

June 20, 2025

Suruga Bank, Ltd.

Status of Response to the Report Request from the Financial Services Agency

As announced on May 13, 2025 in our release titled “Receipt of Report Request from the Financial Services Agency and Overview of the Our Response to Loans for Investment Real Estate to date,” Suruga Bank Ltd. (Director and President Kosuke Kato; hereinafter, “the Bank”) received a report request from the Financial Services Agency (FSA). In response, the Bank submitted a report to the FSA on May 30, 2025.

We deeply apologize once again for the inconvenience and concern caused to the affected borrowers and other related parties regarding the fraudulent practices in loans for investment real estate other than share houses made before 2018 (hereinafter, the “Apaman Issue”). The Bank is committed to supporting affected borrowers with solutions tailored to their individual circumstances, addressing the concerns of all parties involved, and working earnestly toward the early resolution of the Apaman Issue.

Accordingly, based on the content of the report submitted to the Financial Services Agency, we would like to provide the following overview of the reasons why efforts to resolve the Apaman Issue have been prolonged, as well as specific measures for achieving an early resolution.

1. Status of the Apaman Issue

As stated in the release titled “Receipt of Report Request from the Financial Services Agency and Overview of Our Response to Loans for Investment Real Estate” published on May 13, 2025, the Bank has taken various steps to address the matter. As a result, the number of properties held by organizational negotiation partners¹ was 931 as of the end of September 2022, but had decreased to 768 as of the end of March 2025 (a cumulative reduction of 163 properties [−17.5%]).

Of these 768 properties, 673 (approximately 90%) are currently the subject of civil mediation proceedings filed by the Defense Counsel for Victims of Suruga Bank’s Illegal Loans (hereinafter, the “SI Defence Counsel”).

¹ The Bank discloses the number of properties associated with “organizational negotiation partners”—borrowers who have appointed the SI Defense Counsel or other attorneys and are collectively pursuing mediation or litigation.

2. Reasons for the Prolonged Efforts Toward Resolution

More than three years have passed since the SI Defence Counsel filed for civil mediation in February 2022. However, the Bank believes that fundamental differences in opinion have caused discussions to remain at an impasse, contributing to the prolonged nature of the resolution process.

One key difference is that the SI Defence Counsel is seeking a blanket and comprehensive settlement effectively equivalent to that of the share house cases, whereas the Bank maintains that individualized resolutions based on each borrower's specific circumstances are more appropriate.

In addition, although out-of-court dialogue is essential to achieving an early resolution, we acknowledge that the Bank has not demonstrated sufficient initiative or made adequate proposals in this regard, which has also contributed to the delay.

3. Specific Measures for Achieving Early Resolution

In light of the above, the Bank will make every effort to respond sincerely and promptly to judicial requests related to the civil mediation proceedings initiated by the SI Defence Counsel, so that a judicial opinion can be obtained as early as possible. At the same time, to accelerate resolution through individual dialogue, the Bank will promptly implement the following measures:

- Launch of an emergency project team and expansion of consultation services
- Expansion of individualized resolution measures (the items newly expanded in this update are indicated in bold and underlined below):
 - Partial waiver of overdue interest and damages, **regardless of whether voluntary sale has taken place**²
 - Consultation on repayment of remaining debt after applying proceeds from a voluntary sale (e.g., 0% interest, 35-year repayment period)
 - Measures to achieve a positive cash flow through individual consultations for debtors who are unable to make scheduled repayments due to a property's negative cash flow, including measures such as **interest rate reductions (with a minimum rate of 1.0% for the time being)** and a lump-sum payment of a portion of the principal at final maturity date)
 - If repayment of the outstanding debt is unlikely even after implementing the above measures, we will consult with the borrower to create an individual repayment plan based on their specific circumstances (e.g., amount that could be repaid, assets, etc.)

² Please note that in cases where the borrower is withholding rental income generated from the property and has suspended repayments to the Bank, repayment proposals will be premised on the borrower making payments equivalent to approximately 70% of that rental income (after deducting appropriate and necessary expenses).

(including flexible adjustments to interest rate, repayment amount, and repayment period)

- Individual consultations for cases where the property's cash flow is unclear or where there are special circumstances
- Individual notifications to affected borrowers (regarding consultation services, expanded resolution measures, etc.)
and proactive outreach for individual dialogue through various channels

The Bank recognizes that alleviating the burden on affected borrowers struggling with loan repayment is an urgent priority, and we are making every possible effort to bring peace of mind as quickly as possible. In particular, we believe that the newly expanded resolution measures will allow us to offer viable paths toward early resolution to many borrowers through dialogue.

In addition, to ease the concerns of all parties involved, the Bank will work to accelerate resolution of the Apaman Issue through these initiatives and will also remain committed to timely and appropriate disclosure of information. We appreciate your understanding.

Consultation desk: Office to Support Customer Owners of Share Houses and Others

1-7-1 Nihombashi Muromachi, Chuo-ku, Tokyo

Toll free: 0120-010-636

Lines open: 09 : 00~17 : 00

(Monday through Friday, excluding Saturdays, Sundays, national holidays, and year-end and New Year holidays)

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