SURUGA bank Report 2008

Corporate Data As of May 31, 2008

Date of Establishment	October 19, 1895
Head office	23, Tohriyoko-cho, Numazu, Shizuoka, Japan
Number of Branches and offices	Domestic: 126
Paid-in Capital	30,043 million yen
Ratings	A3 (long-term deposits, Moody's)



Message from the President

With a maximum depth of 2,500 meters, Suruga Bay, the deepest in Japan, lies at the foot of Mt. Fuji, Japan's tallest peak. In this age of uncertainty, Suruga Bank aim to leverage such abundance and depth, and make it wisdom by which to navigate. To realize a sound future for our customers, the local community, and society as a whole, to provide ever greater value, we must accurately read the trends, which are changing in the depths. Thus, we must think more deeply than anyone.

Suruga Bank is pursuing further growth and reforms so as to continue creating services that meet customers' needs and simultaneously exceed their expectations.

We help customers to realize their dreams, and provide the necessary support to set a deadline for realizing those dreams. In this way, we work to create a deeper relationship with our customers, and maintain enduring ties.

May 14, 2008

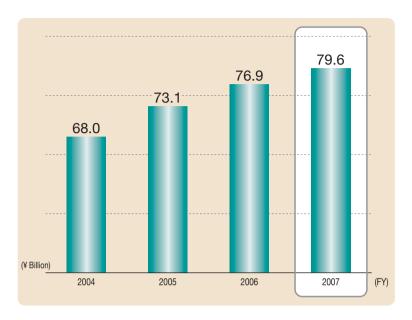




Mitsuyoshi Okano President and Chief Exective Officer

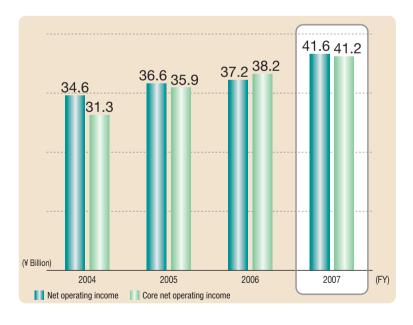
Review of Operations (Non-consolidated)

The Company's results for this period are shown below.



Gross Operating Income

Gross operating income indicates a bank's earnings from basic banking operations. This figure comprises three elements: Net interest income, which is based on interest on loans, securities and deposits; Net fees and commissions; and Other operating income, which includes proceeds from foreign transactions. Thanks to an increase in lucrative consumer loans and higher interest rates on loans and bonds following the authorities' raising of the policy rate, the gross operating income of Suruga Bank for the reporting period recorded an increase of ¥2.7 billion over the previous year.



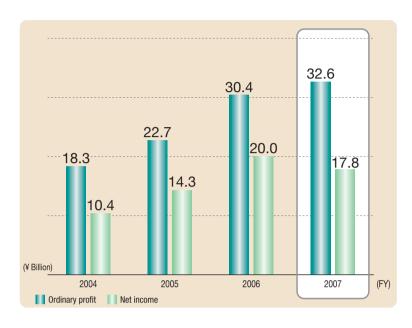
Net Operating Income & Core Net Operating Income

Net operating income indicates what is referred to "operating profit" in the financial statements of ordinary companies. Core net operating income is net operating income before transfer to the general reserve for possible loan losses, after deduction of net proceeds from bond-related transactions. In spite of an increase in expenses, core net operating income rose ¥3.0 billion year-on-year, in line with a rise in gross operating income on core banking operations, due mainly to an increase in interest income. Net operating income increased ¥4.3 billion year-on-year on a non-consolidated basis as a result of the rise in core net operating income and a decrease in provisions to the general reserve for possible loan losses.

Net operating income = Gross operating income - Expenses - Transfer to general reserve for possible loan losses

Core net operating income = Net operating income (before transfer to general reserve for possible loan losses)

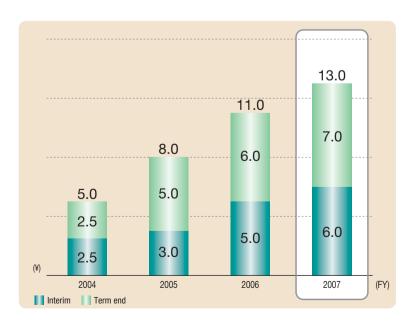
- Proceeds from bonds, including JGBs (5 accounts)



Ordinary Profit & Net Income

Ordinary profit increased ¥2.2 billion year-on-year thanks to an increase in profits on our conventional banking operations. A steady growth in the balance of consumer loans, one of our mainstay business fields, more than offset the posting of an impairment loss on equity share holdings, which is attributable to sharp declines in world stock markets triggered by the U.S. mortgage loan crisis.

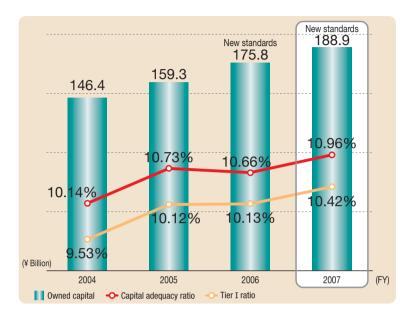
Despite an increase in ordinary profit, net income decreased ¥2.1 billion year-on-year, mainly due to an increase in net extraordinary losses owing to changes in accounting standards.



Per Share Dividend

In line with a growth in earnings figures, the Bank recorded an increase in retained earnings, and this resulted in a steady rise in the Bank's regulatory capital. In view of the fact that the Bank's performance figures for the fiscal 2007 appear to be favorable, we have decided to increase our term-end divided payment from our original estimate of ¥6 per share to ¥7 per share, bringing the Bank's annual dividends per share to ¥13, up ¥2 over the previous term.

We will make a further effort to increase shareholder return on a priority basis, while simultaneously strengthening the Bank's financial position.



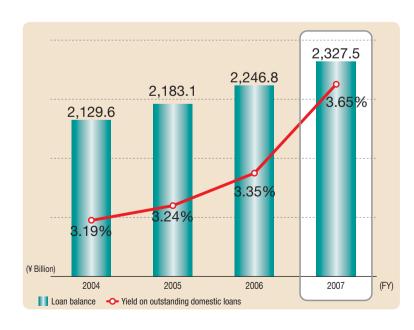
Owned Capital & Capital Adequacy Ratio (Domestic Standard)

Regulatory capital comprises the basic components of Tier I, i.e. capital, capital surplus, and retained earnings, in addition to supplementary items (Tier II), notably the general reserve for possible loan losses.

The capital ratio has been calculated according to new standards (Basel II) with effect from the previous term-end. For the reporting period, as a result of the increase in retained earnings (thanks to higher profits for the period), the capital ratio increased by 0.30 of a percentage point compared with the end of the previous period, to 10.96%. With respect to Tier II, the general reserve for possible loan losses was the only item recognized by the Bank.

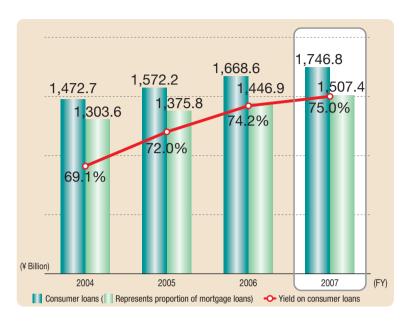
Capital adequacy ratio = [Owned Capital (Basic items + Supplementary items) / Risk assets] X 100

Tier I capital adequacy ratio = [Owned Capital (Basic items: Tier I) $\,$ / Risk assets] X 100 $\,$



Loan Balance & Yield on Outstanding Domestic Loans

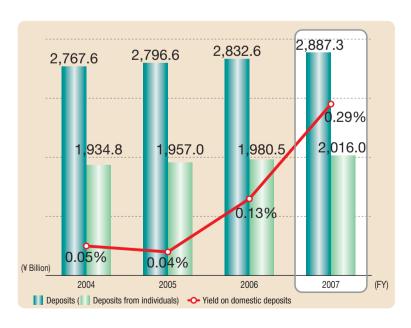
As a result of strong growth in consumer loans, the Bank's loan balance as of the term-end increased by ¥80.6 billion year-on-year to ¥2,327.5 billion. Likewise, the yield on outstanding domestic loans also rose 0.30 of a percentage point over the previous year, to 3.65% on a non-consolidated basis, as a result of an increase in profitable consumer loans and higher interest rates on loans stemming from the BOJ's hike in the policy rate in February 2007.



Consumer Loans

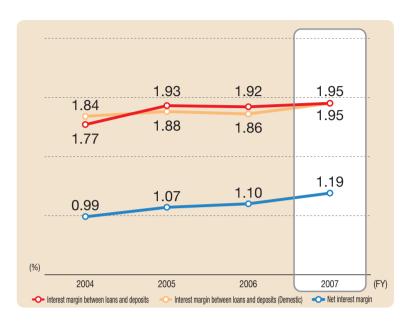
The term-end balance of consumer loans grew ¥78.1 billion year-on-year, to ¥1,746.8 billion. This increase came in spite of a deterioration in the mortgage loan market resulting from such factors as the steep fall in housing construction starts, which was caused by the implementation of stricter inspections for conformity with mandatory building standards following a scandal relating to falsification of the earthquake resistance of a number of condominium buildings.

The balance of mortgage loans at the end of the period increased by ¥60.5 billion to ¥1,507.4 billion year-on-year. The proportion of consumer loans as a percentage of all loans was up 0.8 of a percentage point at 75.0%.



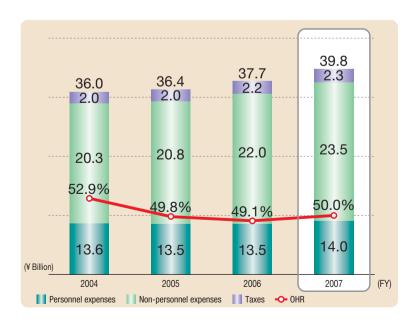
Deposit Balance & Yield on Domestic Deposits

The term-end balance of deposits rose ¥54.6 billion year-on-year, to ¥2,887.3 billion on a non-consolidated basis. The balance of deposits from individuals rose steadily throughout the period, ending the period up ¥35.5 billion year-on-year, at ¥2,016.0 billion. The yield on domestic deposits also increased 0.16 of a percentage point over the previous term-end, to 0.29%.



Loan/Deposit Interest Margins (Total and Domestic) & Net Interest Margin

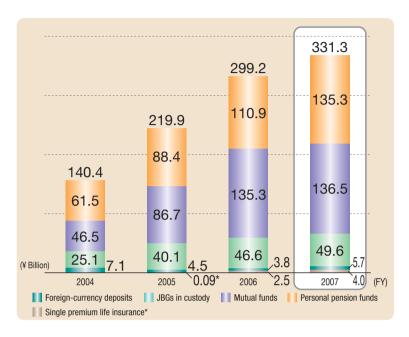
The loan/deposit interest margin expresses the loan yield after deduction of the deposit yield and the expense ratio. The net interest margin reflects the difference between the yield on fund investments and total procurement costs. Thanks to the high proportion to total loans of loans made under floating interest rate conditions, the increase in the loan yield more than offset the rise in the deposit yield as well as the rise in the expense ratio due mainly to increased expenditure for strengthened marketing activities. As a result, the domestic loan/deposit interest margin registered a year-on-year increase of 0.09 of a percentage point, to 1.95%.



Expenses & OHR (Overhead Ratio)

Due to an increase in investments aimed at strengthening the Bank's marketing capabilities, such as the opening of new branches, expenses increased by ¥2.0 billion year-on-year. The OHR (overhead ratio), which indicates business efficiency, rose by 0.9 percentage points year-on-year, to 50.0%, due to an increase in expenses, which more than offset a rise in gross operating income.

OHR (Overhead Ratio (%)) = Expenses / Gross operating income X 100



Individuals' Assets in Custody (Investments)

The balance of assets in custody (investment vehicles) at the term-end rose ¥32.0 billion year-on-year, due mainly to an expansion in the product line-up (chiefly investment fund trusts held by individuals and personal pension insurance) and enhanced marketing capabilities without affecting the adverse effect of a decline in stock prices in the second half of the period.

Status of Non-Performing Loans



Balance and Ratio of Loans Disclosed under the Financial Rehabilitation Law

During the period under review, with the goal of creating a sounder asset portfolio, the Bank made efforts to speed up its final disposal of nonperforming loans and pursue corporate rehabilitation programs for borrowers. As a result, the non-consolidated balance of loans disclosed in accordance with the standards stipulated under the Financial Rehabilitation Law decreased ¥10.2 billion year-on-year, to ¥79.4 billion at the end of the reporting period. The ratio of loans disclosed under the Financial Rehabilitation Law to total extended credit improved 0.57 of a percentage point to 3.38%.

Ratio of loans disclosed under the Financial Rehabilitation Law (%) = Balance of loans disclosed / Total extended credit X 100

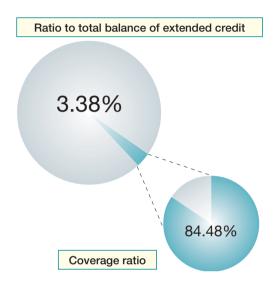
Disclosure of Problem Assets

(As of March 31, 2008)

(¥ Billion)

Problem Assets Based on the Financial Rehabilitation Law

Target: Total balance of extended credit, except substandard claims (only loans are counted in.)



		Covered by collateral and guarantees	Covered by reserves	Coverage ratio
Bankrupt and Substantially				
Bankrupt Claims	13.8	8.9	4.9	100.00%
Doubtful Claims	33.2	19.6	11.4	93.25%
Substandard Claims	32.3	14.9	7.2	68.79%
Sub-total	79.4	43.5	23.5	84.48%
Normal assets	2,268.1			
Total	2,347.6			

(¥ Billion)

(¥ Billion)

Ratio of risk-managed loans to total loans
3.39%
84.39%
Coverage ratio

	Target: Loans
Loans to bankrupt borrowers	1.2
Loans past due	45.4
Past due for 3 months or longer	1.1
Restructured loans	31.1
Total	79.0
Loan balance	2,327.5

Classification under Self-Assessment						
Target: Total balance of ex	xtended credit					
Legally bankrupt borrowers	1.3					
Substantially bankrupt borrowers	12.4					
Potentially bankrupt borrowers	33.2					
Borrowers requiring caution:						
Borrowers under supervision	49.8					
Other borrowers requiring caution	212.6					
Normal borrowers	2,037.9					
Total	2,347.6					

Total balance of extended credit: Loans, Customers' Liabilities for Acceptances and Guarantees, Foreign exchange, Securities loaned, Suspense payments on loans, Accrued loan interests, Private bonds with a guarantee of the Bank.

Risk-Managed Loans

Offering greater security and convenience

IC Cash Card incorporating biometric ID system

In November 29, 2007 Suruga Bank introduced a biometric IC cash card for enhanced protection of its customers' assets. The Bank's ATMs realize customer verification by checking the pattern of the user's finger vein, with the aim of preventing illegal withdrawals through the use of forged or stolen cash cards. Each user's biometric data is stored in the card. These biometric IC cash cards can also be used at the ATMs of collaborating financial institutions that have introduced the same biometric system.

In June 2004, Suruga Bank was the first in the world to introduce a biometrics-based deposit account, called "Bio Security Deposit," requiring finger vein authentication for withdrawals made at the Bank's teller counter. Now, the Bank's ATMs can also undertake biometric authentication.

Suruga Bank will continue to put top priority on protecting its customers' valuable assets.

Finger vein authentication enables an extremely high level of security, in that the finger vein pattern of the person making the withdrawal at an ATM must match the finger vein pattern data stored in the IC chip of the cash card being used. Such authentication effectively prevents the use of forged or stolen cash cards.

* The finger vein pattern data has been stored as digital data in the IC chip embedded in the cash card.

For details, please see visit our website:

http://www.surugabank.co.jp/surugabank/kojin/topics/701128.html









Expanding collaborations with partners outside the banking industry

Issuing debit cards in collaboration with Kinki Nippon Tourist Co., Ltd., providing foreign currency exchange services for people going overseas for travel or study purposes, and responding to overseas fund transfer and settlement needs

Suruga Bank and Kinki Nippon Tourist Co., Ltd., have developed an international debit card – KNT Travel Cash – featuring a foreign currency exchange and shopping feature, and began issuing this card in June 2007. Then, in March 2008, we began offering a "family card" under our Family Pack program, targeting young people traveling overseas for study.



Cultivating new markets

Sapporo Branch and Dream Plaza Sapporo Opened

The Sapporo Branch and the Dream Plaza Sapporo (DP Sapporo) were opened on May 30, 2008. These facilities provide full support for the life- and money plans of our diverse client base living primarily in the Sapporo area – the commercial and cultural center of Hokkaido – by offering consultation services for our core businesses, including mortgage loans, investment trusts, and other assets in custody. We help individual customers realize their dreams by getting them to set a deadline. We will continue to expand our lineup of services with the aim of becoming a "Life and Business Concierge."





Alliance with Japan Post Bank

Japan Post Bank and Suruga Bank announced their tie-up in consumer loans, centered on mortgage loans, in April 2008. Through this tie-up, we are actively working to help meet the diverse life-design and wealth-building needs of individual customers. We serve the Japanese public by helping individuals realize their dreams.



Yoshifumi Nishikawa, President of Japan Post Holdings (center), Shokichi Takagi, President of Japan Post Bank (right), and Mitsuyoshi Okano, President and CEO of Suruga Bank (left) at the joint press conference held on the occasion of the signing of the alliance agreement.

Details of the alliance agreement

- Japan Post Bank will serve as an intermediary agent for the consumer loans offered by Suruga Bank. Japan Post Bank will also introduce customers, undertake advertising for Suruga Bank loan products, and promote Suruga Bank's consumer loan products and services.
- Suruga Bank will develop consumer loan products and provide support for marketing and administrative operations, mainly through the dispatch of personnel to Japan Post Bank.
- The two banks will provide joint funding for the establishment of a subsidiary to handle
 consignment of the clerical work involved in consumer loans, and will also dispatch staff
 to this subsidiary. Both banks will be responsible for the subsidiary's management and
 supervision of operations.
- The banks will work together to develop a new business scheme for strategically expanding the consumer loan business with the objective of realizing sustainable growth for both partners.

Overview of Japan Post Bank

As of July 1, 2008

Established: September 1, 2006

Name: Japan Post Bank Co., Ltd.

(The name Japan Post Corporation was changed to Japan Post Bank Co., Ltd. on

October 1, 2007.)

Chairman & CEO: Koji Furukawa

Address: 1-3-2 Kasumigaseki,

Chiyoda-ku, Tokyo

Paid-in capital: ¥3,500 billion

Shareholders: Japan Post Holdings Co., Ltd.

00%

Employees: Approximately 11,200

(As of March 2008)

Main sites: Headquarters, 234 branches

(13 large branches, 221 ordinary branches)

Industry: Banking industry

Our Product Lineup (As of July 1, 2008)



Mortgage Loans "Dream Stage" Mortgage Loan

Through our lineup of mortgage loan products, we offer customer-focused mortgage loans to support the dreams of individuals. These loans, targeting the self-employed, owners of small- and medium-sized businesses, business people, working women, and active senior citizens, provide a stage upon which their dreams of home ownership can unfold.





Multipurpose Loans "Dream Navigation Course"

We offer a choice of two loan products (a specified-purpose loan, and a family-service loan) which will enable you to se off on the course toward realizing your dream

This loan product is intended for individuals interested in investing in their self-improvement to upgrade their skills, as well as people who require funds for family-related purposes. These loans offer support for those who would like to realize their dreams of a more comfortable lifestyle.





Card Loans "Get Ready" Credit Card Loan

We must be ready to face the contingencies that arise in the course of daily life. Our "Get Ready" credit card loan supports your preparations for dream realization.







Suruga Bank's website for customers of Japan Post Bank http://www.surugabank.co.jp/yb/



Suruga Bank helps realize soccer dreams

Suruga Bank is the main sponsor of the Suruga Cup Shizuoka Youth (Under 15) Soccer Tournament, the Suruga Cup Shizuoka Youth League, and the Suruga Cup Shizuoka Soccer Tournament (the winner to represent Shizuoka Prefecture in the Emperor's Cup National Soccer Tournament).

Through the sponsorship of these tournaments, the Bank is helping Japan to become more internationally competitive in soccer while simultaneously promoting Shizuoka as the birthplace of youth soccer activities in Japan. Through soccer, Suruga Bank aims to raise the local community's passion for sports and also help individuals with aspirations in the field of soccer to realize those dreams.



In addition to hosting Suruga Cup matches, the Bank also sponsors a soccer clinic led by Masakuni Yamamoto, soccer coach and TV soccer commentator.



Suruga Bank Championship 2008 Osaka J.League Yamazaki Nabisco Cup/Copa Sudamericana Championship Final Presenting sponsor

Starting in the current fiscal year, the reigning champions of the J.League Yamazaki Nabisco Cup and the Copa Sudamericana will compete in the Suruga Bank Championship 2008 Osaka J.League Yamazaki Nabisco Cup/Copa Sudamericana Championship Final, with Suruga Bank serving as the presenting sponsor. The event is co-sponsored by the Japan Football Association (JFA), the Japan Professional Football League (J.League), and the South American Football Confederation (CONMEBOL).

Suruga Bank's objective in serving as presenting sponsor of this tournament is to support the further growth and advancement of soccer, which is a popular sport in Japan.







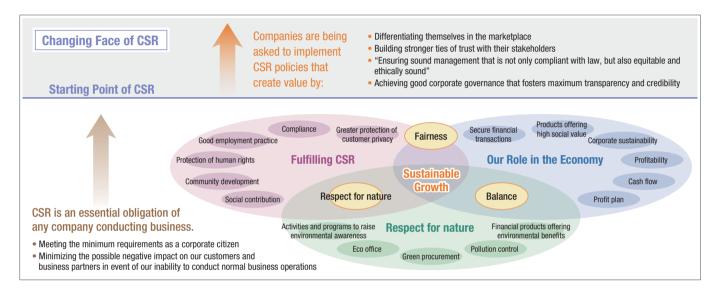
For details, please see visit our website:

http://www.surugabank.co.jp/surugabank/kojin/topics/080414.html

CSR

Suruga Bank has steadily evolved from community banking centered on the Numazu, Shizuoka and Shonan communities into personal banking serving the greater Tokyo area and direct banking serving customers all over Japan. As a result, expectations of the Bank have changed, and its social responsibilities are no longer what they were.

As a financial institution with a strong awareness of its public role, we meet all expectations naturally placed on us with regard to compliance, ethical behavior, accountability, and corporate governance. We are also involved in a range of vital community activities such as contributions to regional development, and support for the arts and philanthropy. By continuing to deliver superior customer services and maintain our profile in the local economy while we meet these demands, we will carry out our social responsibilities, meeting the expectations of stakeholders such as our community, our employees and our shareholders.



Environmental Initiatives

We are committed to developing financial products that are friendly to the environment, and to engaging in environment protection activities.

Suruga Bank Environmental Policy

- By providing environmentally-friendly financial products and services, we support those of our customers who are involved in environmental-protection activities and contribute to improvement of the local environment
- 2. We work to continuously upgrade environment-management systems and prevent environmental pollution
- We will abide by environmental laws and regulations, and comply with other environmental requirements that Suruga Bank accepts
- 4. We have set environmental goals and targets, and regularly review progress
- 5. We take every measure to familiarize all our employees and others working at the Bank with these basic policies, and to operate in an environmentally-friendly way
- 6. We publicly disclose these policies

(compiled June 1, 2005)

Environmental Management System (EMS)

Suruga Bank is proactively engaged in environmental protection. In 2000, the Bank's Surugadaira headquarters acquired ISO14001 certification. To effectively harness the benefits of this standard, we have set up an environment-management system headed by the CEO and operated under the guidance of the ISO office. In December 2005, the Bank acquired the updated 2004 version of the certification.

Corporate Governance

Basic Policy

At Suruga Bank, we have drawn up a statement of our corporate goals under the title of "Our Philosophy." This document clarifies the role that we wish Suruga Bank to play in society as a whole, lays down the principles of corporate conduct that we intend to follow, and states the points on which we place priority in the management of the Bank. Our Philosophy encapsulates the basic stance of the management of Suruga Bank toward corporate activities. Corporate governance is one of the top-priority issues for the Bank, and by putting Our Philosophy into practice, we intend to create and operate a more effective corporate governance system.

Corporate Governance System

At Suruga Bank the management functions of supervision and execution are separated. To maximize management efficiency the Bank has adopted an executive officer system, and outside directors have been appointed to encourage more free and wide-ranging debate at meetings of the Board of Directors, as well as to increase transparency. In these ways, we have adopted a management system that facilitates flexible and swift response to changes in the business environment.

The Board of Directors of the Bank consists of nine members. The Board decides substantial matters relating to management policy, and deliberates on important issues. The Board is assisted by the Compliance Committee, which acts as an advisory body to the Board, and also examines compliance issues of importance and takes all other necessary steps to strengthen legal compliance at the Bank.

The Bank has also established a Management Council, which is composed of the seven members of the Board of Directors who serve on a regular basis and deliberates on matters of importance such as business plans, in accordance with the management policies laid down by the Board.

A number of committees have been set up to act as advisory bodies, notably the Integrated Risk Management Committee, and these committees help strengthen the Bank's risk management and raise the overall level of management of the Bank. The Executive Council, which is composed of a number of executive officers appointed by the Board of Directors, deliberates on matters of importance such as the execution of business operations.

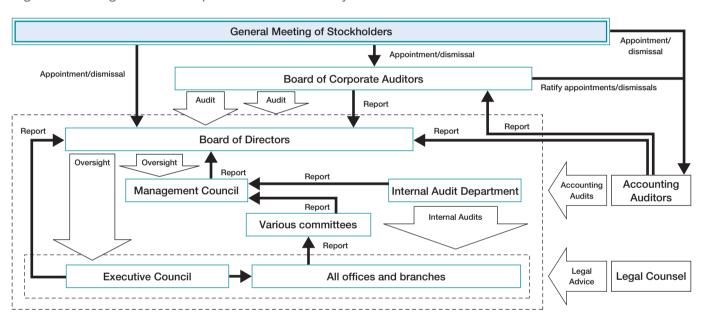
The Bank's Internal Audit Department is separated from the other sections of the Bank on which it makes audits, and is under the direct control of the Management Council. The Internal Audit Department principally works to ensure that the Bank's internal control systems are functioning properly and effectively. The department reports regularly to the Board of Directors and the Management Council with regard to its latest findings.

Auditing System

The Bank employs the Statutory Auditor system as stipulated in the Corporation Law. The Bank's Board of Corporate Auditors consists of five members, a majority of whom are currently outside auditors. In addition to attending meetings of the Board of Directors and other top-level management bodies, the corporate auditors audit the performance of their duties by the Bank's directors. The corporate auditors hold regular meetings with the staff of the Accounting Auditor (an external accounting company as stipulated by law), the Internal Audit Department, and the staff of the Compliance Section within the Management Planning Department to share data and ensure mutual understanding of methods and goals.

The accounting audit of the Bank is conducted by Shinnihon Ernst & Young, an accounting firm in accordance with the stipulations of the Certified Public Accountant Law. The Bank has also concluded advisory service contracts with a number of attorneys, who provide the Bank's management with advice on legal questions as required.

Diagram of Suruga Bank's Corporate Governance System



Compliance

Basic Policy

As a bank with a public mission and social responsibilities, we take compliance very seriously. In a financial environment of ever-accelerating liberalization and globalization, banks are expected to operate on a basis of maximum accountability and transparency. In response, we have positioned compliance as one of our priority management issues, and are continuously engaged in efforts to firm up and refine our compliance posture. Our in-house compliance procedures include an ethical code, a code of conduct and compliance regulations. In addition we have made available our manual of business guidelines in digital format, which features case studies that offer an easy-to-understand approach to rules and regulations that must be observed by all employees, regardless of rank, in the course of their work.

Enhancing Corporate Ethics and Compliance

Basic compliance policies are drawn up at the Board of Directors and Executive Committee level, and we have set up a compliance committee as an advisory body. To strengthen compliance, we have drawn up an annual compliance program featuring e-learning, e-newsletters and group training sessions, with progress reviews. Based on the compliance program and under the supervision of the management planning department's compliance framework, all compliance managers and internal officers have been deployed in all of the Bank's offices and branches, enabling us to respond swiftly and appropriately to compliance issues as they arise.

Ethical Code (abstract)

- Be aware of the Bank's public role
 Always be aware of the Bank's public nature
 and social mission
- Observe the lawObservation of all laws and regulations
- 3. Accountability

 Sound management based on the principles of accountability
- 4. Corporate conduct

 Behave in a rigorously correct and fair way

Risk Management

Basic Approaches to Risk Management

Rapid progress in financial deregulation, innovations in financial technologies, and the widening scope of business operations available have changed the operating environment faced by banks, increasing the diversity and complexity of the risks they face. Amid these business circumstances, the Bank intends to secure stable earnings and establish a sound operational base. The management of Suruga Bank has drawn up the Regulations for Comprehensive Risk Management to enable the development of more-sophisticated approaches to risk management and facilitate an accurate understanding of the risks inherent in all banking operations, which will allow us to address those risks appropriately.





















An all-new mileage + banking service that lets users accrue mileage points through bank transactions.

ANA Branch

http://www.surugabank.co.jp/ana/

Toll free (from within Japan only): 0120-029-589 (From overseas: 055-98-02988)
Telephone reception hours 9:30 am - 5:00 pm Monday - Friday (excluding holidays)

A feature-packed financial services website for OCN subscribers

OCN Branch

http://www.surugabank.co.jp/ocn/

Toll free (from within Japan only): 0120-005-175

Telephone reception hours 9:00 am - 5:00 pm Monday - Friday (excluding holidays)

A banking site tailored to women

So-net Branch

http://www.surugabank.co.jp/so-net/

Toll free (from within Japan only): 0120-50-2189

Telephone reception hours 9:00 am - 7:00 pm Monday - Friday (excluding holidays)

9:00 am - 5:00 pm Saturday (excluding holidays)

Providing access to leading Internet-based financial services

Directbank Branch

http://www.surugabank.co.jp/directbank/

Toll free (from within Japan only): 0120-708-807

Telephone reception hours 9:00 am - 5:00 pm Monday - Friday (excluding holidays)

All kinds of services for more convenient online banking

NetBank Branch

http://www.surugabank.co.jp/netbank/

Toll free (from within Japan only): 0120-55-4189

Telephone reception hours 9:00 am - 5:00 pm Monday - Friday (excluding holidays)

Our popular products come with Takarakuji lottery tickets

Dream Direct Branch

http://www.surugabank.co.jp/dream/

Toll free (from within Japan only): 0120-86-1689

Telephone reception hours 9:00 am - 7:00 pm Monday - Friday (excluding holidays)

9:00 am - 5:00 pm Saturday (excluding holidays)

Direct banking specializing in loans

Direct One Branch

http://www.surugabank.co.jp/directone/

Toll free (from within Japan only): 0120-60-1616

Telephone reception hours 10:00 am - 8:00 pm Monday - Friday

10:00 am - 5:00 pm Saturday, Sunday, holidays

Branch exclusively for system engineers (SEs)

SE Bank Branch

http://www.surugabank.co.jp/sebank/

Toll free (from within Japan only): 0120-803-689

Telephone reception hours 9:00 am - 5:00 pm Monday - Friday (excluding holidays)

Providing access to high value-added business services

e-Business Direct Branch

http://www.surugabank.co.jp/ebusinessdirect/

Toll free (from within Japan only): 0120-185-285

Telephone reception hours 10:00 am - 7:00 pm Monday - Friday (excluding holidays)

Consolidated Financial Section

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Consolidated Balance Sheets (unaudited)

Suruga Bank Ltd. and consolidated subsidiaries

Liabilities Call Money and Bills Sold 2,885,309 2,832,085 53,224 28,798,378 Call Money and Bills Sold — 2,361 (2,361) — Borrowed Money 5,313 8,983 (3,670) 53,034 Foreign Exchanges 10 12 (2) 107 Other Liabilities 23,009 30,258 (7,249) 229,655 Reserve for Employees' Bonus 590 546 44 5,896 Reserve for Bonus to Directors and Auditors 590 546 44 5,896 Reserve for Bonus to Directors and Auditors 2,560 — 2,560 25,552 Reserve for Bentiement Allowances to Directors and Auditors 2,560 — 2,560 25,552 Reserves for Possible Losses on Repayment of Sleeping Accounts 2,97 — 297 2,966 Reserves under Special Laws 0 0 — 0 0 Reserves and Guarantees 6,536 7,467 (931) 65,240 Total Liabilities 30,043 30,043			Millions of yen		Thousands of U.S. dollars
ASSETS: 84,213 102,133 (17,920) 840,544 Cash and Due from Banks 84,213 102,133 (17,920) 840,544 Call Loans and Bills Bought 147,000 170,556 (22,958) 1,473,000 Monetary Claims Bought 3 499 (466) 33 Money Held in Trust 2,469 2,188 281 24,647 Securities 464,973 465,467 (494) 4,640,914 Loans and Bills Discounted 2,323,661 2,226,82 80,871 41,928 23,191,556 Foreign Exchanges 3,165 3,207 (42) 31,595 Other Assets 40,927 32,651 8,276 408,499 Tangible Fixed Assets 6,971 11,386 (4,415) 69,582 Clair Sacts 6,971 11,386 (4,415) 69,582 Clair Sacts 3,102,203 30,511 49,148 31,023,672 Clair Sacts 3,103 3,503 1,501 62,244 Clair Sacts 3,103					
Cash and Due from Banks 84,213 102,133 (17,920) 840,542 Call Loens and Bills Dought 177,055 (22,958) 1,473,200 Trading Account Securities 3 498 (496) 3 Money Held in Trust 2,689 2,188 281 24,641 Securities 464,973 485,467 (494) 4,640,911 Loans and Bills Discounted 2,232,651 2,242,662 80,879 23,119,567 Orber Assets 40,927 32,651 8,276 408,493 Tangible Fixed Assets 41,693 41,910 (200 416,415 Customers' Liabilities for Acceptances and Guarantees 6,971 11,366 4,415 69,481 Customers' Liabilities for Acceptances and Guarantees 3,108,262 30,59,11 49,148 31,023,672 LIABILITIES AND NET ASSETS: 1,100 4,21 3,108 36,24 2,26 3,000 3,000 3,000 3,000 3,000 3,000 3,000 3,000 3,000 3,000 3,000 3,000 3,		2008	2007	2007	2008
Call Loans and Bills Bought 147,600 170,558 (22,958) 1,473,200 Monetary Claims Bought — 396 (396) — Trading Account Securities 2,469 2,188 281 24,643 Money Held in Trust 2,649 2,188 281 24,643 Securities 464,973 465,467 (494) 4,640,91 Loans and Bills Discounted 2,323,561 2,242,682 80,879 23,191,556 Foreign Exchanges 3,165 3,207 (42) 31,596 Other Assets 40,927 32,651 8,276 408,494 Tangible Fixed Assets 6,971 11,366 (4,415) 69,583 Tangible Fixed Assets 6,971 11,366 (4,415) 69,583 Deferred Tax Assets 22,733 16,510 6,223 226,500 Customers' Liabilities 22,733 16,510 6,244 16,968 Reserve for Possible Loan Losses 2,885,309 2,82,085 53,224 28,793,875 Liabilities		9/ 012	100 100	(17 020)	940 542
Monetary Claims Bought — 356 (396) —38 Trading Account Securities 3 499 (496) 38 Money Held in Trust 2,469 2,188 2281 24,642 Securities 464,973 465,467 (494) 4,640,911 Loans and Bills Discounted 2,323,561 2,242,682 80,879 23,191,556 Foreign Exchanges 3,165 3,207 (42) 31,595 Other Assets 40,927 32,651 8,276 408,49 Tangible Fixed Assets 6,971 11,386 4,415 69,586 Deformed Tax Assets 22,733 16,510 6,223 226,901 Customers' Liabilities for Acceptances and Guarantees 6,536 7,467 (931) 65,244 Reserve for Possible Loan Losses 3,108,262 30,511 49,148 31,023,675 LtaBILITIES AND NET ASSETS: 1 43,148 13,249 32,826 33,227 42,844 34,849 34,824 34,949 32,826 25,824 28,798,372				,	
Trading Account Securities 3 499 (496) 3.3 Money Held in Trust 2,469 2,188 221 24,641 Securities 464,973 465,467 (494) 4640,911 Loans and Bills Discounted 2,323,561 2,242,682 80,879 23,191,555 Foreign Exchanges 3,165 3,207 (42) 31,586 Chiber Assets 40,927 32,651 8,276 80,879 23,151 Tangible Fixed Assets 6,971 11,386 (4,415) 69,585 Deferred Tax Assets 6,971 11,386 (4,415) 69,585 Deferred Tax Assets 22,733 16,510 6,223 226,907 Customers' Liabilities for Acceptances and Guarantees 30,826 30,911 49,148 31,023,675 Total Assets 3,108,26 30,937 1,350 365,187 Total Assets 2,236 30,937 1,362 30,938 36,709 31,938 31,909 31,938 31,902 365,187 31,932 31,932	<u> </u>	147,000			1,473,202
Money Held in Trust 2,469 2,188 281 24,647 Securities 464,973 465,647 (494) 4,640,911 4,640,911 4,640,911 4,640,911 4,640,911 4,640,911 4,640,911 2,323,616 2,242,682 8,879 23,195,852 5,701 4,029 3,165 3,207 (42) 31,595 5,501 6,263 400,849 4,041 </td <td></td> <td>_</td> <td></td> <td>, ,</td> <td>25</td>		_		, ,	25
Securities 464,973 465,467 (494) 4,640,914 Loans and Bills Discounted 2,323,561 2,242,682 80,879 23,191,555 Orber Assets 3,166 3,207 (42) 31,598 Other Assets 40,927 32,651 8,276 408,494 Tangible Fixed Assets 41,693 41,901 (208) 416,144 Intangible Fixed Assets 6,971 11,386 69,588 6,971 11,386 69,588 Deferred Tax Assets 6,971 11,386 6,623 226,901 Customers' Liabilities for Acceptances and Guarantees 6,558 6,747 931 65,249 Reserve for Dessible Loan Losses 3,108,262 3,059,114 49,148 31,023,679 LIABILITIES AND NET ASSETS: Liabilities 2 2,831,098 53,224 28,798,375 Call Money and Dills Sold 2,885,309 2,832,085 53,224 28,799,375 Call Money and Dills Sold 2,832,085 53,224 28,799,875 Call Money and Dills Sold 3,032				, ,	
Loans and Bills Discounted 2,323,561 2,242,682 80,879 23,191,554 Foreign Exchanges 3,165 3,207 (42) 31,595 Cher Assets 40,927 32,661 8,276 403,494 Tangible Fixed Assets 41,693 41,001 (208) 416,144 Intagible Fixed Assets 6,971 11,386 (4,415) 69,583 Deferred Tax Assets 22,733 16,510 6,223 226,500 Customers' Liabilities for Acceptances and Guarantees 6,536 7,467 (931) 65,244 Reserve for Possible Loan Losses (36,587) (37,937) 1,350 (365,181 Total Assets 3,108,262 3,051,11 49,148 31,023,675 LABELLTIES AND NET ASSETS: 1 49,148 31,023,675 Labilities 2,885,309 2,832,085 53,224 28,798,375 Call Money and Bills Sold 2,885,309 2,832,085 53,224 28,798,375 Foreign Exchanges 1 1 1 2 1 1					
Foreign Exchanges 3,165 3,207 (42) 31,596 Other Assets 40,927 32,651 8,276 408,494 Tangible Fixed Assets 41,693 41,910 (208) 416,114 Intangible Fixed Assets 6,971 11,386 (4,415) 69,583 Deferred Tax Assets 22,733 16,510 6,233 226,900 Customers' Liabilities for Acceptances and Guarantees (8,587) (3,937) 1,350 (365,181 Total Assets 3,108,262 3,059,114 49,148 31,023,678 LABILITES AND NET ASSETS: 2,885,309 2,832,085 53,224 28,798,378 Call Money and Bills Sold 2,885,309 2,832,085 53,224 28,798,378 Call Money and Bills Sold 2,361 (2,361) - Borrowed Money 5,313 8,983 3,670 53,034 Foreign Exchanges 10 12 (2) 10 Other Liabilities 23,009 3,048 7,249 229,656 Reserve for Employees' Bonus			·	, ,	
Other Assets 40,927 32,651 8,276 408,494 Tangible Fixed Assets 41,693 41,091 (208) 416,144 Intangible Fixed Assets 6,971 11,366 (4,415) 69,585 Deferred Tax Assets 22,733 16,510 6,223 226,901 Customers' Liabilities for Acceptances and Guarantees 6,536 7,467 (331) 65,244 Reserve for Possible Loan Losses 3108,262 3,09,114 49,148 31,023,675 LIABILITIES AND NET ASSETS: Liabilities 8,853,09 2,832,085 53,224 28,798,375 Call Money and Bills Sold 9,285,309 2,832,085 53,224 28,798,375 Call Money and Bills Sold 9,2361 (2,361) 9,230 Foreign Exchanges 10 12 (2,361) 9,303 Foreign Exchanges 5,313 8,983 (3,670) 53,034 Foreign Exchanges 5 1,313 10 1,41 3,41 1,41 1,41 1,41 3,41 1,41 1,41					
Tangible Fixed Assets 41,693 41,901 (208) 416,144 Intangible Fixed Assets 6,971 11,386 (4,415) 69,583 Deferred Tax Assets 22,733 16,510 6,223 226,901 Customers' Liabilities for Acceptances and Guarantees 6,536 7,467 (931) 65,244 Reserve for Possible Loan Losses 3,108,262 3,059,114 49,148 31,023,675 ILABILITIES AND NET ASSETS: Liabilities Liabilities 2,885,309 2,832,085 53,224 28,798,375 Call Money and Bills Sold ———————————————————————————————————				. ,	
Intangible Fixed Assets 6,971 11,386 (4,415) 69,585 22,733 16,510 6,223 226,901 (2015) 6,223 226,901 (2015) 6,223 226,901 (2015) 6,223 (2015) (20					
Deferred Tax Assets 22,733 16,510 6,223 226,901 Customers' Liabilities for Acceptances and Guarantees 6,536 7,467 (931) 56,248 Reserve for Possible Loan Losses 3,108,262 3,059,114 49,148 31,023,675 LIABILITIES AND NET ASSETS: Liabilities Deposits 2,885,309 2,832,085 53,224 28,798,375 Call Money and Bills Sold — 2,885,309 2,832,085 53,224 28,798,375 Corall Money and Bills Sold — 2,361 (2,361) — Borrowed Money 5,313 8,983 (3,670) 53,034 Foreign Exchanges 10 12 (2) 10 Other Liabilities 23,009 30,258 (7,249) 229,655 Reserve for Employees' Bonus 50 546 (44) 5,894 Reserve for Employees Retirement Benefits 143 133 10 1,434 Reserve for Possible Losses on Repayment of Sieeping Accounts 297 2,560 2,565 <	<u> </u>				
Customers' Liabilities for Acceptances and Guarantees 6,536 7,467 (931) 65,246 Reserve for Possible Loan Losses 3,08,587 3,7397 1,350 365,181 Total Assets 3,108,262 3,059,114 49,148 31,023,675 Liabilities 3,108,262 3,059,114 49,148 31,023,675 Liabilities 2,885,309 2,832,085 53,224 28,798,375 Call Money and Bills Sold 5,313 8,933 (3,670) 53,034 Borrowed Money 5,313 8,933 (3,670) 53,034 Borrowed Money 5,313 8,933 (3,670) 53,034 Cheriquis Exchanges 10 12 (2,92 107 Other Liabilities 23,009 30,258 (7,249) 229,655 Reserve for Employees' Bonus 590 546 44 5,896 Reserve for Benous to Directors and Auditors 51 51 51 - 50 Reserve for Retirement Allowances to Directors and Auditors 2,560 2 2,560 <					
Reserve for Possible Loan Losses (36,587) (37,937) 1,350 (365,181) Total Assets 3,108,262 3,059,114 49,148 31,023,675 Liabilities Liabilities Deposits 2,885,309 2,832,085 53,224 28,798,375 Call Money and Bills Sold — 2,361 (2,361) — Borrowed Money 5,313 8,983 (3,670) 53,034 Foreign Exchanges 10 12 (2) 100 Other Liabilities 23,009 30,258 (7,249) 229,655 Reserve for Employees' Bonus 590 546 44 5,898 Reserve for Employees Retirement Benefits 143 133 10 1,434 Reserves for Possible Losses on Repayment of Sleeping Accounts 2,560 — 2,560 25,555 Reserves for Possible Losses on Repayment of Sleeping Accounts 297 — 297 2,966 Reserves for Possible Losses on Repayment of Sleeping Accounts 29,23,822 2,81,989 41,923 29,182,775					
Total Assets 3,108,262 3,059,114 49,148 31,023,675 LIABILITIES AND NET ASSETS: Liabilities Deposits 2,885,309 2,832,085 53,224 28,798,375 Call Money and Bills Sold — 2,361 (2,361) — Borrowed Money 5,313 8,983 (3,670) 53,034 Foreign Exchanges 10 12 (2) 107 Other Liabilities 23,009 30,258 (7,249) 229,655 Reserve for Employees' Bonus 590 554 44 5,896 Reserve for Bonus to Directors and Auditors 51 51 — 500 Reserves for Pentirement Benefits 143 133 10 1,434 Reserves for Retirement Allowances to Directors and Auditors 2,560 — 2,560 25,555 Reserves for Possible Losses on Repayment of Sleeping Accounts 297 — 297 2,966 Reserves for Possible Losses on Securities 30,043 30,043 30,043 41,923 29,182,775	·			, ,	
Liabilities Noney and Bills Sold 2,885,309 2,832,085 53,224 28,798,375 Call Money and Bills Sold — 2,361 (2,361) — Borrowed Money 5,313 8,983 (3,670) 53,034 Foreign Exchanges 10 12 (2) 107 Other Liabilities 23,009 30,258 (7,249) 229,655 Reserve for Employees' Bonus 590 546 44 5,896 Reserve for Bonus to Directors and Auditors 51 51 — 500 Reserve for Bonus to Directors and Auditors 2,560 — 2,560 25,565 Reserves for Possible Losses on Repayment of Sleeping Accounts 2,97 — 2,97 2,966 Reserves under Special Laws 0 0 — 2,966 Reserves and Guarantees 6,536 7,467 (931) 65,244 Total Liabilities 2,923,822 2,881,899 41,923 29,182,775 Net Assets 2 30,043 30,043 — 299,862 </td <td></td> <td></td> <td></td> <td>-</td> <td></td>				-	
Liabilities Call Money and Bills Sold 2,885,309 2,832,085 53,224 28,798,378 Call Money and Bills Sold — 2,361 (2,361) — Borrowed Money 5,313 8,983 (3,670) 53,034 Foreign Exchanges 10 12 (2) 107 Other Liabilities 23,009 30,258 (7,249) 229,655 Reserve for Employees' Bonus 590 546 44 5,896 Reserve for Bonus to Directors and Auditors 590 546 44 5,896 Reserve for Bonus to Directors and Auditors 2,560 — 2,560 25,552 Reserve for Bentiement Allowances to Directors and Auditors 2,560 — 2,560 25,552 Reserves for Possible Losses on Repayment of Sleeping Accounts 2,97 — 297 2,966 Reserves under Special Laws 0 0 — 0 0 Reserves and Guarantees 6,536 7,467 (931) 65,240 Total Liabilities 30,043 30,043	Total Assets	3,106,262	3,059,114	49,140	31,023,075
Deposits 2,885,309 2,832,085 53,224 28,798,376 Call Money and Bills Sold — 2,361 (2,361) — Borrowed Money 5,313 8,983 (3,670) 53,034 Foreign Exchanges 10 12 (2) 100 Other Liabilities 23,009 30,258 (7,249) 229,655 Reserve for Employees' Bonus 590 546 44 5,896 Reserve for Employee Retirement Benefits 143 133 10 1,434 Reserves for Possible Losses on Repayment of Sleeping Accounts 2,97 — 2,560 2,560 Reserves under Special Laws 0 0 — 2,260 2,560 — 2,90 2,90 — 2,90 — 2,90 — 2,90 — 2,90 — 2,90 — 2,90 — 2,90 — 2,90 — 2,90 — 2,90 — 2,90 — 2,90 — 2,90 — 2,90 —	LIABILITIES AND NET ASSETS:				
Call Money and Bills Sold — 2,361 (2,361) — Borrowed Money 5,313 8,983 (3,670) 53,034 Foreign Exchanges 10 12 (2) 107 Other Liabilities 23,009 30,258 (7,249) 229,655 Reserve for Employees' Bonus 590 546 44 5,896 Reserve for Bonus to Directors and Auditors 51 51 — 500 Reserve for Employee Retirement Benefits 143 133 10 1,434 Reserves for Possible Losses on Repayment of Sleeping Accounts 2,560 — 2,560 25,555 Reserves under Special Laws 0 0 — 2,966 Reserves under Special Laws 0 0 — 2,966 Reserves under Special Laws 0 0 — 0 0 — Acceptances and Guarantees 6,536 7,467 (931) 65,244 7 10 10 10 10 10 10 10 10 <td< td=""><td>Liabilities</td><td></td><td></td><td></td><td></td></td<>	Liabilities				
Borrowed Money 5,313 8,983 (3,670) 53,034 Foreign Exchanges 10 12 (2) 107 Other Liabilities 23,009 30,258 (7,249) 229,655 Reserve for Employees' Bonus 590 546 44 5,896 Reserve for Bonus to Directors and Auditors 51 51 — 509 Reserve for Employee Retirement Benefits 143 133 10 1,434 Reserve for Retirement Allowances to Directors and Auditors 2,560 — 2,560 25,552 Reserves under Special Laws 0 0 0 — 297 2,966 Reserves under Special Laws 0 0 0 — 0 0 — 0 0 — 0 0 — 0 0 — 0 0 — 0 0 — 0 0 — 0 0 0 — 0 0 0 — 0 0 — 0	Deposits	2,885,309	2,832,085	53,224	28,798,375
Foreign Exchanges 10 12 (2) 107 Other Liabilities 23,009 30,258 (7,249) 229,658 Reserve for Employees' Bonus 590 546 44 5,898 Reserve for Bonus to Directors and Auditors 51 51 51 — 500 Reserve for Employee Retirement Benefits 143 133 10 1,434 Reserves for Possible Losses on Repayment of Sleeping Accounts 2,560 — 2,560 25,550 Reserves under Special Laws 0 0 0 — 0 0 — 0 0 — 2,926 2,926 — 2,960 — 2,960 — 2,960 — 2,960 — 2,960 — 2,960 — 2,960 — 2,970 — 2,97 — 2,97 — 2,97 — 2,97 — 2,97 — 2,97 — 2,97 — 2,98 2,92 2,881,899 41,923 2,918,2,77 2,98	Call Money and Bills Sold	_	2,361	(2,361)	_
Other Liabilities 23,009 30,258 (7,249) 229,656 Reserve for Employees' Bonus 590 546 44 5,898 Reserve for Bonus to Directors and Auditors 51 51 - 506 Reserve for Employee Retirement Benefits 143 133 10 1,43 Reserves for Possible Losses on Repayment of Sleeping Accounts 2,560 - 2,560 25,553 Reserves under Special Laws 0 0 0 - 0 0 Acceptances and Guarantees 6,536 7,467 (931) 65,240 Total Liabilities 2,923,822 2,881,899 41,923 29,182,775 Net Assets 30,043 30,043 - 299,862 Capital Surplus 19,489 18,640 849 194,522 Retained Earnings 137,563 123,571 13,992 1,373,022 Treasury Stock (1,992) (3,699) 1,707 (19,886 Total Stockholders' Equity 185,102 168,555 16,547 1,847,518 </td <td>Borrowed Money</td> <td>5,313</td> <td>8,983</td> <td>(3,670)</td> <td>53,034</td>	Borrowed Money	5,313	8,983	(3,670)	53,034
Reserve for Employees' Bonus 590 546 44 5,898 Reserve for Bonus to Directors and Auditors 51 51 — 506 Reserve for Employee Retirement Benefits 143 133 10 1,434 Reserve for Retirement Allowances to Directors and Auditors 2,560 — 2,560 25,555 Reserves for Possible Losses on Repayment of Sleeping Accounts 297 — 297 2,966 Reserves under Special Laws 0 0 — 0 0 — 0 0 — 0 0 — 0 0 — 0 0 0 <t< td=""><td>Foreign Exchanges</td><td>10</td><td>12</td><td>(2)</td><td>107</td></t<>	Foreign Exchanges	10	12	(2)	107
Reserve for Bonus to Directors and Auditors 51 51 — 506 Reserve for Employee Retirement Benefits 143 133 10 1,434 Reserve for Retirement Allowances to Directors and Auditors 2,560 — 2,560 25,555 Reserves for Possible Losses on Repayment of Sleeping Accounts 297 — 297 2,966 Reserves under Special Laws 0 0 — 0 0 — 0 0 — 0 0 — 0 0 — 0 0 — 0 0 — 0 0 — 0 0 — 0 0 — 0 0 — 0 0 — 0 0 — 0 0 — 0	Other Liabilities	23,009	30,258	(7,249)	229,655
Reserve for Employee Retirement Benefits 143 133 10 1,434 Reserve for Retirement Allowances to Directors and Auditors 2,560 — 2,560 25,553 Reserves for Possible Losses on Repayment of Sleeping Accounts 297 — 297 2,966 Reserves under Special Laws 0 0 — 0 0 — 0 Acceptances and Guarantees 6,536 7,467 (931) 65,240 0 — 0 0 — 0 0 0 — 0 0 0 0 0 0 0 0 0 0 0 0 <td< td=""><td>Reserve for Employees' Bonus</td><td>590</td><td>546</td><td>44</td><td>5,898</td></td<>	Reserve for Employees' Bonus	590	546	44	5,898
Reserve for Retirement Allowances to Directors and Auditors 2,560 — 2,560 25,555 Reserves for Possible Losses on Repayment of Sleeping Accounts 297 — 297 2,966 Reserves under Special Laws 0 0 — 0 0 Acceptances and Guarantees 6,536 7,467 (931) 65,240 Total Liabilities 2,923,822 2,881,899 41,923 29,182,775 Net Assets Common Stock 30,043 30,043 — 299,862 Capital Surplus 19,489 18,640 849 194,522 Retained Earnings 137,563 123,571 13,992 1,373,022 Treasury Stock (1,992) (3,699) 1,707 (19,889 Total Stockholders' Equity 185,102 168,555 16,547 1,847,519 Net Unrealized Gains (Losses) on Securities, Net of Taxes (2,116) 8,169 (10,285) (21,128 Net Deferred Gains (Losses) on Hedging Instruments, Net of Taxes 27 55 (28) 277 Total Valuation and	Reserve for Bonus to Directors and Auditors	51	51		509
Reserves for Possible Losses on Repayment of Sleeping Accounts 297 — 297 2,966 Reserves under Special Laws 0 0 — 0 6,536 7,467 (931) 65,240 65,240 70 and Liabilities 2,923,822 2,881,899 41,923 29,182,775 299,862 70 and Liabilities 7,467 931) 291,82,775 70 and Liabilities 2,923,822 2,881,899 41,923 291,82,775 299,862 291,82,775 70 and Liabilities 7,467 931) 291,82,775 70 and Liabilities 7,467 931) 41,923 291,82,775 70 and Liabilities 293,822 2,881,899 41,923 291,82,775 70 and Liabilities 299,862 293,822 2,881,899 41,923 291,82,775 70 and Liabilities 13,7563 123,571 13,992 13,73,022 13,73,022 13,73,022 13,73,022 13,73,022 13,73,022 13,73,022 13,7563 123,571 13,992 1,707 19,885 13,702 13,893 1,707 19,885 10,555 16,547 1,847,518	Reserve for Employee Retirement Benefits	143	133	10	1,434
Reserves under Special Laws 0 0 — C Acceptances and Guarantees 6,536 7,467 (931) 65,240 Total Liabilities 2,923,822 2,881,899 41,923 29,182,775 Net Assets Common Stock 30,043 30,043 — 299,862 Capital Surplus 19,489 18,640 849 194,522 Retained Earnings 137,563 123,571 13,992 1,373,022 Treasury Stock (1,992) (3,699) 1,707 (19,885) Total Stockholders' Equity 185,102 168,555 16,547 1,847,515 Net Unrealized Gains (Losses) on Securities, Net of Taxes (2,116) 8,169 (10,285) (21,126 Net Deferred Gains (Losses) on Hedging Instruments, Net of Taxes 27 55 (28) 277 Total Valuation and Translation Adjustments (2,089) 8,224 (10,313) (20,856) Subscription Rights to Shares 243 68 175 2,432 Minority Interests 1,181 366	Reserve for Retirement Allowances to Directors and Auditors	2,560	_	2,560	25,553
Acceptances and Guarantees 6,536 7,467 (931) 65,240 Total Liabilities 2,923,822 2,881,899 41,923 29,182,775 Net Assets Common Stock 30,043 30,043 — 299,862 Capital Surplus 19,489 18,640 849 194,522 Retained Earnings 137,563 123,571 13,992 1,373,022 Treasury Stock (1,992) (3,699) 1,707 (19,885) Total Stockholders' Equity 185,102 168,555 16,547 1,847,515 Net Unrealized Gains (Losses) on Securities, Net of Taxes (2,116) 8,169 (10,285) (21,126) Net Deferred Gains (Losses) on Hedging Instruments, Net of Taxes 27 55 (28) 277 Total Valuation and Translation Adjustments (2,089) 8,224 (10,313) (20,850) Subscription Rights to Shares 243 68 175 2,434 Minority Interests 1,181 366 815 11,796 Total Net Assets 184,439 <td< td=""><td>Reserves for Possible Losses on Repayment of Sleeping Accounts</td><td>297</td><td>_</td><td>297</td><td>2,966</td></td<>	Reserves for Possible Losses on Repayment of Sleeping Accounts	297	_	297	2,966
Total Liabilities 2,923,822 2,881,899 41,923 29,182,775 Net Assets Common Stock 30,043 30,043 — 299,862 Capital Surplus 19,489 18,640 849 194,522 Retained Earnings 137,563 123,571 13,992 1,373,022 Treasury Stock (1,992) (3,699) 1,707 (19,885) Total Stockholders' Equity 185,102 168,555 16,547 1,847,518 Net Unrealized Gains (Losses) on Securities, Net of Taxes (2,116) 8,169 (10,285) (21,128 Net Deferred Gains (Losses) on Hedging Instruments, Net of Taxes 27 55 (28) 277 Total Valuation and Translation Adjustments (2,089) 8,224 (10,313) (20,850) Subscription Rights to Shares 243 68 175 2,434 Minority Interests 1,181 366 815 11,796 Total Net Assets 184,439 177,215 7,224 1,840,898	Reserves under Special Laws	0	0	_	0
Net Assets Common Stock 30,043 30,043 — 299,862 Capital Surplus 19,489 18,640 849 194,522 Retained Earnings 137,563 123,571 13,992 1,373,022 Treasury Stock (1,992) (3,699) 1,707 (19,889 Total Stockholders' Equity 185,102 168,555 16,547 1,847,518 Net Unrealized Gains (Losses) on Securities, Net of Taxes (2,116) 8,169 (10,285) (21,128 Net Deferred Gains (Losses) on Hedging Instruments, Net of Taxes 27 55 (28) 277 Total Valuation and Translation Adjustments (2,089) 8,224 (10,313) (20,850 Subscription Rights to Shares 243 68 175 2,434 Minority Interests 1,181 366 815 11,796 Total Net Assets 184,439 177,215 7,224 1,840,898	Acceptances and Guarantees	6,536	7,467	(931)	65,240
Common Stock 30,043 30,043 — 299,862 Capital Surplus 19,489 18,640 849 194,522 Retained Earnings 137,563 123,571 13,992 1,373,022 Treasury Stock (1,992) (3,699) 1,707 (19,889 Total Stockholders' Equity 185,102 168,555 16,547 1,847,519 Net Unrealized Gains (Losses) on Securities, Net of Taxes (2,116) 8,169 (10,285) (21,128 Net Deferred Gains (Losses) on Hedging Instruments, Net of Taxes 27 55 (28) 277 Total Valuation and Translation Adjustments (2,089) 8,224 (10,313) (20,850 Subscription Rights to Shares 243 68 175 2,434 Minority Interests 1,181 366 815 11,796 Total Net Assets 184,439 177,215 7,224 1,840,898	Total Liabilities	2,923,822	2,881,899	41,923	29,182,775
Capital Surplus 19,489 18,640 849 194,522 Retained Earnings 137,563 123,571 13,992 1,373,022 Treasury Stock (1,992) (3,699) 1,707 (19,885) Total Stockholders' Equity 185,102 168,555 16,547 1,847,519 Net Unrealized Gains (Losses) on Securities, Net of Taxes (2,116) 8,169 (10,285) (21,128) Net Deferred Gains (Losses) on Hedging Instruments, Net of Taxes 27 55 (28) 277 Total Valuation and Translation Adjustments (2,089) 8,224 (10,313) (20,850) Subscription Rights to Shares 243 68 175 2,434 Minority Interests 1,181 366 815 11,796 Total Net Assets 184,439 177,215 7,224 1,840,898	Net Assets				
Retained Earnings 137,563 123,571 13,992 1,373,022 Treasury Stock (1,992) (3,699) 1,707 (19,889) Total Stockholders' Equity 185,102 168,555 16,547 1,847,519 Net Unrealized Gains (Losses) on Securities, Net of Taxes (2,116) 8,169 (10,285) (21,128) Net Deferred Gains (Losses) on Hedging Instruments, Net of Taxes 27 55 (28) 277 Total Valuation and Translation Adjustments (2,089) 8,224 (10,313) (20,850) Subscription Rights to Shares 243 68 175 2,434 Minority Interests 1,181 366 815 11,796 Total Net Assets 184,439 177,215 7,224 1,840,899	Common Stock	30,043	30,043	_	299,862
Treasury Stock (1,992) (3,699) 1,707 (19,885) Total Stockholders' Equity 185,102 168,555 16,547 1,847,519 Net Unrealized Gains (Losses) on Securities, Net of Taxes (2,116) 8,169 (10,285) (21,128 Net Deferred Gains (Losses) on Hedging Instruments, Net of Taxes 27 55 (28) 277 Total Valuation and Translation Adjustments (2,089) 8,224 (10,313) (20,850) Subscription Rights to Shares 243 68 175 2,434 Minority Interests 1,181 366 815 11,796 Total Net Assets 184,439 177,215 7,224 1,840,899	Capital Surplus	19,489	18,640	849	194,522
Total Stockholders' Equity 185,102 168,555 16,547 1,847,519 Net Unrealized Gains (Losses) on Securities, Net of Taxes (2,116) 8,169 (10,285) (21,128 Net Deferred Gains (Losses) on Hedging Instruments, Net of Taxes 27 55 (28) 277 Total Valuation and Translation Adjustments (2,089) 8,224 (10,313) (20,850 Subscription Rights to Shares 243 68 175 2,434 Minority Interests 1,181 366 815 11,796 Total Net Assets 184,439 177,215 7,224 1,840,899	Retained Earnings	137,563	123,571	13,992	1,373,022
Net Unrealized Gains (Losses) on Securities, Net of Taxes (2,116) 8,169 (10,285) (21,128) Net Deferred Gains (Losses) on Hedging Instruments, Net of Taxes 27 55 (28) 277 Total Valuation and Translation Adjustments (2,089) 8,224 (10,313) (20,850) Subscription Rights to Shares 243 68 175 2,434 Minority Interests 1,181 366 815 11,796 Total Net Assets 184,439 177,215 7,224 1,840,899	Treasury Stock	(1,992)	(3,699)	1,707	(19,889)
Net Deferred Gains (Losses) on Hedging Instruments, Net of Taxes 27 55 (28) 277 Total Valuation and Translation Adjustments (2,089) 8,224 (10,313) (20,850) Subscription Rights to Shares 243 68 175 2,434 Minority Interests 1,181 366 815 11,796 Total Net Assets 184,439 177,215 7,224 1,840,899	Total Stockholders' Equity	185,102	168,555	16,547	1,847,519
Total Valuation and Translation Adjustments (2,089) 8,224 (10,313) (20,850) Subscription Rights to Shares 243 68 175 2,434 Minority Interests 1,181 366 815 11,796 Total Net Assets 184,439 177,215 7,224 1,840,899	Net Unrealized Gains (Losses) on Securities, Net of Taxes	(2,116)	8,169	(10,285)	(21,128)
Subscription Rights to Shares 243 68 175 2,434 Minority Interests 1,181 366 815 11,796 Total Net Assets 184,439 177,215 7,224 1,840,899	Net Deferred Gains (Losses) on Hedging Instruments, Net of Taxes	27	55	(28)	277
Minority Interests 1,181 366 815 11,796 Total Net Assets 184,439 177,215 7,224 1,840,899	Total Valuation and Translation Adjustments	(2,089)	8,224	(10,313)	(20,850)
Total Net Assets 184,439 177,215 7,224 1,840,899	Subscription Rights to Shares	243	68	175	2,434
	Minority Interests	1,181	366	815	11,796
Total Liabilities and Net Assets 3,108,262 3,059,114 49,148 31,023,675	Total Net Assets	184,439	177,215	7,224	1,840,899
	Total Liabilities and Net Assets	3,108,262	3,059,114	49,148	31,023,675

Consolidated Statements of Income (unaudited)

Suruga Bank Ltd. and consolidated subsidiaries

		Millions of yen		Thousands of U.S. dollars
		-	Change from	
For the years ended March 31,	2008	2007	2007	2008
Ordinary Income	116,672	105,656	11,016	1,164,510
Interest Income	92,949	82,908	10,041	927,734
Interest on Loans and Discounts	84,917	77,113	7,804	847,562
Interest and Dividends on Securities	5,140	3,669	1,471	51,311
Interest on Call Loans and Bills Bought	990	425	565	9,882
Interest on Deposits with Banks	5	1	4	53
Other Interest Income	1,896	1,698	198	18,924
Fees and Commissions	14,739	14,271	468	147,114
Other Operating Income	5,827	7,313	(1,486)	58,166
Other Income	3,155	1,163	1,992	31,494
Ordinary Expenses	84,658	74,398	10,260	844,980
Interest Expenses	14,833	10,970	3,863	148,051
Interest on Deposits	10,230	5,371	4,859	102,110
Interest on Call Money and Bills Sold	126	106	20	1,266
Interest on Borrowings and Rediscount	124	144	(20)	1,245
Other Interest Expenses	4,351	5,348	(997)	43,428
Fees and Commissions	8,443	7,400	1,043	84,271
Other Operating Expenses	6,584	5,382	1,202	65,715
General and Administrative Expenses	41,181	38,954	2,227	411,034
Other Expenses	13,616	11,689	1,927	135,908
Transfer to Reserve for Possible Loan Losses	2,441	3,588	(1,147)	24,372
Losses on Write-offs of Loans	2,692	3,938	(1,246)	26,878
Losses on Write Down of Equity Securities	3,202	29	3,173	31,969
Others	5,278	4,132	1,146	52,688
Ordinary Profits	32,013	31,257	756	319,529
Extraordinary Profits	1,116	3,003	(1,887)	11,140
Gains on Disposal of Fixed Assets	18	105	(87)	189
Recoveries of Written-off Claims	1,097	2,898	(1,801)	10,951
Extraordinary Losses	3,416	219	3,197	34,101
Losses on Disposal of Fixed Assets	755	219	536	7,536
Provision for Prior Year Adjustments Retirement Allowances to	700	213	330	7,550
Directors and Auditors	2,394	_	2,394	23,896
Provision for Prior Year Adjustments of Reserve for	,		•	,
Possible Losses on Repayment of Sleeping Accounts	267	_	267	2,667
Income before Income Taxes and Others	29,713	34,042	(4,329)	296,569
Provision for Income Taxes and Others	11,788	12,509	(721)	117,657
Deferred Income Taxes	680	1,055	(375)	6,793
Minority Interest	112	132	(20)	1,123
Net Income	17,131	20,345	(3,214)	170,993
	•	· · · · · · · · · · · · · · · · · · ·	· · /	, -

Consolidated Statements of Changes in Net Assets (unaudited)

Suruga Bank Ltd. and consolidated subsidiaries

			Millions of yen		
			Stockholders' Equity	/	
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Stockholders' Equity
Balance at March 31, 2007	30,043	18,640	123,571	(3,699)	168,555
Changes of Items During the Period					
Dividends from Surplus			(3,140)		(3,140)
Net Income			17,131		17,131
Repurchase of Treasury Stock				(143)	(143)
Disposal of Treasury Stock		848		1,850	2,698
Net Changes of Items Other than Stockholders' Equity					_
Total	_	848	13,991	1,707	16,547
Balance at March 31, 2008	30,043	19,489	137,563	(1,992)	185,102

	Millions of yen						
	Valuation a	and Translation A					
	Net Unrealized Gains on Other Securities	Net Deferred Gains (Losses) on Hedging Instruments, Net of Taxes	Total Valuation and Translation Adjustments	Subscription Rights to Shares	Minority Interests	Total Net Assets	
Balance at March 31, 2007	8,169	55	8,224	68	366	177,215	
Changes of Items During the Period							
Dividends from Surplus			_			(3,140)	
Net Income			_			17,131	
Repurchase of Treasury Stock			_			(143)	
Disposal of Treasury Stock			_			2,698	
Net Changes of Items Other than Stockholders' Equity	(10,286)	(27)	(10,313)	175	815	(9,322)	
Total	(10,286)	(27)	(10,313)	175	815	7,224	
Balance at March 31, 2008	(2,116)	27	(2,089)	243	1,181	184,439	

		Thous	ands of U.S. dollars (Note 2)			
	Stockholders' Equity						
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Stockholders' Equity		
Balance at March 31, 2007	299,862	186,054	1,233,372	(36,928)	1,682,361		
Changes of Items During the Period							
Dividends from Surplus			(31,342)		(31,342)		
Net Income			170,993		170,993		
Repurchase of Treasury Stock				(1,427)	(1,427)		
Disposal of Treasury Stock		8,468		18,466	26,935		
Net Changes of Items Other than Stockholders' Equity					_		
Total	_	8,468	139,650	17,038	165,158		
Balance at March 31, 2008	299,862	194,522	1,373,022	(19,889)	1,847,519		

	Thousands of U.S. dollars (Note 2)					
	Valuation a	Valuation and Translation Adjustments				
	Net Unrealized Gains on Other Securities	Net Deferred Gains (Losses) on Hedging Instruments, Net of Taxes	Total Valuation and Translation Adjustments	Subscription Rights to Shares	Minority Interests	Total Net Assets
Balance at March 31, 2007	81,539	552	82,091	683	3,654	1,768,791
Changes of Items During the Period						
Dividends from Surplus			_			(31,342)
Net Income			_			170,993
Repurchase of Treasury Stock			_			(1,427)
Disposal of Treasury Stock			_			26,935
Net Changes of Items Other than Stockholders' Equity	(102,667)	(274)	(102,942)	1,751	8,141	(93,049)
Total	(102,667)	(274)	(102,942)	1,751	8,141	72,108
Balance at March 31, 2008	(21,128)	277	(20,850)	2,434	11,796	1,840,899

			Millions of yen		
_	Stockholders' Equity				
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Stockholders' Equity
Balance at March 31, 2006	30,043	18,640	105,886	(3,854)	150,716
Changes of Items During the Period					
Dividends from Surplus			(2,601)		(2,601)
Bonus for Directors and Corporate Auditors			(50)		(50)
Net Income			20,345		20,345
Repurchase of Treasury Stock				(168)	(168)
Disposal of Treasury Stock			(9)	259	249
Changes in Own Shares Held by Consolidated Subsidiaries				63	63
Net Changes of Items Other than Stockholders' Equity					_
Total	_	_	17,685	154	17,839
Balance at March 31, 2007	30,043	18,640	123,571	(3,699)	168,555

	Millions of yen					
	Valuation a	and Translation A	djustments			
	Net Unrealized Gains on Other Securities	Net Deferred Gains (Losses) on Hedging Instruments, Net of Taxes	Total Valuation and Translation Adjustments	Subscription Rights to Shares	Minority Interests	Total Net Assets
Balance at March 31, 2006	7,306		7,306		306	158,329
Changes of Items During the Period						
Dividends from Surplus						(2,601)
Bonus for Directors and Corporate Auditors						(50)
Net Income						20,345
Repurchase of Treasury Stock						(168)
Disposal of Treasury Stock						249
Changes in Own Shares Held by Consolidated Subsidiaries					(63)	_
Net Changes of Items Other than Stockholders' Equity	862	55	917	68	122	1,109
Total	862	55	917	68	59	18,885
Balance at March 31, 2007	8,169	55	8,224	68	366	177,215

Consolidated Statements of Cash Flows (unaudited)

Suruga Bank Ltd. and consolidated subsidiaries

	Millions of yen			Thousands of U.S. dollars (Note 2)	
For the Years Ended March 31,	2008	2007	Change from 2007	2008	
Cash Flows from Operating Activities					
Income before Income Taxes and Others	29,713	34,042	(4,329)	296,569	
Depreciation and Amortization	7,213	6,981	232	72,030	
Increase (Decrease) in Reserve for Possible Loan Losses	(1,349)	(2,853)	1,504	(13,468)	
Increase (Decrease) in Reserve for Employees' Bonus	44	70	(26)	448	
Increase (Decrease) in Reserve for Bonus for Directors and Corporate Auditors	_	51	(51)	_	
Increase in Reserve for Employee Retirement Benefits	(1,016)	(954)	(62)	(10,144)	
Increase in Reserve for Retirement Allowances to Directors and Auditors	2,560	_	2,560	25,553	
Increase in Reserves for Possible Losses on Repayment of Sleeping Accounts	297	_	297	2,966	
Bonus for Directors and Corporate Auditors	_	(50)	50	_	
Interest Income	(92,949)	(82,908)	(10,041)	(927,734)	
Interest Expenses	14,833	10,970	3,863	148,051	
Loss (Gain) on Investment Securities, Net	3,010	(942)	3,952	30,045	
Loss (Gain) on Money Held in Trusts	17	(12)	29	179	
Loss (Gain) on Sales of Fixed Assets	736	113	623	7,347	
Changes in Operating Assets and Liabilities:					
Trading Securities	496	(O)	496	4,953	
Loans	(80,879)	(63,562)	(17,317)	(807,259)	
Deposits	53,223	36,250	16,973	531,224	
Borrowings Excluding Subordinated Debt	(3,669)	(268)	(3,401)	(36,628)	
Due from Banks Other Than BOJ	(5,185)	2,499	(7,684)	(51,761)	
Call Loans	23,354	30,044	(6,690)	233,102	
Call Money	(2,361)	1,538	(3,899)	(23,565)	
Foreign Exchange Assets	41	(50)	91	417	
Foreign Exchange Liabilities	(1)	(1)	0	(18)	
Interest Received	92,561	81,801	10,760	923,862	
Interest Paid	(14,976)	(9,701)	(5,275)	(149,477)	
Other, Net	(2,447)	327	(2,774)	24,425	
Subtotal	23,267	43,383	(20,116)	232,231	
Income Taxes Paid	(18,000)	(1,667)	(16,333)	(179,662)	
Net Cash Provided by (Used in) Operating Activities	5,266	41,716	(36,450)	52,567	
Cash Flows from Investing Activities				_	
Purchase of Securities	(661,145)	(553,033)	(108,112)	(6,598,915)	
Proceeds from Sales of Securities	24,538	16,138	8,400	244,923	
Proceeds from Redemption of Securities	618,349	542,051	76,298	6,171,766	
Increase in Money Trusts	(299)	_	(299)	(2,988)	
Decrease in Money Held in Trusts	_	71	(71)	_	
Purchase of Tangible Fixed Assets	(6,332)	(7,272)	940	(63,205)	
Proceeds from Sales of Property and Equipment	99	598	(499)	989	
Purchase of Intangible Fixed Assets	(2,980)	(4,662)	1,682	(29,750)	
Net Cash Provided by (Used in) Investing Activities	(27,770)	(6,108)	(21,662)	(277,180)	
Cash Flows from Financing Activities					
Dividends Paid	(3,140)	(2,601)	(539)	(31,342)	
Purchase of Treasury Stock	(143)	(168)	25	(1,427)	
Proceeds from Sales of Treasury Stock	2,698	249	2,449	26,935	
Net Cash Provided by (Used in) Financing Activities	(584)	(2,519)	1,935	(5,835)	
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(17)	0	(17)	(171)	
Net Increase in Cash and Cash Equivalents	(23,105)	33,089	(56,194)	(230,620)	
Cash and Cash Equivalents at Beginning of Year	97,291	64,201	33,089	971,065	
Cash and Cash Equivalents at End of Term	74,185	97,291	(23,105)	740,444	

Notes to Consolidated Financial Statements (unaudited)

Suruga Bank Ltd. and consolidated subsidiaries

1. Summary of Significant Accounting Policies

(a) Basis of preparation

The accompanying consolidated financial statements of Suruga Bank Ltd. (the "Bank") and consolidated subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Securities and Exchange Law of Japan.

For the convenience of readers outside Japan, certain items presented in the original statements have been reclassified and rearranged.

Certain reclassifications of the prior year's consolidated financial statements and the related footnote amounts have been made to conform with the presentation in the current year.

(b) Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Bank and its significant subsidiaries and certain affiliates, which are as follows:

Suruga Business Service Co., Ltd.

Suruga Staff Service Co., Ltd.

A.P.I. Co., Ltd.

Suruga Capital Co., Ltd.

Suruga Computer Service Co., Ltd.

Suruga Card Co., Ltd.

SDP Co., Ltd.

All significant intercompany accounts and transactions have been eliminated in consolidation.

(c) Trading account securities

Trading account securities are stated at their market value as of the fiscal year end.

(d) Investment securities

Debt securities being held to maturity are stated at amortized cost computed by the moving-average method.

Other securities (available-for-sale securities) whose current value can be estimated are stated at their market value as of the fiscal year end and other non-marketable securities are stated at cost or amortized cost computed by the moving-average method.

Unrealized gain or loss on available-for-sale securities are included in shareholders' equity, net of income taxes.

(e) Securities in money trusts

Securities included in money trusts are stated by the same method as those described in (c) and (d) above.

(f) Derivatives

Derivatives positions are stated at their market value as of the fiscal year-end.

(g) Depreciation and amortization

i) Tangible fixed assets

Depreciation of tangible fixed assets of the Bank is computed by the declining-balance method at rates principally based on following estimated useful lives:

Buildings 15 to 50 years Equipment and furniture 4 to 20 years

Property and equipment held by the Bank's consolidated subsidiaries are depreciated, in principle, on a straight line basis. *ii*) *Intangible fixed assets*

Intangible fixed assets are amortized on a straight-line basis. Costs of software developed or obtained for internal use are amortized by the straight-line method over an estimated useful life of 5 years.

(Changes in accounting standards)

The Bank has adopted new accounting standards for the depreciation of tangible fixed assets acquired on April 1, 2007 and after, as stipulated in the amendments to the Income Tax Law of fiscal 2007. The adoption of the new standards has no material effect on the performance of the Bank.

(Additional information)

Regarding tangible fixed assets acquired up to and including March 31, 2007, an amount equivalent to the residual value of the assets under the previous accounting standards is depreciated on an equal-amount basis over five years, beginning with the term following that in which the book value of the assets is reduced to the residual value. The adoption of the new standards has no material effect on the performance of the Bank.

(h) Reserve for possible loan losses

The reserve for possible loan losses of the Bank is provided in accordance with the policies regarding write-offs and reserve standards stipulated in "Auditing of Write-offs and Loan Loss Provisions" issued as part of the "Fourth Report by the Auditing Subcommittee for Banks and Other Financial Institutions" by the Japanese Institute of Certified Public Accountants. The reserve for loans to borrowers who are classified as substantially bankrupt or who are bankrupt in the formal legal sense is provided based on the amount remaining after deduction of the amount of their collateral considered to be disposable and of the amount recoverable under guarantees.

In addition, a reserve is provided for loans to borrowers who, although not actually bankrupt in the legal sense, are experiencing serious management difficulties and whose failure is imminent. In such cases, a portion of the reserve is provided based on the amount remaining after deduction of the amount of their collateral considered to be disposed and of the amount recoverable under guarantees, and the balance of this reserve is provided after giving full consideration to the amount the borrower is capable of repaying. In the case of all other loans, the reserve is based on the percentage of actual defaults over a fixed term.

For claims of "substantial bankruptcy" and "legal bankruptcy," an amount exceeding the estimated value of the collateral or of the guarantees deemed uncollectible is charged off. For the years ended March 31, 2008 and 2007, the amounts deducted were ¥4,350 million (US\$43,418 thousand) and ¥8,093 million, respectively.

Provisions for possible loan losses at the consolidated subsidiaries have been made as deemed necessary with reference to the historical loan loss experience of these companies.

(i) Reserve for employees' bonus

The reserve for employees' bonus is provided for the payment of bonus to employees, an estimate of which is determined as of the balance sheet date.

(i) Reserve for bonus for directors and corporate auditors

The reserve is provided for the payment of bonus for directors and corporate auditors, an estimate of which is determined as of the balance sheet date.

(k) Accrued retirement benefits of directors and corporate auditors

A provision is made for accrued retirement benefits of directors and corporate auditors in an amount accrued at the end of the reporting period based on internal regulations.

(Changes in accounting standards)

Previously, the Bank expensed executive retirement benefits as they were incurred. However, due to the mandatory application of new accounting standards as stipulated in JICPA Audit and Assurance Practice Committee Report No. 42 dated April 13, 2007 for the period ended March 31, 2008 and subsequent terms, the Bank adopted the new accounting standards for the reporting period. The adoption of the new standards has caused ordinary expenses and extraordinary losses to increase by ¥161 million and ¥2,394 million, respectively, and ordinary profit and income before income taxes to decrease by ¥161 million and ¥2,555 million, respectively.

(I) Reserve for possible losses on repayment of sleeping accounts

A provision is made for possible losses on repayment of sleeping accounts in the future in an amount deemed necessary, taking into account the Bank's historical refund record.

(Changes in accounting standards)

Previously, the Bank removed certain deposit accounts meeting the definition of sleeping accounts from liabilities, and posted gains in a corresponding amount and, upon claims on repayments of the deposits, expensed losses on repayment of deposits as they incurred. However, due to the mandatory application of the new accounting standards stipulated in JICPA Audit and Assurance Practice Committee Report No. 42 to the period ended March 31, 2008, the Bank has adopted the new accounting standards for the reporting period. The adoption of the new standards has caused other ordinary expenses and extraordinary losses to increase by ¥29 million and ¥267 million, respectively, and ordinary profit and income before income taxes to decrease by ¥29 million and ¥297 million, respectively.

(m) Reserve for possible losses on sales of loans

The reserve for possible losses on sales of loans provides for contingent losses arising from any decline in the market value of the collateral recorded on corporate mortgage loans sold to the Cooperative Credit Purchasing Company, Ltd.

(n) Pension and severance costs

Accrued pension and severance costs is provided for the future payment of employees' retirement benefits based on estimated amounts of the actuarially calculated retirement benefit obligation and the pension plan assets. Prior service cost is amortized by the straight-line method over 5 years. Net actuarial gain (loss) is amortized by the declining-balance method over 13 years commencing the year following the year in which the gain or loss is incurred.

(o) Hedge accounting

The Bank applies the deferred method to account for its derivative instruments which hedge the interest rate risk on various financial assets and liabilities in accordance with the general provisions of "Accounting and Auditing Treatment of Accounting Standards for Financial Instruments in the Banking Industry" (JICPA Industry Audit Committee Report No. 24). Effective the year ended March, 2005, the general provisions of JICPA Industry Audit Committee Report No. 24 are applied. Under the general provisions, the effectiveness of a fair value hedge is assessed by each of identified (i) group of hedge deposits, loans and similar instruments and

(ii) corresponding group of hedging instruments such as interest rate swaps in the same maturity bucket. Also, under the general provisions, the effectiveness of a cash flow hedge is assessed based on the correlation between a base interest rate index of the hedged cash flow and that of the hedging instrument.

In addition, deferred hedge gains and losses on the macro hedges recognized in the previous terms are amortized as interest income or expenses over the remaining maturity (5 years of the hedging instruments in accordance with the regulations set out in the "Accounting and Auditing Treatment of Preliminary Accounting Standards for Financial Instruments in the Banking Industry" (JICPA Industry Audit Committee Report No. 15).

"Macro hedge" refers to the management of interest rate risk in which overall interest rate risks inherent in loans, deposits, and other interest earning assets and interest-bearing liabilities are managed on a net basis using derivatives.

The deferred method of hedge accounting is applied to transactions to hedge against the foreign exchange fluctuation risks associated with monetary claims and liabilities denominated in foreign currencies, in accordance with the regulations set out in the "Accounting and Auditing Treatment of Accounting Standards for Foreign Currency Transactions in the Banking Industry" (JICPA Industry Audit Committee Report No. 25). The effectiveness of currency swap and foreign exchange swap transactions is assessed by comparing foreign currency position of the hedged assets or liabilities with that of the hedging instruments.

(p) Consumption tax

Consumption tax and local consumption tax of the Bank and its domestic consolidated subsidiaries are excluded from the transaction amounts presented. The portions of consumption tax and local consumption tax paid on the fixed assets which are not deductible as tax credits have been included in other assets and are being amortized over a five-year term.

2. Japanese Yen and U.S. Dollar Amounts

The Japanese yen amounts in the accompanying consolidated financial statements are presented in millions, with fractions omitted.

Amounts stated in U.S. dollars are translated from Japanese yen amounts, solely for convenience, at ¥100.19 = U.S.\$1.00, the exchange rate prevailing on March 31, 2008. The translation should not be construed as a representation that Japanese yen could be converted into U.S. dollars at the above or any other rate.

Loans and Bills Discounted

(1) Loans and bills discounted at March 31, 2008 and 2007 included the following:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Loans to companies under bankruptcy procedures	¥ 1,566	¥ 1,615	\$ 15,639
Delinquent loans	46,536	52,092	464,486
Loans past due 3 months or more	1,209	1,249	12,072
Restructured loans	31,167	35,849	311,085
Total	¥80,481	¥90,806	\$803,284

Loans to companies under bankruptcy procedures consist of non-accrual loans on which the payment of principal or interest is well past due or there is no prospect of recovery of the principal or interest from the borrower or from a third party guaranteeing the loan (the balance does not include any written-down portion of the loan). These loans hereafter are referred to as "non-accrual loans." This category also includes the loans cited in Article 96-1-3 and 1-4 of the Corporation Tax Law (Government Ordinance No. 97 of 1965).

Delinquent loans are defined as loans which are past due and not accruing interest, but which are categorized neither as "Loans to companies under bankruptcy procedures" nor as "Restructured loans" as defined below.

Loans past due for 3 months or more are classified as such when 3 months or more have elapsed since the due date without the payment of principal or interest. Loans to companies under bankruptcy procedures and delinquent loans are not included in this category.

Restructured loans include loans whose repayment conditions have been renegotiated, (such as by reducing the rate of interest or by providing a grace term for the payment of principal/interest, etc.) to support the rehabilitation of certain borrowers who are encountering financial difficulties, with the intention of ensuring the recovery of the loans. Excluded from this category are loans to companies under bankruptcy procedures, delinquent loans and loans past due for 3 months or more.

- (2) Bills discounted is accounted for as financial transactions on the basis of "Accounting and Auditing Treatment of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Audit Committee Report No. 24). The Bank has rights to sell or pledge certain commercial bills and foreign exchange bills discounted. The principal amount of these bills amounted to ¥3,412 million (US\$34,057 thousand).
- (3) The Bank posted ¥25,000 million under Loans and Bills Discounted on the Consolidated Balance Sheets for assets held under loan participation agreements meeting the criteria stipulated in the JICPA Accounting System Committee Report No. 3 issued on June 1, 1995.

4. Accumulated Depreciation

Accumulated depreciation on tangible fixed assets at March 31, 2008 and 2007 totaled ¥50,120 million (US\$500,255 thousand) and ¥50,719 million, respectively.

5. Assets Pledged

Assets pledged as collateral at March 31, 2008 and 2007 were as follows:

	Million	s of yen	U.S. dollars
	2008	2007	2008
Investment securities	¥7,750	¥ 7,751	\$77,354
Treasury stock (common stock held by subsidiaries)	_	1,788	_
Customers' notes and others	¥5,560	¥10,266	\$55,500

Liabilities related to the above pledged assets were as follows:

	Million	s of yen	Thousands of U.S. dollars
	2008	2007	2008
Borrowed money	¥4,163	¥8,233	\$41,556

In addition, investment securities totaling ¥141,579 million (US\$1,413,107 thousand) and ¥142,531 million at March 31, 2008 and 2007, respectively, were pledged as collateral for the settlement of exchange, treasury transactions or in lieu of margin money.

6. Loan Commitments

Contracts for overdraft facilities and loan commitments refer to contracts under which the Bank and its consolidated subsidiaries lend to their customers funds up to certain prescribed limits in response to their customers' loan applications, as long as there is no violation of any of the conditions stipulated in the contracts. The unused portion within the set limits of such contracts totaled ¥1,056,247 million (US\$10,542,440 thousand) and ¥1,024,646 million at March 31, 2008 and 2007, respectively. As of March 31, 2008, the balance of the unused portion under such contracts whose contract terms are one year or less, or which include a special rider that allows the Bank to cancel out the contracts unconditionally any time, amounted to ¥1,049,823 million (US\$10,478,329 thousand).

Since many of these commitments expire without the available line of credit being fully utilized, the unused amount does not necessarily represent a future commitment. Most of these contracts specify terms and conditions permitting the Bank and its consolidated subsidiaries to refuse customers' loan applications or decrease their credit limits for appropriate reasons (e.g., a change in their financial situation, a deterioration in their creditworthiness, etc.). At the inception of the contracts, the Bank and its consolidated subsidiaries obtain real estate and securities, etc. as collateral if deemed necessary. Subsequently, the Bank and its consolidated subsidiaries perform periodic reviews of the customers' business results based on their internal rules, and take the necessary measures to reconsider the conditions stipulated in the contracts and/or require additional collateral and guarantees.

7. Employees' Retirement Benefits

The funded status and amounts recognized in the consolidated balance sheets as of March 31, 2008 and 2007 were as follows:

	Millions	Thousands of U.S. dollars	
	2008	2007	2008
Projected benefit obligation	¥(18,704)	¥(18,245)	\$(186,687)
Fair value of plan assets	16,964	21,476	169,319
Projected benefit obligation in excess of plan assets	(1,740)	3,231	(17,368)
Unrecognized net actuarial loss	3,683	(2,304)	36,762
Net liability recognized	1,943	926	19,393
Prepaid pension cost	2,086	1,059	20,827
Accrued pension and severance costs	¥ (143)	¥ (133)	\$ (1,434)

8. Amounts per Share

The computation of basic net income per share is based on the weighted average number of shares of common stock outstanding during each year, less treasury stock.

Amounts per share of net assets are computed based on the number of shares of common stock outstanding at each balance sheet date, less treasury stock and shares of common stock of the Bank held by the subsidiaries.

	y	yen		
March 31	2008	2007	2008	
Net income	¥ 65.18	¥ 78.01	\$0.65	
Net assets	695.41	677.49	6.94	
Diluted net income	¥ 65.08	¥ 77.85	\$0.64	

Diluted net income per share is no presented for the year ended March 31, 2005, since the Bank did not have any potentially dilutive stock.

9. Other Income and Expenses

Other income and expenses for the years ended March 31, 2008 and 2007 were as follows:

Thousands of

	Millions of yen		U.S. dollars
	2008 2007		2008
Other income:			
Gain on sales of stocks and other securities	¥ 1,719	¥ 38	\$ 17,157
Gain on disposition of premises and equipment	_	_	_
Gain on disposal of fixed assets	18	105	189
Collection of claims written-off	1,097	2,898	10,951
Other	1,436	1,124	14,337
Total	¥ 4,271	¥ 4,167	\$ 42,635
Other expenses:			
Provision for possible loan losses	¥ 2,441	¥ 3,588	\$ 24,372
Loss on devaluation of stocks and other securities	3,202	29	31,969
Write-offs of loans	2,692	3,938	26,878
Loss on disposition of premises and equipment	_	_	_
Losses on disposal of fixed assets	755	219	7,536
Loss on sales of stocks and other securities	12	_	122
Cost of amortization of differences resulting from changes in accounting standards	_	_	_
Provision for prior year adjustments retirement allowances to directors and auditors	2,394	_	23,896
Provision for prior year adjustments of reserve for possible losses on repayment of sleeping accounts	267	_	2,667
Other	5,266	4,132	52,565
Total	¥17,033	¥11,908	\$170,009

10. Leases

(Lessor side)

The pro forma information such as acquisition costs, accumulated depreciation and obligations on property leased under finance leases currently accounted for as operating leases is summarized as follows:

	Millions	Millions of yen		
	2008	2007	2008	
Acquisition cost				
Movables	¥25,361	¥26,567	\$253,138	
Others	2,975	3,320	29,697	
Total	¥28,337	¥29,887	\$282,836	
Accumulated depreciation expenses				
Movables	¥17,925	¥18,488	\$178,916	
Others	2,103	2,310	20,990	
Total	¥20,028	¥20,799	\$199,906	
Net book value				
Movables	¥ 7,436	¥ 8,078	\$ 74,222	
Others	872	1,009	8,707	
Total	¥ 8,308	¥ 9,088	\$ 82,929	

	Million	Thousands of U.S. dollars	
	2008	2007	2008
Minimum lease payment under finance leases			
Due within one year	¥3,104	¥ 3,619	\$30,989
Due after one year	6,435	6,900	64,228
Total	¥9,539	¥10,519	\$95,218

(Note) Interest income is added to calculate future lease payment receivables due to the small ratio of the balance of future lease payment receivables to trade receivables at the term-end.

	Millions	Thousands of U.S. dollars	
	2008	2007	2008
Lease revenue and depreciation expense for the term			
Lease revenue	¥3,869	¥4,095	\$38,624
Depreciation expense	¥3,290	¥3,389	\$32,841

(Lessee side)

The pro forma information such as acquisition costs, accumulated depreciation and obligations on property leased under finance leases currently accounted for as operating leases is summarized as follows:

	Millions	Millions of yen	
	2008	2007	2008
Acquisition cost			
Movables	¥468	¥408	\$4,677
Others	_	_	_
Total	¥468	¥408	\$4,677
Accumulated depreciation expenses			
Movables	¥250	¥125	\$2,502
Others	_	_	_
Total	¥250	¥125	\$2,502
Net book value			
Movables	¥217	¥283	\$2,175
Others	_	_	
Total	¥217	¥283	\$2,175

(Note) Amounts corresponding to interest expenses are added to calculate the assumed amount of acquisition costs due to the small ratio of the balance of future minimum lease payments to the net book value of premises and equipment at the term-end.

	Millions	Thousands of U.S. dollars	
	2008	2007	2008
Minimum lease payment under finance leases			
Due within one year	¥110	¥ 95	\$1,101
Due after one year	107	187	1,073
Total	¥217	¥283	\$2,175

(Note) Interest expenses are added to calculate future minimum lease payments due to the small ratio of the balance of future minimum lease payments to net book value of premises and equipment at the term-end.

	Millions	Millions of yen	
	2008	2007	2008
Total lease payments and assumed depreciation expenses for the term			
Total lease payments	¥110	¥95	\$1,101
Assumed depreciation expenses	¥110	¥95	\$1,101

Method utilized for calculation of assumed depreciation expenses: straight-line method assuming the lease term as useful lives of assets and a residual value of zero.

11. Segment Information

Information regarding the business segments and total income of the Bank and its consolidated subsidiaries for the years ended March 31, 2008 and 2007 is summarized as follows:

Business segment information

	Millions of yen					
Year ended March 31, 2008	Banking operations	Other operations	Total	Eliminations	Consolidated	
Total income and income before income taxes:						
Total income from outside customers	¥ 105,425	¥11,247	¥ 116,672	¥ —	¥ 116,672	
Total income from intersegment transactions	329	3,944	4,273	(4,273)	_	
Total	105,754	15,191	120,946	(4,273)	116,672	
Total expenses	72,462	16,253	88,715	(4,056)	84,658	
Income before income taxes	¥ 33,292	¥ (1,062)	¥ 32,230	¥ (216)	¥ 32,013	
Total assets	¥3,089,635	¥34,289	¥3,123,924	¥(15,662)	¥3,108,262	
Depreciation and amortization	3,171	4,041	7,213	_	7,213	
Capital expenditures	6,134	3,179	9,313	_	9,313	

	Thousands of U.S. dollars				
Year ended March 31, 2008	Banking operations	Other operations	Total	Eliminations	Consolidated
Total income and income before income taxes:					
Total income from outside customers	\$ 1,052,250	\$112,259	\$ 1,164,510	\$ —	\$ 1,164,510
Total income from intersegment transactions	3,290	39,365	42,656	(42,656)	_
Total	1,055,541	151,624	1,207,166	(42,656)	1,164,510
Total expenses	723,247	162,225	885,473	(40,492)	844,980
Income before income taxes	\$ 332,294	\$ (10,600)	\$ 321,693	\$ (2,163)	\$ 319,529
Total assets	30,837,760	342,246	31,180,006	(156,331)	31,023,675
Depreciation and amortization	31,659	40,334	71,993	_	71,993
Capital expenditures	61,223	31,732	92,956	_	92,956

	Millions of yen						
Year ended March 31, 2007	Banking operations	Other operations	Total	Eliminations	Consolidated		
Total income and income before income taxes:							
Total income from outside customers	¥ 94,806	¥10,849	¥ 105,656	¥ —	¥ 105,656		
Total income from intersegment transactions	314	2,848	3,163	(3,163)	_		
Total	95,121	13,698	108,819	(3,163)	105,656		
Total expenses	64,672	12,736	77,409	(3,010)	74,398		
Income before income taxes	¥ 30,448	¥ 962	¥ 31,410	¥ (152)	¥ 31,257		
Total assets	¥3,035,946	¥34,007	¥3,069,954	¥(10,840)	¥3,059,114		
Depreciation and amortization	2,867	4,113	6,981	_	6,981		
Capital expenditures	7,323	4,610	11,934	_	11,934		

12. Market Value of Securities

(a) The market value of, and the valuation difference on, available-for-sale marketable securities at March 31, 2008 and 2007 are summarized as follows:

		Millions of yen					
March 31, 2008	Cost	Corresponding amount in the balance sheet	Valuation difference	Gain	Loss		
Stocks	¥ 35,636	¥ 41,824	¥ 6,187	¥ 8,743	¥ 2,556		
Bonds:	381,333	374,373	(6,959)	732	7,692		
Government bonds	322,341	324,904	(7,436)	166	7,602		
Municipal bonds	32,470	32,893	423	461	38		
Corporate bonds	16,521	16,575	53	105	51		
Other	46,689	43,960	(2,729)	925	3,655		
Total	¥463,659	¥460,157	¥(3,501)	¥10,402	¥13,904		

		Thousands of U.S. dollars					
March 31, 2008	Cost	Corresponding amount in the balance sheet	Valuation difference	Gain	Loss		
Stocks	\$ 355,691	\$ 417,449	\$ 61,757	\$ 87,270	\$ 25,512		
Bonds:	3,806,101	3,736,634	(69,467)	7,315	76,782		
Government bonds	3,317,111	3,242,884	(74,227)	1,657	75,885		
Municipal bonds	324,087	328,313	4,226	4,606	380		
Corporate bonds	164,902	165,437	534	1,051	517		
Other	466,009	438,768	(27,241)	9,241	36,482		
Total	\$4,627,803	\$4,592,852	\$(34,950)	\$103,827	\$138,778		

		Millions of yen					
March 31, 2007	Cost	Corresponding amount in the balance sheet	Valuation difference	Gain	Loss		
Stocks	¥ 34,593	¥ 54,588	¥19,995	¥21,050	¥1,054		
Bonds:	366,885	360,386	(6,498)	158	6,657		
Government bonds	322,903	316,515	(6,387)	9	6,397		
Municipal bonds	27,442	27,344	(98)	94	192		
Corporate bonds	16,539	16,526	(12)	55	67		
Other	44,920	45,169	248	1,445	1,196		
Total	¥446,398	¥460,144	¥13,745	¥22,654	¥8,908		

(b) Available-for-sale securities sold during the years ended March 31, 2008 and 2007 were as follows:

	Millions	Millions of yen		
	2008	2007	2008	
Proceeds from sales	¥24,538	¥16,138	\$244,923	
Gain	1,847	126	18,444	
Loss	16	45	163	

13. Repayment Schedule for Bonds

The repayment schedule for bonds classified as available-for-sale securities which have definite maturities are summarized as follows:

	Millions of yen					
March 31, 2008	Due within 1 year or less	Due in 1 to 5 years	Due in 5 to 10 years	Due after 10 years		
Bonds	¥188,547	¥37,777	¥148,887	¥ —		
Government bonds	179,872	5,028	140,004	_		
Municipal bonds	5,535	19,870	7,488	_		
Corporate bonds	3,140	12,879	1,394	_		
Other	505	13,061	7,098	15,361		
Total	¥189,053	¥50,839	¥155,985	¥15,361		

		Thousands of U.S. dollars					
March 31, 2008	Due within 1 year or less	Due in 1 to 5 years	Due in 5 to 10 years	Due after 10 years			
Bonds	\$1,881,904	\$377,061	\$1,486,052	\$ —			
Government bonds	1,795,308	50,184	1,397,390	_			
Municipal bonds	55,245	198,324	74,743	_			
Corporate bonds	31,350	128,552	13,918	_			
Other	5,044	130,366	70,846	153,323			
Total	\$1,886,948	\$507,428	\$1,556,899	\$153,323			

14. Money Held in Trusts

A presentation of money trusts by purpose at March 31, 2008 and 2007 is summarized as follows:

	Millions of	of yen
	Amount in	Valuation
March 31, 2008	the balance sheet	difference
Money trusts for trading purposes	¥1,049	¥49

	Thousands of I	J.S. dollars
March 31, 2008	Amount in the balance sheet	Valuation difference
Money trusts for trading purposes	\$10,474	\$493

	Millions o	of yen
March 31, 2007	Amount in the balance sheet	Valuation difference
Money trusts for trading purposes	¥1,097	¥97

The net valuation loss on money trusts for trading purposes has been included in "Income before income taxes and other."

15. Subsequent Events

Appropriations of retained earnings

At a shareholders' meeting held on June 24, 2008, the Bank's shareholders duly approved the following year-end appropriations of retained earnings, which have not been reflected in the accompanying consolidated financial statements for the year ended March 31, 2008:

Millions of yen	U.S. dollars
¥1,842	\$18,389
	, .

16. Cash and Cash Equivalents

A reconciliation between cash and due from banks in the consolidated balance sheets at March 31, 2008 and 2007 and cash and cash equivalents in the consolidated statements of cash flows for the year then ended is as follows:

	Million	Millions of yen		
	2008	2007	2008	
Cash and due from banks	¥84,213	¥102,133	\$840,542	
Time deposits	(325)	(100)	(3,243)	
Ordinary deposits	(2,475)	(2,163)	(24,712)	
Other deposits	(7,227)	(2,579)	(72,140)	
Cash and cash equivalents	¥74,185	¥ 97,291	\$740,444	

Non-Consolidated Financial Section

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Non-Consolidated Balance Sheets (unaudited)

Suruga Bank Ltd.

	Millions of yen			Thousands of U.S. dollars
A. «CM-sub-O4		0007	Change from	
As of March 31, ASSETS:	2008	2007	2007	2008
Cash and Due from Banks	83,457	101,872	(18,415)	832,994
Cash and Due from Banks Call Loans	147,600			
	147,000	170,558	(22,958)	1,473,202
Monetary Claims Bought	_	396	(396)	<u> </u>
Trading Account Securities	3	499	(496)	35
Money Held in Trust	2,469	2,188	281	24,647
Securities	466,111	464,793	1,318	4,652,273
Loans and Bills Discounted	2,327,529	2,246,830	80,699	23,231,157
Foreign Exchanges	3,165	3,207	(42)	31,595
Other Assets	32,424	24,359	8,065	323,629
Tangible Fixed Assets	33,242	32,905	337	331,799
Intangible Fixed Assets	5,185	10,282	(5,097)	51,760
Deferred Tax Assets	21,719	16,111	5,608	216,781
Customers' Liabilities for Acceptances and Guarantees	6,542	7,473	(931)	65,300
Reserve for Possible Loan Losses	(33,336)	(36,245)	2,909	(332,729)
Total Assets	3,096,116	3,045,231	50,885	30,902,447
LIABILITIES AND NET ASSETS:				
Liabilities				
Deposits	2,887,332	2,832,697	54,635	28,818,573
Call Money	_	2,361	(2,361)	_
Foreign Exchanges	10	12	(2)	107
Other Liabilities	16,886	24,854	(7,968)	168,545
Reserve for Employees' Bonus	538	497	41	5,378
Reserve for Bonus to Directors and Auditors	51	51	_	509
Reserve for Retirement Allowances to Directors and Auditors	2,555	_	2,555	25,505
Reserves for Possible Losses on Repayment of Sleeping Accounts	297	_	297	2,966
Reserves under Special Laws	0	0	_	0
Acceptances and Guarantees	6,542	7,473	(931)	65,300
Total Liabilities	2,914,215	2,867,946	46,269	29,086,887
Net Assets				
Common Stock	30,043	30,043	_	299,862
Capital Surplus	18,587	18,585	2	185,526
Capital Surplus Reserve	18,585	18,585	_	185,505
Other Capital Surplus	2	_	2	20
Retained Earnings	137,127	122,402	14,725	1,368,670
Earned Surplus Reserve	30,043	30,043		299,862
Other Retained Earnings	107,083	92,359	14,724	1,068,807
Treasury Stock	(1,975)	(1,953)	(22)	(19,713)
Total Stockholders' Equity	183,783	169,078	14,705	1,834,346
Net Unrealized Gains (Losses) on Securities, Net of Taxes	(2,157)	8,080	(10,237)	(21,530)
Net Deferred Gains (Losses) on Hedging Instruments, Net of Taxes	30	58	(28)	308
Total Valuation and Translation Adjustments	(2,126)	8,138	(10,264)	(21,221)
Subscription Rights to Shares	243	68	175	2,434
Total Net Assets	181,901	177,285	4,616	1,815,560
Total Liabilities and Net Assets	3,096,116	3,045,231	50,885	30,902,447
	-,,	-,0,-0 !	,	,,

Non-Consolidated Statements of Income (unaudited)

Suruga Bank Ltd.

		Millions of yer	<u> </u>	Thousands of U.S. dollars
For the years ended March 31,	2008	2007	Change from 2007	2008
Ordinary Income	107,725	97,320	10,405	1,075,212
Interest Income	91,040	81,341	9,699	908,675
Interest on Loans and Discounts	82,949	75,551	7,398	827,919
Interest and Dividends on Securities	5,203	3,665	1,538	51,940
Trust Fees	0	0	(O)	0
Fees and Commissions	13,988	13,525	463	139,617
Other Operating Income	636	1,292	(656)	6,351
Other Income	2,060	1,162	898	20,568
Operating Expenses	75,094	66,893	8,201	749,521
Interest Expenses	14,868	11,033	3,835	148,400
Interest on Deposits	10,231	5,372	4,859	102,124
Fees and Commissions	9,171	7,975	1,196	91,538
Other Operating Expenses	1,985	211	1,774	19,821
General and Administrative Expenses	40,143	37,861	2,282	400,674
Other Expenses	8,925	9,811	(886)	89,086
Ordinary Profits	32,631	30,427	2,204	325,691
Extraordinary Profits	1,109	2,995	(1,886)	11,078
Extraordinary Losses	3,458	215	3,243	34,517
Income before Income Taxes and Others	30,282	33,206	(2,924)	302,252
Provision for Income Taxes and Others	11,107	12,335	(1,228)	110,869
Deferred Income Taxes	1,292	792	500	12,895
Net Income	17,882	20,079	(2,197)	178,487

Non-Consolidated Statements of Changes in Net Assets (unaudited)

Suruga Bank Ltd.

					Millions of yer	า					
_	Stockholders' Equity										
		(Capital Surplu	S		Retained Earnings					
						Other	Retained Ear	nings			
	Capital Stock	Capital Surplus Reserve	Other Capital Surplus	Total Capital Surplus	Earned Surplus Reserve	Reserve for Retirement Benefits	Voluntary Reserve	Earned Surplus Brought Forward	Total Retained Earnings		
Balance at March 31, 2007	30,043	18,585	_	18,585	30,043	840	70,032	21,487	122,402		
Changes of Items During the Period											
Dividends from Surplus								(3,158)	(3,158)		
Net Income								17,882	17,882		
Provision to Voluntary Reserves							16,500	(16,500)	_		
Repurchase of Treasury Stock											
Disposal of Treasury Stock			2	2							
Net Changes of Items Other than Stockholders' Equity											
Total	_	_	2	2	_	_	16,500	(1,775)	14,724		
Balance at March 31, 2008	30,043	18,585	2	18,587	30,043	840	86,532	19,711	137,127		

	Stockhol	ders' Equity	Valuation	and Translation Ad			
	Treasury Stock	Total Stockholders' Equity	Net Unrealized Gains (Losses) on Available-for-sale Securities	Net Deferred Gains (Losses) on Hedging Instruments, Net of Taxes	Total Valuation and Translation Adjustments	Subscription Rights to Shares	Total Net Assets
Balance at March 31, 2007	(1,953)	169,078	8,080	58	8,138	68	177,285
Changes of Items During the Period							
Dividends from Surplus		(3,158)					(3,158)
Net Income		17,882					17,882
Provision to Voluntary Reserves		_					_
Repurchase of Treasury Stock	(143)	(143)					(143)
Disposal of Treasury Stock	121	123					123
Net Changes of Items Other than Stockholders' Equity			(10,237)	(27)	(10,264)	175	(10,089)
Total	(21)	14,704	(10,237)	(27)	(10,264)	175	4,615
Balance at March 31, 2008	(1,975)	183,783	(2,157)	30	(2,126)	243	181,901

				Thousand	s of U.S. dolla	rs (Note 2)					
		Stockholders' Equity									
			Capital Surplu	IS		Re	etained Earnin	ıgs			
						Other	Retained Ear	rnings			
	Capital Stock	Capital Surplus Reserve	Other Capital Surplus	Total Capital Surplus	Earned Surplus Reserve	Reserve for Retirement Benefits	Voluntary Reserve	Earned Surplus Brought Forward	Total Retained Earnings		
Balance at March 31, 2007	299,862	185,505	_	185,505	299,862	8,384	698,993	214,463	1,221,704		
Changes of Items During the Period											
Dividends from Surplus								(31,521)	(31,521)		
Net Income								178,487	178,487		
Provision to Voluntary Reserves							164,687	(164,687)	_		
Repurchase of Treasury Stock											
Disposal of Treasury Stock			20	20							
Net Changes of Items Other than Stockholders' Equity											
Total	_	_	20	20	_	_	164,687	(17,721)	146,965		
Balance at March 31, 2008	299,862	185,505	20	185,526	299,862	8,384	863,681	196,742	1,368,670		

_			Thousand	ds of U.S. dollars (I	Note 2)		
	Stockholo	ders' Equity	Valuation	and Translation Ad	djustments		
	Treasury Stock	Total Stockholders' Equity	Net Unrealized Gains (Losses) on Available-for-sale Securities	Net Deferred Gains (Losses) on Hedging Instruments, Net of Taxes	Total Valuation and Translation Adjustments	Subscription Rights to Shares	Total Net Assets
Balance at March 31, 2007	(19,495)	1,687,577	80,649	579	81,229	683	1,769,491
Changes of Items During the Period							
Dividends from Surplus		(31,521)					(31,521)
Net Income		178,487					178,487
Provision to Voluntary Reserves		_					_
Repurchase of Treasury Stock	(1,427)	(1,427)					(1,427)
Disposal of Treasury Stock	1,209	1,230					1,230
Net Changes of Items Other than Stockholders' Equity			(102,180)	(270)	(102,450)	1,751	(100,699)
Total	(217)	146,769	(102,180)	(270)	(102,450)	1,751	46,069
Balance at March 31, 2008	(19,713)	1,834,346	(21,530)	308	(21,221)	2,434	1,815,560

_	Millions of yen								
		Stockholders' Equity							
		Capital Surplus			Retained Earni	ngs			
				Oth	er Retained Ea	rnings			
	Capital Stock	Capital Surplus Reserve	Earned Surplus Reserve	Reserve for Retirement Benefits	Voluntary Reserve	Earned Surplus Brought Forward	Total Retained Earnings		
Balance at March 31, 2006	30,043	18,585	30,043	840	59,032	15,097	105,013		
Changes of Items During the Period									
Dividends from Surplus						(2,630)	(2,630)		
Bonus for Directors and Corporate Auditors						(50)	(50)		
Net Income						20,079	20,079		
Provision to Voluntary Reserves					11,000	(11,000)	_		
Repurchase of Treasury Stock									
Disposal of Treasury Stock						(9)	(9)		
Net Changes of Items Other than Stockholders' Equity									
Total					11,000	6,389	17,389		
Balance at March 31, 2007	30,043	18,585	30,043	840	70,032	21,487	122,402		

				Millions of yen			
	Stockhol	ders' Equity	Valuation	and Translation A	djustments		
	Treasury Stock	Total Stockholders' Equity	Net Unrealized Gains (Losses) on Available-for-sale Securities	Net Deferred Gains (Losses) on Hedging Instruments, Net of Taxes	Total Valuation and Translation Adjustments	Subscription Rights to Shares	Total Net Assets
Balance at March 31, 2006	(2,044)	151,598	7,202	_	7,202	_	158,800
Changes of Items During the Period							
Dividends from Surplus		(2,630)					(2,630)
Bonus for Directors and Corporate Auditors Net Income		(50) 20,079					(50) 20,079
Provision to Voluntary Reserves							
Repurchase of Treasury Stock	(168)	(168)					(168)
Disposal of Treasury Stock	259	249					249
Net Changes of Items Other than Stockholders' Equity			878	58	936	68	1,004
Total	90	17,480	878	58	936	68	18,485
Balance at March 31, 2007	(1,953)	169,078	8,080	58	8,138	68	177,285

Notes to Non-Consolidated Financial Statements (unaudited)

Suruga Bank Ltd.

1. Summary of Significant Accounting Policies

(a) Basis of Preparation

The accompanying non-consolidated financial statements of Suruga Bank Ltd. (the "Bank") are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the non-consolidated financial statements prepared by the Company as required by the Securities and Exchange Law of Japan.

The non-consolidated financial statements have been prepared on the same basis as the accounting policies discussed in Note 1 to the consolidated financial statements except that the accompanying financial statements relate to the Bank only, with investments in subsidiaries and affiliates being substantially stated at cost.

Certain representations of the prior year's non-consolidated financial statements and the related footnote amounts have been made to conform with the presentation in the current year.

2. Japanese Yen and U.S. Dollar Amounts

The Japanese yen amounts in the accompanying nonconsolidated financial statements are presented in millions, with fractions omitted.

Amounts stated in U.S. dollars are translated from Japanese yen amounts, solely for convenience, at \$100.19 = U.S.\$1.00, the exchange rate prevailing on March 31, 2008. The translation should not be construed as a representation that Japanese yen could be converted into U.S. dollars at the above or any other rate.

3. Investment Securities

Investment securities at March 31, 2008 and 2007 were as follows:

	Million	Thousands of U.S. dollars	
	2008	2007	2008
Japanese government bonds	¥324,904	¥316,515	\$3,242,884
Local government bonds	32,893	27,344	328,313
Corporate bonds	17,380	17,341	173,471
Corporate stock	47,086	58,672	469,972
Other securities	43,846	44,919	437,631
Total	¥466,111	¥464,793	\$4,652,273
Shares of subsidiaries included in corporate stock	¥ 2,052	¥ 712	\$ 20,489

4. Loans and Bills Discounted

(a) Loans and bills discounted at March 31, 2008 and 2007 were as follows:

	Millions of yen			
	2008	2008 2007		
Bills discounted	¥ 3,408	¥ 4,532	\$ 34,023	
Loans on bills	155,503	150,843	1,552,086	
Loans on deeds	1,925,564	1,891,307	19,219,124	
Overdrafts	243,053	243,053 200,146		
Total	¥2,327,529	¥2,246,830	\$23,231,157	

(b) Loans and bills discounted at March 31, 2008 and 2007 included the following items:

	Millions	Thousands of U.S. dollars	
	2008	2007	2008
Loans to companies under bankruptcy procedures	¥ 1,293	¥ 1,193	\$ 12,910
Delinquent loans	45,406	50,878	453,203
Loans past due 3 months or more	1,168	1,185	11,662
Restructured loans	31,167	35,849	311,085
Total	¥79,036	¥89,105	\$788,863

5. Fixed Assets

Fixed assets at March 31, 2008 and 2007 were as follows:

				Millions of yen			
				2008			
Asset category	Balance at previous term-end	Increase during reporting term	Decline during reporting term	Balance at reporting term-end	Accumulated depreciation at term-end	Depreciation during reporting term	Net book value at term-end
Tangible fixed assets							
Buildings	¥22,072	¥ 915	¥ 343	¥22,645	¥16,155	¥ 639	¥ 6,489
Land	16,044	23	127	15,940	_	_	15,940
Guarantee money, net	99	588	144	542	_	_	542
Other	25,187	2,098	2,503	24,782	14,512	1,369	10,270
Total	¥63,404	¥3,625	¥3,118	¥63,911	¥30,668	¥2,008	¥33,242
Intangible fixed assets							
Software	¥ —	¥ —	¥ —	¥14,977	¥10,643	¥1,486	¥ 4,334
Software suspense account	_	_	_	436	_	_	436
Other	_	_	_	571	157	6	414
Total	¥ —	¥ —	¥ —	¥15,986	¥10,800	¥1,493	¥ 5,185
Others	¥ 4,976	¥ 400	¥ 111	¥ 5,264	¥ 0	¥ —	¥ 5,264

⁽Notes) 1. As the value of intangible fixed assets accounts for no more than 1,000th of the value of the Bank's total assets, and are thus immaterial, the relevant figures have been omitted from the above categories of Balance at previous term-end, Increase during reporting term, and Decline during reporting term.

^{2. &}quot;Others" includes guarantee money and rental deposits.

				Thousands of U.S. dollars	S		
				2008			
Asset category	Balance at previous term-end	Increase during reporting term	Decline during reporting term	Balance at reporting term-end	Accumulated depreciation at term-end	Depreciation during reporting term	Net book value at term-end
Tangible fixed assets							
Buildings	\$220,310	\$ 9,136	\$ 3,424	\$226,022	\$161,253	\$6,378	\$ 64,769
Land	160,143	229	1,269	159,103	_	_	159,103
Guarantee money, net	988	5,875	1,446	5,417	_	_	5,417
Other	251,400	20,943	24,986	247,357	144,847	13,666	102,509
Total	\$632,843	\$36,184	\$31,128	\$637,899	\$306,100	\$20,044	\$331,799
Intangible fixed assets							
Software	\$ —	\$ —	\$ —	\$149,493	\$106,231	\$14,839	\$ 43,262
Software suspense account	_	_	_	4,358	_	_	4,358
Other	_	_	_	5,708	1,568	62	4,139
Total	\$ —	\$ —	\$ —	\$159,560	\$107,799	\$14,901	\$ 51,760
Others	\$ 49,672	\$ 3,995	\$ 1,117	\$ 52,550	\$ 5	\$ —	\$ 52,544

			Millions of yen			
			2007			
Balance at previous term-end	Increase during reporting term	Decline during reporting term	Balance at reporting term-end	Accumulated depreciation at term-end	Depreciation during reporting term	Net book value at term-end
¥15,648	¥ 743	¥ 80	¥16,311	¥ —	¥ —	¥16,311
22,044	549	278	22,315	15,965	572	6,350
24,752	2,450	2,525	24,678	14,534	1,252	10,144
_	99	_	99	_	_	99
¥62,445	¥3,842	¥2,884	¥63,404	¥30,499	¥1,825	¥32,905
¥ —	¥ —	¥ —	¥13,465	¥ 9,156	¥1,361	¥ 4,308
_	_	_	5,552	_	_	5,552
_	_	_	572	150	0	421
¥ —	¥ —	¥ —	¥19,589	¥ 9,307	¥1,361	¥10,282
¥ 4,935	¥ 153	¥ 112	¥ 4,976	¥ 0	¥ —	¥ 4,976
	#15,648 22,044 24,752 — ¥62,445	previous term-end reporting term ¥15,648 ¥ 743 22,044 549 24,752 2,450 — 99 ¥62,445 ¥3,842 ¥ — — — — — ¥ — ¥ —	previous term-end reporting term reporting term ¥15,648 ¥ 743 ¥ 80 22,044 549 278 24,752 2,450 2,525 — 99 — ¥62,445 ¥3,842 ¥2,884 ¥ — — — — — — — — — — — — — — ¥ — ¥	Balance at previous term-end Increase during reporting term Decline during reporting term Balance at reporting term Balance at reporting term Balance at reporting term-end ¥15,648 ¥ 743 ¥ 80 ¥16,311 22,044 549 278 22,315 24,752 2,450 2,525 24,678 — 99 — 99 ¥62,445 ¥3,842 ¥2,884 ¥63,404 ¥ — ¥ — \$13,465 — — — 5,552 — — 572 ¥ — ¥ — ¥19,589	Balance at previous term-end Increase during reporting term Decline during reporting term Balance at reporting term Accumulated depreciation at term-end ¥15,648 ¥ 743 ¥ 80 ¥16,311 ¥ — 22,044 549 278 22,315 15,965 24,752 2,450 2,525 24,678 14,534 — 99 — 99 — ¥62,445 ¥3,842 ¥2,884 ¥63,404 ¥30,499 ¥ — Y 9,156 — — — — 5,552 — — — 572 150 ¥ — ¥ 19,589 ¥ 9,307	Balance at previous term-end Increase during reporting term Decline during reporting term Balance at reporting term Accumulated depreciation at term-end Depreciation during reporting term ¥15,648 ¥ 743 ¥ 80 ¥16,311 ¥ — ¥ — 22,044 549 278 22,315 15,965 572 24,752 2,450 2,525 24,678 14,534 1,252 — 99 — 99 — — ¥62,445 ¥3,842 ¥2,884 ¥63,404 ¥30,499 ¥1,825 ¥ — ¥ — 5,552 — — — — 5,552 — — — — — 5,752 150 0 ¥ — ¥ — \$4,04

6. Deposits

Deposits at March 31, 2008 and 2007 were as follows:

	Millions	U.S. dollars	
	2008	2007	2008
Current deposits	¥ 87,202	¥ 73,774	\$ 870,375
Ordinary deposits	1,086,522	1,054,999	10,844,624
Deposits at notice	68,046	82,601	679,173
Time deposits	1,504,489	1,455,364	15,016,367
Other deposits	141,070	165,958	1,408,033
Total	¥2,887,332	¥2,832,697	\$28,818,573

7. Common Stock

Common stock was as follows:

(1) Authorized: 400,000,000 shares no per value at March 31,

2008 and 2007

(2) Issued and

outstanding: 264,939,248 shares at March 31, 2008 and

2007

(3) Treasury stock: 1,736,350 shares at March 31, 2008

8. Capital Surplus and Legal Reserve

Under the Banking Law of Japan, an amount equivalent to at least 20 percent of cash dividends paid and other cash outflows from retained earnings must be appropriated to the legal reserve until such reserve and the capital surplus account equal 100 percent of the Bank's stated capital.

In the case that the sum of the capital surplus account and the legal reserve exceed 100 percent of the common stock account, then the amount of the excess is available for appropriation by resolution of the shareholders.

9. Amounts per Share

The computation of basic net income per share is based on the weighted average number of shares of common stock outstanding during each year.

Amounts per share of net assets are computed based on the number of shares of common stock outstanding at each balance sheet date, less treasury stock.

	Ye	U.S. dollars	
	2008	2007	2008
Net income	¥ 67.94	¥ 76.31	\$0.678
Net assets	690.17	673.40	6.888
Diluted net stock	¥ 67.83	¥ 76.16	\$0.677

10. Other Operating Income and Expenses

Other operating income and expenses for the years ended March 31, 2008 and 2007 were as follows:

	Mil	Thousands of U.S. dollars			
	2008	2	2007		800
Other operating income:					
Gain on foreign exchange transactions	¥ 16	6 ¥	126	\$	1,658
Gain on sales of bonds	12	128 88		1,286	
Gain on redemption of bonds	34	341 1,057		;	3,405
Other	_	_	20		_
Total	¥ 63	6 ¥	1,292	\$ 6,351	
Other operating expenses:					
Loss on sales of securities	¥	1 ¥	_	\$	17
Loss on sales of bonds		4	45		40
Loss on redemption of bonds	327 166		;	3,272	
Other	1,652 —		10	6,490	
Total	¥1,985 ¥ 211		\$19	9,821	

11. General and Administrative Expenses

General and administrative expenses for the years ended March 31, 2008 and 2007 were as follows:

	Millions	Thousands of U.S. dollars	
	2008	2007	2008
Salaries and allowances	¥14,268	¥13,639	\$142,412
Depreciation	3,501	3,193	34,946
Taxes	2,312	2,207	23,077
Other	20,061	18,820	200,236
Total	¥40,143	¥37,861	\$400,674

Accrued retirement benefits of directors and corporate auditors

A provision is made for accrued retirement benefits of directors and corporate auditors in an amount accrued at the end of the reporting period based on internal regulations.

(Changes in accounting standards)

Previously, the Bank expensed executive retirement benefits as they were incurred. However, due to the mandatory application of new accounting standards as stipulated in JICPA Audit and Assurance Practice Committee Report No. 42 dated April 13, 2007 for the period ended March 31, 2008 and subsequent terms, the Bank adopted the new accounting standards for the reporting period. The adoption of the new standards has caused ordinary expenses and extraordinary losses to increase by ¥161 million and ¥2,394 million, respectively, and ordinary profit and income before income taxes to decrease by ¥161 million and ¥2,555 million, respectively.

13. Reserve for possible losses on repayment of sleeping accounts

A provision is made for possible losses on repayment of sleeping accounts in the future in an amount deemed necessary, taking into account the Bank's historical refund record.

(Changes in accounting standards)

Previously, the Bank removed certain deposit accounts meeting the definition of sleeping accounts from liabilities, and posted gains in a corresponding amount and, upon claims on repayments of the deposits, expensed losses on repayment of deposits as they incurred. However, due to the mandatory application of the new accounting standards stipulated in JICPA Audit and Assurance Practice Committee Report No. 42 to the period ended March 31, 2008, the Bank has adopted the new accounting standards for the reporting period. The adoption of the new standards has caused other ordinary expenses and extraordinary losses to increase by ¥29 million and ¥267 million, respectively, and ordinary profit and income before income taxes to decrease by ¥29 million and ¥297 million, respectively.

