

SURUGA bank

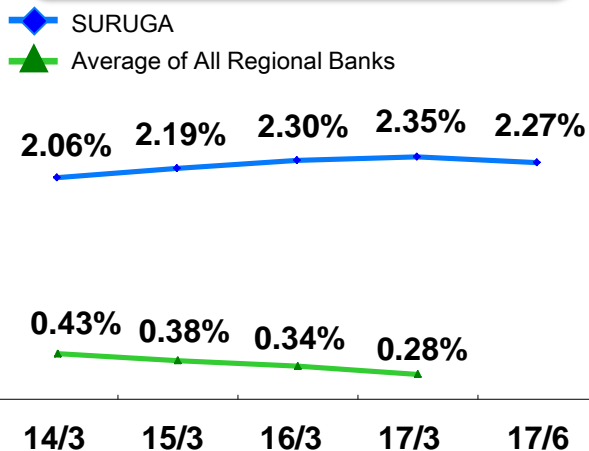
Meeting the Challenge of New Banking

Presentation to investors for the First Quarter of fiscal year 2017

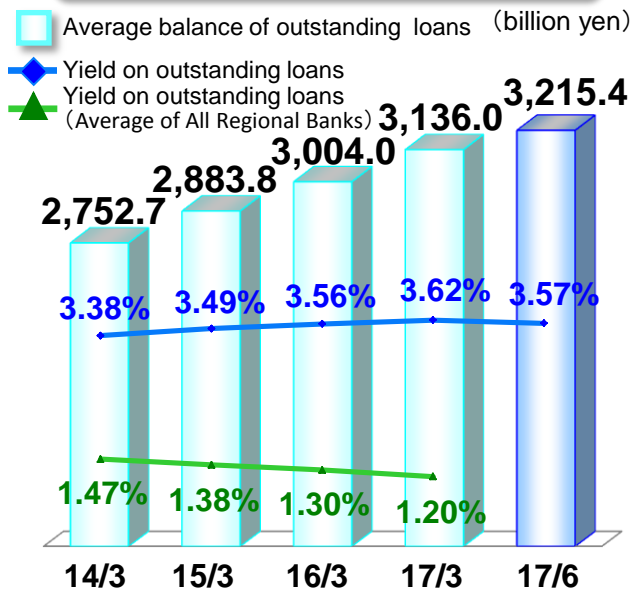


Yield / Margins (Overall)

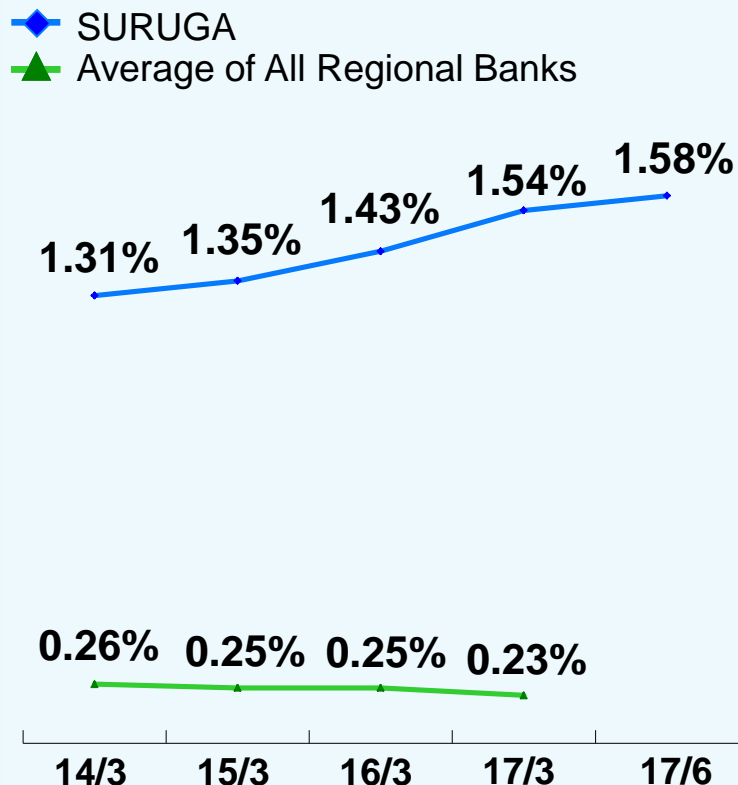
Loan-deposit margin (after deduction of expenses)



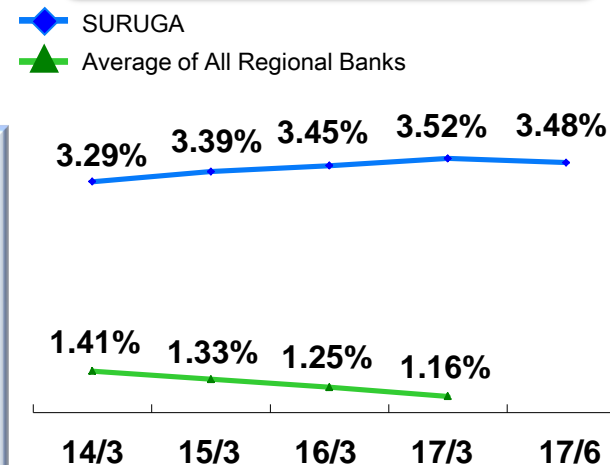
Average balance and yield on outstanding loans



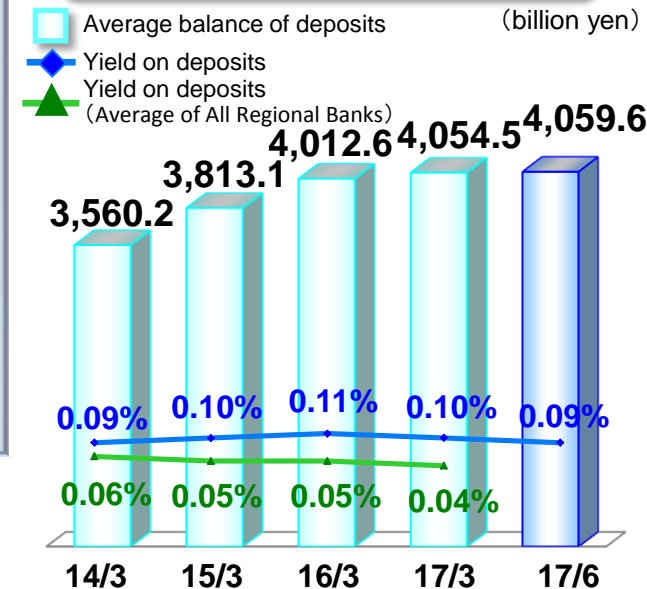
Net interest margin



Loan-deposit margin

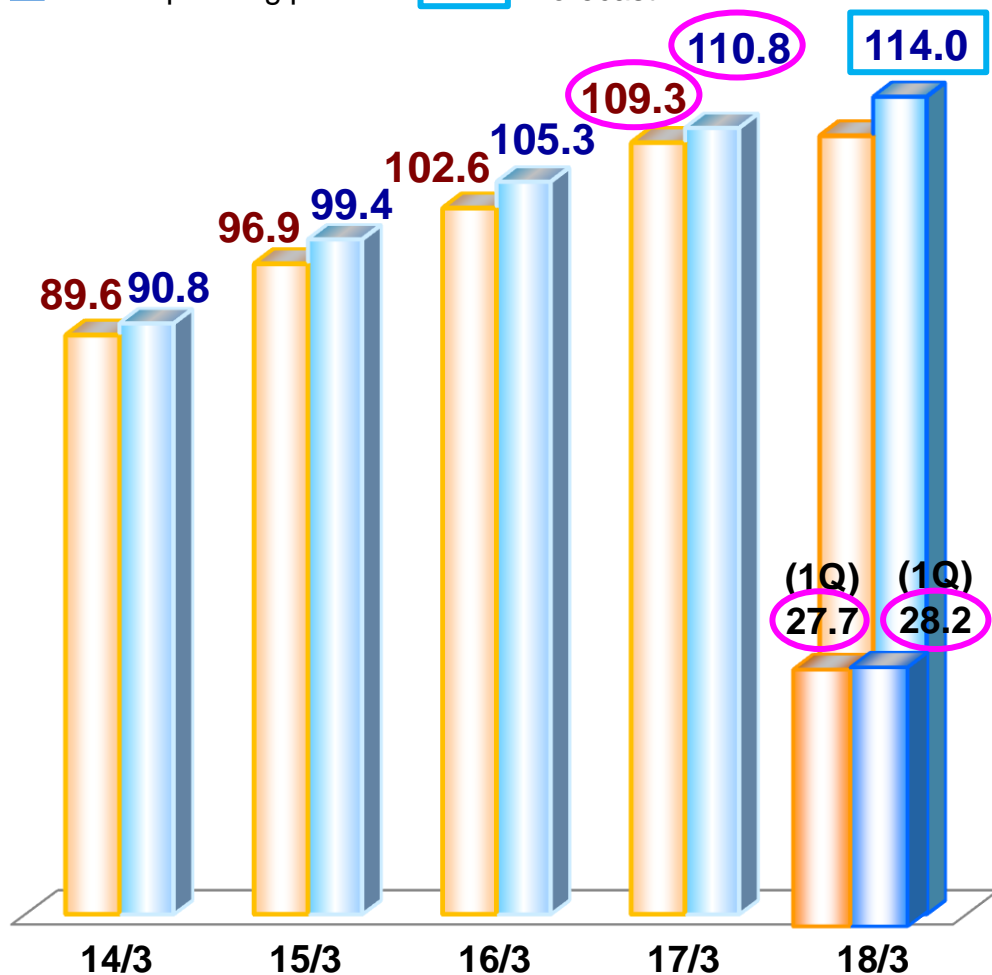


Average balance and yield on deposits



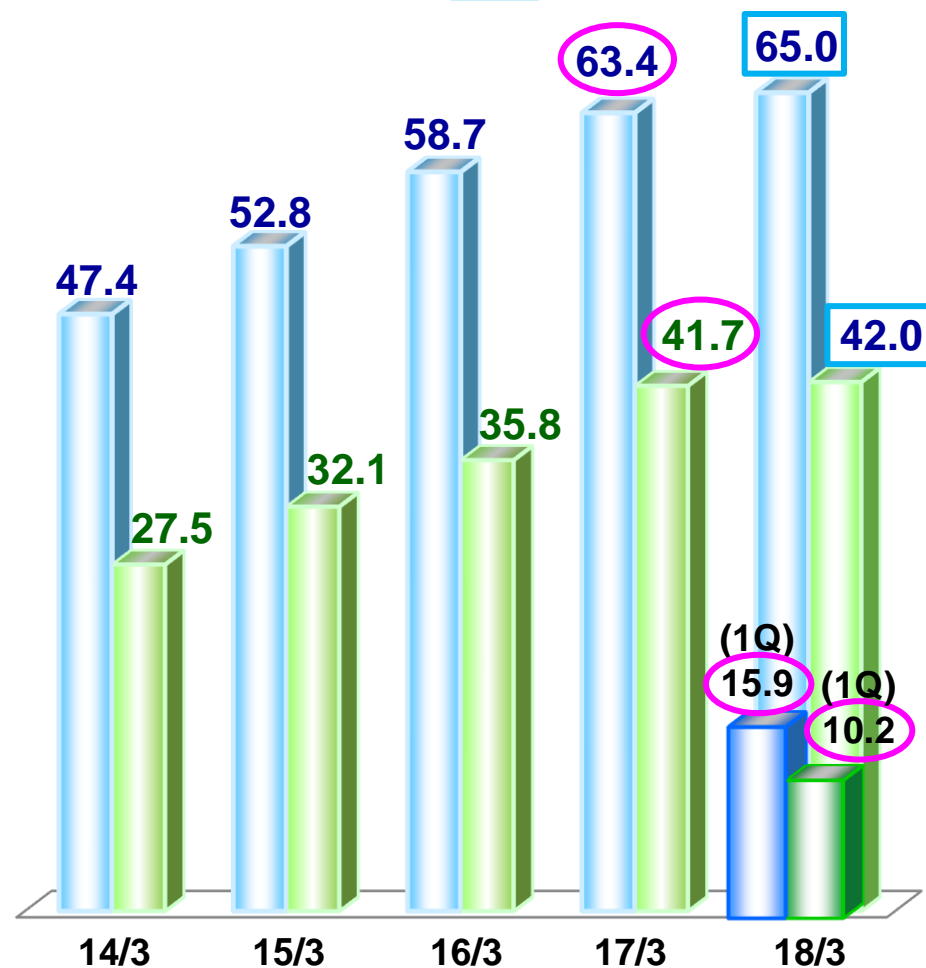
Yen loan-deposit profit / Gross operating profit

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



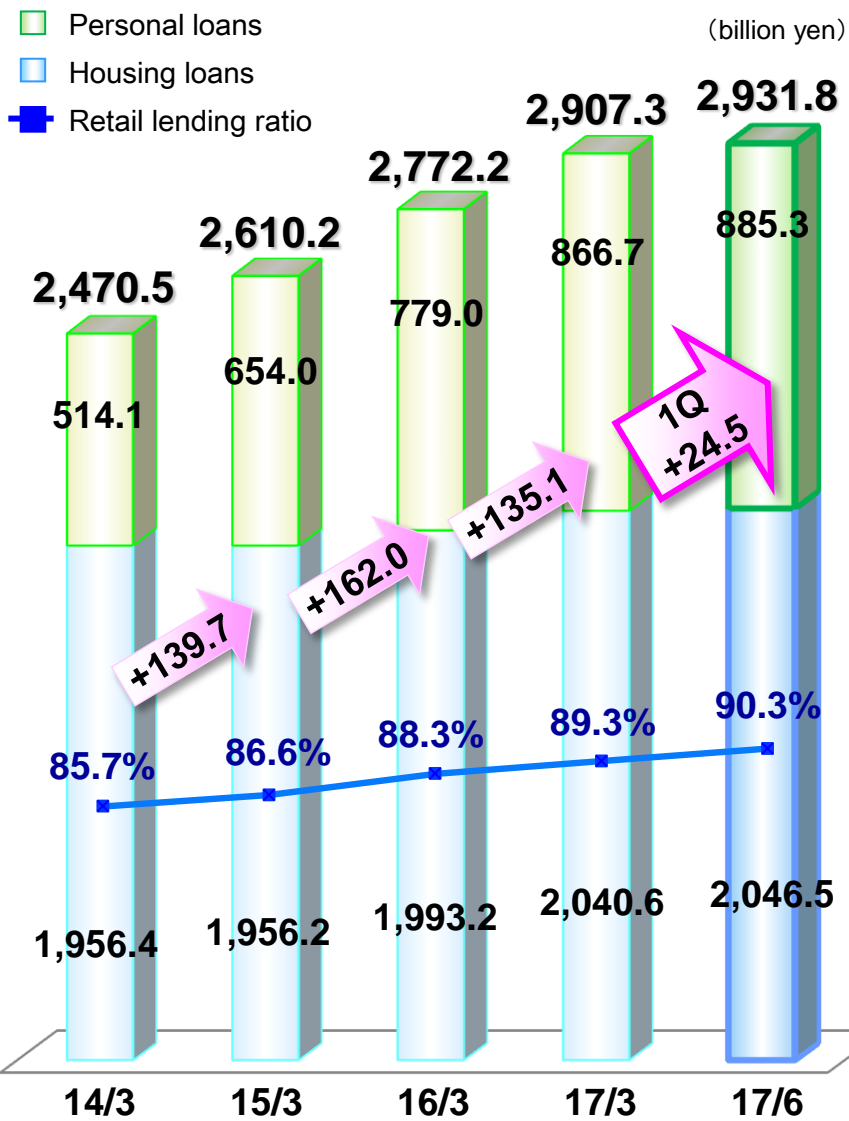
Core net operating profit / Net income

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

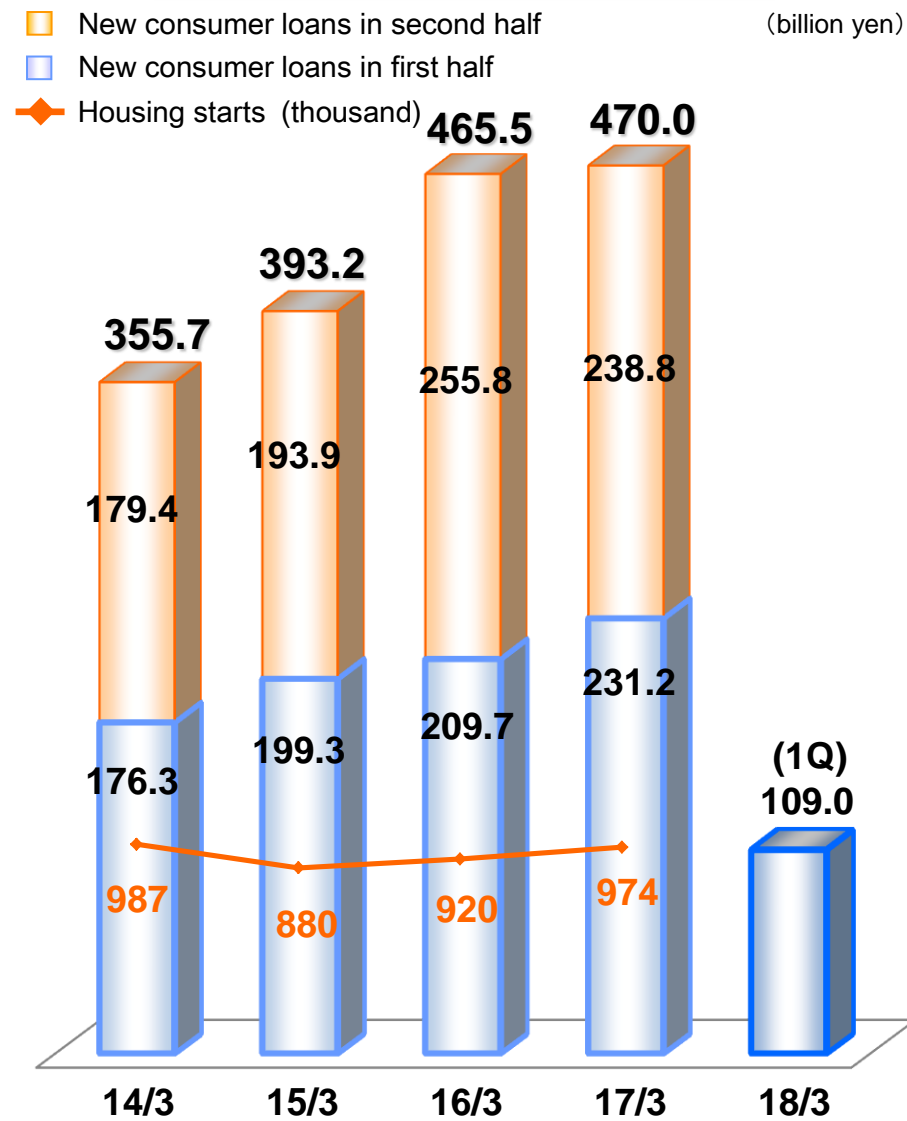


Strong Focus on Retail

Consumer loan balance and ratio



New loan contracts

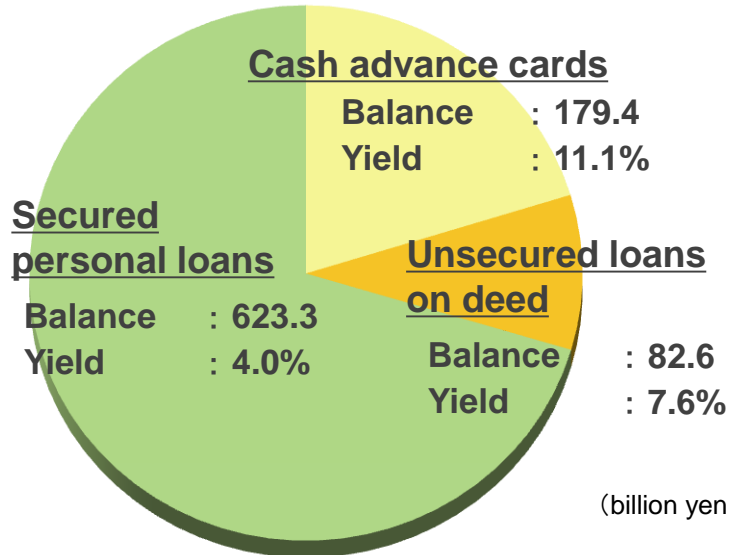
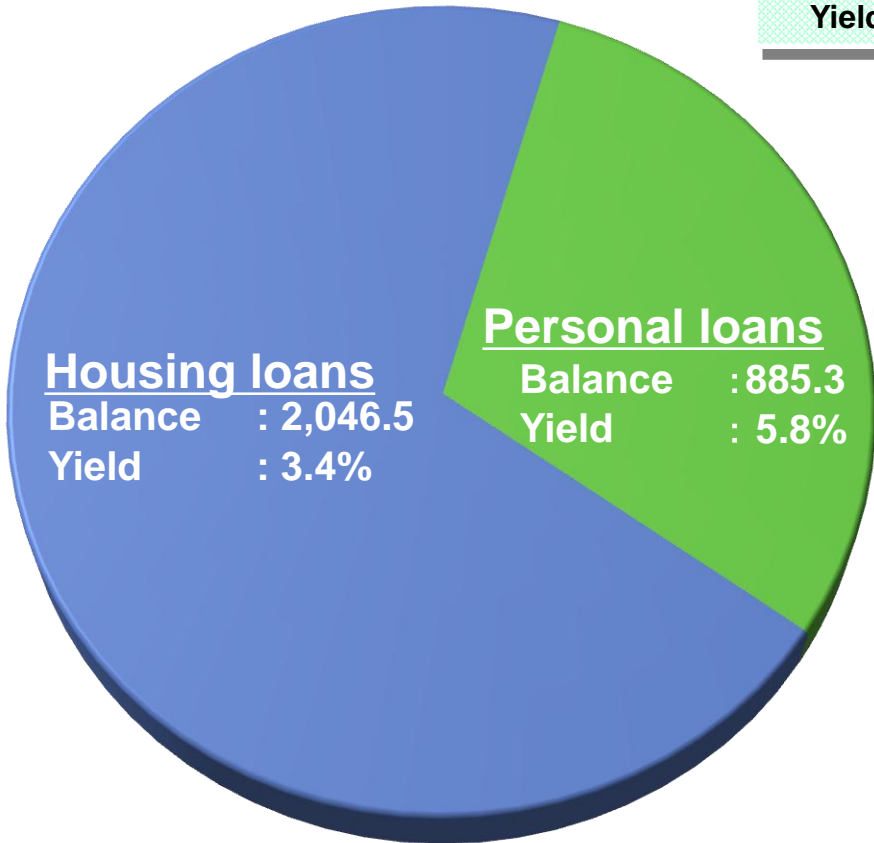


Focus on More Profitable Products

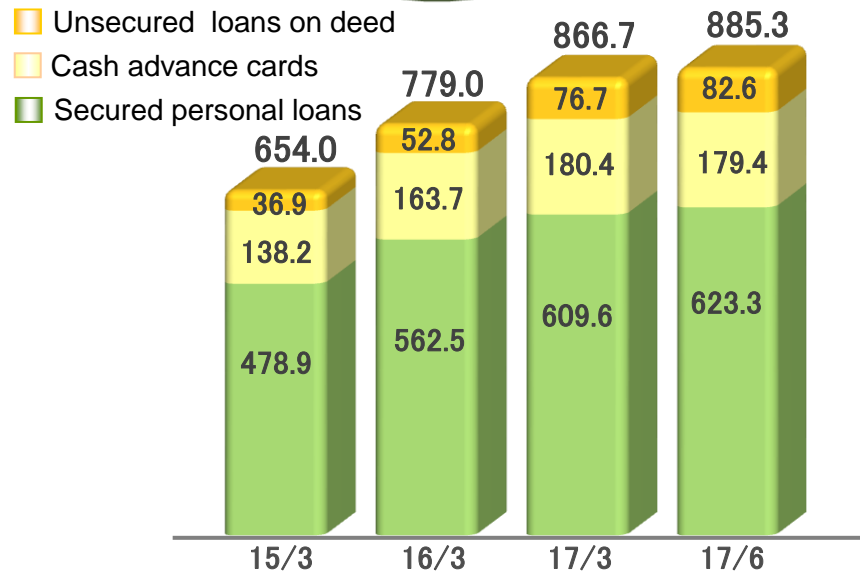
Consumer loans

As of June 30, 2017
 Balance: billion yen
 Yield : average rate

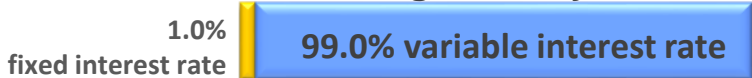
Personal loans



Balance: 2,931.8
Yield : 4.1%



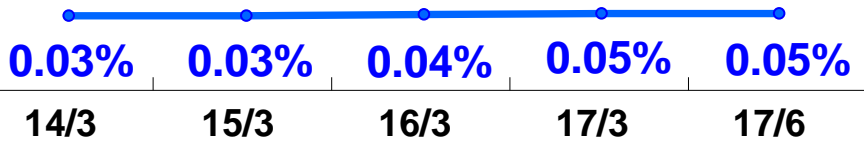
《Breakdown of Housing loans by interest rate type》



Delinquency Rates on Consumer Loans

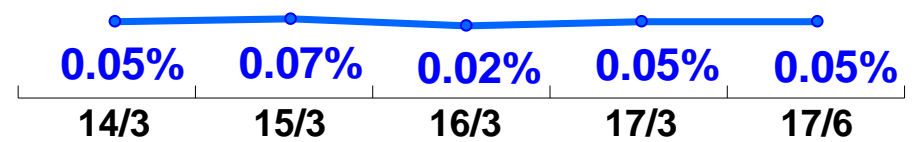
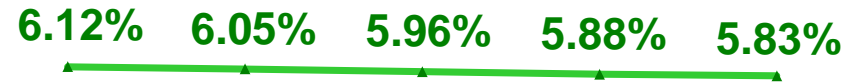
Housing loans

▲ Yield ● Delinquency rate



Personal loans

▲ Yield ● Delinquency rate

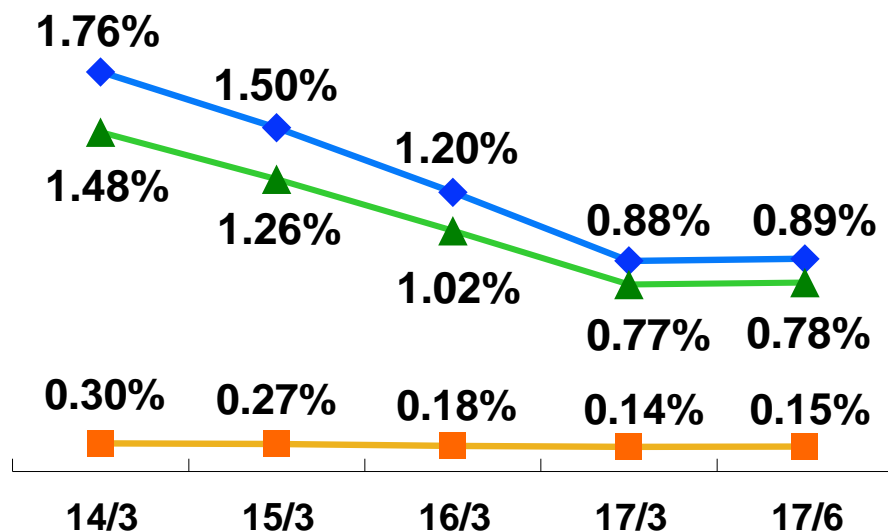


Delinquency rate = amount 3 months or more overdue / average amount of loan

NPL Ratio / Credit Costs

NPL ratio

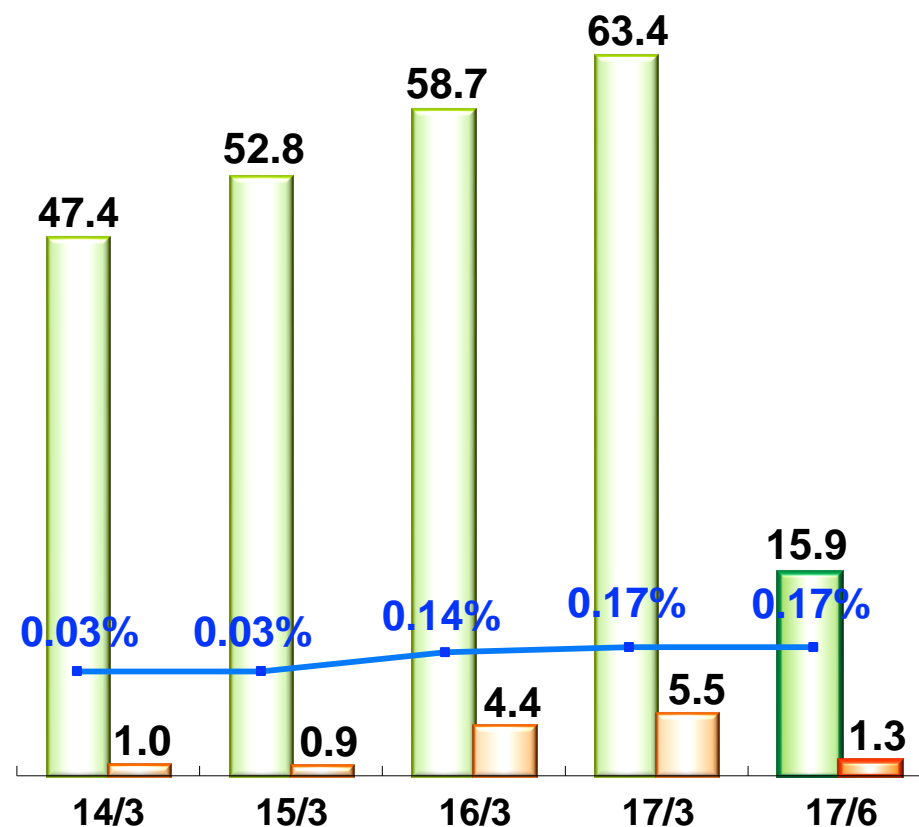
- ◆ Non-performing loans based on the Financial Reconstruction Law
- ▲ Non-performing loans net of reserves
- Non-performing loans net of reserves, collateral and guarantees



Credit costs

(billion yen)

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

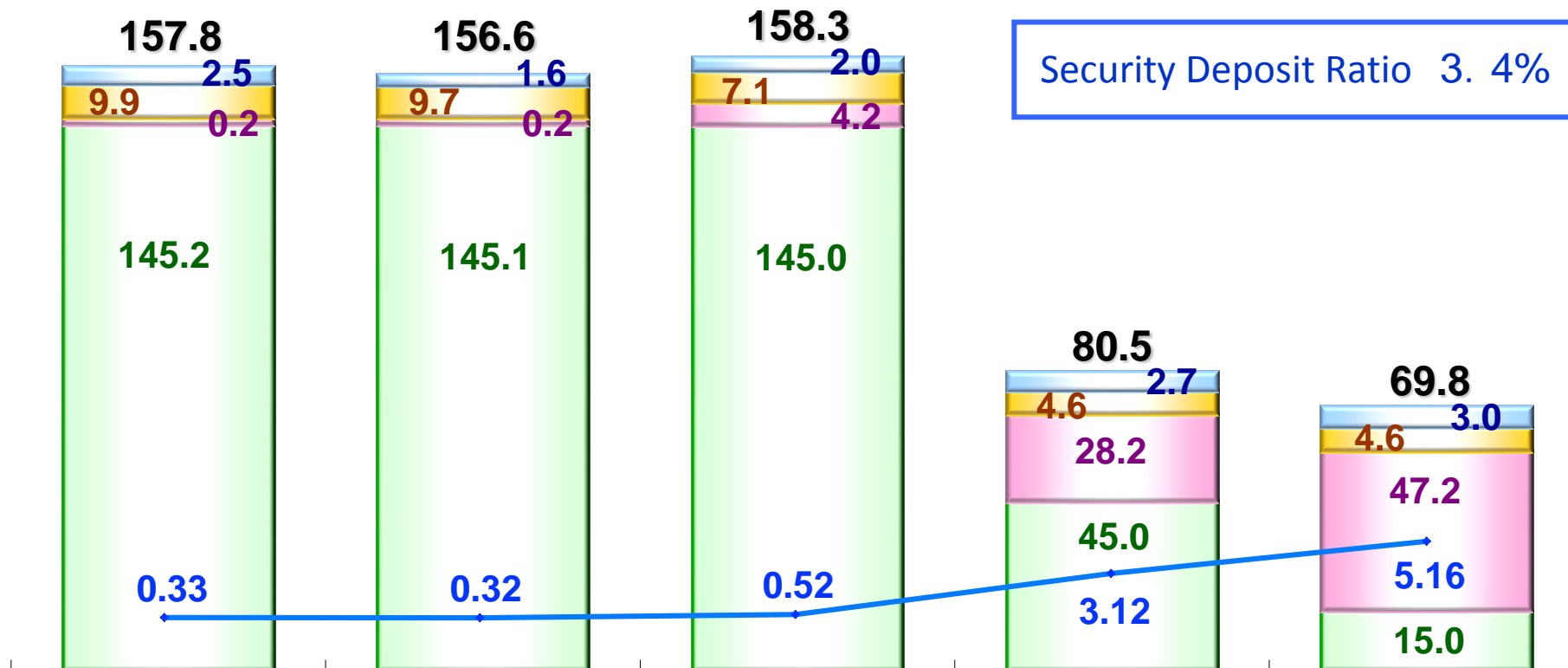


Bond Portfolio

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

(billion yen)

◆ Average remaining maturity (Year)



Security Deposit Ratio 3.4%

JGB breakdown by type

Short	0.1%
Variable	99.9%
Mid-Long	—

14/3

JGB breakdown by type

Short	—
Variable	100.0%
Mid-Long	—

15/3

JGB breakdown by type

Short	—
Variable	100.0%
Mid-Long	—

16/3

JGB breakdown by type

Short	—
Variable	100.0%
Mid-Long	—

17/3

JGB breakdown by type

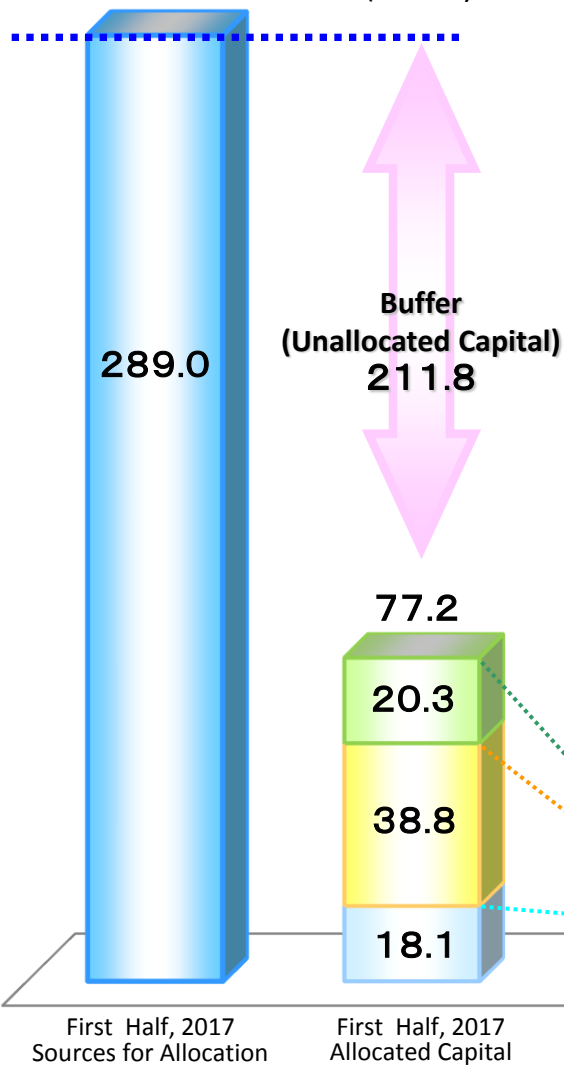
Short	—
Variable	100.0%
Mid-Long	—

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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 10 days
- Price fluctuation risk for equities 120 days

4. Operational risk

Basic indicator approach

Outlier Ratio

As of the end of June 2017

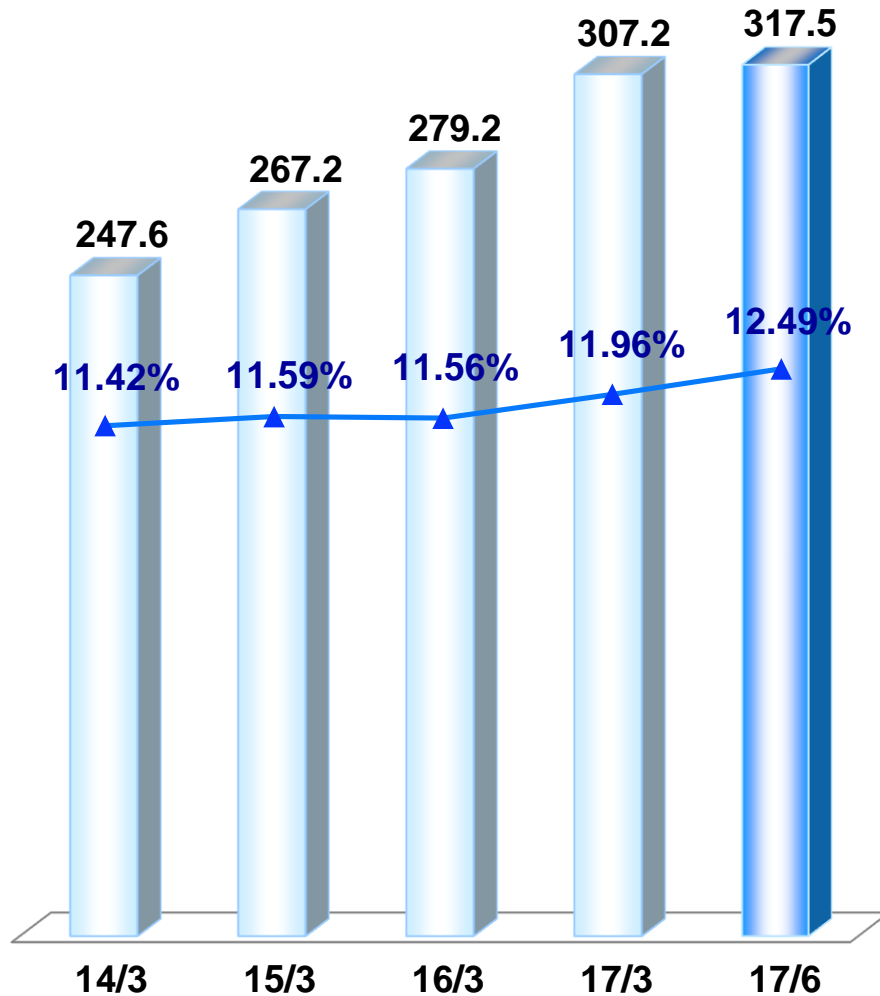
Interest Rate Shock Range	±200bp
Interest Rate Risk Amount	2.5 billion yen
Outlier Ratio	0.8%

Capital Levels • Expenses and OHR

Capital adequacy ratio

(billion yen)

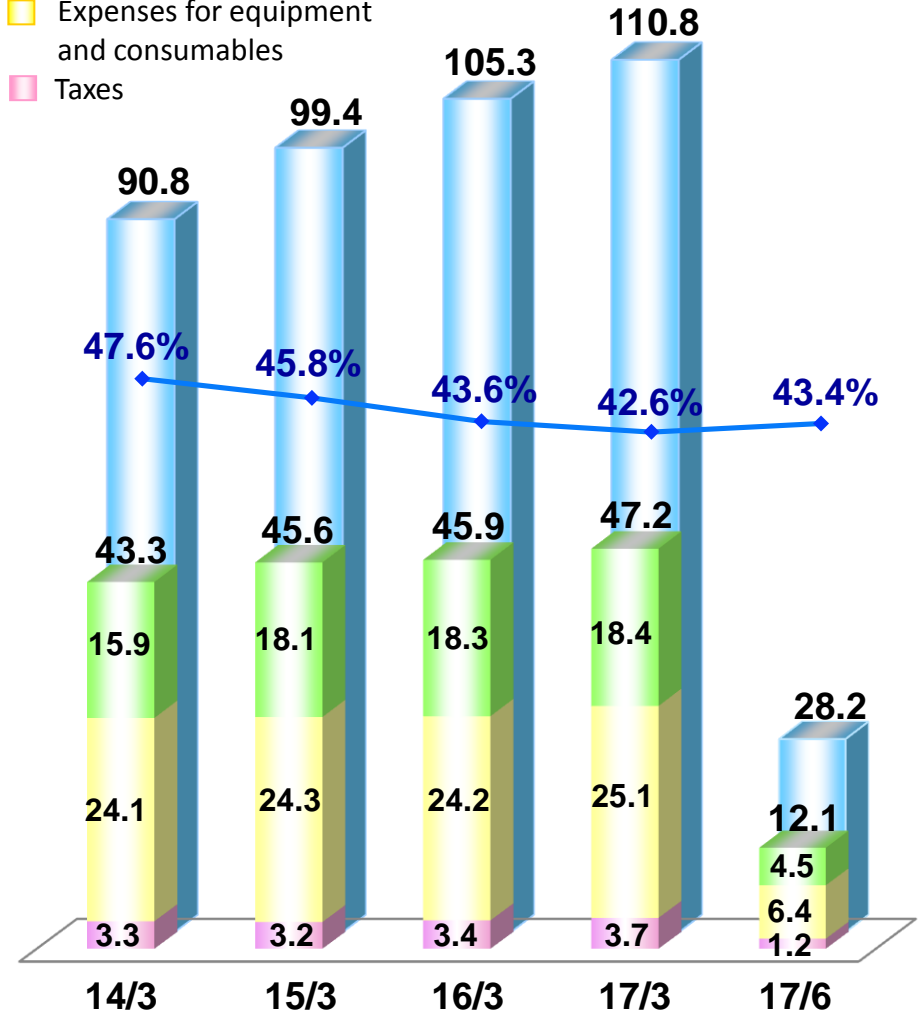
- ▲ Capital adequacy ratio
- Owned Capital



Expenses and OHR

(billion yen)

- Gross operating profit
- Personnel expenses
- Expenses for equipment and consumables
- Taxes
- ◆ OHR = $\frac{\text{Operating expenses}}{\text{Gross operating profit}}$



FY2017 1Q Results

(billion yen)

	FY2017 1Q Results (A)	FY2016 1Q Results (B)	Increase or Decrease (A-B)	FY2017 Annual Forecast
Gross operating profit	28.2	26.5	+1.7	114.0
Operating expenses	12.2	12.3	Δ0.1	49.0
Net operating profit	15.9	14.2	+1.7	65.0
Core net operating profit	15.9	14.3	+1.6	65.0
Ordinary profit	14.9	12.7	+2.2	60.0
Net income	10.2	8.8	+1.4	42.0
Actual credit costs	1.3	1.3	+0	4.5

For further details, please contact

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