

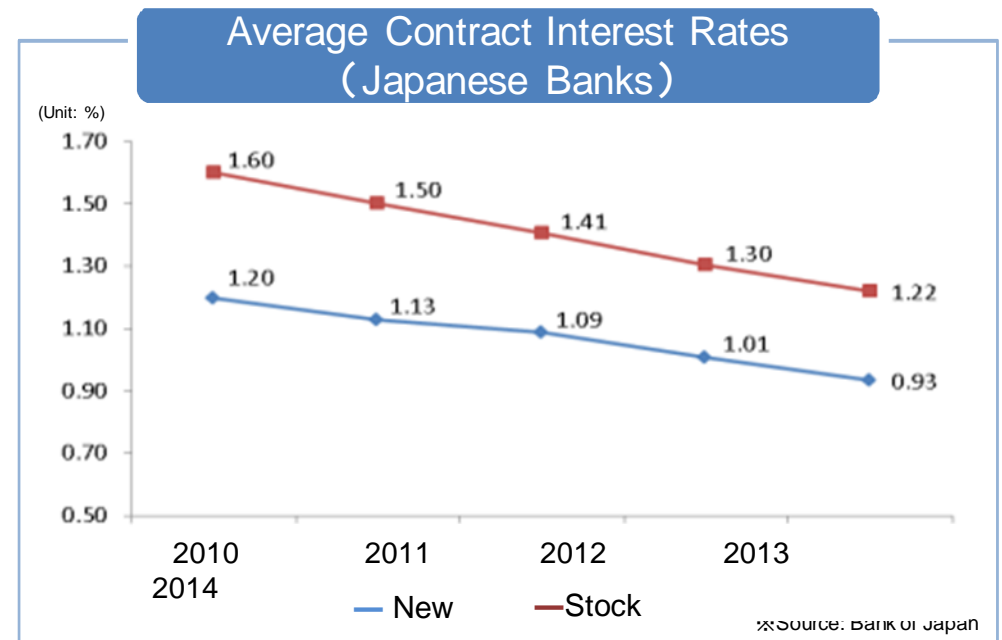
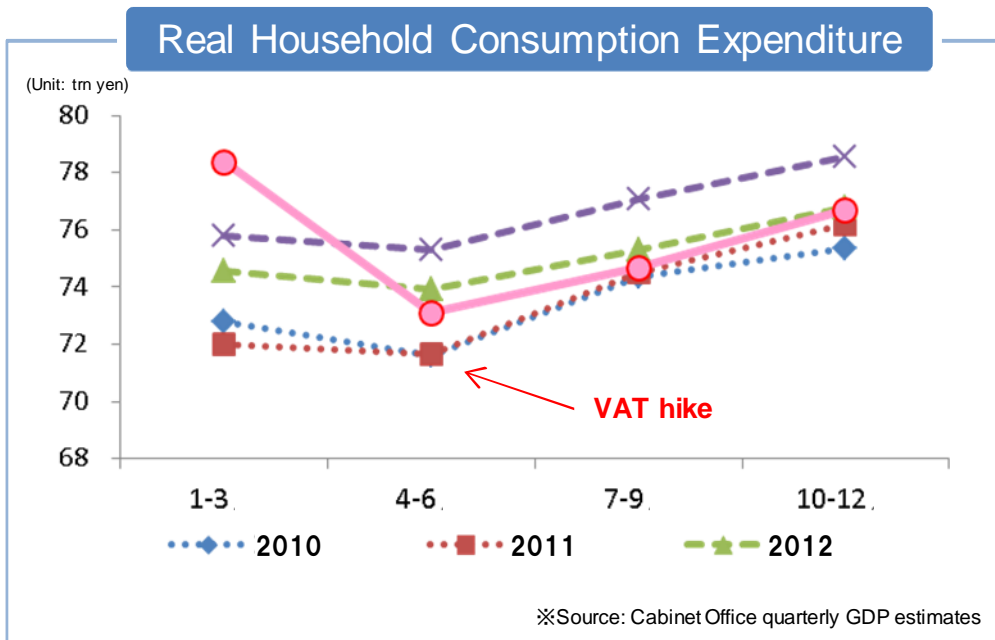
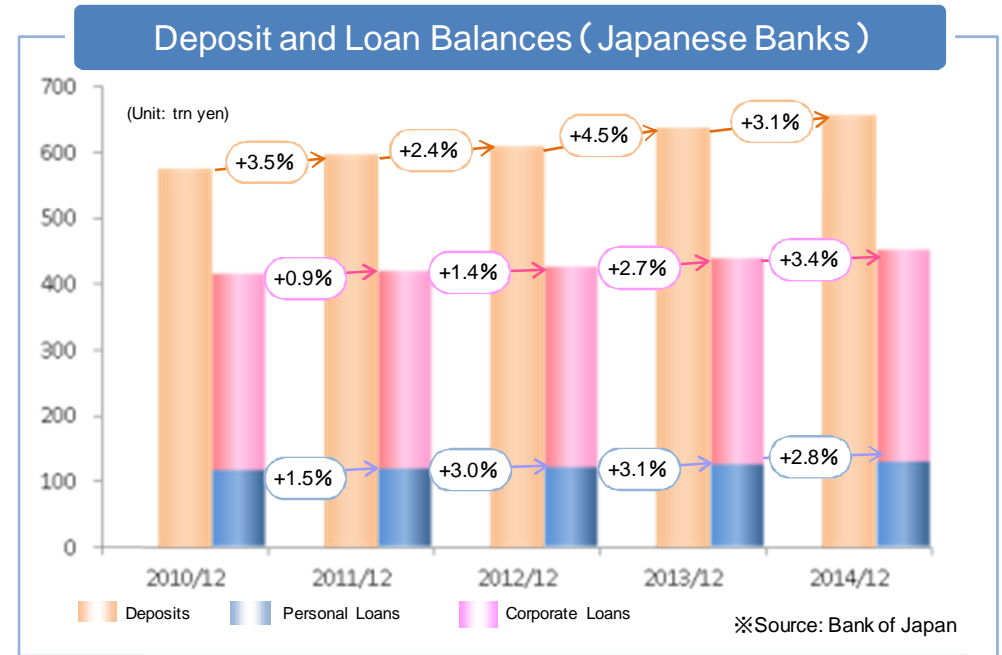
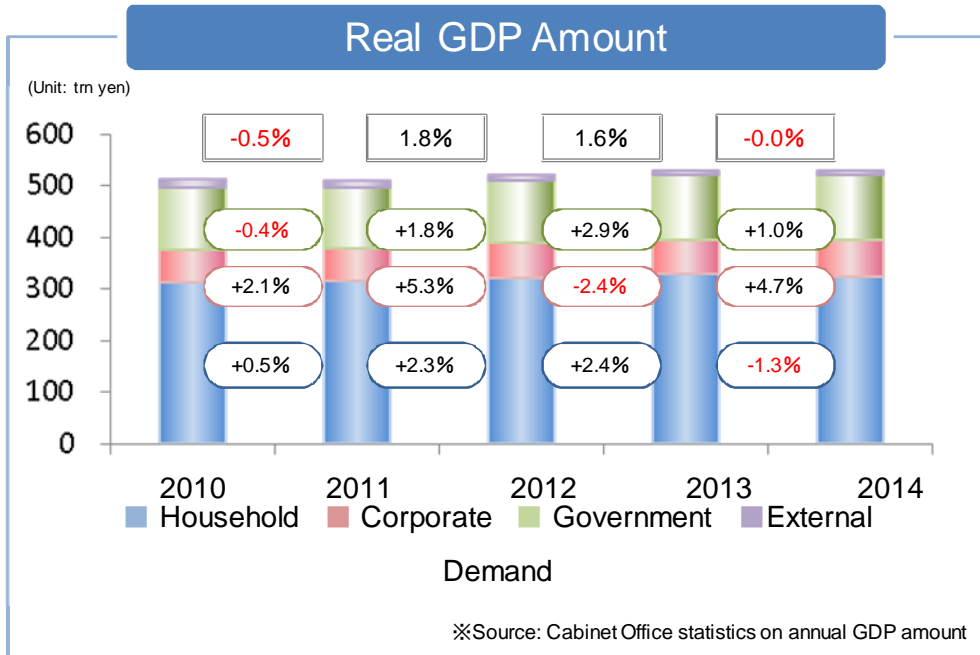
SURUGA bank

Meeting the Challenge of New Banking

Presentation to investors on fiscal year ended March 31,2015



Environment Surrounding the Banking Sector



Direction of the Japanese Economy

Key Policy Measures in the Revised Strategy

Restoring Japan's Earning Power

Enhancing corporate governance

Carrying out a pro-growth corporate tax reform

etc.

Cultivating Human Resources

Promoting women's further active social participation

Utilizing foreign human resources

etc.

New Growth Engines and Support

Developing aggressive agriculture

Vitalizing the health industry

Three Principles to Execute and Realize the Strategy

Business Environment Reform

Reform of Japanese corporate characteristics, behavior, governance, etc.

Changing the nature of markets and industries

Working Style Reform

Reform to facilitate ways of working where workers are rewarded for performance, as well as flexible and diverse ways of working

Realizing a world-leading employment environment

Regulatory Reform

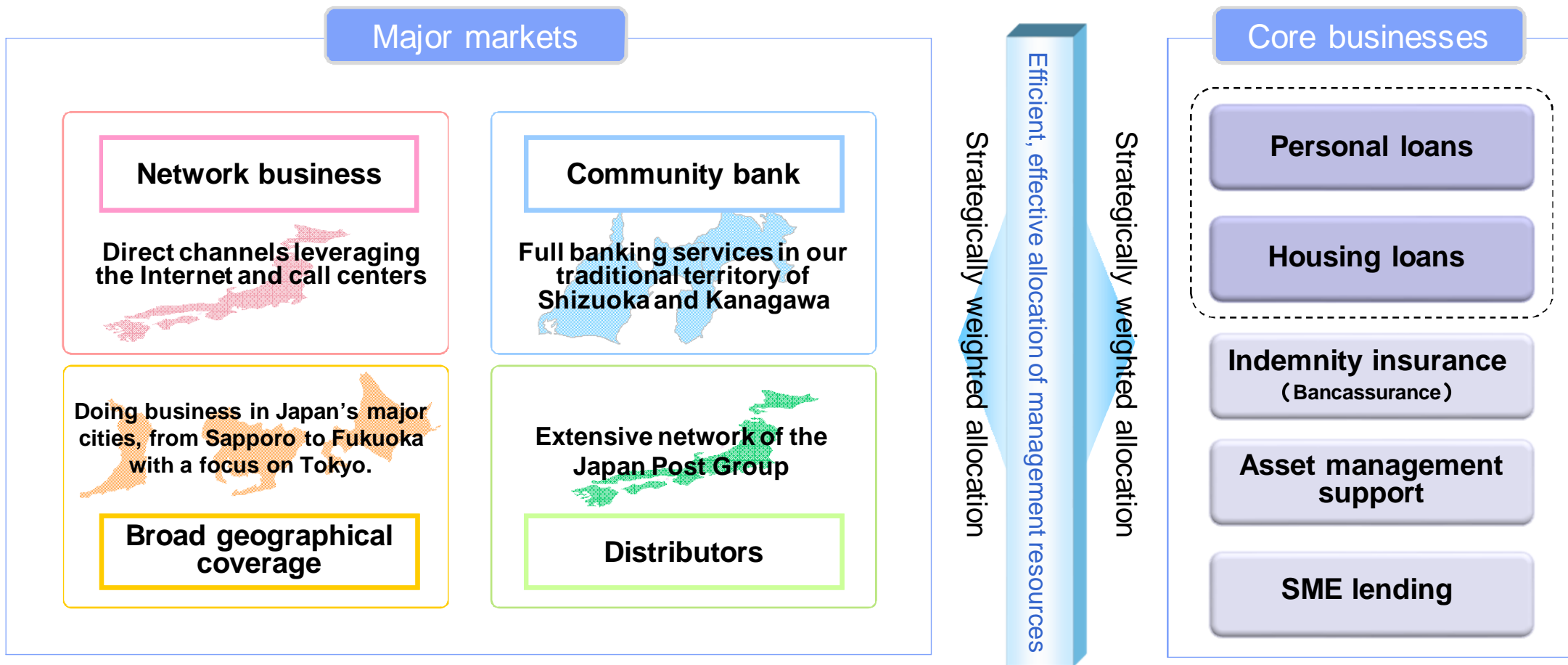
Reform of the so-called bedrock regulations

Creating new markets and business opportunities

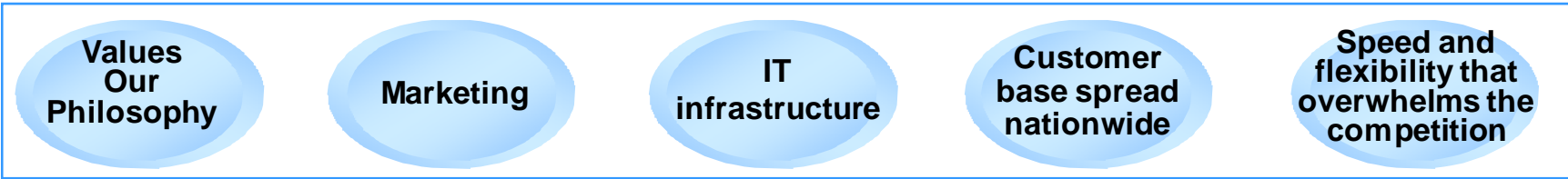
※Source: "Japan Revitalization Strategy" revised 2014, Execution and Realization of the Growth Strategy under the Abenomics Policy

Grand Design of the 5th Management Plan

Leverage market characteristics to create value from the customer's perspective
 – Maximizing the know-how developed as a result of Suruga Bank's retail strategy –

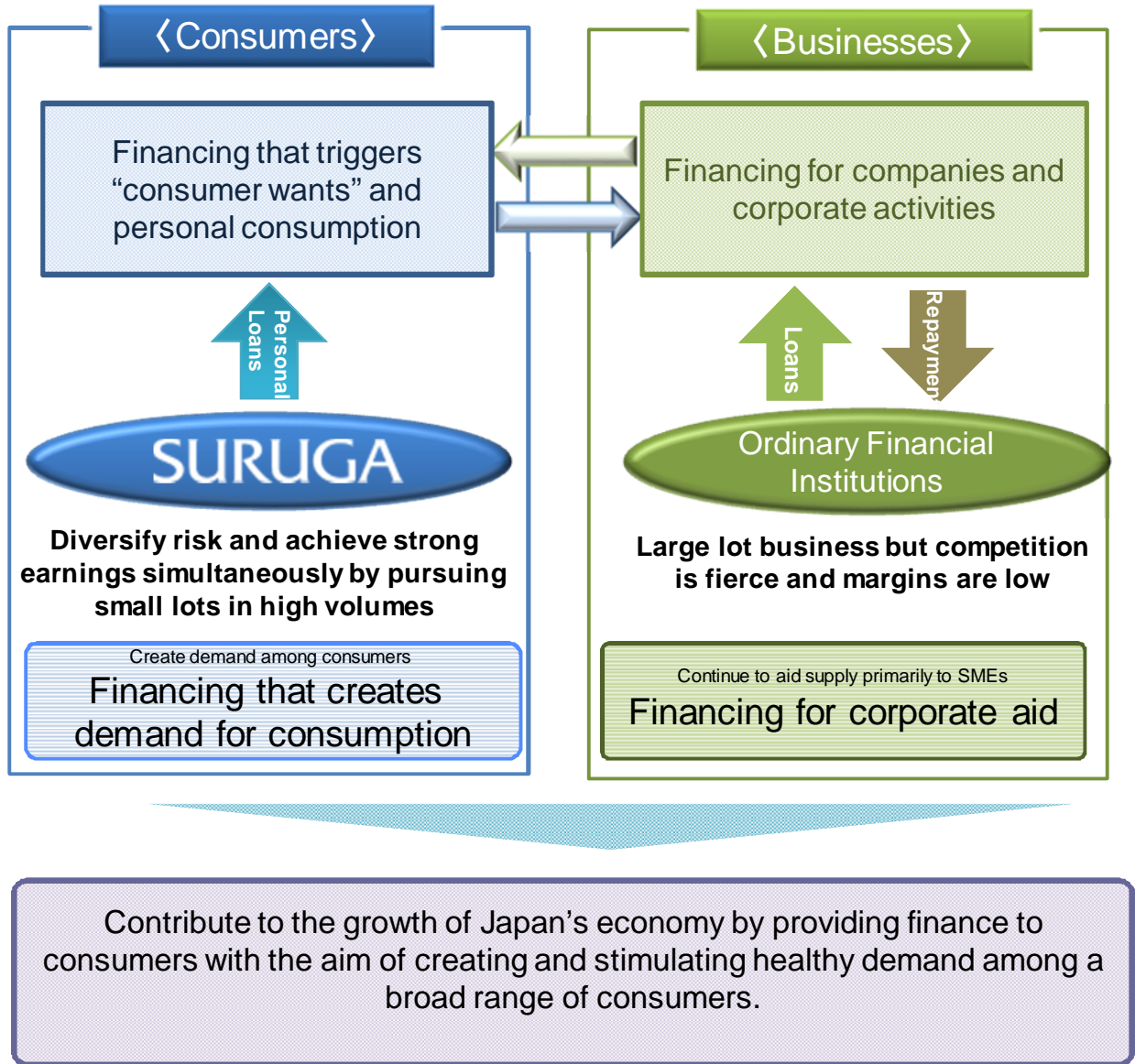


Suruga's capabilities make it possible to pursue a comprehensive geographical strategy



Suruga's Business Model

Suruga's mission in the financial services business



Suruga's strategy

Generate strong earnings through efficient management

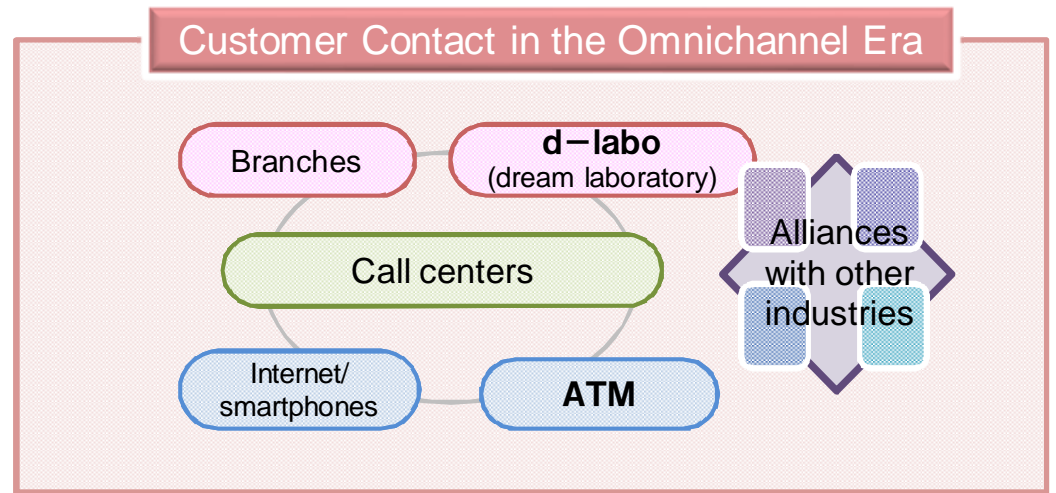
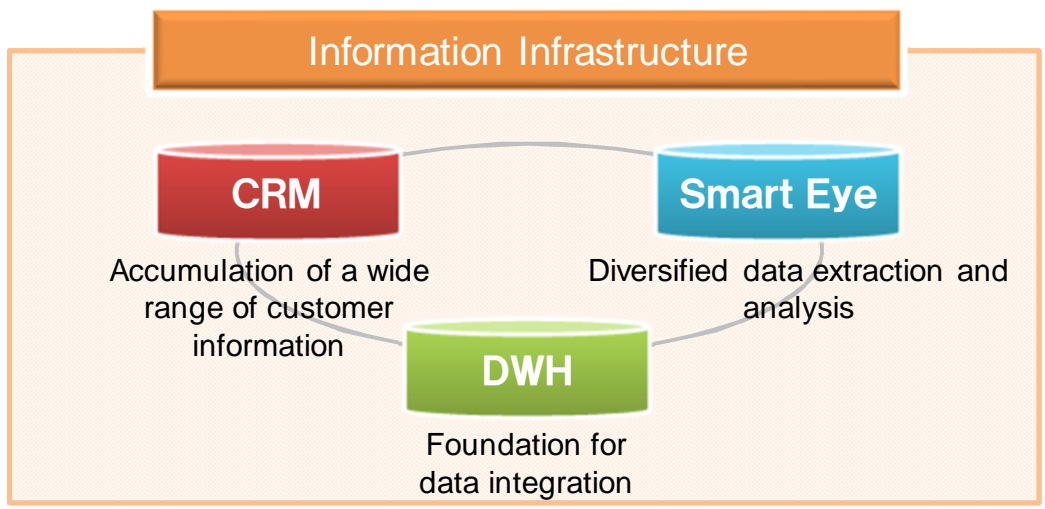
Value Proposition	Be Unique Value-added financial services
Network	Branch network in Shizuoka and Kanagawa Reaching a broader area with brick-and-mortar branches in major metropolitan areas and online banking
Infrastructure	IT infrastructure dedicated to retail business Data analysis and cross-marketing
Corporate Culture	Corporate culture that is motivated by achieving unprecedented success Organization culture that instills intimacy and a free unbridled spirit

Suruga's Marketing Strategy

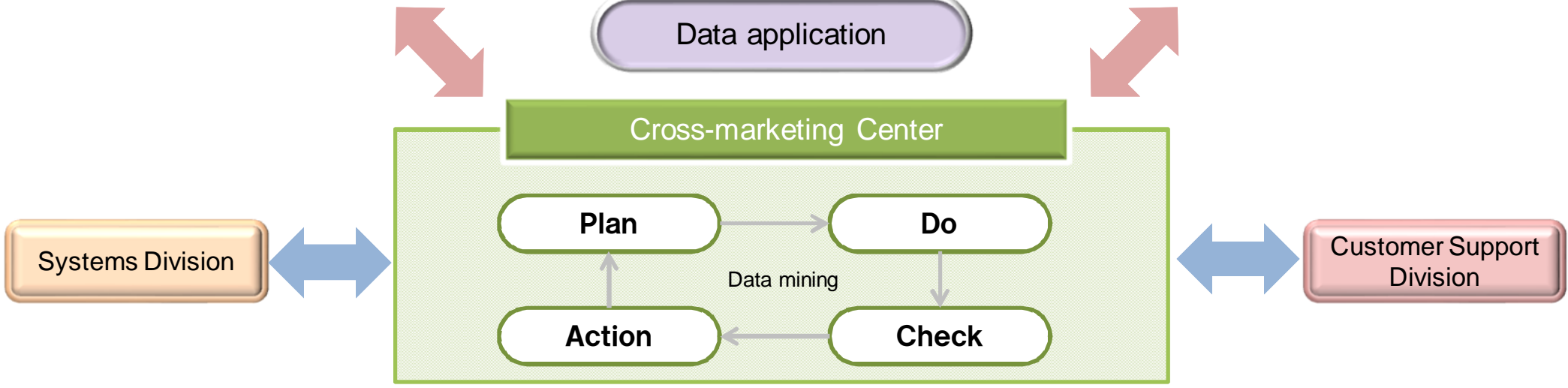


Accumulation of quantitative and qualitative information

Maximizing the value of customer experience



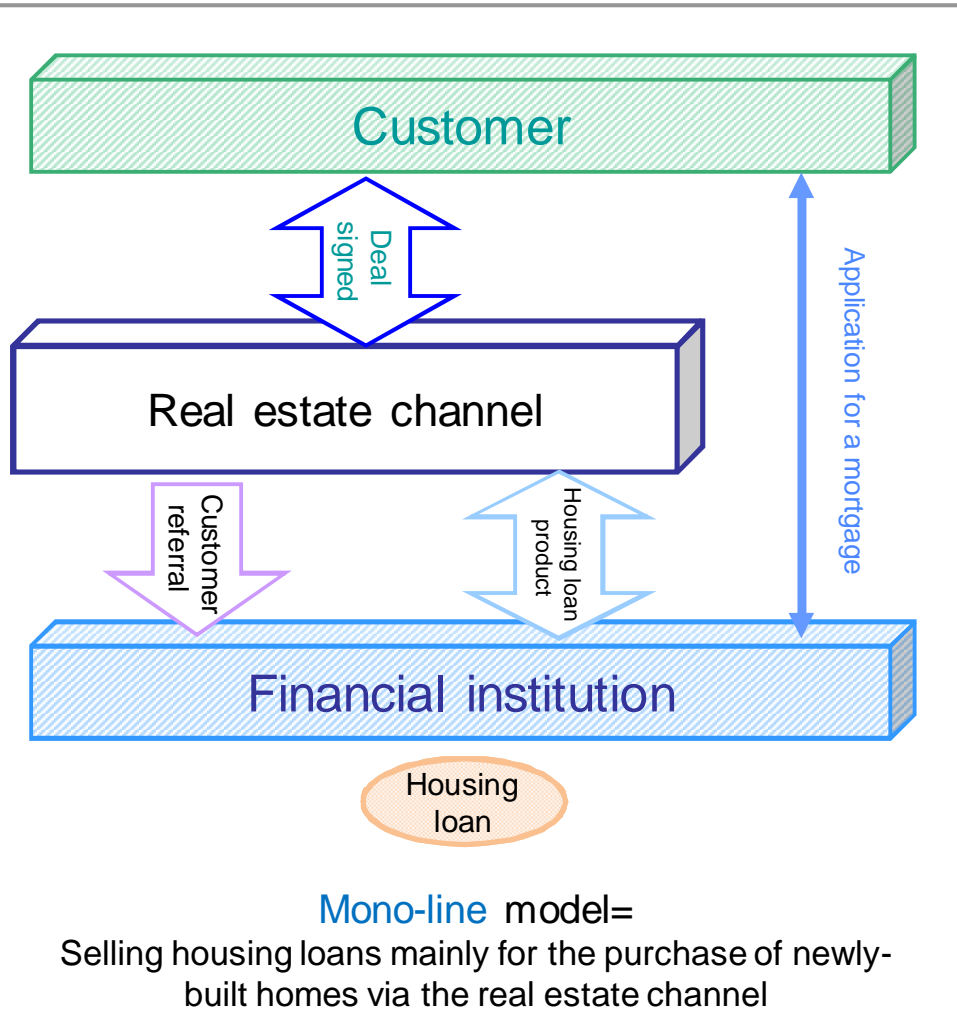
Data application



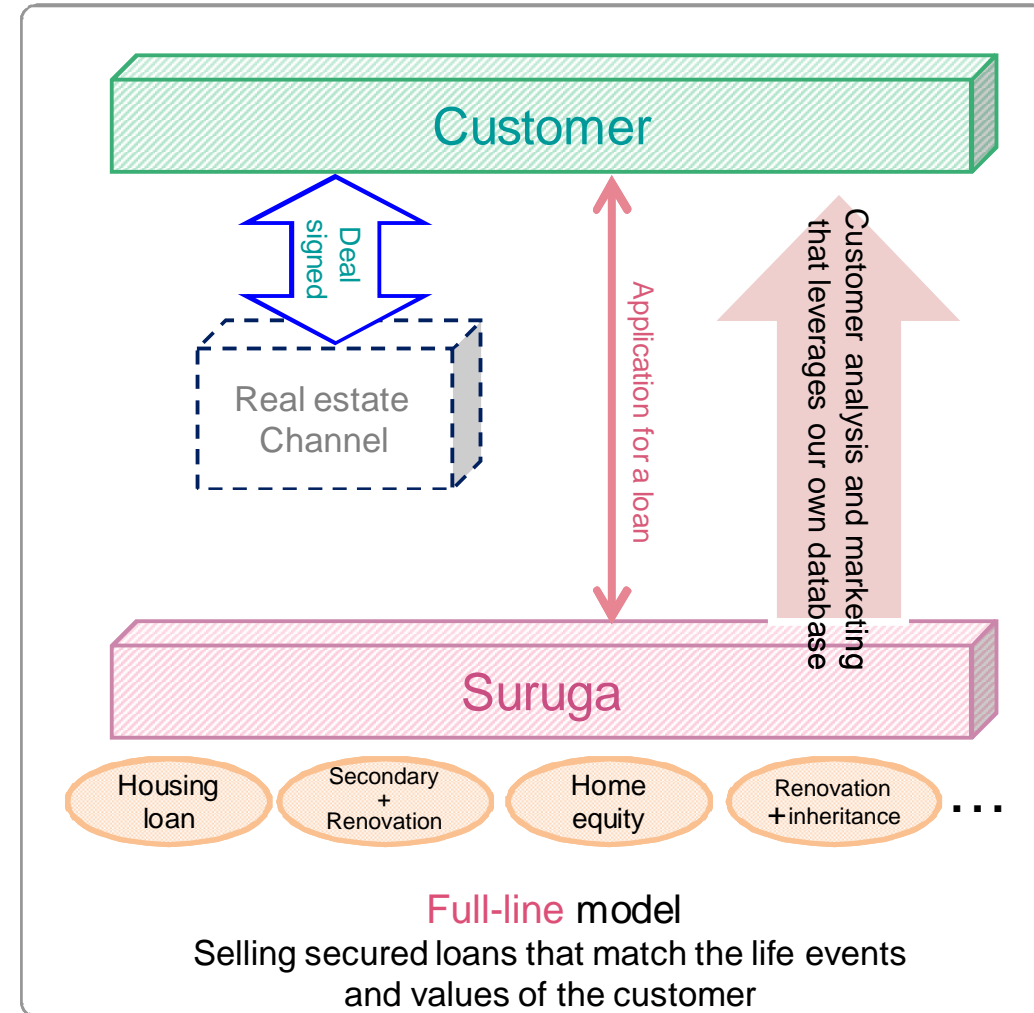
Suruga's Secured Loan Business

Suruga's secured loan business evolves as times change

Ordinary secured loan business



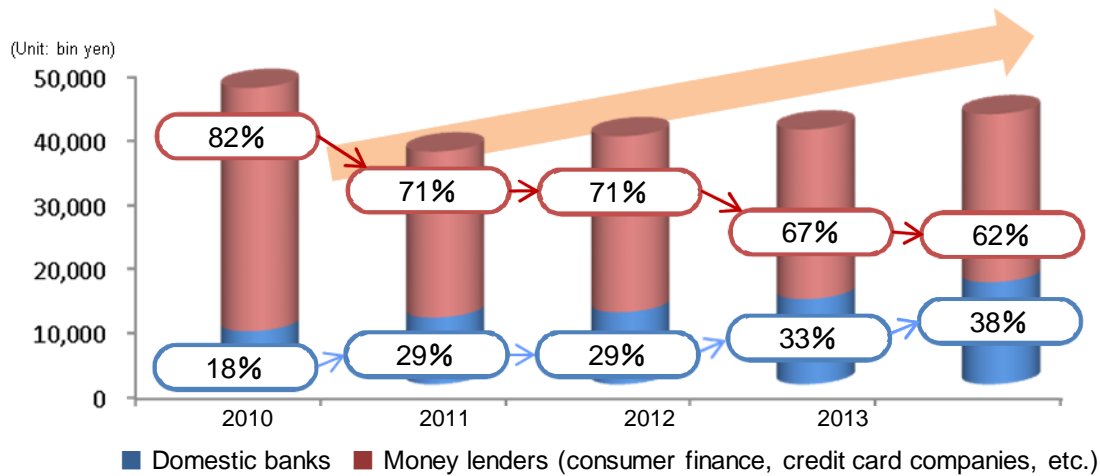
Suruga's secured loan business



Deploying a customer-oriented business model that separates us from price competition and avoids reliance on other channels

Suruga's Strategy for Consumer Loans

Origination of consumer loans (excluding housing loans)

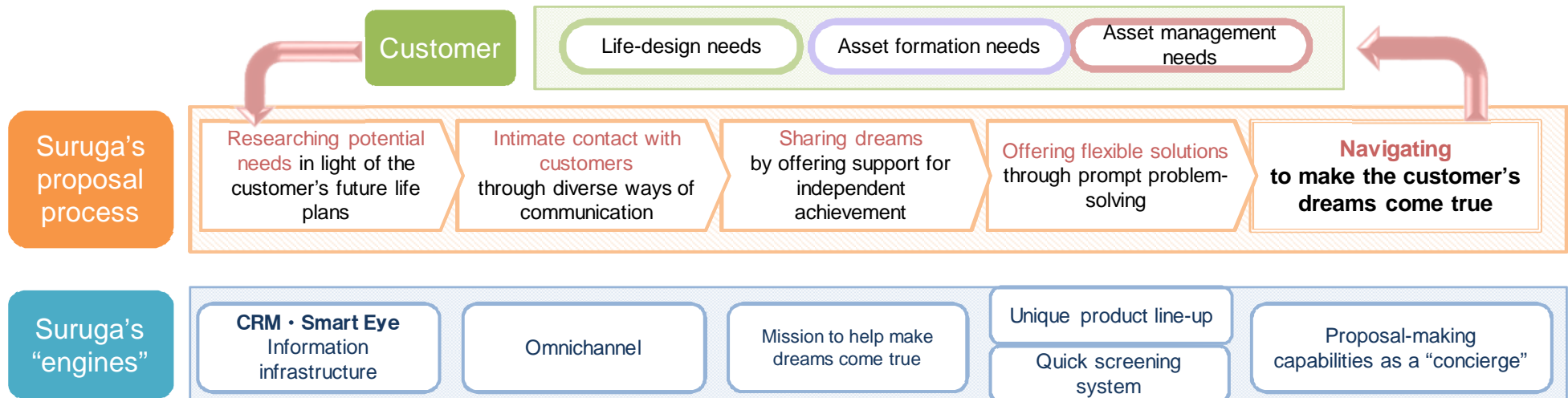


※ Source: BoJ, Japan Financial Services Association

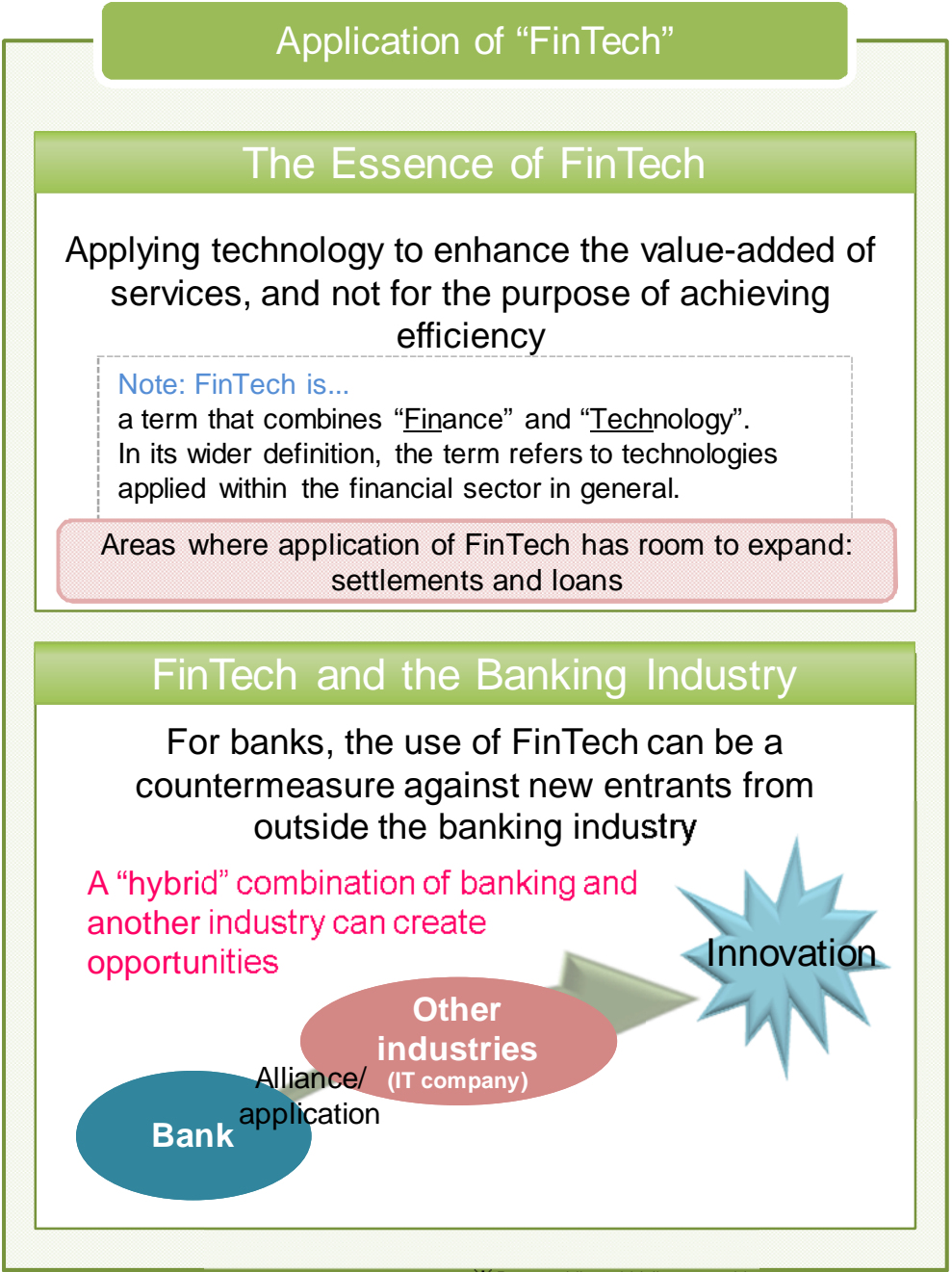
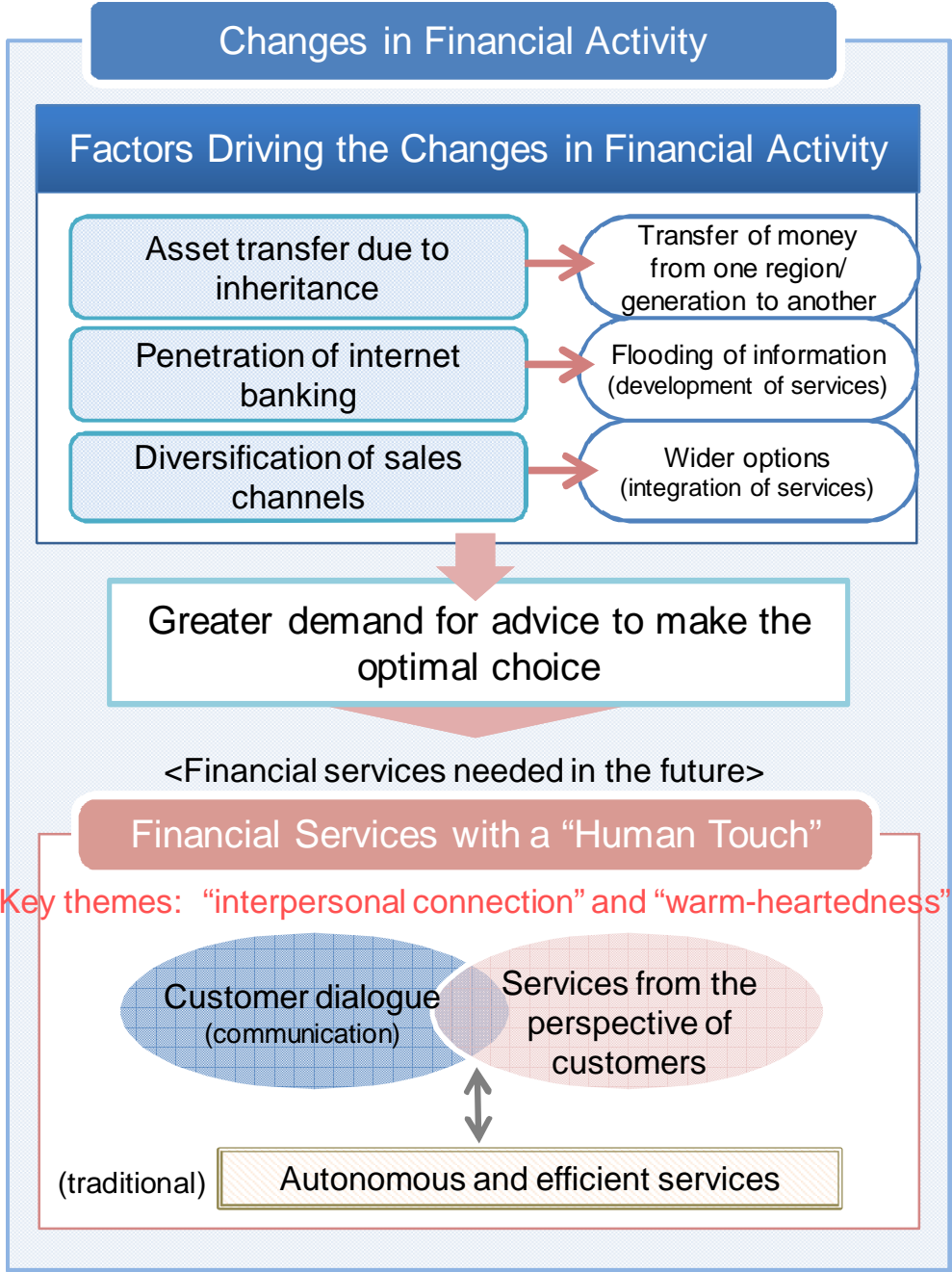
- Origination of consumer loans has been on an uptrend since 2011.
- Consumer loan origination remains strong in spite of the fall in personal consumption following the consumption tax hike in April 2014.
- Banks have increased their presence in the consumer loan market.
- Banks are playing a greater role as a provider of consumer loans to finance and support personal consumption.

Suruga's Consumer Loan Business

Deploying the personal loan business by enhancing our proposal-making capabilities together with our engines



Future Direction of Financial Services



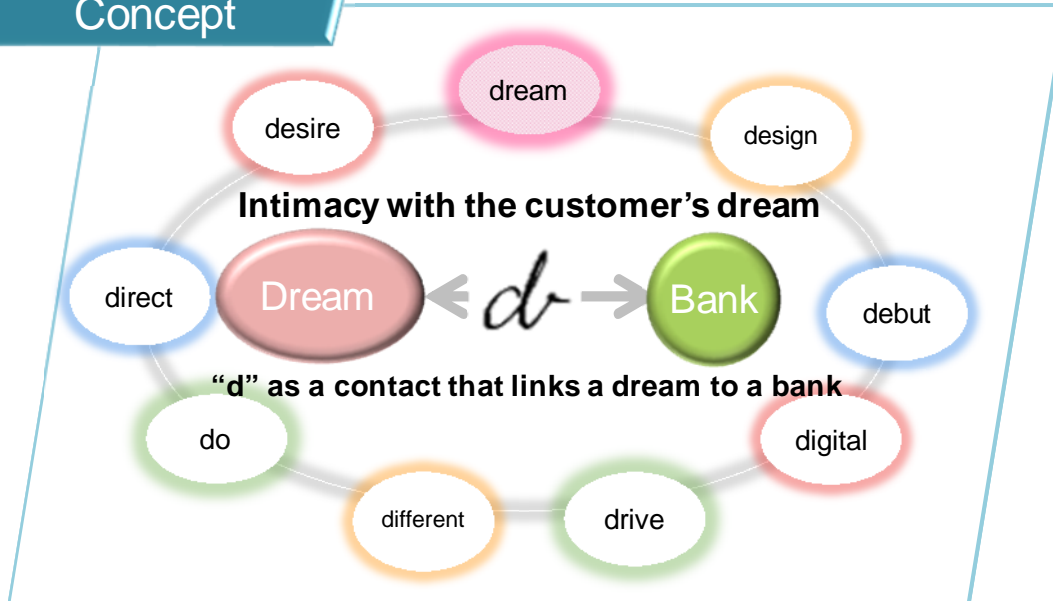
※Source: Hiroyuki Miyamoto, Nomura Research Institute

Expansion of “d-labo”

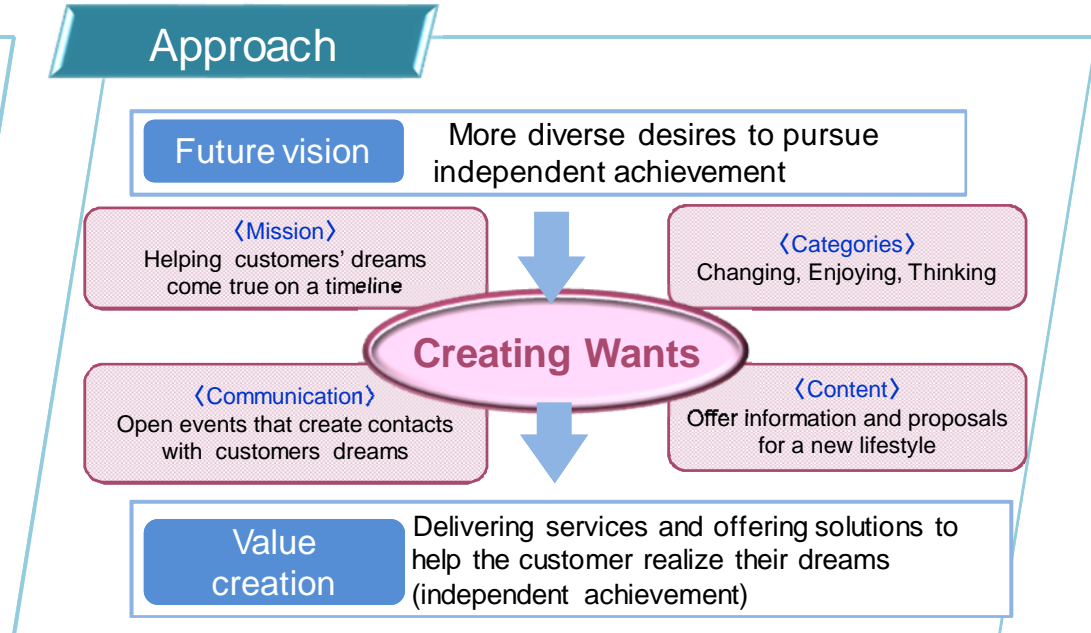
A new form of Banking derived from “d”

- increasing the space for communication that connects to dreams -

Concept



Approach



d-labo Shonan opened 12/2014



d-labo Shizuoka opened 3/2015



d-labo Tamaplaza/ Tamaplaza branch opened 4/2015



“A new necessity for travel” and “financial advisory lounge”
for ANA mileage club members (over 26 million members)

“A smart way to earn points. A smart way to travel.”

Introducing the new
“ANA MILEAGE CLUB Visa
Debit”

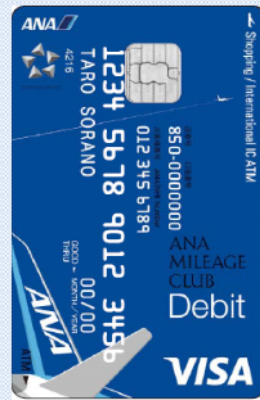
ANA Mileage Club

+

Visa Debit

+

Bank cash card



● Earn ANA miles

Points can be earned through purchase of goods and services at ANA stores

● Shop around the world as if paying in “cash”

Can be used at Visa member stores worldwide

Bonus miles are awarded when a certain usage amount is reached

● Wide insurance coverage

Coverage is provided for loss due to theft or damage of goods purchased by debit card

● Cash can be drawn in local currency at ATMs located in over 200 countries and regions worldwide

Free of charge for ANA Diamond, Platinum, and Bronze members

● Covers even the remote possibility of having to cancel a trip

A special reimbursement is made when a trip is canceled, if expenses have been settled by debit card



スルガ銀行ANA支店 (ANA Branch)

FINANCIAL SPACE Opened Jan. 20, 2015



FINANCIAL SPACE

opened on the first floor of Suruga Building
(in Nihonbashi)

- Lounge space is designed with ANA check-in counters and aircraft windows.
- Establishes a point of face-to-face communication with customers, and not just through the internet.
- Customers can seek advice on weekdays, as well as on weekends and holidays, until 6 pm.

CCC

Operates Japan's largest common point service system “T-Point”

53.04 million members(as of end-March 2015)

T-Point alliance companies

122 companies/350,727 stores

(as of end-March 2015)

Tie-up with companies encompassing a diverse range of lifestyles across many generations



- Massive number of customer IDs held
- Various points of customer contact
- A trusted brand

SURUGA bank

October 2011

<First bank in Japan> to issue **cash advance cards with T-Point services**



April 2015

Launch of T-POINT Branch
スルガ銀行 Tポイント支店



● **Offers products and services that earn points**

- Visa debit T-Card: 1 point per 200 yen (including tax) in settlement amount
- Banking transactions (term deposits, salary deposit) that earn T-Points

● **T-Point Branch is the “First in Japan” for the following:**

- <First in Japan (1)> issuance of T-Card with Visa debit function
- <First in Japan (2)> on-the-spot issuance of Visa debit cards

● **O2O efforts with Shonan T-SITE (d-labo Shonan)**

- Integration of the internet branch and the physical branch
- Attracting “fan users” through seminars

- Know-how in the financial business
- Creative approach to product development
- Efforts in O2O

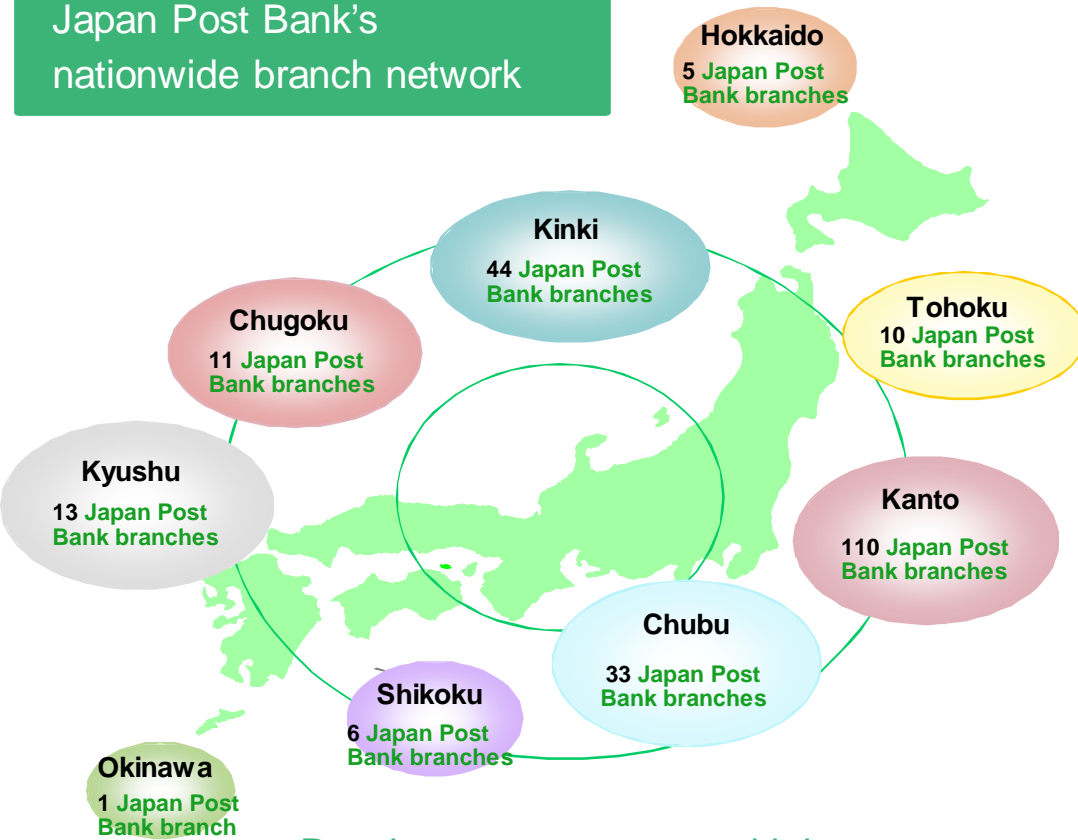
Creating a new market and achieving a unique value offering by combining Suruga's know-how in the financial business with CCC's massive database

Business Alliance with Japan Post Bank

Leveraging Japan Post Bank's nationwide network

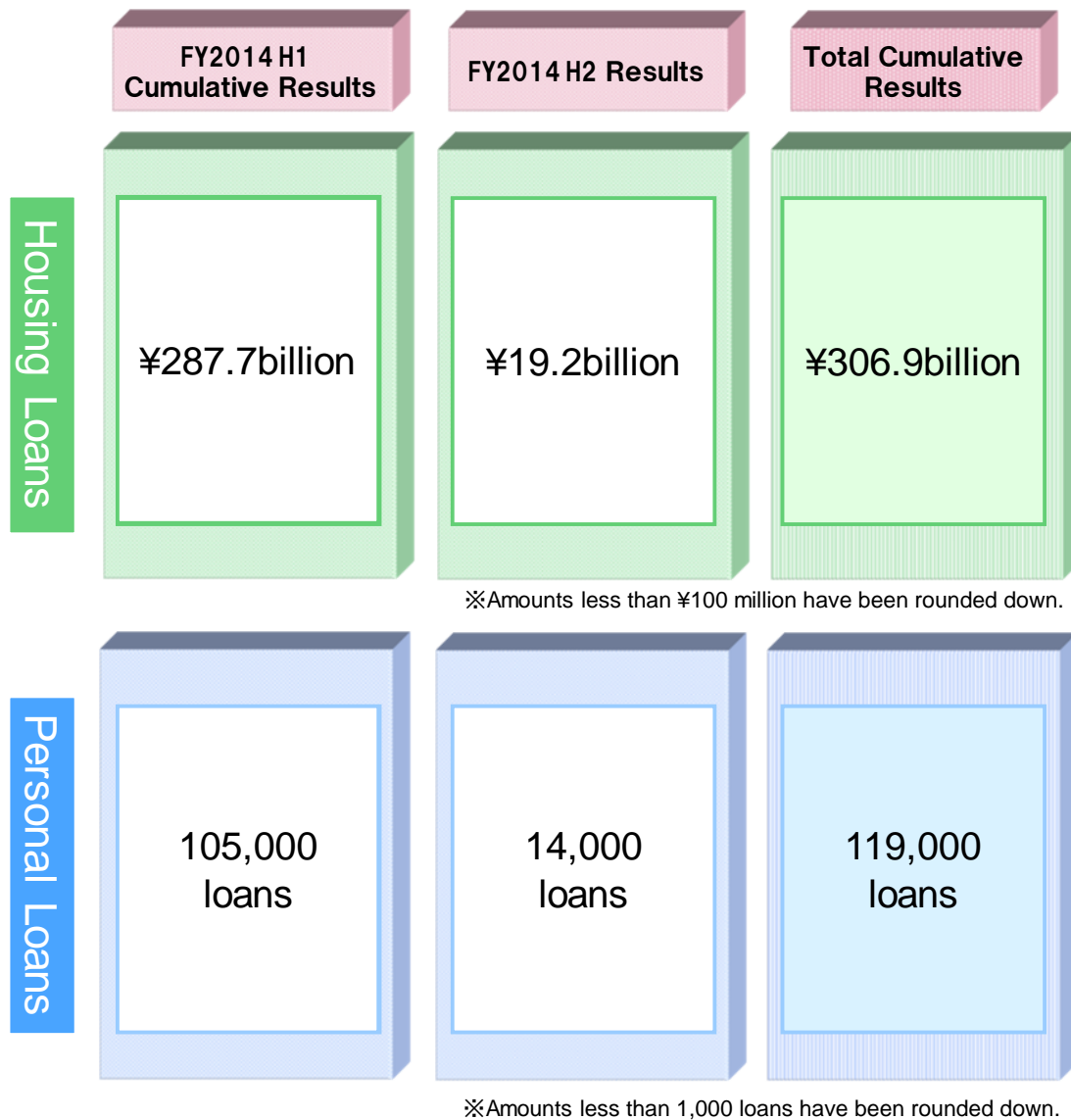
Customers can apply for our Personal loans at all 233 Japan Post Bank branches

Japan Post Bank's nationwide branch network



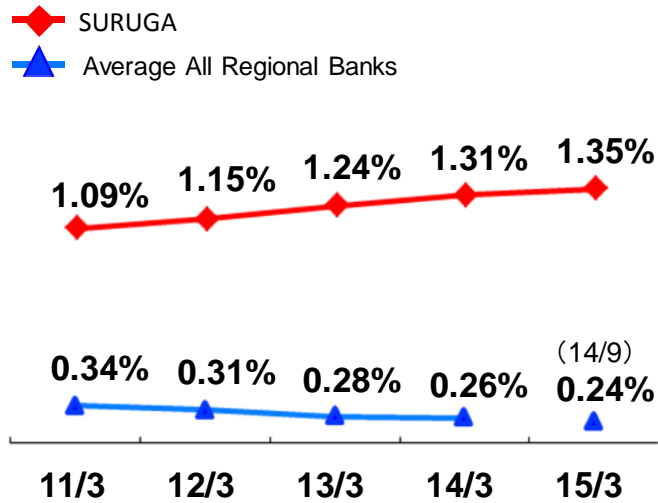
Reach more customers with loan products that meet customer needs

Cumulative results through the end of March 2015

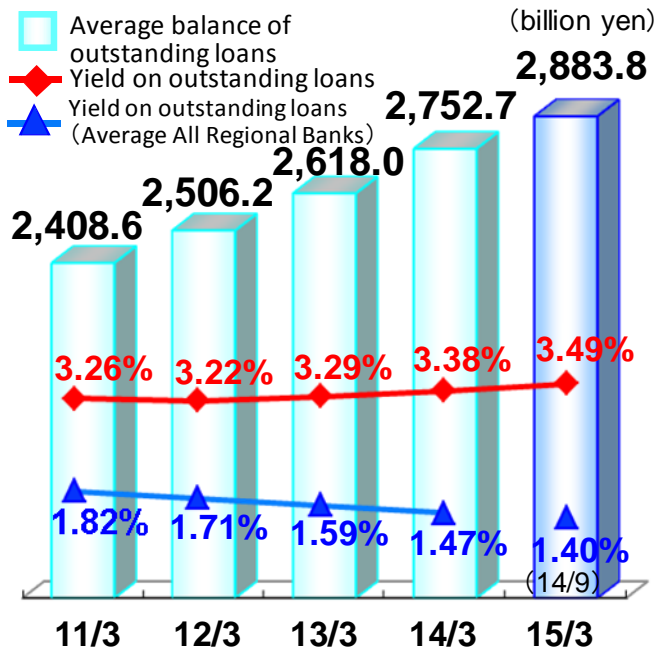


Yield / Margins (Overall)

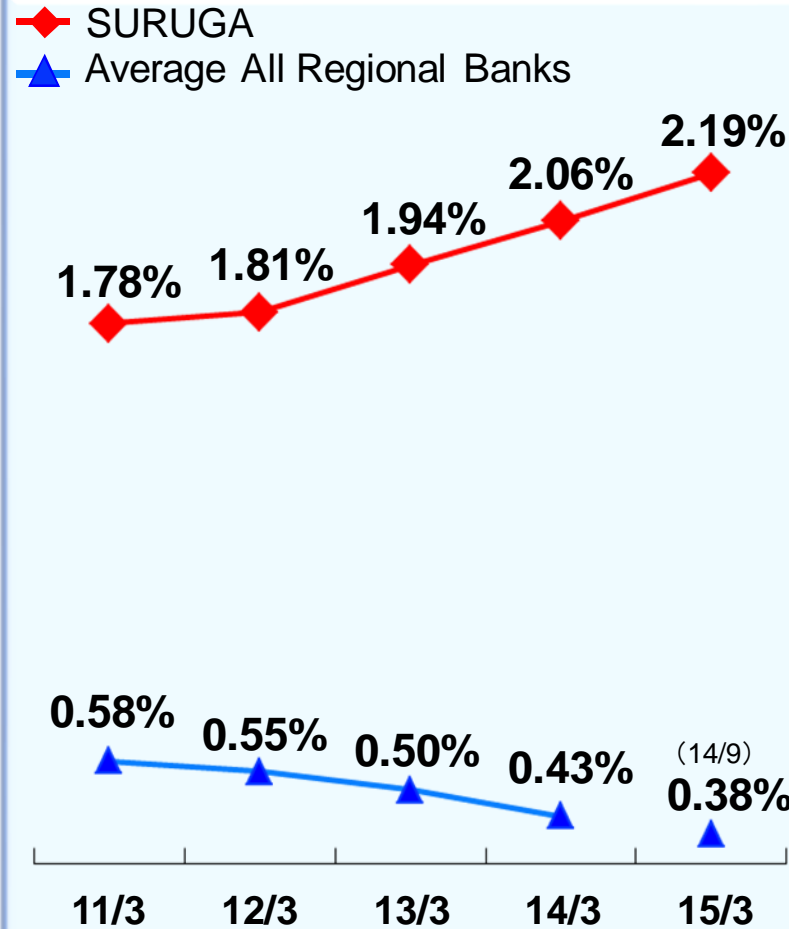
Net interest margin



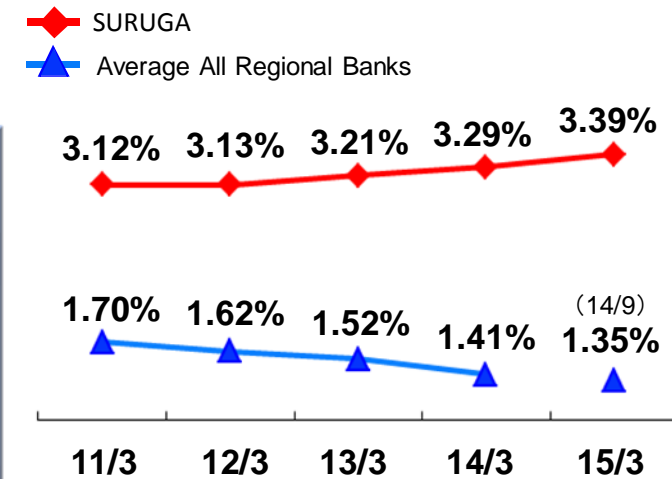
Average balance and yield on outstanding loans



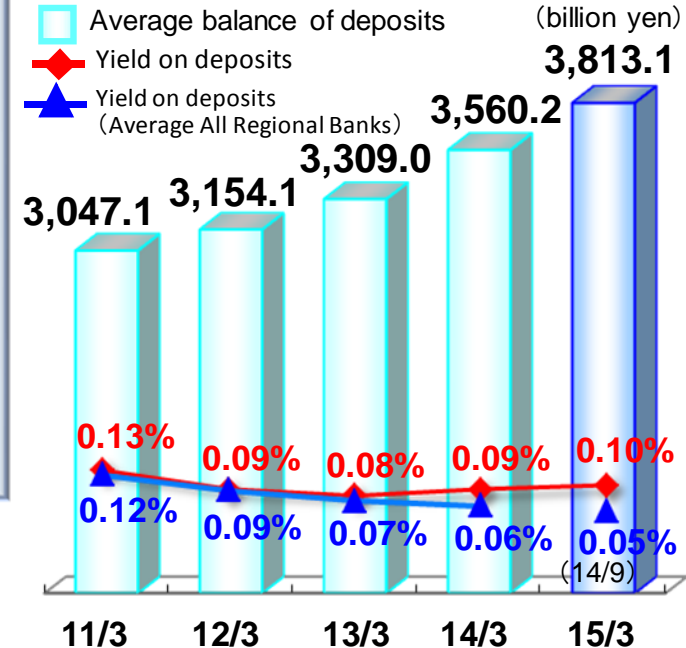
Loan-deposit margin (after deduction from expense ratio)



Loan-deposit margin



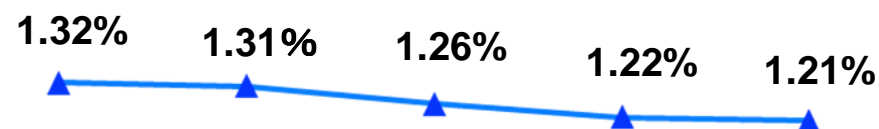
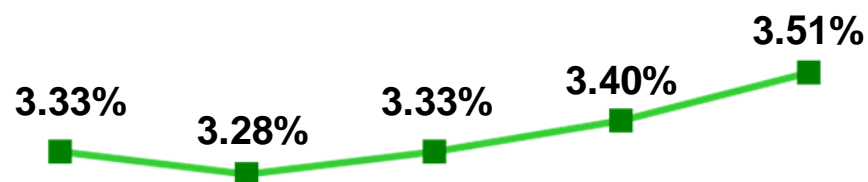
Average balance and yield on deposits



Yield / Margins (Domestic)

Yield-Expense ratio

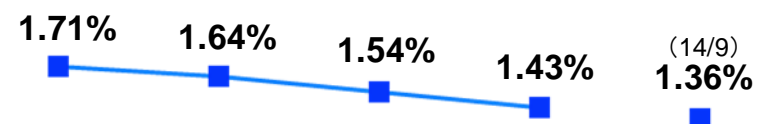
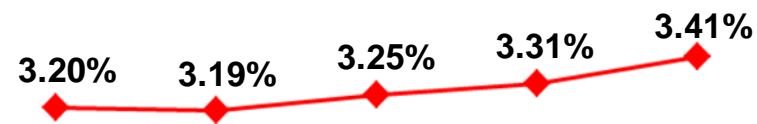
- Yield on outstanding loans
- Yield on deposits
- ▲ Expense ratio



11/3 12/3 13/3 14/3 15/3

Loan-deposit margin

- ◆ SURUGA
- Average All Regional Banks

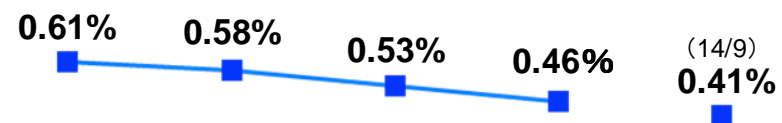
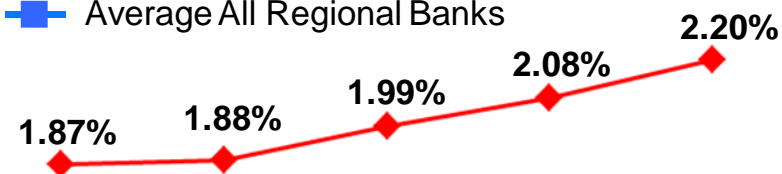


11/3 12/3 13/3 14/3 15/3

Loan-deposit margin

(after deduction from expense ratio)

- ◆ SURUGA
- Average All Regional Banks

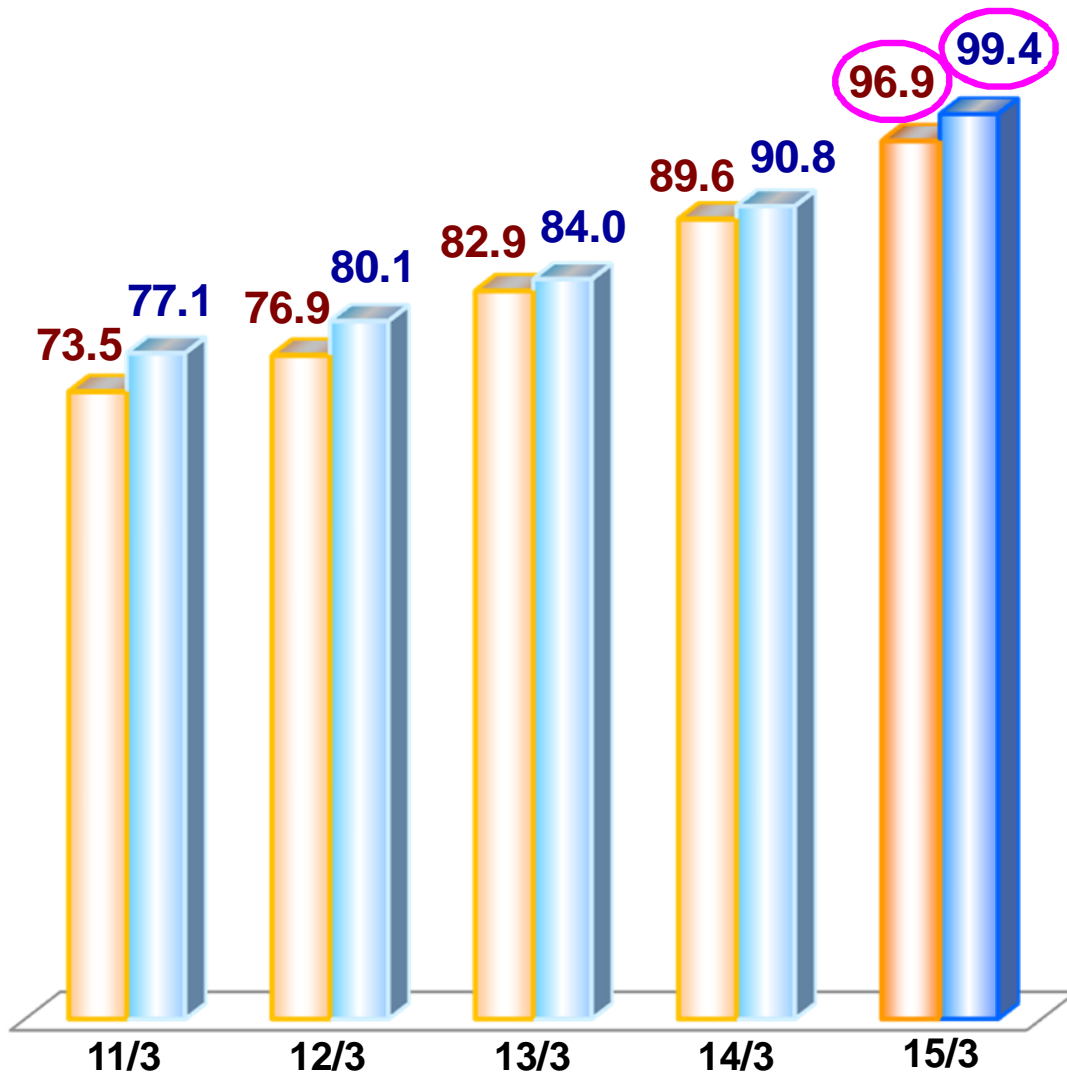


11/3 12/3 13/3 14/3 15/3

Income

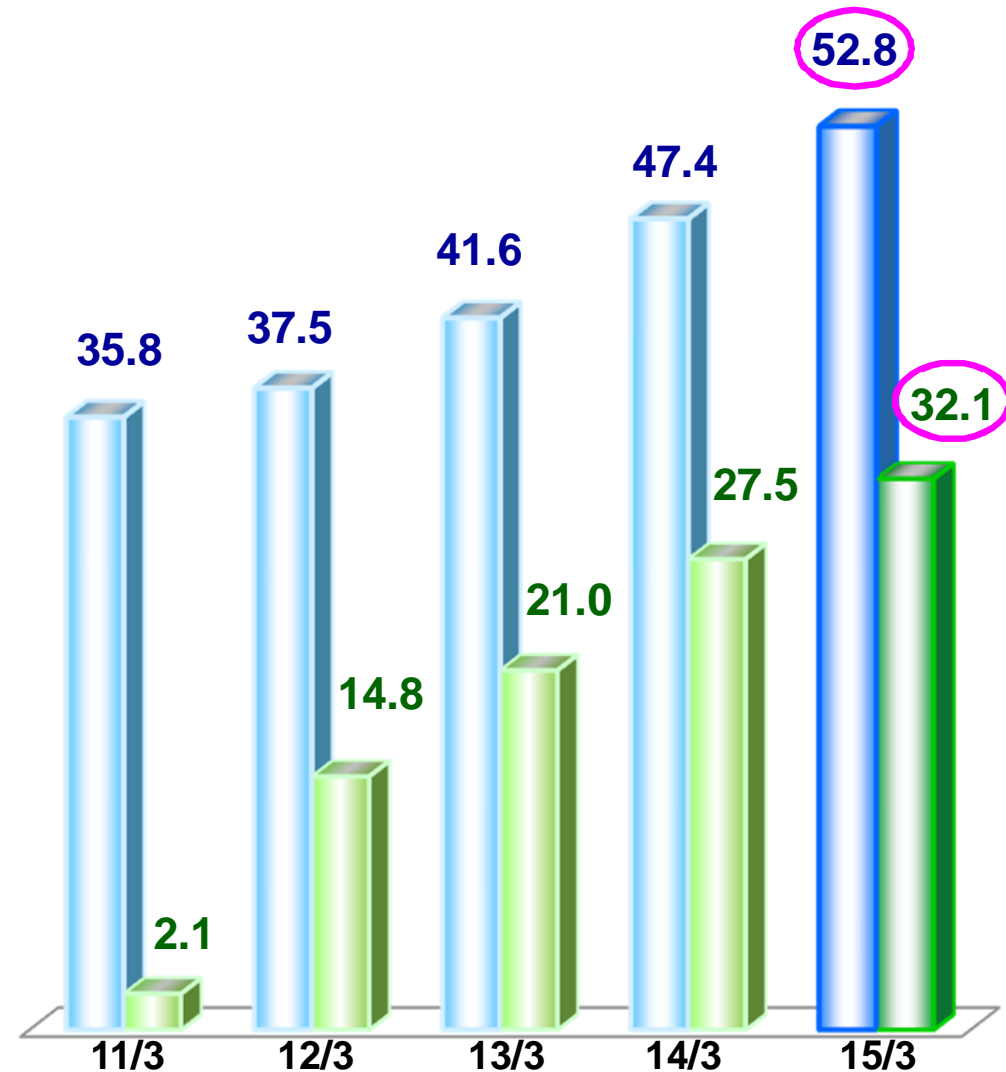
Yen loan-deposit profits / Gross operating profits

■ Yen loan-deposit profits (billion yen)
■ Gross operating profits
○ Record High



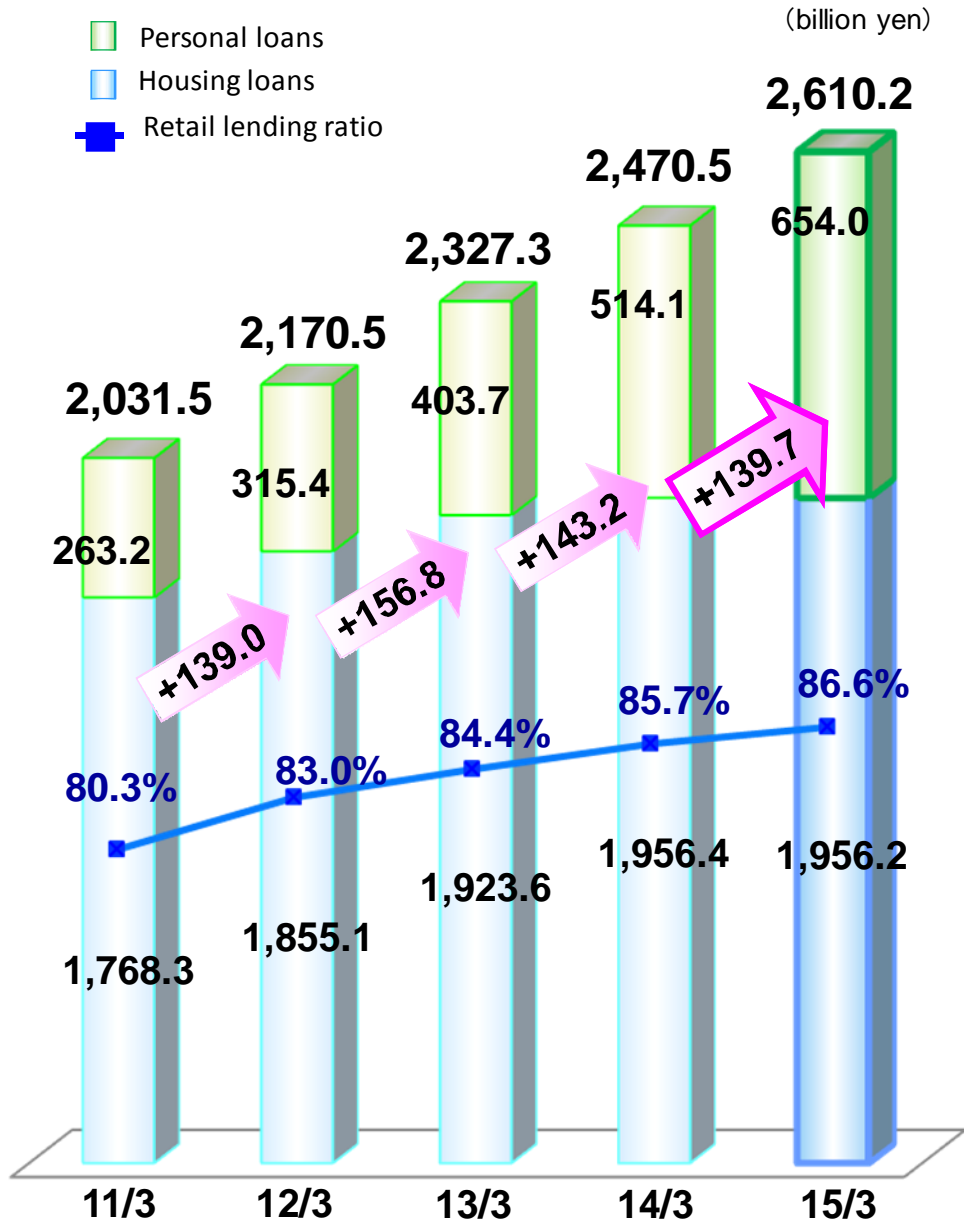
Core net operating profits / Net income

■ Core net operating profits (billion yen)
■ Net income
○ Record High

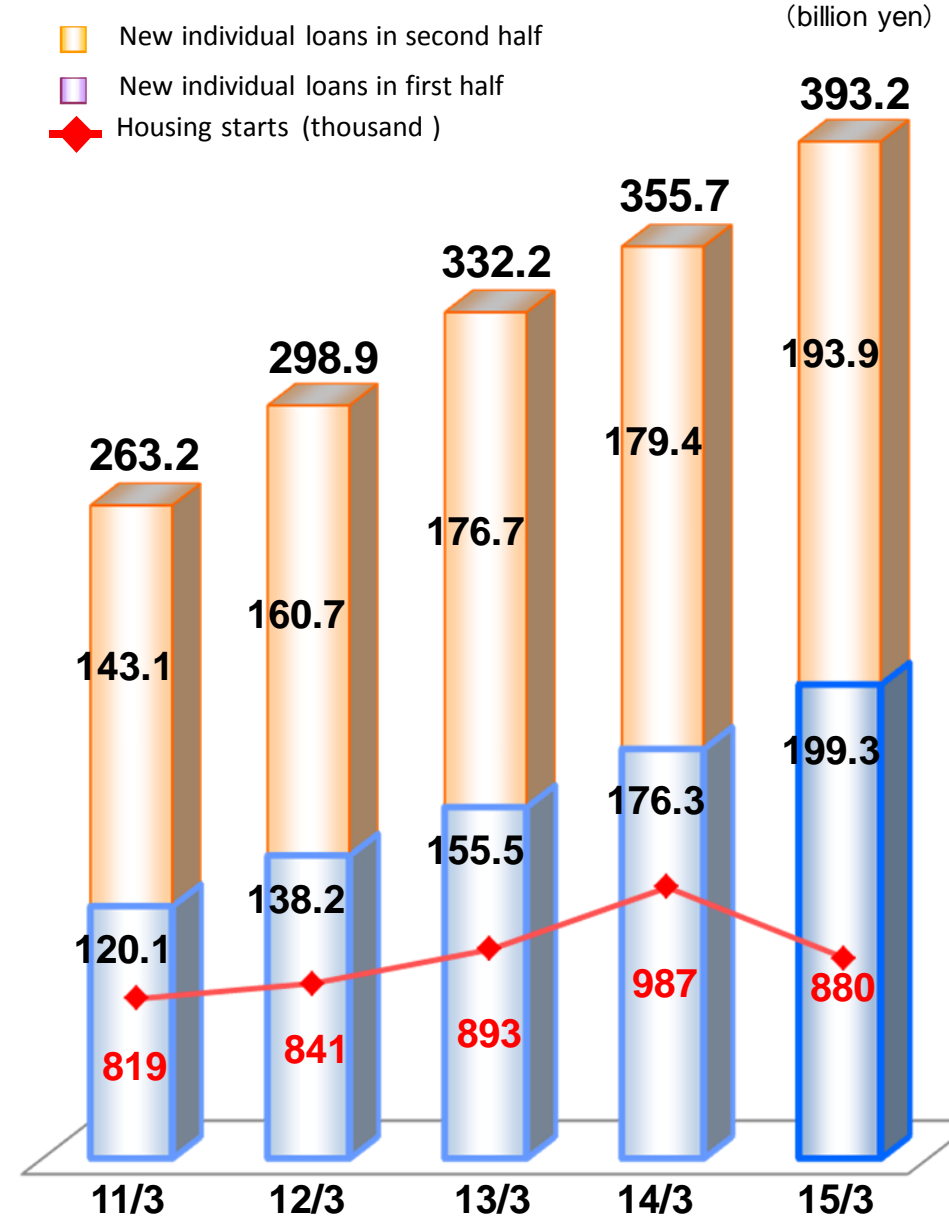


Strong Focus on Retail

Consumer loan balance and ratio



New loan contracts

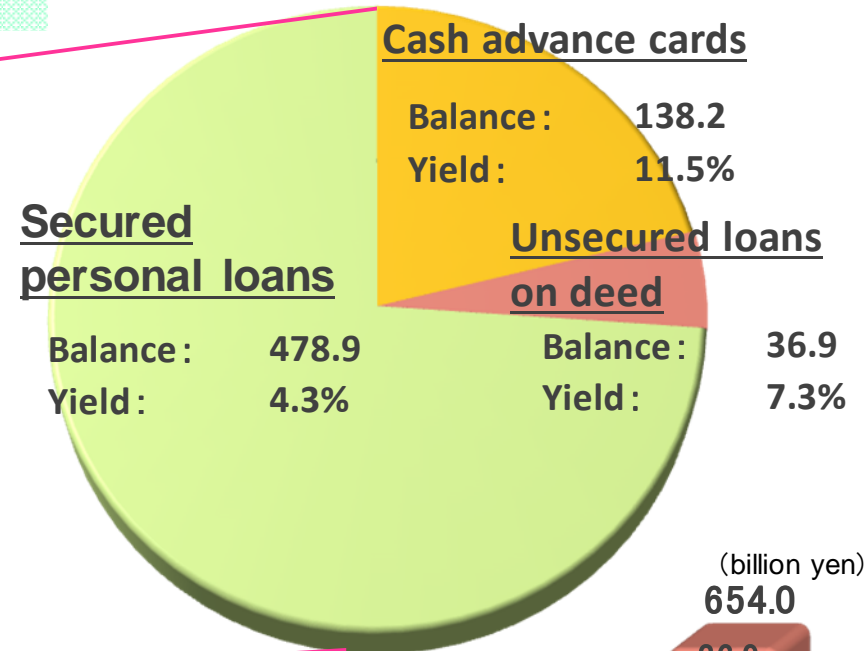
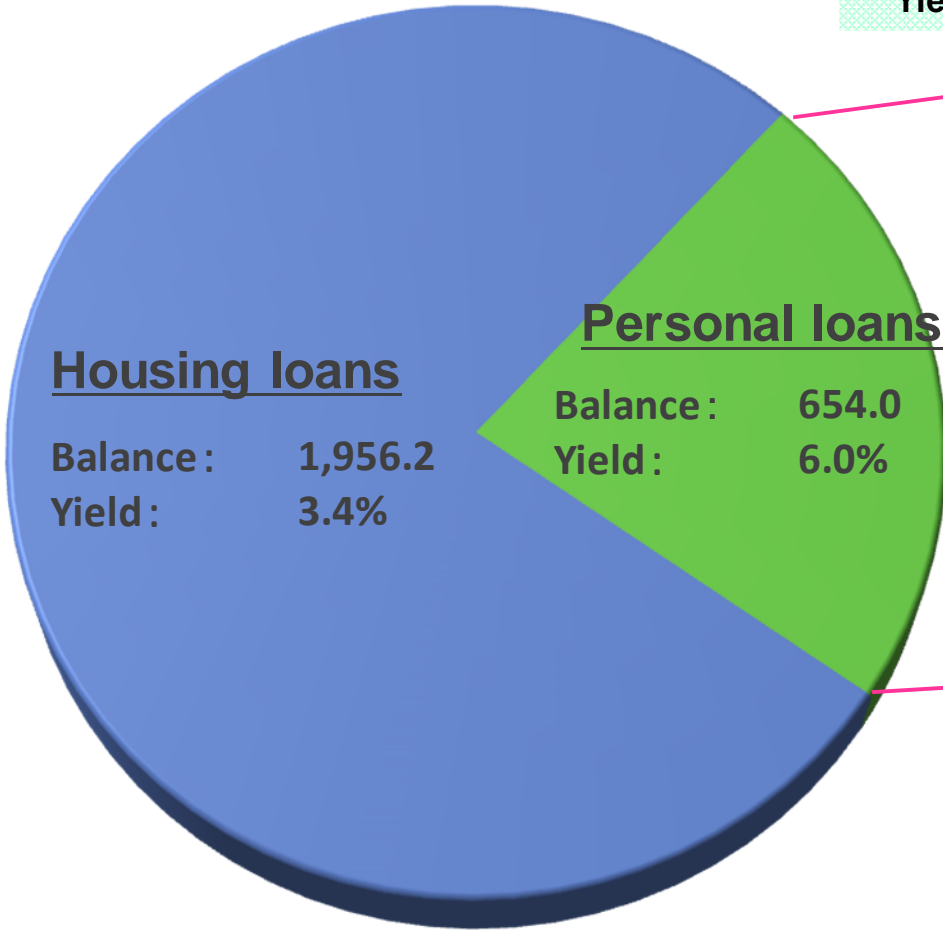


Focus on More Profitable Products

Consumer loans

As of Mar 31, 2015
Balance: billion yen
Yield: average rate

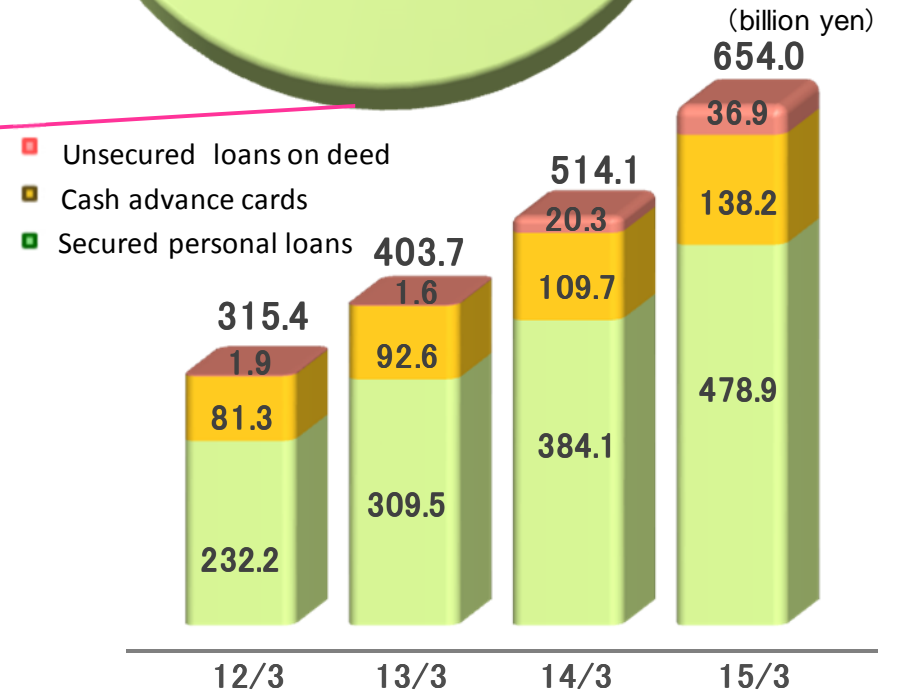
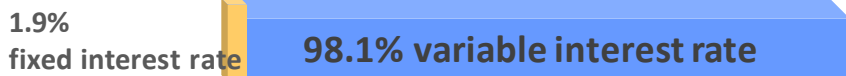
Personal loans



Balance: 2,610.2

Yield: 4.0%

《The type of Housing loans' interest rate》



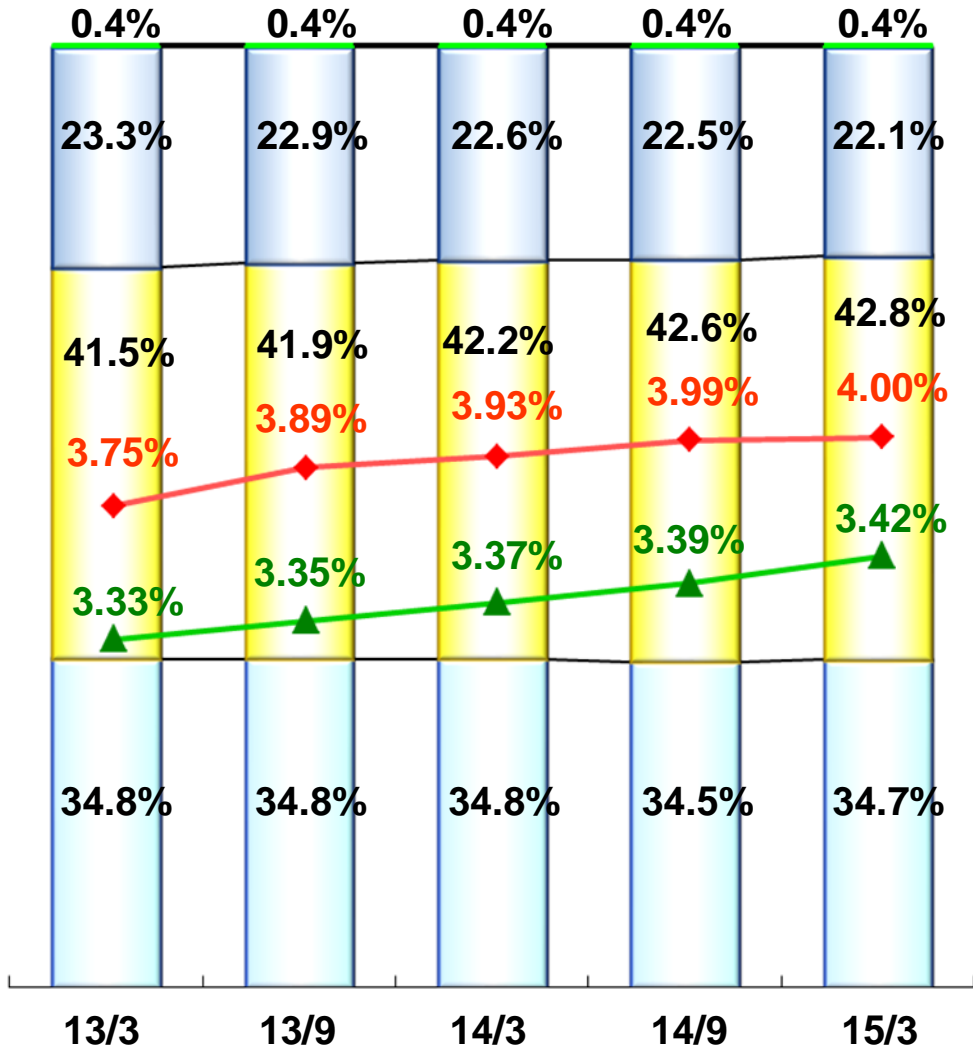
Housing Loans

Distribution of practical rates for Housing loans (cumulative)

under3% 3%level 4%level 5% or higher

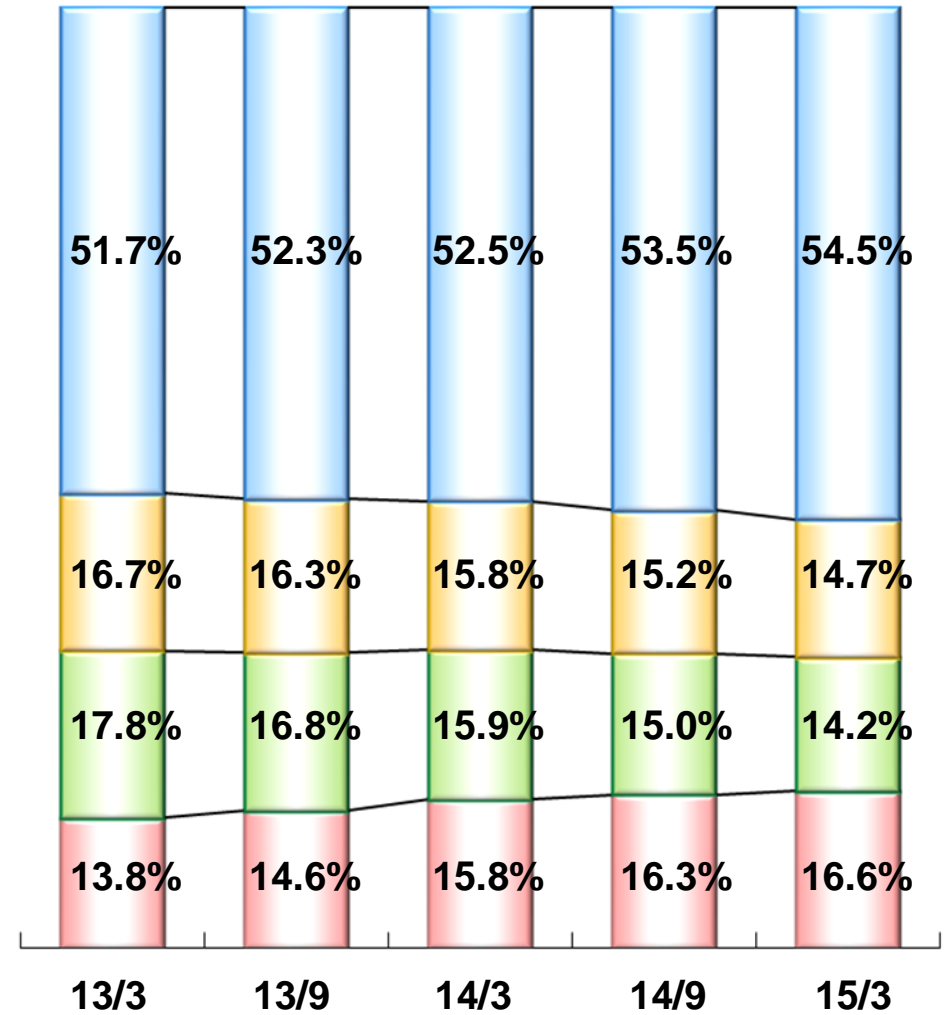
◆ Housing loans average placement rate (%)

▲ Housing loans average year-end rate (%)



Housing Loan balance by geographical area

Greater Tokyo area Kanagawa
Shizuoka Major cities nationwide



Delinquency and Loss Rates on Consumer Loans

Housing loans

Yield (red triangle) Delinquency rate (blue circle) Loss rate (green square)



11/3 12/3 13/3 14/3 15/3

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

Personal loans

Yield (red triangle) Delinquency rate (blue circle) Loss rate (green square)



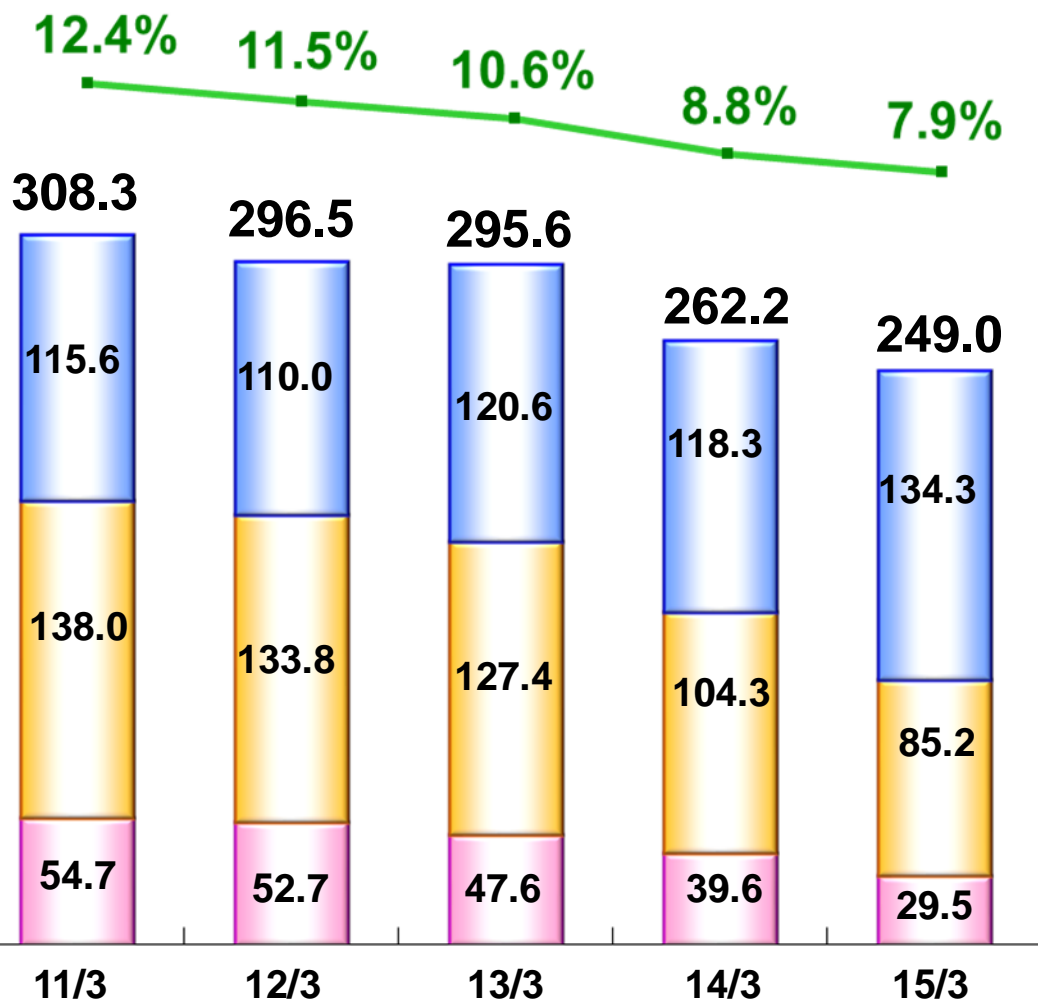
11/3 12/3 13/3 14/3 15/3

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

Fees and Commissions

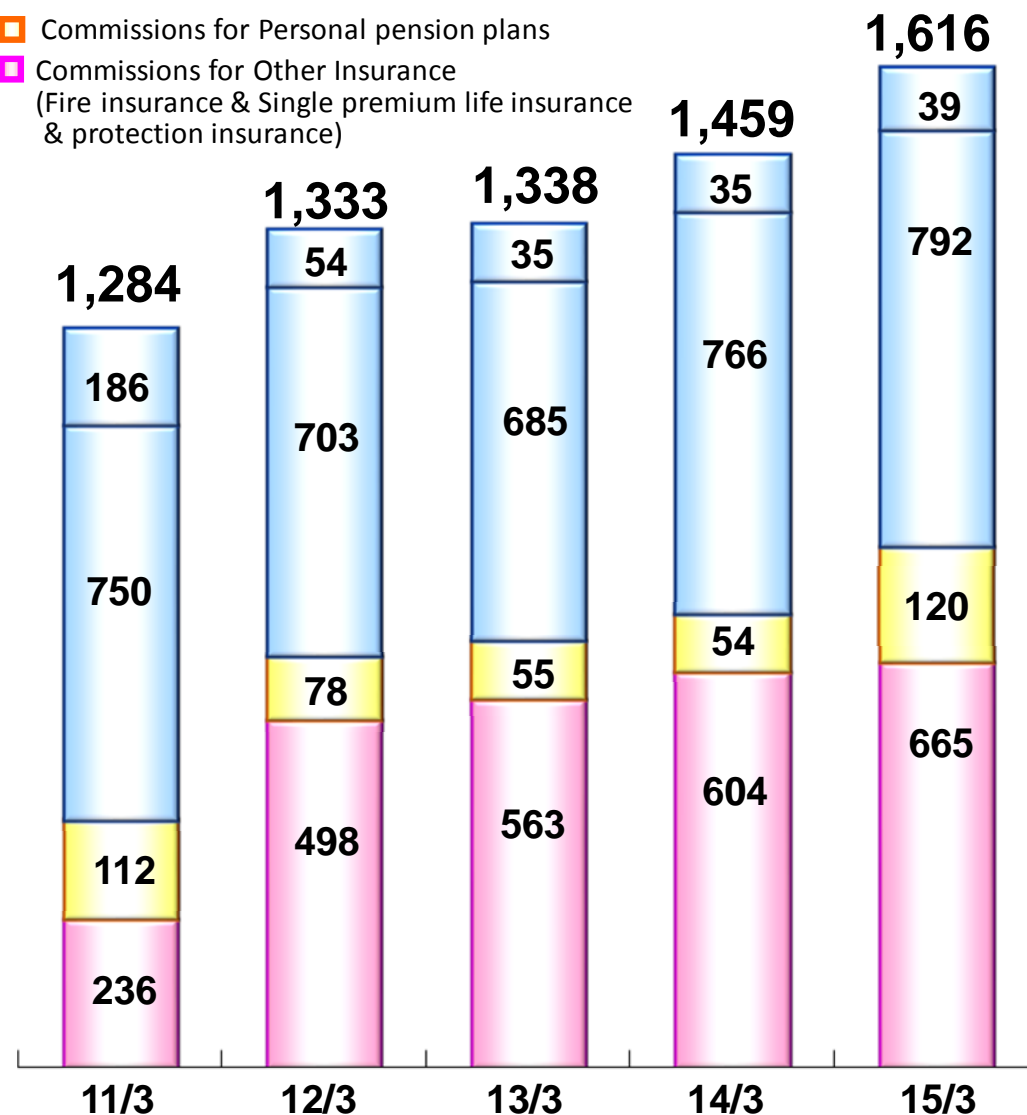
Balance breakdown of investment products

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



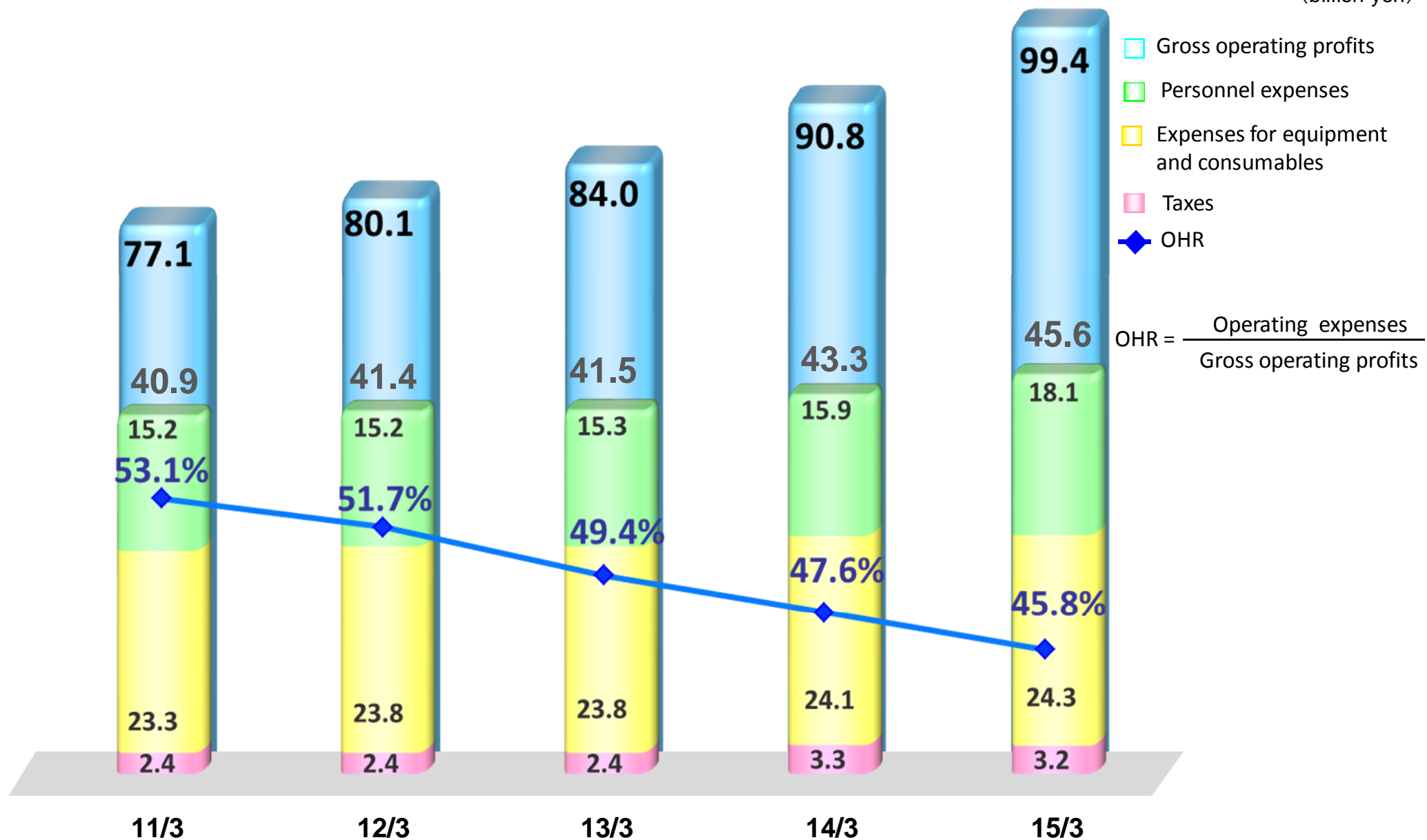
Commission from mutual funds and insurance products

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



Expenses and OHR

(billion yen)



Breakdown of Troubled Assets based on the Financial Reconstruction Law

(billion yen)

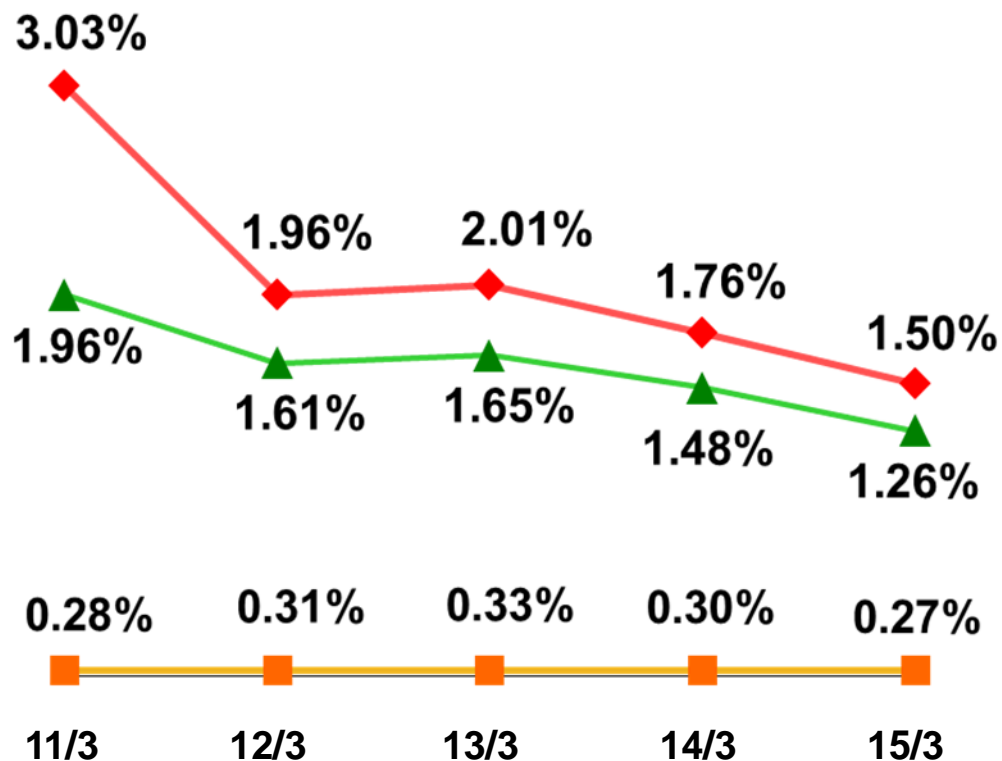
Debtor classification	Mar. 15 Credit balance	Proportion	Consumer / Corporate		Total collateral and guarantees	Collateral	Guarantees * NOTE	Coverage ratio	Reserve	Reserved ratio	Total coverage ratio						
				Proportion													
Claims against bankrupt and substantially bankrupt obligors	7.5	0.24%	Consumer	5.8	0.22%	3.5	2.6	0.9	60.91%	2.3	100%	100%					
			Corporate	1.7	0.42%	1.1	0.2	0.9	66.12%	0.6	100%	100%					
Claims with collection risk	18.8	0.62%	Consumer	4.8	0.18%	2.7	2.3	0.4	56.70%	0.9	44.35%	75.90%					
			Corporate	14.0	3.49%	12.4	4.6	7.8	87.98%	0.7	44.35%	93.31%					
Claims for special attention	19.4	0.64%	Consumer	9.2	0.35%	6.5	6.4	0.1	70.58%	0.6	24.20%	77.70%					
			Corporate	10.2	2.53%	3.8	3.8	0.0	37.30%	2.3	36.11%	59.94%					
Sub-total	45.7	1.50%	Consumer	19.8	0.75%	12.7	11.3	1.4	64.39%	3.8	54.67%	83.86%					
			Corporate	25.9	6.44%	17.3	8.6	8.7	66.66%	3.6	41.93%	80.64%					
Normal assets	2,986.2	98.50%	Consumer	2,609.2	99.25%	<table border="1"> <tr> <td colspan="2">Total coverage ratio</td> <td>82.03%</td> </tr> </table>						Total coverage ratio		82.03%			
			Total coverage ratio		82.03%												
Corporate	377.0	93.56%															
Total	3,031.9	100%	Consumer	2,629.0	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	402.9	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.

Non-performing loans ratio / Credit costs status

Non-performing loans ratio

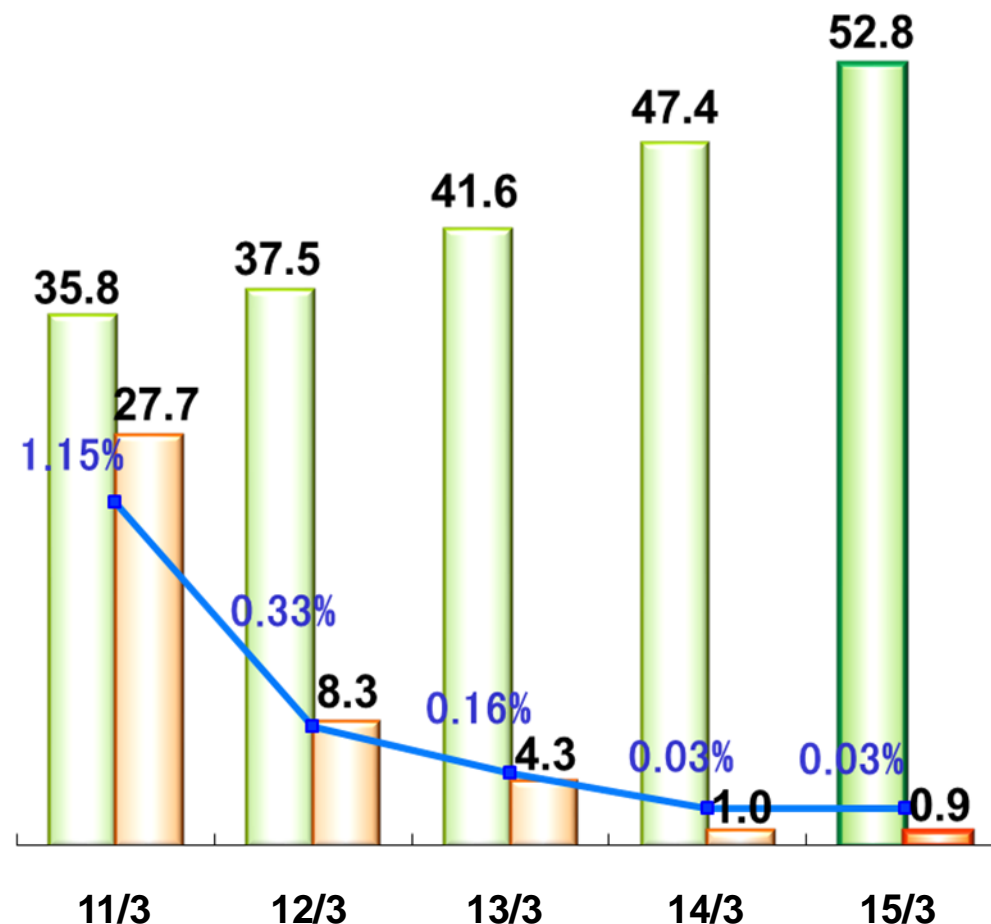
- ◆ Non-performing loans on the Financial Reconstruction Law
- ▲ Non-performing loans from reserves
- Non-performing loans after deduction from reserves, collateral and guarantees



Credit costs status

(billion yen)

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

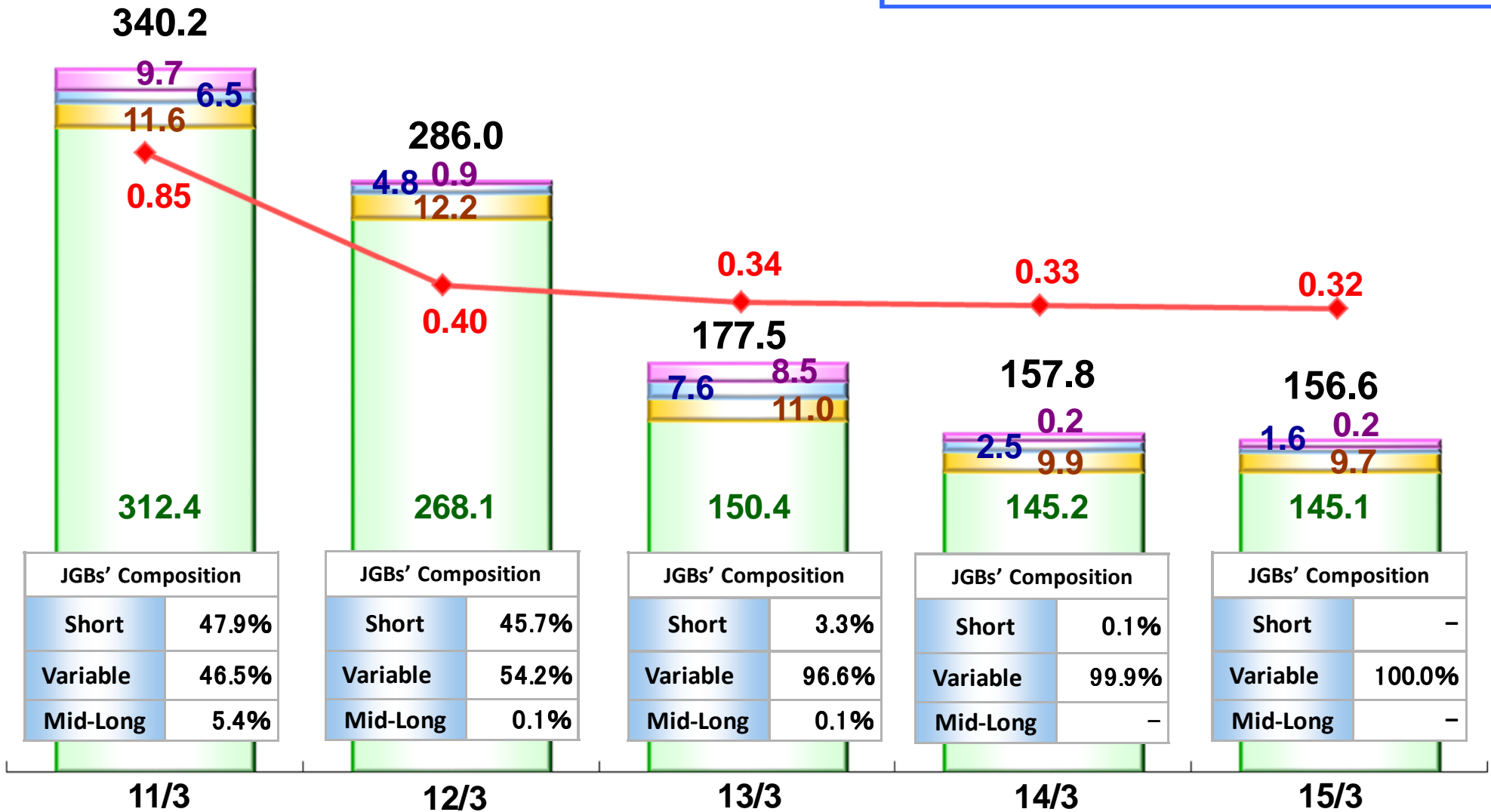


Bond Portfolio

■ JGBs
 ■ Foreign Bonds
 ■ Corporate Bonds
 ■ Regional Government Bonds
◆ Average remaining maturity (Year)

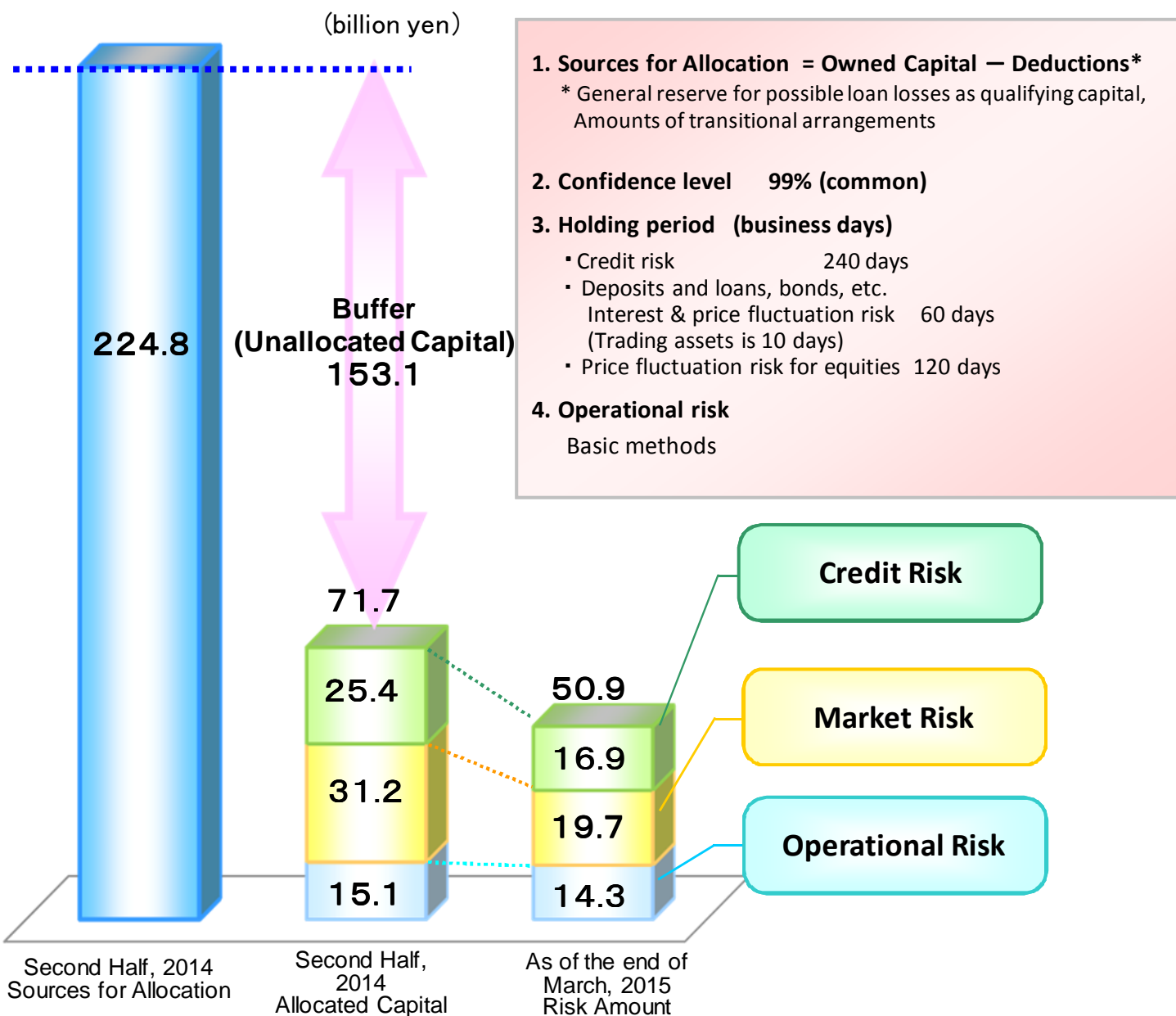
(billion yen)

Security Deposit Ratio 5.8%



Status of Risk Amount

Integrated Risk Management



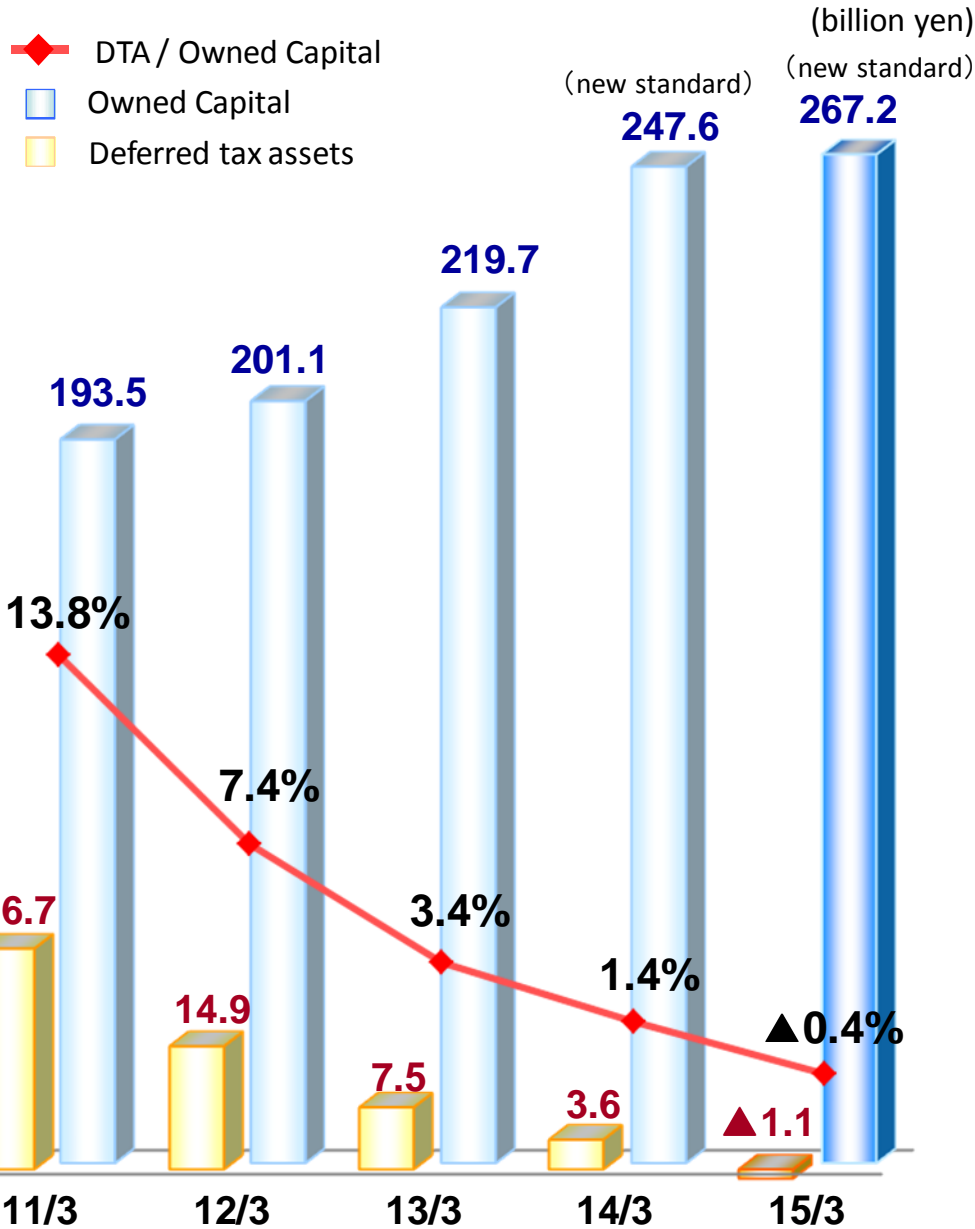
Outlier Ratio

As of the end of
Mar, 2015

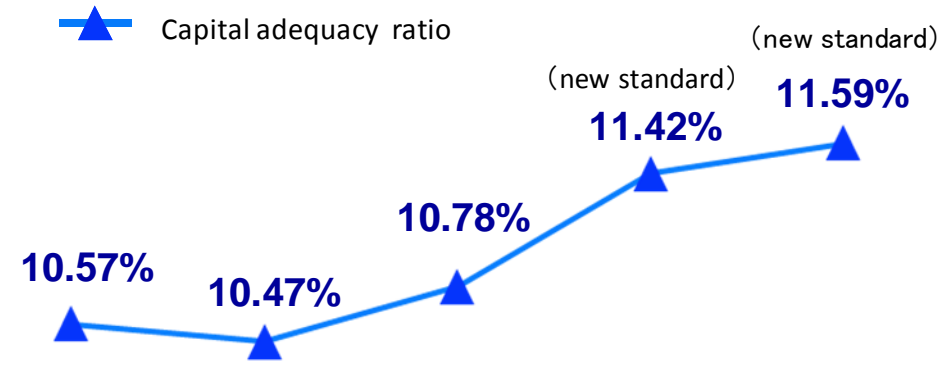
Interest Rate Shock range	±200bp
Interest Rate Risk Amount	4.7 billion yen
Outlier Ratio	1.7%

Capital Levels

Deferred tax assets-Owned Capital



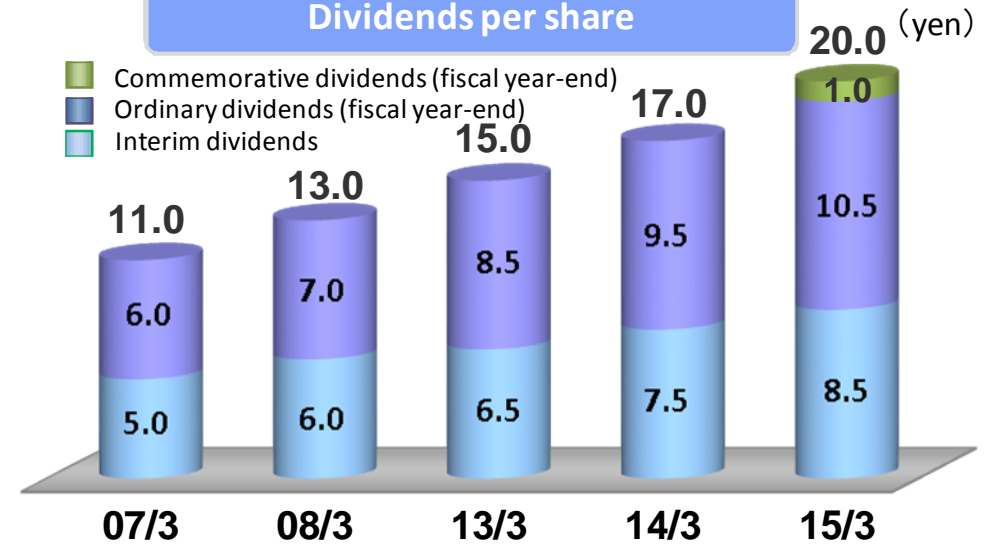
Capital adequacy ratio



11/3 12/3 13/3 14/3 15/3

* The capital adequacy ratio has been calculated based on the new domestic standard from the fiscal year ended March 31, 2014.

Dividends per share



FY2014 Results and FY2015 Forecast

(billion yen)

	FY2013 Results (A)	FY2014 Results (B)	Increase or Decrease (B-A)	FY2015 Forecast
Gross operating profits	90.8	99.4	+ 8.6	102.0
Operating expenses	43.3	45.6	+ 2.3	45.5
Net operating profits	47.5	53.8	+ 6.3	56.5
Core net operating profits	47.4	52.8	+ 5.4	56.5
Ordinary profits	45.3	51.8	+ 6.5	52.5
Net income	27.5	32.1	+ 4.6	35.0
Actual credit costs	1.0	0.9	▲ 0.1	3.0
ROE (%) (net income basis)	13. 22	13. 92	+ 0. 70	13. 55
EPS(yen)	116. 54	135. 63	+ 19. 09	147. 50
Dividends(yen)	17.0	20.0	+3. 0	19.0

* Includes Commemorative dividend: 1yen.

Business expansion of DIRECT ONE

DIRECT ONE's branch network

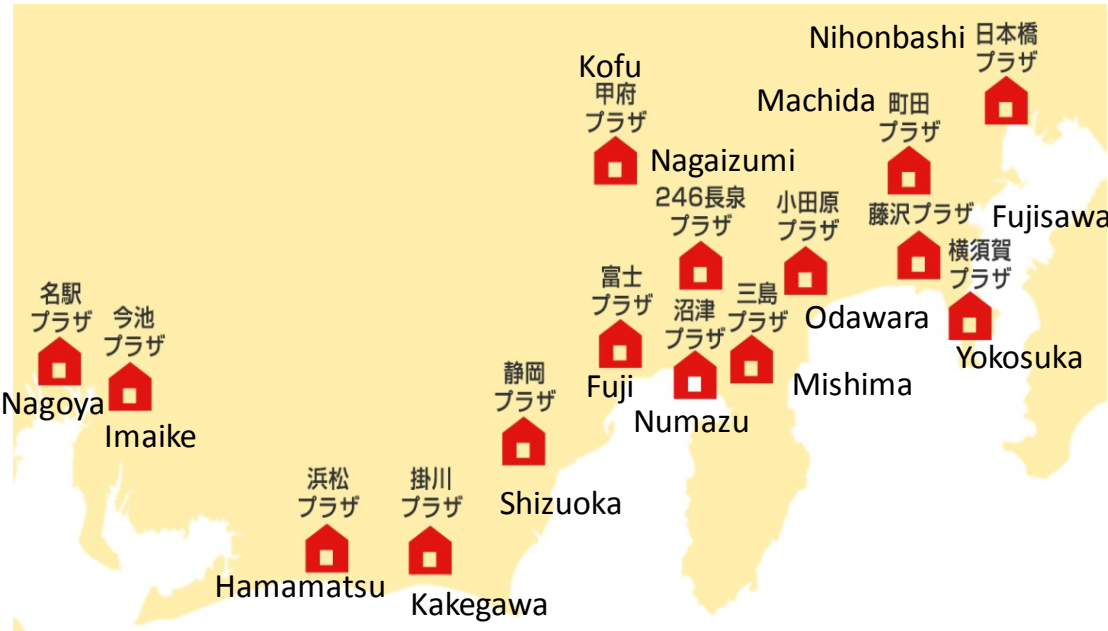
16 branches (2015/3)

Breakdown

Shizuoka : 7 Kanagawa : 3

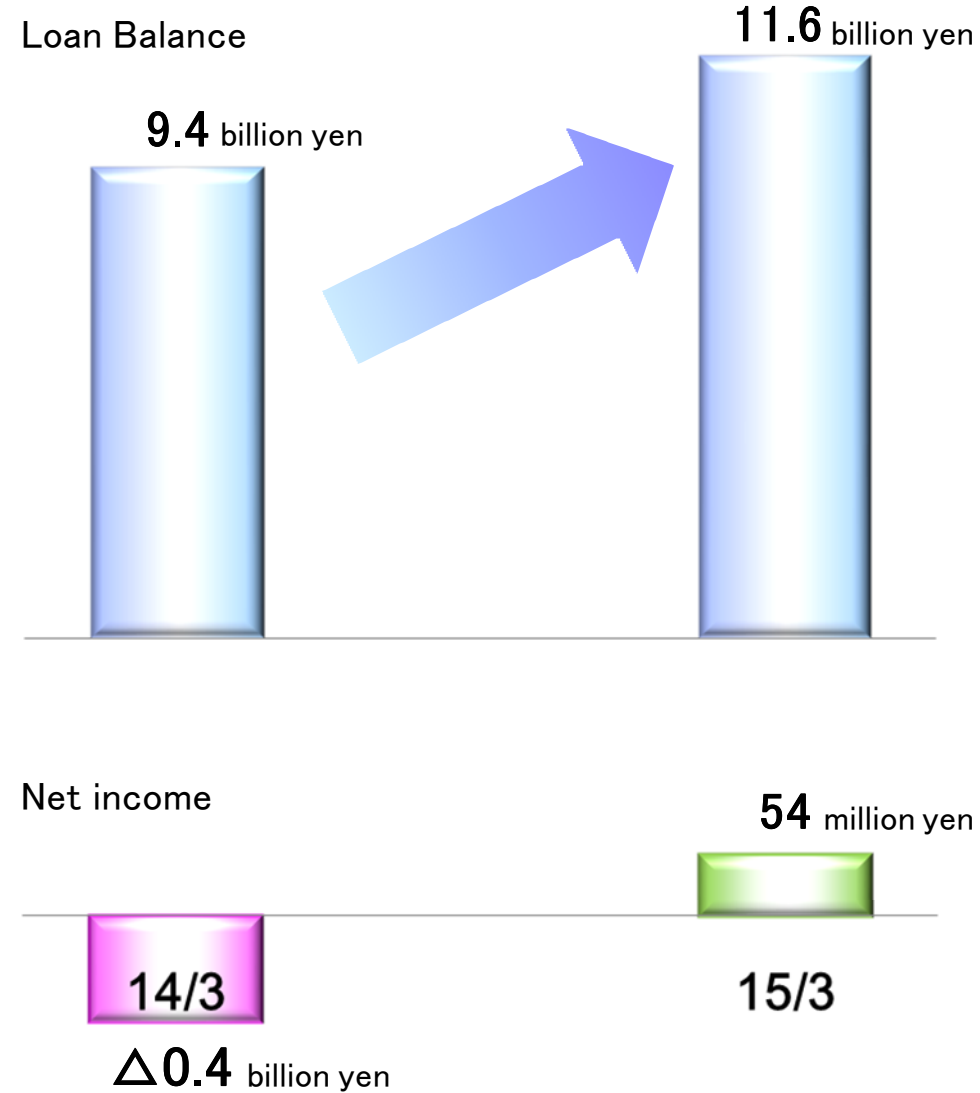
Aichi : 2 Tokyo : 2 Yamanashi : 1

Physical branch: 15 Internet branch : 1



FY2014 Results

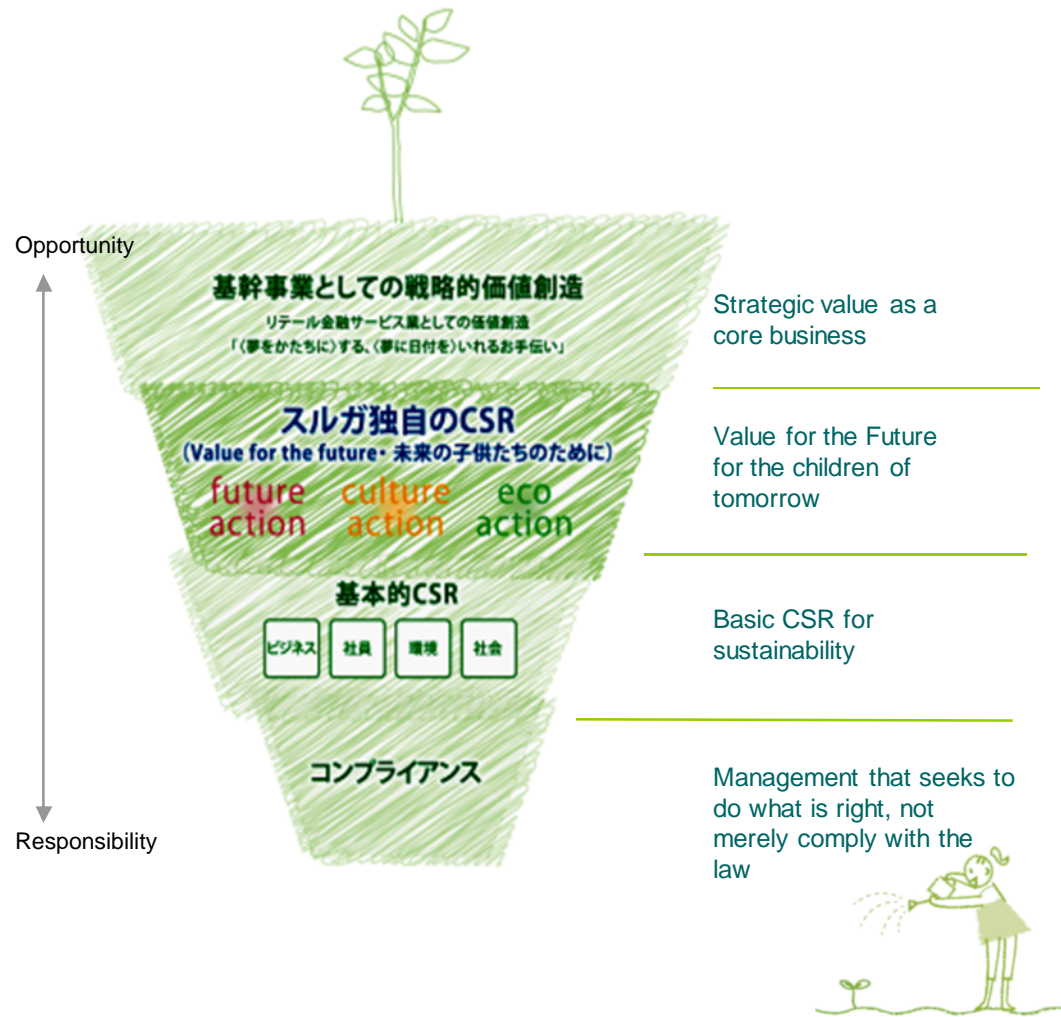
Achieving Surplus



CSR as Suruga Sees It Creating the Future

Suruga's CSR Framework Concept

Value for the Future
What we can do for the children of tomorrow



Suruga's CSR Activity: Seedlings for the Future Project

Efforts to support the healthy growth of the children who represent the future

Program supporting creating a future
Aiming to realize an autonomous society



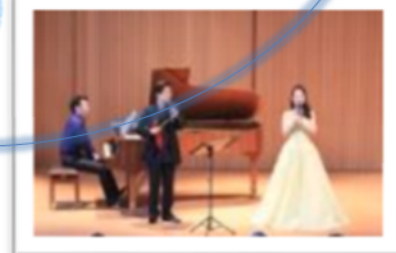
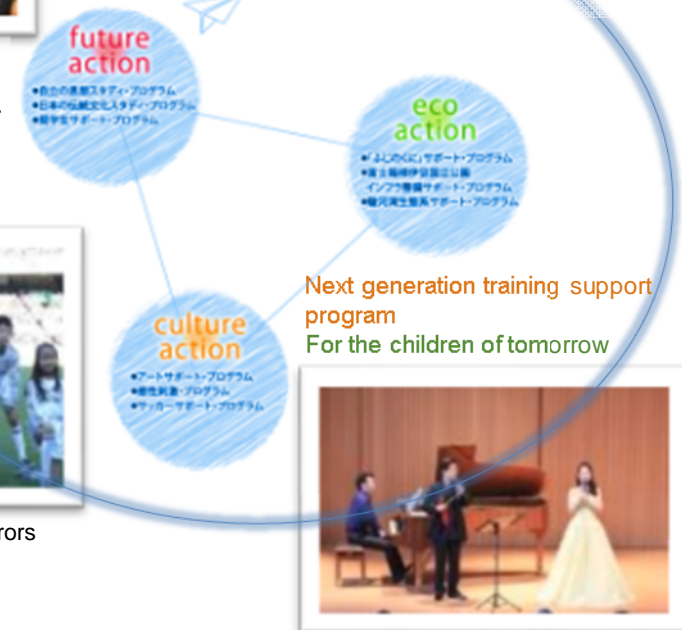
“Gakumon no Susume for Children” workshop by Prof. Takashi Saito of Meiji University



Tea Ceremony for Children “Sakura no Chakai”



Escort kids at the 94th Emperors Cup soccer games

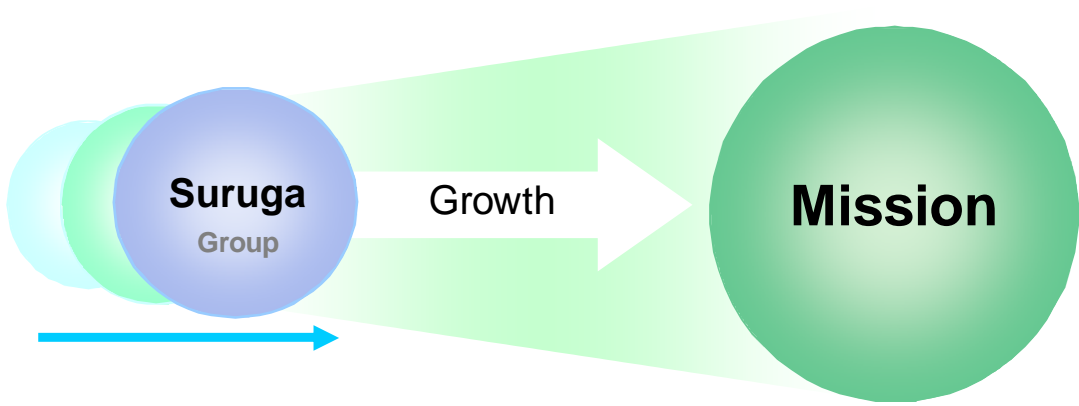


Opera concert
“A concerto for tomorrow”
A day to deepen your love for music”

Growth Within Our Corporate Philosophy

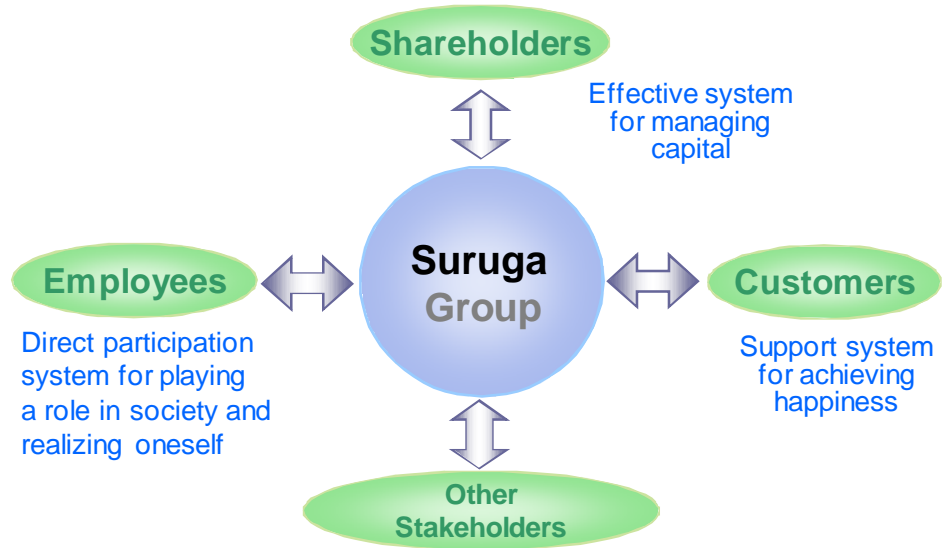
Growth as a Mission-Based Company

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 as a Value Exchange System

Define growth as greater exchange of value with all stakeholders.



Growth Originating in C·P·S

Management		
C	Culture-oriented Rooted in culture of land where established	Respect culture. Leverage the strengths of that culture to realize growth for Suruga.
P	People-based Centered around its people	Achieve growth through management centered not on corporate theory but on the logic of its people.
S	Social-perspective Seeks improved sociality	Always mindful of its role as a social institution. Achieves ends by means above the social code.

For further details regarding the above, please contact

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Suruga Bank Ltd.**

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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.