowledge and experience, he is able to perform management control precisely, fairly, and efficiently. The Bank judges that Mr. Yoneyama will make a great contribution to the Bank, and thus nominates him as a candidate for Director.

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### To our shareholders

Redefinition of financial services capitalizing on artificial intelligence, next-generation communication, and other advanced technologies is expected to overturn the common sense of traditional financial transactions and facilitate the maximization of the customer experience. In these circumstances, we will vigorously embrace "knowledge and wisdom" from outside the Suruga Bank Group in addition to the gathering of "knowledge and wisdom" from inside the Bank undertaken so far, in order to accelerate evolution as an organization capable of transforming customers' expectations into substantial value while striving to enhance corporate value.

Akihiro Yoneyama  
Representative Director and President

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### 3 Toshihiko Shirai

[Reappointment]

Date of birth: November 11, 1953

Current positions and responsibilities at the Bank: Representative Director and Senior Managing Director, responsible for Management Planning Division

Number of shares of the Bank held: 41,000 shares

Attendance of Board of Directors' meetings: 12/12

Career summary, positions, responsibilities and significant concurrent positions

Apr. 1976 Joined the Bank

Apr. 1995 General Manager of Hong Kong Branch

Apr. 2002 General Manager of External Public Relations Department, Operations Division

Apr. 2003 General Manager of Planning Department, Management Planning Division

Jun. 2008 Managing Director, responsible for Management Planning Division

Jun. 2011 Senior Managing Director, responsible for Management Planning Division

Apr. 2012 Representative Director and Senior Managing Director, responsible for Management Planning Division

Jun. 2016 Representative Director and Senior Managing Director, responsible for Management Planning Division and Systems Division

Apr. 2017 Representative Director and Senior Managing Director, responsible for Management Planning Division to present

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#### [Reasons for nomination as a candidate for Director]

Mr. Toshihiko Shirai serves as Representative Director and Senior Managing Director, responsible for Management Planning Division. As Director responsible for the compliance department, he is performing his duties and fulfilling his responsibilities appropriately to address recent problems associated with share house-related loans and other real estate investment-related loans. Given the need to reestablish the Bank's corporate governance, in view of his knowledge and experience, the Bank believes he is able to perform management control precisely, fairly, and efficiently. The Bank judges that Mr. Shirai will make a great contribution to the Bank, and thus nominates him as a candidate for Director.

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#### To our shareholders

We are committed to recovering the confidence of stakeholders in the Bank's ability to execute the retail business.

With the aim of becoming a reliable financial institution with which customers wish to have a long relationship, we will partner our customers and fulfill our social responsibility. We will strive to reestablish corporate governance and pursue a sustainable business model that exceeds customers' expectations.

The Bank has always pursued management with integrity that goes beyond legal compliance. As a member of the management team, I will do my utmost to ensure all the Bank's organizations—sales operations, the compliance department, and the audit department—fulfill their respective roles in order to reinforce the governance structure, and that the Bank recognizes all the risks, alleviates them, and creates its corporate value as a financial institution.

Toshihiko Shirai  
Representative Director and Senior Managing Director

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## 4 Kazuya Mochizuki

[Reappointment]

Date of birth: November 18, 1953

Current positions and responsibilities at the Bank: Senior Managing Director, responsible for Corporate Administration Division and Market Finance Division

Number of shares of the Bank held: 30,000 shares

Attendance of Board of Directors' meetings: 12/12

Career summary, positions, responsibilities and significant concurrent positions

Apr. 1977 Joined the Bank

Jul. 1997 General Manager of ALM Department, Management Planning Division

May 2000 Managing Executive Officer and General Manager of Management Planning Division

Oct. 2009 Senior Managing Executive Officer and General Manager of Management Planning Division

Apr. 2011 Senior Managing Executive Officer, responsible for Corporate Administration Division

Jun. 2011 Senior Managing Director, responsible for Corporate Administration Division and Market Finance Division  
to present

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### [Reasons for nomination as a candidate for Director]

Mr. Kazuya Mochizuki serves as Senior Managing Director, responsible for Corporate Administration Division and Market Finance Division. He has an extensive track record and insight about finance and accounting. The Bank judges that Mr. Mochizuki will make a great contribution to the Bank as Director responsible for the finance department by fulfilling a leading role in management as the Bank focuses on recovering the trust of all stakeholders, and thus nominates him as a candidate for Director.

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### To our shareholders

We will strive to strengthen the revenue structure and the financial position in order to tackle new initiatives and offer the multifaceted financial services envisaged in our long-term vision "Aim 25." I am resolved to do my utmost to contribute to enhancement of the Bank's corporate value by working to ensure financial soundness of the Bank, enhance profitability, and achieve sustainable growth through appropriate exchange of value with our customers, shareholders, and other stakeholders.

Kazuya Mochizuki  
Senior Managing Director

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## 5 Nobuaki Yanagisawa

[Reappointment]

Date of birth: November 2, 1962

Current positions and responsibilities at the Bank: Managing Director, General Manager of Operations Division

Number of shares of the Bank held: 12,000 shares

Attendance of Board of Directors' meetings: 10/10

Career summary, positions, responsibilities and significant concurrent positions

Apr. 1985 Joined the Bank

Apr. 2001 General Manager of Business Planning Department, Operations Division

Apr. 2004 General Manager of Chigasaki Branch

Apr. 2007 Executive Officer, General Manager of Fujisawa Branch

Apr. 2009 Executive Officer, General Manager of Kanagawa Community Division, Operations Division

Apr. 2012 Executive Officer, General Manager of Credit Division

Apr. 2015 Managing Executive Officer, General Manager of Credit Division

Apr. 2017 Managing Executive Officer, responsible for Credit Division

Jun. 2017 Managing Director, responsible for Credit Division

Apr. 2018 Managing Director, General Manager of Operations Division  
to present

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[Reasons for nomination as a candidate for Director]

Mr. Nobuaki Yanagisawa performed his duties and fulfilled his responsibilities appropriately as Managing Director, responsible for Credit Division. Serving as Managing Director and General Manager of Operations Division since April 2018, he is working to reestablish the Bank's sales system. In view of his knowledge and experience, the Bank believes that he is able to perform management control precisely, fairly and efficiently. The Bank judges that Mr. Yanagisawa will make a great contribution to the Bank in the context of the Bank's continuing efforts to deal with various issues, including reform of the sales systems, and thus nominates him as a new candidate for Director.

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To our shareholders

The environment surrounding financial institutions continues to be challenging, including a shrinking population, change in circulation of funds, protracted ultra-low interest rates, and tighter regulations. In such environment, how the products and services offered by the Bank are needed by customers and society is of critical importance.

Recognizing that "trust" is the essence of banking operations, without compromising the Bank's long-term perspective, I am committed to doing my utmost to enhance the Bank's social value.

Nobuaki Yanagisawa  
Managing Director

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## 6 Takeshi Yagi

[Reappointment]

Date of birth:

August 5, 1964

Current positions and responsibilities at the Bank: Director, responsible for Credit Division

Number of shares of the Bank held:

8,000 shares

Attendance of Board of Directors' meetings:

12/12

Career summary, positions, responsibilities and significant concurrent positions

Apr. 1987 Joined the Bank

Apr. 2003 General Manager of Shizuoka Prefectural Government Branch

Apr. 2004 Deputy General Manager of Customer Services, Quality Management Department

Apr. 2005 General Manager of Customer Services, Quality Management Department

Apr. 2010 General Manager of Quality Support Department, Customer Support Division

Jun. 2012 Director, responsible for Customer Support Division

Apr. 2015 Director, responsible for Credit Division

Apr. 2017 Director, responsible for Administration Division

Apr. 2018 Director, responsible for Credit Division  
to present

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### [Reasons for nomination as a candidate for Director]

Mr. Takeshi Yagi performed his duties and fulfilled his responsibilities appropriately as Director, responsible for Administration Division. Serving as Director, responsible for Credit Division, since April 2018, he is working to reestablish the Bank's credit portfolio. In view of his knowledge and experience, the Bank believes that he is able to perform management control precisely, fairly, and efficiently. The Bank judges that Mr. Yagi will make a great contribution to the Bank in the context of the Bank's continuing efforts to deal with credit management issues, and thus nominates him as a candidate for Director.

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### To our shareholders

The environment surrounding financial institutions is rapidly changing, including the implementation of the negative interest rate policy, progress of financial innovation, and increasingly acute population aging with low birth rates. In these circumstances, the Bank is endeavoring to deepen relationships of trust with customers by offering integrated financial services. As well as working to achieve the new initiatives set forth in our long-term vision "Aim 25," I will strive to ensure appropriate corporate governance, and will do my utmost to contribute to the Bank's sustainable growth and enhancement of corporate value.

Takeshi Yagi  
Director

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## 7 Michio Arikuni

[Reappointment]

Date of birth: May 22, 1966  
Current positions and responsibilities at the Bank: Director, responsible for Systems Division and Administration Division  
Number of shares of the Bank held: 2,000 shares  
Attendance of Board of Directors' meetings: 12/12  
Career summary, positions, responsibilities and significant concurrent positions  
Apr. 1989 Joined the Bank  
Apr. 2002 General Manager of Numazu Central Branch  
Apr. 2004 Senior Manager of Casting Department, Management Planning Division  
Jul. 2007 Deputy General Manager of Personal Bank Department, Operations Division  
Apr. 2009 General Manager of Life Support Office, Operations Division  
Apr. 2011 General Manager of Compliance Department, Management Planning Division  
Jun. 2012 General Manager of Casting Department, Management Planning Division  
Jun. 2016 Director, responsible for Audit Division  
Apr. 2017 Director, responsible for Systems Division  
Apr. 2018 Director, responsible for Systems Division and Administration Division to present

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### [Reasons for nomination as a candidate for Director]

Mr. Michio Arikuni served as Director, responsible for Systems Division, and has been performing his duties and fulfilling his responsibilities appropriately as Director, responsible for Systems Division and Administration Division since April 2018. In view of his knowledge and experience, the Bank believes that he is able to perform management control precisely, fairly, and efficiently. The Bank judges that Mr. Arikuni will make a great contribution to the Bank in the context of the Bank's continuing efforts to deal with various issues, including reestablishment of administrative control and stable operation of systems, and thus nominates him as a candidate for Director.

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### To our shareholders

In addition to ensuring stable operation of systems, the Bank will work to enhance its services and improve operational efficiency by vigorously utilizing new technology and intends to establish an organizational operational structure with higher productivity.

Returning to the Bank's mission, namely, to help our customers make their dreams come true on a timeline, we will overhaul our internal systems from the viewpoint of whether our operations are based on the customer-first principle, and will strive to recover trust in order to become an enterprise truly useful for customers and needed by society.

Michio Arikuni  
Director

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## 8 Yoshinori Ando

[Reappointment] [Outside Director] [Independent Director]

Date of birth: February 7, 1957

Current positions and responsibilities at the Bank: Outside Director

Number of shares of the Bank held: - shares

Attendance of Board of Directors' meetings: 11/12

Career summary, positions, responsibilities and significant concurrent positions

Apr. 1981 Joined Mitsubishi Heavy Industries, Ltd.  
Feb. 1992 Joined McKinsey & Company  
Nov. 1994 Director and Executive Vice President of Electronics Data Systems Corporation  
Apr. 1999 Vice President of A.T. Kearney, Inc.  
Jan. 2004 Representative of Asia-Pacific, A.T. Kearney, Inc.  
Apr. 2008 Visiting Professor of Ritsumeikan University Business School (current position)  
Jun. 2011 Outside Director of the Bank (current position)  
Dec. 2011 Outside Director of EPS Corporation (currently EPS Holdings, Inc.) (current position)  
Mar. 2012 Outside Director of ATM Japan, Ltd. (current position)  
to present

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### [Reasons for nomination as a candidate for Outside Director]

Mr. Yoshinori Ando has great experience and a distinguished record of accomplishment as well as extensive knowledge and insight in management gained through his years of experience in corporate management as the Representative of Asia-Pacific, A.T. Kearney, Inc. The Bank judges that Mr. Ando, from his objective standpoint independent of the Bank's management team responsible for execution of operations, will make a great contribution to the Bank as Outside Director, and thus nominates him as a candidate for Outside Director.

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### To our shareholders

I deeply regret the incidents that have been reported. I will do my utmost to correct what should be corrected and ensure the Suruga Bank meets the expectations of its shareholders through thorough review and structural reform.

Yoshinori Ando  
Outside Director

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- Notes
1. No special interest exists between Mr. Yoshinori Ando and the Bank.
  2. Mr. Yoshinori Ando is a candidate for Outside Director as provided for in Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act. The Bank has registered him as an independent director with Tokyo Stock Exchange, Inc.
  3. Mr. Yoshinori Ando will have served as Outside Director of the Bank for seven years upon conclusion of this Annual General Meeting of Shareholders.

## 9 Shione Kinoshita

[New appointment] [Outside Director] [Independent Director]

Date of birth: August 11, 1959  
Current positions and responsibilities at the Bank: Audit & Supervisory Board Member  
Number of shares of the Bank held: - shares  
Attendance of Board of Directors' meetings: 12/12  
Career summary, positions, responsibilities and significant concurrent positions

Apr. 1985 Registered as attorney-at-law  
Apr. 1985 Joined Hashimoto Joint Law Office  
Nov. 1986 Joined Daiichifuyo Law Office (current position)  
Aug. 1992 LL.M from University of Illinois College of Law  
Apr. 2004 Vice Chairperson of Dai-ichi Tokyo Bar Association  
Apr. 2010 Visiting Professor of The University of Tokyo Graduate Schools for Law and Politics  
Jun. 2011 Outside Audit & Supervisory Board Member of the Bank (current position)  
Apr. 2013 Vice President of Tokyo Institute of Technology (current position)  
to present

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### [Reasons for nomination as a candidate for Outside Director]

Ms. Shione Kinoshita served as the Vice Chairperson of the Dai-ichi Tokyo Bar Association. As an attorney-at-law, she has great experience and a distinguished record of accomplishment as well as extensive knowledge and insight in legal affairs. The Bank judges that Ms. Kinoshita, from her objective standpoint independent of the Bank's management team responsible for execution of operations, will make a great contribution to the Bank as Outside Director, and thus nominates her as a candidate for Outside Director.

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### To our shareholders

In order to help the Bank establish fair business operations that deliver value to all stakeholders, I will make use of my expertise as an attorney-at-law and do my utmost to ensure compliance, which is one of the most important aspects of corporate activities. I have been serving as Outside Audit & Supervisory Board Member of the Bank. In my new capacity as Outside Director, I intend to be vigorously involved in oversight of business execution and work to enhance the value of the Suruga Bank as a "vibrant regional financial institution," which is a characteristic of the Bank.

Shione Kinoshita  
Outside Audit & Supervisory Board Member

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- Notes
1. No special interest exists between Ms. Shione Kinoshita and the Bank.
  2. Ms. Shione Kinoshita is a candidate for Outside Director as provided for in Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act. The Bank has registered her as an independent auditor with Tokyo Stock Exchange, Inc.
  3. Ms. Shione Kinoshita will have served as Outside Audit & Supervisory Board Member of the Bank for seven years upon conclusion of this Annual General Meeting of Shareholders.

## 10 Shigeharu Kawahara

[New appointment] [Outside Director] [Independent Director]

Date of birth: November 19, 1949

Current positions and responsibilities at the Bank: -

Number of shares of the Bank held: - shares

Attendance of Board of Directors' meetings: -

Career summary, positions, responsibilities and significant concurrent positions

Apr. 1973 Joined Sony Corporation

Jan. 1983 Transferred to Sony Corporation of America

Apr. 1996 Joined KPMG Peat Marwick

Oct. 1996 Partner of KPMG Peat Marwick

Feb. 2003 Representative Partner of KPMG AZSA LLC

Jul. 2012 Certified Public Accountant, Representative of Shigeharu Kawahara Office (current position)

Jun. 2016 Independent and External Director of Hitachi Capital Corporation (Audit Committee member and Remuneration Committee member)

Sep. 2016 Special Assistant to Director of Hitotsubashi CFO Research Center, Hitotsubashi University (current position) to present

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### [Reasons for nomination as a candidate for Outside Director]

Mr. Shigeharu Kawahara, as a corporate accountant at Sony Corporation, was involved in financial closing at the head office, international financial affairs, and start-up of the life insurance business, in the field at a TV plant and an overseas subsidiary and in internal auditing. After joining KPMG, he was involved in global management as a representative partner. Since becoming independent, he has been providing services based on his wealth of experience and distinguished track record in such fields as corporate finance, corporate governance, and risk management.

The Bank judges that Mr. Kawahara, from his objective standpoint independent of the Bank's management team responsible for execution of operations, will make a great contribution to the Bank as Outside Director in reestablishing the corporate governance structure, and thus nominates him as a candidate for Outside Director.

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### To our shareholders

Utilizing the knowledge I have cultivated in the course of my professional career as a certified public accountant, I will contribute to vigorous discussion about risk management and corporate governance of financial institutions at meetings of the Board of Directors and, in my capacity as Outside Director, will do my utmost to ensure that the Bank's governance functions effectively in a rapidly changing financial environment, enhance corporate value, and prevent damage.

Shigeharu Kawahara

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- Notes
1. No special interest exists between Mr. Shigeharu Kawahara and the Bank.
  2. Mr. Shigeharu Kawahara is a candidate for Outside Director as provided for in Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act. The Bank has registered him as an independent director with Tokyo Stock Exchange, Inc.



## 11 Satoshi Nagano

[New appointment] [Outside Director] [Independent Director]

Date of birth: September 2, 1962

Current positions and responsibilities at the Bank: -

Number of shares of the Bank held: - shares

Attendance of Board of Directors' meetings: -

Career summary, positions, responsibilities and significant concurrent positions

Apr. 1986 Joined the Bank of Japan

Feb. 1998 Assistant to Director, Examination Department

Jan. 2004 London Office

Jul. 2008 Associate Director-General, Personnel and Corporate Affairs Department

May 2009 General Manager, Kitakyushu Branch

Jun. 2014 Deputy Director-General, Financial System and Bank Examination Department (responsible for regional finance)

Jun. 2017 Senior Research Fellow, Institute for Monetary and Economic Studies

Feb. 2018 Retired from the Bank of Japan

Mar. 2018 Counsel, Attorney-At-Law, URYU & ITOGA (current position) to present

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### [Reasons for nomination as a candidate for Outside Director]

After joining the Bank of Japan, Mr. Satoshi Nagano worked at the London Office, at the Personnel and Corporate Affairs Department, and served as the General Manager of a branch in Japan. Subsequently, he was engaged in monitoring of regional financial institutions at the Financial System and Bank Examination Department. Through his experience at the Bank of Japan, Mr. Nagano has extensive knowledge and insight in management of financial institutions. The Bank judges that Mr. Nagano, from his objective standpoint independent of the Bank's management team responsible for execution of operations, will make a great contribution to the Bank as Outside Director in reestablishing the corporate governance structure, and thus nominates him as a candidate for Outside Director.

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### To our shareholders

"Things without significance don't happen. Everything that happens has significance." This is what I learned from a book by Kojiro Serizawa, a writer from Numazu, Shizuoka Prefecture. It is necessary to review what happened with everyone involved, deeply consider the significance, and reflect the lessons learned in subsequent actions. There are many problems that cannot be dealt with easily. But if everyone is willing to participate in this process and cooperate, I believe what happened can ultimately be for the better. I am determined to support the attribute of "trust" of the Suruga Bank that has been established by the Bank's predecessors in relation to the three "Gens," which are "genba" (actual place), "genbutsu" (physical instruments), and most importantly "genni iruhito" (people actually exist; customers, employees, and other stakeholders), and enhance it by taking a step further in accordance with customer needs.

Satoshi Nagano

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- Notes
1. No special interest exists between Mr. Satoshi Nagano and the Bank.
  2. Mr. Satoshi Nagano is a candidate for Outside Director as provided for in Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act. The Bank has registered him as an independent director with Tokyo Stock Exchange, Inc.

**Proposal No. 2:** Election of Two (2) Audit & Supervisory Board Members

The term of office of Audit & Supervisory Board Member Mr. Tetsuo Ito will expire at the conclusion of this Annual General Meeting of Shareholders and Audit & Supervisory Board Member Ms. Shione Kinoshita will resign to assume office as Director. Accordingly, the election of two (2) Audit & Supervisory Board Members is proposed.

Since Ms. Emi Noge is nominated as substitute for Ms. Shione Kinoshita, her term of office as Audit & Supervisory Board Member will be until the expiration of the term of office of the resigned Audit & Supervisory Board Member under the Bank's Articles of Incorporation.

The Audit & Supervisory Board has approved this proposal in advance.

The candidates for Audit & Supervisory Board Member are as follows:

| No. | Name            | Positions at the Bank | Candidate attributes                                                                     |
|-----|-----------------|-----------------------|------------------------------------------------------------------------------------------|
| 1   | Emi Noge        |                       | New appointment<br>Outside Audit &<br>Supervisory Board<br>Member<br>Independent Auditor |
| 2   | Yoichi Namekata |                       | New appointment<br>Outside Audit &<br>Supervisory Board<br>Member<br>Independent Auditor |

# 1 Emi Noge

[New appointment] [Outside Audit & Supervisory Board Member] [Independent Auditor]

Date of birth: January 17, 1970

Current positions and responsibilities at the Bank: -

Number of shares of the Bank held: - shares

Attendance of Audit & Supervisory Board meetings: -

Career summary, positions and significant concurrent positions

Apr. 1993 Legal apprentice in the 47th term

Apr. 1995 Became a public prosecutor

Mar. 2006 Registered as attorney-at-law

Apr. 2012 Dispute Coordinating Committee Member, Tokyo Labor Bureau (current position)

Apr. 2017 Mediation Committee Member, Tokyo Summary Court (current position)  
to present

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[Reasons for nomination as a candidate for Outside Audit & Supervisory Board Member]

Ms. Emi Noge has great experience and a distinguished record of accomplishment as a public prosecutor through her career at the Tokyo District Public Prosecutors Office, the Litigation Department of the Tokyo Legal Affairs Bureau, and the Secretarial Division of the Minister's Secretariat of the Ministry of Justice, and has extensive knowledge and insight in corporate governance. The Bank judges that Ms. Noge, from her objective standpoint independent of the Bank's management team responsible for execution of operations, will make a great contribution to reestablishing the corporate governance structure of the Bank, and thus nominates her as a candidates for Outside Audit & Supervisory Board Member.

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To our shareholders

Financial institutions, rooted in people's lives, should precisely identify the actions to be taken and implement the best possible measures in light of the current and future social and economic situations. Mindful that becoming Outside Audit & Supervisory Board Member of the time-honored Suruga Bank involves great responsibility, I am resolved to offer a new perspective, capitalizing on my experience, and fulfill my duties with integrity.

Emi Noge

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- Notes
1. No special interest exists between Ms. Emi Noge and the Bank.
  2. Ms. Emi Noge is a candidate for Outside Audit & Supervisory Board Member as provided for in Article 2, Paragraph 3, Item 8 of the Ordinance for Enforcement of the Companies Act. The Bank has registered her as an independent auditor with Tokyo Stock Exchange, Inc.

## 2 Yoichi Namekata

[New appointment] [Outside Audit & Supervisory Board Member] [Independent Auditor]

Date of birth: March 21, 1969

Current positions and responsibilities at the Bank: -

Number of shares of the Bank held: - shares

Attendance of Audit & Supervisory Board meetings: -

Career summary, positions and significant concurrent positions

Oct. 1993 Passed the bar exam

Apr. 1996 Registered as attorney-at-law

Aug. 1999 Joined Merrill Lynch Japan Securities Co., Ltd.

Jan. 2008 Joined Tokyo Aoyama Aoki Koma Law Office

Aug. 2009 Joined Blakemore & Mitsuki

Aug. 2013 Representative Partner, NAMEKATA International Law Office (current position)  
to present

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[Reasons for nomination as a candidate for Outside Audit & Supervisory Board Member]

Mr. Yoichi Namekata has been engaged in affairs related to compliance, internal control, and governance mainly in the financial field as an in-house lawyer at a foreign securities firm for many years. Considering that the nature of compliance is shifting to voluntary initiatives to meet the trust and expectations of customers and society and functions to support promotion of sustainable sales meeting customer needs, Mr. Namekata has great experience and a distinguished record of accomplishment as well as extensive knowledge and insight in corporate legal affairs. The Bank judges that Mr. Namekata, from his objective standpoint independent of the Bank's management team responsible for execution of operations, will make a great contribution to reestablishing the corporate governance structure of the Bank, and thus nominates him as a candidate for Outside Audit & Supervisory Board Member.

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To our shareholders

I believe that the objective of internal control is to achieve sustainable growth through “customer-first management” based on compliance and risk management. In my opinion, governance requires that top management demonstrate leadership for this purpose and that other executives support and oversee the execution.

I recognize that audit and supervisory board members, and particularly outside audit and supervisory board members, play the role of the “final line” in governance. For the Suruga Bank to continue to be a “Dream Navigator” for customers and other stakeholders, I will do my utmost with the aim of achieving more effective governance and internal control.

Yoichi Namekata

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- Notes
1. No special interest exists between Mr. Yoichi Namekata and the Bank.
  2. Mr. Yoichi Namekata is a candidate for Outside Audit & Supervisory Board Member as provided for in Article 2, Paragraph 3, Item 8 of the Ordinance for Enforcement of the Companies Act. The Bank has registered him as an independent auditor with Tokyo Stock Exchange, Inc.

## **Consolidated Balance Sheet**

(As of March 31, 2018)

(Millions of yen)

| Accounts                                                     | Amount    | Accounts                                                     | Amount    |
|--------------------------------------------------------------|-----------|--------------------------------------------------------------|-----------|
| (Assets)                                                     |           | (Liabilities)                                                |           |
| <b>Cash and due from banks</b>                               | 973,397   | <b>Deposits</b>                                              | 4,079,972 |
| <b>Call loans and bills bought</b>                           | 2,141     | <b>Borrowed money</b>                                        | 1,085     |
| <b>Trading account securities</b>                            | 86        | <b>Foreign exchanges</b>                                     | 23        |
| <b>Money held in trust</b>                                   | 1,571     | <b>Other liabilities</b>                                     | 28,300    |
| <b>Securities</b>                                            | 131,537   | <b>Provision for bonus</b>                                   | 699       |
| <b>Loans and bills discounted</b>                            | 3,248,159 | <b>Provision for directors' bonus</b>                        | 182       |
| <b>Foreign exchanges</b>                                     | 2,514     | <b>Net defined benefit liability</b>                         | 265       |
| <b>Lease receivables and investment assets</b>               | 5,995     | <b>Provision for directors' retirement benefits</b>          | 2,507     |
| <b>Other assets</b>                                          | 65,076    | <b>Provision for reimbursement of deposits</b>               | 365       |
| <b>Tangible fixed assets</b>                                 | 52,120    | <b>Provision for contingent loss</b>                         | 137       |
| Buildings                                                    | 13,835    | <b>Deferred tax liabilities</b>                              | 396       |
| Land                                                         | 25,712    | <b>Acceptances and guarantees</b>                            | 2,877     |
| Leased assets                                                | 9         | <b>Total liabilities</b>                                     | 4,116,813 |
| Construction in progress                                     | 143       | (Net assets)                                                 |           |
| Other tangible fixed assets                                  | 12,419    | <b>Capital stock</b>                                         | 30,043    |
| <b>Intangible fixed assets</b>                               | 27,111    | <b>Capital surplus</b>                                       | 489       |
| Software                                                     | 24,533    | <b>Retained earnings</b>                                     | 292,841   |
| Goodwill                                                     | 1,812     | <b>Treasury stock</b>                                        | (582)     |
| Leased assets                                                | 6         | <b>Total shareholders' equity</b>                            | 322,791   |
| Software development in progress                             | 371       | <b>Valuation difference on available-for-sale securities</b> | 18,489    |
| Other intangible fixed assets                                | 387       | <b>Deferred gains or losses on hedges</b>                    | (15)      |
| <b>Net defined benefit asset</b>                             | 10,509    | <b>Remeasurements of defined benefit plans</b>               | 1,402     |
| <b>Deferred tax assets</b>                                   | 16,695    | <b>Total accumulated other comprehensive income</b>          | 19,876    |
| <b>Customers' liabilities for acceptances and guarantees</b> | 2,877     | <b>Subscription rights to shares</b>                         | 17        |
| <b>Allowance for loan losses</b>                             | (78,218)  | <b>Non-controlling interests</b>                             | 2,078     |
|                                                              |           | <b>Total net assets</b>                                      | 344,763   |
| <b>Total assets</b>                                          | 4,461,576 | <b>Total liabilities and net assets</b>                      | 4,461,576 |

## Consolidated Statement of Income

(From April 1, 2017 to March 31, 2018)

(Millions of yen)

| Accounts                                                      | Amount   |         |
|---------------------------------------------------------------|----------|---------|
| <b>Ordinary income</b>                                        |          | 156,278 |
| <b>Interest income</b>                                        | 130,751  |         |
| Interest on loans and discounts                               | 125,367  |         |
| Interest and dividends on securities                          | 4,107    |         |
| Interest on call loans and bills bought                       | 32       |         |
| Interest on deposits with banks                               | 814      |         |
| Other interest income                                         | 429      |         |
| <b>Fees and commissions</b>                                   | 13,283   |         |
| <b>Other ordinary income</b>                                  | 4,118    |         |
| Gains on sales of bonds                                       | 0        |         |
| Gains on redemption of bonds                                  | 396      |         |
| Other                                                         | 3,720    |         |
| <b>Other income</b>                                           | 8,125    |         |
| Recoveries of written off claims                              | 1,793    |         |
| Gain on sales of stocks and other securities                  | 5,465    |         |
| Share of profit of entities accounted for using equity method | 4        |         |
| Other                                                         | 861      |         |
| <b>Ordinary expenses</b>                                      |          | 145,752 |
| <b>Interest expenses</b>                                      | 3,670    |         |
| Interest on deposits                                          | 3,439    |         |
| Interest on borrowings and rediscounts                        | 10       |         |
| Other interest expenses                                       | 220      |         |
| <b>Fees and commissions payments</b>                          | 14,981   |         |
| <b>Other ordinary expenses</b>                                | 3,302    |         |
| Loss on redemption of bonds                                   | 116      |         |
| Other                                                         | 3,186    |         |
| <b>General and administrative expenses</b>                    | 51,945   |         |
| <b>Other expenses</b>                                         | 71,853   |         |
| Provision for allowance for loan losses                       | 60,546   |         |
| Written-off of loans                                          | 5,938    |         |
| Loss on sales of stocks and other securities                  | 0        |         |
| Losses on devaluation of stocks and other securities          | 10       |         |
| Other                                                         | 5,357    |         |
| <b>Ordinary profit</b>                                        |          | 10,525  |
| <b>Extraordinary income</b>                                   |          | 64      |
| Gain on disposal of fixed assets                              | 64       |         |
| <b>Extraordinary loss</b>                                     |          | 484     |
| Loss on disposal of fixed assets                              | 484      |         |
| <b>Profit before income taxes</b>                             |          | 10,105  |
| <b>Income taxes - current</b>                                 | 19,927   |         |
| <b>Income taxes - deferred</b>                                | (17,020) |         |
| <b>Total income taxes</b>                                     |          | 2,906   |
| <b>Profit</b>                                                 |          | 7,198   |
| <b>Profit attributable to non-controlling interests</b>       |          | 209     |
| <b>Profit attributable to owners of parent</b>                |          | 6,988   |

## **Consolidated Statement of Shareholders' Equity**

(From April 1, 2017 to March 31, 2018)

(Millions of yen)

|                                                                                           | Shareholders' equity |                 |                   |                |                            |
|-------------------------------------------------------------------------------------------|----------------------|-----------------|-------------------|----------------|----------------------------|
|                                                                                           | Capital stock        | Capital surplus | Retained earnings | Treasury stock | Total shareholders' equity |
| Balance at the beginning of the year                                                      | 30,043               | 4               | 291,063           | (606)          | 320,504                    |
| Changes of items during the year                                                          |                      |                 |                   |                |                            |
| Dividends of surplus                                                                      |                      |                 | (5,211)           |                | (5,211)                    |
| Change in ownership interest of parent due to transactions with non-controlling interests |                      | 484             |                   |                | 484                        |
| Profit attributable to owners of parent                                                   |                      |                 | 6,988             |                | 6,988                      |
| Purchase of treasury stock                                                                |                      |                 |                   | (5)            | (5)                        |
| Disposal of treasury stock                                                                |                      | 0               |                   | 29             | 30                         |
| Net changes of items other than shareholders' equity                                      |                      |                 |                   |                |                            |
| Total changes of items during the year                                                    | -                    | 485             | 1,777             | 23             | 2,286                      |
| Balance at the end of the year                                                            | 30,043               | 489             | 292,841           | (582)          | 322,791                    |

|                                                                                           | Accumulated other comprehensive income                |                                    |                                         |                                              |
|-------------------------------------------------------------------------------------------|-------------------------------------------------------|------------------------------------|-----------------------------------------|----------------------------------------------|
|                                                                                           | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Remeasurements of defined benefit plans | Total accumulated other comprehensive income |
| Balance at the beginning of the year                                                      | 17,153                                                | (61)                               | 433                                     | 17,525                                       |
| Changes of items during the year                                                          |                                                       |                                    |                                         |                                              |
| Dividends of surplus                                                                      |                                                       |                                    |                                         |                                              |
| Change in ownership interest of parent due to transactions with non-controlling interests |                                                       |                                    |                                         |                                              |
| Profit attributable to owners of parent                                                   |                                                       |                                    |                                         |                                              |
| Purchase of treasury stock                                                                |                                                       |                                    |                                         |                                              |
| Disposal of treasury stock                                                                |                                                       |                                    |                                         |                                              |
| Net changes of items other than shareholders' equity                                      | 1,335                                                 | 46                                 | 969                                     | 2,351                                        |
| Total changes of items during the year                                                    | 1,335                                                 | 46                                 | 969                                     | 2,351                                        |
| Balance at the end of the year                                                            | 18,489                                                | (15)                               | 1,402                                   | 19,876                                       |

|                                                                                           | Subscription rights to shares | Non-controlling interests | Total net assets |
|-------------------------------------------------------------------------------------------|-------------------------------|---------------------------|------------------|
| Balance at the beginning of the year                                                      | 24                            | 2,325                     | 340,379          |
| Changes of items during the year                                                          |                               |                           |                  |
| Dividends of surplus                                                                      |                               |                           | (5,211)          |
| Change in ownership interest of parent due to transactions with non-controlling interests |                               |                           | 484              |
| Profit attributable to owners of parent                                                   |                               |                           | 6,988            |
| Purchase of treasury stock                                                                |                               |                           | (5)              |
| Disposal of treasury stock                                                                |                               |                           | 30               |
| Net changes of items other than shareholders' equity                                      | (6)                           | (247)                     | 2,097            |
| Total changes of items during the year                                                    | (6)                           | (247)                     | 4,384            |
| Balance at the end of the year                                                            | 17                            | 2,078                     | 344,763          |

## **Non-consolidated Balance Sheet**

(As of March 31, 2018)

(Millions of yen)

| Accounts                                              | Amount    | Accounts                                                     | Amount    |
|-------------------------------------------------------|-----------|--------------------------------------------------------------|-----------|
| (Assets)                                              |           | (Liabilities)                                                |           |
| <b>Cash and due from banks</b>                        | 972,082   | <b>Deposits</b>                                              | 4,089,649 |
| Cash                                                  | 31,326    | Current deposits                                             | 58,891    |
| Due from banks                                        | 940,755   | Ordinary deposits                                            | 1,345,693 |
| <b>Call loans</b>                                     | 2,141     | Saving deposits                                              | 17,441    |
| <b>Trading account securities</b>                     | 86        | Deposits at notice                                           | 172,045   |
| Trading government bonds                              | 2         | Time deposits                                                | 2,455,082 |
| Trading local government bonds                        | 84        | Other deposits                                               | 40,494    |
| <b>Money held in trust</b>                            | 1,571     | <b>Foreign exchanges</b>                                     | 23        |
| <b>Securities</b>                                     | 136,822   | Foreign bills sold                                           | 22        |
| Local government bonds                                | 58,283    | Foreign bills payable                                        | 0         |
| Corporate bonds                                       | 4,567     | <b>Other liabilities</b>                                     | 21,977    |
| Stocks                                                | 51,311    | Income taxes payable                                         | 11,971    |
| Other securities                                      | 22,659    | Accrued expenses                                             | 6,830     |
| <b>Loans and bills discounted</b>                     | 3,245,978 | Unearned revenue                                             | 68        |
| Bills discounted                                      | 2,060     | Deposits received from employees                             | 780       |
| Loans on bills                                        | 20,604    | Lease obligations                                            | 518       |
| Loans on deeds                                        | 2,860,414 | Derivatives other than for trading – liabilities             | 66        |
| Overdrafts                                            | 362,898   | Other                                                        | 1,741     |
| <b>Foreign exchanges</b>                              | 2,514     | <b>Provision for bonus</b>                                   | 648       |
| Due from foreign banks (our accounts)                 | 1,130     | <b>Provision for directors' bonus</b>                        | 182       |
| Foreign bills bought                                  | 0         | <b>Provision for directors' retirement benefits</b>          | 2,506     |
| Foreign bills receivable                              | 1,383     | <b>Provision for reimbursement of deposits</b>               | 365       |
| <b>Other assets</b>                                   | 56,990    | <b>Provision for contingent loss</b>                         | 137       |
| Prepaid expenses                                      | 2,615     | <b>Acceptances and guarantees</b>                            | 3,487     |
| Accrued income                                        | 9,933     |                                                              |           |
| Initial margins of futures markets                    | 200       | <b>Total liabilities</b>                                     | 4,118,977 |
| Derivatives other than for trading – assets           | 100       |                                                              |           |
| Other                                                 | 44,139    | (Net assets)                                                 |           |
| <b>Tangible fixed assets</b>                          | 50,963    | <b>Capital stock</b>                                         | 30,043    |
| Buildings                                             | 13,252    | <b>Capital surplus</b>                                       | 18,590    |
| Land                                                  | 25,186    | Legal capital surplus                                        | 18,585    |
| Leased assets                                         | 517       | Other capital surplus                                        | 4         |
| Construction in progress                              | 143       | <b>Retained earnings</b>                                     | 267,090   |
| Other tangible fixed assets                           | 11,864    | Legal retained earnings                                      | 30,043    |
| <b>Intangible fixed assets</b>                        | 24,855    | Other retained earnings                                      | 237,047   |
| Software                                              | 24,178    | (Reserve for advanced depreciation of fixed assets)          | 59        |
| Software in progress                                  | 298       | (General reserve)                                            | 103,032   |
| Other intangible fixed assets                         | 378       | (Retained earnings brought forward)                          | 133,955   |
| <b>Prepaid pension cost</b>                           | 8,497     | <b>Treasury stock</b>                                        | (582)     |
| <b>Deferred tax assets</b>                            | 15,786    | <b>Total shareholders' equity</b>                            | 315,141   |
| Customers' liabilities for acceptances and guarantees | 3,487     | <b>Valuation difference on available-for-sale securities</b> | 17,563    |
| <b>Allowance for loan losses</b>                      | (70,089)  | <b>Deferred gains or losses on hedges</b>                    | (10)      |
|                                                       |           | <b>Total valuation and translation adjustments</b>           | 17,552    |
|                                                       |           | <b>Subscription rights to shares</b>                         | 17        |
|                                                       |           | <b>Total net assets</b>                                      | 332,711   |
| <b>Total assets</b>                                   | 4,451,689 | <b>Total liabilities and net assets</b>                      | 4,451,689 |



## Non-consolidated Statement of Income

(From April 1, 2017 to March 31, 2018)

(Millions of yen)

| Accounts                                               | Amount   |         |
|--------------------------------------------------------|----------|---------|
| <b>Ordinary income</b>                                 |          | 141,533 |
| <b>Interest income</b>                                 | 122,017  |         |
| Interest on loans and discounts                        | 116,660  |         |
| Interest and dividends on securities                   | 4,080    |         |
| Interest on call loans                                 | 32       |         |
| Interest on deposits with banks                        | 814      |         |
| Other interest income                                  | 429      |         |
| <b>Trust fees</b>                                      | 0        |         |
| <b>Fees and commissions</b>                            | 11,417   |         |
| Fees and commissions on domestic and foreign exchanges | 2,434    |         |
| Other fees and commissions                             | 8,983    |         |
| <b>Other ordinary income</b>                           | 459      |         |
| Gains on foreign exchange transactions                 | 62       |         |
| Gains on sales of bonds                                | 0        |         |
| Gains on redemption of bonds                           | 396      |         |
| <b>Other income</b>                                    | 7,638    |         |
| Recoveries of written off claims                       | 1,346    |         |
| Gain on sales of stocks and other securities           | 5,465    |         |
| Gain on investments in money held in trust             | 47       |         |
| Other                                                  | 779      |         |
| <b>Ordinary expenses</b>                               |          | 132,862 |
| <b>Interest expenses</b>                               | 3,682    |         |
| Interest on deposits                                   | 3,439    |         |
| Interest on interest swaps                             | 7        |         |
| Other interest expenses                                | 235      |         |
| <b>Fees and commissions payments</b>                   | 14,925   |         |
| Fees and commissions on domestic and foreign exchanges | 912      |         |
| Other fees and commissions                             | 14,012   |         |
| <b>Other ordinary expenses</b>                         | 116      |         |
| Loss on trading account securities transactions        | 0        |         |
| Loss on redemption of bonds                            | 116      |         |
| <b>General and administrative expenses</b>             | 47,596   |         |
| <b>Other expenses</b>                                  | 66,541   |         |
| Provision for allowance for loan losses                | 58,778   |         |
| Written-off of loans                                   | 3,827    |         |
| Loss on sales of stocks and other securities           | 0        |         |
| Losses on devaluation of stocks and other securities   | 10       |         |
| Loss on money held in trust                            | 59       |         |
| Other                                                  | 3,865    |         |
| <b>Ordinary profit</b>                                 |          | 8,670   |
| <b>Extraordinary income</b>                            |          | 59      |
| Gain on disposal of fixed assets                       | 59       |         |
| <b>Extraordinary loss</b>                              |          | 474     |
| Loss on disposal of fixed assets                       | 474      |         |
| <b>Profit before income taxes</b>                      |          | 8,256   |
| <b>Income taxes - current</b>                          | 19,328   |         |
| <b>Income taxes - deferred</b>                         | (16,296) |         |
| <b>Total income taxes</b>                              |          | 3,032   |
| <b>Profit</b>                                          |          | 5,223   |

## **Non-consolidated Statement of Shareholders' Equity**

(From April 1, 2017 to March 31, 2018)

(Millions of yen)

|                                                      | Shareholders' equity |                       |                       |                       |
|------------------------------------------------------|----------------------|-----------------------|-----------------------|-----------------------|
|                                                      | Capital stock        | Capital surplus       |                       |                       |
|                                                      |                      | Legal capital surplus | Other capital surplus | Total capital surplus |
| Balance at the beginning of the year                 | 30,043               | 18,585                | 4                     | 18,590                |
| Changes of items during the year                     |                      |                       |                       |                       |
| Dividends of surplus                                 |                      |                       |                       |                       |
| Profit                                               |                      |                       |                       |                       |
| Purchase of treasury stock                           |                      |                       |                       |                       |
| Disposal of treasury stock                           |                      |                       | 0                     | 0                     |
| Net changes of items other than shareholders' equity |                      |                       |                       |                       |
| Total changes of items during the year               | -                    | -                     | 0                     | 0                     |
| Balance at the end of the year                       | 30,043               | 18,585                | 4                     | 18,590                |

|                                                      | Shareholders' equity    |                                                   |                 |                                   |                         |                |                            |
|------------------------------------------------------|-------------------------|---------------------------------------------------|-----------------|-----------------------------------|-------------------------|----------------|----------------------------|
|                                                      | Retained earnings       |                                                   |                 |                                   |                         | Treasury stock | Total shareholders' equity |
|                                                      | Legal retained earnings | Other retained earnings                           |                 |                                   | Total retained earnings |                |                            |
|                                                      |                         | Reserve for advanced depreciation of fixed assets | General reserve | Retained earnings brought forward |                         |                |                            |
| Balance at the beginning of the year                 | 30,043                  | 59                                                | 103,032         | 133,943                           | 267,078                 | (606)          | 315,104                    |
| Changes of items during the year                     |                         |                                                   |                 |                                   |                         |                |                            |
| Dividends of surplus                                 |                         |                                                   |                 | (5,211)                           | (5,211)                 |                | (5,211)                    |
| Profit                                               |                         |                                                   |                 | 5,223                             | 5,223                   |                | 5,223                      |
| Purchase of treasury stock                           |                         |                                                   |                 |                                   |                         | (5)            | (5)                        |
| Disposal of treasury stock                           |                         |                                                   |                 |                                   |                         | 29             | 30                         |
| Net changes of items other than shareholders' equity |                         |                                                   |                 |                                   |                         |                |                            |
| Total changes of items during the year               | -                       | -                                                 | -               | 12                                | 12                      | 23             | 36                         |
| Balance at the end of the year                       | 30,043                  | 59                                                | 103,032         | 133,955                           | 267,090                 | (582)          | 315,141                    |

(Millions of yen)

|                                                      | Valuation and translation adjustments                 |                                    |                                             | Subscription rights to shares | Total net assets |
|------------------------------------------------------|-------------------------------------------------------|------------------------------------|---------------------------------------------|-------------------------------|------------------|
|                                                      | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Total valuation and translation adjustments |                               |                  |
| Balance at the beginning of the year                 | 16,480                                                | (58)                               | 16,422                                      | 24                            | 331,551          |
| Changes of items during the year                     |                                                       |                                    |                                             |                               |                  |
| Dividends of surplus                                 |                                                       |                                    |                                             |                               | (5,211)          |
| Profit                                               |                                                       |                                    |                                             |                               | 5,223            |
| Purchase of treasury stock                           |                                                       |                                    |                                             |                               | (5)              |
| Disposal of treasury stock                           |                                                       |                                    |                                             |                               | 30               |
| Net changes of items other than shareholders' equity | 1,082                                                 | 47                                 | 1,130                                       | (6)                           | 1,123            |
| Total changes of items during the year               | 1,082                                                 | 47                                 | 1,130                                       | (6)                           | 1,160            |
| Balance at the end of the year                       | 17,563                                                | (10)                               | 17,552                                      | 17                            | 332,711          |