

SURUGA bank

Semi-Annual Report 2006

Corporate Data

As of October 31, 2006

Date of Establishment	October 19, 1895
Head Office	23, Tohriyoko-cho, Numazu, Shizuoka, Japan
Number of Branches and Offices	Domestic: 120
Paid-in Capital	30,043 million yen



Major markets

Shizuoka Prefecture
Kanagawa Prefecture
The Greater Tokyo Area

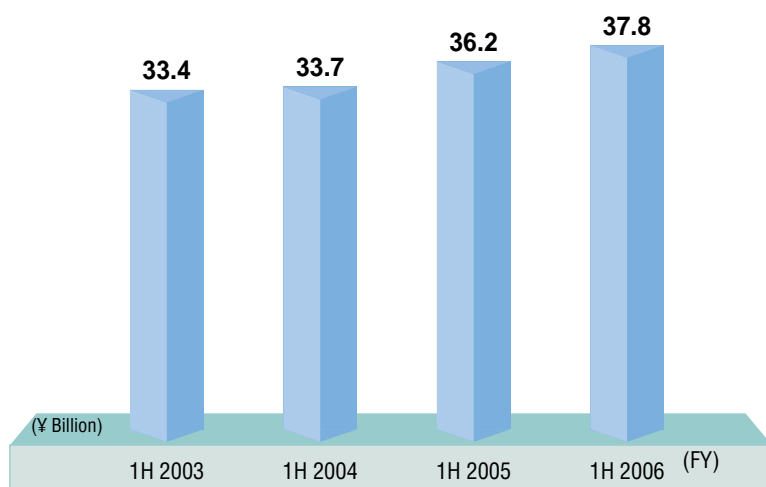
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Review of Operations (Non-consolidated)

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

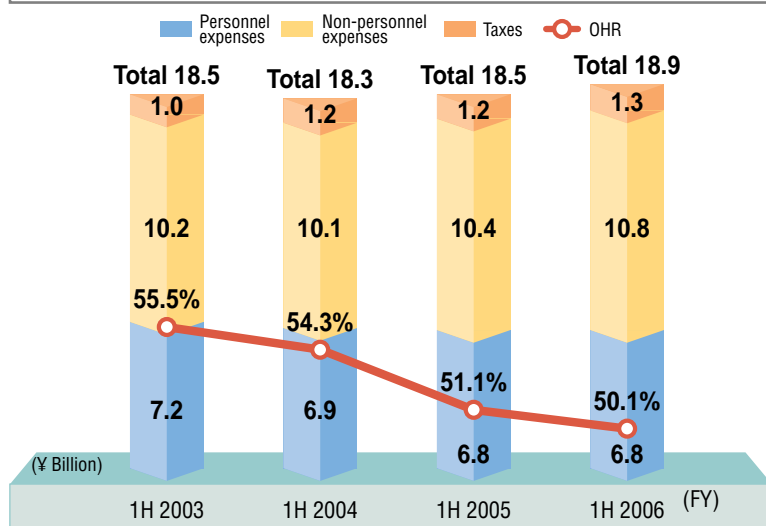
Gross Operating Income



Gross Operating Income

The gross operating income indicates the Bank's earnings from basic banking operations. This figure comprises three elements: Net Interest Income, which is based on interest payments on loans; Net Fees and Commissions; and Other Operating Income, which includes proceeds from foreign transactions. Thanks to an increase in net interest income due to steady growth in consumer loans, as well as the growth in sales of investment trusts as investment vehicles for individuals' assets due to increased marketing effort, Suruga Bank's gross operating income for the reporting six-month period increased by ¥1.5 billion over the same period of the previous year, to ¥37.8 billion.

Expenses & OHR (Overhead Ratio)

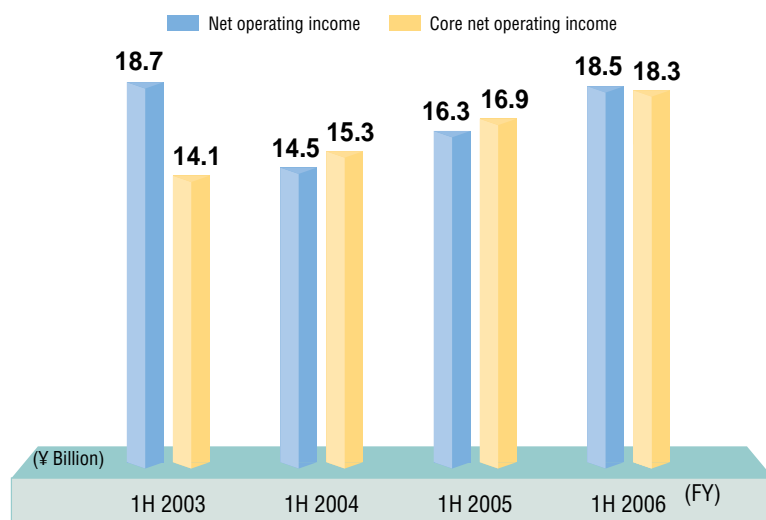


OHR (Overhead Ratio) = Expenses / Gross operating income

Expenses & OHR (Overhead Ratio)

Expenses increased by ¥400 million compared with the corresponding period of the previous year, as a result of increased marketing activities. The OHR, an indicator of efficiency, improved by 1.0 percentage point to 50.1%, as a result of an increase in the gross operating income.

Net Operating Income & Core Net Operating Income



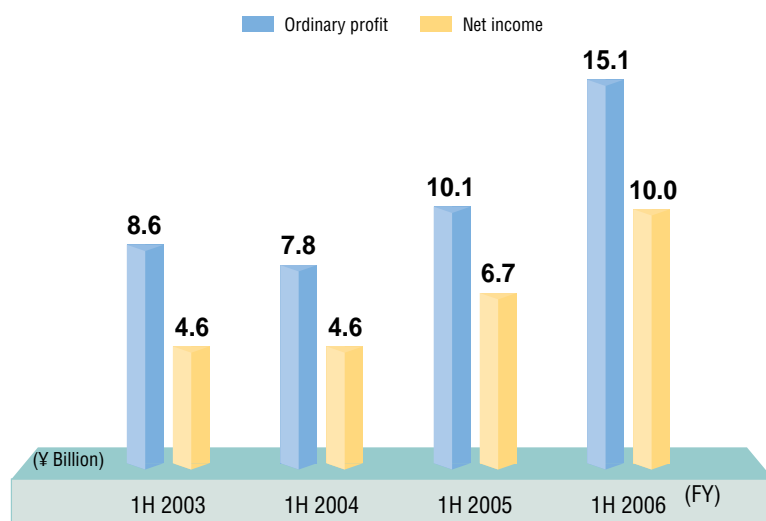
Net operating income = Gross operating income – Expenses – Transfer to general reserve for possible loan losses
 Core net operating income = Net operating income (before transfer to general reserve for possible loan losses)
 – Proceeds from bonds, including JGBs (5 accounts)

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 plus the general reserve for possible loan losses, after deduction of net proceeds from bond-related transactions.

Core net operating income for the reporting period increased by ¥1.3 billion year-on-year, principally as a result of an increase on core gross operating income. Net operating income registered a year-on-year growth of ¥2.1 billion.

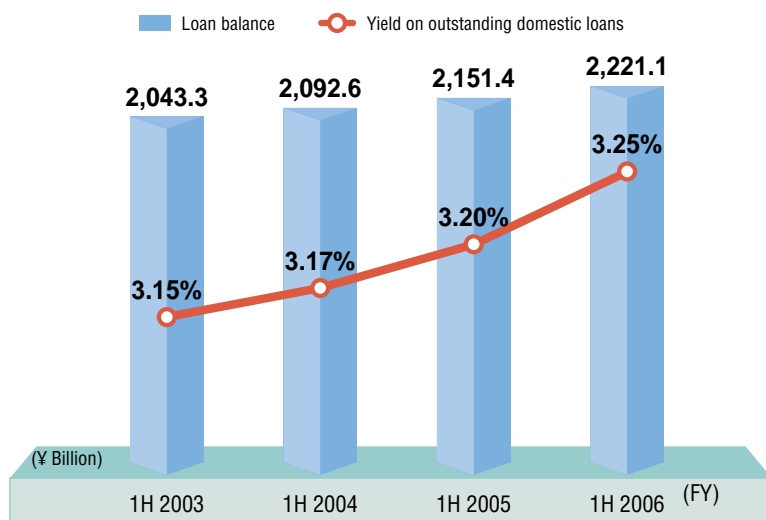
Ordinary Profit & Net Income



Ordinary Profit & Net Income

As a result of the abovementioned increase in net operating income, as well as a decline in credit costs, principally for the write-off of non-performing loans, ordinary profit posted a year-on-year growth of ¥4.9 billion. Net income for the six-month period was up by ¥3.2 billion over the same period of the previous year, as a result of the growth in ordinary profit and a ¥1.0 billion improvement in the extraordinary gain/loss account, among other factors.

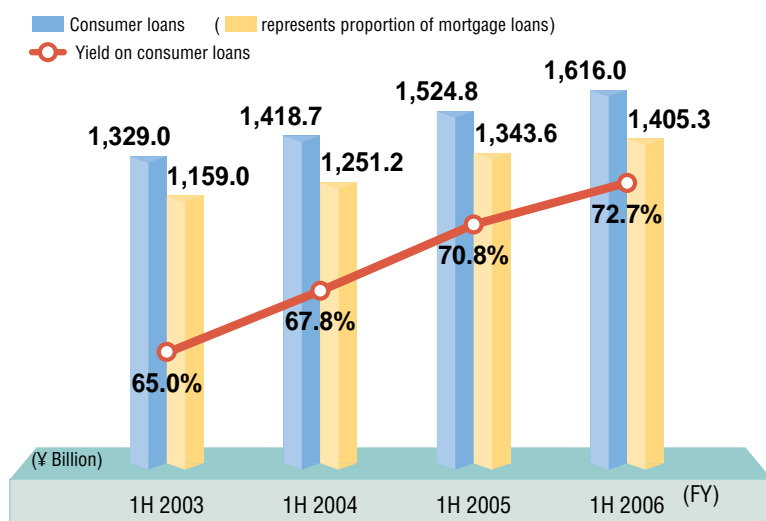
Loan Balance & Yield on Outstanding Domestic Loans



Loan Balance & Yield on Outstanding Domestic Loans

As a result of strong growth in consumer loans, the Bank's term-end loan balance increased by ¥69.6 billion to ¥2,221.1 billion. The yield on outstanding domestic loans was 3.25%, up 0.05 percentage point year-on-year.

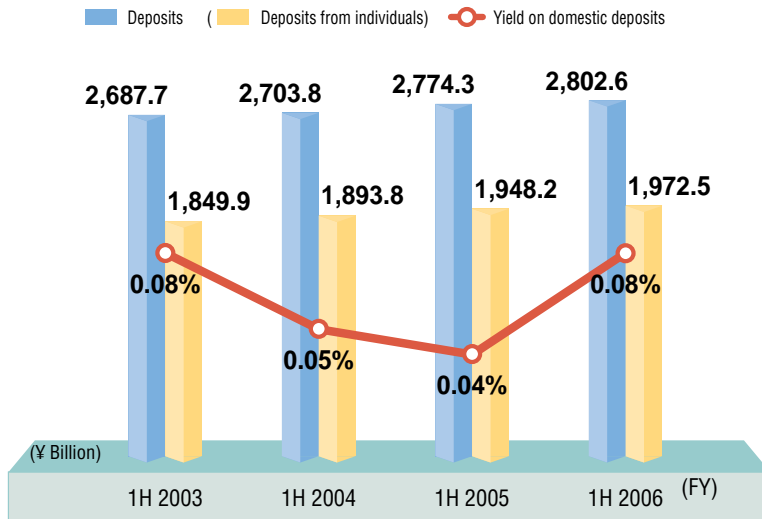
Consumer Loans



Consumer Loans

The term-end balance of consumer loans increased by ¥91.2 billion to ¥1,616.0 billion. The proportion of consumer loans as a percentage of all loans was up 1.9 percentage points at 72.7%.

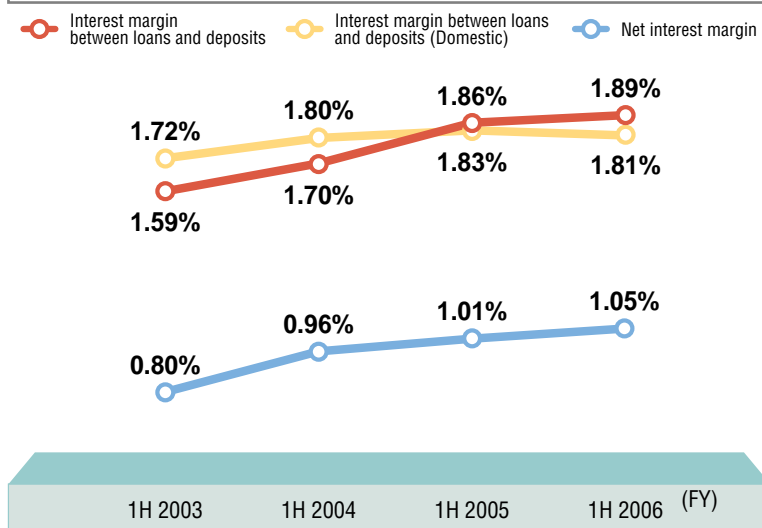
Deposits & Yield on Domestic Deposits



Deposits & Yield on Domestic Deposits

The balance of deposits at the end of the six-month period stood at ¥2,802.6 billion, a year-on-year increase of ¥28.2 billion. This rise was due chiefly to an increase in deposits from individuals. Deposits from individuals continued to grow smoothly and the balance of individuals' deposits came to ¥1,972.5 billion, representing a year-on-year growth of ¥24.2 billion.

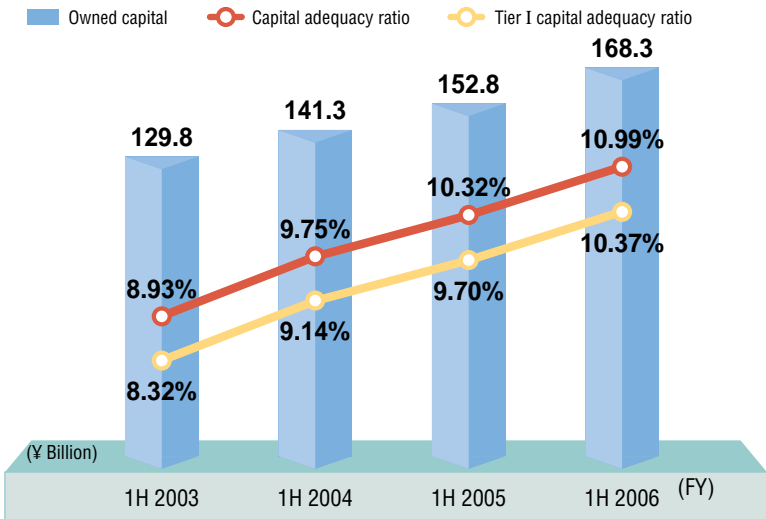
Interest Margin between Loans and Deposits & Net Interest Margin



Interest Margin between Loans and Deposits & Net Interest Margin

The interest margin between loans and deposits is calculated by subtracting the yield on deposits and the expense ratio from the yield on outstanding loans. Despite a rise in the expense ratio due to increased marketing activities, and a rise in the interest payable on deposits (resulting from the Bank of Japan's abandonment of its de facto zero interest policy), an even larger rise in interest rates charged on loans has pushed up the overall interest margin between loans and deposits by 0.03 percentage point, to 1.89%. The net interest margin (the difference between the yield on total managed funds and total procured funds) rose by 0.04 percentage point, to 1.05%.

Owned Capital & Capital Adequacy Ratio (Domestic Standard)

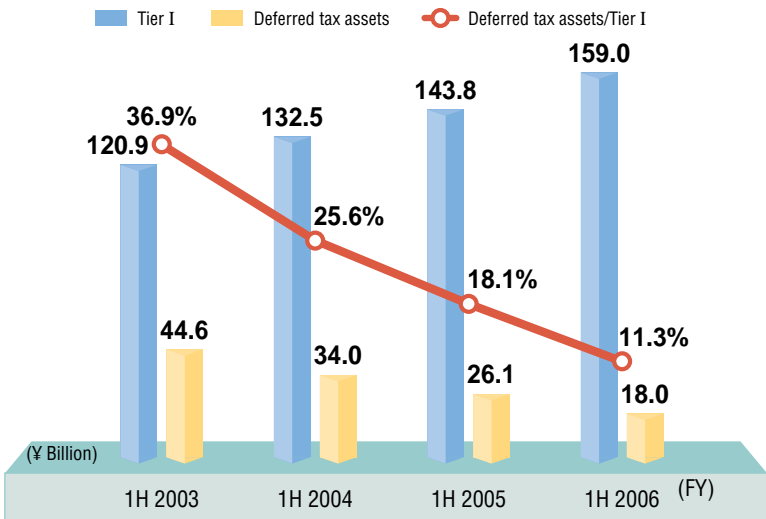


Capital adequacy ratio = [Owned Capital (Basic items + Supplementary items) / Risk assets] X 100
 Tier I capital adequacy ratio = [Owned Capital (Basic items: Tier I) / Risk assets] X 100

Owned Capital & Capital Adequacy Ratio (Domestic Standard)

The Bank's owned capital comprises Tier I capital (including its capital stock, surpluses, and reserves) and Tier II capital (including the general reserve for possible loan losses). With an increase in internal reserves, the Bank's capital adequacy ratio at the end of this six-month period stood at 10.99%, up 0.67 percentage point year-on-year. Only the maximum amount for the reserve for possible loan losses is recorded as a Tier II item in our statements, with qualifying capital and gains on the revaluation of land not recorded.

Status of Tier I and Deferred Tax Assets



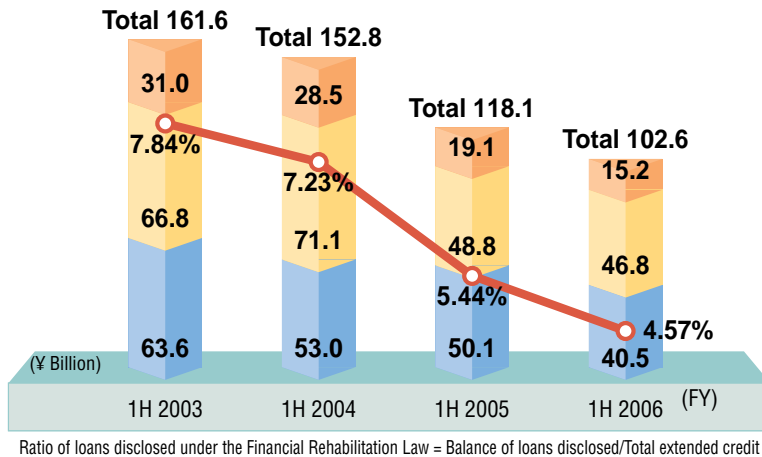
Status of Tier I and Deferred Tax Assets

As a result of a ¥15.1 billion increase in Tier I capital and a ¥8.1 billion decrease in deferred tax assets, the ratio of deferred tax assets to Tier I capital fell 6.8 points to 11.3%, showing qualitative improvement in capital adequacy. A figure is recorded for deferred tax assets that represents anticipated future returns on taxes already paid.

Status of Non-Performing Loans

Balance and Ratio of Loans Disclosed under the Financial Rehabilitation Law

■ Substandard claims
 ■ Doubtful claims
 ■ Bankrupt and substantially bankrupt claims
○ Ratio of loans disclosed under the Financial Rehabilitation Law

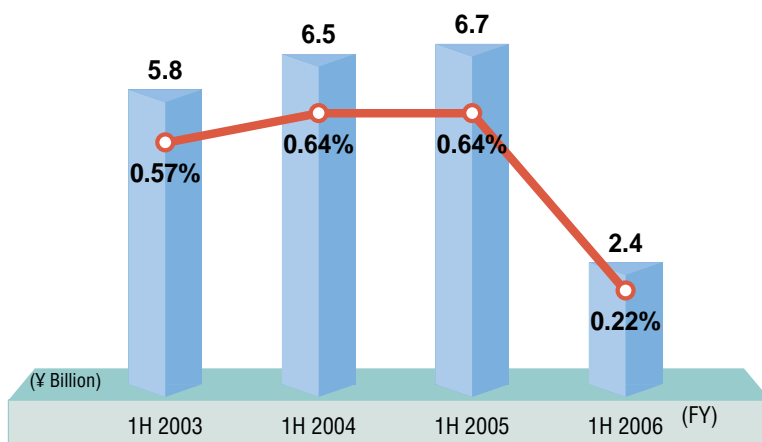


Balance and Ratio of Loans Disclosed under the Financial Rehabilitation Law

The non-consolidated balance of loans disclosed in accordance with the disclosure standards provided for under the Financial Rehabilitation Law decreased ¥15.4 billion year-on-year to ¥102.6 billion. Of this total, bankrupt and substantially bankrupt claims accounted for ¥15.2 billion, doubtful claims accounted for ¥46.8 billion, and substandard claims amounted to ¥40.5 billion of the total. The ratio of claims subject to mandatory disclosure to total extended credit was down 0.87 of a percentage point year-on-year, at 4.57% at the end of the reporting period.

Actual Credit Cost

■ Actual credit cost
 ○ Ratio of actual credit cost to average loan balance



Actual credit cost = transfer to general reserve + amount for non-performing loan disposal - collection of claims written off
 Ratio of actual credit cost to average loan balance = actual credit cost divided by average loan balance

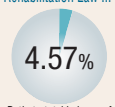
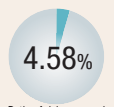
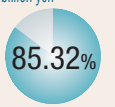
Actual Credit Cost

Actual credit cost for first half of fiscal 2006 decreased by ¥4.2 billion from the same period of the previous year, to stand at ¥2.4 billion. Credit costs accounted for 0.22% of the average loan balance, down 0.42 of a percentage point from the corresponding period of the previous year.

(As of September 30, 2006)

Disclosure of Problem Assets

(Billions of yen)

Classification under Self-Assessment Target: Total balance of extended credit		Problem Assets Based on the Financial Rehabilitation Law Target: Total balance of extended credit, except substandard claims(only loans are counted in.)				Risk-Managed Loans Target: Loans		
			Covered by collateral and guarantees	Covered by reserves	Coverage ratio			
Legally bankrupt borrowers	2.8	Bankrupt and Substantially Bankrupt Claims	11.3	3.8	100%	Loans to bankrupt borrowers	2.4	
Substantially bankrupt borrowers	12.4					15.2	Loans past due	58.7
Potentially bankrupt borrowers	46.8	Doubtful Claims	28.9	14.8	93.38%	Past due for 3 months or longer	1.2	
Borrowers requiring caution	Borrowers under supervision	61.0	Substandard Claims	21.2	7.3	70.51%	Restructured loans	39.2
	Other borrowers requiring caution	195.3					40.5	Total
Sub-total		102.6	61.5	26.0	85.32%	Total		
Normal borrowers	1,923.4	Normal assets	2,139.3	Loans disclosed in accordance with the Financial Rehabilitation Law ... 102.6 billion yen  4.57% Ratio to total balance of extended credit		Risk-managed loans to total loans ...101.8 billion yen  4.58% Ratio of risk-managed loans to total loans		
Total	2,241.9	Total	2,241.9					 85.32% Coverage ratio

Total balance of extended credit: Loans, Customers' Liabilities for Acceptances and Guarantees, Foreign exchange, Securities loaned, Suspense payments on loans, Accrued loan interests.

Classifications of Borrowers under Self-Assessment

Legally bankrupt borrowers:	Borrowers who have been legally or formally declared bankrupt.
Substantially bankrupt borrowers:	Borrowers who have not been legally or formally declared bankrupt, but who are suffering from serious management difficulties with no prospect of revitalization, and are therefore substantially bankrupt.
Potentially bankrupt borrowers:	Borrowers who are not bankrupt, but who are suffering from management difficulties, who have not made progress with business improvement plans, and who are found to have a rather high risk of bankruptcy in the future.
Borrowers requiring caution:	Borrowers with problematic lending conditions such as interest waivers and the like, borrowers who are having problems fulfilling their obligations and who are already in arrears for repayments of principal or interest, borrowers facing poor or unstable business conditions, and borrowers with a problematic financial status are those that require future caution.
Borrowers under supervision:	Those borrowers - within the category of borrowers requiring caution - who are three or more months in arrears or have had loans restructured (Borrowers whose loans in part or in full constitute loans requiring supervision under the Financial Rehabilitation Law.)
Other borrowers requiring caution:	Borrowers requiring caution other than those classified as substandard.
Normal borrowers:	Borrowers whose business results are favorable and who are found not to have any particular problems in terms of their financial status.

Overview of Write-offs and Reserves under Self-Assessment

Legally bankrupt borrowers and substantially bankrupt borrowers:	The amount remaining after the deduction of the amount of collateral considered to be disposable and the amount recoverable under guarantees from the loan balance is either written off or is recorded as a reserve for bad debt.
Potentially bankrupt borrowers:	A portion of the reserve as deemed necessary is provided based on the amount remaining after deduction of the amount of collateral considered to be disposable and the amount recoverable under guarantees after giving full consideration to the percentage of actual defaults over a fixed period in the past.
Borrowers requiring caution (Borrowers under supervision and other borrowers requiring caution):	Based on the predicted loss ratio where any necessary adjustments for future expectations have been incorporated into an appropriate loan loss ratio calculated for the average remaining period, the anticipated loss over the next three years in the case of substandard borrowers, and over the next one year in the case of other borrowers, are recorded as a general reserve for possible loan losses.
Normal borrowers:	Based on the predicted loss ratio where any necessary adjustments for future expectations have been incorporated into an appropriate loan loss ratio calculated for the average remaining period, the anticipated loss over the next one year is recorded as a general reserve for possible loan losses.

Consolidated Balance Sheets (Unaudited)

Suruga Bank Ltd. and consolidated subsidiaries

As of September 30,	Millions of yen			Thousands of U.S. dollars
	2006	2005	Change from 2005	2006
ASSETS:				
Cash and Due from Banks	55,040	67,742	(12,702)	466,844
Call Loans and Bills Bought	180,967	230,770	(49,803)	1,534,923
Monetary Claims Bought	396	405	(9)	3,359
Trading Account Securities	237	399	(162)	2,013
Money Held in Trust	2,122	2,218	(96)	18,001
Securities	479,471	442,248	37,223	4,066,760
Loans and Bills Discounted	2,216,793	2,146,628	70,165	18,802,316
Foreign Exchanges	3,313	2,049	1,264	28,107
Other Assets	31,426	26,034	5,392	266,552
Premises and Equipment	—	52,516	—	—
Property, Plant and Equipment	42,457	—	—	360,116
Intangible Fixed Assets	11,303	—	—	95,872
Deferred Tax Assets	18,704	26,926	(8,222)	158,650
Customers' Liabilities for Acceptances and Guarantees	7,568	8,121	(553)	64,194
Reserve for Possible Loan Losses	(38,293)	(40,237)	1,944	(324,793)
Total Assets	3,011,510	2,965,824	45,686	25,542,920
LIABILITIES, MINORITY INTEREST AND STOCKHOLDERS' EQUITY:				
Liabilities				
Deposits	2,801,755	2,773,180	28,575	23,763,825
Call Money and Bills Sold	2,358	—	2,358	20,000
Borrowed Money	9,117	9,024	93	77,334
Foreign Exchanges	21	9	12	185
Other Liabilities	22,861	23,026	(165)	193,906
Reserve for Employees' Bonus	547	542	5	4,643
Reserve for Employee Retirement Benefits	222	395	(173)	1,886
Reserves under Special Laws	0	0	—	0
Acceptances and Guarantees	7,568	8,121	(553)	64,194
Total Liabilities	2,844,452	2,814,299	30,153	24,125,975
Net Assets				
Common Stock	30,043	—	—	254,819
Capital Surplus	18,640	—	—	158,106
Retained Earnings	114,699	—	—	972,855
Treasury Stock	(3,746)	—	—	(31,775)
Total Stockholders' Equity	159,637	—	—	1,354,006
Net Unrealized Gains (Losses) on Securities, Net of Taxes	7,055	—	—	59,840
Gains on Deferred Hedge	3	—	—	28
Total Valuation and Translation Adjustments	7,058	—	—	59,868
Share Warrant	17	—	—	145
Minority Interests	344	—	—	2,924
Total Net Assets	167,057	—	—	1,416,945
Total Liabilities and Net Assets	3,011,510	—	—	25,542,920
Minority Interest	—	300	—	—
Stockholders' Equity				
Common Stock	—	30,043	—	—
Capital Surplus	—	18,585	—	—
Retained Earnings	—	99,282	—	—
Net Unrealized Gains (Losses) on Securities, Net of Taxes	—	7,656	—	—
Treasury Stock	—	(4,344)	—	—
Total Stockholders' Equity	—	151,223	—	—
Total Liabilities, Minority Interest and Stockholders' Equity	—	2,965,824	—	—

Notes: 1. Figures less than 1 million yen are omitted.

2. Figures stated in U.S. dollars in this report are translated from Japanese yen, solely for convenience, at the rate of ¥117.90 per 1 U.S. dollar, the rate prevailing at September 30, 2006.

Consolidated Statements of Income (Unaudited)

Suruga Bank Ltd. and consolidated subsidiaries

For the Six Months Ended September 30,	Millions of yen			Thousands of U.S. dollars
	2006	2005	Change from 2005	2006
Ordinary Income	51,076	47,786	3,290	433,222
Interest Income	39,928	36,955	2,973	338,662
Interest on Loans and Discounts	37,377	35,103	2,274	317,023
Interest and Dividends on Securities	1,691	1,696	(5)	14,343
Fees and Commissions	6,943	6,174	769	58,896
Other Operating Income	3,521	4,088	(567)	29,871
Other Income	682	568	114	5,791
Ordinary Expenses	35,505	37,380	(1,875)	301,148
Interest Expenses	4,732	3,153	1,579	40,142
Interest on Deposits	1,815	786	1,029	15,398
Fees and Commissions	3,549	3,206	343	30,103
Other Operating Expenses	2,533	2,676	(143)	21,485
General and Administrative Expenses	19,506	19,184	322	165,451
Other Expenses	5,183	9,159	(3,976)	43,966
Ordinary Profits	15,571	10,406	5,165	132,073
Extraordinary Profits	1,388	771	617	11,777
Extraordinary Losses	82	547	(465)	698
Income before Income Taxes and Others	16,877	10,631	6,246	143,153
Provision for Income Taxes and Others	6,955	3,526	3,429	58,994
Deferred Income Taxes	(343)	211	(554)	(2,911)
Minority Interest	88	45	43	752
Net Income	10,176	6,848	3,328	86,316

Notes: 1. Figures less than 1 million yen are omitted.

2. Figures stated in U.S. dollars in this report are translated from Japanese yen, solely for convenience, at the rate of ¥117.90 per 1 U.S. dollar, the rate prevailing at September 30, 2006.

Consolidated Statement 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, 2006	30,043	18,640	105,886	(3,854)	150,716
Change in the Six Months					
Cash Dividends			(1,300)		(1,300)
Bonus for Directors and Corporate Auditors			(50)		(50)
Net Income			10,176		10,176
Repurchase of Own Shares				(86)	(86)
Disposal of Treasury Shares			(13)	169	156
Changes in Own Shares Held by Consolidated Subsidiaries				24	24
Net Change in the Items Other than Stockholder's Equity in the Six Months					
Total	—	—	8,813	107	8,921
Balance at September 30, 2006	30,043	18,640	114,699	(3,746)	159,637

	Millions of yen					
	Valuation and Translation Adjustments					
	Net Unrealized Gains on Other Securities	Gains on Deferred Hedge	Total Valuation and Translation Adjustments	Share Warrant	Minority Interests	Total Net Assets
Balance at March 31, 2006	7,306	—	7,306	—	306	158,329
Change in the Six Months						
Cash Dividends						(1,300)
Bonus for Directors and Corporate Auditors						(50)
Net Income						10,176
Repurchase of Own Shares						(86)
Disposal of Treasury Shares						156
Changes in Own Shares Held by Consolidated Subsidiaries					(24)	—
Net Change in the Items Other than Stockholder's Equity in the Six Months	(251)	3	(248)	17	62	(168)
Total	(251)	3	(248)	17	38	8,727
Balance at September 30, 2006	7,055	3	7,058	17	344	167,057

Note: Figures less than 1 million yen are omitted.

Consolidated Statement of Changes in Net Assets (Unaudited)

Suruga Bank Ltd. and consolidated subsidiaries

	Thousands of U.S. dollars				
	Stockholders' Equity				
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Stockholders' Equity
Balance at March 31, 2006	254,819	158,106	898,103	(32,690)	1,278,339
Change in the Six Months					
Cash Dividends			(11,027)		(11,027)
Bonus for Directors and Corporate Auditors			(424)		(424)
Net Income			86,316		86,316
Repurchase of Own Shares				(731)	(731)
Disposal of Treasury Shares			(112)	1,440	1,327
Changes in Own Shares Held by Consolidated Subsidiaries				206	206
Net Change in the Items Other than Stockholder's Equity in the Six Months					
Total	—	—	74,752	915	75,667
Balance at September 30, 2006	254,819	158,106	972,855	(31,775)	1,354,006

	Thousands of U.S. dollars					
	Valuation and Translation Adjustments					
	Net Unrealized Gains on Other Securities	Gains on Deferred Hedge	Total Valuation and Translation Adjustments	Share Warrant	Minority Interests	Total Net Assets
Balance at March 31, 2006	61,975	—	61,975	—	2,602	1,342,917
Change in the Six Months						
Cash Dividends						(11,027)
Bonus for Directors and Corporate Auditors						(424)
Net Income						86,316
Repurchase of Own Shares						(731)
Disposal of Treasury Shares						1,327
Changes in Own Shares Held by Consolidated Subsidiaries					(206)	—
Net Change in the Items Other than Stockholder's Equity in the Six Months	(2,135)	28	(2,106)	145	528	(1,432)
Total	(2,135)	28	(2,106)	145	322	74,028
Balance at September 30, 2006	59,840	28	59,868	145	2,924	1,416,945

Notes: 1. Figures less than 1 million yen are omitted.

2. Figures stated in U.S. dollars in this report are translated from Japanese yen, solely for convenience, at the rate of ¥117.90 per 1 U.S. dollar, the rate prevailing at September 30, 2006.

Non-Consolidated Balance Sheets (Unaudited)

Suruga Bank Ltd.

As of September 30,	Millions of yen			Thousands of U.S. dollars
	2006	2005	Change from 2005	2006
ASSETS:				
Cash and Due from Banks	54,796	66,937	(12,141)	464,768
Call Loans	180,967	230,770	(49,803)	1,534,923
Monetary Claims Bought	396	405	(9)	3,359
Trading Account Securities	237	399	(162)	2,013
Money Held in Trust	2,122	2,218	(96)	18,001
Securities	478,787	441,430	37,357	4,060,960
Loans and Bills Discounted	2,221,138	2,151,454	69,684	18,839,174
Foreign Exchanges	3,313	2,049	1,264	28,107
Other Assets	23,142	19,069	4,073	196,290
Premises and Equipment	—	41,735	—	—
Property, Plant and Equipment	33,261	—	—	282,112
Intangible Fixed Assets	10,080	—	—	85,497
Deferred Tax Assets	18,044	26,156	(8,112)	153,052
Customers' Liabilities for Acceptances and Guarantees	7,574	8,127	(553)	64,245
Reserve for Possible Loan Losses	(36,074)	(38,254)	2,180	(305,972)
Total Assets	2,997,788	2,952,499	45,289	25,426,535
LIABILITIES AND STOCKHOLDERS' EQUITY:				
Liabilities				
Deposits	2,802,610	2,774,360	28,250	23,771,081
Call Money	2,358	—	2,358	20,000
Foreign Exchanges	21	9	12	185
Other Liabilities	17,274	17,035	239	146,520
Reserve for Employees' Bonus	499	508	(9)	4,239
Reserve for Employee Retirement Benefits	79	263	(184)	673
Reserves under Special Laws	0	0	—	0
Acceptances and Guarantees	7,574	8,127	(553)	64,245
Total Liabilities	2,830,419	2,800,305	30,114	24,006,946
Net Assets				
Common Stock	30,043	—	—	254,819
Capital Surplus	18,585	—	—	157,640
Capital Surplus Reserve	18,585	—	—	157,640
Retained Earnings	113,638	—	—	963,855
Earned Surplus Reserve	30,043	—	—	254,819
Other Earned Surplus Reserve	83,595	—	—	709,036
Reserve for Employee Retirement Benefits	840	—	—	7,124
Other Reserve	70,032	—	—	593,996
Balance of Profit to be Carried Forward	12,723	—	—	107,914
Treasury Stock	(1,960)	—	—	(16,629)
Total Stockholders' Equity	160,307	—	—	1,359,687
Net Unrealized Gains on Other Securities	6,996	—	—	59,343
Gains on Deferred Hedge	48	—	—	412
Total Valuation and Translation Adjustments	7,045	—	—	59,755
Share Warrant	17	—	—	145
Total Net Assets	167,369	—	—	1,419,588
Total Liabilities and Net Assets	2,997,788	—	—	25,426,535
Stockholders' Equity				
Common Stock	—	30,043	—	—
Capital Surplus	—	18,585	—	—
Capital Surplus Reserve	—	18,585	—	—
Retained Earnings	—	98,342	—	—
Earned Surplus Reserve	—	30,043	—	—
Voluntary Reserves	—	59,872	—	—
Unappropriated Profits at the End of the Term	—	8,427	—	—
Net Unrealized Gains (Losses) on Securities, Net of Taxes	—	7,585	—	—
Treasury Stock	—	(2,362)	—	—
Total Stockholders' Equity	—	152,194	—	—
Total Liabilities and Stockholders' Equity	—	2,952,499	—	—

Notes: 1. Figures less than 1 million yen are omitted.

2. Figures stated in U.S. dollars in this report are translated from Japanese yen, solely for convenience, at the rate of ¥117.90 per 1 U.S. dollar, the rate prevailing at September 30, 2006.

Non-Consolidated Statements of Income (Unaudited)

Suruga Bank Ltd.

For the Six Months Ended September 30,	Millions of yen			Thousands of U.S. dollars
	2006	2005	Change from 2005	2006
Ordinary Income	47,214	43,569	3,645	400,462
Interest Income	39,232	36,221	3,011	332,759
Interest on Loans and Discounts	36,683	34,372	2,311	311,144
Interest and Dividends on Securities	1,688	1,693	(5)	14,325
Fees and Commissions	6,574	5,878	696	55,766
Other Operating Income	726	900	(174)	6,164
Other Income	680	568	112	5,771
Ordinary Expenses	32,065	33,394	(1,329)	271,976
Interest Expenses	4,766	3,147	1,619	40,425
Interest on Deposits	1,815	786	1,029	15,398
Fees and Commissions	3,822	3,541	281	32,417
Other Operating Expenses	113	66	47	964
General and Administrative Expenses	18,989	18,544	445	161,067
Other Expenses	4,374	8,095	(3,721)	37,101
Ordinary Profits	15,148	10,174	4,974	128,486
Extraordinary Profits	1,383	755	628	11,735
Extraordinary Losses	81	536	(455)	689
Income before Income Taxes and Others	16,450	10,393	6,057	139,531
Provision for Income Taxes and Others	6,854	3,193	3,661	58,135
Deferred Income Taxes	(407)	401	(808)	(3,452)
Net Income	10,003	6,799	3,204	84,848

Notes: 1. Figures less than 1 million yen are omitted.

2. Figures stated in U.S. dollars in this report are translated from Japanese yen, solely for convenience, at the rate of ¥117.90 per 1 U.S. dollar, the rate prevailing at September 30, 2006.

Non-Consolidated Statement of Changes in Net Assets (Unaudited)

Suruga Bank Ltd.

	Millions of yen						
	Stockholders' Equity						
	Capital Surplus		Retained Earnings				
	Capital Stock	Capital Surplus Reserve	Earned Surplus Reserve	Other Capital Surplus			Total Retained Earnings
Reserve for Retirement Benefits				Reserve	Retained Earnings Brought Forward		
Balance at March 31, 2006	30,043	18,585	30,043	840	59,032	15,097	105,013
Change in the Six Months							
Cash Dividends						(1,314)	(1,314)
Bonus for Directors and Corporate Auditors						(50)	(50)
Net Income						10,003	10,003
Provision to Voluntary Reserves					11,000	(11,000)	—
Repurchase of Own Shares							
Disposal of Treasury Shares						(13)	(13)
Net Change in the Items Other than Stockholder's Equity in the Six Months							
Total	—	—	—	—	11,000	(2,374)	8,625
Balance at September 30, 2006	30,043	18,585	30,043	840	70,032	12,723	113,638

	Millions of yen						
	Stockholders' Equity		Valuation and Translation Adjustments				
	Treasury Stock	Total Stockholders' Equity	Net Unrealized Gains (Losses) on Available-for-sale Securities	Gains (Losses) on Deferred Hedge	Total Valuation and Translation Adjustments	Share Warrant	Total Net Assets
Balance at March 31, 2006	(2,044)	151,598	7,202	—	7,202	—	158,800
Change in the Six Months							
Cash Dividends		(1,314)					(1,314)
Bonus for Directors and Corporate Auditors		(50)					(50)
Net Income		10,003					10,003
Provision to Voluntary Reserves		—					—
Repurchase of Own Shares	(86)	(86)					(86)
Disposal of Treasury Shares	169	156					156
Net Change in the Items Other than Stockholder's Equity in the Six Months			(205)	48	(156)	17	(139)
Total	83	8,709	(205)	48	(156)	17	8,569
Balance at September 30, 2006	(1,960)	160,307	6,996	48	7,045	17	167,369

Note: Figures less than 1 million yen are omitted.

Non-Consolidated Statement of Changes in Net Assets (Unaudited)

Suruga Bank Ltd.

	Thousands of U.S. dollars						
	Stockholders' Equity						
	Capital Surplus		Retained Earnings				
	Capital Stock	Capital Surplus Reserve	Earned Surplus Reserve	Other Capital Surplus			Total Retained Earnings
Reserve for Retirement Benefits				Reserve	Retained Earnings Brought Forward		
Balance at March 31, 2006	254,819	157,640	254,819	7,124	500,697	128,055	890,696
Change in the Six Months							
Cash Dividends						(11,152)	(11,152)
Bonus for Directors and Corporate Auditors						(424)	(424)
Net Income						84,848	84,848
Provision to Voluntary Reserves					93,299	(93,299)	—
Repurchase of Own Shares							
Disposal of Treasury Shares						(112)	(112)
Net Change in the Items Other than Stockholder's Equity in the Six Months							
Total	—	—	—	—	93,299	(20,140)	73,158
Balance at September 30, 2006	254,819	157,640	254,819	7,124	593,996	107,914	963,855

	Thousands of U.S. dollars						
	Stockholders' Equity		Valuation and Translation Adjustments				
	Treasury Stock	Total Stockholders' Equity	Net Unrealized Gains (Losses) on Available-for-sale Securities	Gains (Losses) on Deferred Hedge	Total Valuation and Translation Adjustments	Share Warrant	Total Net Assets
Balance at March 31, 2006	(17,337)	1,285,819	61,086	—	61,086	—	1,346,905
Change in the Six Months							
Cash Dividends		(11,152)					(11,152)
Bonus for Directors and Corporate Auditors		(424)					(424)
Net Income		84,848					84,848
Provision to Voluntary Reserves		—					—
Repurchase of Own Shares	(731)	(731)					(731)
Disposal of Treasury Shares	1,440	1,327					1,327
Net Change in the Items Other than Stockholder's Equity in the Six Months			(1,742)	412	(1,330)	145	(1,185)
Total	708	73,867	(1,742)	412	(1,330)	145	72,682
Balance at September 30, 2006	(16,629)	1,359,687	59,343	412	59,755	145	1,419,588

Notes: 1. Figures less than 1 million yen are omitted.

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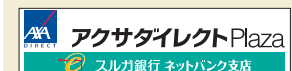
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