

SURUGA bank

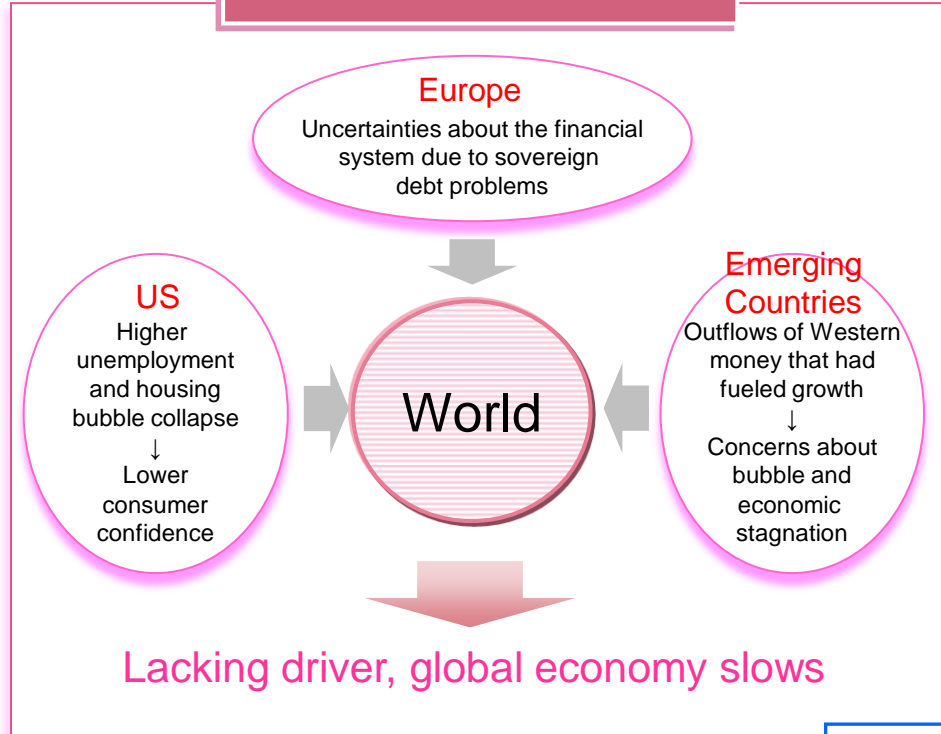
Meeting the Challenge of New Banking

Presentation to investors on fiscal year ended September 30, 2011

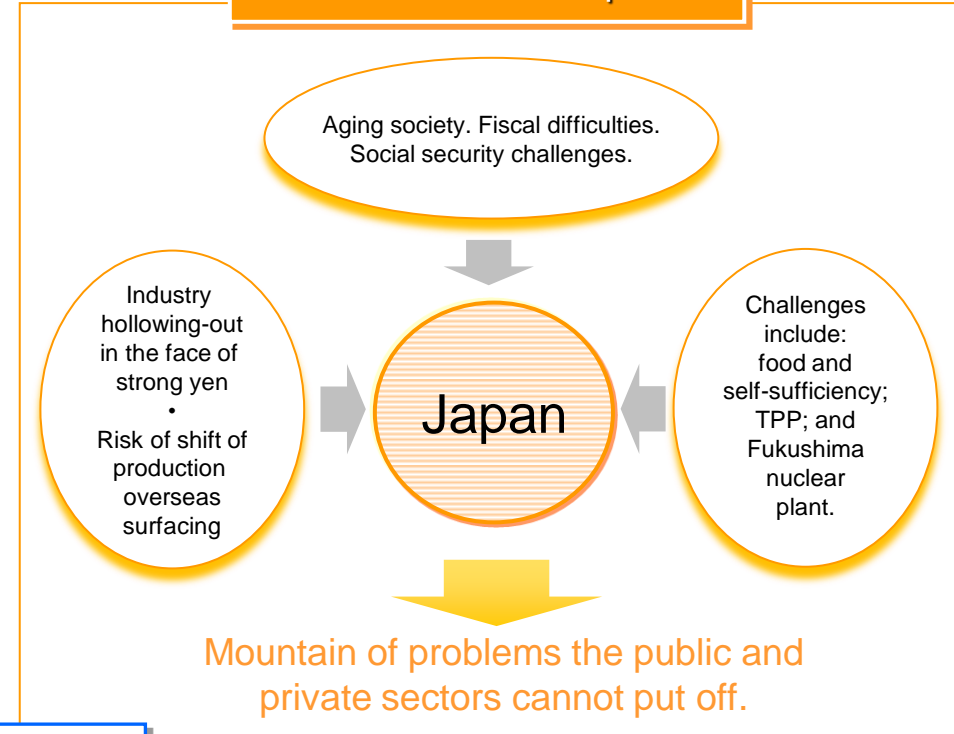


Environment in the World and in Japan

Environment in the World



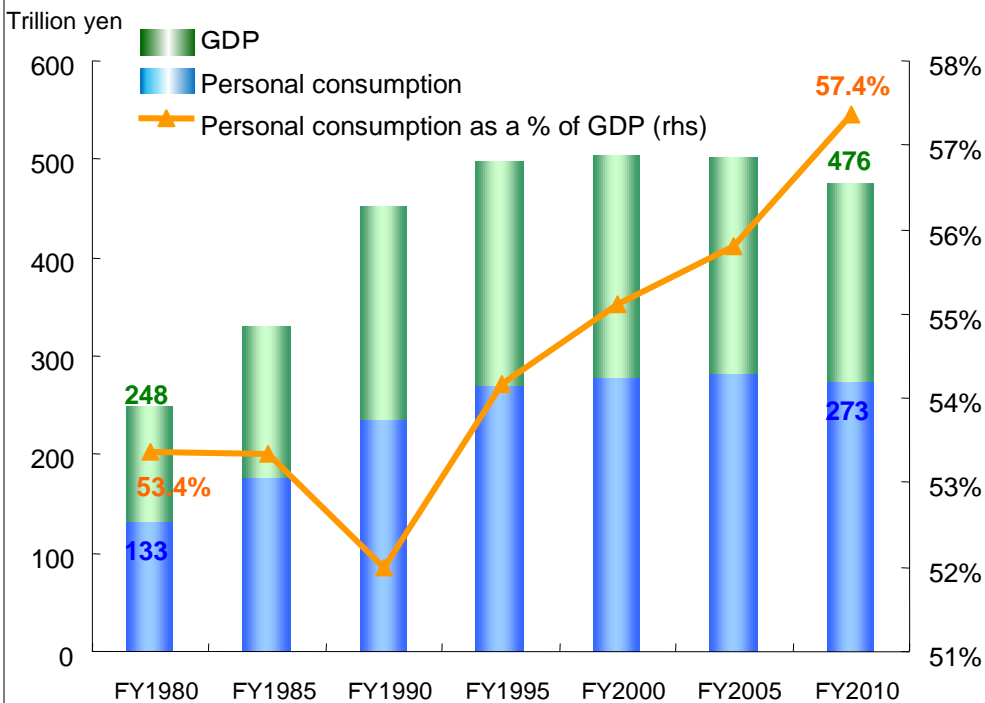
Environment in Japan



Japan today lacks players to provide financing to people who seek to stimulate demand and revitalize Japan.

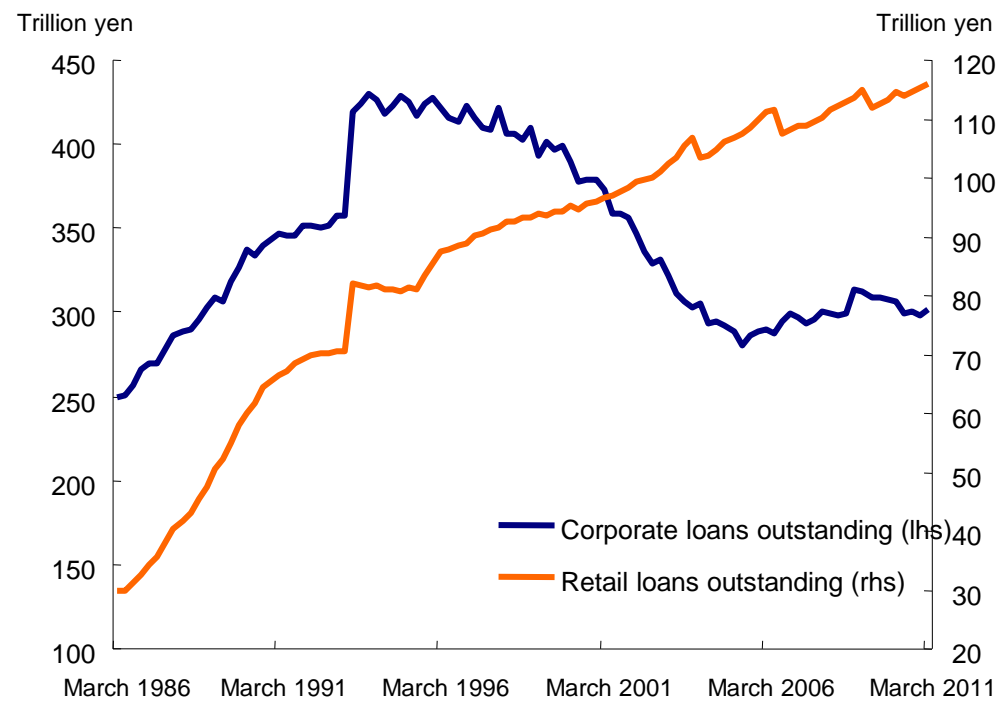
Great Future Potential in Retail Business

GDP and Personal Consumption (amount and as % of GDP)



Source: Based on data from the Interior Cabinet

Corporate and Retail Lending by Japanese Banks

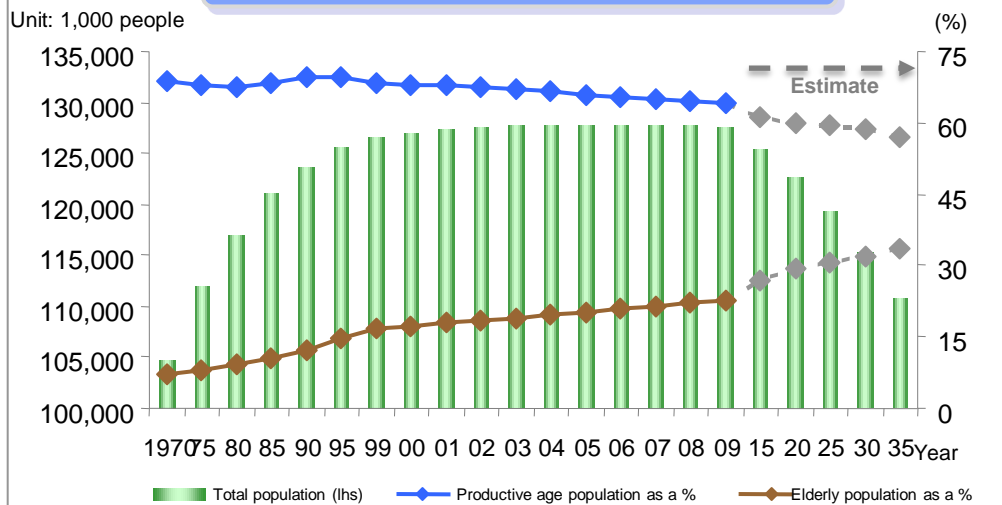


Source: Based on data from Bank of Japan

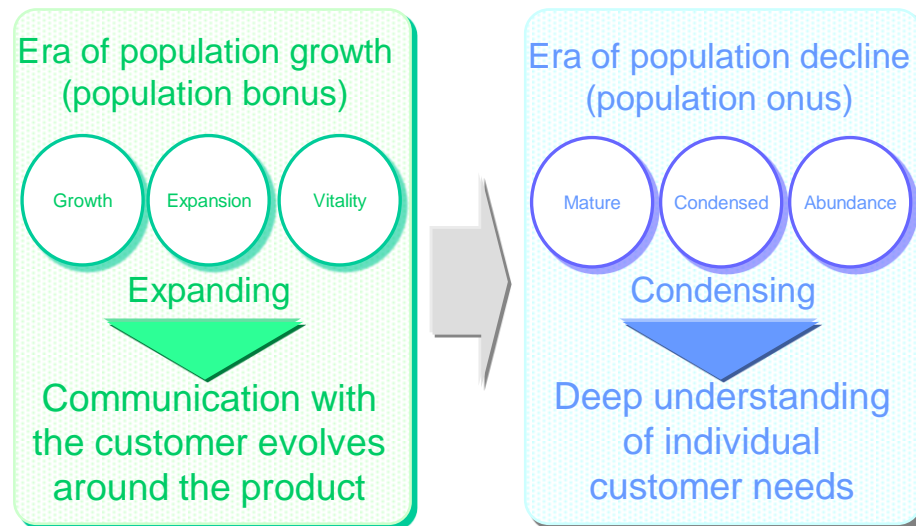
Personal consumption as a % of GDP is rising, as is banks' retail lending.
Great potential in retail business supporting personal consumption.

Suruga is Making the Shift from Product- to Customer-Focus

Changes in Japan's Population Demographics



Change from “population bonus” to “population onus”



Retail business must adapt to structural changes in society

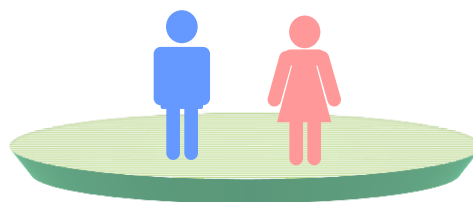
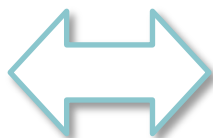
Realize the ultimate in retail financing by offering customer-oriented value

Customer information

Gather

Accumulate

Analyze



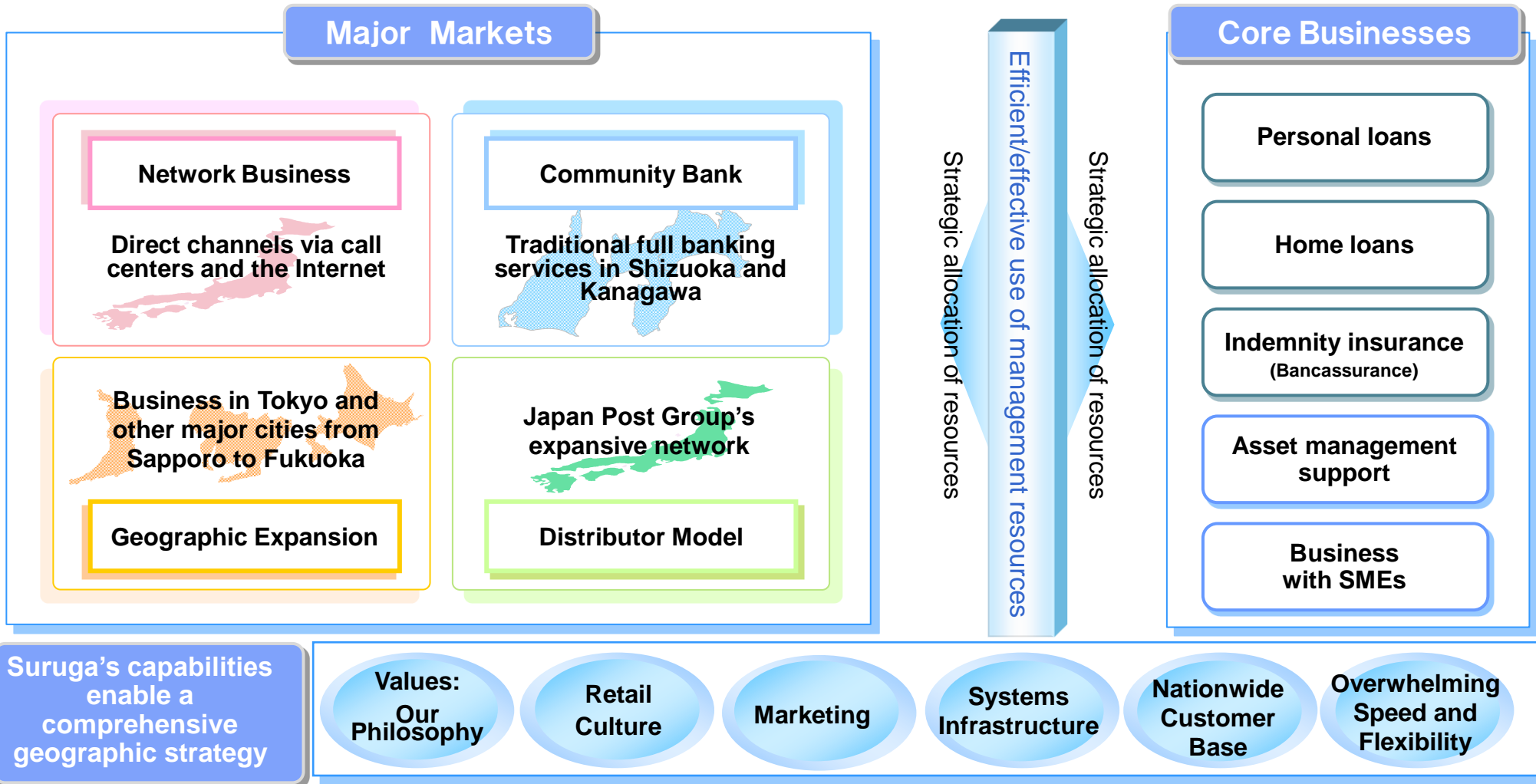
The Customer

From “tool” (product) to “do” (achieving goals, realizing dreams)

“Making heartfelt dreams a reality”
Suruga’s unique value proposition

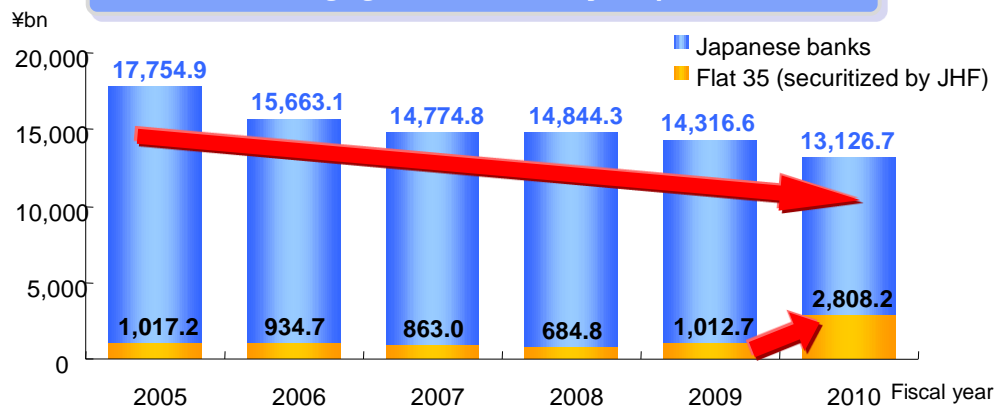
Phase 4 Management Plan Grand Design

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



Housing Loan Business at a Crossroads

Amount of Mortgages Initiated by Japanese Banks



Source: Based on data from the Japan Housing Finance Agency (JHF)

New mortgages initiated by Japanese banks down on the effects of competition from Flat 35 products and other factors

New Housing Starts

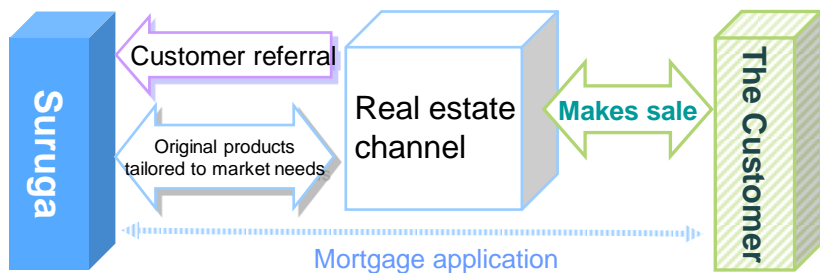


Source: Based on data from the Ministry of Land, Infrastructure and Transport

No forecast for a significant rise in housing starts

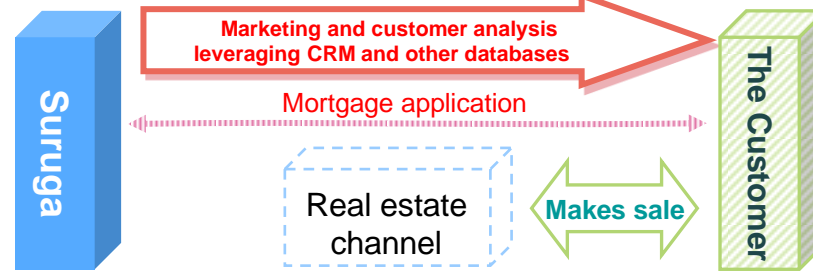
Mortgage business facing major transition to keep pace with changes in the socioeconomic environment

Mortgage business oriented around the product



B to B to C model reliant on real estate channels

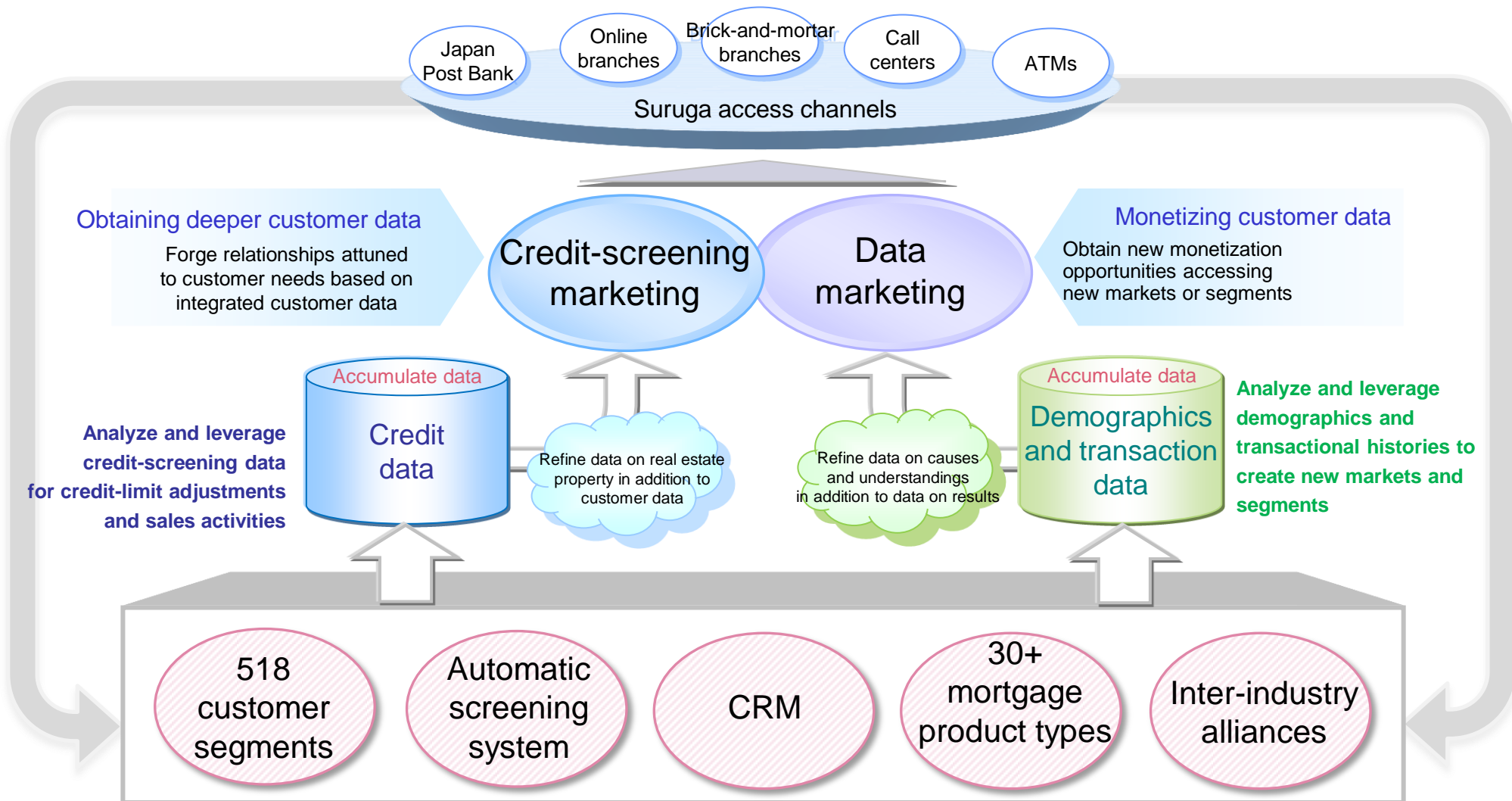
Mortgage business oriented around the customer



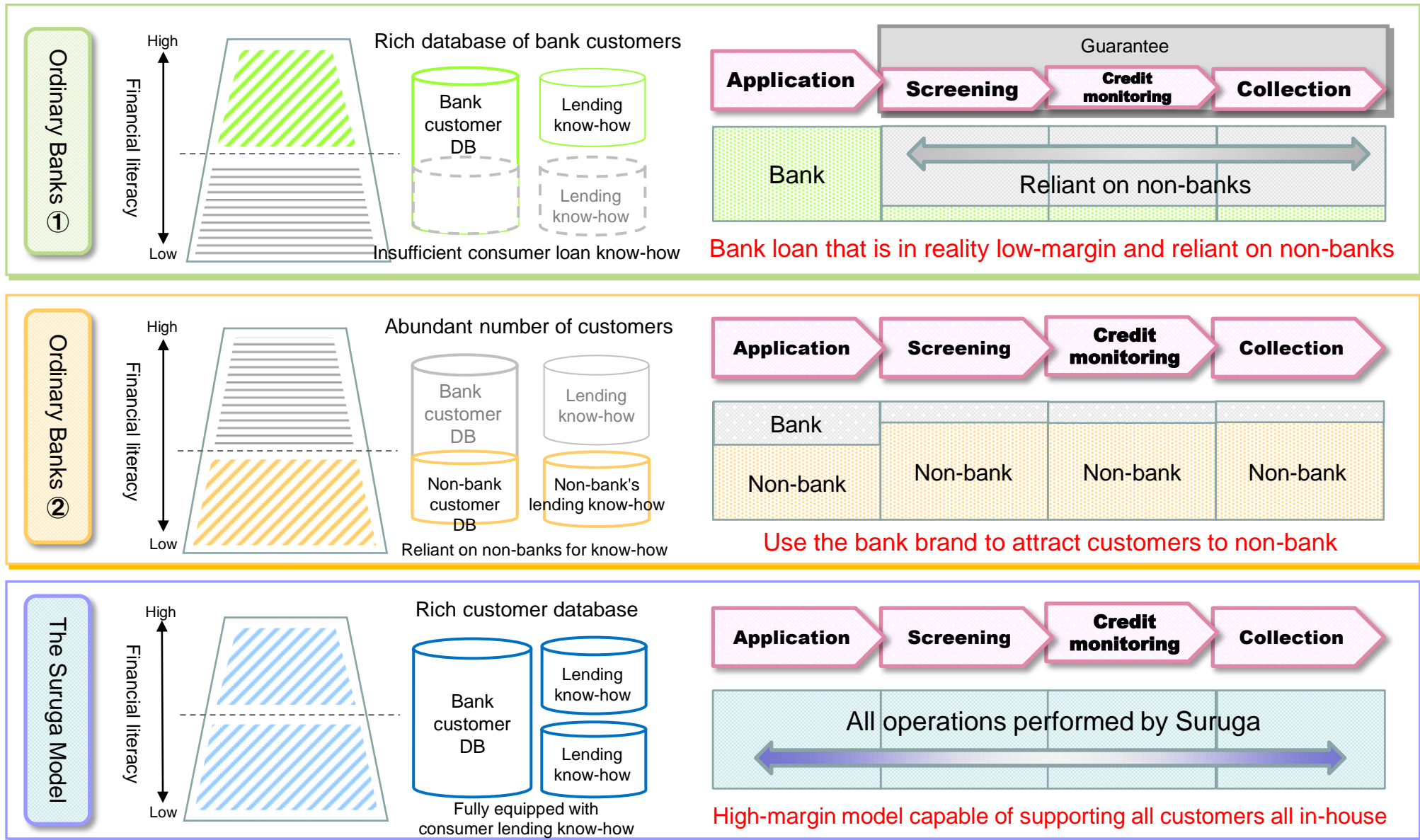
B to C model leveraging proprietary DB and CRM

Suruga's Marketing System Monetizes Customer Data

Suruga leverages customer data from both credit-screening and sales for marketing



What Makes Suruga Unique in the Personal Loan Business



Business Tie-up with Culture Convenience Club

CCC

More than 1/3 of the Japanese population owns a T-Point card, Japan's largest point-based awards service

Alliances expanding to a diverse range of industries

T-Point Program Participating Retailers

80 companies **40,103** outlets

(As of October 31, 2011)

Allied with many retailers in close contact with consumers' day-to-day lifestyles



SURUGA bank

Providing financial OEM services as an enabler company through inter-industry alliances

A creative presence among retail banks

Retail know-how built up over more than 20 years in the retail business makes it possible to develop differentiated products

- First bank to issue a bank card loan offering T Points
Consumer loan product targets younger generations and other new customer segments

ついに! 銀行カードローンにも、
T-POINT

Tポイント付きリザーブブランドカード (愛称: Tリザーブ)



(Tカード機能一体型)

Cardholders accumulate T Points as they make scheduled repayments on card loans. The T Points can then be used to pay down the card loan balance.

Merging Suruga's retail finance business know-how with CCC's network of corporations that are deeply embedded in consumers' lifestyles to create new value propositions for new markets.

Yume Dandan Club

The environment surrounding individual consumers is becoming less stable

Diversification of lifestyles

Aging and shrinking population

Concerns about the social security system

An imminent rise in asset inheritances

Fiscal collapse. Concerns about tax hikes.

Individuals are searching for ways to live without relying on the government or society.
Toward an era of **autonomy and independence.**

人生の扉を開く

夢だんだん倶楽部

Foray into Japan-style private banking using a customer-oriented model

Toward a plentiful lifestyle

Communication
コミュニケーション

"人生を楽しむヒントを見つける"
会員サポート

Find clues on how to enjoy life.

Financial Style
Navi
ファイナンススタイル

"夢の実現に銀行を上手く使う"
会員サポート

Use our bank to help make your dreams come true.

Lifepanning
ライフプランニング

"未来のライフプランを描く"
会員サポート

Design your own life plan.

A new member-based service designed to help customers lead plentiful lifestyles.



Yume Dandan Club can help.

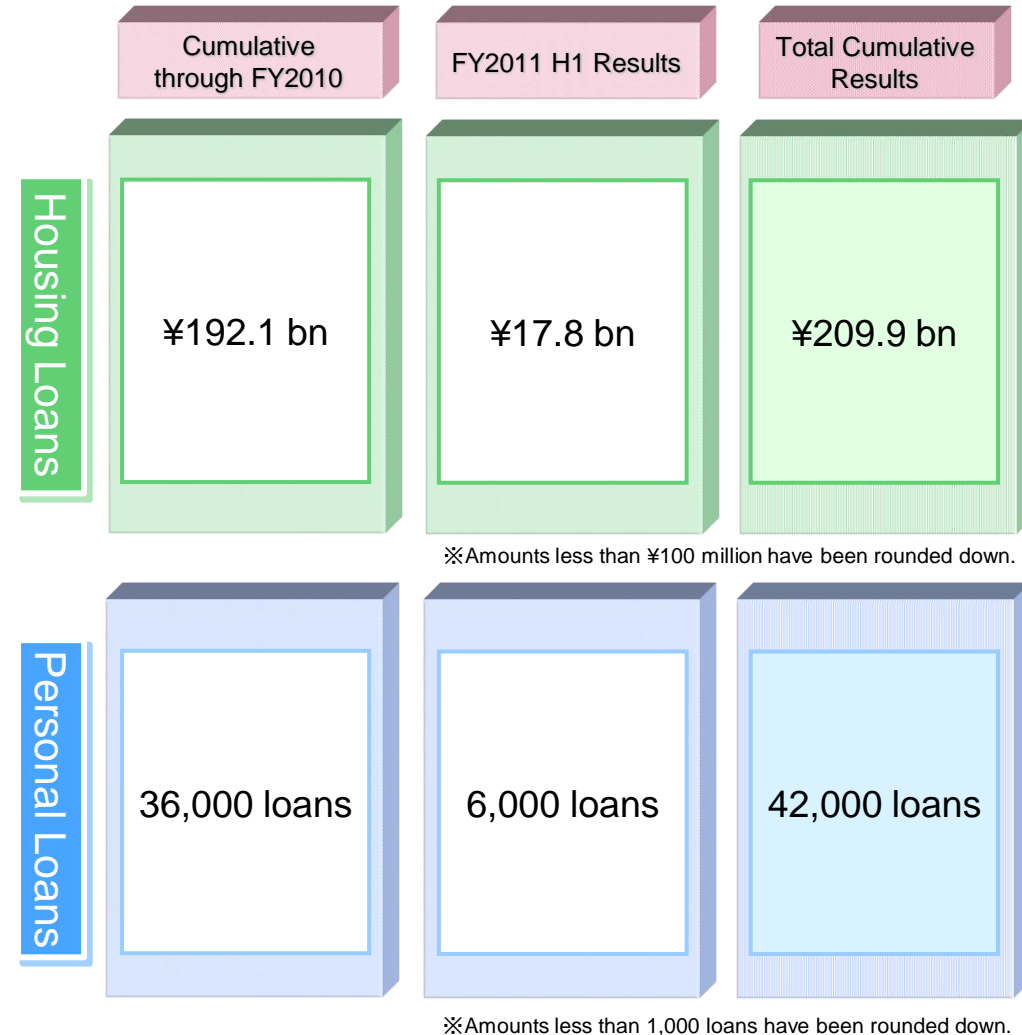
Business Alliance with Japan Post Bank

More Branches Carrying *Shitaku* Cash advance Cards (Oct 2011)

Beginning October 3, 2011, another 110 Japan Post branches began carrying *Shitaku* Cash advance Cards. Now a total of 192 Japan Post branches carry card loans.

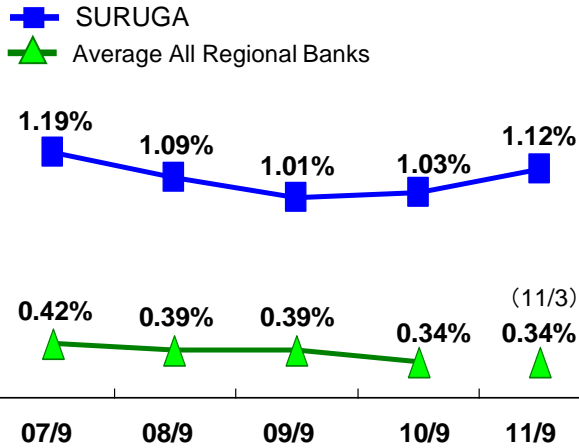
	Housing loans Specific-use loans Cash advance Cards	Newly added branches that carry <i>Shitaku</i> Cash advance Cards only	Total number of branches that carry personal loan products
Hokkaido and Tohoku	2	0	2
Kanto	44	66	110
Shin'etsu and Tokai	9	16	25
Kinki	16	28	44
Shikoku and Chugoku	7	0	7
Kyushu	4	0	4
Total	82	110	192

Cumulative Results Through the End of September 2011

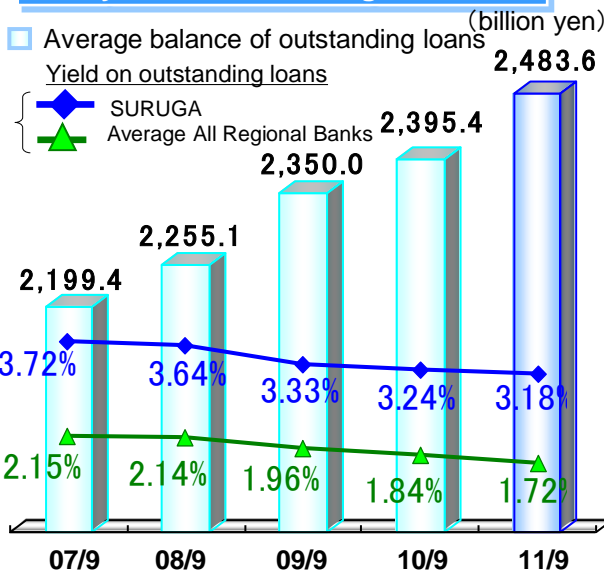


Yield / Margins (Overall)

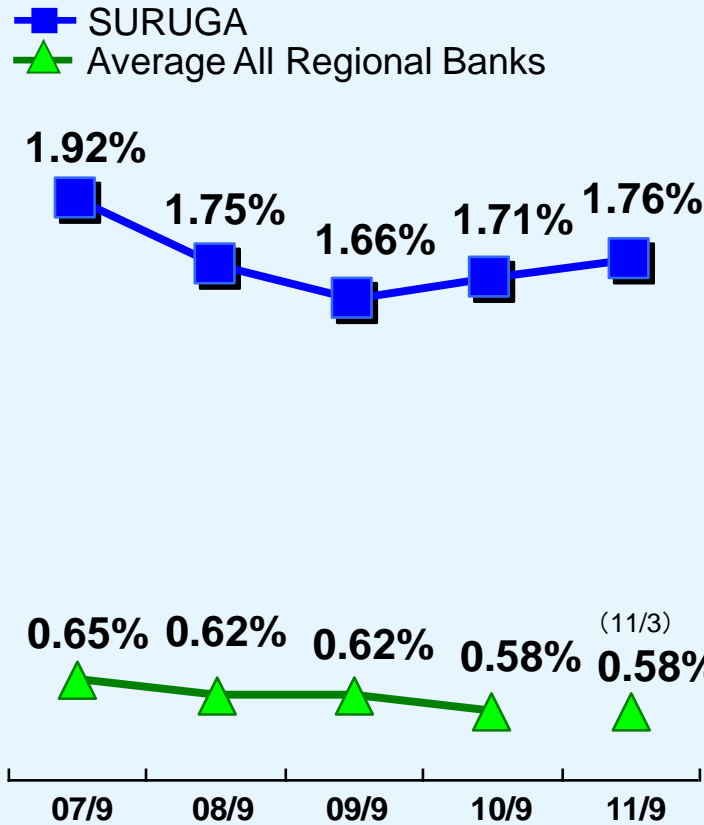
Net interest margin



Average balance and yield of outstanding loans

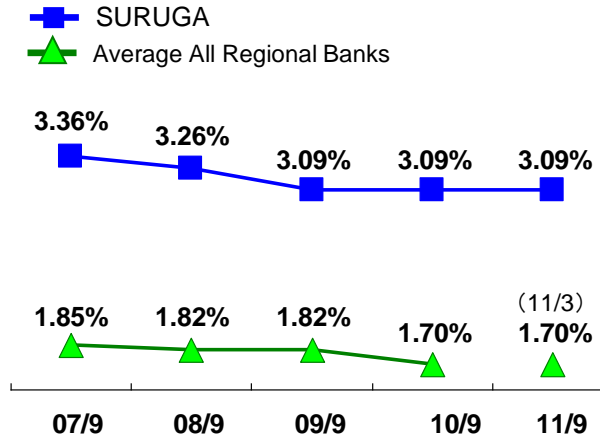


Loan-deposit margin (after deduction from expense ratio)

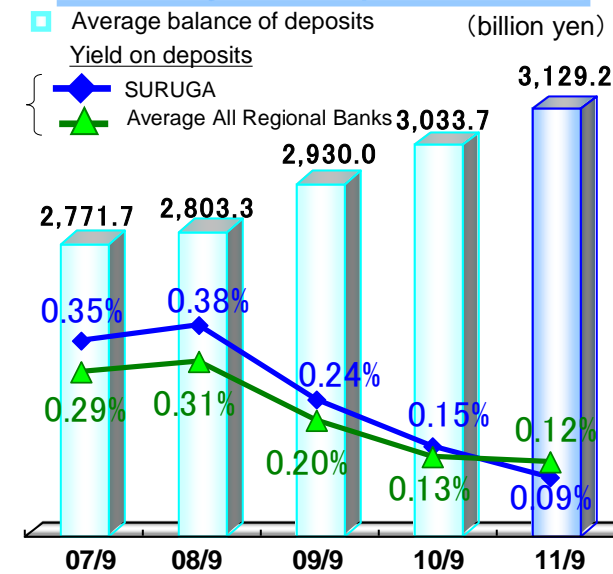


Loan-deposit margin

(Yield on outstanding loans - Yield on deposits)

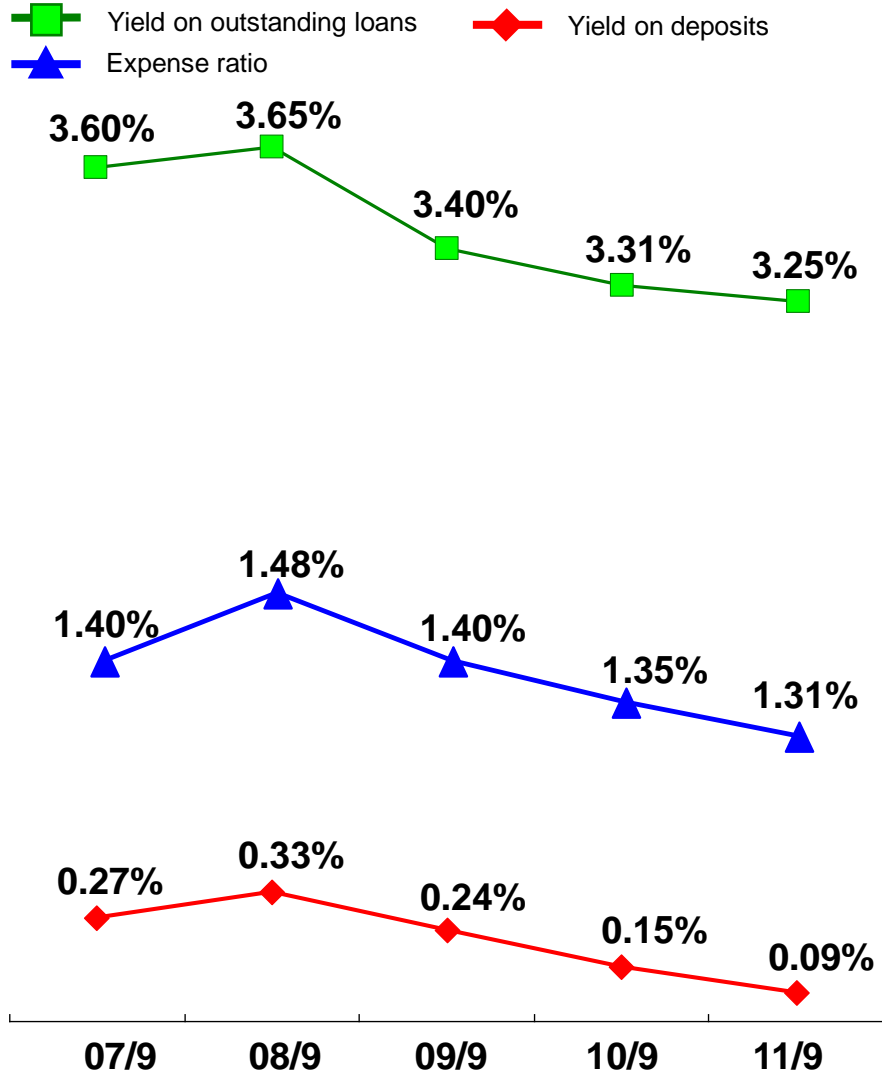


Average balance and yield on deposits

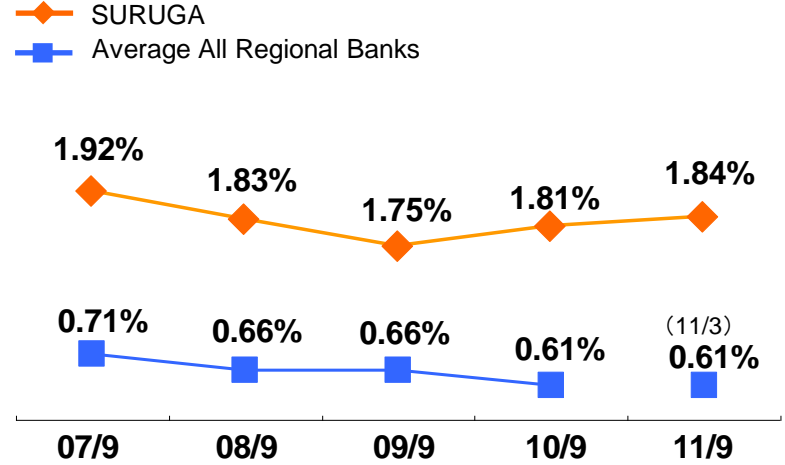


Yield / Margins (Domestic)

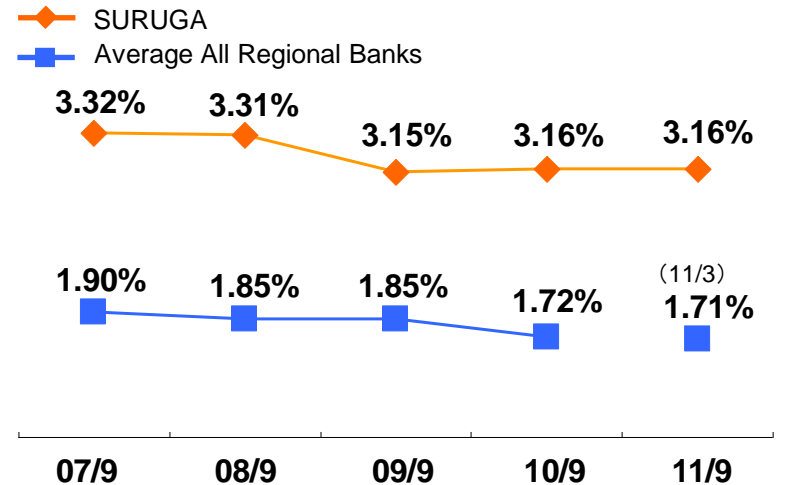
Yield - Expense ratio



Loan-deposit margin (after deduction from expense ratio)

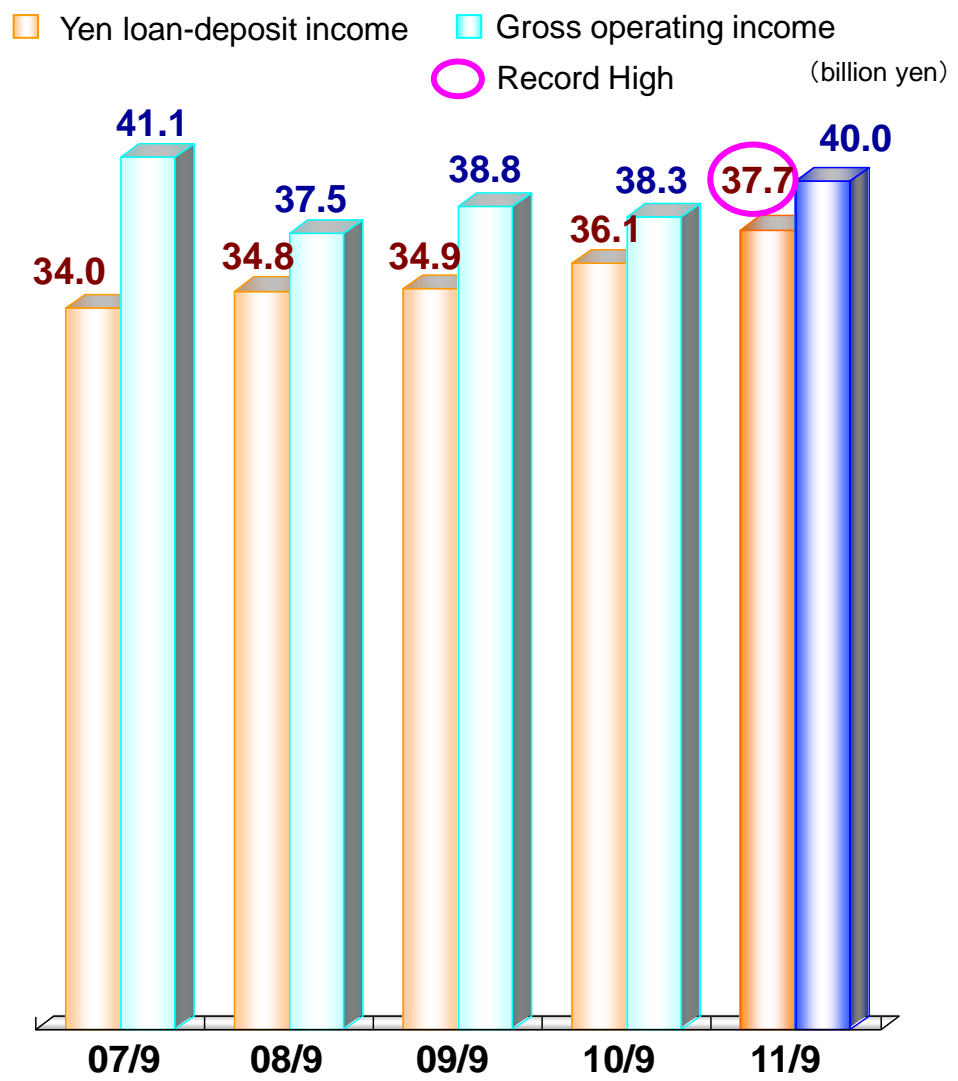


Loan-deposit margin (Yield on outstanding loans - Yield on deposits)

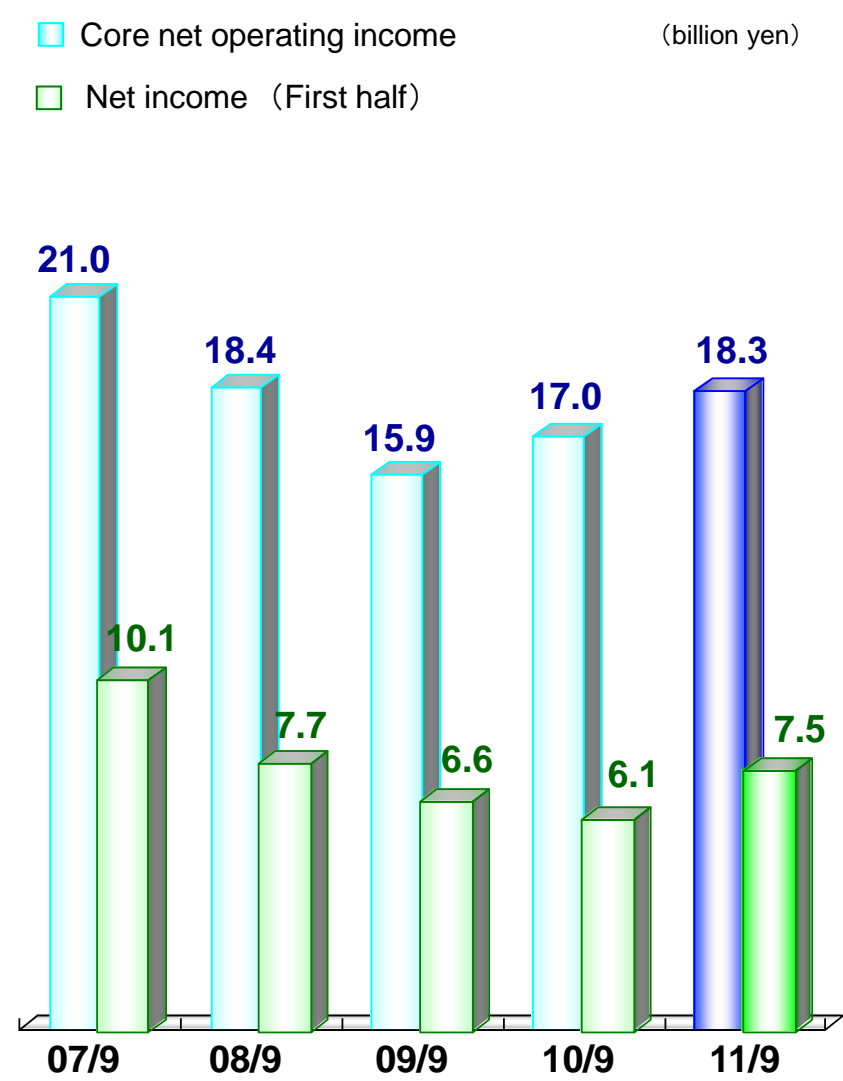


Income

Gross Operating Income / Yen loan-deposit income

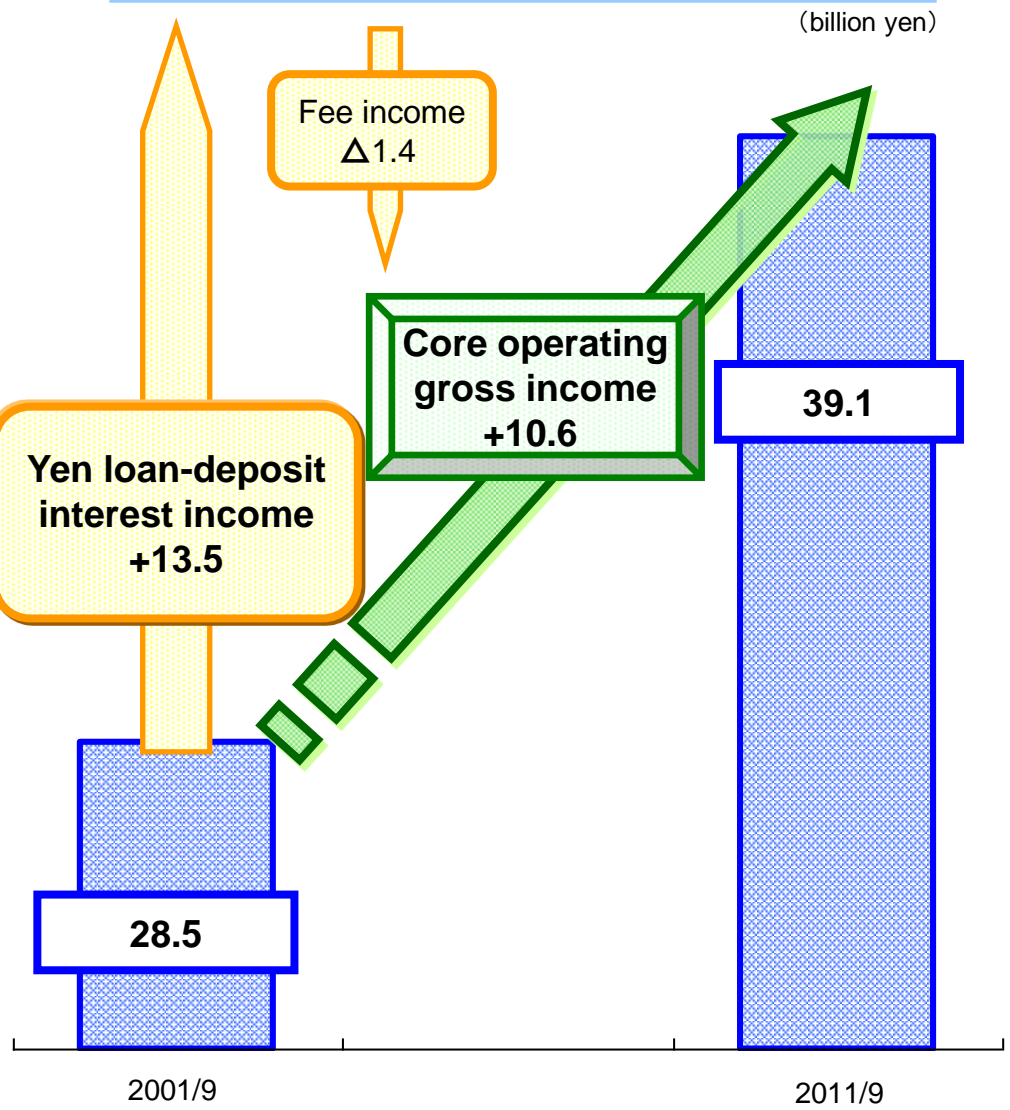


Core net operating income / Net income

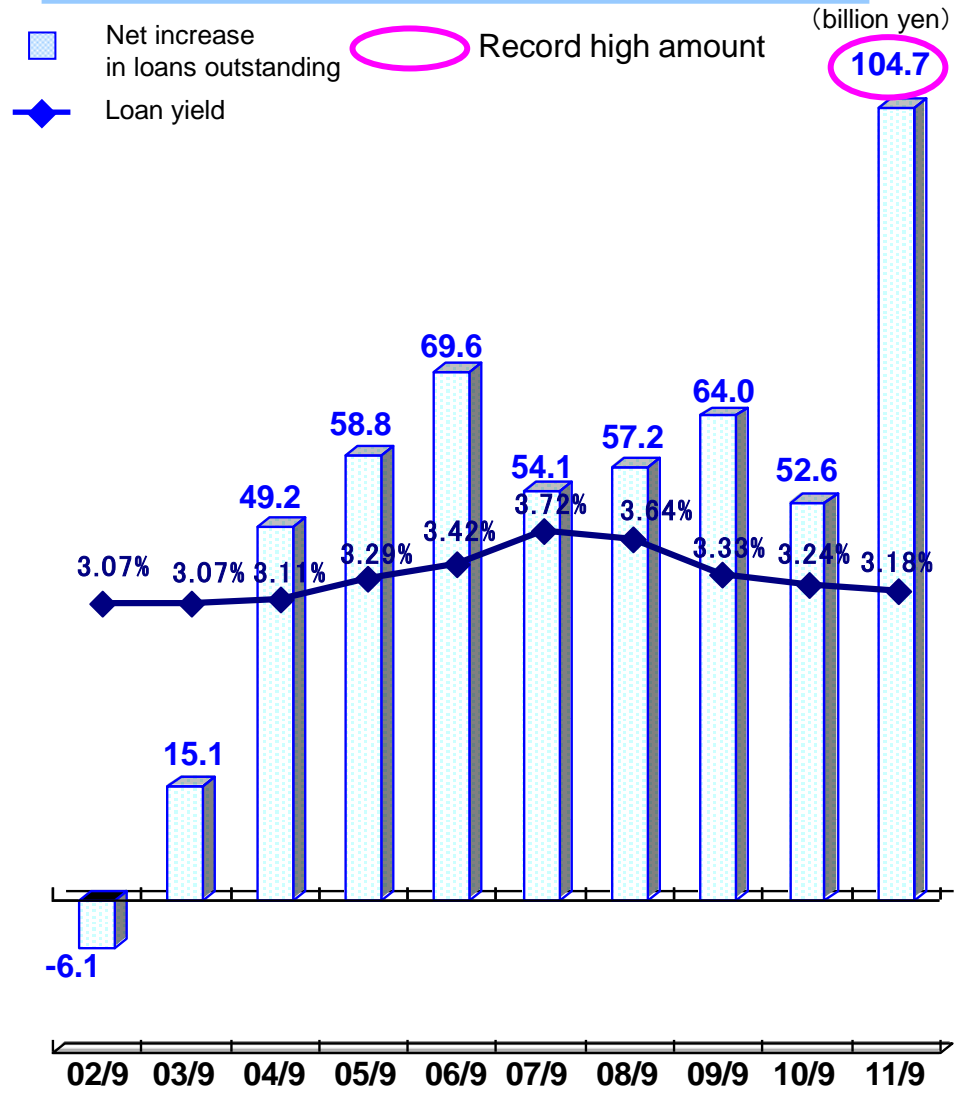


■ Growth in Our Earnings Base (compared to 10 years ago)

Core Operating Gross Income Bridge (over 10 years)

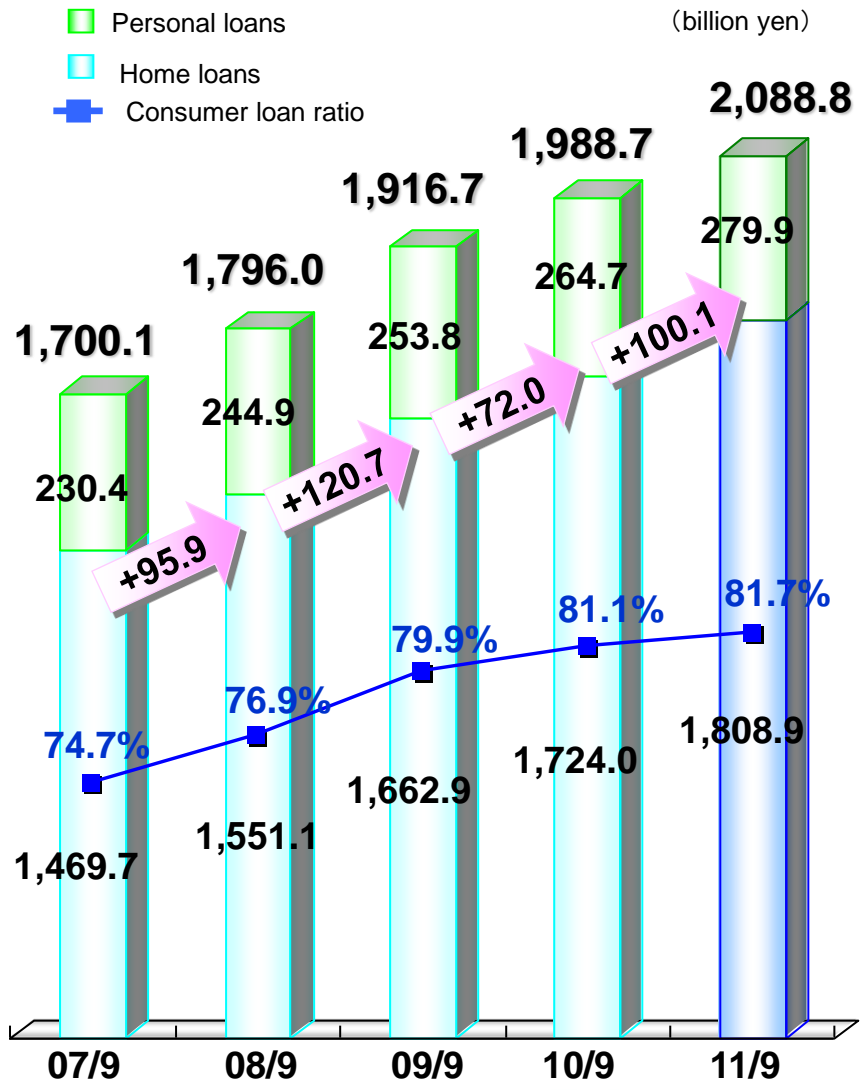


Net Increase in Loans Outstanding and Loan Yields

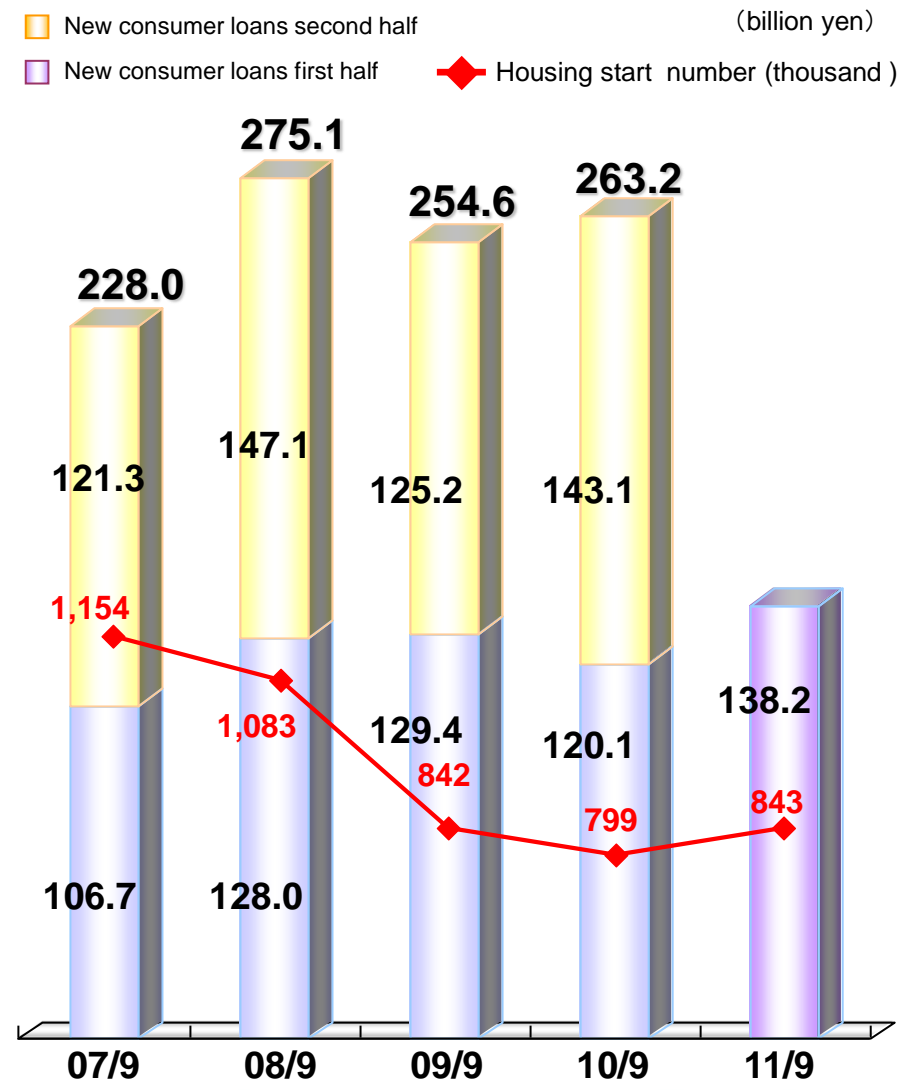


Strong Focus on Retail

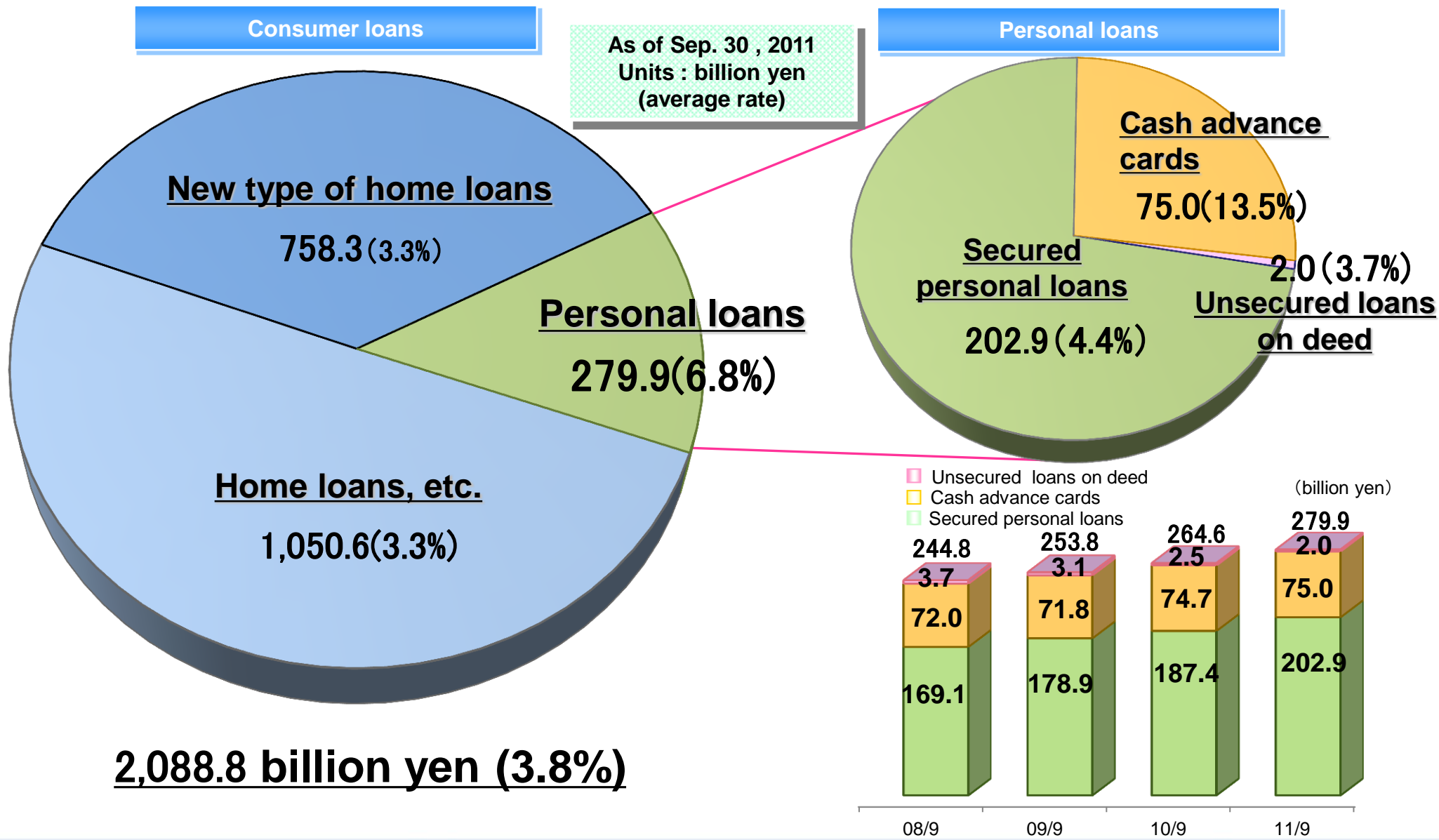
Consumer loan balance and ratio



New loan contracts



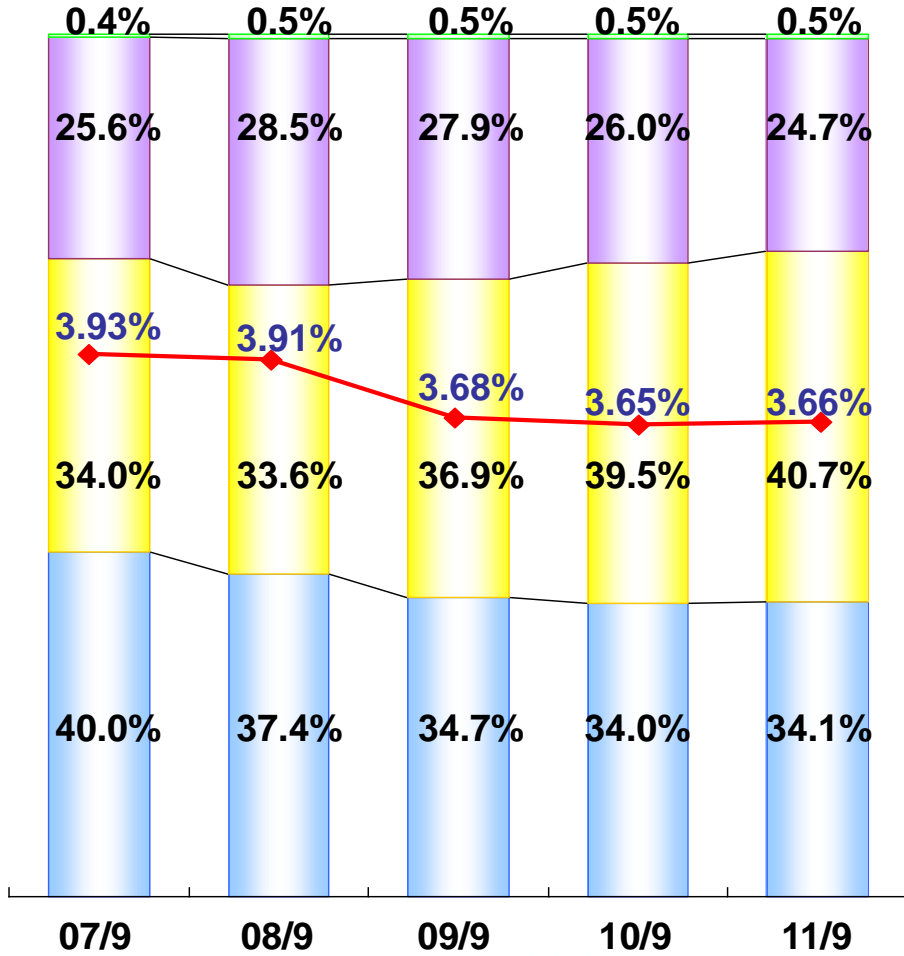
Focus on More Profitable Products



Home Loans

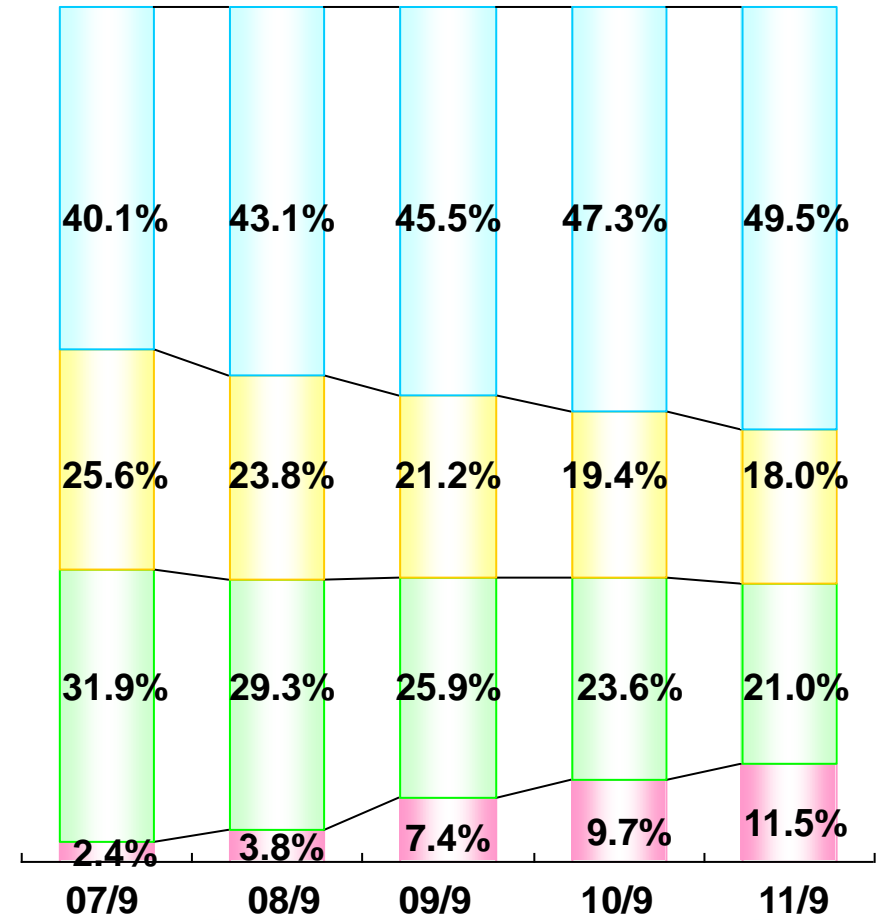
Distribution of practical rates for home loans (cumulative)

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



Mortgage loan balance by geographical area

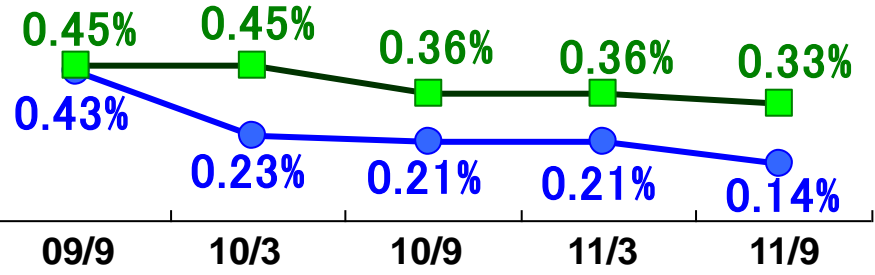
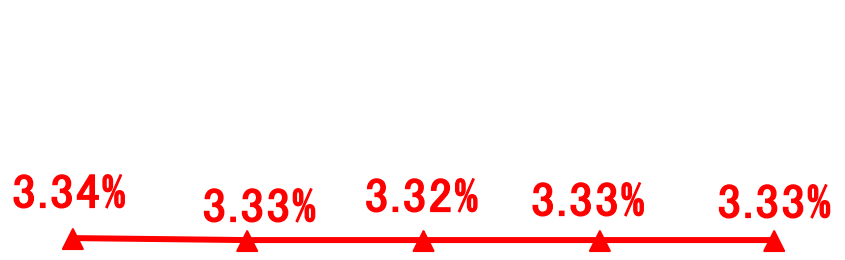
■ Greater Tokyo area
 ■ Kanagawa
■ Shizuoka
 ■ Major cities nationwide



Delinquency and Loss Rates on Consumer Loans

Home loans

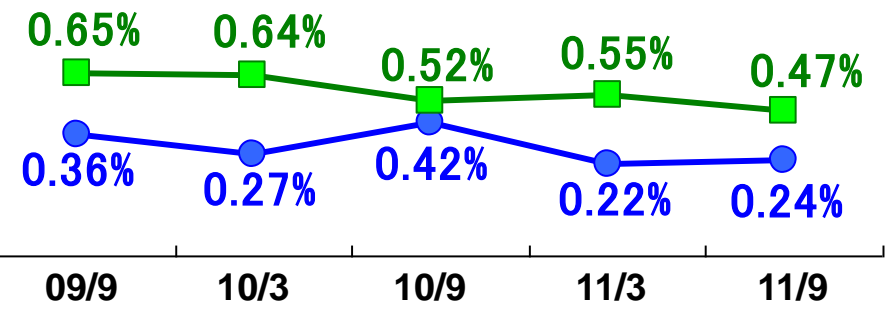
▲ Yield ● Delinquency rate ■ Loss rate



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

Personal loans

▲ Yield ● Delinquency rate ■ Loss rate

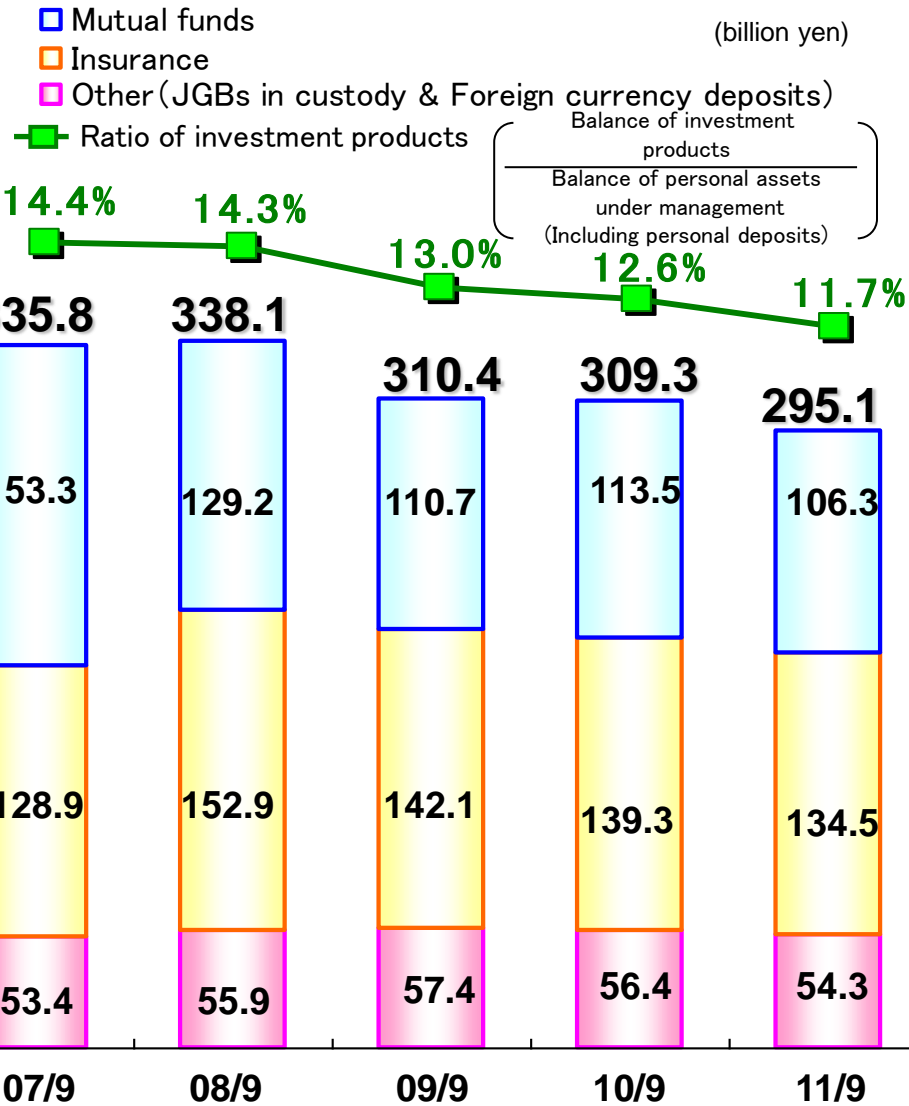


Loss rate = default ratio × (1 - recovery rate)

Fees income

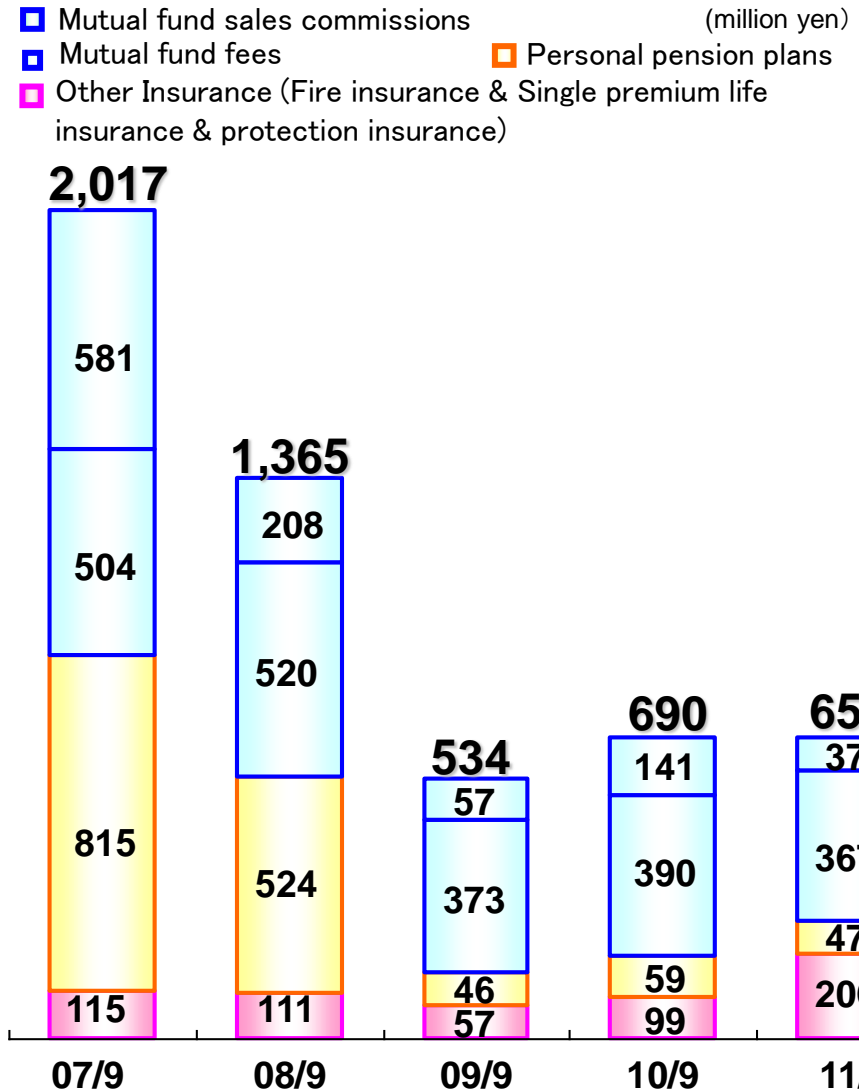
Balance breakdown of investment products

(billion yen)



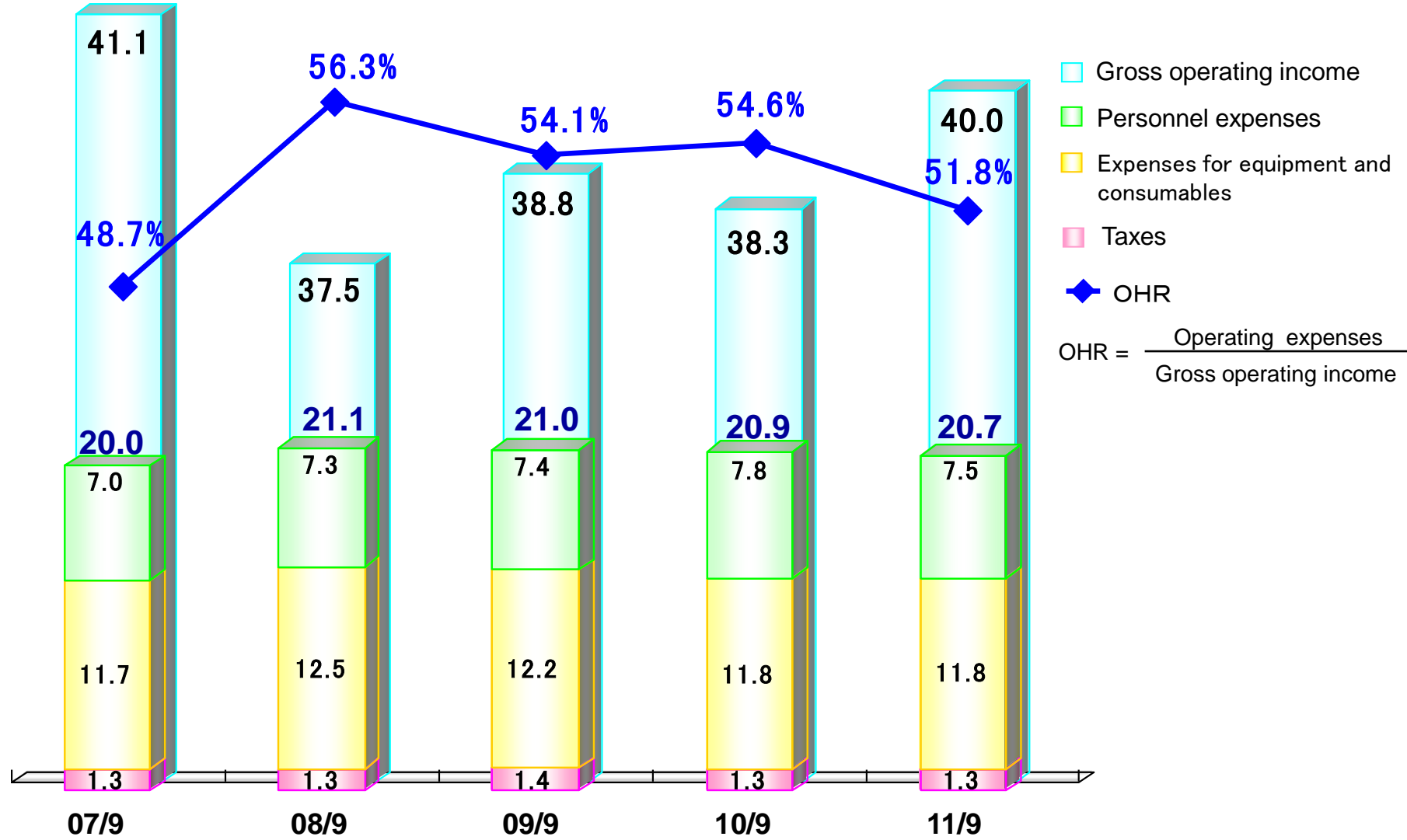
Commission from mutual funds and insurance products

(million yen)



Expenses and OHR

(billion yen)



Breakdown of Problem Assets based on the Financial Rehabilitation Law

(billion yen)

Debtor classification	Sep. 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	22.5	0.87%	Consumer	11.5	0.55%	6.6	5.7	0.9	57.57%	4.9	100%	100%
			Corporate	11.0	2.32%	10.6	8.8	1.8	96.52%	0.4	100%	100%
Claims with collection risk	15.8	0.61%	Consumer	2.6	0.13%	1.5	1.1	0.4	57.95%	0.8	81.74%	92.32%
			Corporate	13.2	2.79%	11.5	5.0	6.5	87.23%	1.3	81.74%	97.66%
Claims for special attention	19.5	0.75%	Consumer	8.8	0.42%	5.9	5.8	0.1	67.90%	0.5	20.99%	74.64%
			Corporate	10.7	2.26%	4.9	4.9	0.0	46.61%	0.7	12.44%	53.25%
Sub-total	57.8	2.25%	Consumer	22.9	1.10%	14.1	12.6	1.5	61.56%	6.4	72.50%	89.43%
			Corporate	34.9	7.37%	27.1	18.8	8.3	77.68%	2.4	31.75%	84.77%
Normal assets	2,513.5	97.75%	Consumer	2,075.0	98.90%							
			Corporate	438.5	92.63%							
Total	2,571.3	100%	Consumer	2,097.9	100%							
			Corporate	473.4	100%							

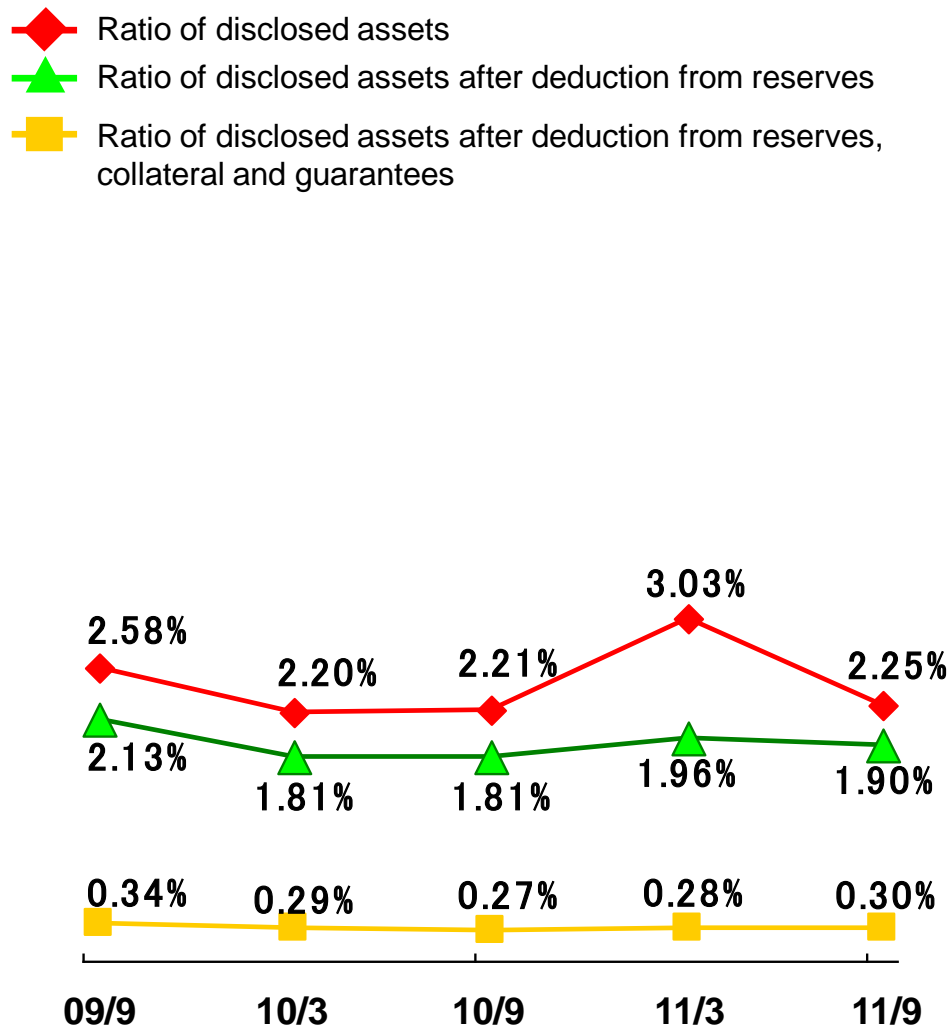
Total coverage ratio 86.62%

Coverage ratio : Covered by collateral and guarantees
 Reserved ratio : Reserved for unsecured portion
 Total coverage ratio : Covered by collateral, guarantees and reserves

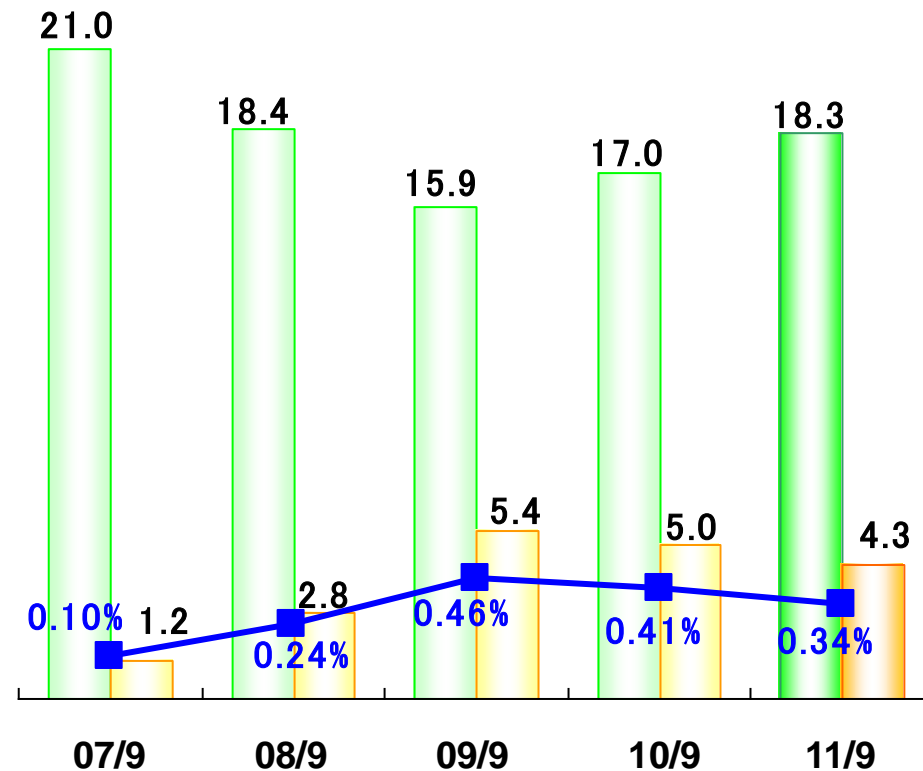
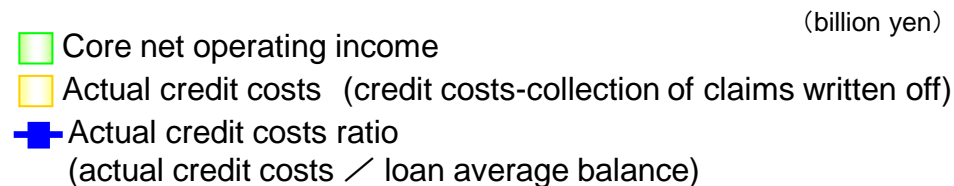
* NOTE: The guarantee is not provided by us. We do not extend the guarantee by paying fee to external entity, but the third party, who serves as the joint guarantor to the borrower, extends the guarantee.

Bad-loan ratio / Credit costs status

Bad - loan ratio



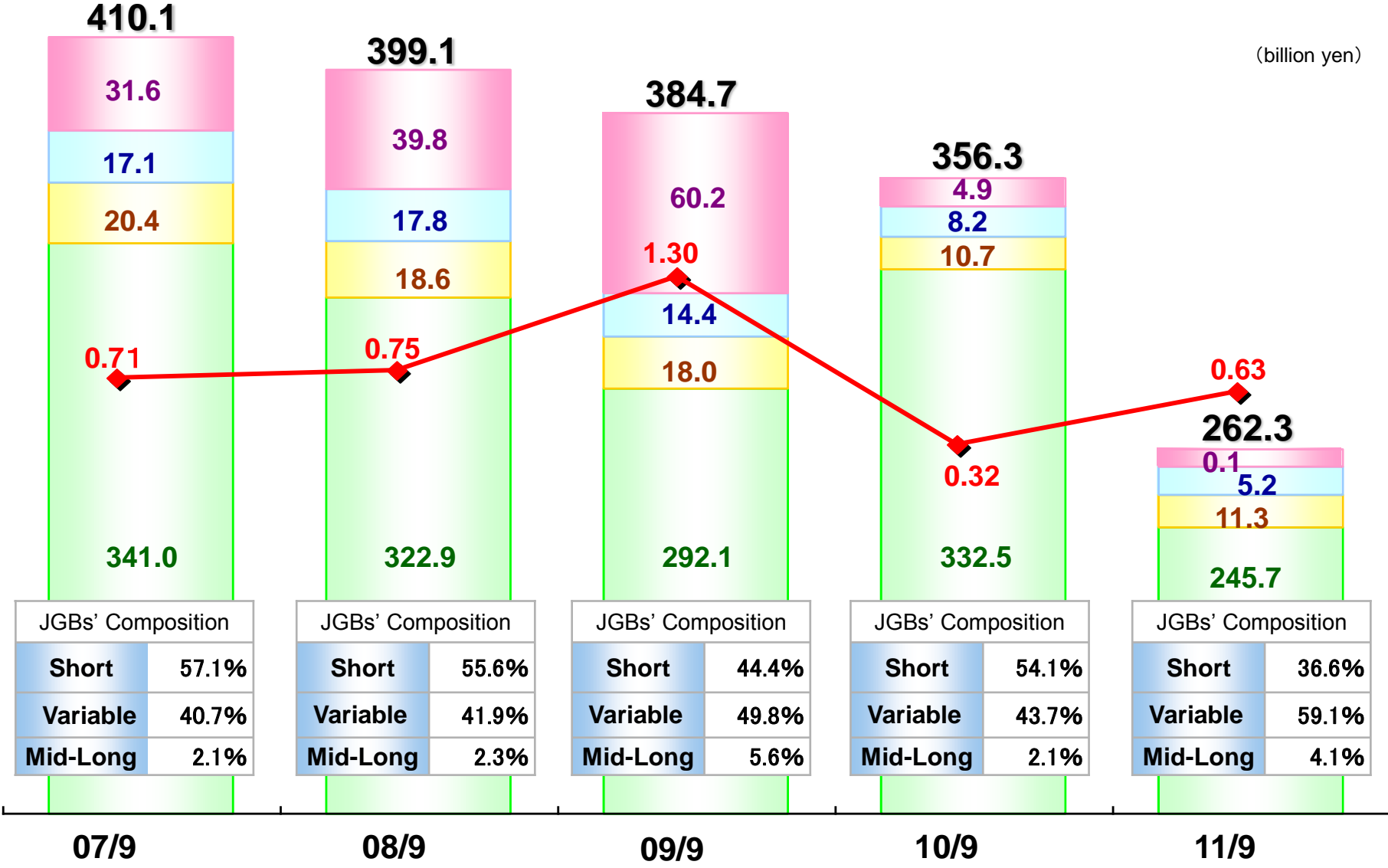
Credit costs status



Bond Portfolio

◆ Average remaining maturity (Year)
 ■ JGBs
 ■ Foreign bonds
 ■ Corporate bonds
 ■ Regional government bonds

(billion yen)



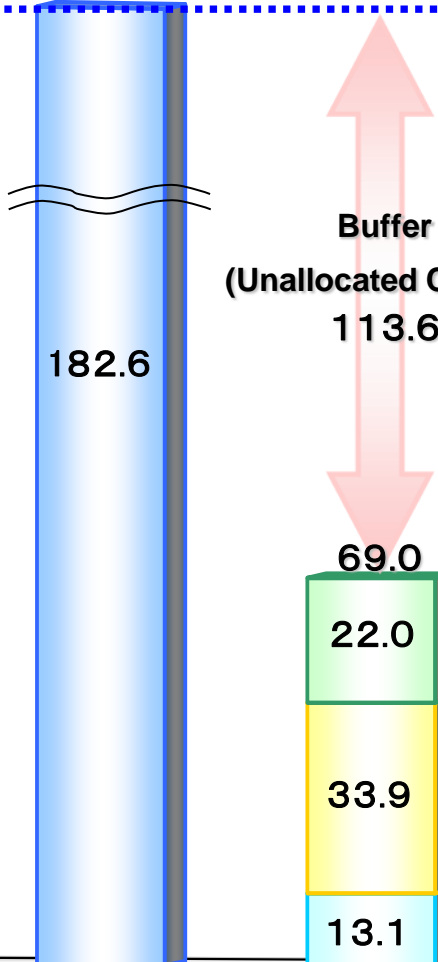
■ Status of Risk Amount

Integrated Risk Management

(billion yen)

2011 / 3

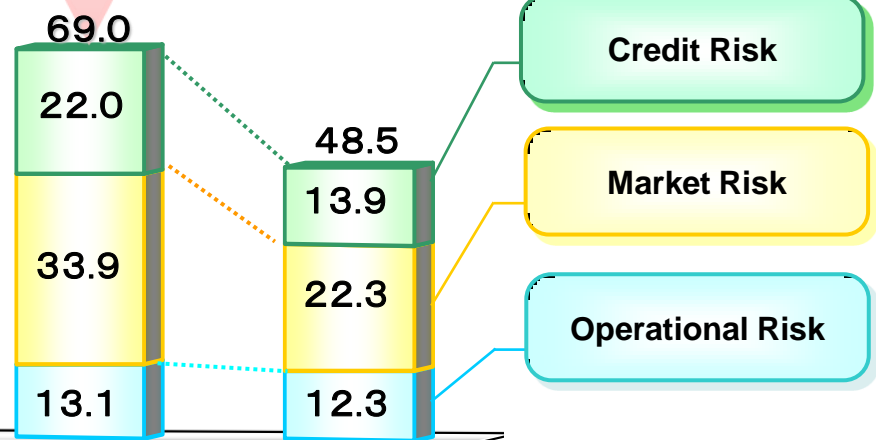
Tier I



182.6

Buffer
(Unallocated Capital)
113.6

1. **Confidence level** 99% (common)
2. **Holding period (business days)**
 - Credit risk 240 days
 - Deposits and loans, bonds, etc. Interest & price fluctuation risk 60 days (Trading assets is 10 days)
 - Price fluctuation risk for equities 120 days
3. **Operational risk**
Basic methods



69.0

22.0

33.9

13.1

Credit Risk

Market Risk

Operational Risk

48.5

13.9

22.3

12.3

As of the end of March, 2011 Sources for Allocation

First Half, 2011 Allocated Capital

As of the end of September, 2011 Risk Amount

Outlier Ratio

As of the end of Sep, 2011

Interest Rate Shock range	± 200bp
Interest Rate Risk Amount	6. 6 billion yen
Outlier Ratio	3. 3%

Capital Levels

Share Buybacks

1st Repurchased
(Feb 2009 to May 2009)

7.54 million shares
6.0 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

4th Repurchased
(May 2011 to Sep 2011)

5.62 million shares
3.6 billion yen

Total

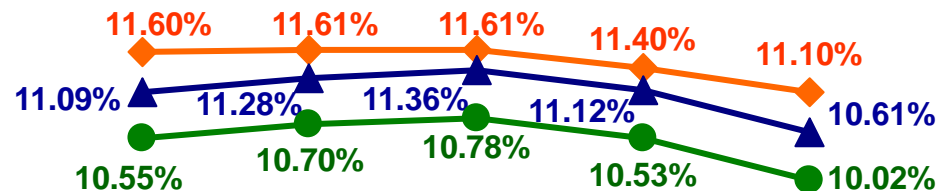
26.97 million shares
20.6 billion yen

Retired
(Aug 2009)

▲ 6.80 million shares
▲ 5.9 billion yen

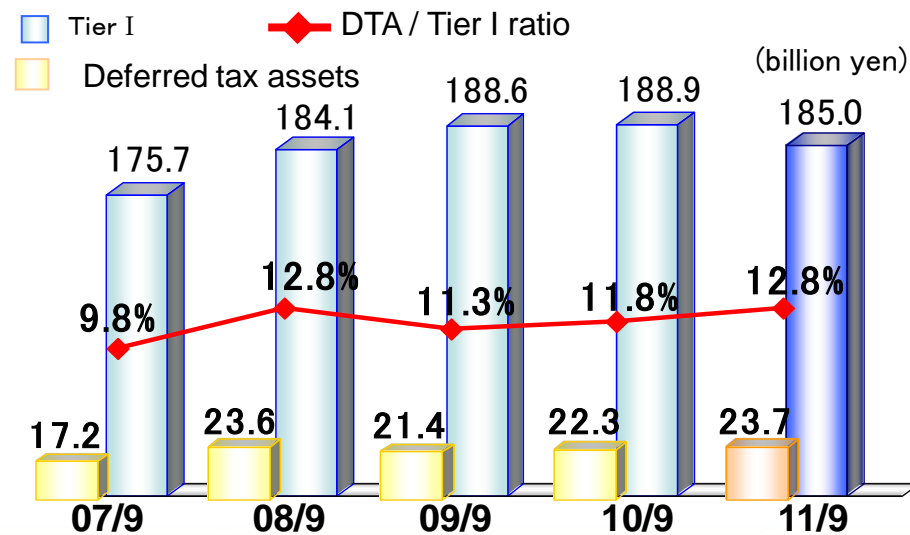
Capital Adequacy Ratio

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



As of end- Sep 2011: 8.8% Core Tier I ratio

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



2011 First half Results and FY 2011 Forecast

(billion yen)

	Results Sep 2010 (A)	Results Sep 2011 (B)	Increase or Decrease (B-A)	FY 2011 Forecast
Core net operating income	17.0	18.3	+1.3	37.5
Ordinary profit	9.1	13.2	+4.1	21.0
Net income	6.1	7.5	+1.4	13.5
Actual credit cost	5.0	4.3	△0.7	11.5
Dividends (Yen)	6.5	6.5	0	13

Corporate Social Responsibility As Suruga Sees It

Under the corporate philosophy that we help put our customers on schedule to achieve their dreams, we at Suruga seek to fulfill our social responsibility and meet stakeholder expectations through the pursuit of offering value propositions to our customers and helping them make their dreams a reality.

CSR of the Future

Value creation CSR

- Values-based communication
- Going beyond compliance and doing what is right
 - Unshakable trust from our stakeholders
 - Differentiation in the marketplace
 - Extremely transparent and reasonable management

CSR start line

Essential CSR

- Functional communication
- Essential CSR to do business in society
- The bare minimum required by society
 - Mitigating negative risks, and others

Social activities

Environmental activities

Economic activities

Co-existence

Fairness

Balance

Sustainable growth

Helping Dreams Come True and Protecting the Environment

d-labo (dream laboratory) Creating a future where customer dreams come true

Seminars that help customers find their dreams



I DREAM Supporting soccer dreams

Supporting soccer dreams as a bank from Shizuoka—Japan's soccer Mecca



SURUGA ECO ACTION

Environmental activities aimed at securing our future



1. Offer environmental financial products
2. Contribute to society
3. Make office space more eco-friendly
4. Raise awareness about the environment



Carbon-offset housing loans



Participated in activities to re-establish indigenous forestation on Mt. Fuji

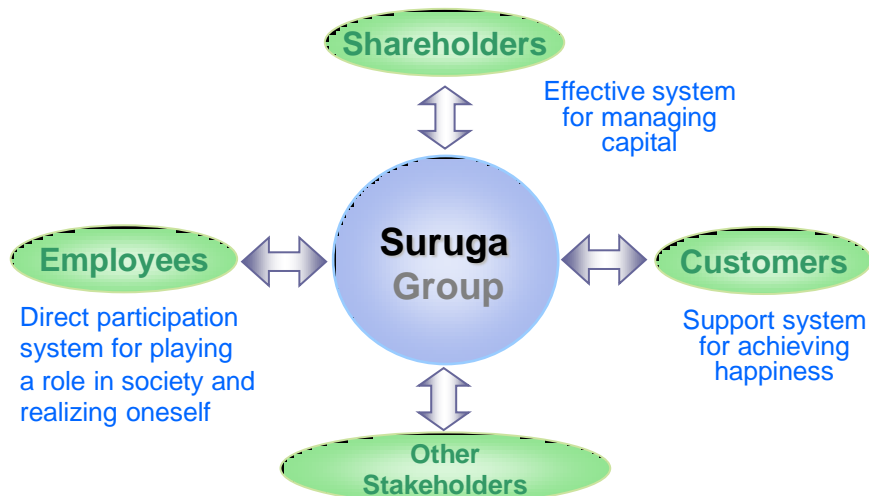


Received highest A-rank from Shizuoka Prefecture for eco-friendly buildings

Growth Within Our Corporate Philosophy

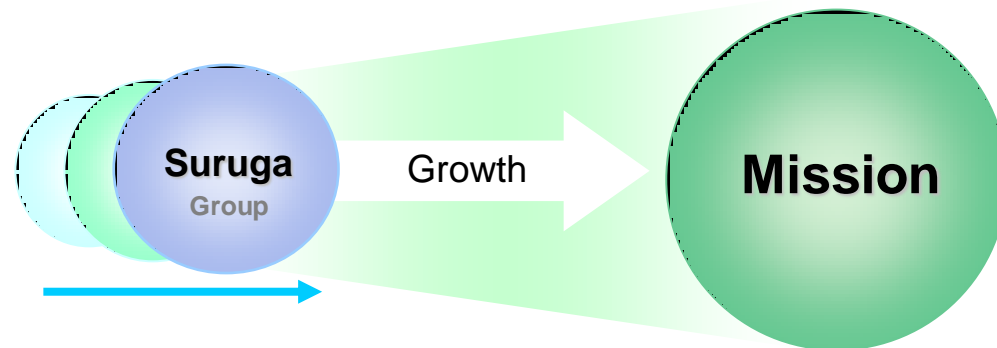
Growth as a Value Exchange System

Define growth as greater exchange of value with all stakeholders.

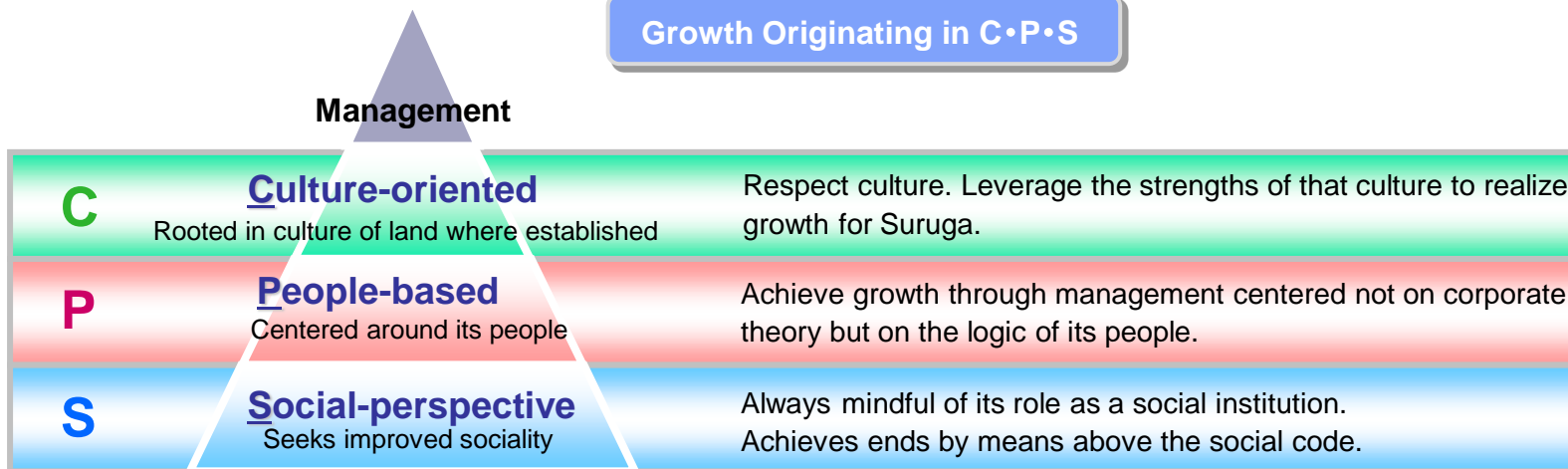


Growth as a Mission-Based Company

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



For further details regarding the above, please contact

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The foregoing material contains statements regarding future business performance. These statements are not intended as guarantees of any specific future performance, which is subject to a variety of risks and uncertainties. Actual future business results may differ from the targets contained in the present material, due to changes in the external business environment.