

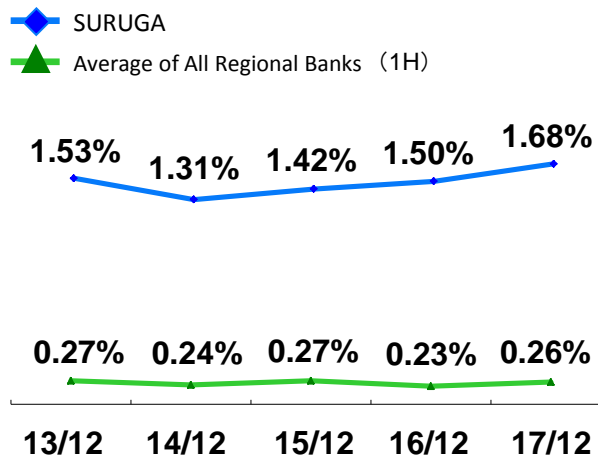
# Meeting the Challenge of New Banking

Presentation to investors for the Third Quarter of fiscal year 2017

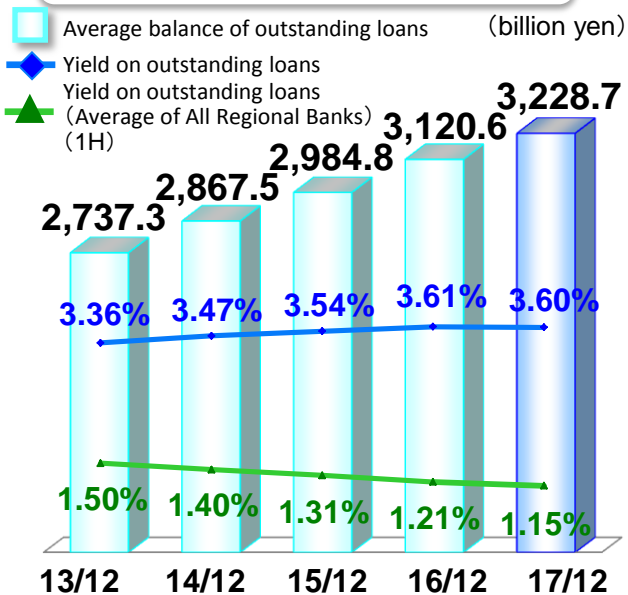


# Yield / Margins (Overall)

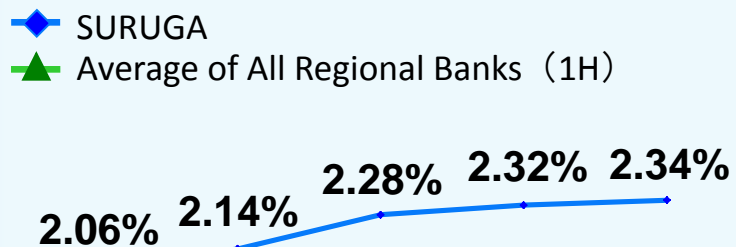
## Net interest margin



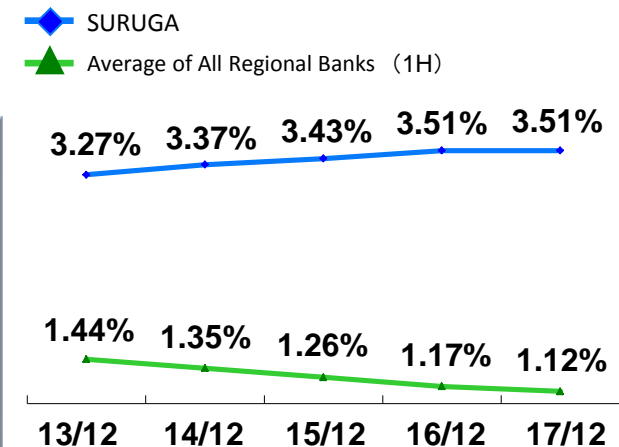
## Average balance and yield on outstanding loans



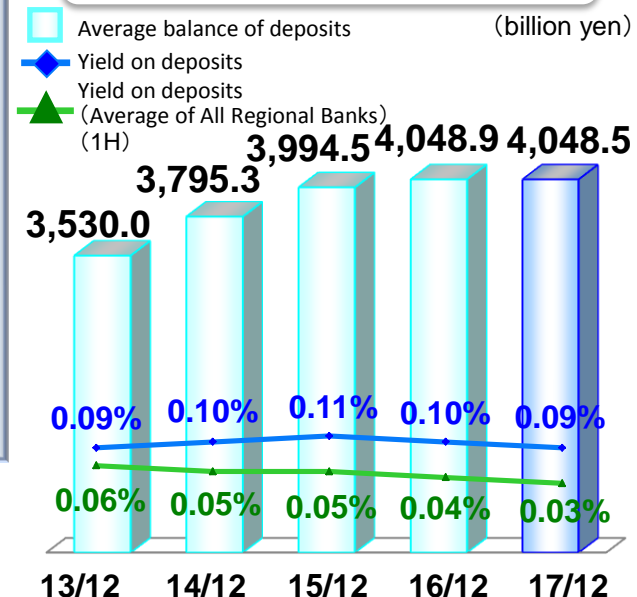
## Loan-deposit margin (after deduction of expenses)



## Loan-deposit margin



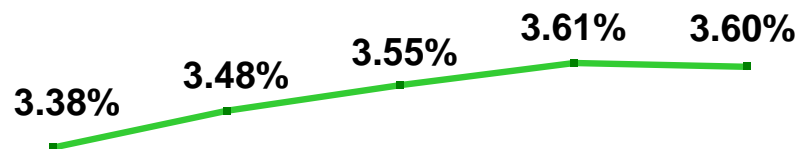
## Average balance and yield on deposits



# Yield / Margins (Domestic)

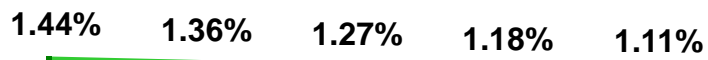
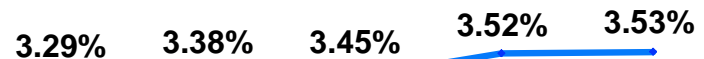
## Yield-expense ratio

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



## Loan-deposit margin

- SURUGA
- Average of All Regional Banks (1H)

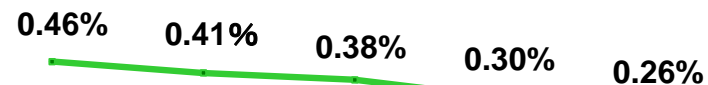
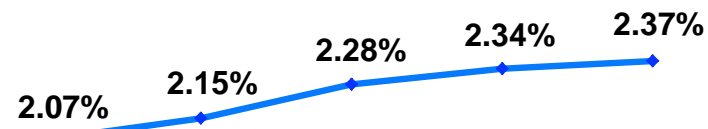


13/12 14/12 15/12 16/12 17/12

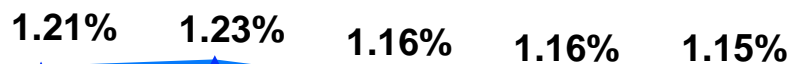
## Loan-deposit margin

(after deduction of expenses)

- SURUGA
- Average of All Regional Banks (1H)



13/12 14/12 15/12 16/12 17/12

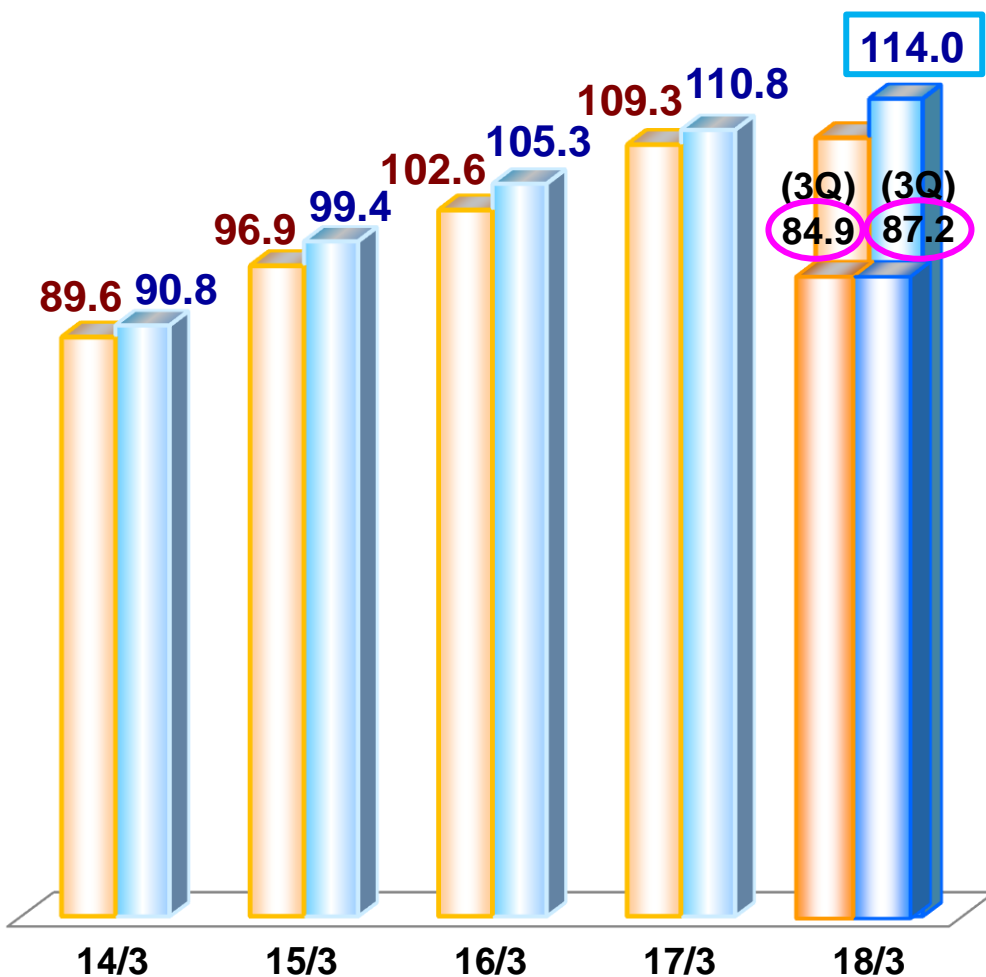


13/12 14/12 15/12 16/12 17/12

# Income

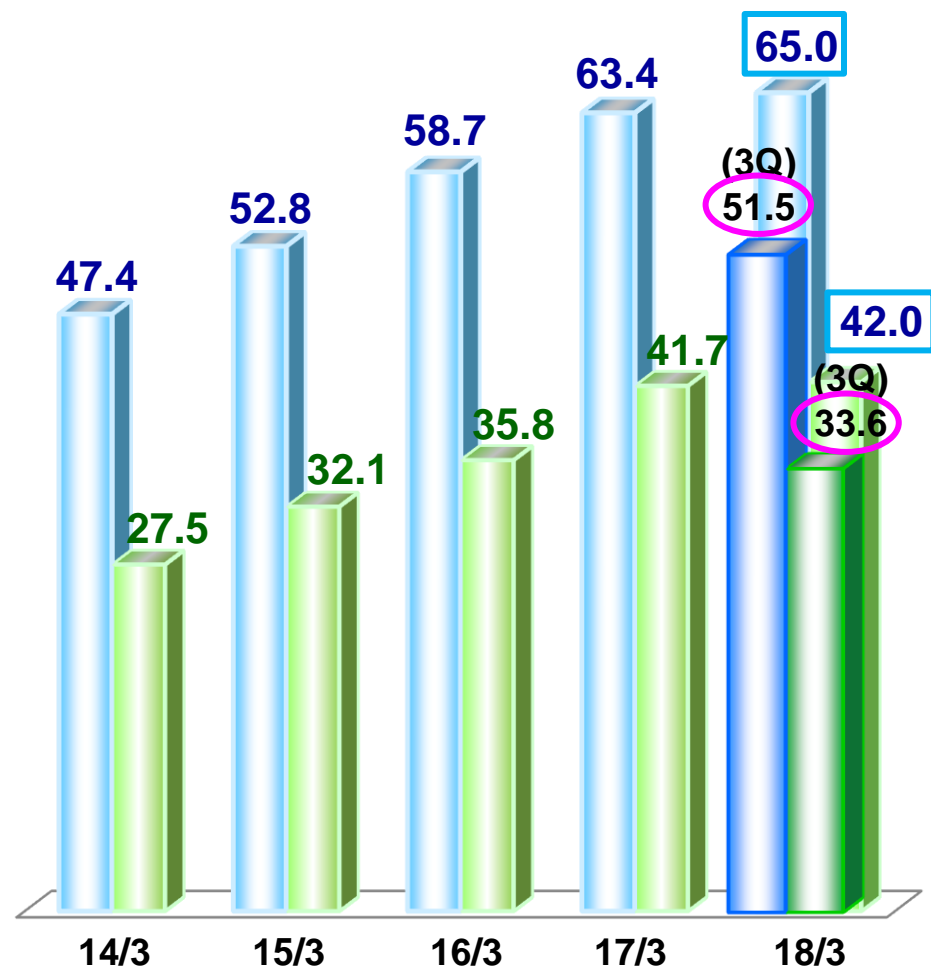
## Yen loan-deposit profit / Gross operating profit

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



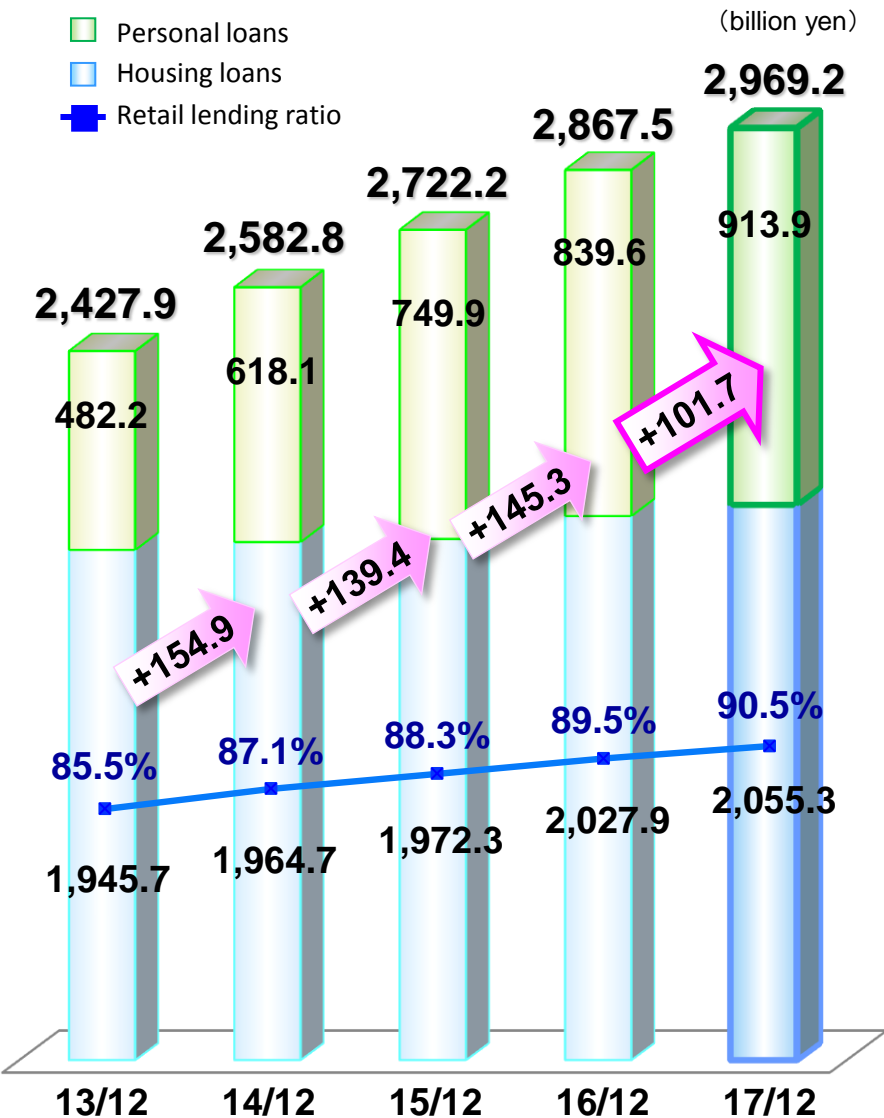
## Core net operating profit / Net income

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

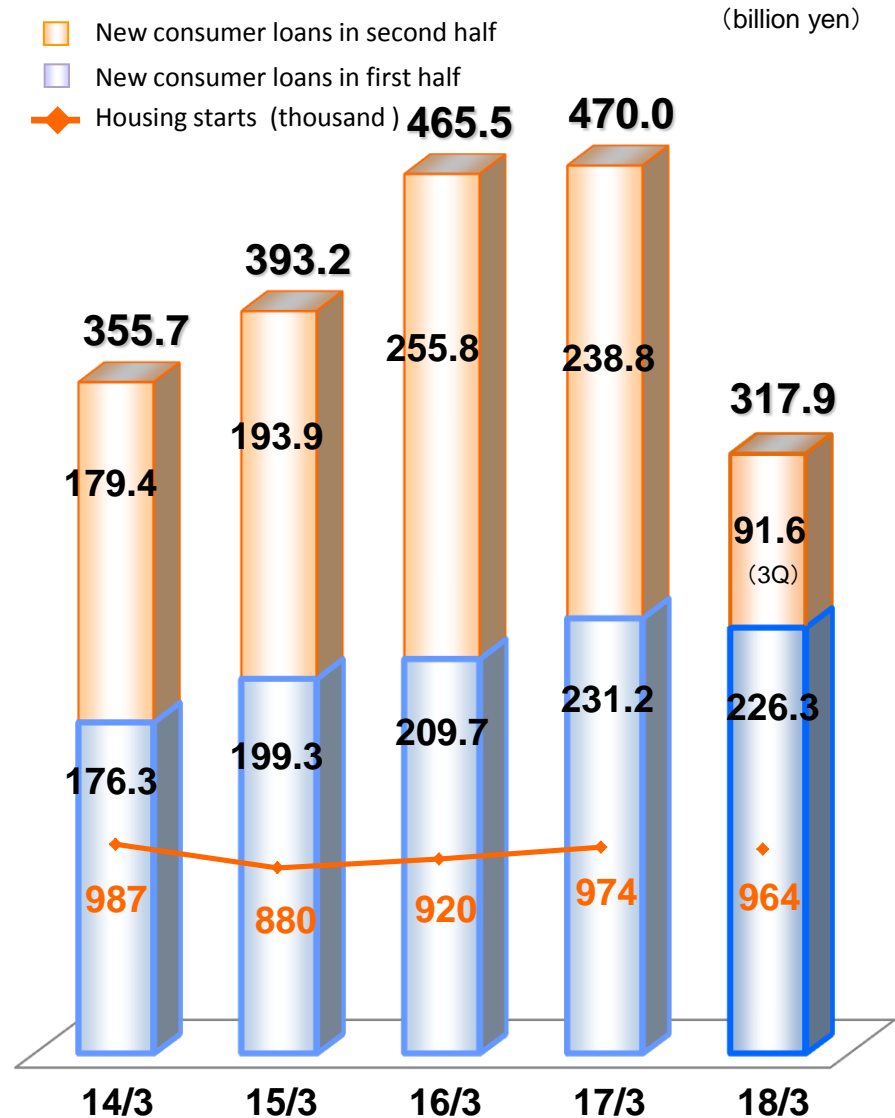


# Strong Focus on Retail

## Consumer loan balance and ratio

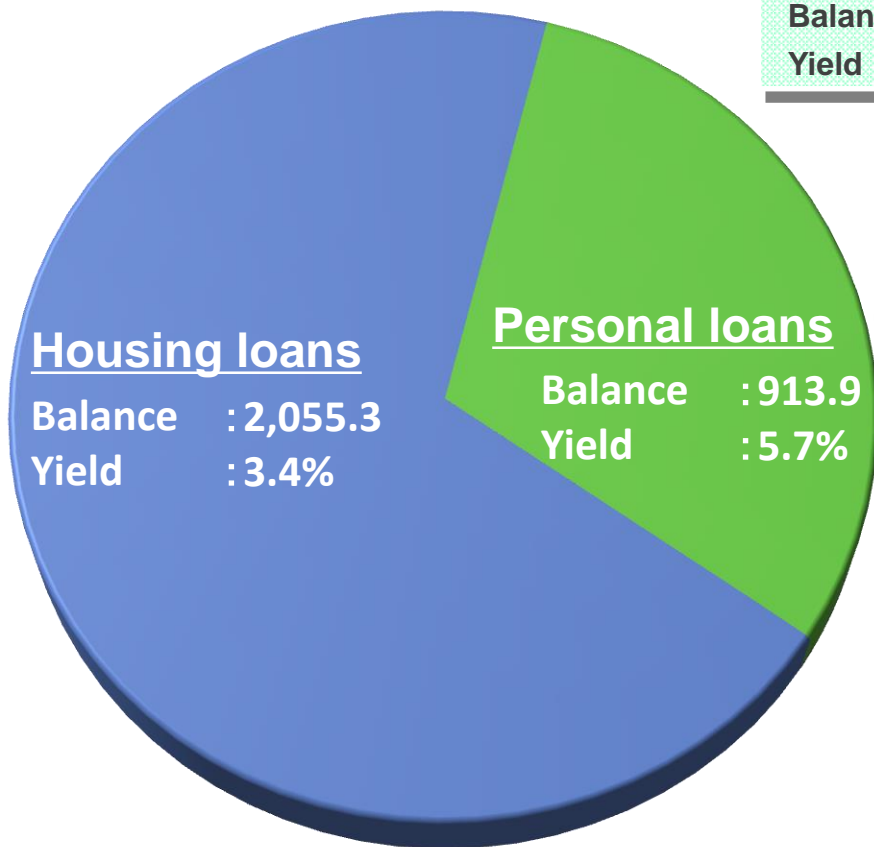


## New loan contracts



# Focus on More Profitable Products

## Consumer loans



**Balance: 2,969.2**

**Yield : 4.1%**

《Breakdown of Housing loans by interest rate type》

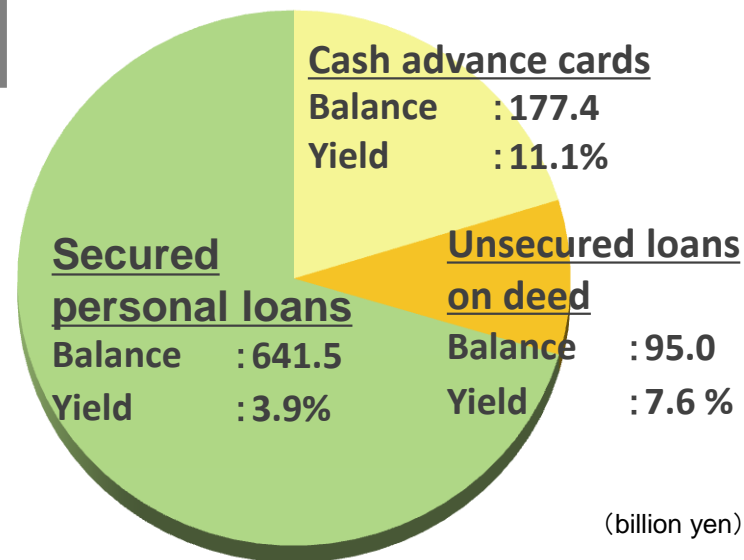


As of Dec. 31, 2017

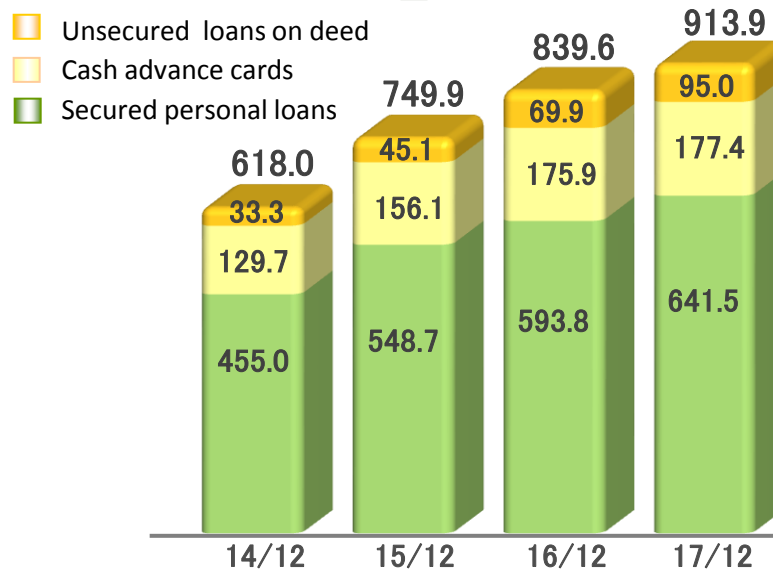
Balance : billion yen

Yield : average rate

## Personal loans



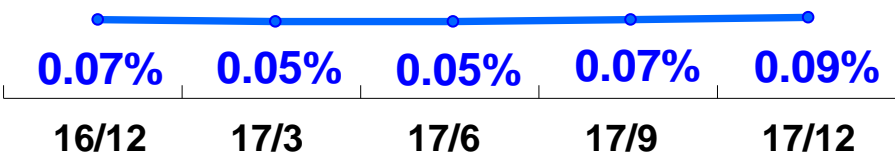
(billion yen)



# Delinquency Rates on Consumer Loans

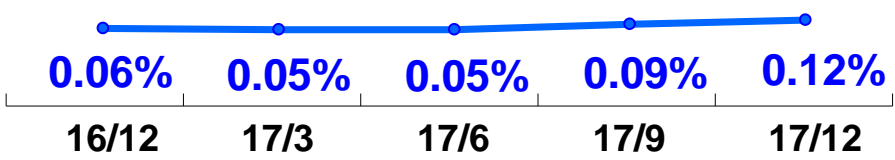
## Housing loans

▲ Yield      ● Delinquency rate



## Personal loans

▲ Yield      ● Delinquency rate

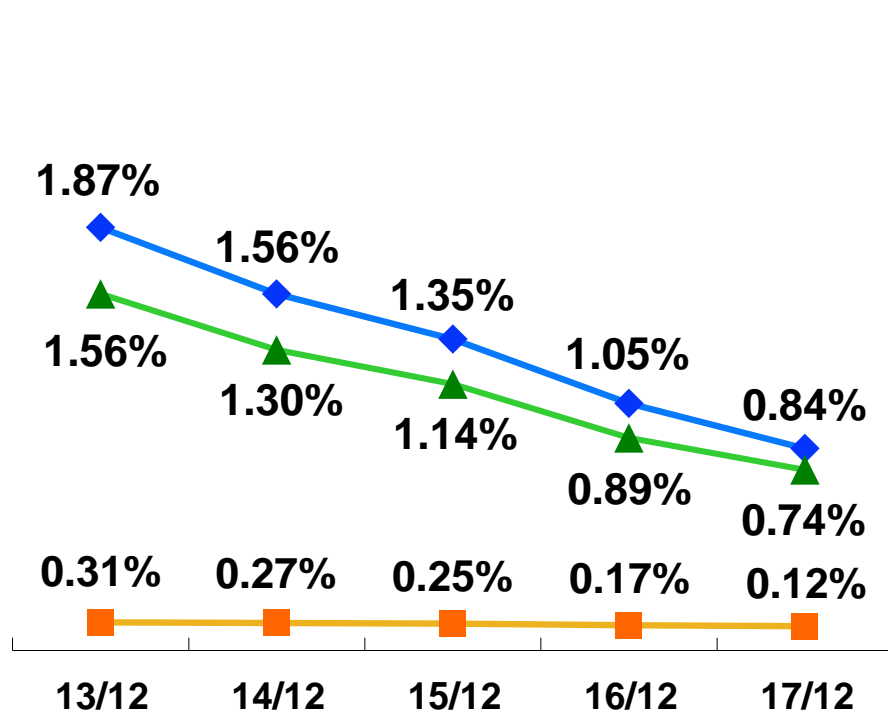


Delinquency rate = amount 3 months or more overdue / average amount of loan

# NPL Ratio / Credit costs

## NPL ratio

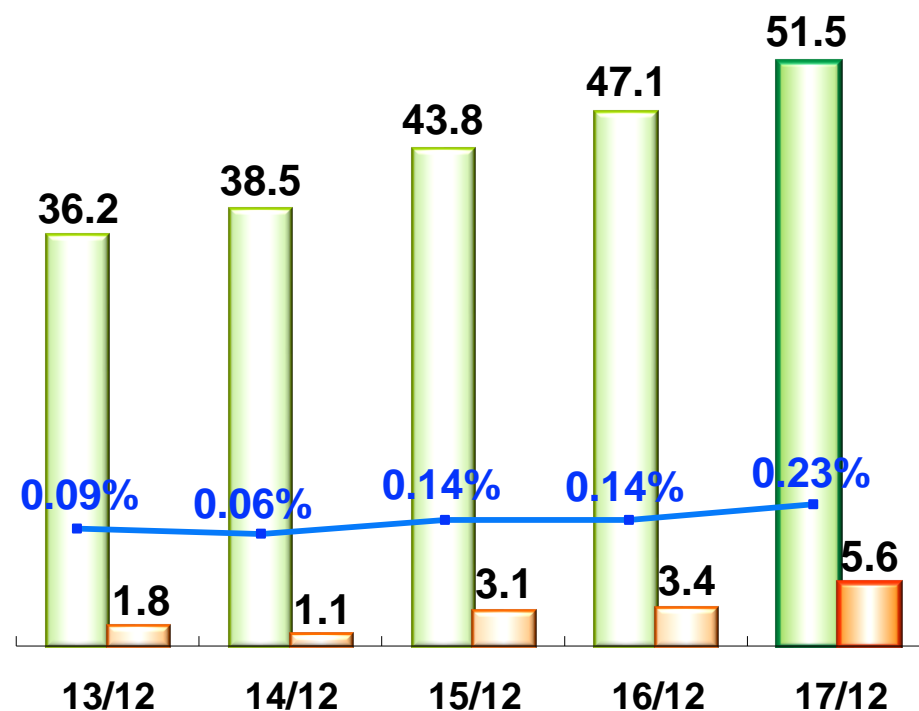
- ◆ Non-performing loans on the Financial Reconstruction Law
- ▲ Non-performing loans from reserves
- Non-performing loans after deduction of reserves, collateral and guarantees



## Credit costs status

(billion yen)

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





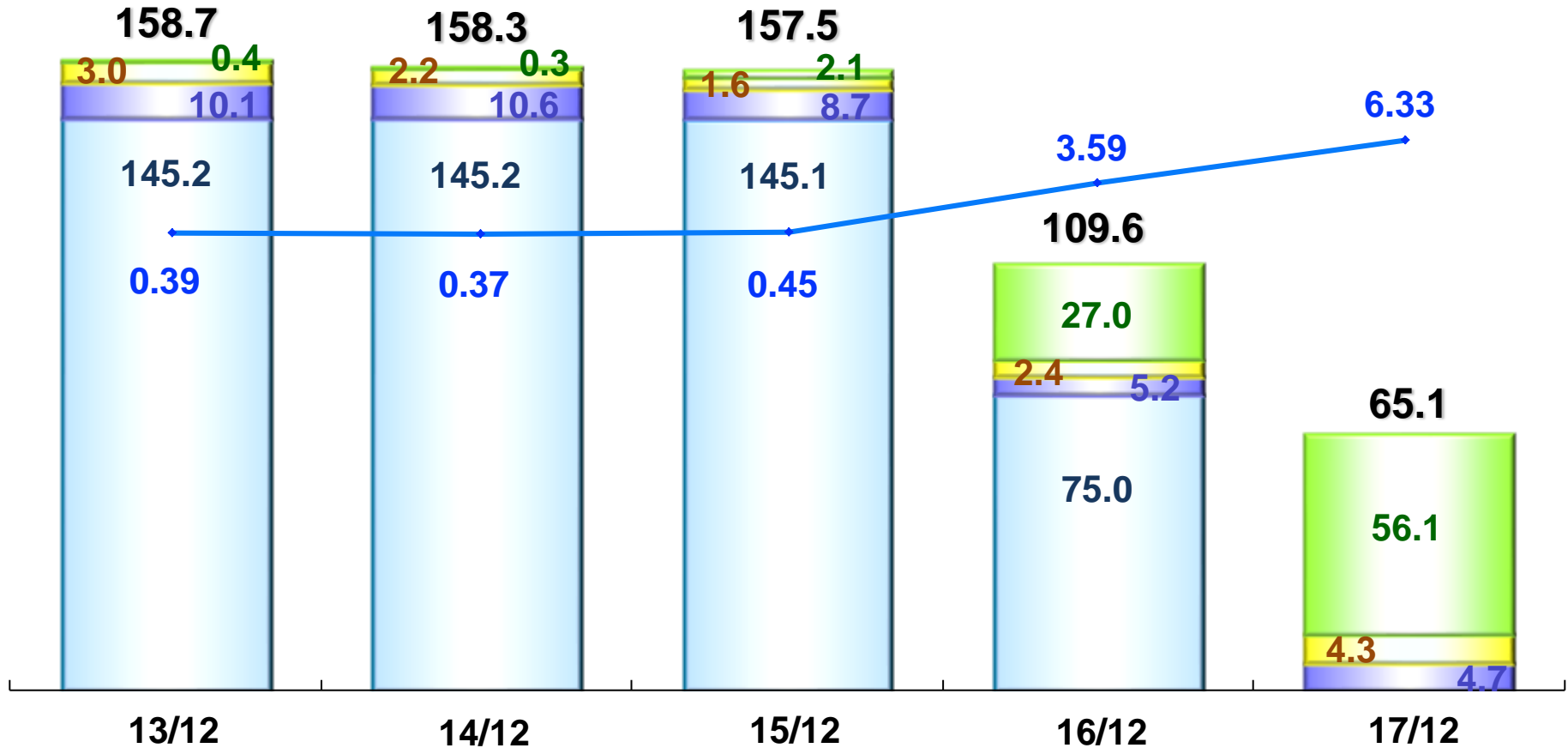
# Bond Portfolio

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

(billion yen)

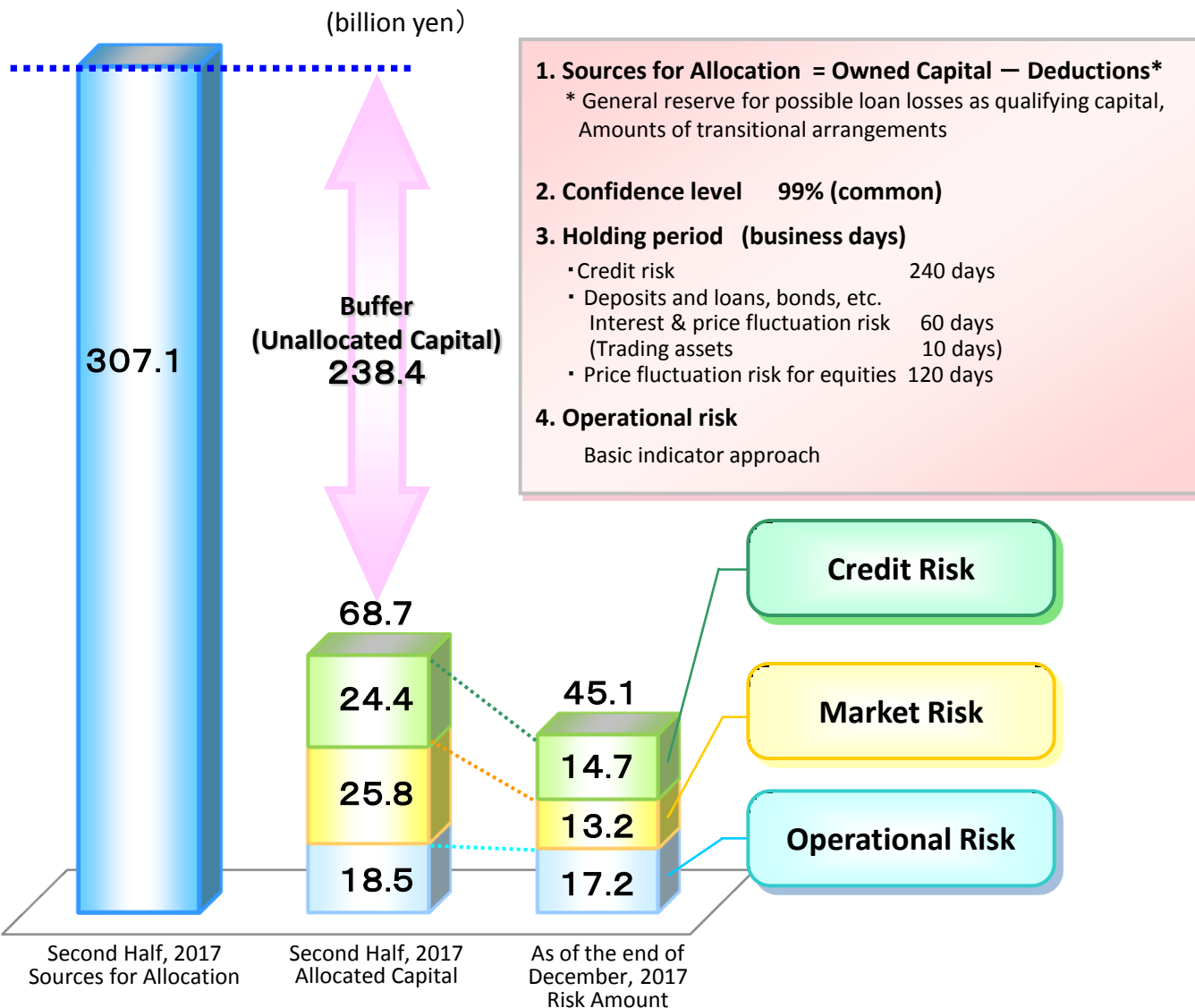
◆ Average remaining maturity (Year)

Security Deposit Ratio 3.2%



# Status of Risk Amount

## Integrated Risk Management

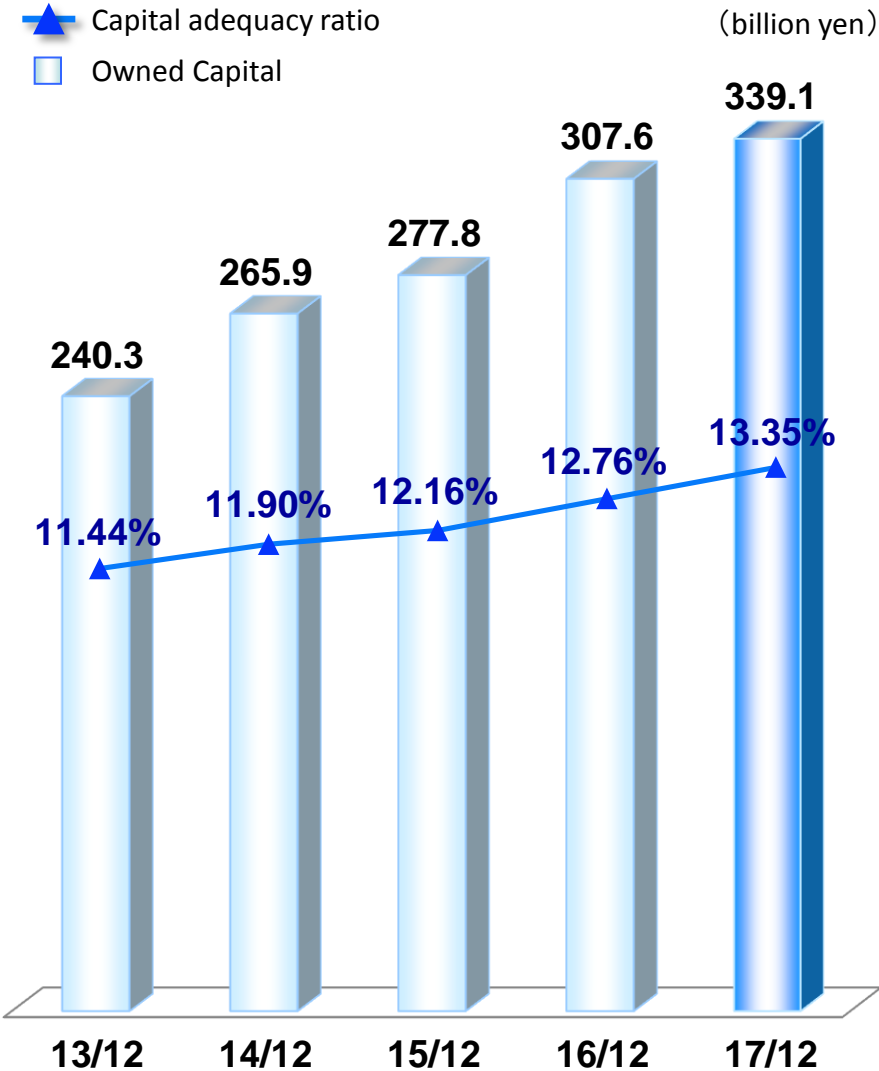


## Outlier Ratio

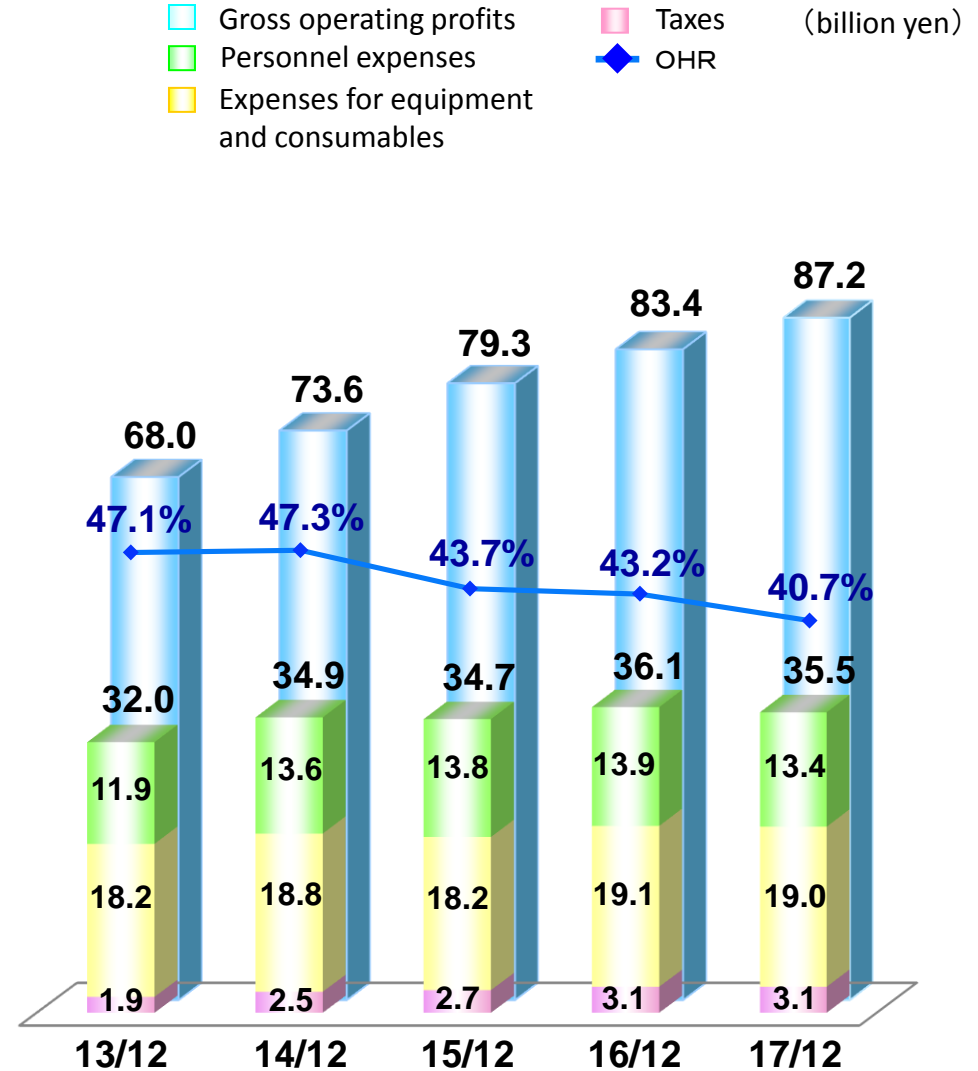
As of the end of December 2017	
Interest Rate Shock Range	±200bp
Interest Rate Risk Amount	2.5 billion yen
Outlier Ratio	0.7%

# Capital Levels and OHR

## Capital adequacy ratio



## Expenses and OHR



# FY2017 3Q Results (Cumulative)

(billion yen)

	FY2017 3Q Results (A)	FY2016 3Q Results (B)	Increase or Decrease (A-B)	FY2016 Annual Forecast
Gross operating profit	87.2	83.4	+ 3.8	114.0
Operating expenses	35.5	36.1	△ 0.6	49.0
Net operating profit	51.2	47.3	+ 3.9	65.0
Core net operating profit	51.5	47.1	+ 4.4	65.0
Ordinary profit	48.9	43.4	+ 5.5	60.0
Net income	33.6	31.4	+ 2.2	42.0
Actual credit costs	5.6	3.4	+ 2.2	4.5

For further details, please contact

**IR Office,  
SURUGA bank Ltd.**

Tel: +81-3-3279-5536  
e-mail: [ir.koho@surugabank.co.jp](mailto:ir.koho@surugabank.co.jp)

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.