February 9, 2023

To whom it may concern:

Name of Company: Suruga Bank, Ltd.

Name of Representative: Director and President: Kosuke Saga

(Code No. 8358 Prime Section of Tokyo Stock Exchange)

Contact Person: Senior Executive Officer

General Manager of General Management Planning

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Announcement regarding Losses on Sales of Securities Holdings, etc. and Revision of Full-Year Earnings Forecasts for the Fiscal Year Ending March 31, 2023

Suruga Bank, Ltd. announces that the company has revised the earnings forecast announced on November 11, 2022, as follows, considering that the company has recorded a loss for the purpose of restructuring its securities portfolio and that the company estimates that actual credit costs will decrease, in anticipation of the start of the next medium-term management plan (FY2023-FY2025) currently being formulated.

Note

１. Revision of Full-Year Earnings Forecasts

Revision of consolidated earnings forecast for the fiscal year ending March 31, 2023 (April 1, 2022 - March 31, 2023)

	Ordinary revenue	Ordinary profit	Profit attributable to owners of parent	Earnings per share
	Millions of yen	Millions of yen	Millions of yen	Yen
Previous forecast (A)	86,000	11,000	10,000	53.08
Revised forecast (B)	86,000	11,000	9,000	47.77
Change (B-A)	0	0	(1,000)	
Percent change	0	0	(10.0)	
(Reference) Results for the previous term (fiscal year ending March 31, 2022)	92,072	10,596	7,960	34.72

Non-consolidated

	Ordinary revenue	Ordinary profit	Profit	Earnings per share
	Millions of yen	Millions of yen	Millions of yen	Yen
Previous forecast (A)	77,000	10,000	9,500	50.43
Revised forecast (B)	77,000	10,000	8,500	45.12
Change (B-A)	0	0	(1,000)	
Percent change	0	0	(10.5)	
(Reference) Results for the previous term (fiscal year ending March 31, 2022)	83,658	10,093	7,854	34.26

2. Major Reasons for Revisions

(1) Restructuring of securities portfolio

Considering growing concerns of a global recession and the risk of high inflation, we will restructure our securities portfolio by reducing mainly multi-asset funds that have valuation losses. As a result, we expect to record approximately 11.0 billion yen in redemption losses and other losses. In the next medium-term management plan, we will work to shift to a stable profit securities management structure.

(2) Actual credit costs

In the third quarter, in addition to organized negotiations, etc., fewer borrowers have taken measures such as suspending repayments than was estimated at the time of the previous announcement, and preventive allowance and the expected loss ratio are lower than expected, so actual credit costs are expected to decrease from the previous forecast.

Beginning with the third quarter of the current fiscal year, we have increased the allowance for doubtful accounts for borrowers, etc., for whom collection is difficult to normalize in the future among restructured loans.

【Reference】

Non-consolidated earnings forecast for the fiscal year ending March 31, 2023

(Billions of yen)

	Current forecast (A)	Previous forecast (B)	Change (A) – (B)
Ordinary income	77.0	77.0	—
Gross operating profit	45.0	56.0	(11.0)
Expenses	37.0	37.5	(0.5)
Core net operating profit	22.5	22.0	0.5
Net operating profit	8.0	17.5	(9.5)
Ordinary profit	10.0	10.0	—
Profit	8.5	9.5	(1.0)

Actual credit costs	1.0	10.0	(9.0)
Normal credit costs	(3.0)	3.5	(6.5)
Share house-related loans	(3.5)	(3.0)	(0.5)
Preventive allowance	7.5	9.5	(2.0)

(Note)The performance forecasts in this report are based on information currently available to the company and on certain assumptions deemed to be reasonable. Actual performance may differ.