

SURUGA bank

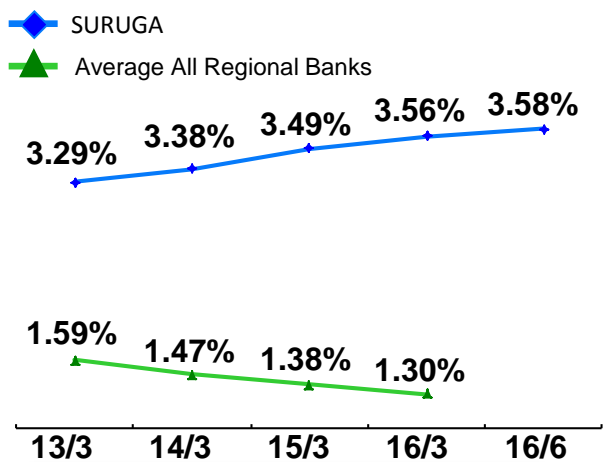
Meeting the Challenge of New Banking

Presentation to investors for the First Quarter of fiscal year 2016

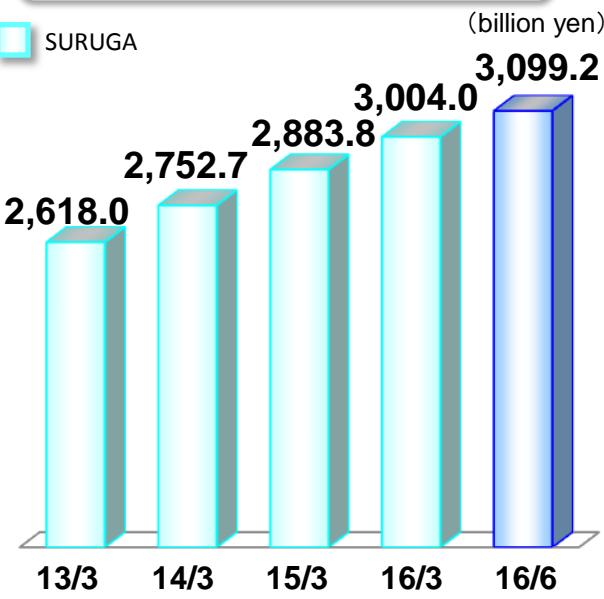


Yield / Margins (Overall)

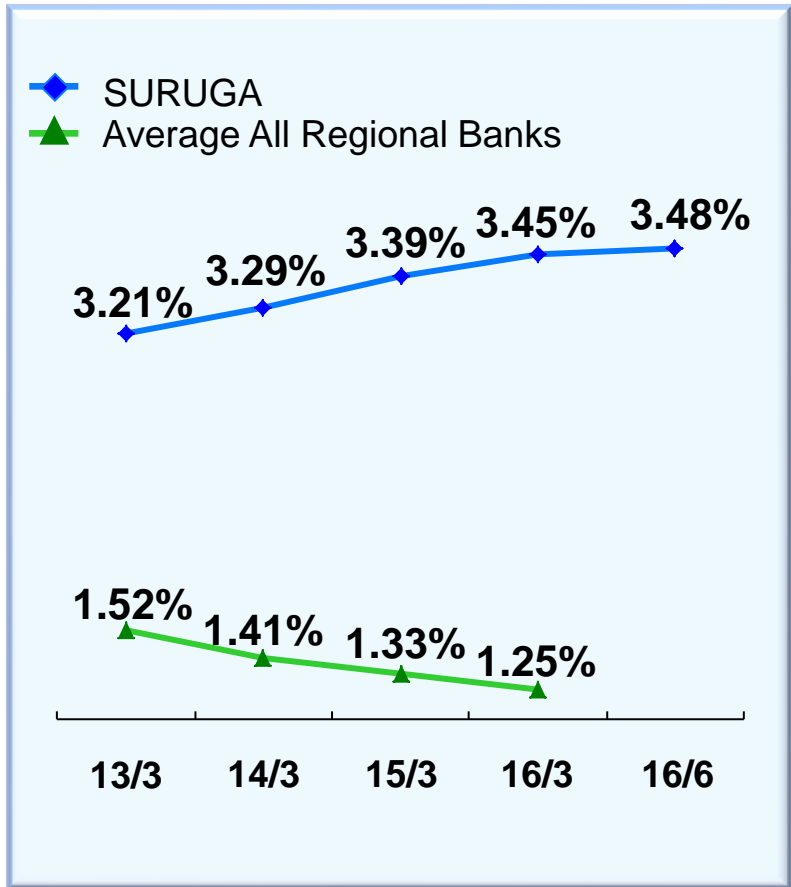
Yield on outstanding loans



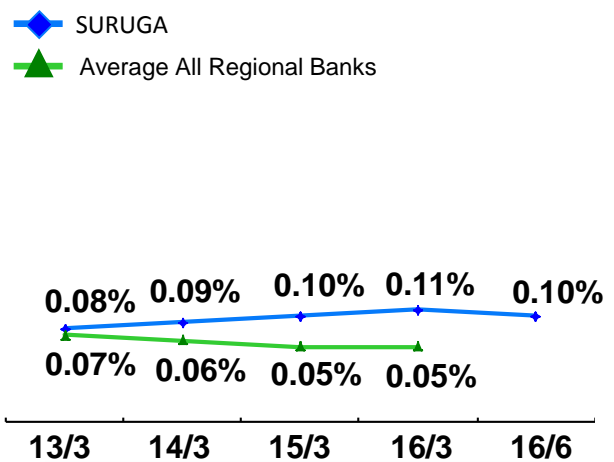
Average balance of outstanding loans



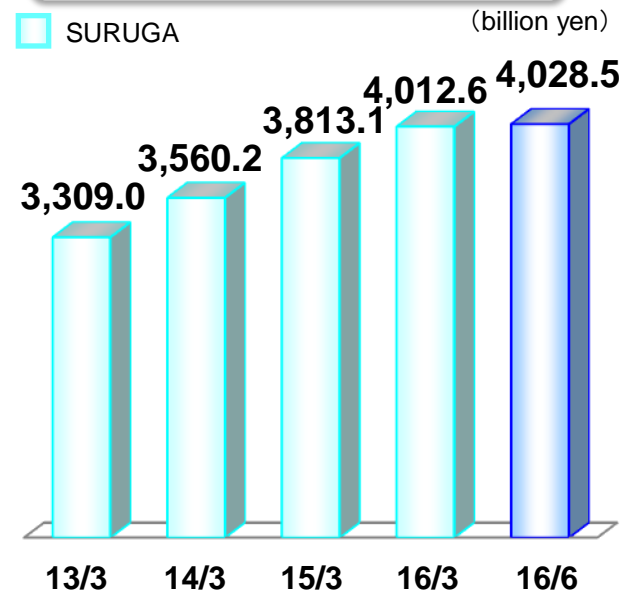
Loan-deposit margin



Yield on deposits



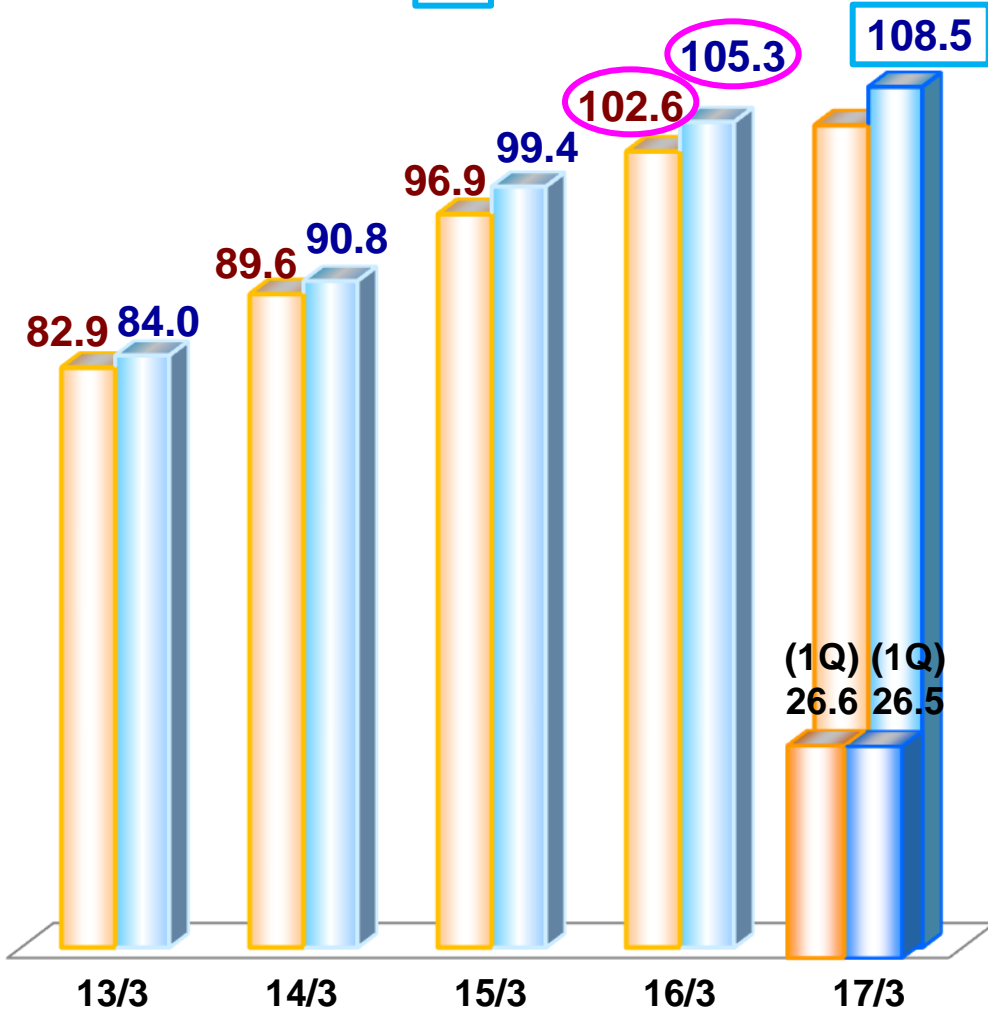
Average balance of deposits



Income

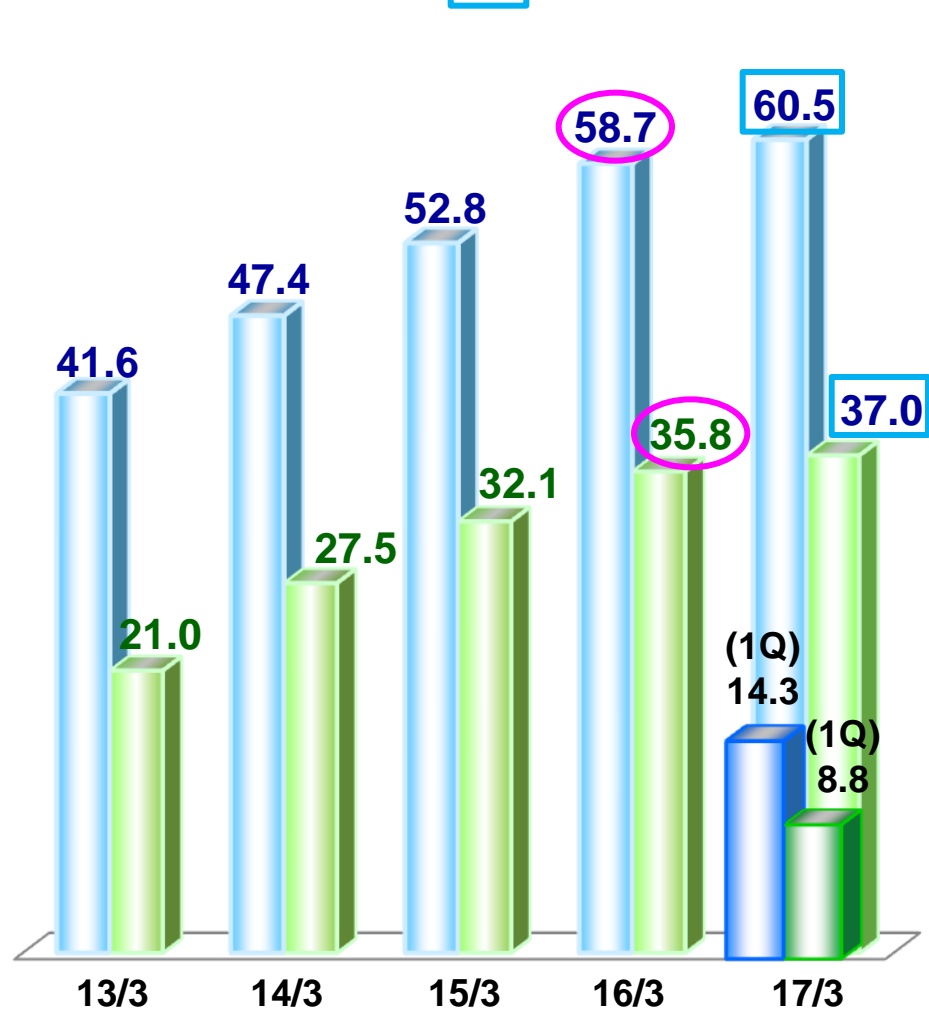
Yen loan-deposit profit / Gross operating profit

■ Yen loan-deposit profit Record High (billion yen)
■ Gross operating profit Forecast



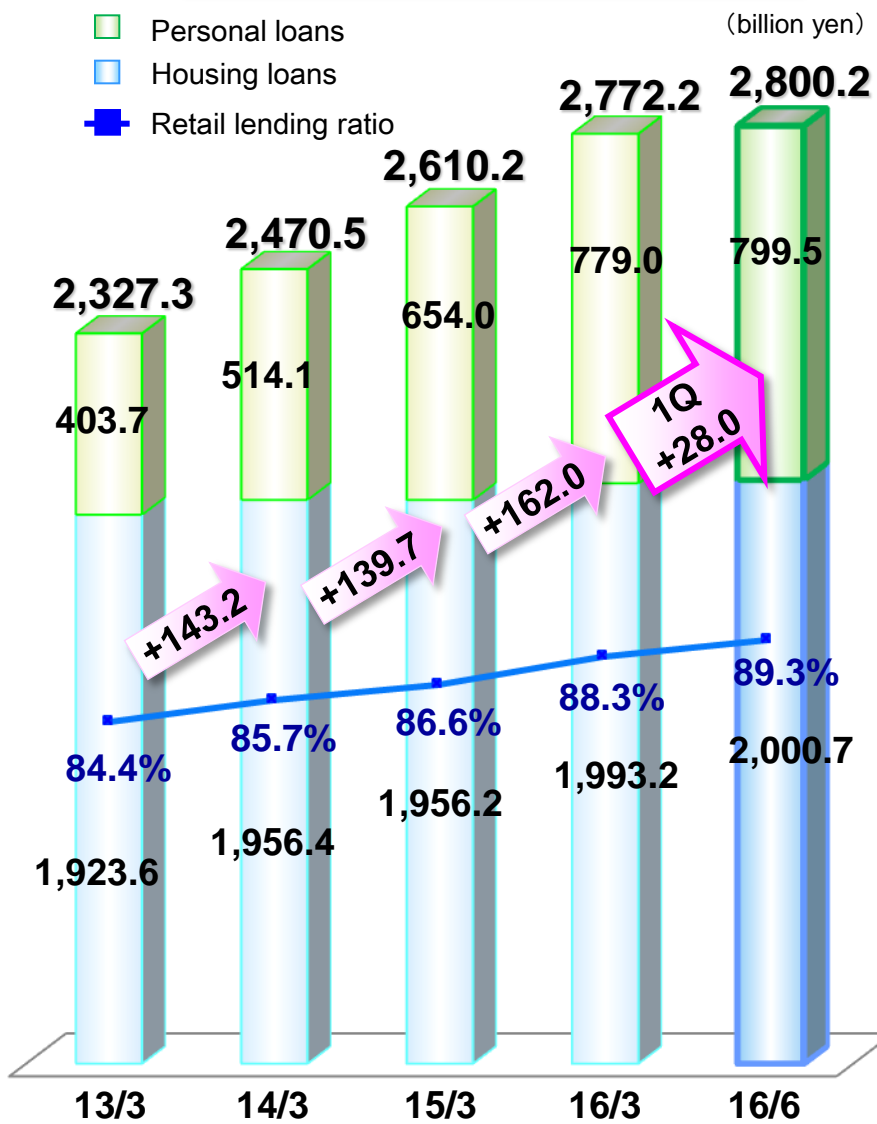
Core net operating profit / Net income

■ Core net operating profit Record High (billion yen)
■ Net income Forecast

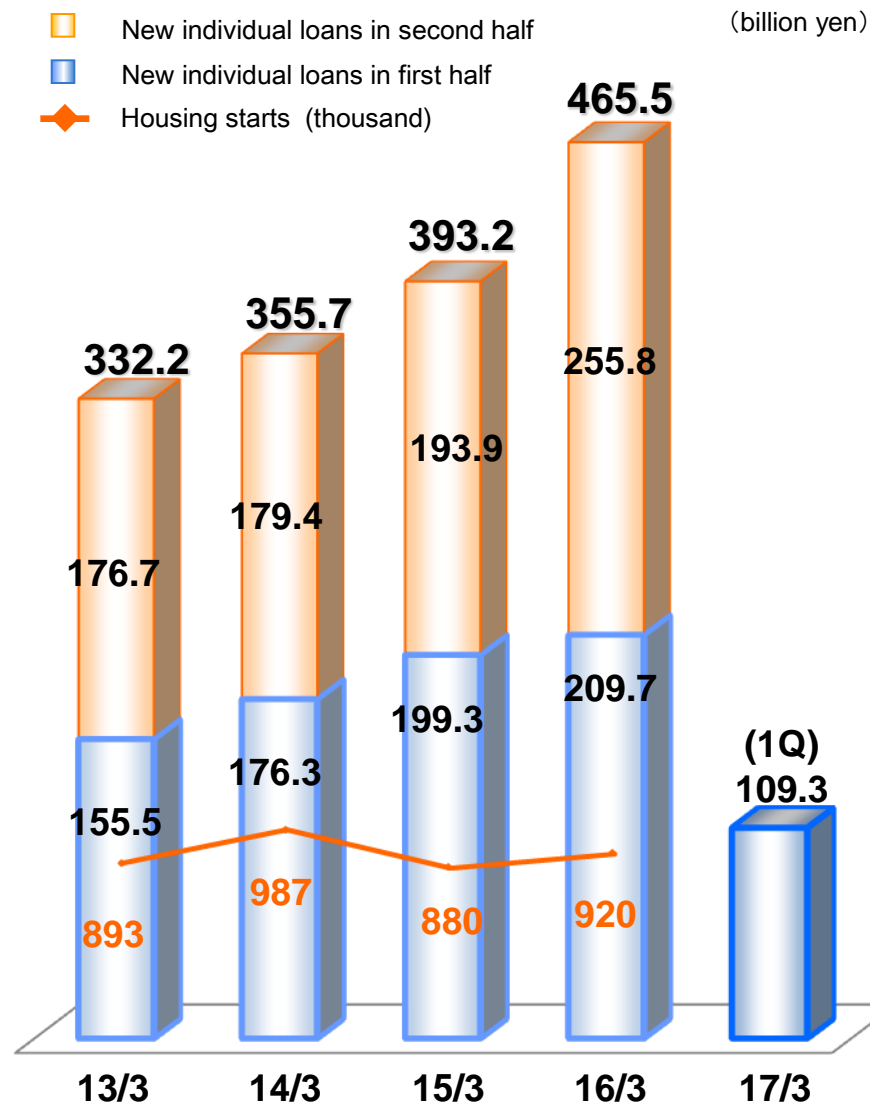


Strong Focus on Retail

Consumer loan balance and ratio

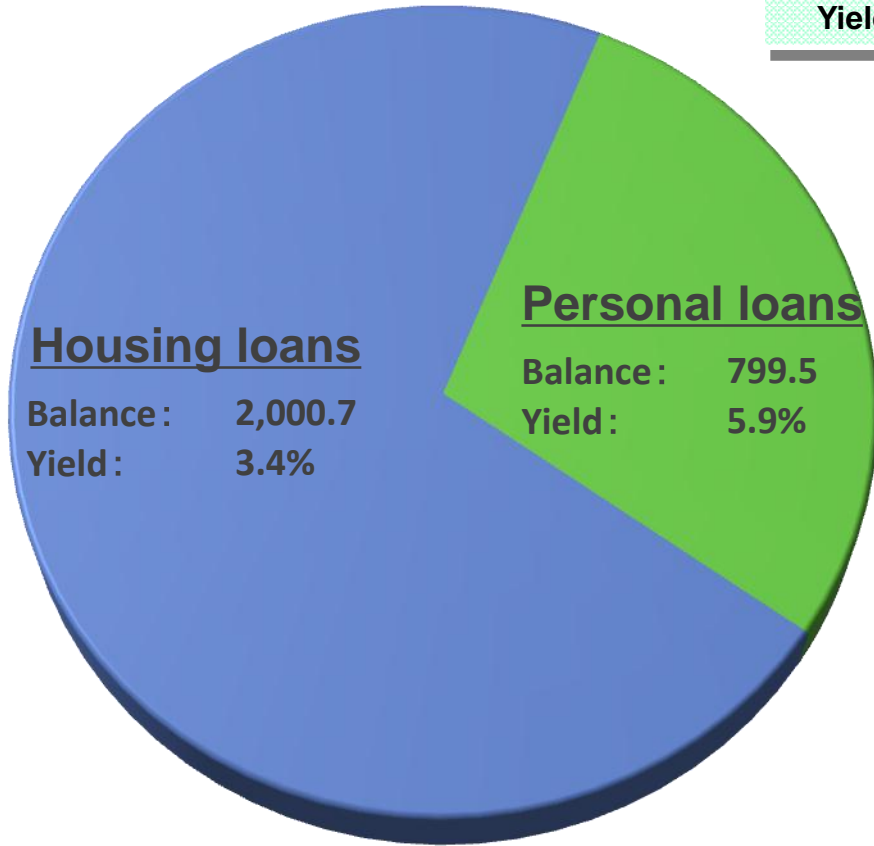


New loan contracts



Focus on More Profitable Products

Consumer loans



Balance: 2,800.2

Yield: 4.1%

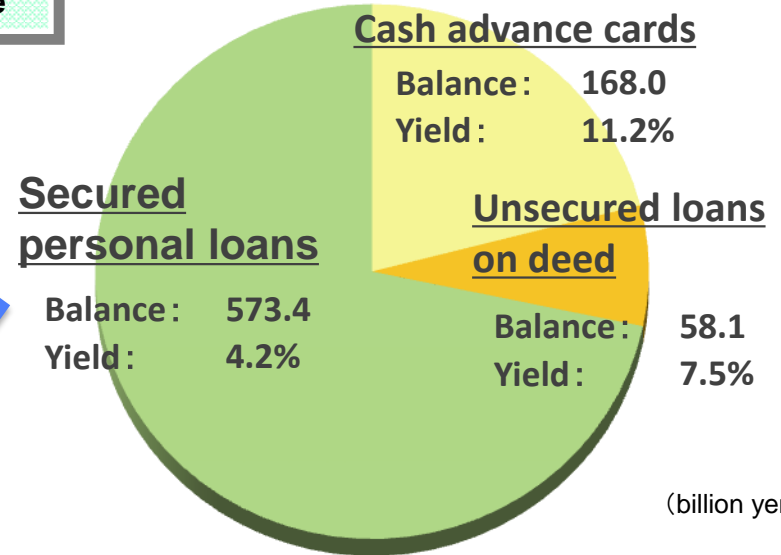
《The type of Housing loans' interest rate》

1.4%

98.6% variable interest rate

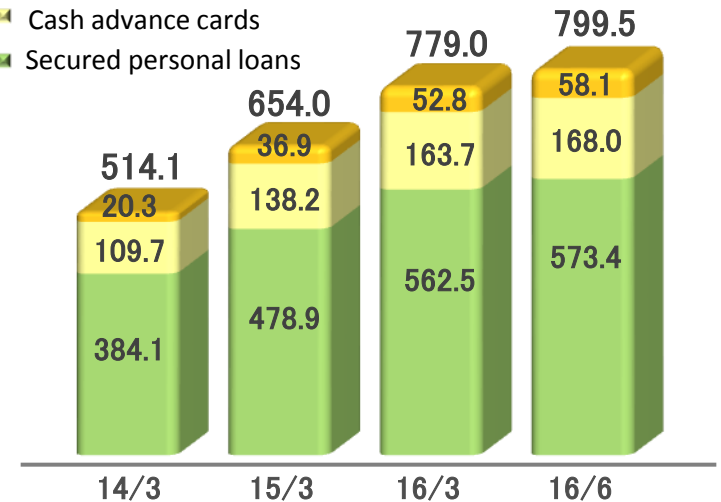
As of June 30, 2016
Balance: billion yen
Yield: average rate

Personal loans



(billion yen)

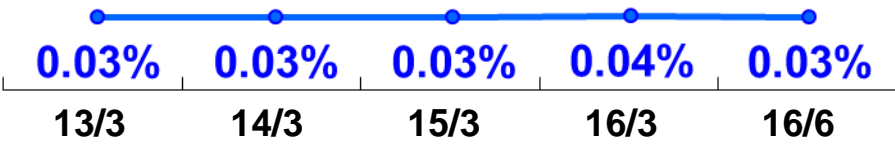
- Unsecured loans on deed
- Cash advance cards
- Secured personal loans



Delinquency Rates on Consumer Loans

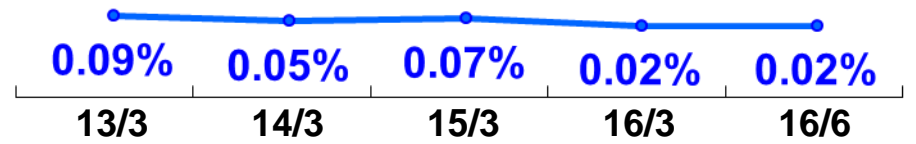
Housing loans

▲ Yield ● Delinquency rate



Personal loans

▲ Yield ● Delinquency rate

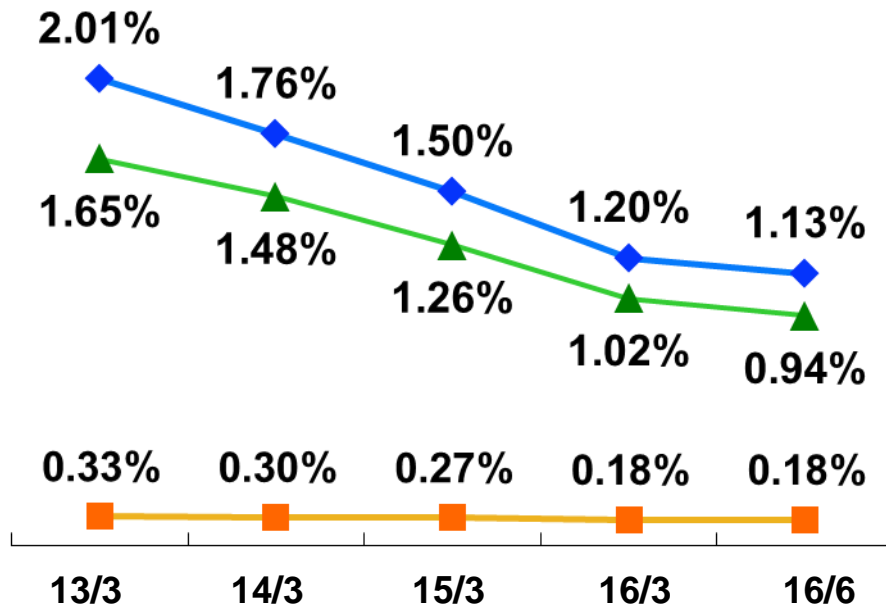


Delinquency rate = amount 3 months or more overdue / average amount of loan

Non-performing loans ratio / Credit costs status

Non-performing loans ratio

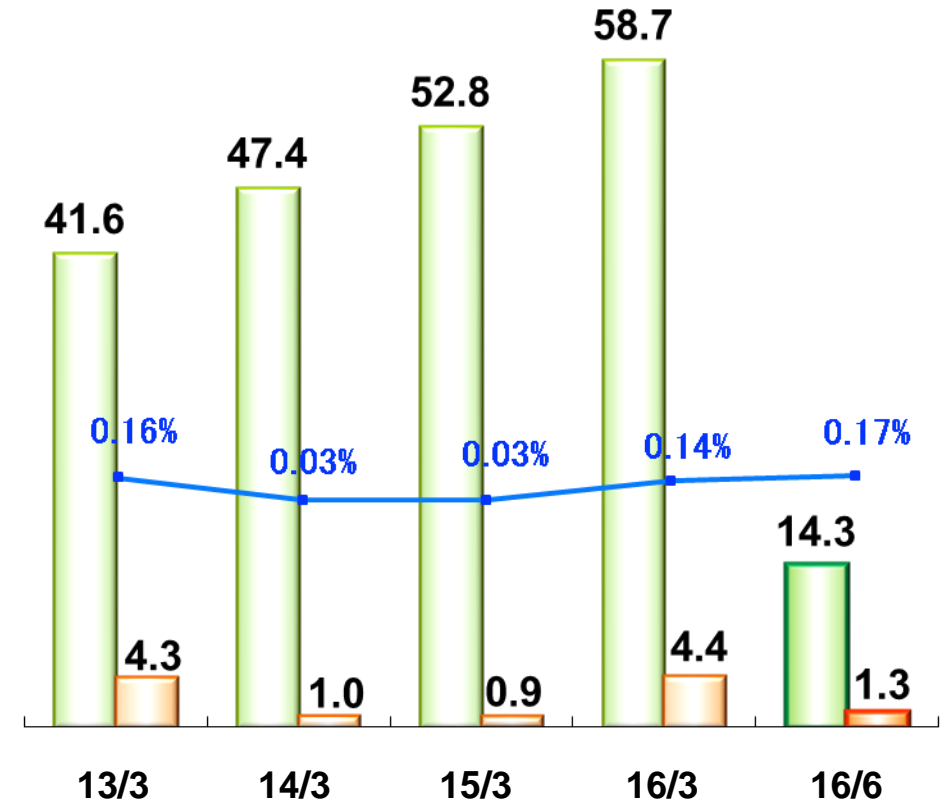
- ◆ Non-performing loans on the Financial Reconstruction Law
- ▲ Non-performing loans from reserves
- Non-performing loans after deduction from reserves, collateral and guarantees



Credit costs status

(billion yen)

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



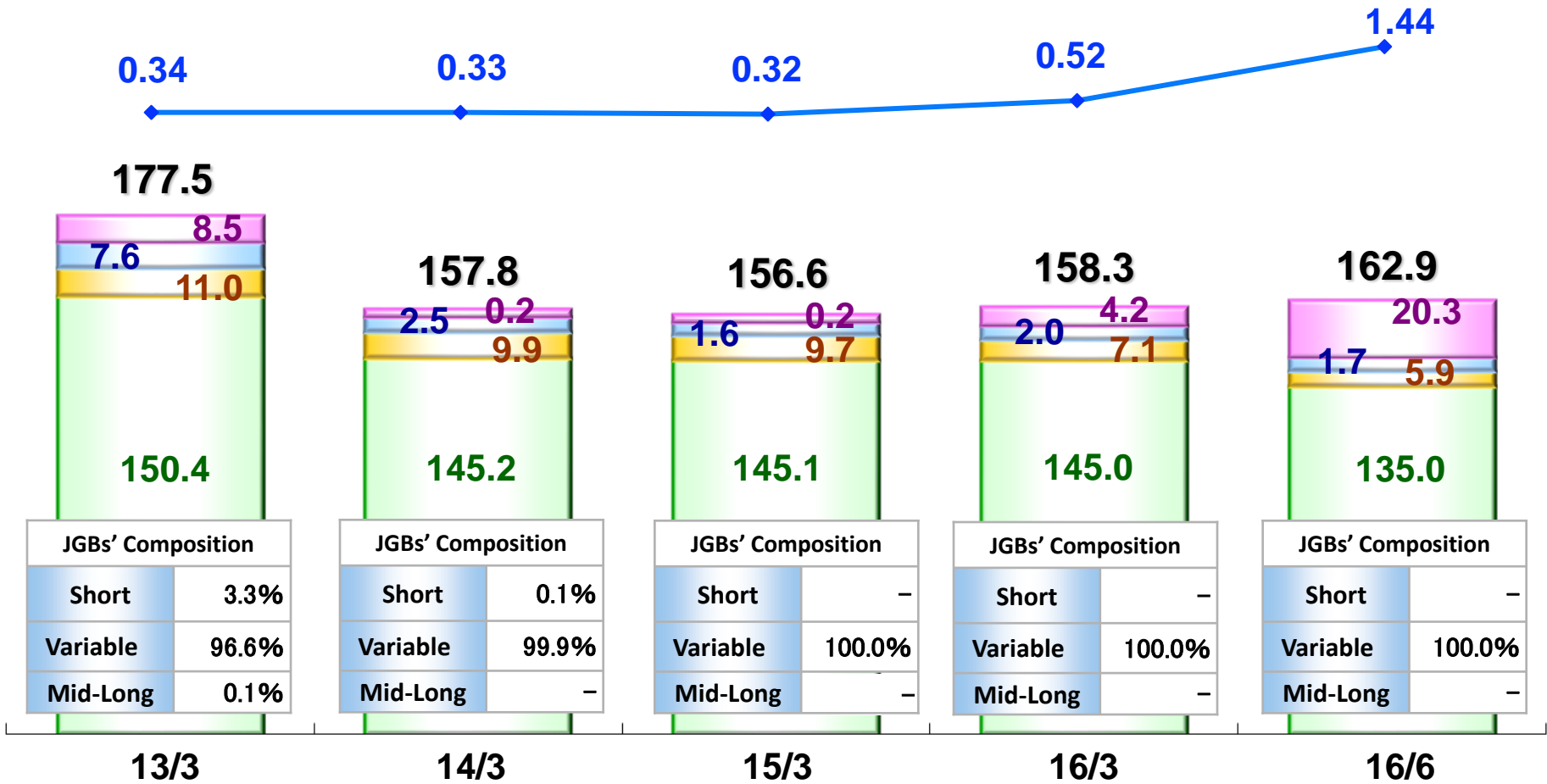
Bond Portfolio

■ JGBs
 ■ Foreign Bonds
 ■ Corporate Bonds
 ■ Regional Government Bonds

◆ Average remaining maturity (Year)

(billion yen)

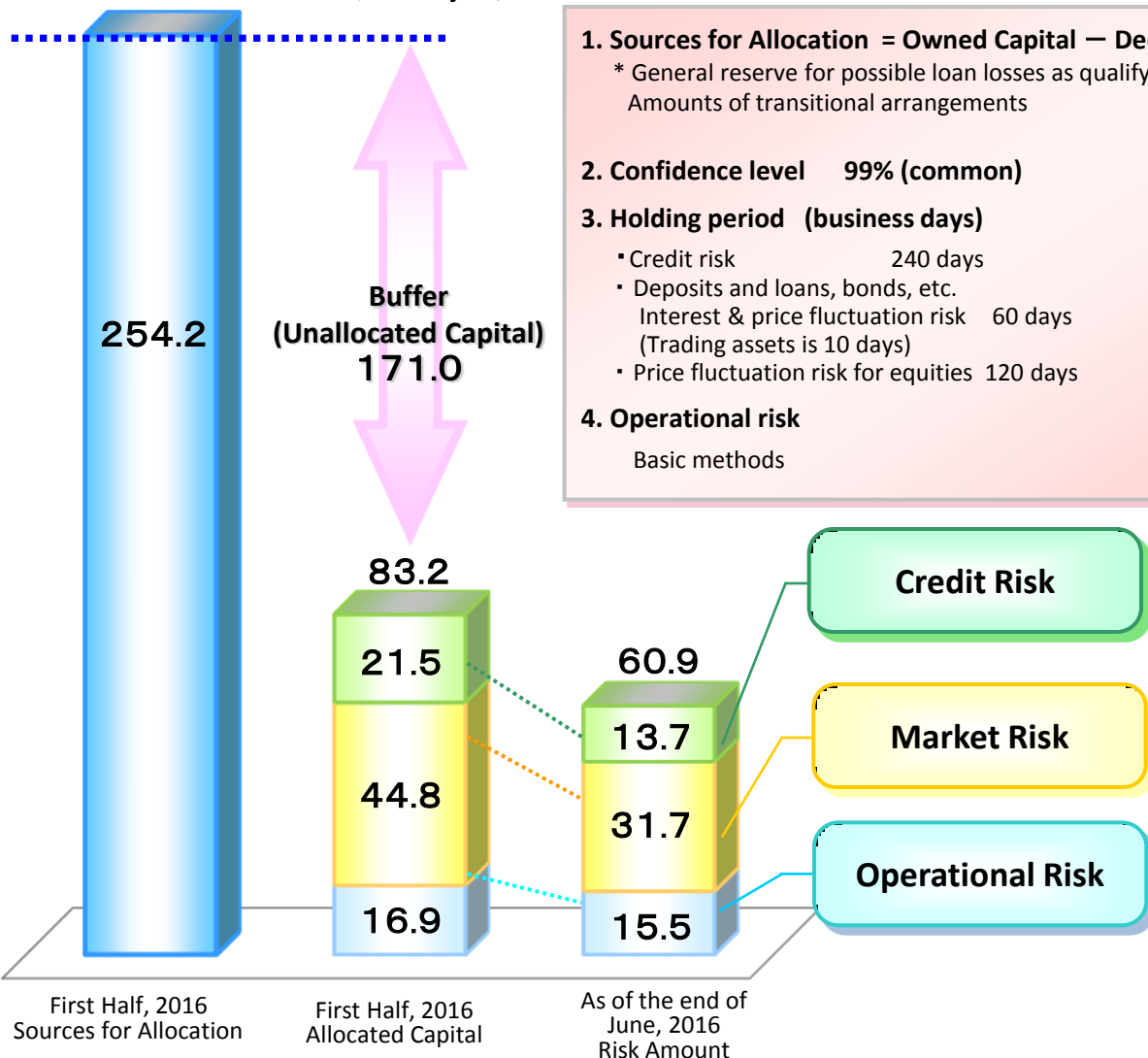
Security Deposit Ratio 5.6%



Status of Risk Amount

Integrated Risk Management

(billion yen)



1. Sources for Allocation = Owned Capital — Deductions*

* General reserve for possible loan losses as qualifying capital, Amounts of transitional arrangements

2. Confidence level 99% (common)

3. 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

4. Operational risk

Basic methods

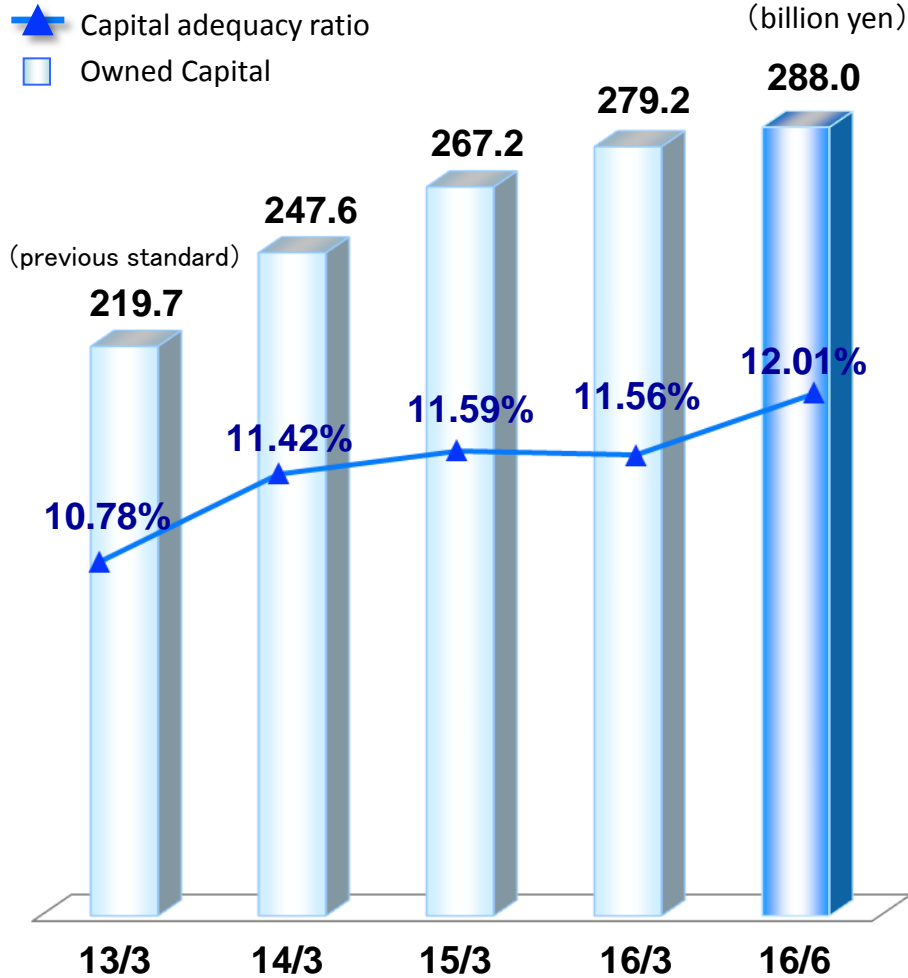
Outlier Ratio

As of the end of June 2016

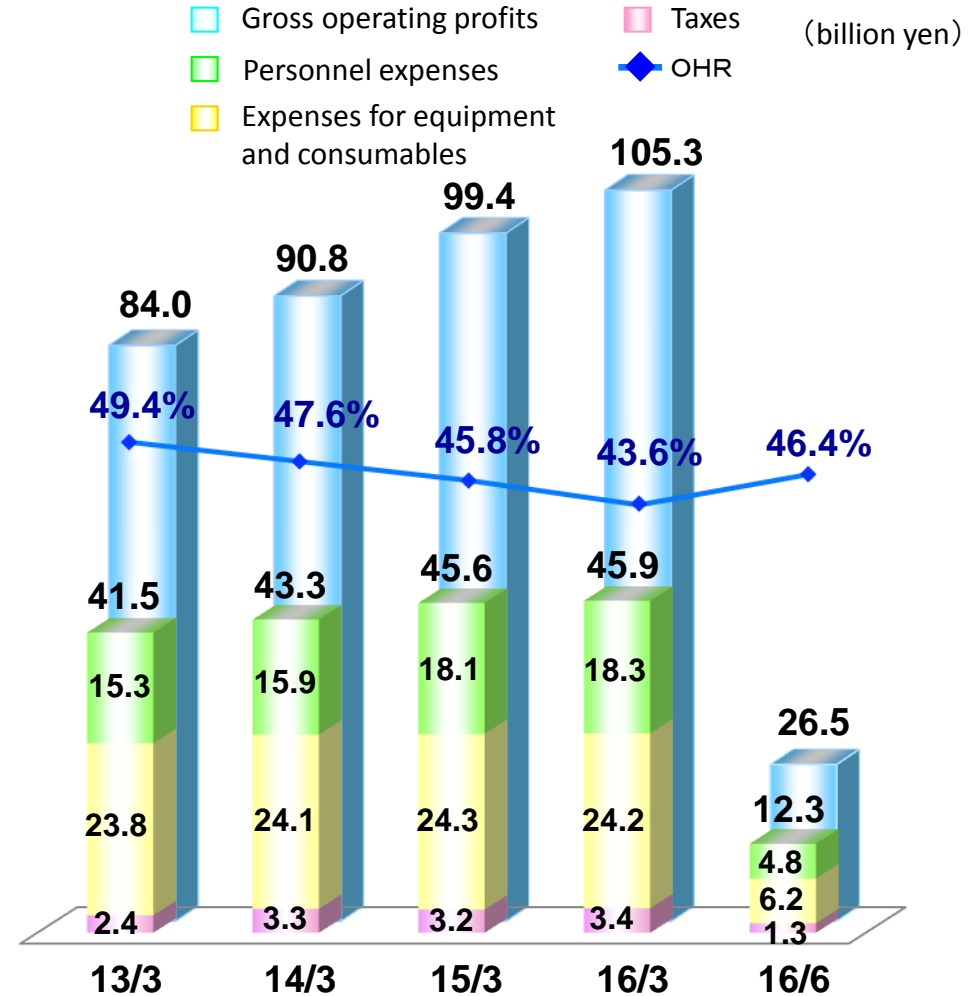
Interest Rate Shock Range	±200bp
Interest Rate Risk Amount	0.7 billion yen
Outlier Ratio	0.2%

Capital Levels • Expenses and OHR

Capital adequacy ratio



Expenses and OHR



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

$$\text{OHR} = \frac{\text{Operating expenses}}{\text{Gross operating profits}}$$

FY2016 1Q Results

(billion yen)

	FY2016 1Q Results (A)	FY2015 1Q Results (B)	Increase or Decrease (A—B)
Gross operating profit	26.5	27.1	△0.6
Operating expenses	12.3	11.7	+0.6
Net operating profit	14.2	15.4	△1.2
Core net operating profit	14.3	15.1	△0.8
Ordinary profit	12.7	14.4	△1.7
Net income	8.8	9.5	△0.7
Actual credit costs	1.3	1.2	+0.1

FY2016 Forecast

(billion yen)

	FY2016 1Q Results	FY2016 Interim Forecast	Achieving rate	FY2016 Annual Forecast	Achieving rate
Gross operating profit	26.5	—	—	108.5	24.4%
Net operating profit	14.2	28.5	49.8%	60.5	23.4%
Ordinary profit	12.7	26.0	48.8%	55.0	23.0%
Net income	8.8	17.5	50.2%	37.0	23.7%

For further details, please contact

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