



November 12, 2024

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## Announcement Regarding Revision of Earnings Forecast, Dividend Payment (Interim Dividend), and Revision of Dividend Forecast (Dividend Increase)

In light of our recent business performance trends, Suruga Bank, Ltd. hereby announces that it has revised its earnings forecast that was announced on May 10, 2024 (hereinafter referred to as "previous forecast") as detailed below. Additionally, at the Board of Directors meeting held today, the company resolved to pay a dividend from surplus (interim dividend) with September 30, 2024 as the record date, and has also revised its year-end dividend forecast as detailed below.

Note

### 1. Revision of earning forecast

Revision of consolidated earnings forecast for FY3/25

	Ordinary profit	Profit attributable to owners of parent	Earnings per share
	Millions of yen	Millions of yen	Yen
Previous forecast (A)	19,000	14,500	75.30
Current forecast (B)	22,000	17,500	92.57
Change (B-A)	3,000	3,000	
Percent change	15.8	20.7	
(Reference) Results for FY3/24	20,641	15,375	75.44

Revision of non-consolidated earnings forecast for FY3/25

	Ordinary profit	Net income	Earnings per share
	Millions of yen	Millions of yen	Yen
Previous forecast (A)	18,500	14,500	75.30
Current forecast (B)	22,000	17,500	92.57
Change (B-A)	3,500	3,000	
Percent change	18.9	20.7	
(Reference) Results for FY3/24	20,156	15,025	73.73

## 2. Reason for revision

The Bank hereby announces that, as disclosed on November 8, 2024\*, performance for the first half (cumulative) of the fiscal year ending March 2025 has exceeded the targets set in the Mid-Term Business Plan. In light of this performance trend and changes in the financial and economic environment since the previous announcement, the Bank has reviewed the full-year earnings forecast for the fiscal year ending March 2025 and has determined to make upward revisions to both consolidated and non-consolidated earnings forecasts.

For details, please refer to the attached "Supplementary Information."

\*Please refer to the "Announcement Regarding the Revision to the Earnings Forecast" released on November 8, 2024.

## 3. Dividend payment (Interim Dividend) and revision of Dividend Forecast

In accordance with the Bank's basic policy for shareholder returns, and upon comprehensive consideration of the above performance trends, capital soundness, and future financial conditions, the Bank has determined to increase the interim dividend for the fiscal year ending March 2025 by 3.50 yen from the previously announced forecast of 11.00 yen per share to 14.50 yen per share. Additionally, the Bank has determined to increase the year-end dividend forecast by 3.50 yen from 11.00 yen per share to 14.50 yen per share. As a result, the annual dividend forecast will be increased by 7.00 yen to 29.00 yen per share.

### Reference

#### Basic Policy for Shareholder Returns

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

#### Dividends

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

#### Acquisition of treasury stock

We will flexibly implement 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 the stock price

### (1) Details of Interim Dividend

	Resolved amount	Previous dividend forecast (announced on May 10, 2024)	Results for the previous period (Second quarter of fiscal year ended March 31, 2024)
Record date	September 30, 2024	Same as left	September 30, 2023
Dividend per share	14.50 yen	11.00 yen	7.00 yen
Total dividend payment	2,710 million yen	—	1,532 million yen
Payment date	December 10, 2024	—	December 12, 2023
Source of dividend	Retained earnings	—	Retained earnings

### (2) Details of revised Dividend Forecast

	Annual dividend (yen)		
	H1	Year-end	Total
Previous Forecast (Disclosed May 10, 2024)	Yen 11.00	Yen 11.00	Yen 22.00

Revised Forecast		14.50	29.00
Current Year Results	14.50		
Previous Year Results (FY3/24)	7.00	14.00	21.00

Note: The above earnings forecasts are based on information currently available to the company and on certain assumptions deemed to be reasonable. Actual performance may differ.

This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

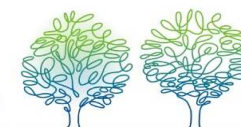
## Supplementary Materials

•In this document, "Second Quarter of FY3/25" is shown as "H1 FY3/25" or "9/24".

Additionally, "FY3/25" is shown as "25/3" or "FY2024", and "Second Quarter of FY3/24" is shown as "H1 FY3/24".

Please interpret other fiscal year notations following the above example of "FY3/25".

•As with the main text, the forward-looking statements including earnings forecasts contained in this document are based on information currently available and certain assumptions deemed reasonable, and actual results may differ from these forecasts due to various factors.



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# Financial Results for H1 FY3/25: Forecast Comparison

**Due to progress exceeding the mid-term business plan projections, net income (non-consolidated) for September 2024 was +¥4.0 billion [+57%] compared to initial forecast**

➤ **Main factors: Core gross operating profit +¥1.4 billion, expenses -¥0.7 billion, actual credit costs -¥2.5 billion**

<Non-consolidated >

(billion yen)

	FY9/24		Difference (B) - (A)
	Initial forecast (A)	Results (B)	
Core gross operating profit (excluding gains/losses on cancellation of investment trusts)	28.5	29.9	+1.4
Expenses (-)	18.0	17.3	(0.7)
Actual credit costs (-)	2.5	(0)	(2.5)
Loss on securities	0	0	0
Ordinary profit	8.5	12.8	+4.3
Net income	7.0	11.0	+4.0

< Consolidated >

Consolidated ordinary profit	8.5	12.9	+4.4
Profit attributable to owners of parent	7.0	11.0	+4.0

< Main factors >

- Core gross operating profit (Top line) ➡
  - ✓ 4 New loan disbursements in the four profit centers are progressing at a pace exceeding initial forecasts (61% progress against full-year initial plan)
- Expenses ➡
  - ✓ Decrease in property expenses due to steady progress in cost structure reform
- Actual credit costs ➡

(billion yen)

		FY9/24	
		Initial forecast	Results
Actual credit costs total		2.5	(0)
Normal amount*	Actual credit costs arising from loans without special factors • Includes reversal of allowance for loan losses for share house-related loans (approx. -¥1.0 billion) in H1 results	0.7	(0.6)
Preventive allowances	Eligible allowances as follows	1.5	0.4
	Allowance for new suspension of repayments by some investment real estate loan customers triggered by organizational negotiations	0	(1.0)
	Allowance for claims for restructured loans that are unlikely to be recovered in the future	1.5	1.4
Corporate*	Actual credit costs arising from corporate loans	0.3	0.2

## ■ New Loan Disbursements



**New loan disbursements in the four profit centers have achieved 61% progress against the full-year plan**

➤ **Full-year projection revised upward to ¥280.0 billion, an increase of ¥30.0 billion from initial forecast**

<New loan disbursements>

	Beginning of term Full-year plan (A)	FY 9/24 Results (B)	Progress rate (B)/(A)	(billion yen) Full year Projection
Origination sector	1 8 5 . 0	1 1 8 . 2	6 3 %	2 1 5 . 0
Solutions business	5 5 . 0	3 3 . 0	6 0 %	6 0 . 0
Investment real estate loans	7 0 . 0	4 7 . 6	6 8 %	8 5 . 0
Structured finance	6 0 . 0	3 7 . 6	6 2 %	7 0 . 0
Collaboration loans, etc.	6 5 . 0	3 5 . 6	5 4 %	6 5 . 0
<b>Total</b>	<b>2 5 0 . 0</b>	<b>1 5 3 . 9</b>	<b>6 1 %</b>	<b>2 8 0 . 0</b>

Upward revision of  
¥30.0 billion

\*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.

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



Taking into account strong H1 performance and changes in the financial and economic environment since the initial forecast, we have revised our full-year earnings forecast upward (Ordinary profit (non-consolidated) +¥3.5 billion, Net income (non-consolidated) +¥3.0 billion)

<Non-consolidated>

(billion yen)

	FY9/24 Results	FY3/25 forecast		Change ② - ①
		Initial forecast ①	Current forecast ②	
Core gross operating profit (excluding gains/losses 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)
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 forecast③	Current forecast④	
12.9	19.0	22.0	+3.0
11.0	14.5	17.5	+3.0

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	Current 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

# Capital Policy - Revision to Dividend Forecast -



Based on our basic shareholder returns policy and dividend policy, annual dividends per share are expected to increase by ¥7 to ¥29

<b>Basic policy</b>	Our policy is to strive to enhance shareholder returns after considering the optimal balance between capital soundness and investment for growth	
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Reference: Mid-term plan KPI	Capital adequacy ratio 10% or higher (effective) (Basel III finalization basis)	*Any unrealized loss on securities is deducted from core capital
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### <Dividend Policy>

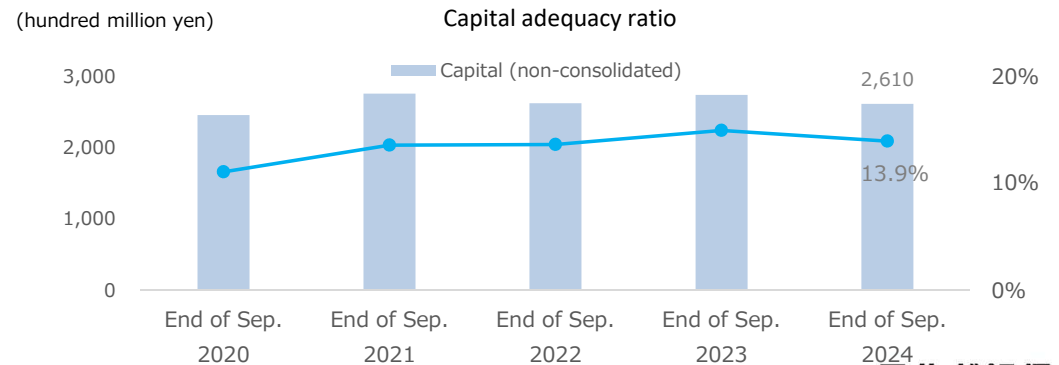
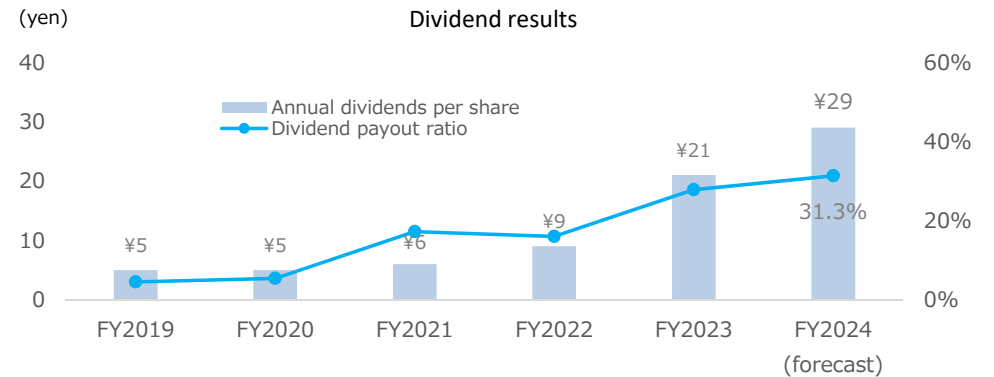
Our basic policy is to maintain stable dividends, targeting a dividend payout ratio of around 30%

	Before revision	After revision
Annual Dividends per share (cumulative)	22 yen	29 yen
of which, Interim dividend	11 yen	14.5 yen
of which, Year-end dividend (forecast)	11 yen	14.5 yen

### <Treasury stock acquisition policy>

•We will flexibly implement 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 the stock price

	FY24 results
Shares acquired	6.0 million shares
Acquisition cost	Approx. 6.5 billion yen
Acquisition period	May 13, 2024 to September 17, 2024





■ Reference: Financial Results for H1 FY3/25: YoY Comparison

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**Net income (non-consolidated) for H1 FY3/24 increased by +18% YoY**

<Non-consolidated> (billion yen)

	FY9/23 Results (A)	FY9/24 Initial forecast	FY9/24 Results (B)	Growth rate $\frac{(B) - (A)}{(A)}$
Core gross operating profit (excluding gains/losses on cancellation of investment trusts)	29.5	28.5	29.9	+1.3%
Expenses (-)	18.2	18.0	17.3	(4.9%)
Actual credit costs (-)	(1.2)	2.5	(0)	(99.1%)
Loss on securities	0	0	0	-
Ordinary profit	12.5	12.5	12.8	+2.4%
Net income	9.3	7.0	11.0	+18.3%

<Consolidated>

Consolidated ordinary profit	12.8	8.5	12.9	+0.8%
Profit attributable to owners of parent	9.5	7.0	11.0	+15.5%