



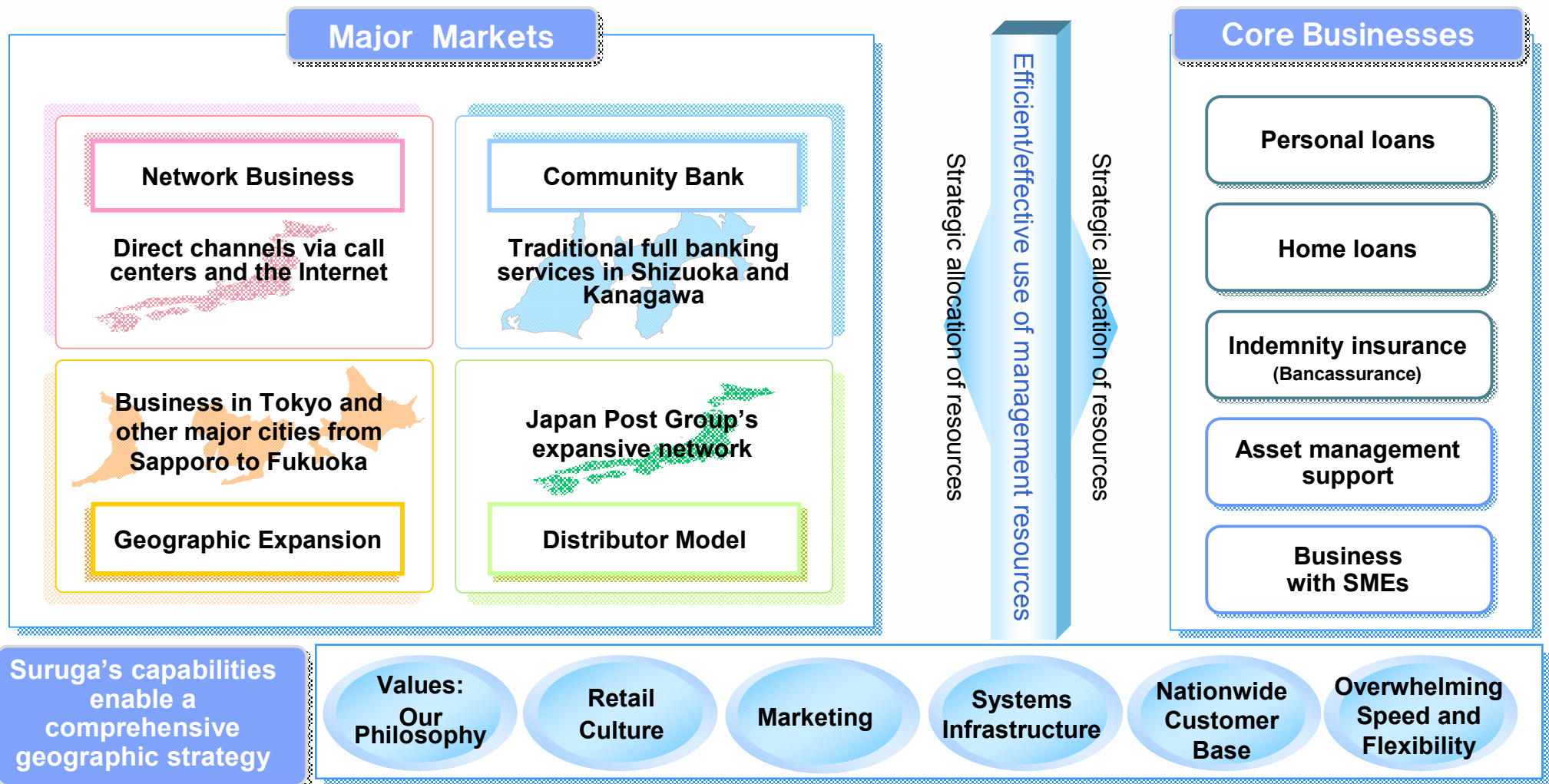
Meeting the Challenge of New Banking

Presentation to investors on fiscal year ended March 31, 2011

SURUGA bank

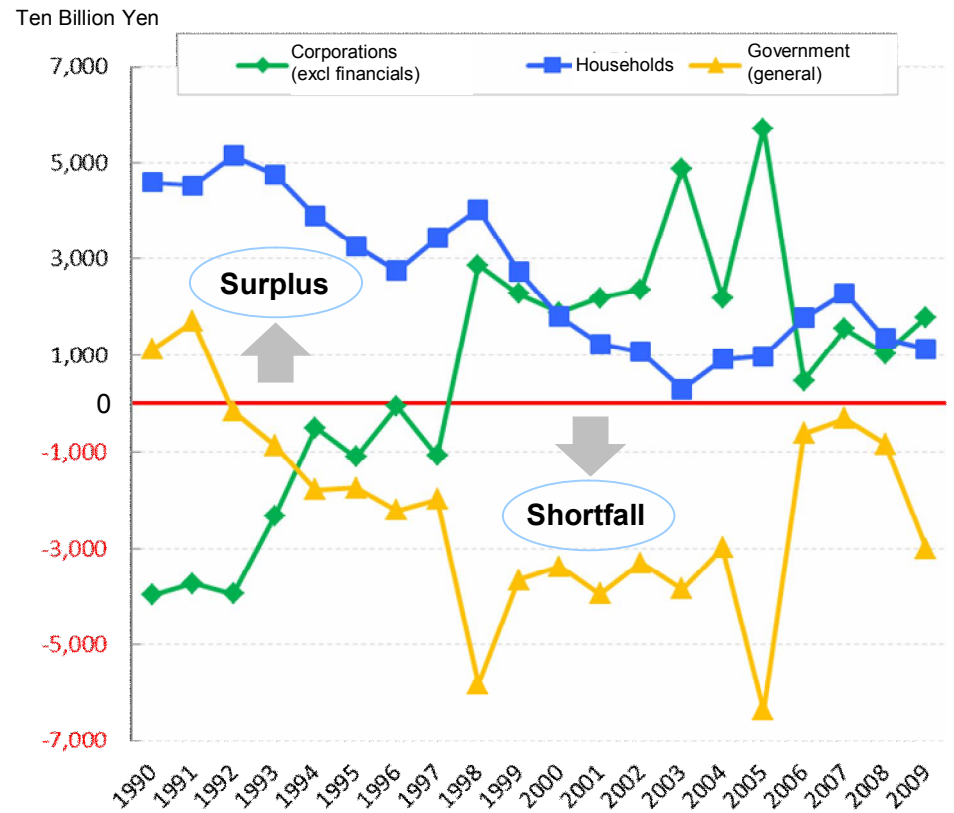
Phase 4 Management Plan Grand Design

Leverage market characteristics to create added value from the customer's perspective
 Maximize utilization of know-how developed through Suruga's retail strategy



Further Growth Potential in the Retail Market

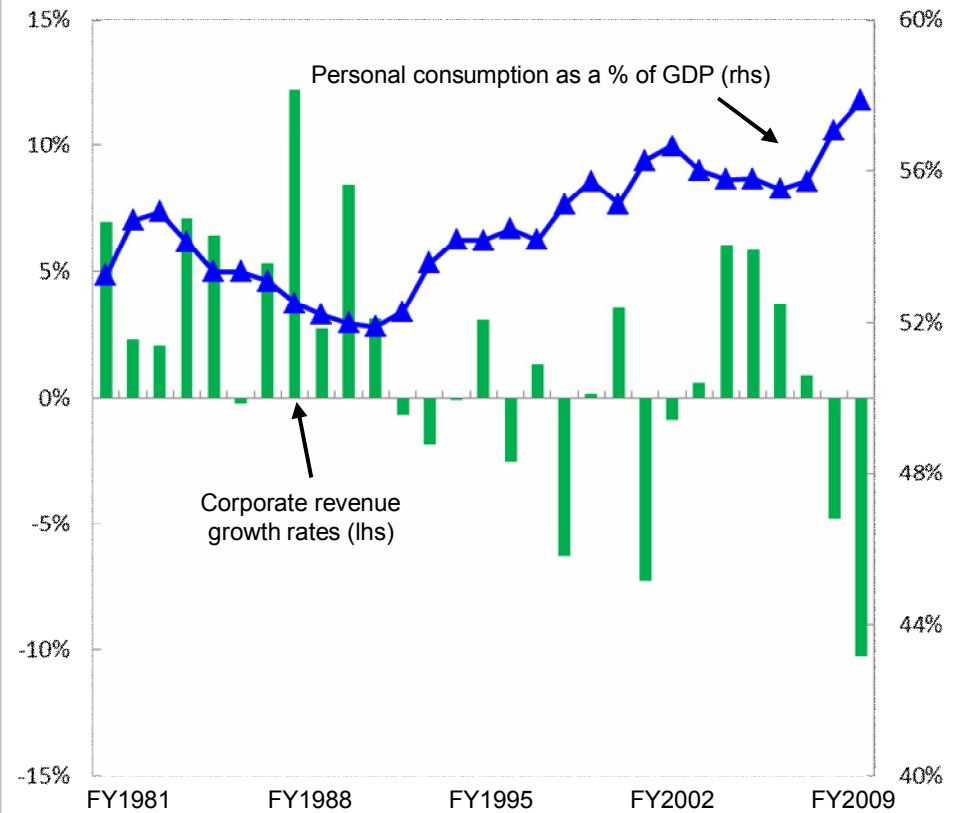
Funds Surplus/Shortfall by Sector



Source: Bank of Japan

Corporations went from shortfall to surplus.
Household surplus trending downward.

Corporate Revenue Growth and Personal Consumption

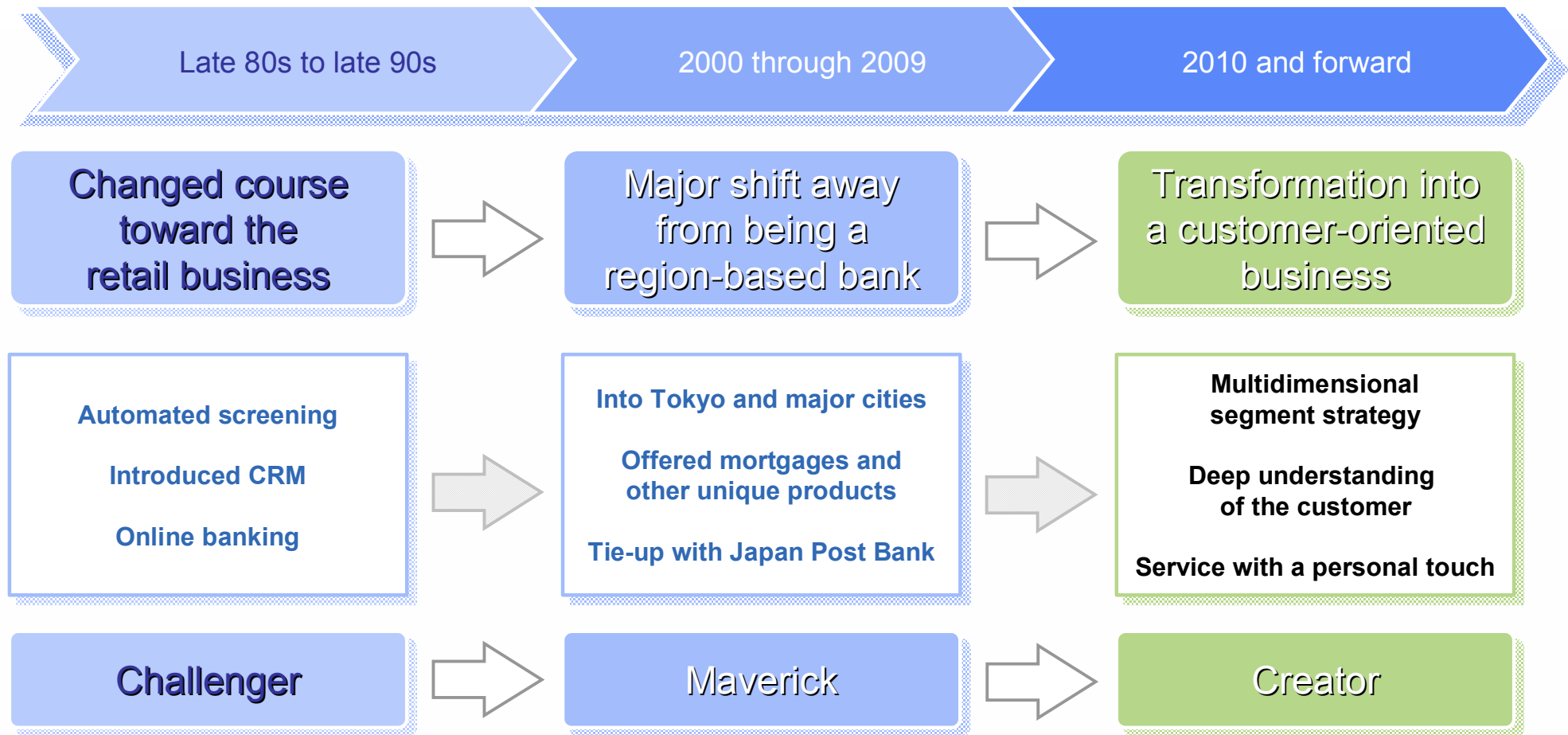


Sources: Ministry of Finance Policy Research Institute and Japan Cabinet Office

Corporate revenues facing tough headwinds.
Personal consumption rising as a % of GDP.

Future Direction of Suruga's Retail Strategy

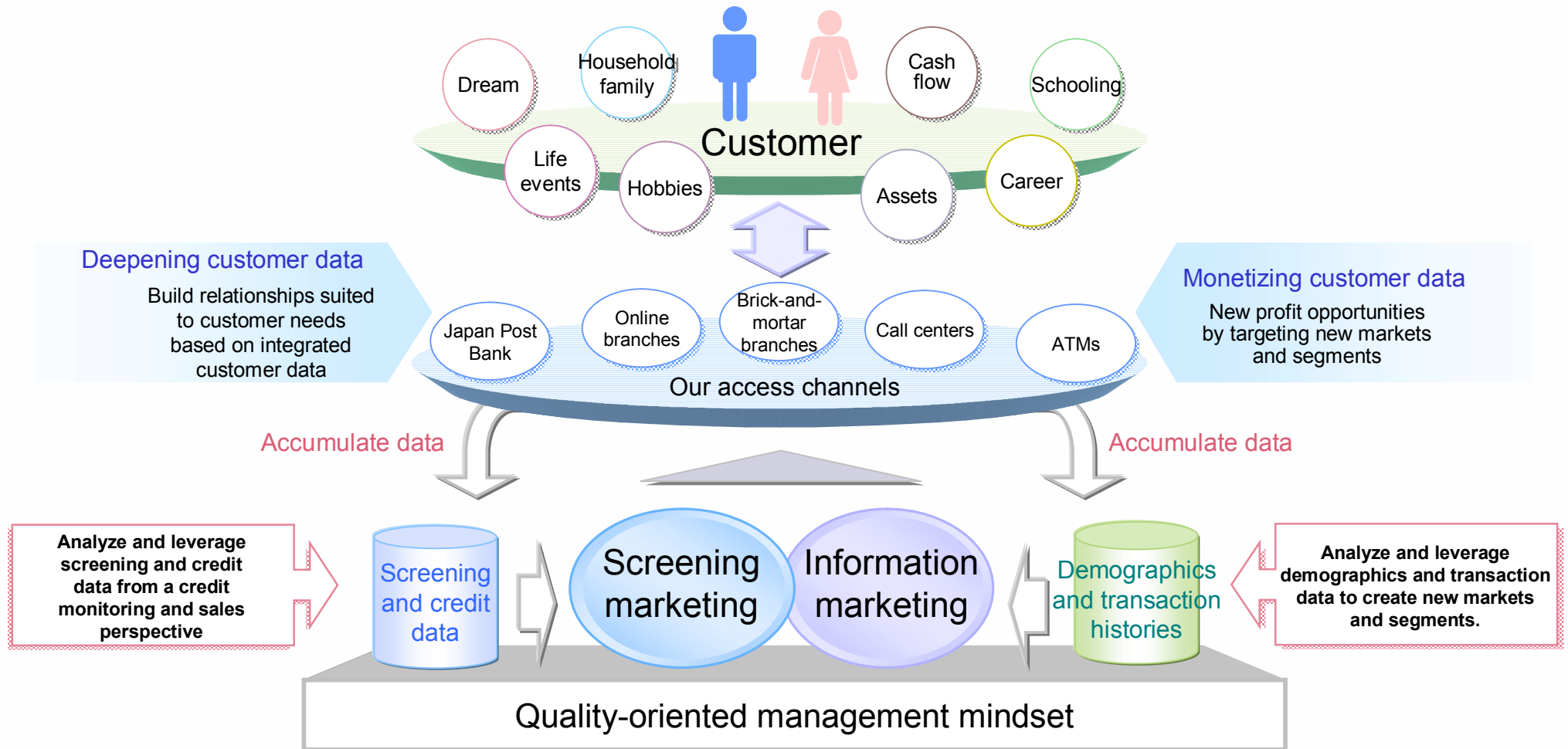
Suruga evolved from a maverick into a market creator



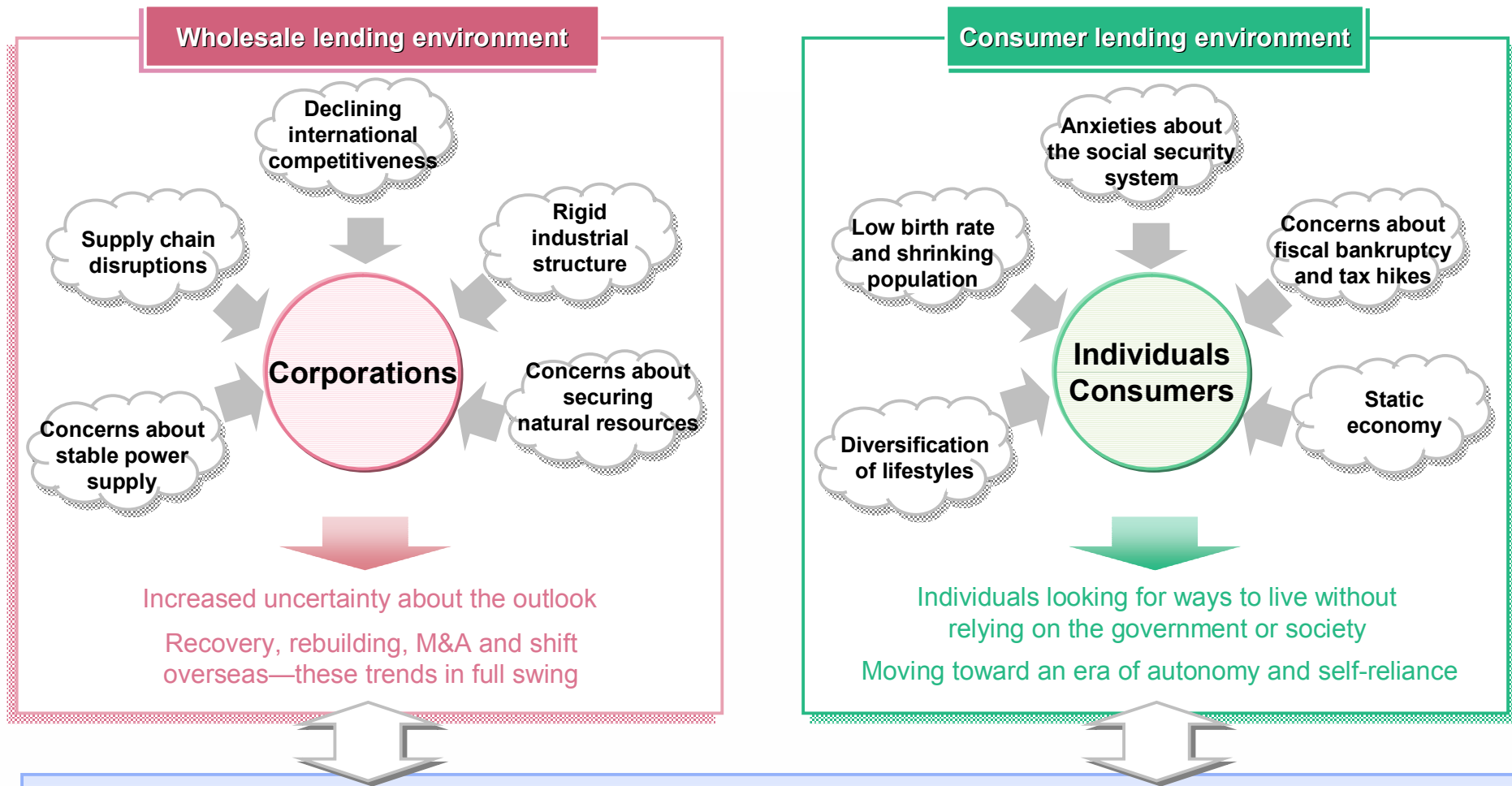
Developed know-how over 20+ years in retail → Development of differentiated products
 Moving forward, Suruga will continue to “deliver the right product or service at the right price.”

What Customer-Oriented Means to Suruga

The essential significance of adding a customer-oriented perspective to retail financing lies in maximizing both customer value and bank offering value by integrating the collection, accumulation and analysis of customer information.

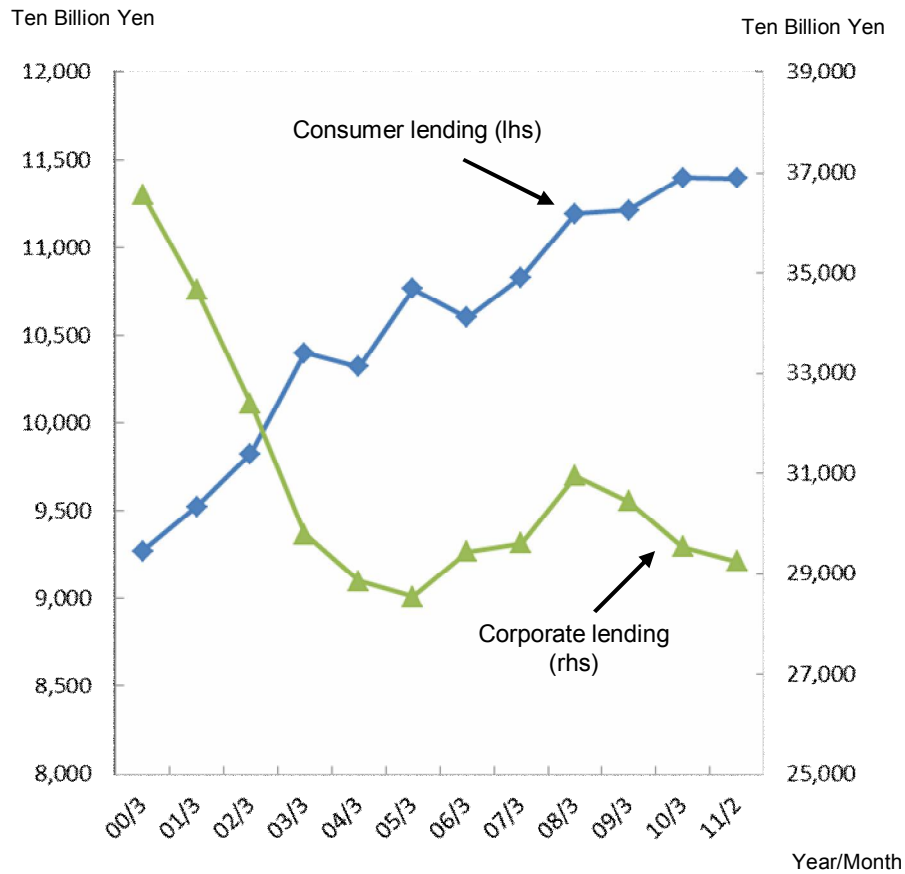


Environment for Banks and Management Challenges



Bank Corporate Lending Market

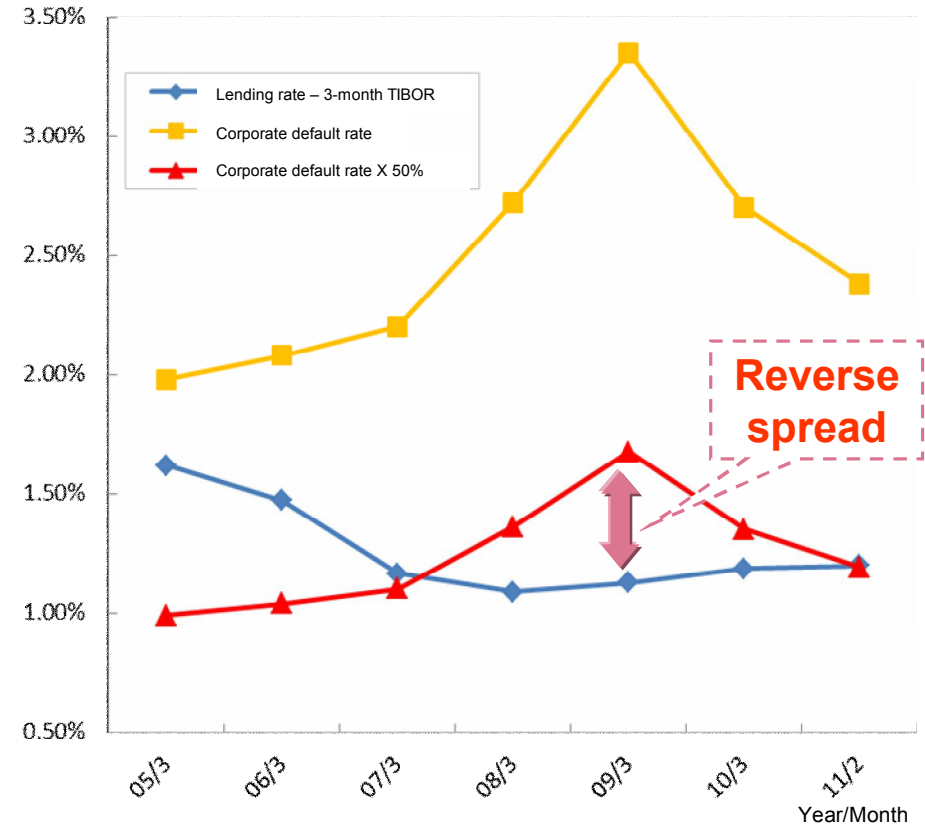
Bank lending balances



Source: Bank of Japan

Consumer lending strong. Corporate lending struggling.

Corporate default rates and average lending rates

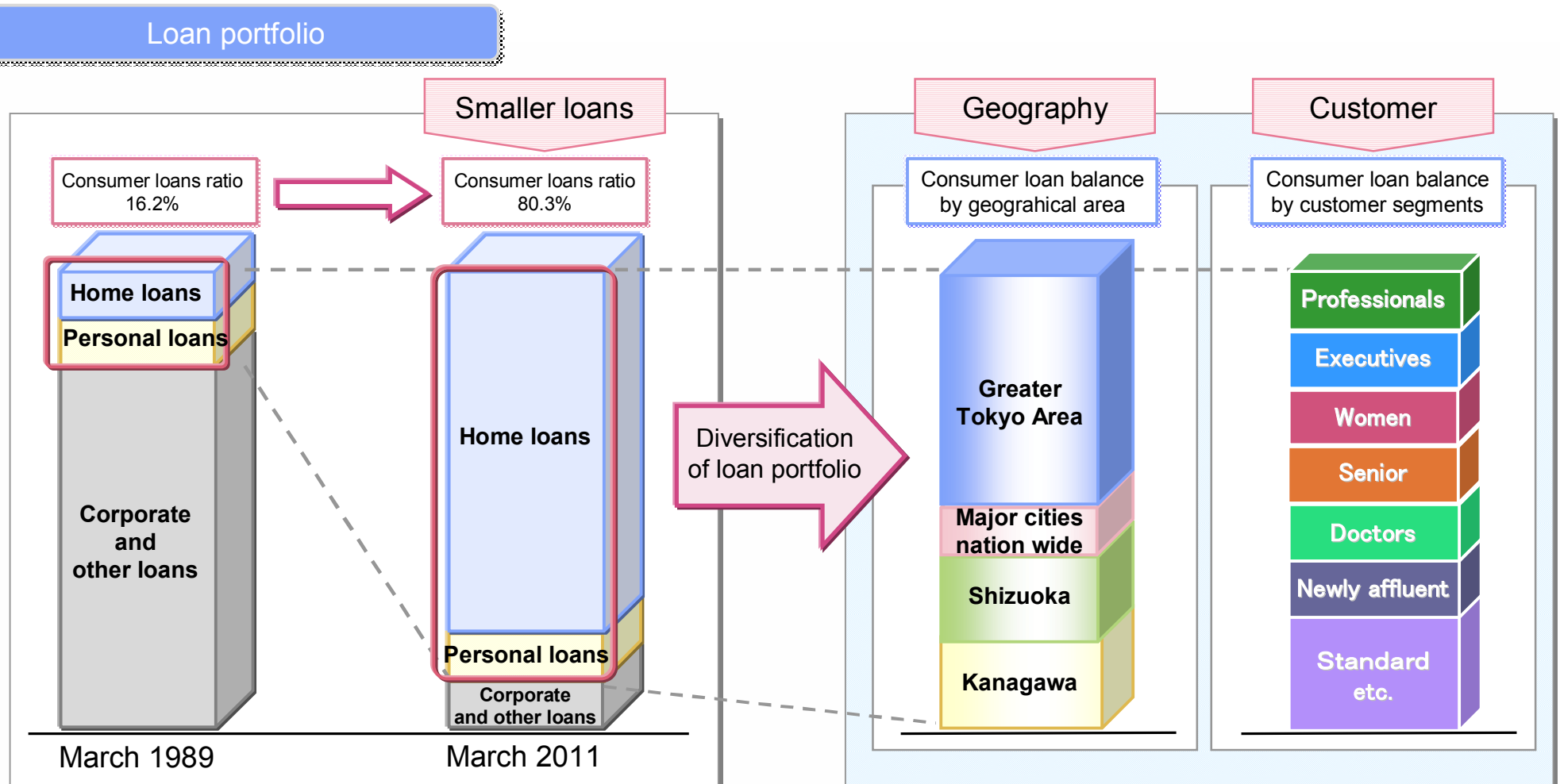


Sources: Bank of Japan, RDB, Japan Bankers Association website

Difficult to secure spreads appropriate to credit costs

Strategic Portfolio Diversification at Suruga

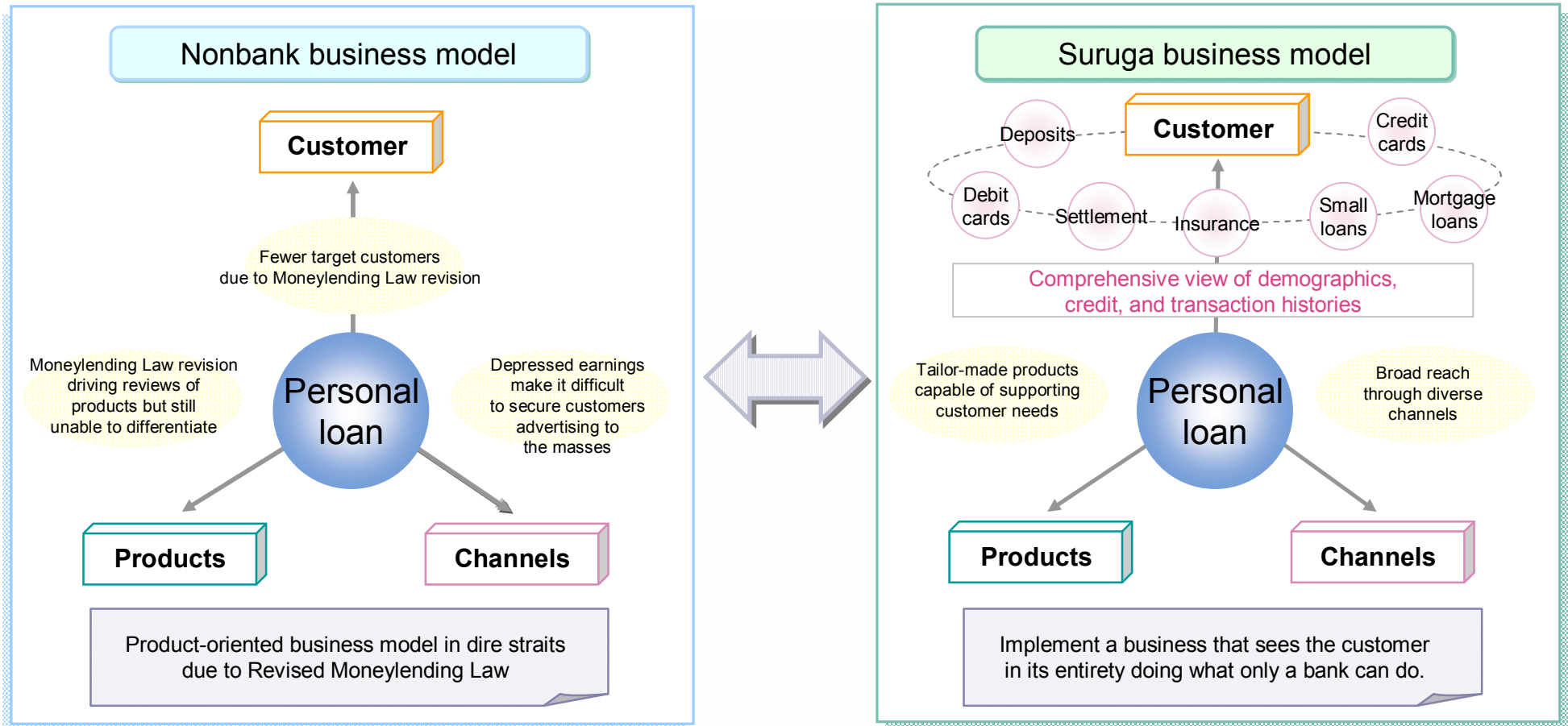
20+ years in portfolio diversification by customer, geographical area and smaller loan sizes.



Built a risk-resistant loan portfolio by pursuing a focus on retail business, alliance strategies with other industries, and expansion into broader geographies.

■ A Unique Personal Loan Business Achievable by Suruga

A personal loan business unique to a bank that Suruga can deliver

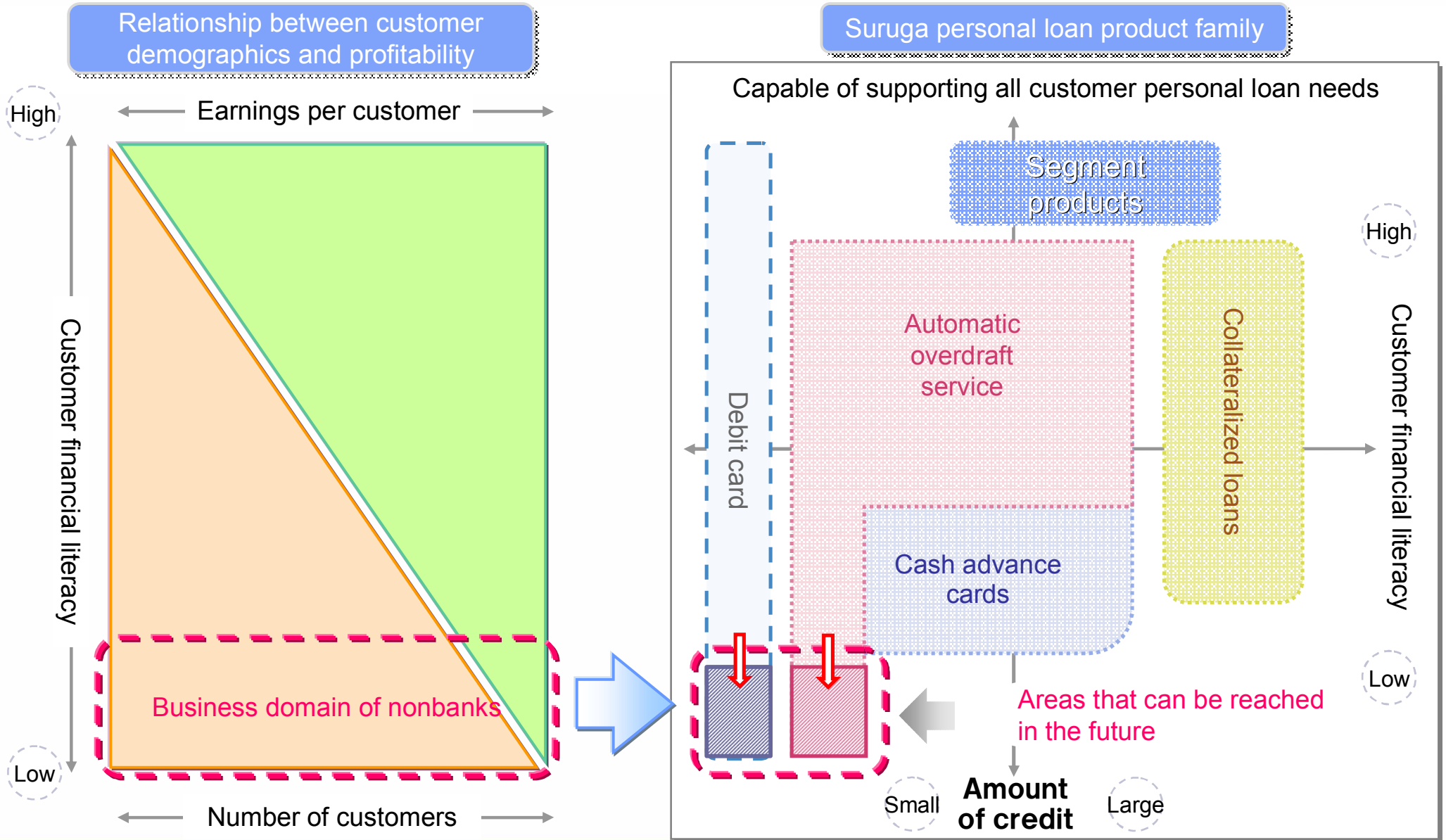


Single-source management and operation of customer demographics, credit info and transaction histories



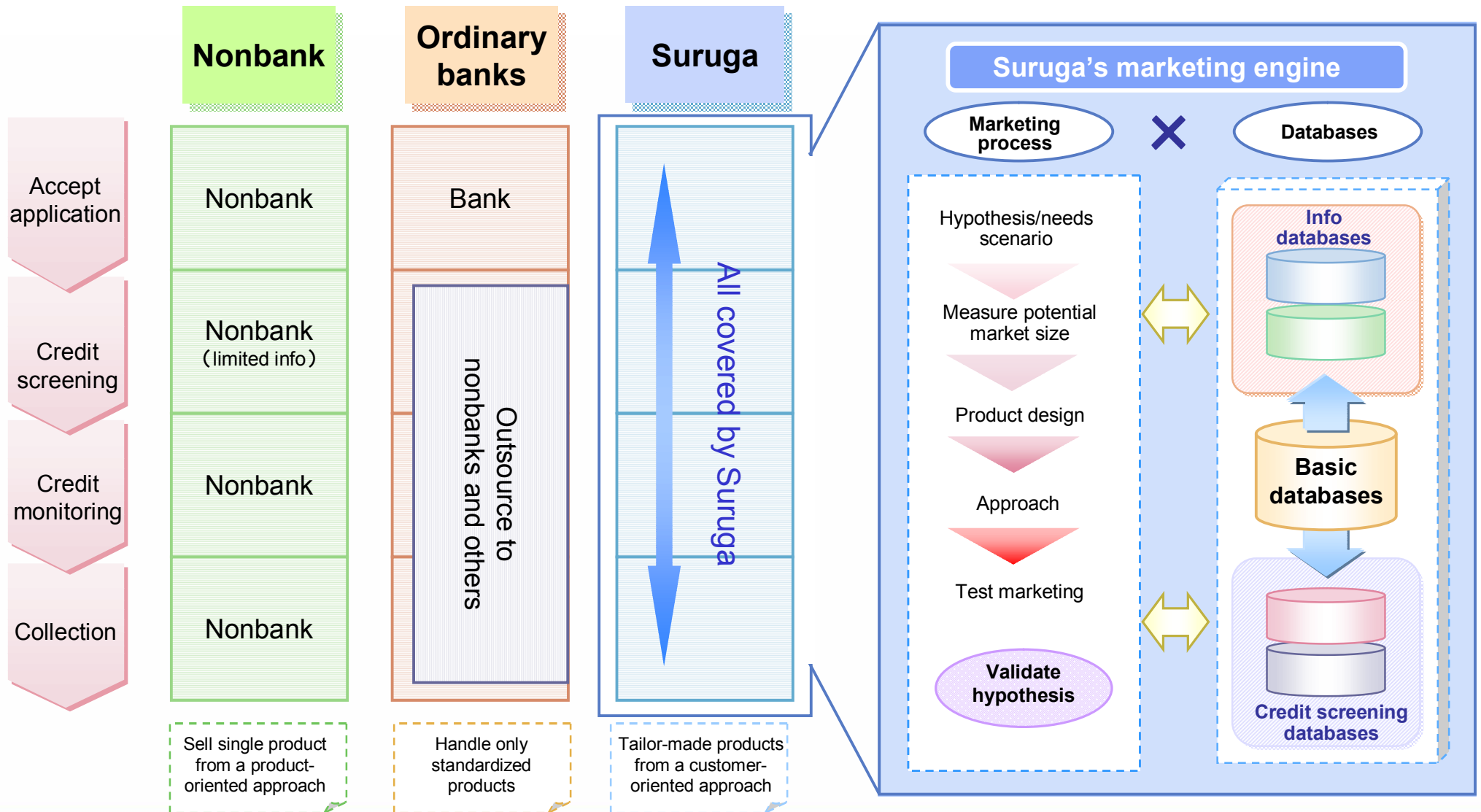
Retain competitive edge as a difference against other banks and companies

Suruga's Personal Loan Business



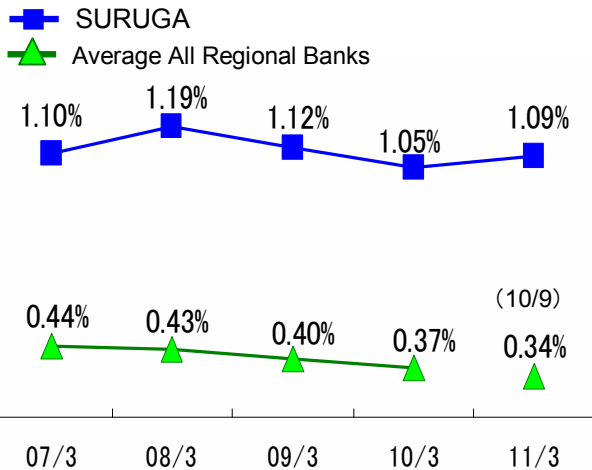
Uniqueness of Suruga in Personal Loan Business

Suruga's personal loan business is different than others

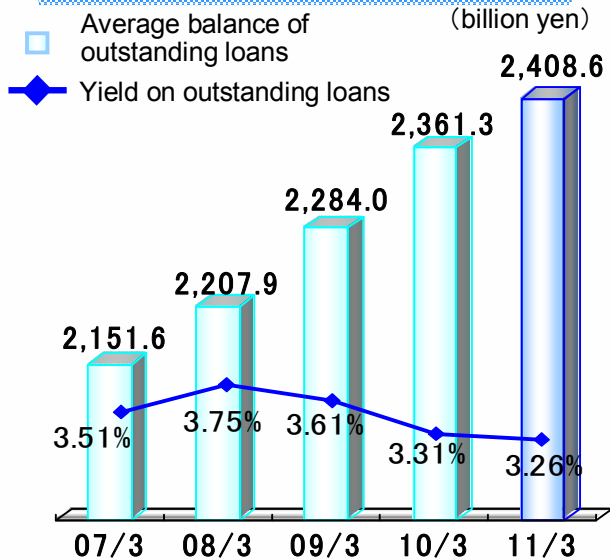


Yield / Margins (Overall)

Net interest margin

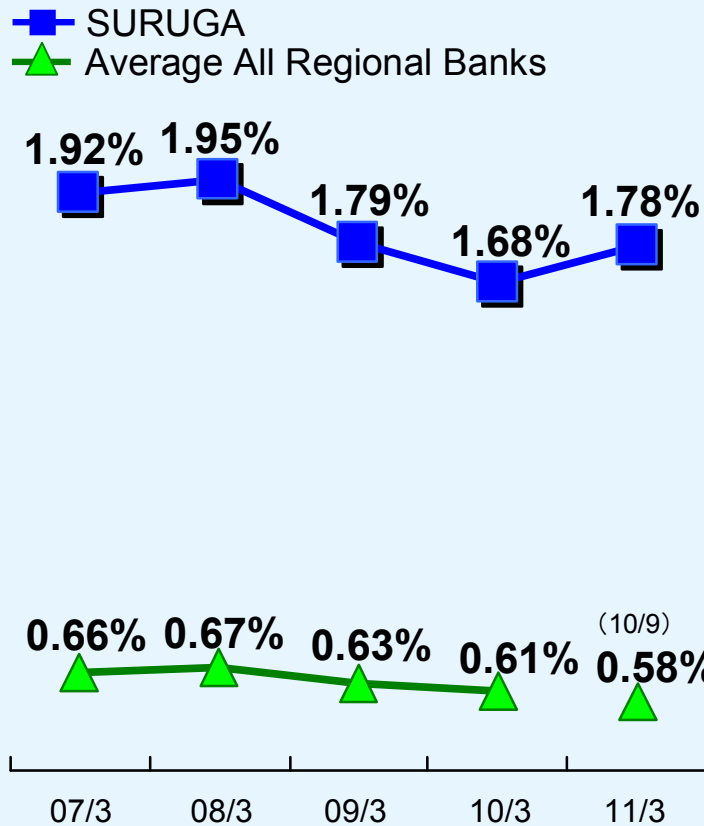


Average balance and yield of outstanding loans



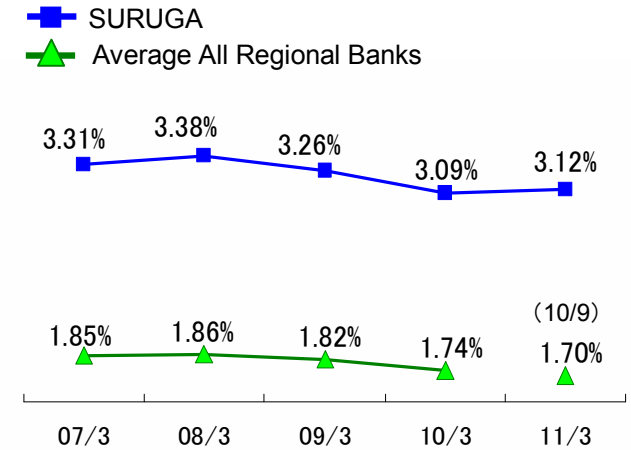
Loan-deposit margin

(after deduction from expense ratio)

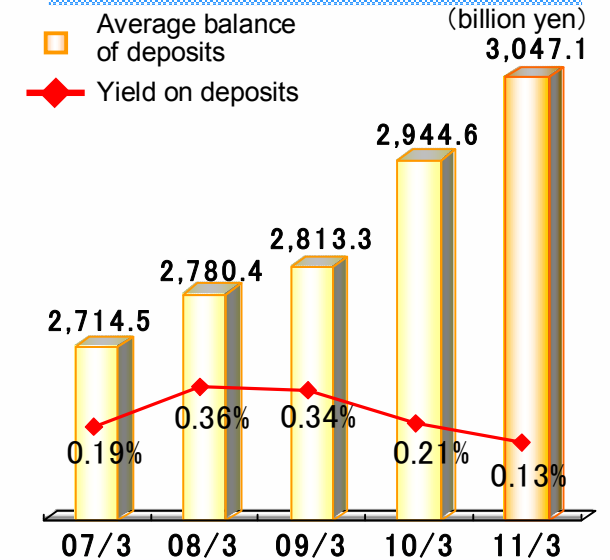


Loan-deposit margin

(Yield on outstanding loans - Yield on deposits)

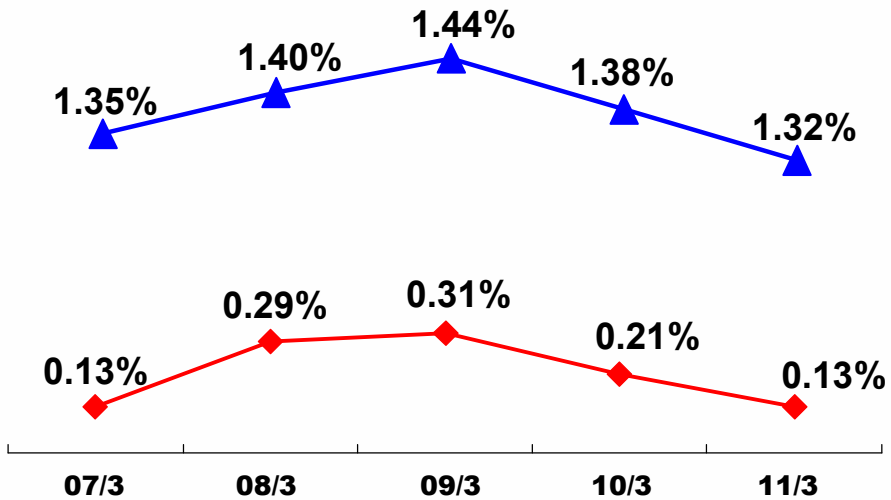
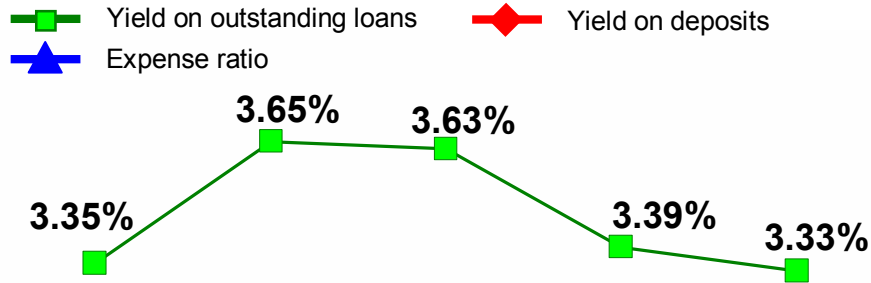


Average balance and yield on deposits

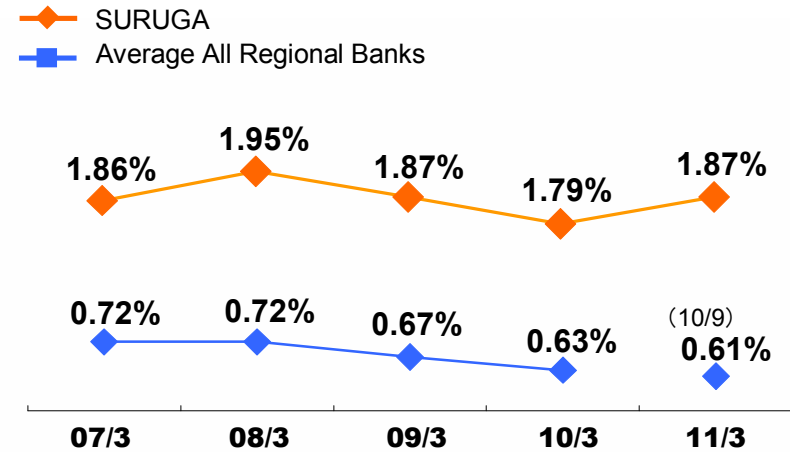


Yield / Margins (Domestic)

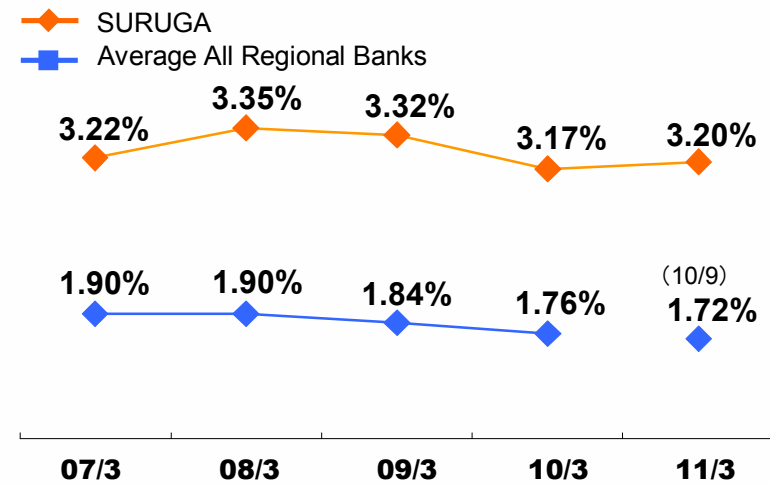
Yield-Expense ratio



Loan-deposit margin (after deduction from expense ratio)

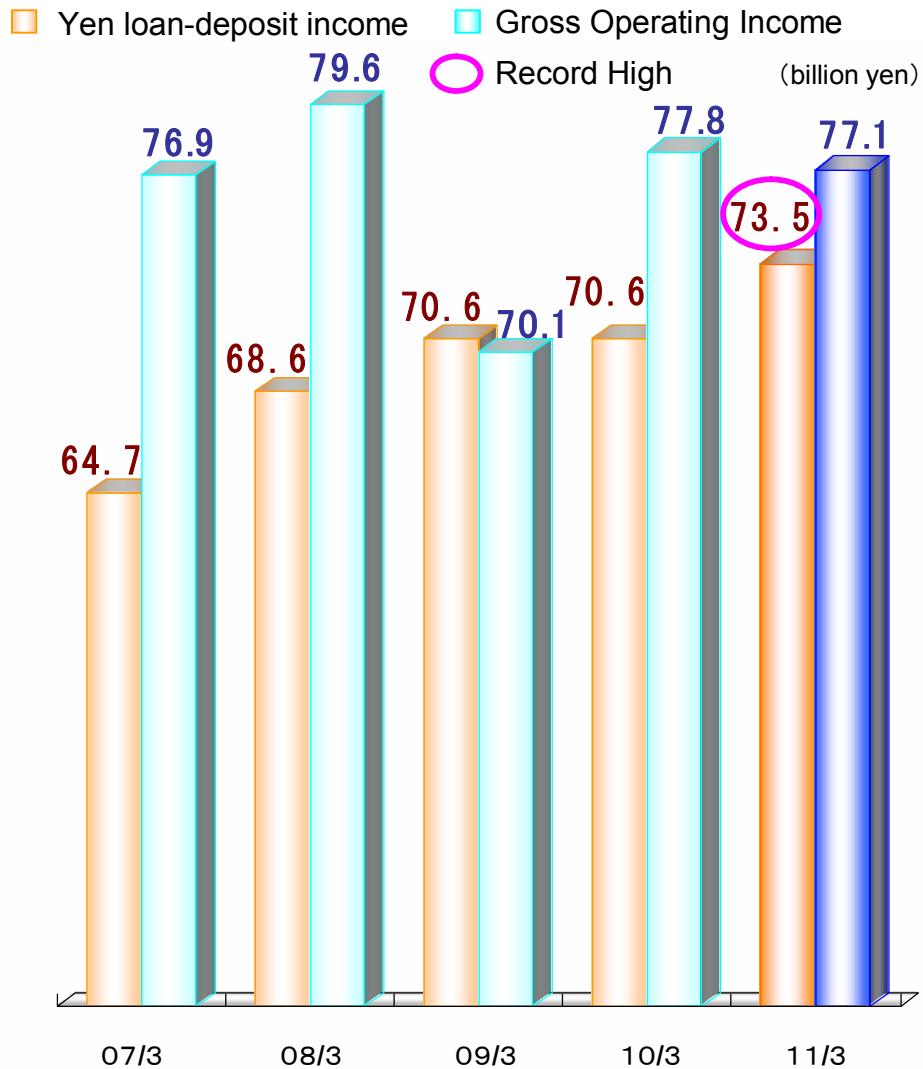


Loan-deposit margin (Yield on outstanding loans - Yield on deposits)

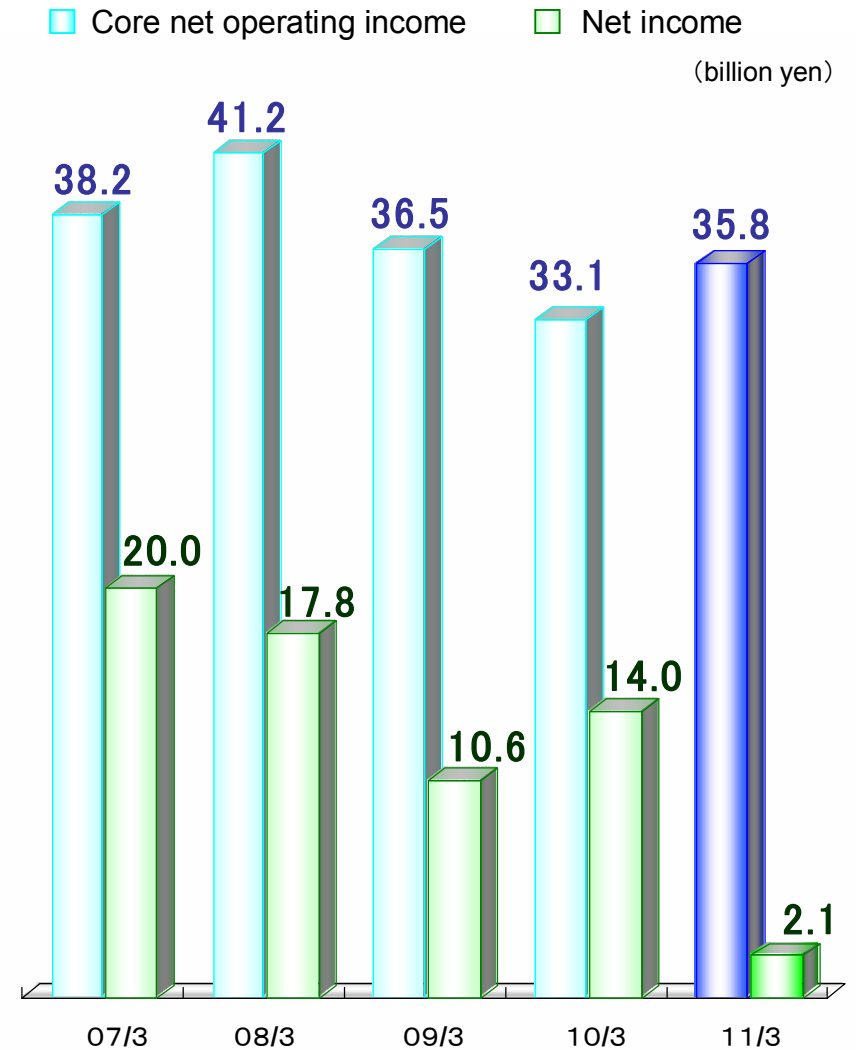


Income

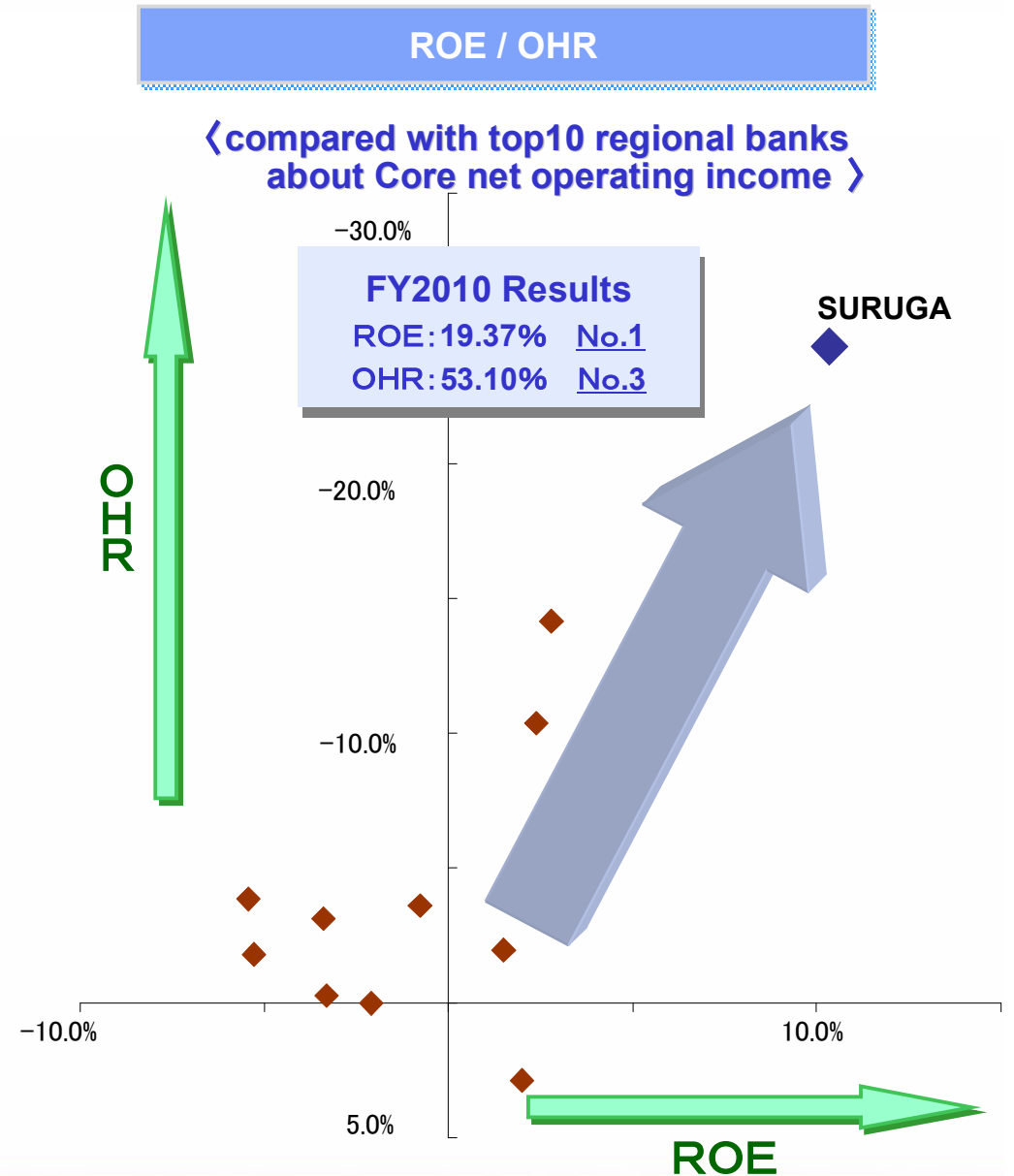
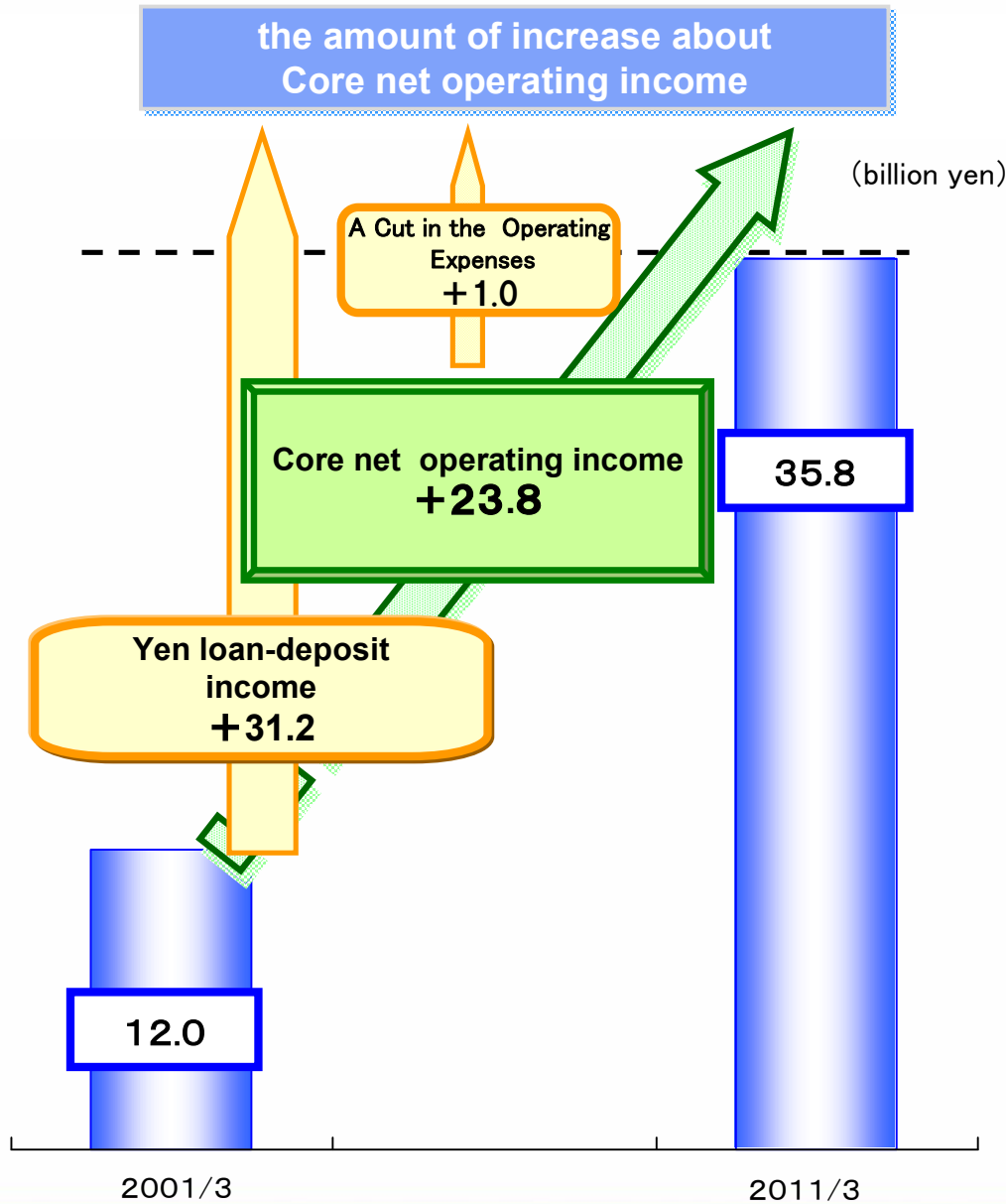
Gross Operating Income / Yen loan-deposit income



Core net operating income / Net income

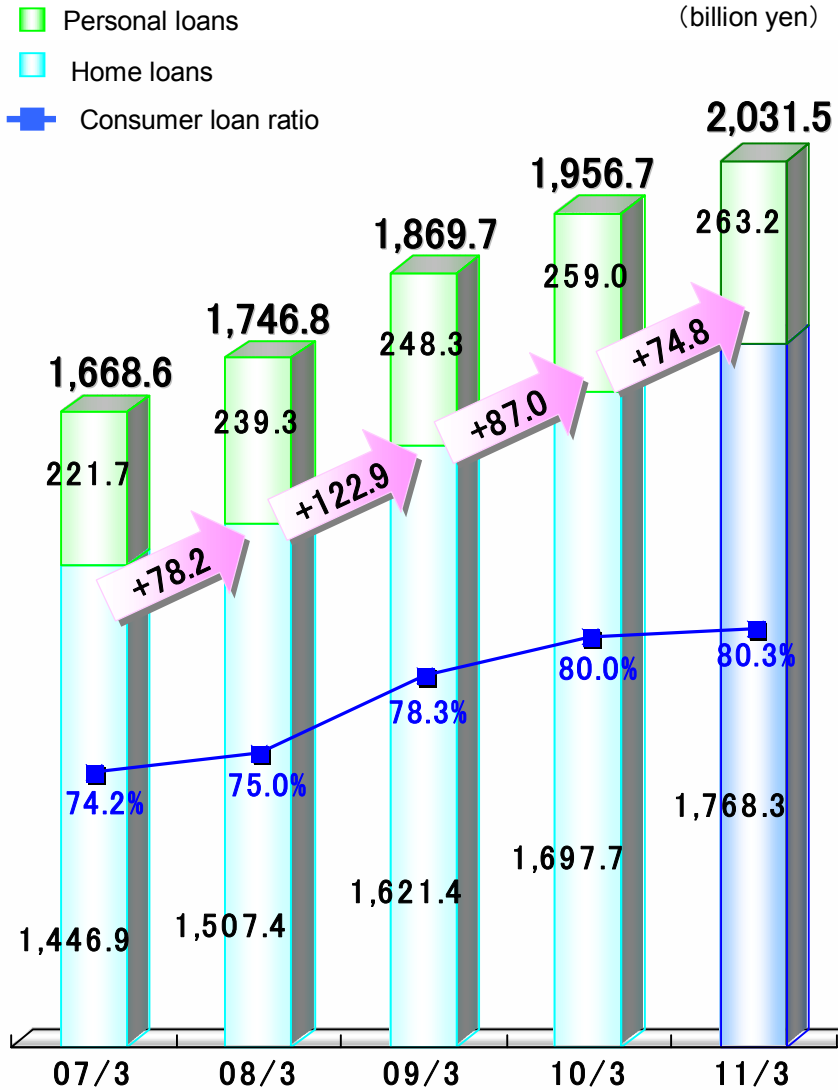


Growth of Core Business for the past decade

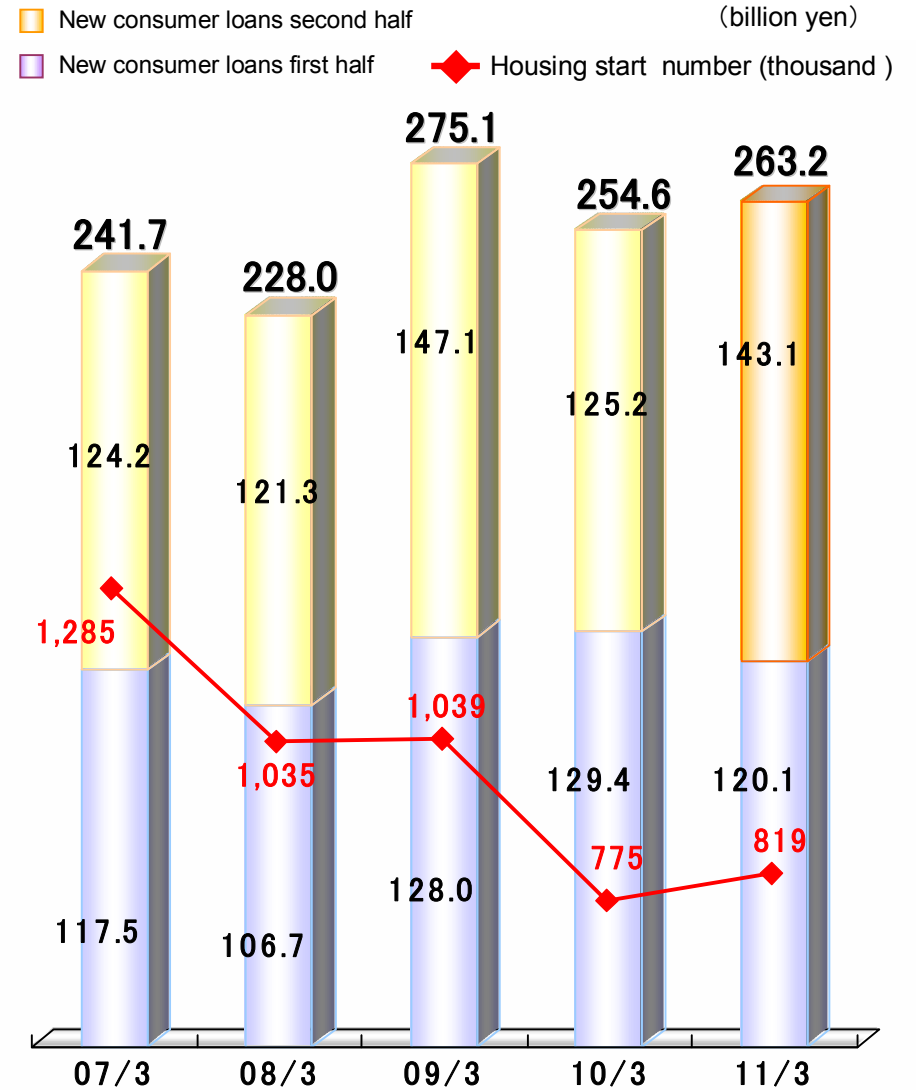


Strong Focus on Retail

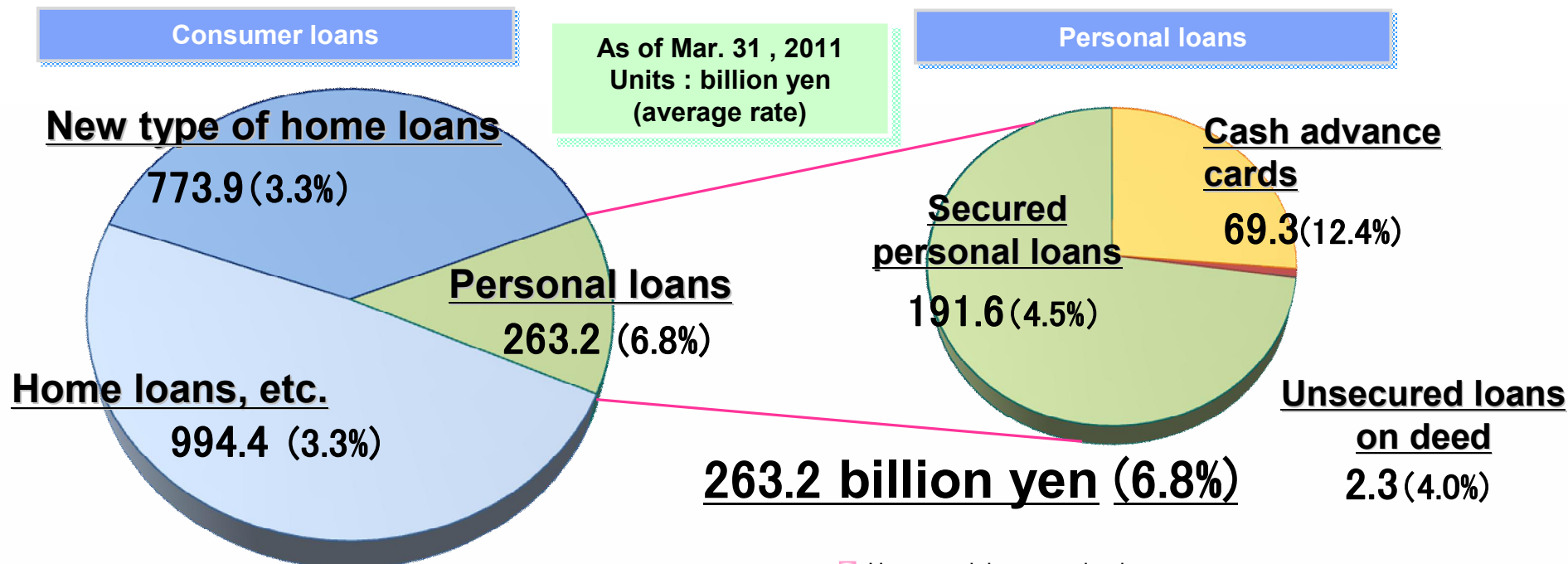
Consumer loan balance and ratio



New loan contracts



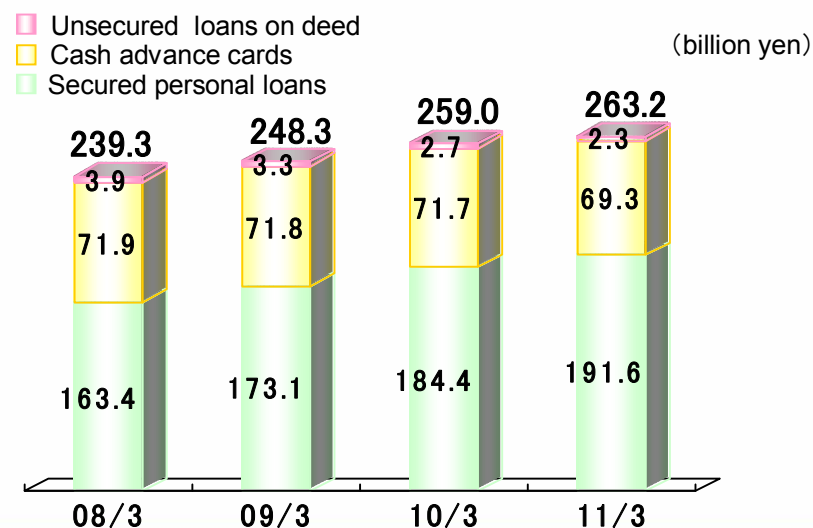
Focus on More Profitable Products



2,031.5 billion yen (3.7%)

Achievements of Tie-up with Japan Post Bank

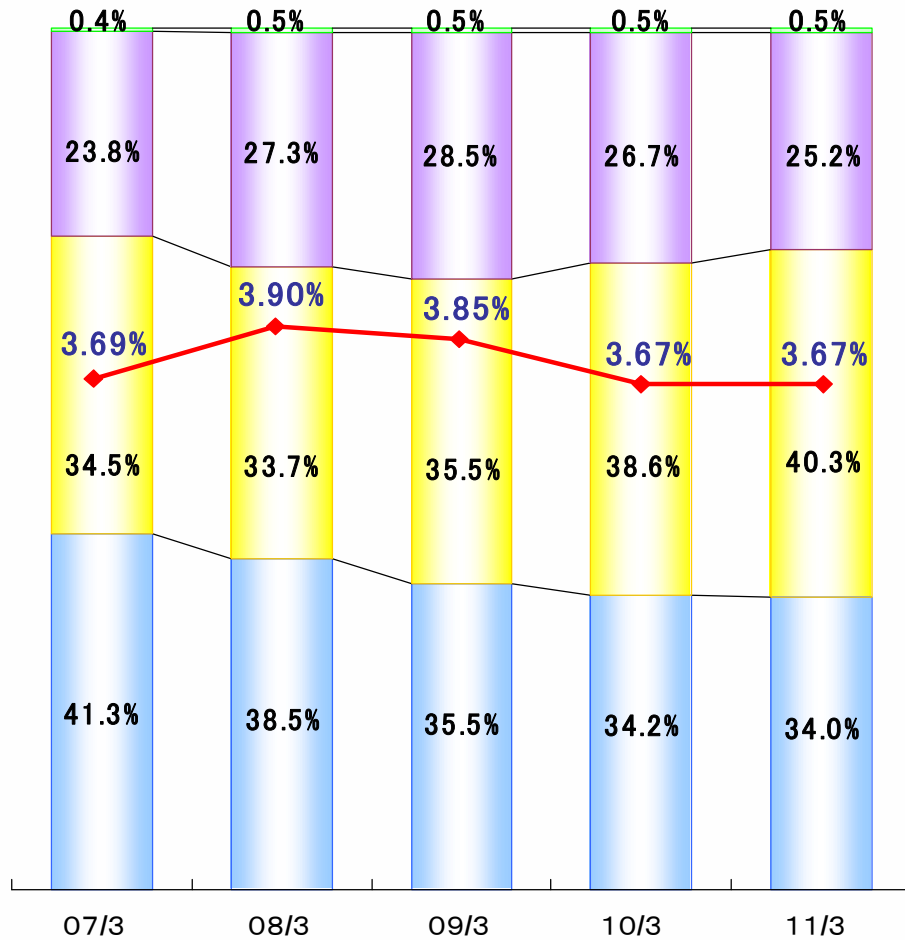
	Results From May 2008 to 2009	FY2010	Total
Home loans (billion yen)	130.3	61.8	192.1
Personal loans (thousand cases)	23	13	36



Home Loans

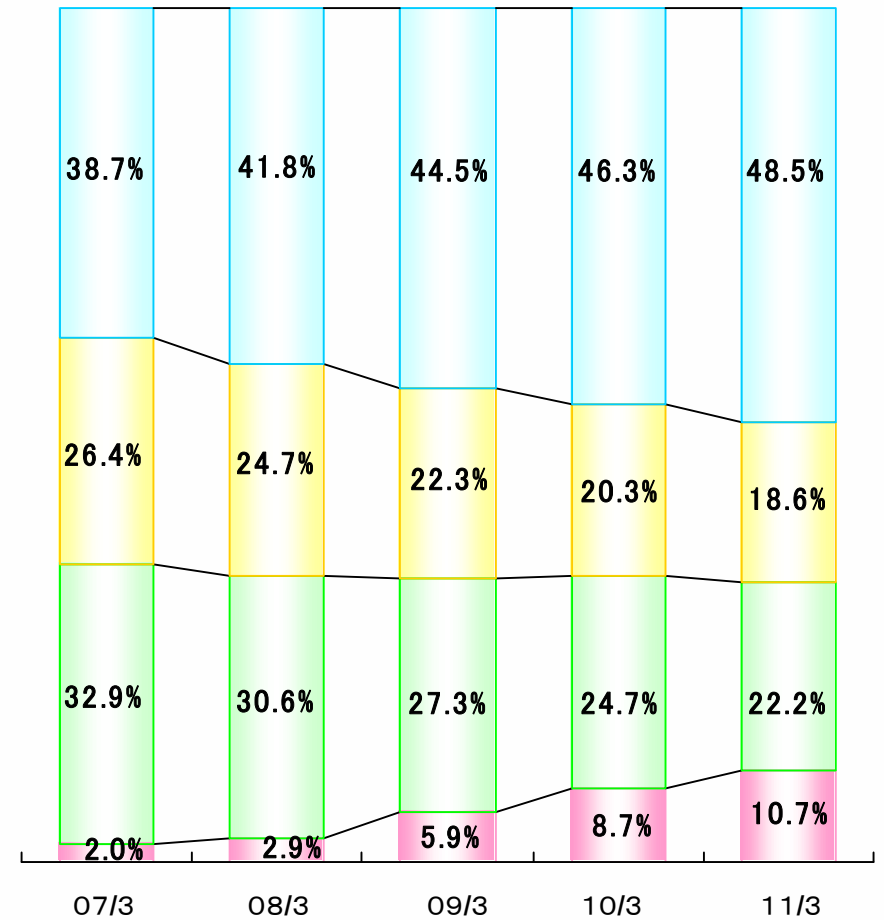
Distribution of practical rates for home loans (cumulative)

■ under3%
 ■ 3%level
 ■ 4%level
 ■ 5% or higher
◆ home loans average placement rate (%)



Mortgage loan balance by geographical area

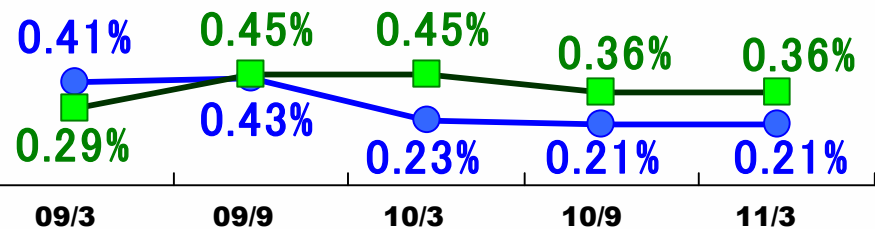
■ Greater Tokyo area
 ■ Kanagawa
■ Shizuoka
 ■ Major cities nationwide



Delinquency and Loss Rates on Consumer Loans

Home loans

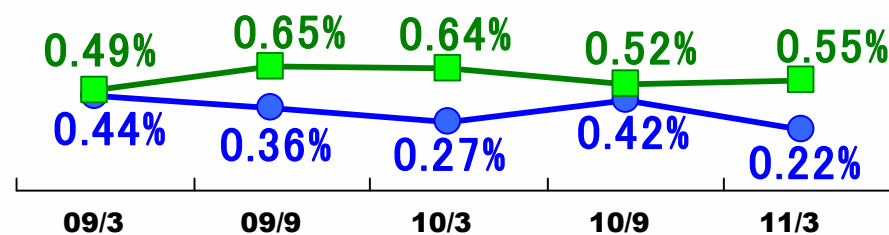
▲ Yield ● Delinquency rate ■ Loss rate



Delinquency rate = amount 3 months or more overdue / average amount of loan

Personal loans

▲ Yield ● Delinquency rate ■ Loss rate



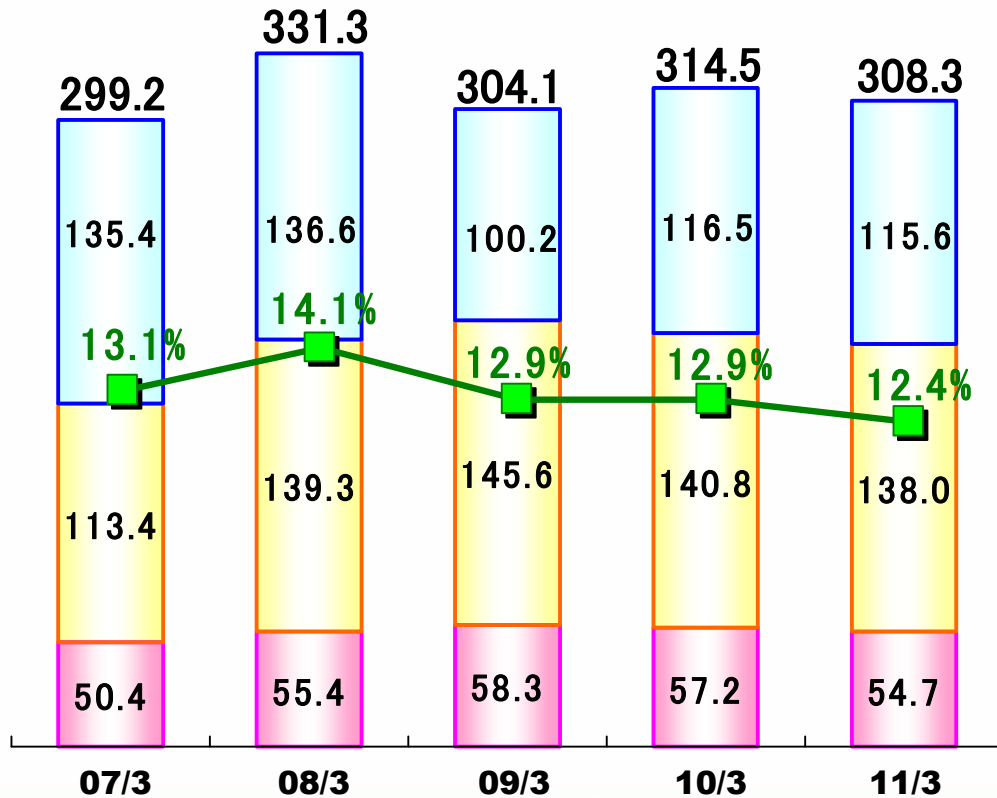
Loss rate = default ratio × (1 - recovery rate)

Fees income

Balance breakdown of investment products

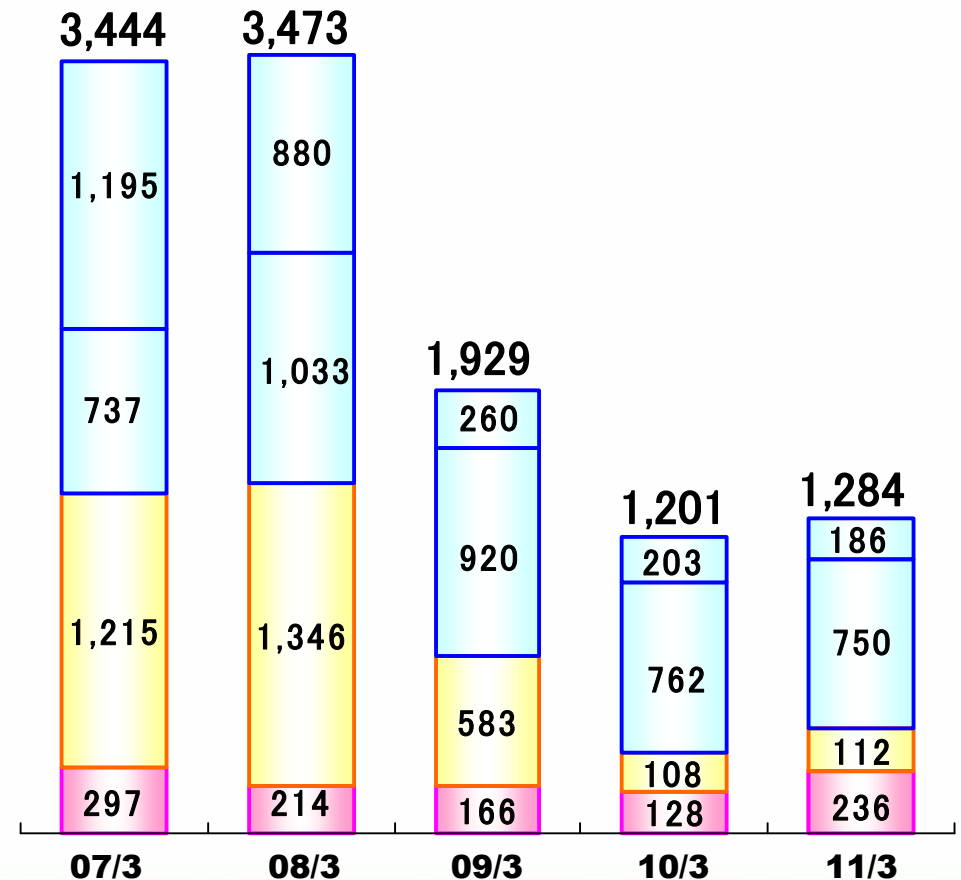
- Mutual funds (billion yen)
- Insurance
- Other (JGBs in custody & Foreign currency deposits)
- Ratio of investment products

$$\left(\frac{\text{Balance of investment products}}{\text{Balance of personal assets under management (Including personal deposits)}} \right)$$



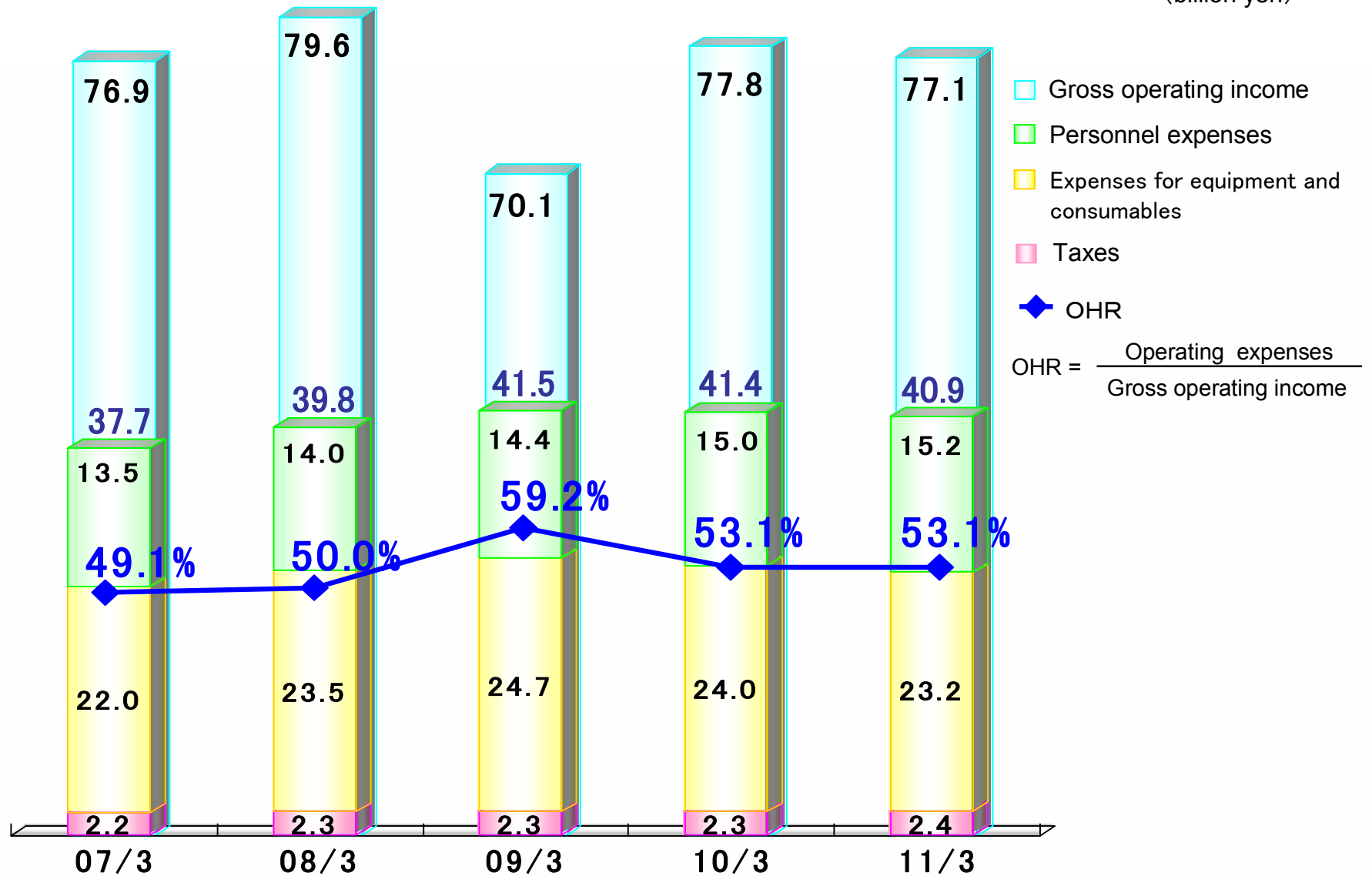
Commission from mutual funds and insurance products

- Mutual fund sales commissions
 - Mutual fund fees
 - Personal pension plans
 - Other Insurance (Fire insurance & Single premium life insurance & protection insurance)
- (million yen)



Expenses and OHR

(billion yen)



Breakdown of Problem Assets based on the Financial Rehabilitation Law

(billion yen)

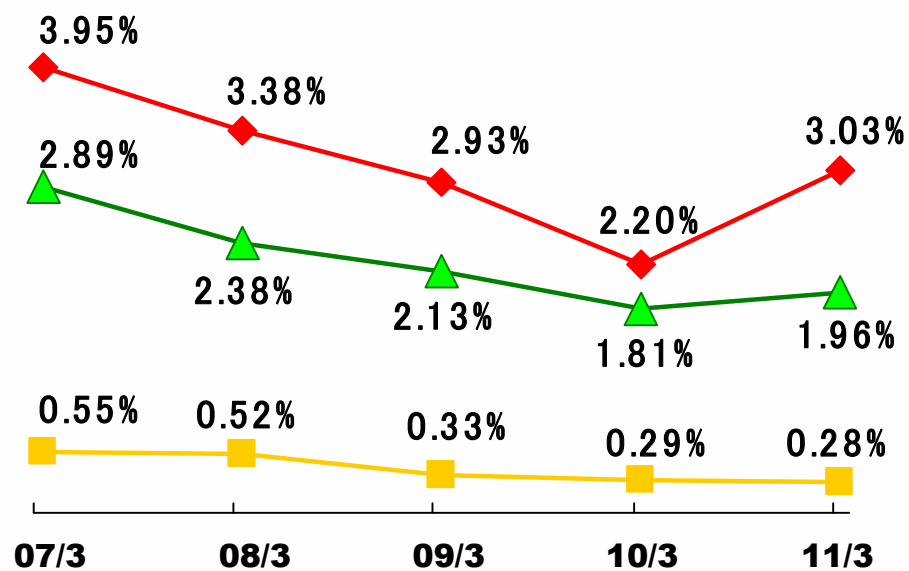
Debtor classification	Mar. 11 Credit balance	Proportion	Consumer / Corporate		Proportion	Total collateral and guarantees	Collateral	Guarantees * NOTE	Coverage ratio	Reserve	Reserved ratio	Total coverage ratio											
Claims against bankrupt and substantially bankrupt obligors	40.0	1.57%	Consumer	11.8	0.58%	7.1	5.7	1.3	59.92%	4.7	100%	100%											
			Corporate	28.1	5.57%	10.4	8.9	1.5	36.98%	17.7	100%	100%											
Claims with collection risk	16.1	0.63%	Consumer	2.1	0.10%	1.4	0.7	0.7	67.31%	0.5	76.52%	92.32%											
			Corporate	13.9	2.76%	11.6	5.1	6.4	83.60%	1.7	76.52%	96.14%											
Claims for special attention	20.9	0.82%	Consumer	9.8	0.48%	7.0	6.7	2.0	71.10%	0.9	33.48%	80.77%											
			Corporate	11.1	2.19%	5.0	5.0	0.0	45.56%	1.4	24.40%	58.85%											
Sub-total	77.1	3.03%	Consumer	23.9	1.17%	15.5	13.2	2.2	65.21%	6.2	75.19%	91.36%											
			Corporate	53.2	10.53%	27.1	19.1	8.0	50.99%	20.9	80.42%	90.40%											
Normal assets	2,468.0	96.96%	Consumer	2,015.8	98.82%	<table border="1"> <tr> <td colspan="11">Total coverage ratio</td> <td>90.70%</td> </tr> </table>						Total coverage ratio											90.70%
			Total coverage ratio											90.70%									
Corporate	452.2	89.46%																					
Total	2,545.2	100%	Consumer	2,039.7	100%	<table border="1"> <tr> <td>Coverage ratio</td> <td>: Covered by collateral and guarantees</td> </tr> <tr> <td>Reserved ratio</td> <td>: Reserved for unsecured portion</td> </tr> <tr> <td>Total coverage ratio</td> <td>: Covered by collateral, guarantees and reserves</td> </tr> </table>						Coverage ratio	: Covered by collateral and guarantees	Reserved ratio	: Reserved for unsecured portion	Total coverage ratio	: Covered by collateral, guarantees and reserves						
			Coverage ratio	: Covered by collateral and guarantees																			
Reserved ratio	: Reserved for unsecured portion																						
Total coverage ratio	: Covered by collateral, guarantees and reserves																						
Corporate	505.4	100%																					

* NOTE: The guarantee is not provided by us. We do not extend the guarantee by paying fee to external entity, but the third party, who serves as the joint guarantor to the borrower, extends the guarantee.

Bad-loan ratio / Credit costs status

Bad-loan ratio

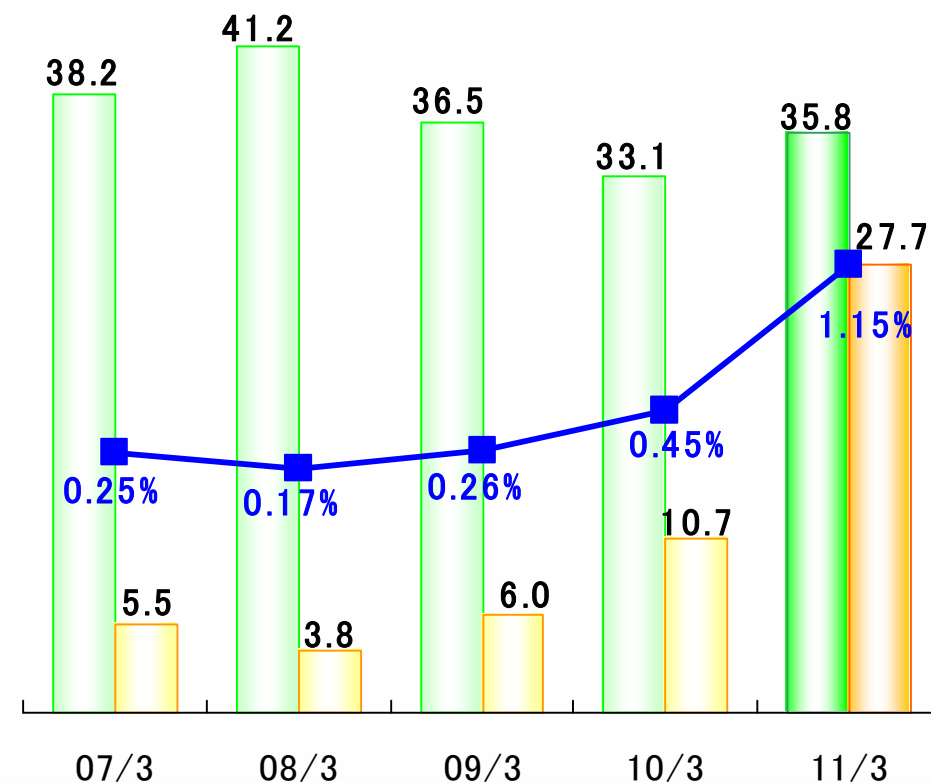
- ◆ Ratio of disclosed assets
- ▲ Ratio of disclosed assets after deduction from reserves
- Ratio of disclosed assets after deduction from reserves, collateral and guarantees



Credit costs status

(billion yen)

- Core net operating income
- Actual credit costs (credit costs-collection of claims written off)
- Actual credit costs ratio (actual credit costs/loan average balance)

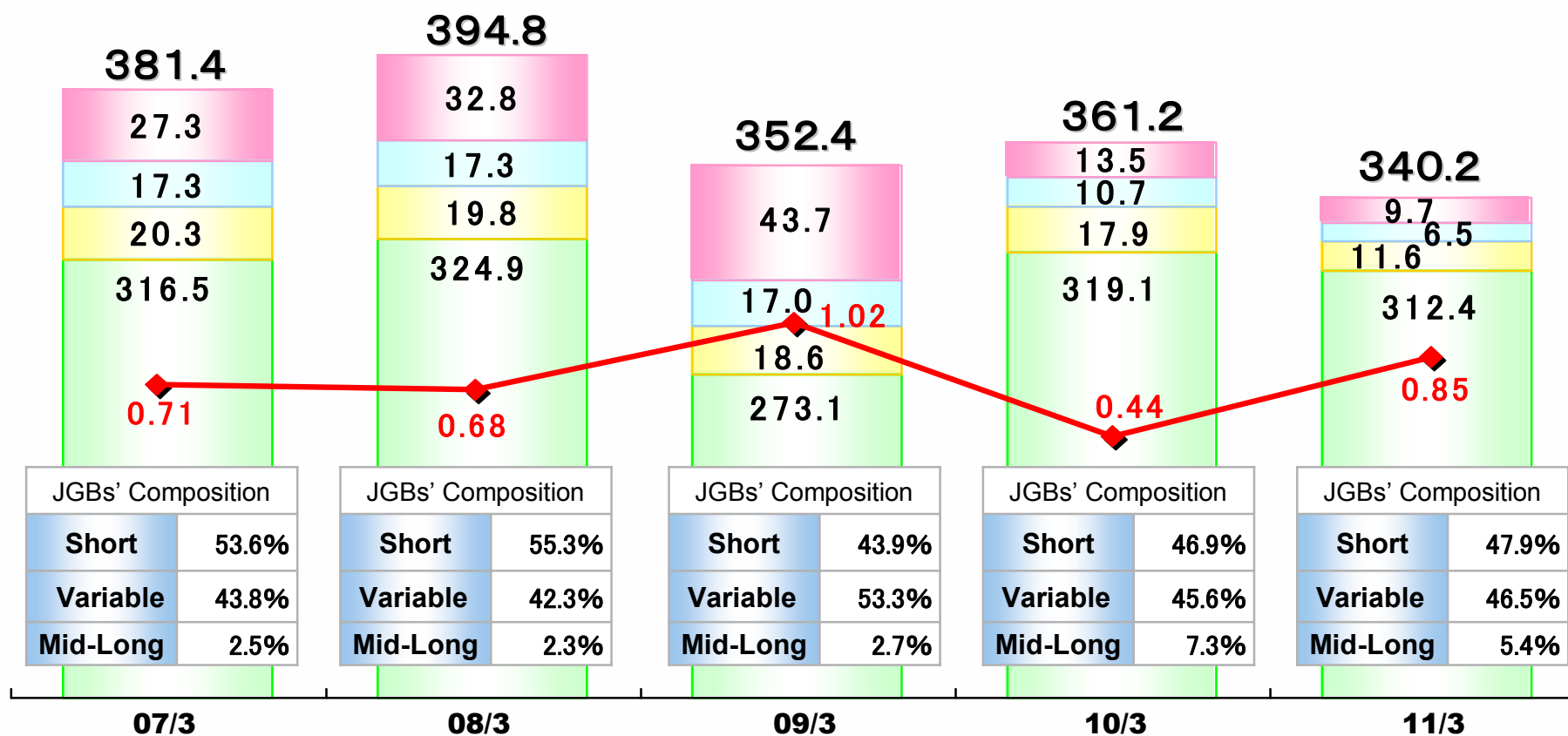


Bond Portfolio

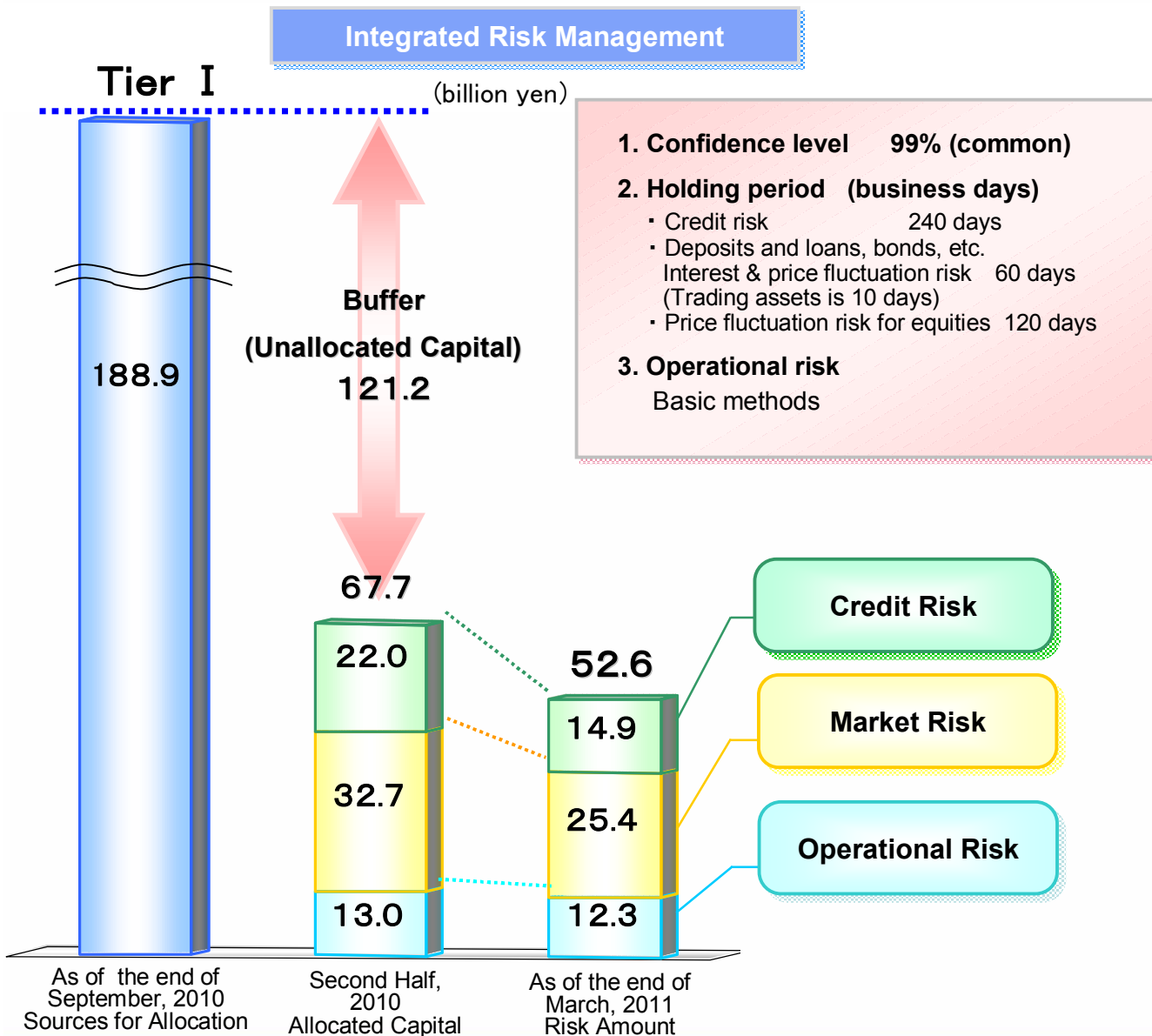
■ JGBs
 ■ Foreign bonds
 ■ Corporate bonds
 ■ Regional government bonds

(billion yen)

—◆— Average remaining maturity (Year)



Status of Risk Amount



Outlier Ratio

As of the end of March, 2011

Interest Rate Shock range	± 200bp
Interest Rate Risk Amount	6.9 billion yen
Outlier Ratio	3.5%

Capital Levels

Share Buybacks

1st Repurchased
(Feb 2009 to May 2009)

7.54 million shares
6.0 billion yen

Retired
(Aug 2009)

▲6.80 million shares
▲5.9 billion yen

2nd Repurchased
(Oct 2009 to Jun 2010)

9.82 million shares
8.0 billion yen

3rd Repurchased
(Jul 2010 to Oct 2010)

3.99 million shares
3.0 billion yen

Total

14.55 million shares
11.1 billion yen

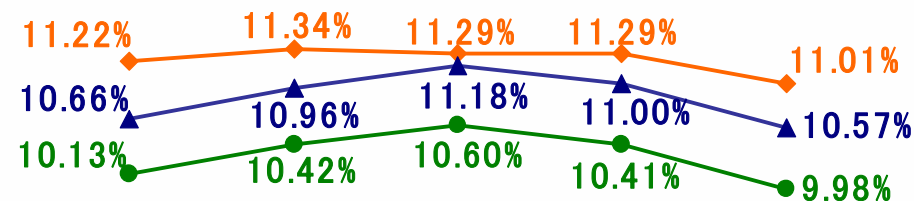
Plan

(May 2011 to Sep 2011)

6.20 million shares
4.0 billion yen

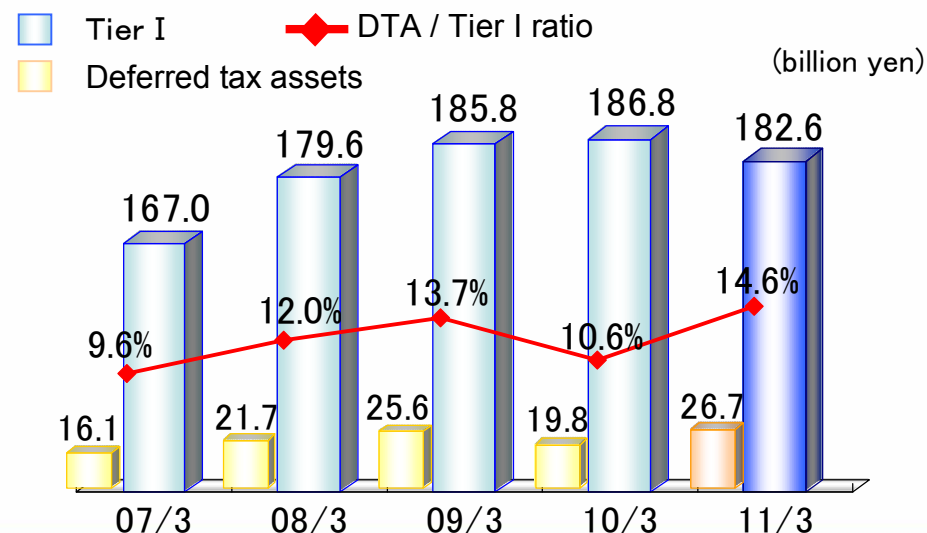
Capital Adequacy Ratio

- International standard capital adequacy ratio (consolidated)
- Domestic standard capital adequacy ratio (Non-consolidated)
- Domestic Tier I ratio (non-consolidated)



As of end- March 2011: 8.7% Core Tier I ratio

Accounts for valuation losses on securities holdings, deferred tax assets, investments in common shares of financial institutions, software, etc.



■ FY2010 Results and FY2011 Forecast

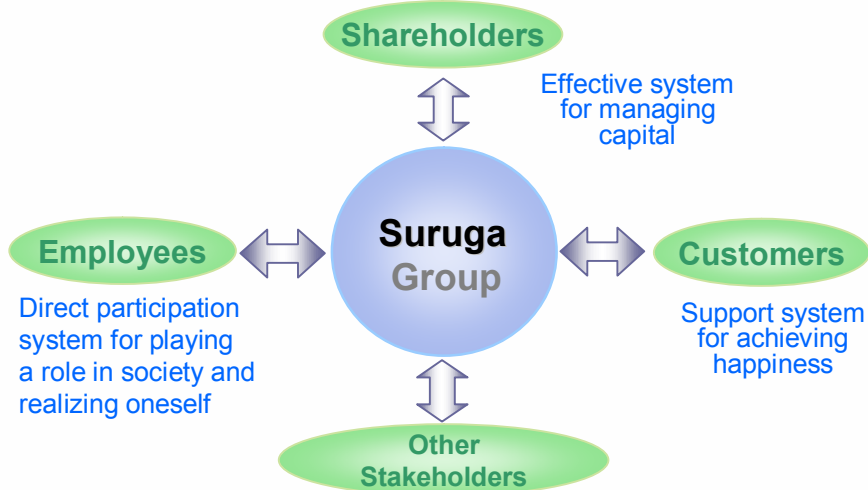
(billion yen)

	FY2009 Results (A)	FY2010 Results (B)	Increase or Decrease (B-A)	FY2011 Forecast
Gross operating income	77.8	77.1	△ 0.7	79.0
Operating expenses	41.4	40.9	△ 0.5	41.5
Net operating income	35.7	33.0	△ 2.7	33.0
Core net operating income	33.1	35.8	+ 2.7	37.5
Ordinary profit	21.2	1.0	△ 20.2	21.0
Net income	14.0	2.1	△ 11.9	13.5
Actual credit cost	10.7	27.7	+ 17.0	11.5
ROE (%) (net income basis)	7.64	1.13	△ 6.51	7.41
EPS (Yen)	55.16	8.63	△ 46.53	55.71
Dividends (Yen)	13.0	13.0	0	13.0

Growth Within Our Corporate Philosophy

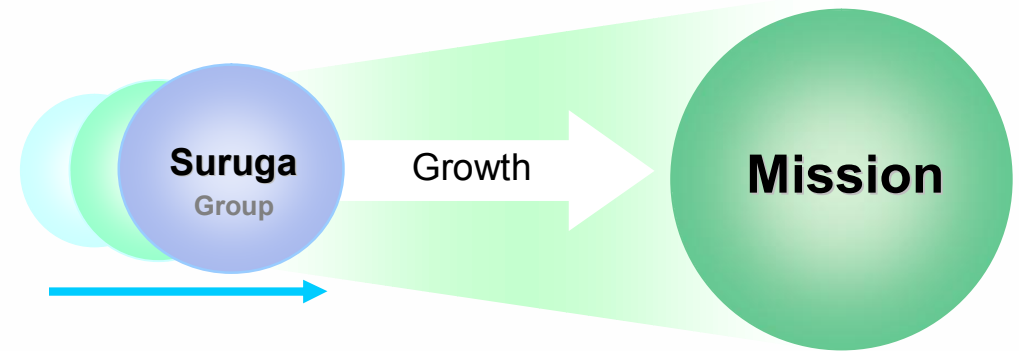
Growth as a Value Exchange System

Define growth as greater exchange of value with all stakeholders.

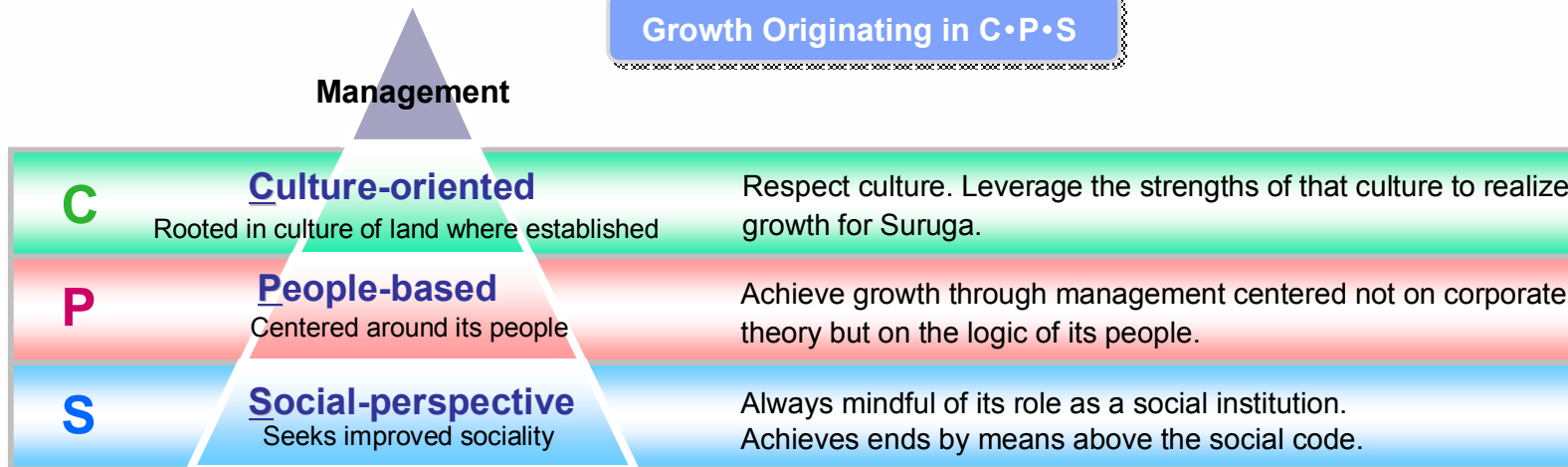


Growth as a Mission-Based Company

Define growth as making our mission more achievable. As a Life & Business Concierge, help make our customers' dreams come true on a timeline that works for them.



Growth Originating in C•P•S



The Environment Surrounding Japan

Japan is at a crossroads. Can it recover its competitiveness?

15 and younger:
smaller part of
population

65 and older:
larger part of
population

Worsening fiscal
situation

Declining international
competitiveness

Japan facing a
grave challenge

Over compliance
to a uniform society

From supply-side
to demand-side

Racking brains over
how to respond to
economic and
social change

Rigid use of
human talent

Keyword is: Diversification

The individual, corporation and regions must take their own initiative toward shifting to values that prioritize diversity highly.

Individuals

Trying on one's own to change into a mature and independent individual.

Corporations

Great value in being different as part of its true essence.

Regions

Demand for diversification of unique cultures grounded in the geographical area.

For further details regarding the above, please contact

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