

SURUGA bank

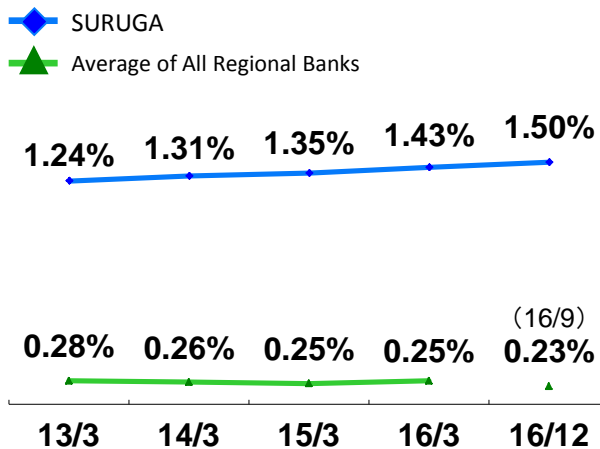
Meeting the Challenge of New Banking

Presentation to investors for the Third Quarter of fiscal year 2016

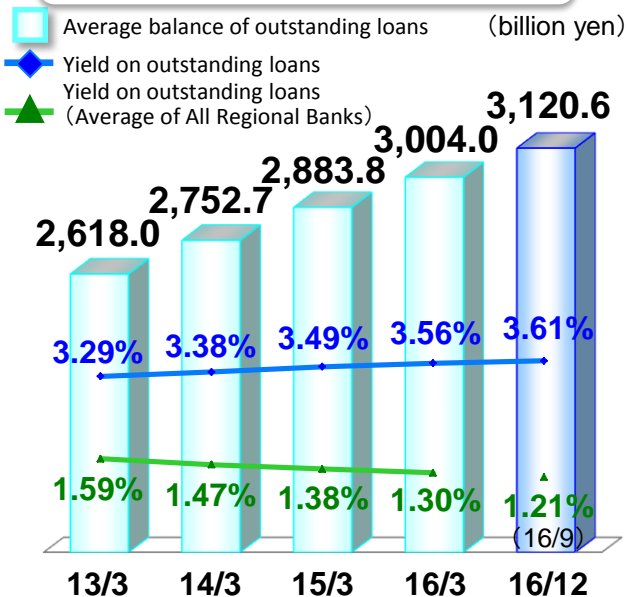


Yield / Margins (Overall)

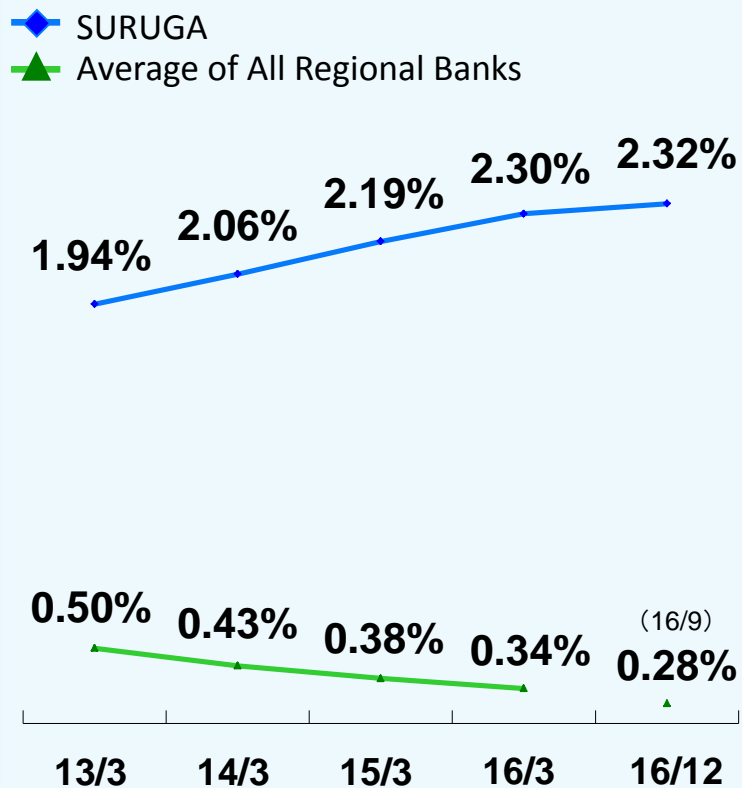
Net interest margin



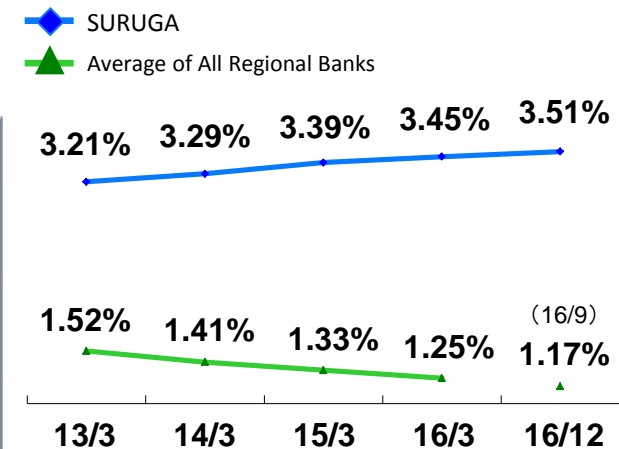
Average balance and yield on outstanding loans



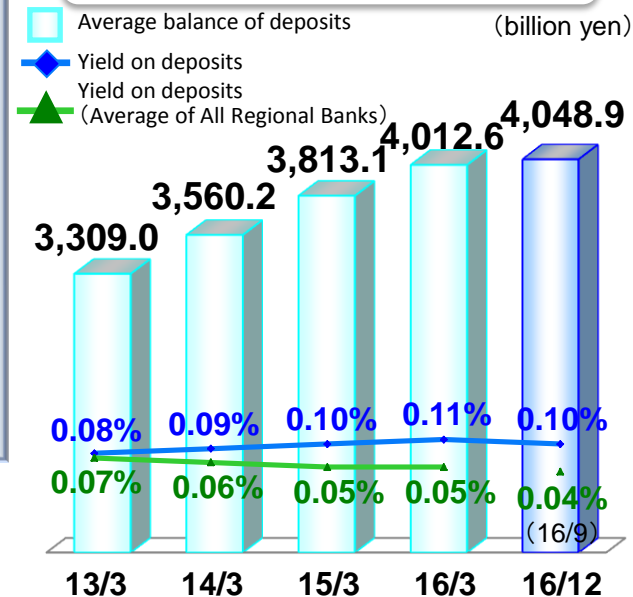
Loan-deposit margin (after deduction of expenses)



Loan-deposit margin



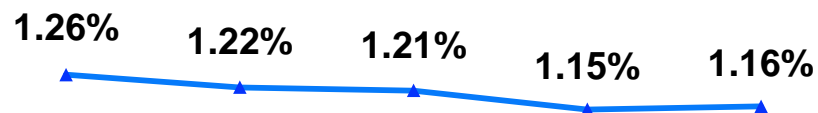
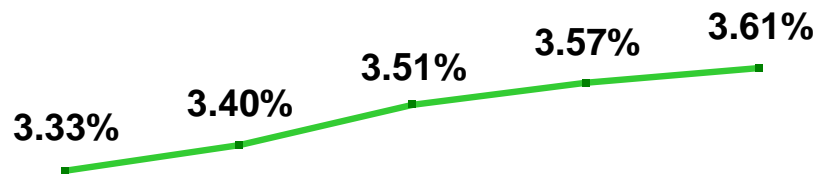
Average balance and yield on deposits



Yield / Margins (Domestic)

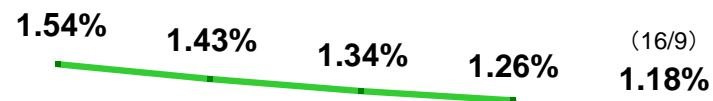
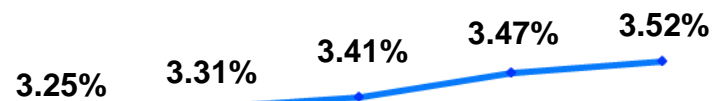
Yield-expense ratio

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



Loan-deposit margin

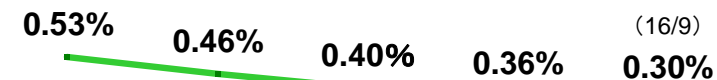
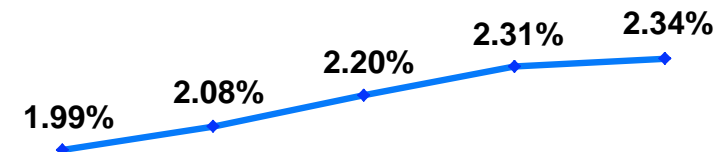
- SURUGA
- Average of All Regional Banks



13/3 14/3 15/3 16/3 16/12

Loan-deposit margin (after deduction of expenses)

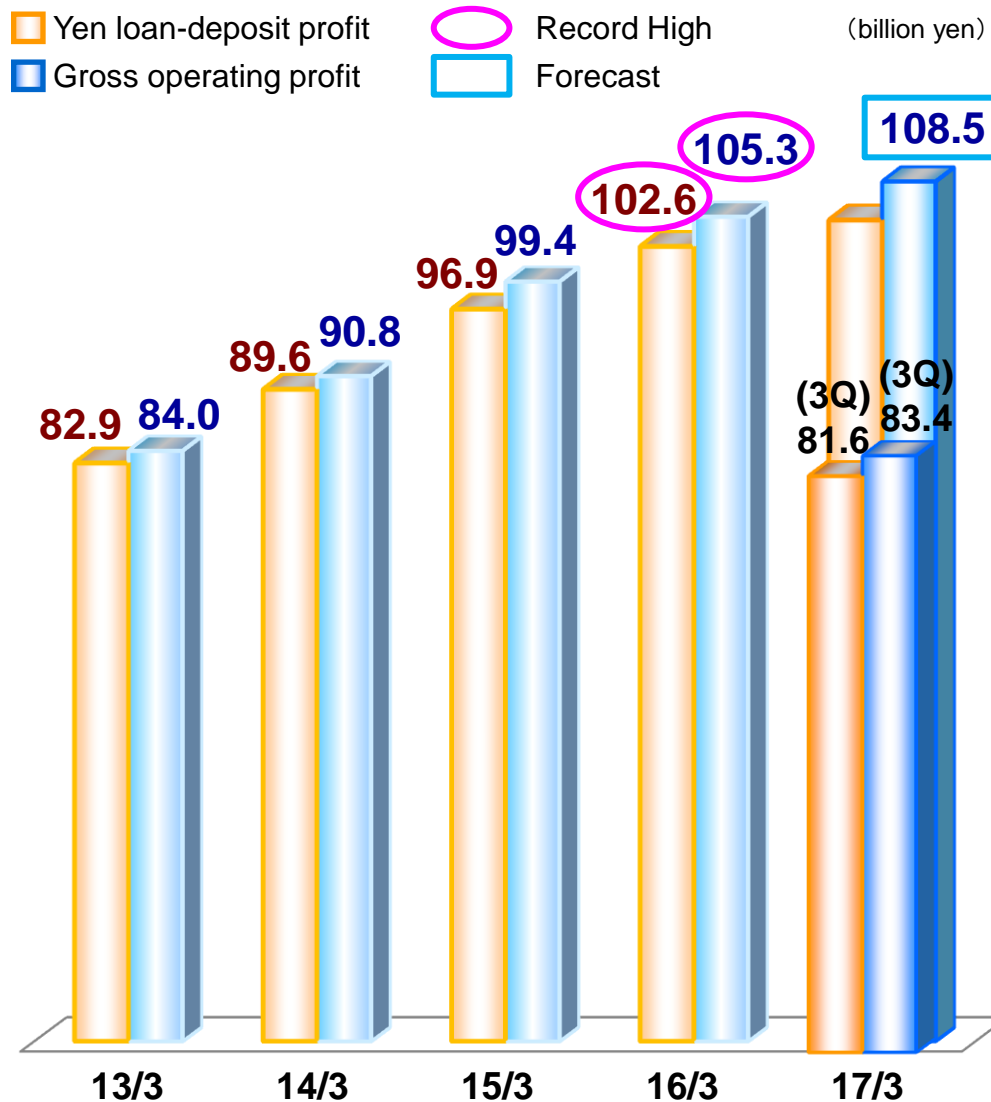
- SURUGA
- Average of All Regional Banks



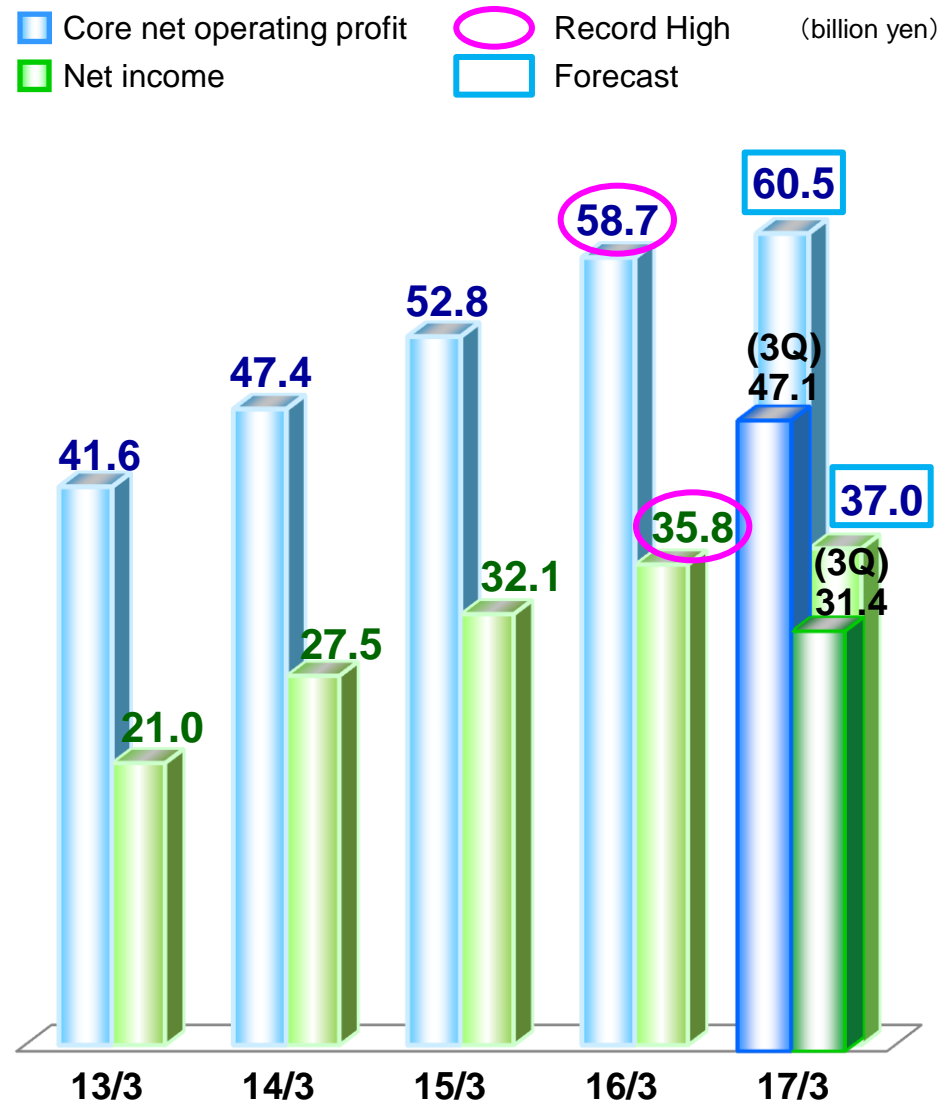
13/3 14/3 15/3 16/3 16/12

Income

Yen loan-deposit profit / Gross operating profit

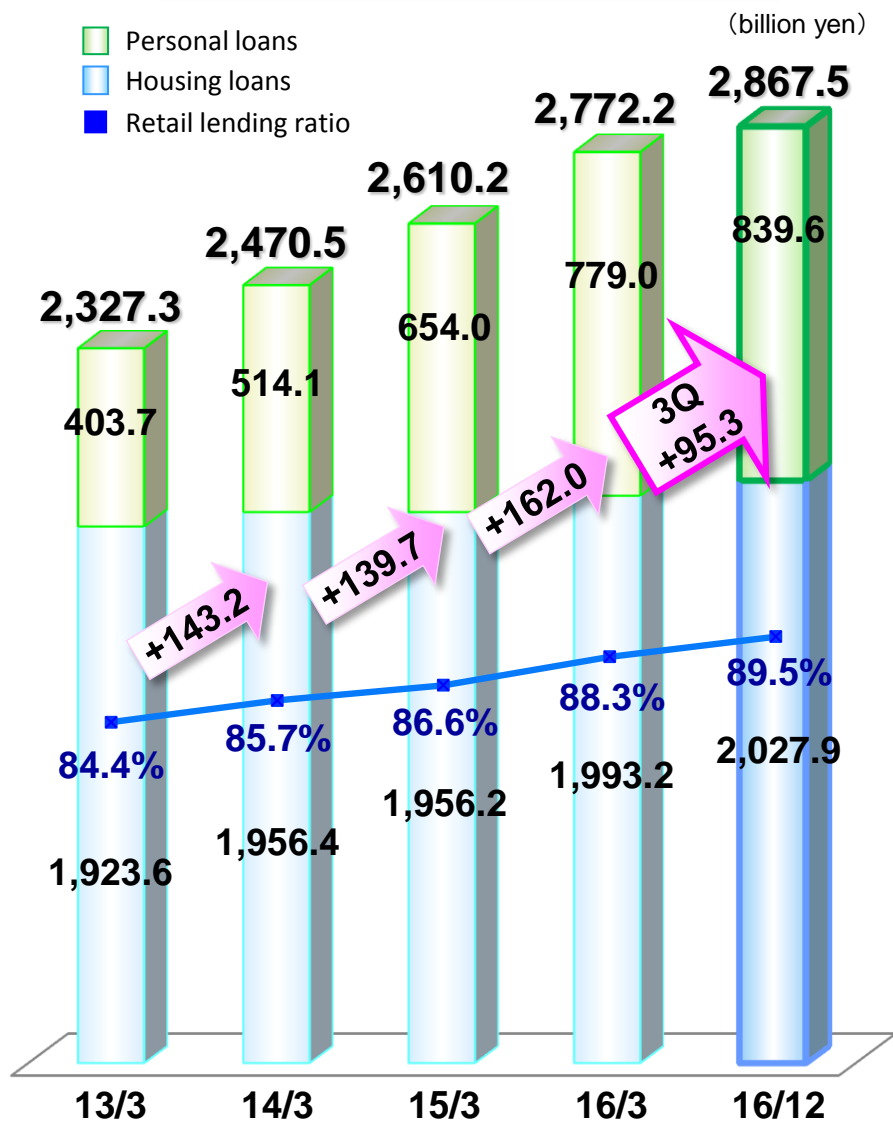


Core net operating profit / Net income

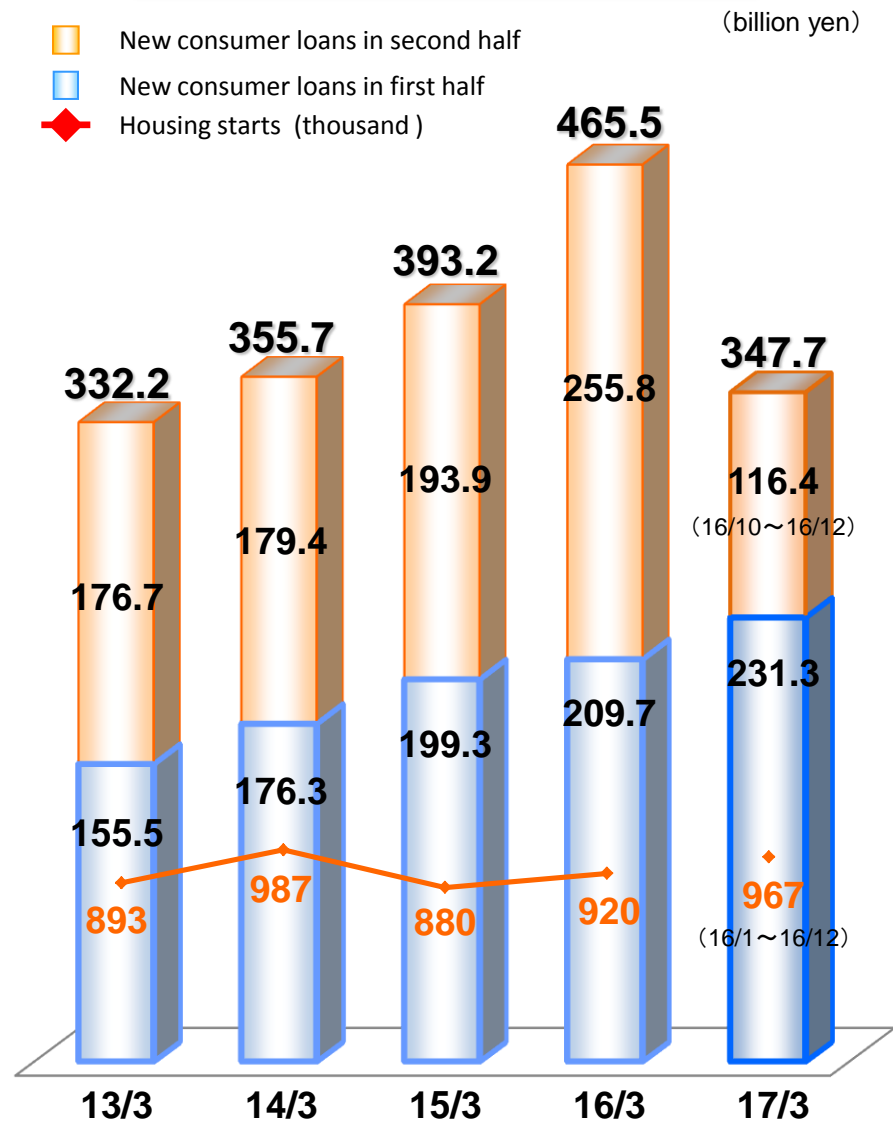


Strong Focus on Retail

Consumer loan balance and ratio

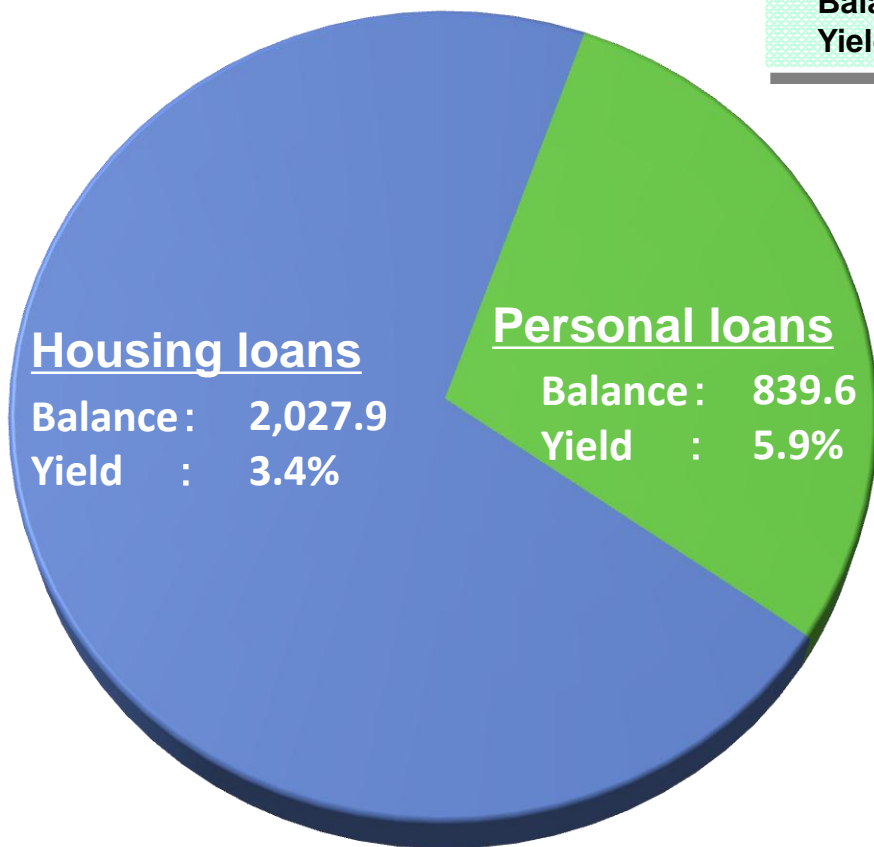


New loan contracts



Focus on More Profitable Products

Consumer loans

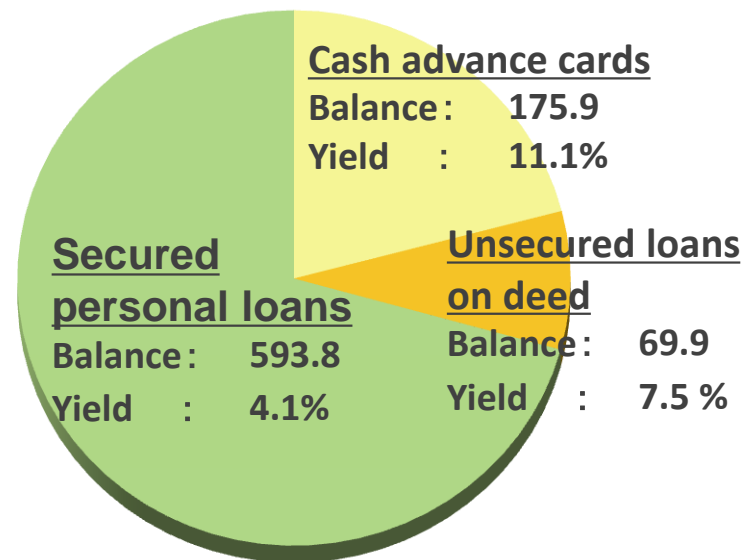


Balance: 2,867.5

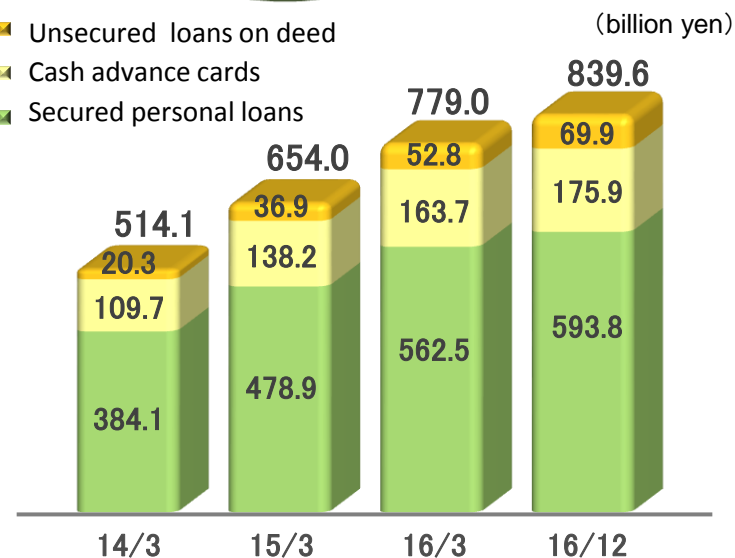
Yield : 4.1%

As of Dec. 31, 2016
Balance: billion yen
Yield : average rate

Personal loans



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



《Breakdown of Housing loans by interest rate type》

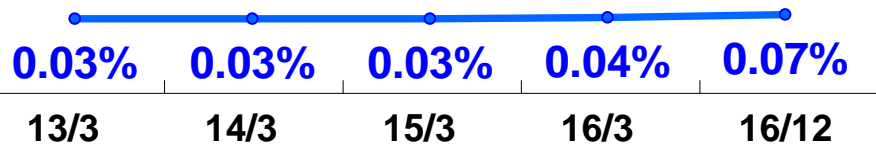
1.2%
fixed interest rate

98.8% variable interest rate

Delinquency Rates on Consumer Loans

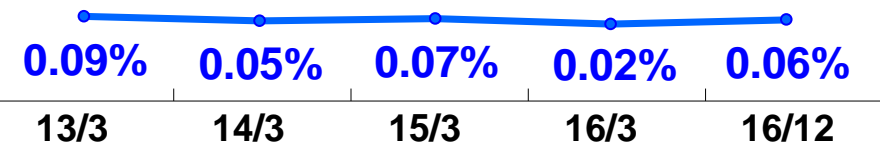
Housing loans

▲ Yield ● Delinquency rate



Personal loans

▲ Yield ● Delinquency rate

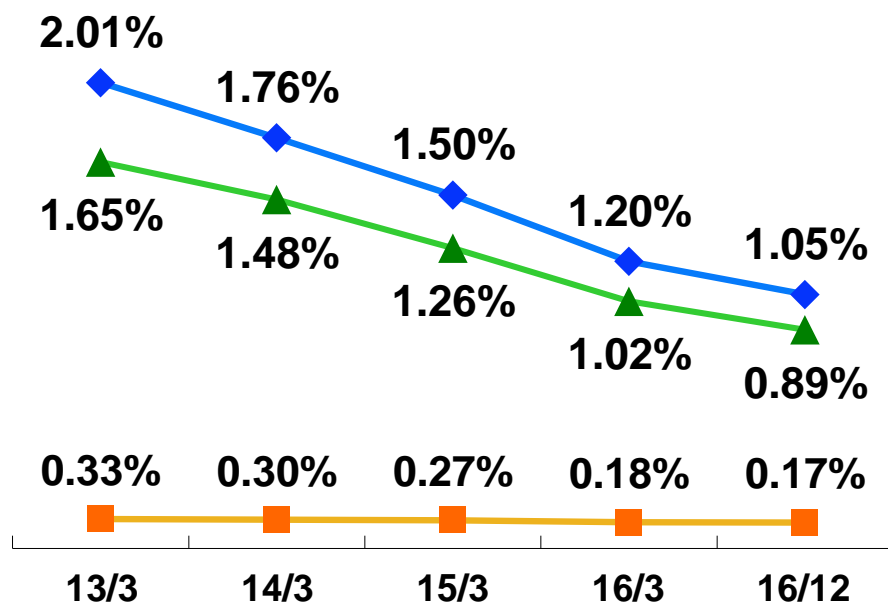


Delinquency rate = amount 3 months or more overdue / average amount of loan

NPL Ratio / Credit costs

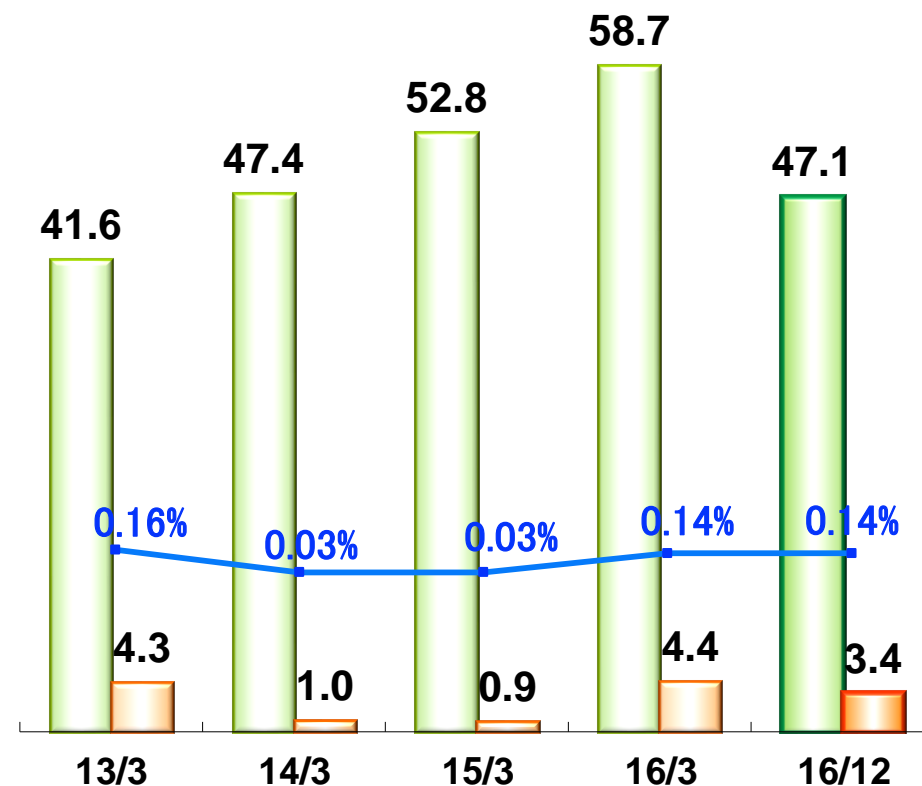
NPL ratio

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



Credit costs status

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



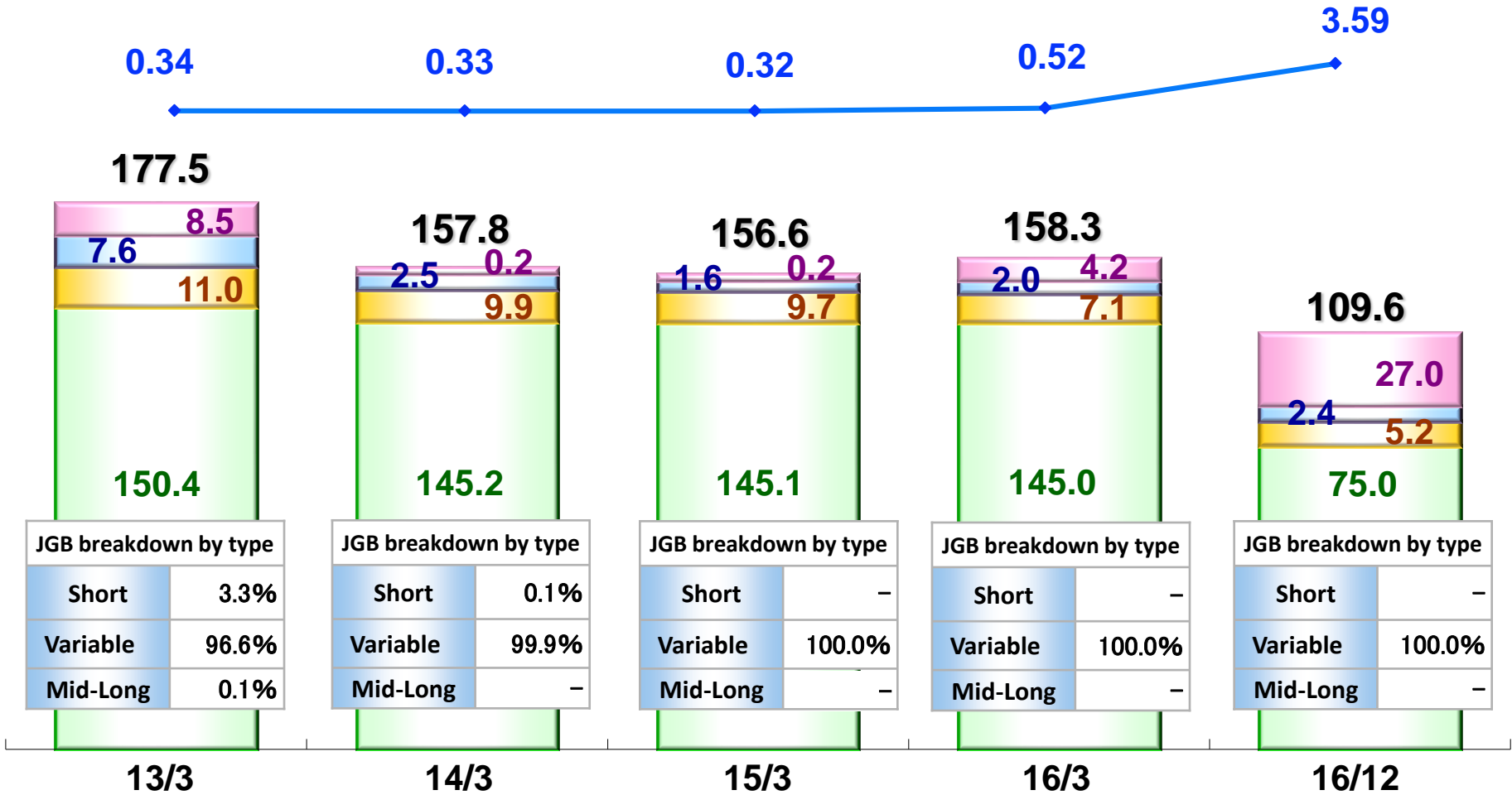
Bond Portfolio

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

(billion yen)

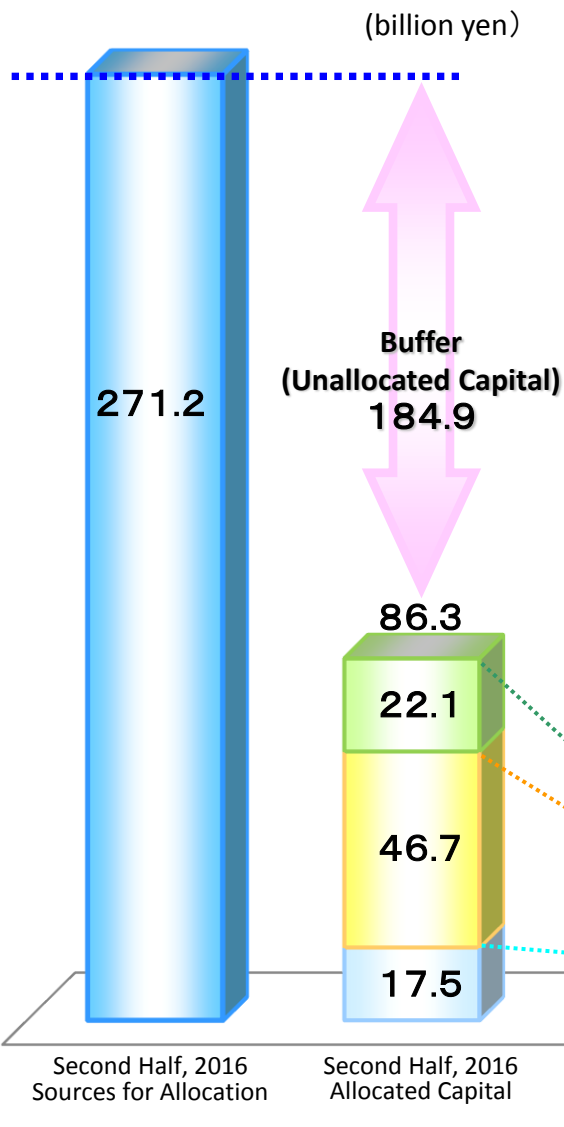
◆ Average remaining maturity (Year)

Security Deposit Ratio 4.3%



Status of Risk Amount

Integrated Risk Management



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 10 days
- Price fluctuation risk for equities 120 days

4. Operational risk

Basic indicator approach

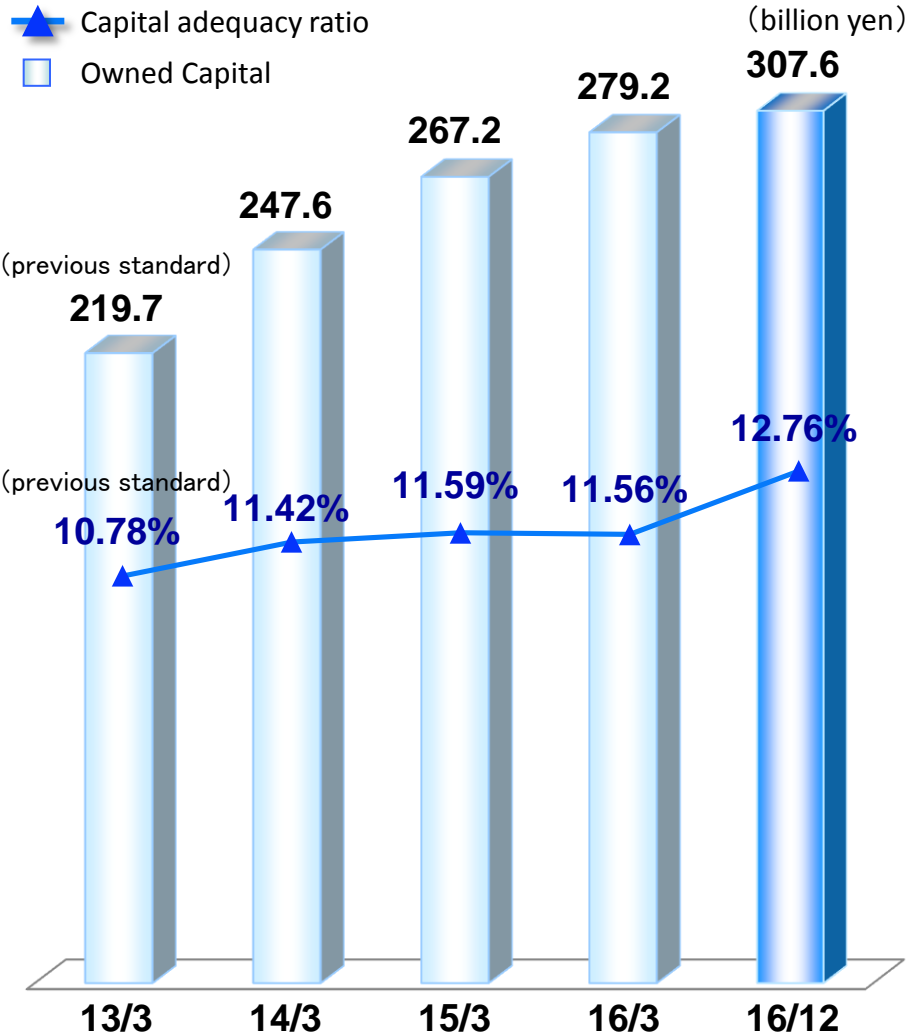
Outlier Ratio

As of the end of December 2016

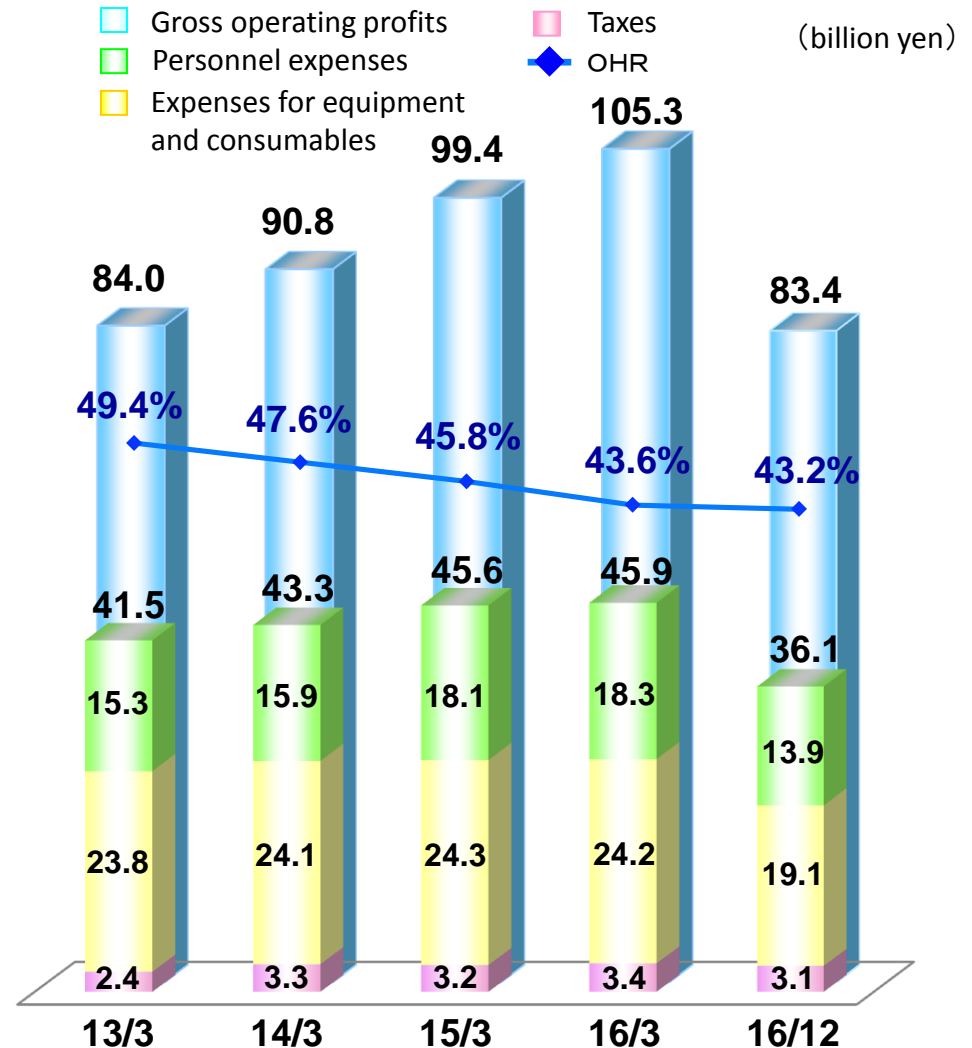
Interest Rate Shock Range	±200bp
Interest Rate Risk Amount	2.6 billion yen
Outlier Ratio	0.8%

Capital Levels 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 3Q Results (Cumulative)

(billion yen)

	FY2016 3Q Results (A)	FY2015 3Q Results (B)	Increase or Decrease (A-B)	FY2016 Annual Forecast
Gross operating profit	83.4	79.3	+4.1	108.5
Operating expenses	36.1	34.7	+1.4	48.0
Net operating profit	47.3	44.5	+2.8	60.5
Core net operating profit	47.1	43.8	+3.3	60.5
Ordinary profit	43.4	41.4	+2.0	55.0
Net income	31.4	27.5	+3.9	37.0
Actual credit costs	3.4	3.1	+0.3	4.5

For further details, please contact

IR Office,
SURUGA bank Ltd.

Tel: +81-3-3279-5536
e-mail: ir.koho@surugabank.co.jp

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