Suruga Bank Ltd.

Summary of Financial Results for Q3 FY3/25

February 6, 2025

SURUGA bank

Key Messages

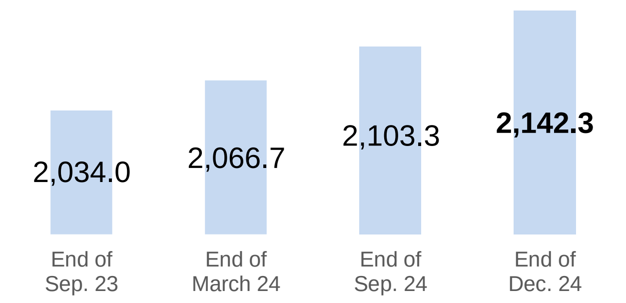
● Business performance for Q3 FY3/25: Steady progress

- With the four profit centers doing well in loan sales, the balance of loans and bills discounted continued to increase.
  - New loan disbursements totaled ¥246.1 billion, achieving a progress of 87% against the full-year projection

    In terms of YoY comparison, the disbursements increased ¥85.4 billion, achieving the growth rate of 53%
  - As new loan disbursements continued to perform well, loan processing fees, among others, also remained steady
- Rises in market rates and the short-term prime rate helped push up net interest income

  Following the raise in the Bank of Japan’s policy rate in January 2025, our short-term prime rates and savings account interest rates are to be raised on March 3, 2025 (short-term prime rates: +25 bp; savings account interest rates: +10 bp)
- Expenses remained at the planned level
- Actual credit costs made progress that was below the figure in the full-year plan owing in part to improvement through updated appraisal of real estate collateral (about ¥-0.8 billion) during Q3
- Quarterly net income (non-consolidated) achieved 103% against the full-year plan

<Changes in loans and bills discounted> (billion yen)



● New plan for a treasury stock acquisition (announced February 6, 2025)

- The repurchased shares will be worth ¥12.5 billion, the last and the planned buybacks combined.

  Keeping in mind the KPI for capital adequacy ratio included in the mid-term business plan (see page 18), we will carry out the repurchase with flexibility according to the outlook for our medium- to long-term business performance and capital as well as for growth investment opportunities, among others. We are also currently working on the target range of capital adequacy ratio to announce.

Q3 FY3/25 Progress against the Full-year Plan

- Core gross operating profit (excluding gains/loss on cancellation of investment trusts) achieved a progress of 77% against the full-year plan, owing to the net interest income that came from steady loan sales and to net fees and commissions.
- Expenses achieved 74% against the plan due to steady progress in cost structure reform.
- While ordinary profit (non-consolidated) and net income (non-consolidated) achieved 99% and 103%, respectively, against the plan, their figures for the year are projected to be at the planned levels because of the factors expected for Q4.

<FY3/25: Non-consolidated>

(billion yen)

	Full-year plan* (A)	Q3 Results (B)	Progress (B)/(A)	
Core gross operating profit (excluding gains/loss on cancellation of investment trusts)	58.5	45.2	77%	
New business gross profit	17.9	13.6	75%	
Expenses (−)	35.0	25.9	74%	●
Actual credit costs (−)	2.5	(2.3)	-	●
Gain (loss) on securities	0	0	-	●
Ordinary profit	22.0	21.9	99%	
Quarterly net income	17.5	18.1	103%	

<FY3/25: Consolidated>

Consolidated ordinary profit	22.0	22.3	101%
Profit attributable to owners of parent	17.5	18.3	104%

*(Reference)
- Announcement Regarding Revision of Earnings Forecast, Dividend Payment (Interim Dividend), and Revision of Dividend Forecast (Dividend Increase) (published November 12, 2024)

<Special factors expected during Q4>

(Reference) Announcement Regarding Recording of Expenses Associated with Cloud Migration of the Accounting System and Recording of a Loss on Sales of Securities Held, Etc. (published February 6, 2025)

- Recording of expenses associated with core banking system cloud migration <approx. ¥1.3 billion>
  - ✓ When the project to migrate our core banking system scheduled for May 2026 is launched, we expect to record the expenses of a certain part of the current system that will unlikely be used going forward.
- Loss on the sale of securities held <approx. ¥3.0 billion>
  - ✓ Considering recent financial market trends, we expect to reduce some of the multi-asset funds with unrealized losses and take other relevant actions. The investment policy on securities for the coming years is unchanged.
- Actual credit costs
  - ✓ We expect to record additional allowances (around ¥2.0 billion) for some corporate loans from a preventive perspective.

(billion yen)

		Full-year plan	FY12/24
Actual credit costs total		2.5	(2.3)
Normal amount*	Actual credit costs arising from loans without special factors (share house-related loans included)	(2.0)	(1.0)
Preventive allowances	Eligible allowances as follows	1.5	(1.1)
	Allowance for new suspension of repayments by some investment real estate loan customers triggered by organizational negotiations	(1.5)	(2.4)
	Allowance for claims for restructured loans that are unlikely to be recovered in the future	3.0	1.3
Corporate*	Actual credit costs arising from corporate loans	3.0	(0.2)

*Starting from FY9/24, 'Normal amount' is classified separately from 'Corporate.'

New Loan Disbursements

- New loan disbursements totaled ¥246.1 billion during Q3 FY3/25, achieving a progress of 87% against the full-year projection.
  In terms of YoY comparison, the disbursements increased ¥85.4 billion, achieving the growth rate of 53%.
- New loan disbursements in the origination sector totaled ¥199.6 billion, achieving 92% of the full-year projection.
  Structured finance notably exceeded the full-year projection, achieving 120%.
- As for collaboration loans, etc., disbursements totaled ¥46.5 billion owing to the collaboration with Credit Saison that has been making steady progress.
- The business environment that includes the financial climate and real estate market conditions remains uncertain. We plan to promote our loans while carefully reviewing and selecting customers.

(billion yen)

	FY12/23 (A)	FY12/24 (B)	Growth rate (B-A)/(A)	Full year projection (C)	Progress rate (B)/(C)
Origination sector	145.2	199.6	37%	215.0	92%
Solutions business	37.2	47.3	27%	60.0	78%
Investment real estate loans	58.2	67.8	16%	85.0	79%
Structured finance	49.7	84.4	69%	70.0	120%
Collaboration loans, etc.	15.4	46.5	201%	65.0	71%
Total	160.7	246.1	53%	280.0	87%

* New loan disbursements (acquired) by portfolio area since mid-term business plan ‘Re:Start 2025’
* Solutions business: housing loans, unsecured loans, etc.
* Investment real estate loans include those for corporate clients
* Structured finance includes specified corporate bonds, etc., while collaboration loans include monetary claims bought, etc.

Loan Balance, Yield, and Delinquency Rate (YoY) <Non-consolidated>

- The balance and yield across the portfolio areas ([Total (E)]) in the mid-term business plan were ¥1,997.6 billion and 3.17%, respectively, at the end of December 2024.
- The delinquency rate of personal loans excluding organizational negotiation partners [F] dropped 0.46 pt. YOY to 0.96%. This is owing to not only repayment support that includes loan modification, but also support in property management, which includes reporting to borrowers damage and the state of management that our own regular review found, and consulting services provided to change asset management companies.
- The delinquency rate of personal loans [A] was 6.54%. The borrowers include those whose repayments have been suspended after negotiations as organizational negotiation partners, etc. for investment real estate loans.

(billion yen)

	Dec. 2023			Dec. 2024		
	Balance	Yield	Delinquency rate	Balance	Yield	Delinquency rate
Secured loans	1,446.3	2.97%	7.18%	1,346.8	2.98%	6.94%
Housing loans	422.3	2.60%	0.36%	419.2	2.59%	0.26%
Investment real estate loans	992.3	3.09%	10.30%	895.8	3.13%	10.31%
Unsecured loans	116.0	10.49%	1.81%	104.5	10.47%	1.29%
Personal loans [A]	1,562.3	3.53%	6.78%	1,451.4	3.52%	6.54%
Personal loans (excluding organizational negotiation partners, etc.) [F]	1,465.8		1.42%	1,362.4		0.96%
Corporate investment real estate loans [B]	90.0	1.71%	-	140.0	1.81%	-
Structured finance, etc. [C]	155.4	2.27%	-	235.2	2.59%	-
Collaboration loans, etc. [D]	135.6	2.18%	0.02%	170.9	2.15%	0.00%
Total (E = A + B + C + D)	1,943.4	3.25%	5.45%	1,997.6	3.17%	4.75%

* Delinquency rate = Loans past due for three months or more / loan balance.

* Yield: Yield to customers (before guarantee fees and accrued interest), end-of-year balance basis

* Classified by portfolio area in the mid-term business plan Re:Start 2025
Corporate investment real estate loans include those to asset management companies, etc. Structured finance includes specified corporate bonds, etc.
Collaboration loans are loans made jointly or in partnership with other companies (loan participations, purchases of corporate loans, etc.)

* Organizational negotiation partners, etc. refers to loans to borrowers who have submitted a request for suspension of repayments as a result of organizational negotiations

Capital Policy

- We will continue striving to enhance shareholder returns according to the basic shareholder returns policy specified in the mid-term business plan.
- We announced a new plan for a share acquisition on February 6, 2025. Keeping in mind the KPI for capital adequacy ratio included in the mid-term business plan (see page 18), we will consider implementing the repurchase with flexibility according to the outlook for our medium- to long-term business performance and capital as well as for growth investment opportunities, among others. We are also currently working on the target range of capital adequacy ratio to announce.
- The annual dividend per share is projected at 29 yen, marking an increase for the fourth consecutive fiscal year.

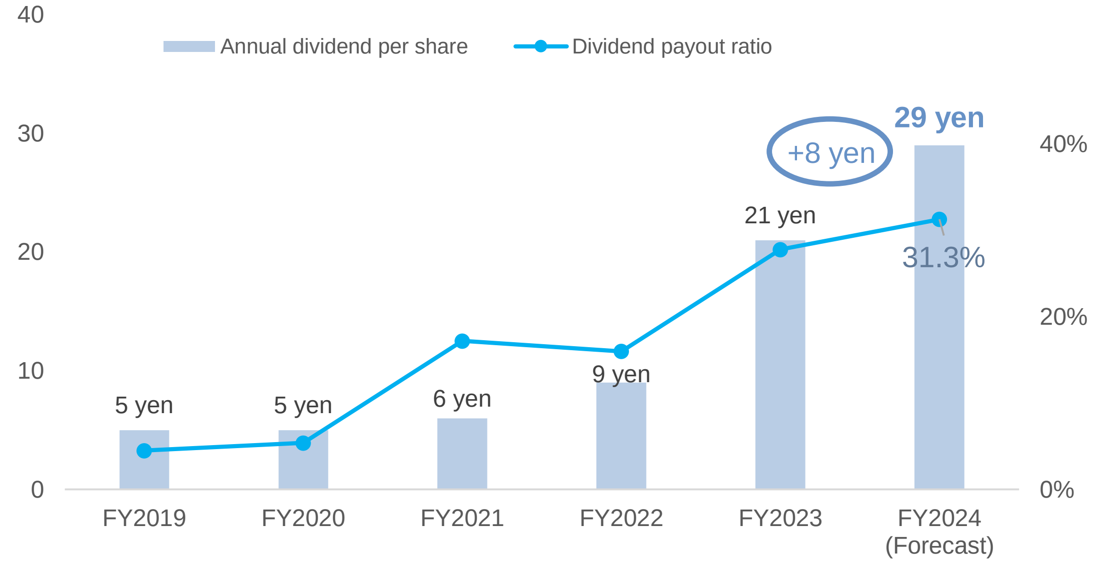
Basic Shareholder Returns Policy	Our policy is to strive to enhance shareholder returns after considering the optimal balance between capital soundness and investment for growth

<Dividend Policy>

Our basic policy is to maintain stable dividends targeting a dividend payout ratio of approximately 30%

Unit: yen

Change in Annual Dividend per Share



<Treasury Stock Acquisition Policy>

・Flexibly implementing shareholder return measures that contribute to the improvement of capital efficiency, taking into account business performance, capital conditions, growth investment opportunities, and market conditions including stock prices

(FY2024)

	Previous results (published Apr. 4, 2024)	Current plans (published Feb. 6, 2025)
Number of shares acquired	6,000,000 shares	4,500,000 shares (maximum)
Acquisition cost	¥6.5 billion	¥6.0 billion (maximum)
Repurchase period	Completed Sep. 17, 2024	Feb. 7, 2025 to Apr. 30, 2025

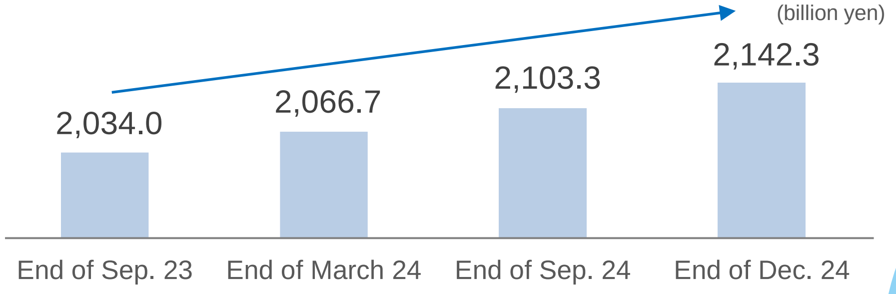
(Reference)

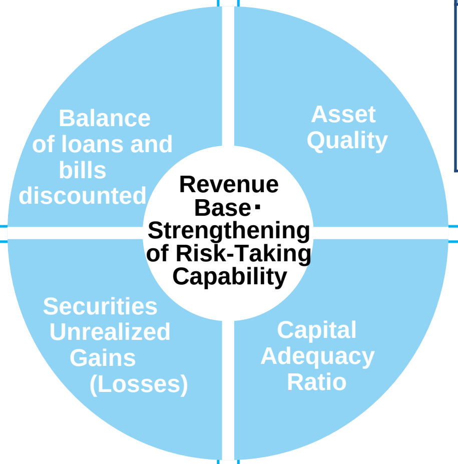
・Announcement Regarding the Establishment of a Quota for the Acquisition of Treasury Stock (Acquisition of treasury stock pursuant to the provisions of Article 156, Paragraph 1 of the Companies Act based on the provisions of the Articles of Incorporation pursuant to the provisions of Article 459, Paragraph 1, item (i) of the Companies Act) (published February 6, 2025)

Four Elements Supporting Future Sustainable Growth

<Balance of loans and bills discounted>

Since September 2023, the balance has reversed from a declining trend to an increase





<Asset quality>

Through steady efforts toward quality improvement, the ratio of disclosed claims based on the Financial Reconstruction Law has gradually decreased

	End of Mar. 24	End of Dec. 24	Change
Ratio of disclosed claims to total credits	9.88%	8.63%	(1.25) pt
Excluding organizational negotiation partners	5.95%	4.96%	(0.99) pt

<Securities>

(billion yen)

	End of Mar. 24		End of Dec. 24	
	Fair value	Unrealized gains (losses)	Fair value	Unrealized gains (losses)
Available-for-sale securities	270.9	21.7	334.6	22.5
Stocks	46.9	25.2	51.8	30.1
Bonds	159.0	(0.9)	208.4	(4.2)
Others	64.9	(2.6)	74.3	(3.4)

Considering financial market trends, we will flexibly implement the operations that are meant to improve the quality of our securities portfolios. The investment policy on securities is unchanged.

<Capital adequacy ratio>

(billion yen)

	End of Mar. 24	End of Dec. 24
Capital Adequacy Ratio	14.00%	14.08%
Total Capital (Core Capital)	258.6	267.2
Risk-Weighted Assets, etc.	1,846.2	1,898.0

*Capital adequacy ratio after Basel III finalization (as of Sep. 30, 2024): 11.6%

Maintaining sufficient capital buffer to enable necessary risk-taking as we transition to a "world with interest."

Reference Materials

Financial Results for Q3 FY3/25: YoY Comparison

<Non-consolidated> (billion yen)

	FY12/23 Results (A)	FY12/24 Results (B)	YoY comparison (B) - (A)
Core gross operating profit (excluding gains/losses from investment trust cancellations)	44.3	45.2	+0.9
Expenses (−)	27.0	25.9	(1.0)
Personnel expenses	10.0	10.1	+0.1
Actual credit costs (−)	(2.3)	(2.3)	+0
Gain (loss) on securities	(2.2)	0	+2.3
Other non-recurring gains (losses)	(0)	0.2	+0.3
Ordinary profit	17.3	21.9	+4.5
Extraordinary gains (losses)	(0.8)	(0.2)	+0.6
Quarterly net income	13.2	18.1	+4.8

<Consolidated>

	FY12/23 Results (A)	FY12/24 Results (B)	YoY comparison (B) - (A)
Consolidated ordinary income	67.4	67.6	+0.2
Consolidated ordinary profit	17.7	22.3	+4.5
Profit attributable to owners of parent	13.4	18.3	+4.8

<Main factors contributing to changes [non-consolidated, YoY comparison]>

Net interest income **(-0 billion yen)**	• Decrease in interest on loans and bills discounted: -1.3 billion yen (Average balance factor: +0.6 billion yen, Yield factor: -2.0 billion yen) • Increase in interest and dividends on securities: +1.4 billion yen
Net fees and commissions **(+0.9 billion yen)**	• Increase in loan-related fees: +1.0 billion yen
Expenses **(-1.0 billion yen)**	• Decrease in property expenses: -1.0 billion yen
Actual credit costs **(+0 billion yen)**	• Normal amount: +3.3 billion yen • Preventive allowances: -3.1 billion yen * (Reference) See table on bottom right of page 2
Extraordinary gains (losses) **(+0.6 billion yen)**	• Recording of gains on disposal of fixed assets: +0.7 billion yen

※Note: ( ) indicates YoY comparison

Changes in Deposits for FY3/25

<Deposit Balance by Customer Type>

(billion yen)

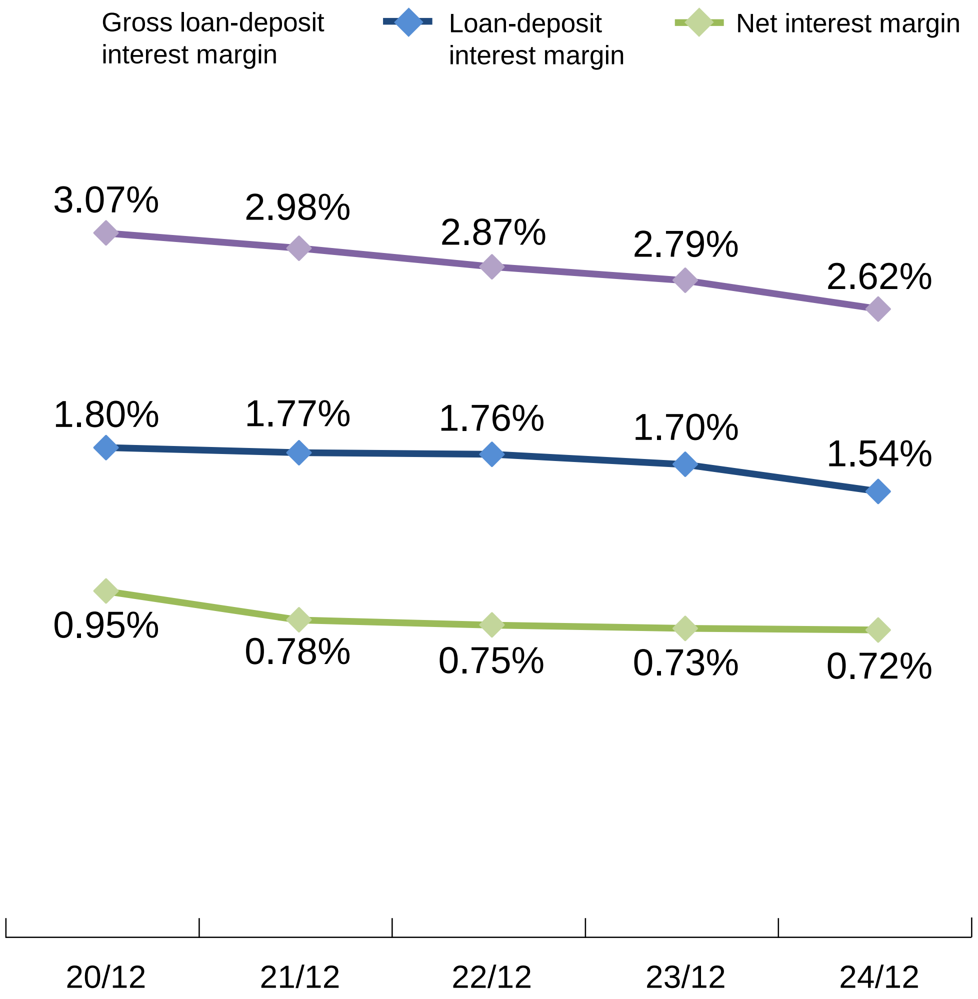
	End of Mar. 2024	End of Sep. 2024 (A)	End of Dec. 2024 (B)	Change (B) - (A)
Total deposits	3,250.4	3,134.9	3,126.7	(8.1)
Of which: Individual	2,610.9	2,557.6	2,560.1	+2.5
Of which: Corporate	422.1	418.9	418.8	(0.1)
Of which: Public funds	217.3	158.3	147.8	(10.5)

<Investment Product Balance in Individual Customer Assets>

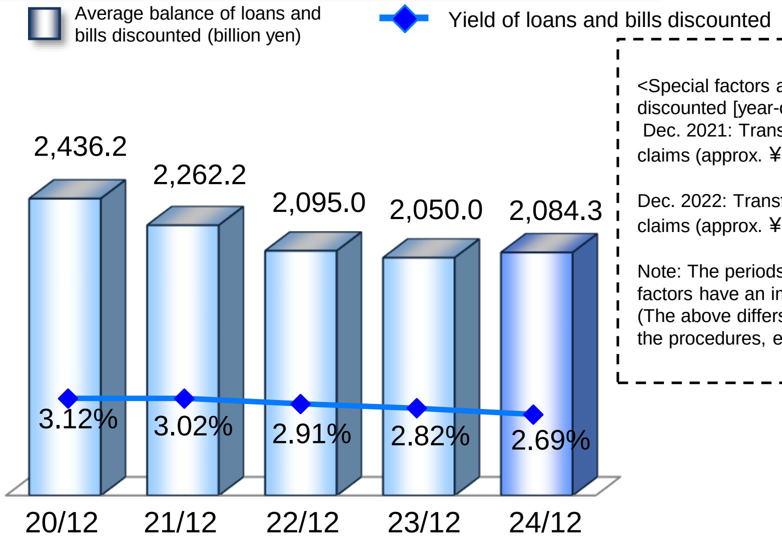
	End of Mar. 2024	End of Sep. 2024 (A)	End of Dec. 2024 (B)	Change (B) - (A)
Investment products	125.2	136.4	143.6	+7.1
Of which: Foreign currency deposits	1.8	1.0	0.7	(0.2)
Safe custody of government bonds, etc.	4.6	7.4	9.0	+1.6
Investment trusts	71.4	73.4	75.1	+1.7
Individual annuity insurance	23.6	28.2	31.4	+3.2
Single premium whole life insurance	23.7	26.3	27.1	+0.7

Interest Margin Status

Interest margin, etc.



Yield and average balance of loans and bills discounted

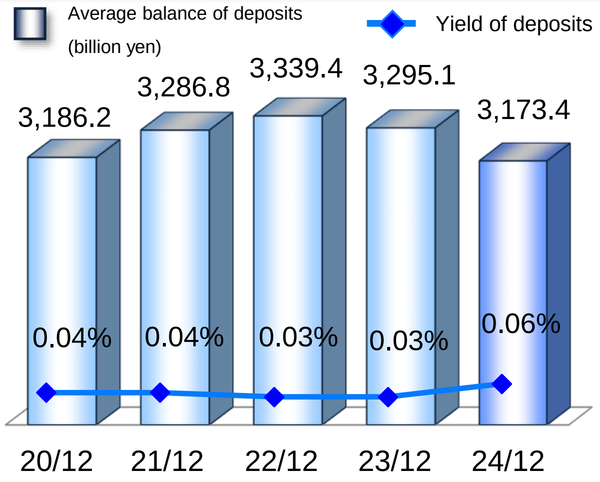


<Special factors affecting loans and bills discounted [year-on-year]>
Dec. 2021: Transfer of share house claims (approx. ¥-44.2 billion)

Dec. 2022: Transfer of share house claims (approx. ¥-77.3 billion)

Note: The periods in which the above factors have an impact are listed
(The above differs from the actual date of the procedures, etc.)

Yield and average balance of deposits



Actual Credit Costs and Disclosed Claims Based on the Financial Reconstruction Law <Non-consolidated>

• Actual credit costs (FY 12/24)

(billion yen)

Item	Actual credit costs	Allowance for loan losses
Investment real estate loans*	(2.3)	86.5
Housing loans	0.1	1.5
Unsecured loans	(0)	1.4
Collaboration loans, etc.*	0	0.3
Business financing, etc.	(0)	6.9
Total	(2.3)	96.7

*Investment real estate loans: Studio apartment loans, single building income loans, other secured loans
*Collaboration loans are loans made jointly or in partnership with other companies (loan participations, purchases of corporate loans, etc.)

• Disclosed Claims based on the Financial Reconstruction Law (As of December 31, 2024)

(billion yen)

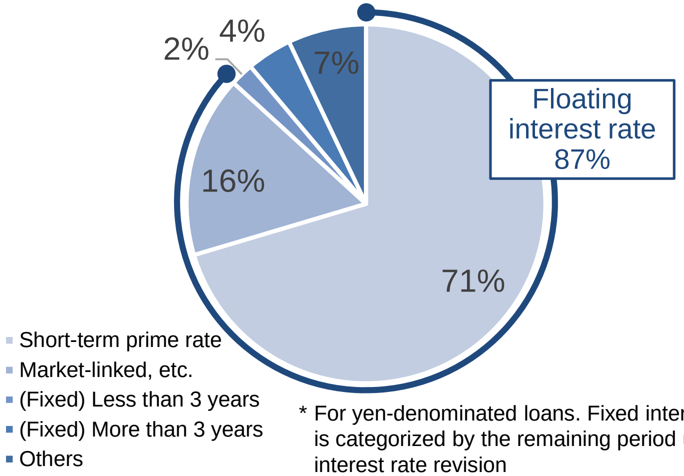
	Balance	Total coverage amount	Portion secured by collateral or guarantees, etc.	Allowance for loan losses	Coverage ratio
Claims against bankrupt and substantially bankrupt obligors	102.5	102.5	40.5	62.0	100%
Claims with collection risk	53.6	36.7	22.8	13.8	68.4%
Claims for special attention	29.3	15.9	9.5	6.3	54.2%
Total	185.6	155.2	72.9	82.3	83.6%

Ratio of disclosed claims to total credit (disclosed claim ratio)	8.6%
Ratio of disclosed claims excluding organizational negotiation partners to total credit	4.9%

Portfolio Compositions

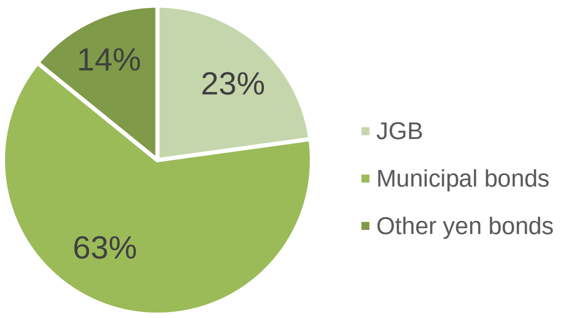
A 10-bp raise in savings account interest rates and a 25-bp raise in short-term prime rates scheduled (base interest rates to be raised March 3)

Loans and bills discounted (Composition by base interest rate)



* For yen-denominated loans. Fixed interest rate is categorized by the remaining period until interest rate revision

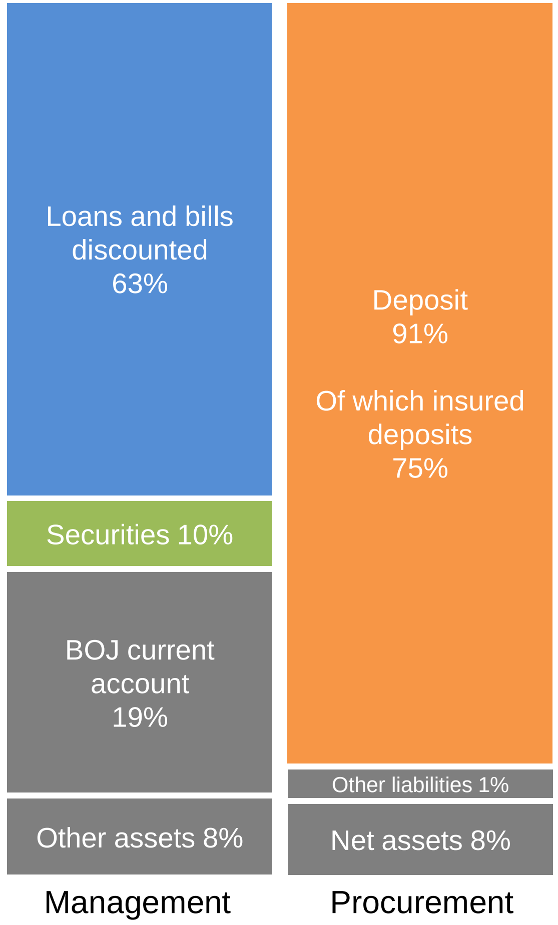
Securities (Composition of yen bonds)



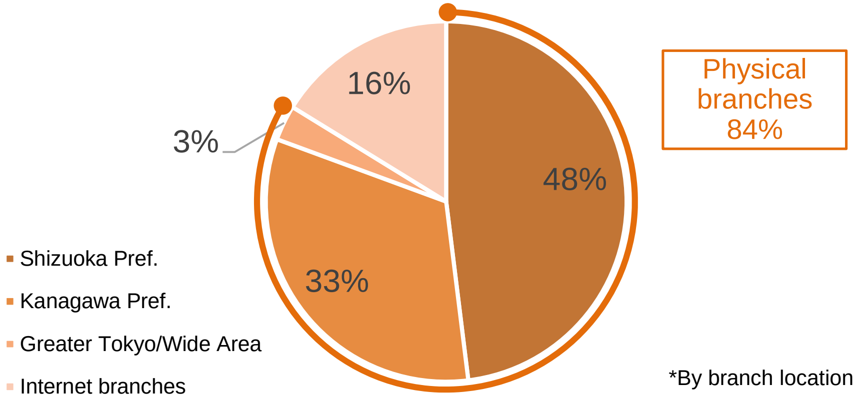
As of end of December 2024 (yen bonds)
Duration: 6.00 years 100BPV: ¥-12.2 billion

Balance Sheet

As of December 31, 2024: ¥3,423.2 billion



Deposits (Balance by location)

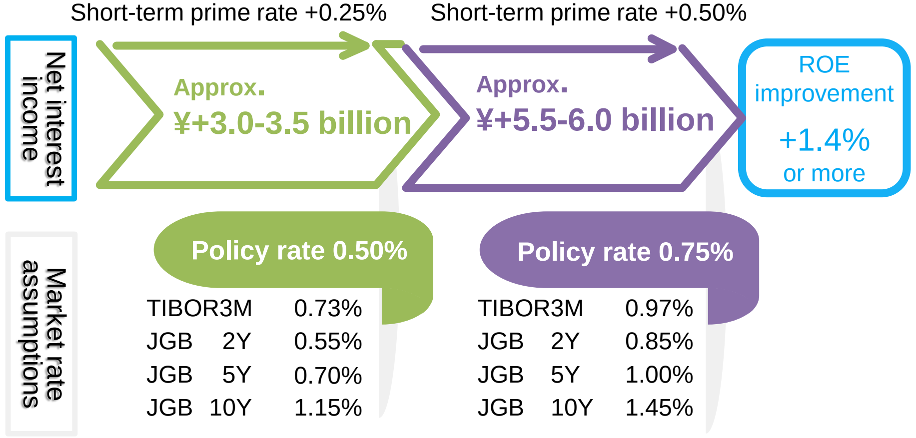


*By branch location

Impact of rising yen interest rates on net interest income

Reposting

* Excerpt from page 21 of the document for financial results briefing published November 28, 2024.



Earnings Forecast for FY3/25 <Non-consolidated & Consolidated>

(Revised forecast published November 12, 2024)

<Non-consolidated>

(billion yen)

	FY9/24 Results	FY3/25 forecast		Change ②−①
		Initial forecast ①	November forecast ②	
Core gross operating profit (excluding gains/loss on cancellation of investment trusts)	29.9	56.0	58.5	+2.5
Expenses (−)	17.3	35.5	35.0	(0.5)
Actual credit costs (−)	(0)	3.0	2.5	(0.5)
Gain (loss) on securities	0	0	0	±0
Ordinary profit	12.8	18.5	22.0	+3.5
Net income	11.0	14.5	17.5	+3.0

<Consolidated>

(billion yen)

	FY9/24 Results	FY3/25 forecast		Change (④−③)
		Initial forecast ③	November forecast ④	
	12.9	19.0	22.0	+3.0
	11.0	14.5	17.5	+3.0

< Assumptions Behind FY3/25 Actual Credit Cost Forecast (Non-consolidated)>

[Normal amount]

- Actual credit costs for loans without special factors are expected to be -¥2.0 billion, a decrease of ¥1.4 billion from initial forecast, incorporating reversal of allowance for loan losses for share house-related loans (approx. -¥1.6 billion) and increase in recoveries of written-off claims

[Preventive allowances]

- For claims suspended from repayment triggered by organizational negotiations from some investment real estate loan customers (a), we expect -¥1.5 billion, a decrease of ¥1.5 billion from initial forecast, as there were almost no additional allowances for new cases, while we expect reversal of allowance for loan losses due to progress in individual resolutions through support for voluntary sales
- Additional allowances for claims for restructured loans that are unlikely to be recovered in the future (b) are progressing largely as initially planned
- Through (a) and (b) above, preventive allowances are expected to be ¥1.5 billion, a decrease of ¥1.5 billion from initial forecast

[Corporate]

- Expected to be ¥3.0 billion, an increase of ¥2.4 billion from initial forecast, as additional allowances will be made in H2 for some corporate loans from a preventive perspective

	FY9/24 Results	FY3/25	
		Initial forecast	November forecast
Actual credit costs	(0)	3.0	2.5
Normal amount*	(0.6)	(0.6)	(2.0)
Preventive allowances	0.4	3.0	1.5
(a)	(1.0)	0	(1.5)
(b)	1.4	3.0	3.0
Corporate*	0.2	0.6	3.0

* At the time of initial forecast announcement, 'Corporate' was included in 'Normal amount,' but has been classified separately in this report

■ Overview of Mid-Term Business Plan

Corporate Philosophy	**We want to be a company that makes customers feel, "I'm glad you're here... I'm glad we met."**
Vision	Customer satisfaction / Shareholder value / Employee satisfaction / Contribution to society ・To realize **our corporate philosophy**, we will create a "**new Suruga Bank**" that delivers customer satisfaction and ensures that staff feel their work is meaningful. We will achieve this through a commitment to **carrying out customer-oriented business**, initiatives in our core business of retail banking, and by **creating unique value** in ways that are distinct to our bank. ・We will also establish measures for **thorough compliance and controlling appropriate risk/return**, and develop a **"new sustainable business model"** as a public financial institution that benefits the public.
Phase 2 Management Strategy	see below

Shared in Phase 1 & 2

Phase 2 Management Strategy

I. Evolving the Retail and Solutions Businesses

We will **create sources of differentiation** founded in resolving customers' worries, inconveniences, dissatisfactions, etc., leading them to say **"I'm glad you're here... I'm glad we met."**

II. Building a Sustainable Revenue Structure

We will counteract the decline in the top line due to the collection of existing loans and pivot to a sustainable revenue structure with **three measures. Namely, growth of new business revenue through four autonomous profit centers, cost structure reform, and minimizing and stabilizing actual credit costs through higher credit quality**

III. Risk-Taking and Risk Diversification

In accordance with **the Risk Appetite Framework (RAF),** we will repeat a cycle of active risk-taking and verification in selected areas, diversifying away from our traditional risk structure concentrated in specific real estate areas[*1].

*1 Single building income properties (relatively high share of older properties and properties located in regional areas) executed prior to the full-scale rollout of Phase 1

■ Mid-Term Business Plan Initiative Policies

Reposting | Finances | MTP

Phase 2 Management Strategy	**I. Evolving the Retail and Solutions Businesses** **II. Building a Sustainable Revenue Structure** **III. Risk-Taking and Risk Diversification**

Priority Measures

Business Structure	1. Reorganizing from a Sales Division System to Four Autonomous Profit Centers **(x2.5 new business revenue)** • Community Bank, Direct Bank, Greater Tokyo/Regional Bank, Market Finance
Revenue Structure	2. Completing Cost Structure Reform **(Expenses: 46.8 billion yen in FY2018 ⇒ 34.0 billion yen planned in FY2025)** • Network Reorganization, Shifting Talent to the Front Office by Streamlining Division Functions, IT Cost Structure Reform 3. Minimizing and stabilizing actual credit costs through higher credit quality • Improvement of credit quality to a level where actual credit costs average less than **2.0 billion yen/year** from FY2025 onward
Infrastructure	4. Pursuing Cloud Computing and DX in IT Platforms 5. Vector Alignment with Stakeholders • Aligning vectors with shareholders, employees, and society to strengthen driving force behind management strategies

Phase 2 Keywords		
Agile **Speed, taking on challenges, autonomous decentralization**	**Kyo-so** **Collaboration, dialogue, value creation**	**Resilience** **Recovery, flexibility, risk diversification**

* The above KPIs, etc. are based on the revised mid-term business plan KPIs announced on April 4, 2024

From the past to the present, Suruga Bank has been providing solutions from <u>Suruga's unique perspective</u> starting from what customers are unhappy with.

Products and Services Developed from Suruga's Unique Perspective (examples)

Backing up womens' dream of home ownership
Housing Loans for Women

At a time when banks' screening procedures were not keeping pace with diversifying lifestyles and employment patterns, we were inspired by the passion of women to market Japan's first housing loan for women.

Unique to Suruga — **2000**

We were the first to focus on the myriad niche markets that exist within the housing market. Our employees sensed customers' disadvantages and quickly commercialized products to match.

More dreams for customers
Time Deposits with Jumbo Lottery Tickets

Our concept is "a financial service filled with the joy of growing dreams" in this era of ultra-low interest rates. A first for a Japanese bank, this product is the result of our employees' desire to deliver dreams to customers.

Unique to Suruga — **1999**

In the early days of the Internet, we opened Japan's first online bank branch. This allowed us to deliver dreams and peace of mind to customers through the Internet, even as a regional bank, without building physical branches. We were also the first Japanese financial institutions to offer mobile banking.

Earning miles for bank transactions
ANA Branch

We developed the world's first card that integrates cash card, mileage, and e-money functions.
We offer a unique product that lets customers earn miles for bank transactions.

Unique to Suruga — **2004**

By combining ANA's diverse customer base and marketing know-how with Suruga's retail banking business, we created new markets and provided unique high-quality value.

Translating current trends into products and services
Smart Account / Accounts for non-Japanese Customers

We established payment-only accounts that provide more savings and peace of mind when using cashless payments, which have become widely used in daily life. We established accounts exclusively for non-Japanese customers.

Unique to Suruga — **2021/2022**

Based on our desire to provide access to financial services to all, we focused on growth areas and non-Japanese customers who require financial services.

Peace of mind consulting for the 100-year life era
musu-bi (end of life support services)

As part of our asset consulting services, we help customers think about how they would like to see out their remaining days.

2022

To prepare for "what if," we provide asset visualization, funeral insurance, introductions to different types of funeral, and other services that turn anxiety into peace of mind. In this way, we help customers live the rest of their lives in brighter and more positive ways.

Digital infrastructure that supports the creation of difference (examples)

Screening via data mining
Automated Screening System

We used sophisticated methods to analyze detailed data accumulated by lending to a wide range of customers, including data on screening and repayment status. This sped up the screening process.

Unique to Suruga — **1996**

We achieved the automation of screening ahead of other banks by combining our screening know-how with a vast database analyzed with our proprietary logic cultivated over many years specializing in retail.

Continuous provision of high quality services
Use of CRM

By integrating our informational data and accounting systems, we provided customers with the most appropriate products and services at the right time.

Unique to Suruga — **1999**

This is the trump card of our retail strategy. This allows continuous relationships anywhere, anytime, at all customer touchpoints. Our accumulated data is the source of not only our entire organization's retail mindset, but also of our improved marketing capabilities.

Management Strategy II. Building a Sustainable Revenue Structure

New business gross profit (core gross operating profit, new portfolio)

- Through Management Strategy I (Evolving the Retail and Solutions Businesses), new business gross profit is projected to grow by 2.5 times compared to FY2022

Breakdown of new business gross profit	FY2025 revised projections	FY2022 results	Change
Retail/Solution Businesses	7.5	2.3	+5.2
Solution Business[*1]	3.0	0.8	+2.2
Investment real estate loans	4.5	1.5	+3.0
Market Finance	11.5	5.4	+6.1
Structured finance	5.0	2.3	+2.7
Market operations, etc.[*2]	6.5	3.0	+3.5
New Portfolio Total	19.0	7.7	+11.3

2.5 times

(billions of yen)

*1 Solution Business includes asset consulting, housing loans, unsecured loans, etc.
*2 Market operations, etc. include collaboration loans, etc.

Expenses

- As part of Management Strategy II (Building a Sustainable Revenue Structure), we plan to complete cost structure reforms and increase human capital investment

* Expenses: ￥36.2 bn (FY2022) ⇒ ￥34.0 bn (FY2025)

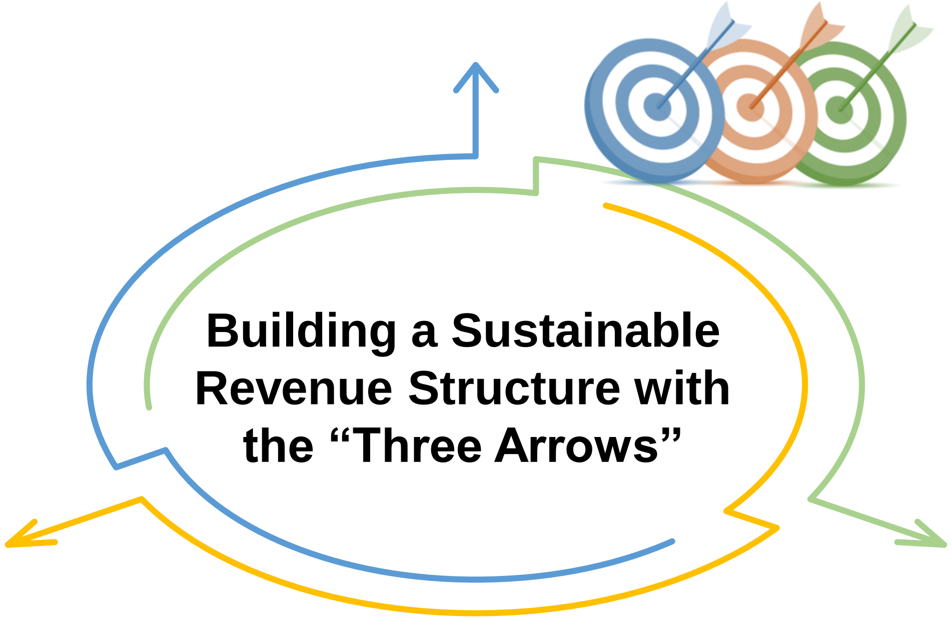
(-2.2 billion yen)

Actual credit costs

- We plan to stabilize actual credit costs at a low level by proactively taking measures to improve credit quality of single building income loans (other than those for share houses).

* Actual credit costs: Approx. ￥9.0 bn (FY2020–2022 average)
→ Average under 2.0 billion yen per year from FY2025

(Approx. -7.0 billion yen)



Decrease in core gross operating profit from old portfolio

52.5 billion yen → 33.5 billion yen
(FY2022) (FY2025)

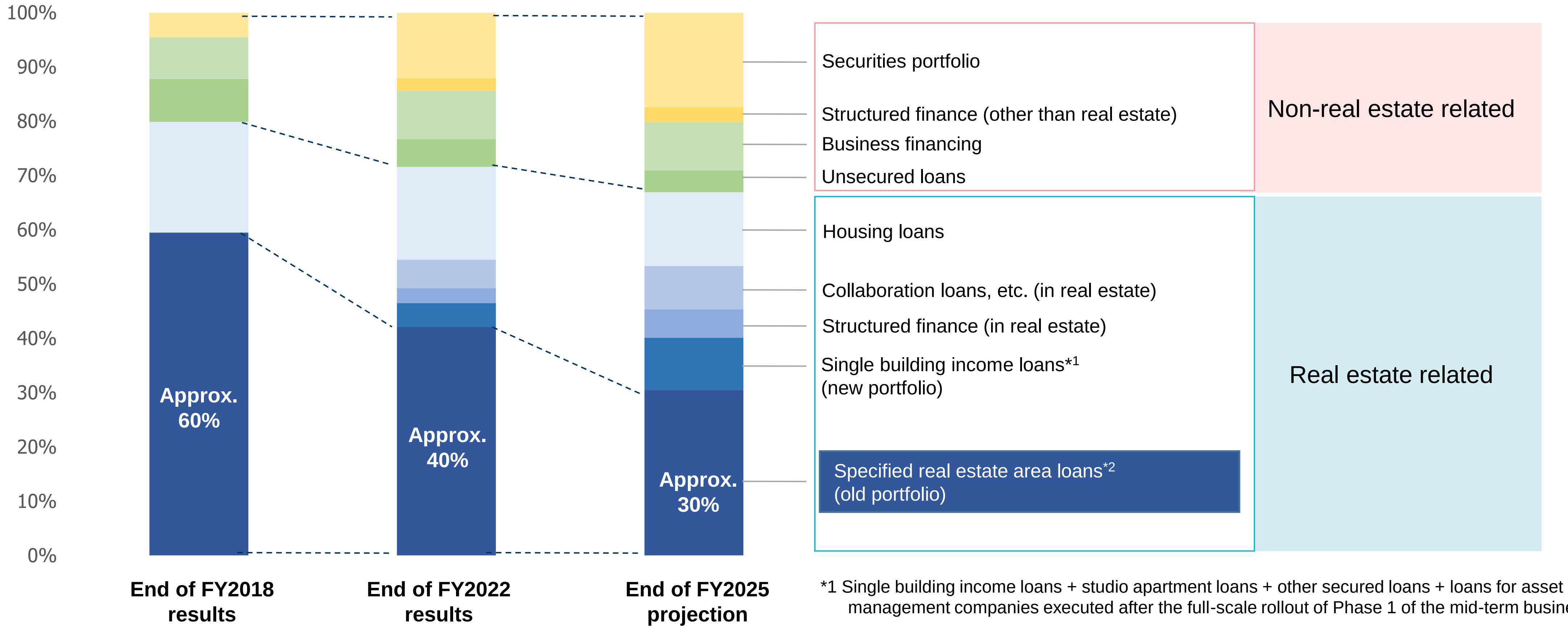
(-19.0 billion yen)

Definition of New/Old Portfolios
- New Portfolio: Revenue from goods and services contracted in or after April 2020
  Old Portfolio: Revenue from goods and services contracted in or before March 2020

- **The turning point towards a sustainable revenue structure is fast approaching due to accelerated growth in new business gross profit, etc.**

■ Management Strategy III. Risk-Taking and Risk Diversification

Change in composition of assets under management from FY2018 to FY2025



Assets under management	¥3,035.0 bn	¥2,519.7 bn	¥2,500.0 bn

*1 Single building income loans + studio apartment loans + other secured loans + loans for asset management companies executed after the full-scale rollout of Phase 1 of the mid-term business plan

*2 Single building income loans (relatively high share of older properties and properties located in regional areas) executed prior to the full-scale rollout of Phase 1 of the mid-term business plan

The ratio of conventional specified real estate areas to total assets under management is planned to decrease to approx. 30% (end of FY2025) after falling from approx. 60% (end of FY2018) to approx. 40% (end of FY2022)

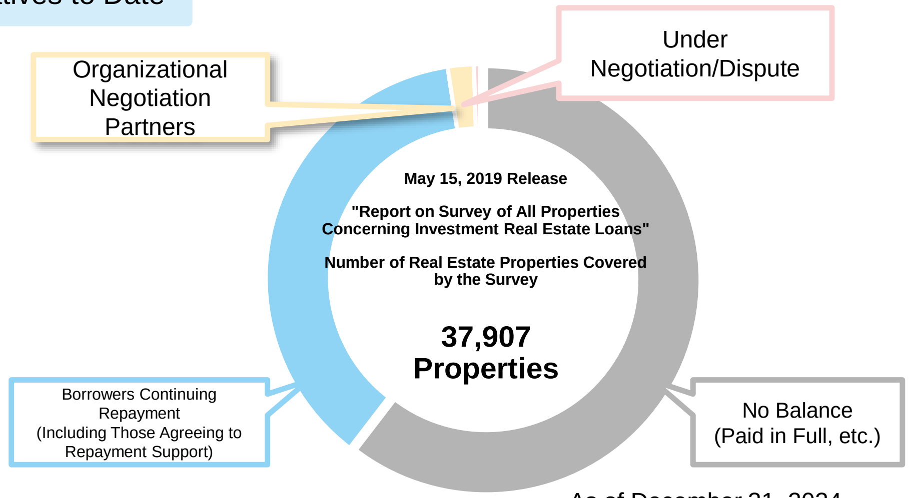
Mid-Term Business Plan KPI

		Initial Projections FY2023	Initial Projections FY2025	Actual/Revised Projections* FY2023	Actual/Revised Projections* FY2025	Notes
Main KPIs	**Ordinary profit**	¥11.5 bn	¥13.0 bn	**¥20.1 bn**	**¥17.0 bn**	
Main KPIs	**Net income** (Consolidated)	¥8.5 bn	¥11.0 bn	**¥15.3 bn**	**¥13.5 bn**	• Profit attributable to owners of parent
Main KPIs	**Capital adequacy ratio** (Finalized Basel III basis)	-	10% or more (effective)	**11.87%**	**10% or more (effective)**	• Any unrealized loss on securities is deducted from core capital
Secondary KPIs (Key action indicators for achieving main KPIs)	**New business gross profit**	¥9.8 bn	¥16.0 bn or more	**¥11.3 bn**	**¥19.0 bn or more**	• Revenue from goods and services issued on or after April 2020 • Based on core business gross profit (excluding gains on cancellation of investment trusts)
Secondary KPIs (Key action indicators for achieving main KPIs)	**Expenses**	¥36.0 bn	¥32.5 bn or less	**¥35.1 bn**	**¥34.0 bn or less**	
Secondary KPIs (Key action indicators for achieving main KPIs)	**Actual credit cost ratio**	30 bps	Approx. 15 bps	**-9 bps**	**Approx. 10 bps**	• Intended pace for FY2025 and beyond • Actual credit costs / Average loans and bills discounted × 10,000 (Loans and bills discounted = Loans + Monetary claims bought)

* Figures for FY2023 are actual results announced on May 10, 2024. FY2025 figures are revised medium-term business plan KPIs announced on April 4, 2024.
Note: All figures and indicators are for Suruga Bank non-consolidated unless otherwise stated

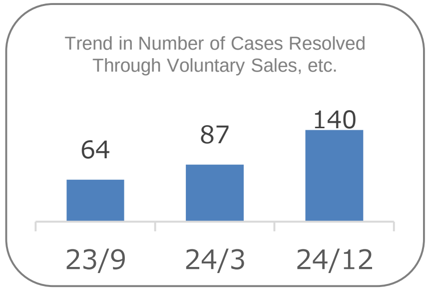
Investment Real Estate Loans (Status of Organizational Negotiation Partners)

Status of Initiatives to Date



As of December 31, 2024

After approximately six years of repayment support and consultation efforts, about 60% of the 37,907 properties surveyed have a loan balance of zero, and about 40% are maintaining loan repayment. However, organizational negotiations are being conducted with Suruga Bank on 791 properties* (2.1% of 37,907), and we will continue to take appropriate measures to resolve these issues.



*Due to voluntary sales and other factors, 140 properties were no longer in organizational negotiations from the end of September 2022 to the end of December 2024.

⇒The coverage status for claims under organizational negotiation has a 99% coverage ratio through collateral and loan loss provisions

Basic Approach to Future Actions

1. From the viewpoint of achieving **early settlements**, we are actively cooperating in **clarifying loan circumstances** in **certain types of cases** where the banks are likely to be found liable in tort in a lawsuit.
2. Furthermore, there have been several cases in which the sale of investment real estate has led to full repayment, and we are also moving forward with **proposals to consider voluntary sales.**
3. With regard to investment real estate loan cases, each case has its own **very individual qualities**, and we believe it is necessary to **consider the unique circumstances of each case individually** when determining whether and to what degree there is an obligation to compensate for damages.

※Note: For details of our response, please refer to the "Status of Our Response to Loans for Investment Real Estate Other Than Shared Housing" released on November 12, 2024.

<Inquiries>

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