❶ Basis of Presentation

The consolidated financial statements of The Dai-Ichi Kangyo Bank, Limited (DKB) and its consolidated subsidiaries have been prepared in accordance with generally accepted accounting principles in Japan* and filed with the Ministry of Finance as required by the Securities and Exchange Law of Japan.

The accompanying consolidated financial statements have been rearranged, and Notes thereto have been rearranged and added for the convenience of readers outside of Japan.

All monetary amounts are principally stated in millions of yen, and are rounded down to the nearest million. Accordingly, the total figure of each account may not be equal to the sum of the individual items.

DKB maintains its records and prepares its financial statements in Japanese yen. U.S. dollar amounts are presented solely for convenience and should not be construed to represent the actual value in Japanese yen that has been or could have been converted into U.S. dollars. The rate used for the U.S. dollar amounts in the accompanying financial statements is ¥106.15 to US$1, the rate of exchange on March 31, 2000.

*Generally accepted accounting principles in Japan may differ to some degree from accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

❷ Significant Accounting Policies

① Principles of Consolidated Accounting

(1) Scope of Consolidated Accounting

(a) Number of Consolidated Subsidiaries: 50

DKB Securities Co., Ltd.
Dai-Ichi Kangyo Bank Europe N.V.
Chekiang First Bank Ltd. etc.

Kankaku Securities Co., Ltd. and four other companies are newly consolidated along with the new establishment and the additional acquisition.

Note that DKB Securities (USA) Corporation was excluded because of its liquidation.

(b) Non-consolidated Subsidiaries

ONKD, Inc. etc.

The non-consolidated subsidiaries are excluded from the consolidation because they do not have a material impact on the analysis of the financial position of the corporate group when viewed in terms of consolidated total assets, consolidated net income (as accounted for by the Equity Method), and consolidated retained earnings (as accounted for by the Equity Method), as such exclusion does not hinder the rational assessment of the business performance of the corporate group.

(2) Application of the Equity Method of Consolidated Accounting

(a) Number of companies accounted for by the Equity Method: 14

The CIT Group, Inc.
Dai-Ichi Kangyo Fuji Trust & Banking Co., Ltd. etc.

(b) Non-consolidated Subsidiaries and Affiliates to which the Equity Method is not applied

ONKD, Inc.
Valley Forge Convention Center, Inc. etc.

These subsidiaries and affiliates are not accounted for by the Equity Method, because their net income (as accounted for by the Equity Method) and retained earnings (as accounted for by the Equity Method) do not have a material impact on the DKB's consolidated financial statements.

(c) Companies that are not included as Affiliated Companies even though DKB owns 20/100 or more and 50/100 or less of the concerned company's voting right at its own calculation.

PAL Computer Service Co., Ltd.

The aforementioned company is not included as an Affiliate because DKB does not exert material influence on the company. The company has already ceased operating, has nearly completed disposing of its assets under administrator supervision, and has essentially completed its liquidation proceedings.

(3) Fiscal Years of Consolidated Subsidiaries

Fiscal year-ends of consolidated subsidiaries are as follows:

October 31	1 company
December 31	31 companies
March 31	17 companies
June 30	1 company

For the consolidated subsidiaries closing their accounts on June 30 or October 31, the provisional closing of accounts of those companies on December 31, 1999, and January 31, 2000, respectively, has been employed in preparing DKB's consolidated accounts. For other consolidated subsidiaries, the accounts for their respective fiscal years, as noted above, have been employed. Significant transactions between the date of the closing of accounts and the date for the consolidated closing of accounts have been taken into consideration.

② Accounting Criteria

(1) Trading Account

Criteria for Evaluating Trading Account Assets and Liabilities and Related Income and Expenses

Assets and liabilities related to trading transactions are recognized on a contract day basis in Trading Account Assets and Trading Account Liabilities, and Profit and Losses from trading transactions are recognized on the contract date and included in Trading Income and Trading Expenses. Trading transactions are defined as: transactions where the purpose is to realize a profit on the short-term movement of interest rates, currency prices, prices and other indices pertaining to the securities markets, and from differentials between markets and others.

Trading Account Assets and Trading Account Liabilities are marked to market on the last business day of the fiscal year. Trading Income and Trading Expenses include interest received/paid during the related term and the increase or decrease between the prior book closing day and latest book closing day of the fair market value of the securities, money claims, and derivatives.

(2) Securities

Securities of DKB are carried at cost, determined by the moving average method. Moreover, the same method is applied to valuation of securities that are held as trust assets in individually managed money trusts with the principal objective of securities portfolio management. Securities held by the consolidated subsidiaries are principally stated at cost.

(3) Depreciation of Premises and Equipment

The methods used to depreciate different kinds of assets of DKB are as follows:

Buildings:	Straight-line method, based on the rates in the Corporation Tax Law of Japan.
Equipment:	Declining-balance method, based on the rates in the Corporation Tax Law of Japan.
Other:	As provided by the Corporation Tax Law of Japan.

The straight-line method is principally applied in computing depreciation of equipment and real estate of consolidated subsidiaries based on the estimated useful lives of such equipment.

(4) Depreciation of Software

For software used internally, DKB and consolidated subsidiaries compute depreciation using the straight-line method based on useful lives set according to the estimated period of usefulness (usually five years).

Thus far, software used internally has been included among Other Assets. This accounting treatment has been continued for the fiscal year under review under the interim provisions contained in Guidelines for Accounting for Research and Development Expenses and Software issued in Volume 12 of the *Report of the Accounting System Committee of the Japanese Institute of Certified Public Accountants,* issued March 31, 1999. Although the guidelines contained in this latter report recommend that the value of such software be shown under intangible fixed assets, it has been included in Other Assets as in previous financial statements, under the Rules for Implementation of the Banking Law (Ministry of Finance's Ordinance No. 10, issued 1982).

(5) Reserve for Possible Loan Losses

DKB and its domestic consolidated subsidiaries set aside reserves for possible loan losses based on the criteria for write-off. The amount of such reserves for obligors is equivalent to the book value, less the directly subtracted amount mentioned below, of loans outstanding to obligors that are legally bankrupt, as evidenced by a declaration of bankruptcy, ongoing composition, or other similar circumstances (Bankrupt Obligors) and loans outstanding to obligors in effectively similar conditions (Substantially Bankrupt Obligors) after deduction of the anticipated proceeds from the sale of collateral pledged against such loans and the anticipated amount that may be recovered from guarantors of the loan. In addition, reserves may also be made against loans to obligors that are currently not actually or effectively in bankruptcy, but are viewed as having a high probability of going into bankruptcy. In such cases, the anticipated proceeds from the sales of collateral pledged against such loans and the anticipated amount that may be recovered from guarantors of the loan are first subtracted from the book value of the loan. Then, the reserves for such loans is computed based on a comprehensive judgment regarding the obligor's ability to pay, which is deemed necessary. Reserves may also be made for other loans, including normally performing loans and loans to obligors under close observation based on the ratio of loan losses computed based on the default ratio sustained over a specific period in the past. Also, regarding loans to restructuring countries, the expected amount of the losses on such loans arising from political and economic conditions in those countries (including the Reserve for Losses on Overseas Investments prescribed in Article 55-2 of Exceptions to the Tax Laws Act) has been included in the Reserve for Loans to Restructuring Countries.

For all loans made by DKB, operating divisions, branches, and the credit analysis departments assess the quality of such assets, based on internal asset evaluation criteria, and the Credit Audit Office, which reports to the Internal Audit & Compliance Committee, conducts an audit of these assessments. Reserves are based on the assessments mentioned.

Reserve for Possible Loan Losses for other consolidated subsidiaries has been made as deemed necessary with reference to previous loan loss experience of these companies.

With respect to claims against Bankrupt Obligors and claims against Substantially Bankrupt Obligors that are secured by collateral and/or guarantees, the irrecoverable amounts (calculated by subtracting the anticipated proceeds from the sale of collateral pledged against the claims and amounts that are expected to be recovered from guarantors of the claims) are deducted from the total outstanding of the claims. The resulting figure is ¥818,810 million.

Note that the Reserve for Possible Loan Losses, which was included among Liabilities through the previous fiscal year, is included among Assets as an item of deduction from this fiscal year, in accordance with a revision of the form prescribed in the Banking Law Enforcement Regulations (Ministry of Finance's Ordinance No. 10, 1982). As a result of this change, Assets and Liabilities were each ¥863,510 million lower at the balance sheet date than they would have been included among Liabilities previously.

(6) Reserve for Devaluation of Investment Securities

To provide against possible losses on investment securities, an amount deemed necessary has been booked to the Reserve for Devaluation of Investment Securities Investments, after taking into consideration the financial conditions and other relevant factors concerning the subject entity.

(7) Reserve for Retirement Allowances

The Reserve for Retirement Allowances for DKB and its domestic consolidated subsidiaries is set aside on an accrual basis for the lump-sum payment which would be required if all eligible employees were to voluntarily retire at the term-end, and also includes an amount equivalent to the unamortized prior service costs, in accordance with the adjusted pension plan. Previously, DKB and some of its domestic consolidated subsidiaries calculated the prior service costs (based on the adjusted pension plan) on a contribution basis. However, as of this fiscal period, the unamortized amount of prior service costs is transferred to the Reserve for Retirement Allowances as an expense on an accrual basis.

This change was made in consideration of the April 2000 switch to Retirement Allowance Accounting, and aims for increased soundness of DKB's consolidated financial position and a more appropriate calculation of net profit/loss for the subject period.

Due to this change, DKB booked one-time expenses for the term-end unamortized amount for prior service costs in the amount of ¥38,261 million.

Accordingly, in comparison with the previously used method, Liabilities increased by ¥38,261 million and Income before Income Taxes and Others decreased by the same amount. (Please note that the effect of this accounting change on segment information is shown in the section on segment information.)

(8) Reserve for Losses on Loans Sold

The Reserve for Losses on Loans Sold is set aside in cases when future possible losses are expected from the loans assigned to the Cooperative Credit Purchasing Company, Limited (CCPC) after considering the value of the collateral related to such loans. This reserve is based on Article 287-2 of the Japanese Commercial Code.

(9) Reserves under Special Laws

As for Reserves under Special Laws, ¥6 million was set aside for Contingent Liabilities from Broking of Futures Transactions and ¥499 million was set aside for Contingent Liabilities from Broking Securities Transactions.

Reserve for Contingent Liabilities from Broking of Futures Transactions

To offset a loss in financial futures transactions, DKB has computed and set aside appropriate amounts, as provided under Article 82 of the Financial Futures Transactions Law and Article 29 of the Enforcement Ordinances of the Financial Futures Transactions Law.

Reserve for Contingent Liabilities from Broking Securities Transactions

Domestic subsidiaries compute and set aside an amount based on Ministerial Order No. 35, which is based on Article 51 of the Securities & Exchange Law of Japan, to provide for possible losses arising from errors and other contingencies related to securities.

(10) Translation of Foreign Currency Assets and Liabilities

Foreign currency assets and liabilities of DKB are converted into yen using the exchange rates prevailing on the closing date of the consolidated accounting period. However, for (1) investments in foreign corporations (excluding those funded in foreign currencies) and (2) other items for which it has been determined to be inappropriate for DKB to add to the balance of foreign currency assets at market value, the amounts have been converted at the exchange rates prevailing when assets were acquired and liabilities were incurred. Accounts of overseas offices have been converted at the exchange rates prevailing on the closing date of the consolidated accounting period.

The foreign currency assets and liabilities of consolidated subsidiaries have been converted at the foreign exchanges rates prevailing on the closing dates of the respective subsidiaries.

(11) Accounting for Lease Transactions

As for DKB and its domestic consolidated subsidiaries, financial leases, except those for which ownership of the leased asset is regarded as being transferred to the lessee, are treated as ordinary rental transactions.

(12) Accounting for Consumption Taxes

Consumption tax and municipal consumption tax of DKB and its domestic consolidated subsidiaries are primarily accounted for using the tax-excluded method.

③ Valuation of Assets and Liabilities of Consolidated Subsidiaries

The assets and liabilities of consolidated subsidiaries have been valuated at their market value at the time of acquisition.

④ Eliminations of the Difference between the Investment Account and the Shareholders' Equity Account

For the consolidated accounting adjustments of Kankaku Securities Co., Ltd., a 10-year straight-line amortization schedule is used.

The difference, not significant in amount, between the cost and underlying equity in net assets of consolidated subsidiaries is charged or credited to income in the year of acquisition.

⑤ Accounting for Shareholders' Equity

The Consolidated Statement of Changes in Shareholders' Equity is based on the appropriation of earnings confirmed during the consolidated accounting period.

⑥ Scope of "Cash and Cash Equivalents" in the Consolidated Statement of Cash Flows

The scope of "Cash and Cash Equivalents" in the Consolidated Statement of Cash Flows is cash and deposits with central banks.

❸ Materiality Principles of Consolidation and Equity Accounting

As described in Note ❷, DKB consolidated all its significant subsidiaries and used the equity method for its material non-consolidated subsidiaries and affiliates. The effect of consolidation and equity accounting on DKB's remaining non-consolidated subsidiaries and affiliates would have been to increase consolidated net income by less than 0.1% in each of the years ended March 31, 2000 and 1999.

❹ Breakdown of the Consolidated Financial Statements

① Trading Account Assets and Liabilities

	Millions of yen		Thousands of U.S. dollars
	Mar. 31, 2000	Mar. 31, 1999	**Mar. 31, 2000**
(Trading Account Assets)			
Trading Account Securities	**¥2,235,106**	¥ 606,720	**$21,056,115**
Derivatives of Trading Securities	**3,575**	4,628	**33,679**
Derivatives of Securities Related to Trading Transactions	**352**	75	**3,322**
Financial Derivatives	**751,587**	993,403	**7,080,431**
Other Trading Assets	**630,217**	799,313	**5,937,047**
Total	**¥3,620,839**	¥2,404,140	**$34,110,596**
(Trading Account Liabilities)			
Trading Securities Sold	**¥ 619,067**	¥ 513,500	**$ 5,832,004**
Derivatives of Trading Securities	**3,844**	2,593	**36,215**
Derivatives of Securities Related to Trading Transactions	**118**	204	**1,120**
Financial Derivatives	**729,081**	1,017,717	**6,868,405**
Other Trading Liabilities	**—**	1,205	**—**
Total	**¥1,352,111**	¥1,535,221	**$12,737,745**

② Securities

	Millions of yen		Thousands of U.S. dollars
	Mar. 31, 2000	Mar. 31, 1999	**Mar. 31, 2000**
Japanese Government Bonds	**¥2,375,616**	¥1,417,405	**$22,379,810**
Japanese Municipal Bonds	**169,997**	351,308	**1,601,487**
Corporate Bonds	**318,999**	553,174	**3,005,179**
Stocks*	**2,950,894**	3,023,808	**27,799,285**
Other Securities*	**875,678**	736,241	**8,249,444**
Total	**¥6,691,187**	¥6,081,939	**$63,035,207**

* Stocks and Other Securities include investments in non-consolidated subsidiaries and affiliates totaling ¥224,931 million and ¥172,270 million for the years ended March 31, 2000 and 1999, respectively.

③ Loans and Bills Discounted

	Millions of yen		Thousands of U.S. dollars
	Mar. 31, 2000	Mar. 31, 1999	**Mar. 31, 2000**
Bills Discounted	**¥ 840,048**	¥ 865,826	**$ 7,913,785**
Loans on Notes	**4,685,541**	5,035,972	**44,140,761**
Loans on Deeds	**19,791,607**	22,340,164	**186,449,433**
Overdrafts	**7,603,112**	5,782,276	**71,626,119**
Total	**¥32,920,310**	¥34,024,241	**$310,130,099**

(1) Problem Loans

(a) Non-Accrual, Past Due & Restructured Loans (Consolidated)

		Millions of yen		Thousands of U.S. dollars
		Mar. 31, 2000	Mar. 31, 1999	**Mar. 31, 2000**
Loans to Bankrupt Borrowers*		**¥ 213,854**	¥ 253,371	**$ 2,014,642**
(Ratio to Loans Outstanding)		**0.64%**	0.74%	
Non-Accrual Delinquent Loans**		**1,213,730**	1,843,982	**11,434,111**
(Ratio to Loans Outstanding)		**3.68%**	5.41%	
Loans Past Due for 3 Months or More***		**67,759**	61,988	**638,340**
(Ratio to Loans Outstanding)		**0.20%**	0.18%	
Restructured Loans ****		**349,207**	275,247	**3,289,755**
(Ratio to Loans Outstanding)		**1.06%**	0.80%	
Total	(A)	**¥ 1,844,552**	¥ 2,434,589	**$ 17,376,850**
(Ratio to Loans Outstanding)		**5.60%**	7.15%	
Total of Loans Outstanding		**¥32,920,310**	¥34,024,241	**$310,130,099**
The Amount of Partial Direct Wirte-offs subtracted from those outstanding		**¥ 799,703**	¥ 784,660	**$ 7,533,708**

Note: The above figures are shown after Partial Direct Write-offs.

* Loans to Bankrupt Borrowers are loans for which circumstances apply as stated in the Implementation Ordinances for the Corporation Tax Law (Government Ordinance No. 97, 1965) among Non-Accrual Loans (excluding loans written off) for which there are no prospects for recovery or repayment of principal or interest for which payment of principal or interest has not been received for a substantial period or for other reasons.

** Non-Accrual Delinquent Loans are those loans other than Loans to Bankrupt Borrowers and other than loans for which interest payments have been rescheduled with the objective of assisting these borrowers in business restructuring.

*** Loans Past Due for 3 Months or More are those loans for which payments of principal or interest have not been received for a period of three months or more beginning with the next business day following the last due date for such payments, and are not included in Loans to Bankrupt Borrowers or Non-Accrual Delinquent Loans.

**** Restructured Loans are those loans for which DKB has provided more favorable terms and conditions—including reducing interest rates, rescheduling interest and principal payment, or the waiving of claims on the borrower—to the borrower than those in the original loan agreement, with the aim of providing restructuring assistance and support. Such loans exclude Loans to Bankrupt Borrowers, Non-Accrual Delinquent Loans, and Loans Past Due for 3 Months or More.

(b) The Details of Reserve for Possible Loan Losses, etc. (Consolidated)

		Millions of yen		Thousands of U.S. dollars
		Mar. 31, 2000	Mar. 31, 1999	**Mar. 31, 2000**
General Reserve for Possible Loan Losses		**¥297,339**	¥ 241,985	**$2,801,123**
Specific Reserve for Possible Loan Losses		**554,154**	793,992	**5,220,486**
Reserve for Possible Losses on Loans to Restructuring Countries		**12,016**	13,730	**113,206**
Total Reserve for Possible Loan Losses	(B)	**¥863,510**	¥1,049,708	**$8,134,815**
Reserve for Possible Losses on Losses on Loans Sold		**¥142,483**	¥ 94,880	**$1,342,286**

(c) Reserve Ratio to Non-Accrual, Past Due & Restructured Loans

		%	
		Mar. 31, 2000	Mar. 31, 1999
Before Partial Direct Write-Offs		**63.57%**	57.41%
After Partial Direct Write-Offs	(B)/(A)	**46.81**	43.11

(2) Loans by Industry

	Millions of yen	
	Mar. 31, 2000	
	Outstanding balance	Composition
Domestic (excluding the Special Account for International Financial Transactions)	¥29,250,934	100.00%
Manufacturing	4,744,992	16.22
Agriculture	56,124	0.19
Forestry	1,068	0.01
Fisheries	4,615	0.02
Mining	24,497	0.08
Construction	1,416,190	4.84
Utilities	231,324	0.79
Transportation and Communication	1,203,828	4.12
Wholesale and Retail	5,735,700	19.61
Finance and Insurance	2,169,140	7.42
Real Estate	3,498,824	11.96
Service	3,836,070	13.11
Local Government	129,469	0.44
Others	6,199,093	21.19
Overseas and the Special Account for International Financial Transactions	3,669,376	100.00%
Governments and other	301,324	8.21
Financial institutions	228,187	6.22
Others	3,139,865	85.57
Total	¥32,920,310	/

Notes: 1. "Domestic" is defined as DKB (excluding overseas offices) and domestic consolidated subsidiaries.
2. "Overseas" is defined as DKB's offices outside of Japan and overseas consolidated subsidiaries.

(3) Loans to Restructuring Countries (By country)

Balance of Loans to Restructuring Countries

	Millions of yen
Country	Mar. 31, 2000
Indonesia	¥83,660
Others (Four Countries)	430
Total	¥84,090
(Percentage of Total Loans)	(0.25%)

④ Foreign Exchanges

	Millions of yen		Thousands of U.S. dollars
	Mar. 31, 2000	Mar. 31, 1999	**Mar. 31, 2000**
(Assets)			
Due from Foreign Banks	**¥ 24,920**	¥ 55,549	**$ 234,767**
Foreign Bills of Exchange Bought	**153,531**	169,122	**1,446,364**
Foreign Bills of Exchange Receivable	**117,353**	115,274	**1,105,547**
Total	**¥295,806**	¥339,946	**$2,786,679**
(Liabilities)			
Due to Foreign Banks	**¥102,680**	¥202,038	**$ 967,310**
Foreign Bills of Exchange Sold	**11,155**	7,781	**105,095**
Foreign Bills of Exchange Payable	**11,534**	12,560	**108,665**
Total	**¥125,370**	¥222,379	**$1,181,071**

⑤ Other Assets

	Millions of yen		Thousands of U.S. dollars
	Mar. 31, 2000	Mar. 31, 1999	**Mar. 31, 2000**
Domestic Exchange Settlement Account*	**¥ 4,507**	¥ 3,932	**$ 42,463**
Prepaid Expenses	**9,964**	14,675	**93,873**
Accrued Income	**145,070**	187,809	**1,366,651**
Other	**2,645,950**	5,111,808	**24,926,526**
Total	**¥2,805,492**	¥5,318,225	**$26,429,514**

* The Domestic Exchange Settlement Account represents unsettled debit balances accruing from interbank domestic exchange transfers.

⑥ Premises and Equipment and Premises Revaluation Account

	Millions of yen		Thousands of U.S. dollars
	Mar. 31, 2000	Mar. 31, 1999	**Mar. 31, 2000**
Net Book Value			
Land	**¥611,716**	¥618,477	**$5,762,753**
Buildings	**105,851**	114,683	**997,192**
Equipment	**38,818**	35,661	**365,694**
Other	**67,348**	63,010	**634,461**
Total	**¥823,734**	¥831,833	**$7,760,102**
Accumulated Depreciation	**¥282,334**	¥283,673	**$2,659,768**

Notes: 1. Based on the Law Concerning Land Revaluation (Law No. 34, promulgated March 31, 1998), DKB has revalued its landholdings used for business purposes.
Revaluation date: March 31, 1998
Revaluation method as stated in Article 3-3 of the Law Concerning Land Revaluation:
The value of land is based on the official notice prices calculated as directed by public notification of the Commissioner of the National Tax Administration and as provided for in the Law Concerning Public Notification of Land Prices, as stipulated in Article 2-4 of the Ordinance Implementing the Law Concerning Land Revaluation (Government Ordinance No. 119, promulgated March 31, 1998), after making reasonable adjustments.
As for DKB, the difference at the end of fiscal 1999 between the market value of land for business purposes revalued as stipulated under Article 10 of the Law Concerning Land Revaluation and the total book value of such land after revaluation was ¥86,579 million.

2. For certain overseas subsidiaries, the accounting treatment is the same as for DKB.

⑦ Deposits

	Millions of yen		Thousands of U.S. dollars
	Mar. 31, 2000	Mar. 31, 1999	**Mar. 31, 2000**
Current Deposits	**¥ 2,198,976**	¥ 1,773,624	**$ 20,715,743**
Ordinary Deposits	**8,328,195**	6,868,526	**78,456,860**
Deposits at Notice	**845,688**	784,085	**7,966,915**
Time Deposits	**15,875,449**	17,733,824	**149,556,750**
Negotiable Certificates of Deposit	**6,157,553**	5,597,784	**58,008,043**
Other Deposits	**1,880,741**	2,811,069	**17,717,771**
Total	**¥35,286,604**	¥35,568,915	**$332,422,084**

⑧ Call Money and Bills Sold

	Millions of yen		Thousands of U.S. dollars
	Mar. 31, 2000	Mar. 31, 1999	**Mar. 31, 2000**
Call Money	**¥2,136,072**	¥2,971,931	**$20,123,147**
Bills Sold	**198,500**	84,000	**1,869,995**
Total	**¥2,334,572**	¥3,055,931	**$21,993,142**

⑨ Other Liabilities

	Millions of yen		Thousands of U.S. dollars
	Mar. 31, 2000	Mar. 31, 1999	**Mar. 31, 2000**
Domestic Exchange Settlement Account*	**¥ 19,633**	¥ 24,363	**$ 184,964**
Accrued Expenses	**112,993**	181,297	**1,064,465**
Unearned Income	**95,936**	94,750	**903,778**
Accrued Income Taxes	**17,611**	3,578	**165,906**
Employees' Deposits	**51,320**	52,816	**483,474**
Other	**5,539,105**	6,010,116	**52,181,865**
Total	**¥5,836,599**	¥6,366,922	**$54,984,455**

* Domestic Exchange Settlement Account represents unsettled credit balances accruing from interbank domestic exchange transfers.

⑩ Other Reserves

	Millions of yen		Thousands of U.S. dollars
	Mar. 31, 2000	Mar. 31, 1999	**Mar. 31, 2000**
Reserve for Contingent Liabilities from Broking of Futures Transactions	**¥ 6**	¥ 5	**$ 62**
Reserve for Contingent Liabilities from Broking of Securities Transactions	**499**	6	**4,705**
Total	**¥506**	¥12	**$4,767**

⑪ Acceptances and Guarantees

	Millions of yen		Thousands of U.S. dollars
	Mar. 31, 2000	Mar. 31, 1999	**Mar. 31, 2000**
Acceptances	**¥ 13,043**	¥ 20,235	**$ 122,874**
Letters of Credit	**423,168**	506,016	**3,986,509**
Guarantees	**1,603,519**	1,687,872	**15,106,170**
Total	**¥2,039,731**	¥2,214,124	**$19,215,554**

All contingent liabilities arising in connection with customers' foreign trade and other transactions are classified under "Acceptances and Guarantees." A contra account, "Customers' Liabilities for Acceptances and Guarantees," is classified as an asset representing DKB's right of indemnity from customers.

⑫ Capital Stock

	Millions of yen		Thousands of U.S. dollars
	2000	1999	**2000**
(Common Stock)			
Balance at Beginning of Year	**¥458,260**	¥458,208	**$4,317,102**
Increase Owing to Conversion of Convertible Bonds	**1,024**	51	**9,650**
Balance at End of Year	**459,284**	458,260	**4,326,752**
	Millions		
Number of Shares Issued and Outstanding at End of Year	**3,122**	3,120	
Average Number of Shares Outstanding during the Year	**3,121**	3,120	
(Preferred Stock)			
Balance at Beginning of Year	**¥399,500**	¥ 49,500	**$3,763,542**
Issuance of Preferred Stock	**—**	350,000	**—**
Balance at End of Year	**399,500**	399,500	**3,763,542**
	Millions		
Number of Shares Issued and Outstanding at End of Year	**383**	383	
Average Number of Shares Outstanding during the Year	**383**	33	

(1) The authorized number of shares of common stock of ¥50 par value per share and preferred stock of nonpar value, as of March 31, 2000, was 8,320 million and 1,600 million shares, respectively.
(2) Net income (loss) per share is computed by subtracting the total amount of cash dividends paid on preferred stock from net income (loss) and then dividing the remainder by the average number of common stock (less treasury stock and parent company stock held by subsidiaries) outstanding during the fiscal year.
(3) Under the Japanese Commercial Code, at least 50% of the issue price of new shares is required to be designated as capital stock, with the remainder designated as paid-in capital. Therefore, DKB's capital stock and paid-in capital accounts have increased by almost the same amount. The case is the same for new shares issued through the conversion of convertible bonds.

⑬ Paid-in Capital

	Millions of yen		Thousands of U.S. dollars
	2000	1999	**2000**
Balance at Beginning of Year	**¥746,156**	¥396,105	**$7,029,268**
Issuance of Preferred Stock	**—**	350,000	**—**
Increase Owing to Conversion of Convertible Bonds	**1,024**	51	**9,650**
Balance at End of Year	**¥747,181**	¥746,156	**$7,038,919**

⑭ Other Interest Income

	Millions of yen		Thousands of U.S. dollars
	2000	1999	**2000**
Deposit Interest	**¥ 35,968**	¥ 85,595	**$ 338,846**
Other	**183,943**	152,115	**1,732,863**
Total	**¥219,912**	¥237,710	**$2,071,709**

⑮ Other Operating Income

	Millions of yen		Thousands of U.S. dollars
	2000	1999	**2000**
Gains on Foreign Exchange Transactions	**¥ 24,199**	¥ 11,256	**$227,977**
Gains on Sales of Bonds	**76,559**	143,318	**721,242**
Gains on Redemption of Bonds	**3,414**	2,104	**32,162**
Other	**611**	8,597	**5,759**
Total	**¥104,785**	¥165,276	**$987,142**

⑯ Other Income

	Millions of yen		Thousands of U.S. dollars
	2000	1999	**2000**
Gains on Sales of Stocks	**¥366,650**	¥118,943	**$3,454,081**
Gains on Money Held in Trust	**5,827**	7,553	**54,900**
Gains on Sales of Real Estate	**1,233**	57,019	**11,621**
Collection of Written-Off Claims	**232**	173	**2,194**
Other*	**250,207**	63,870	**2,357,116**
Total	**¥624,153**	¥247,561	**$5,879,915**

*Owing to the emergence of Other in ⑲ Other Expenses, gains on sales of stocks booked by DKB have been included in Other on table ⑯ Other Income.

⑰ Other Interest Expenses

	Millions of yen		Thousands of U.S. dollars
	2000	1999	**2000**
Interest Expenses on Corporate Bonds	**¥ 19,219**	¥ 98,923	**$ 181,058**
Interest Expenses on Convertible Bonds	**109**	241	**1,029**
Other	**203,017**	227,324	**1,912,556**
Total	**¥222,346**	¥326,489	**$2,094,645**

⑱ Other Operating Expenses

	Millions of yen		Thousands of U.S. dollars
	2000	1999	**2000**
Losses on Sales of Bonds	**¥44,931**	¥79,231	**$423,279**
Losses on Redemption of Bonds	**1,694**	4,418	**15,963**
Devaluation of Bonds	**129**	1,137	**1,224**
Other	**946**	1,128	**8,914**
Total	**¥47,701**	¥85,916	**$449,381**

⑲ Other Expenses

	Millions of yen		Thousands of U.S. dollars
	2000	1999	**2000**
Transfer to Reserve for Possible Loan Losses	**¥ 70,583**	¥ 499,757	**$ 664,942**
Write-Offs of Loans	**206,433**	402,884	**1,944,736**
Transfer to Reserve for Losses on Loans Sold	**69,917**	49,592	**658,662**
Losses on Sales of Stocks	**25,534**	42,268	**240,551**
Devaluation of Stocks	**172,822**	20,188	**1,628,101**
Losses on Money Held in Trust	**265**	1,482	**2,504**
Losses on Sales of Real Estate	**12,937**	3,764	**121,881**
Other*	**223,614**	224,561	**2,106,588**
Total	**¥782,109**	¥1,244,499	**$7,367,969**

* Other includes ¥37,977 million as a provision to the Reserve for Retirement Allowances of DKB and ¥101,469 million in provisions to the Reserve for Possible Loan Losses and Write-Offs of Loans due to self-assessment by domestic subsidiaries and losses related to borrowers under support which are booked by domestic subsidiaries.

⑳ Reserve for Income Taxes

DKB is subject to Japanese corporation tax, resident tax and enterprise tax, each based on income. The effective aggregate statutory rates of these three taxes, which were used in calculating the future expected effects of significant temporary differences, were approximately 39.3% and 41.9% for the years ended March 31, 2000 and 1999, respectively.

The consolidated subsidiaries are subject to the income taxes of the countries in which they operate.

The breakdown of "Reserve for Income Taxes" was as shown below:

	Millions of yen		Thousands of U.S. dollars
	2000	1999	**2000**
Current Income Tax Expenses	**¥ 44,868**	¥ 16,600	**$ 422,692**
Deferred Income Tax Expenses	**80,394**	(236,879)	**757,363**
Total	**¥125,262**	¥(220,279)	**$1,180,056**

❺ Deferred Tax Assets and Liabilities, Tax-Effect Accounting

(1) The principal reasons and breakdown for Deferred Tax Assets and Deferred Tax Liabilities are shown below:

	Millions of yen	Thousands of U.S. dollars
	Mar. 31, 2000	Mar. 31, 2000
Deferred Tax Assets		
Amount over the Limit Allowable for Provisions to the Reserve for Possible Loan Losses	¥420,798	$3,964,188
Deferred Losses	81,797	770,580
Reserve for Losses on Loans Sold	56,081	528,323
Tax Effect due to Investments in Subsidiaries	43,503	409,826
Reserve for Retirement Allowances	15,780	148,663
Other	57,946	545,893
Total Deferred Tax Assets	675,907	6,367,476
Reserves for Devaluation Losses	(109,716)	(1,033,601)
Total Deferred Tax Assets	566,190	5,333,875
Deferred Tax Liabilities	(460)	(4,366)
Net Deferred Tax Assets	¥565,730	$5,329,538

(2) A material difference may emerge for companies submitting consolidated financial statements between the legal effective tax rate and the tax burden after the application of tax-effect accounting. The causes of this difference are as follows:

Statutory Effective Tax Rate	39.3%
Adjustment Items	
• Impact of the Act Regarding Special Measures Related to the Tax Base for the Enterprise Tax on Banks Having Operations in Tokyo	20.7%
• Reserves for Devaluation Losses	16.5%
• Entertainment Expenses and other items that are not treated as expenses for tax purposes	0.4%
• Dividends received and other items that are not treated as income for tax purposes	(3.9%)
• Other	(3.7%)
Tax burden of corporate and other taxes after the application of tax-effect accounting	69.4%

❻ The Amount of Assets Pledged as Collateral

The amount of assets pledged as collateral by the DKB Group is as follows:

Assets Pledged as Collateral:

Commercial Paper and Other Debt Purchased	¥93,000 million
Trading Account Assets	¥51,585 million
Securities	¥146,322 million
Loans and Bills Discounted	¥112,992 million
Other Assets	¥1,600 million

Liabilities Corresponding to Above Assets:

Deposits	¥294,892 million
Call Money and Bills Sold	¥257,759 million
Trading Account Liabilities	¥7,137 million
Borrowed Money	¥18,777 million
Other Liabilities	¥22,136 million

Additionally, stocks of ¥16,285 million related to margin trading are pledged for borrowed money and others. Other than the items shown above, items/amounts listed below are held as collateral for transactions, such as exchange settlement transactions or derivative transactions, or as substitute securities for Future Transaction Initial Margin and others.

Securities	¥1,170,665 million
Loans and Bills Discounted	¥753,132 million
Trading Account Assets	¥13,706 million
Due from Banks	¥816 million
Other Assets	¥11,940 million

Other Assets (excluding the above-mentioned) include ¥919,658 million of Funds Held as Collateral for Borrowed Securities and ¥8,192 million of Initial Margin. Equipment and Premises includes ¥55,655 million of Key Money and Deposits.

There are no assets pledged as collateral for borrowings, etc. of non-consolidated subsidiaries and affiliates.

(3) Under the Act Regarding Special Measures Related to the Tax Base for the Enterprise Tax on Banks Having Operations in Tokyo (Act No. 145 of the Tokyo metropolitan government, April 1, 2000), which was passed on March 30, 2000, and became effective, the tax base for the Enterprise Tax paid to the Tokyo metropolitan government was changed from income to gross profit for the year beginning April 1, 2000. Accordingly, the Enterprise Tax can no longer be used in tax-effect accounting. Therefore, beginning from the current consolidated fiscal year, the statutory effective tax rate used in the computation of Deferred Tax Assets and Liabilities has been changed from 41.9% in the previous fiscal year to 39.3%. As a result of this change, Deferred Tax Assets was ¥34,875 million lower and the Deferred Income Tax Expenses was an equivalent amount higher than prior to this change in the effective tax rate. In addition, the amount of Deferred Tax Liability on Premises Revaluation was ¥13,815 million lower, and the amount of the Premises Revaluation Account was an equivalent amount higher.

(4) Details and impacts of changes in corporate tax rate and other tax rates subsequent to the closing of the consolidated accounting period:

Under the Act Regarding Special Measures Related to the Tax Base for the Enterprise Tax on Banks Having Operations in Osaka (Act No. 131 of the Osaka metropolitan government, June 9, 2000), which was promulgated on June 9, 2000, and becomes effective on April 1, 2001, statutory effective tax rate used in the computation of Deferred Tax Assets and Liabilities will be changed from 39.3% to 38.8%. As a result of this change, Deferred Tax Assets and Deferred Tax Liabilities are ¥6,811 million lower and ¥2,698 million lower, respectively, when recalculated based on temporary differences for the current consolidated fiscal year. The actual impact may be different since the computation for the next fiscal year will be based on temporary differences and other factors prevailing during that year.

❼ Net Income (Loss) per Share

Net income per share for the year ended March 31, 2000, amounted to ¥19.46 ($0.18) and is computed by subtracting the total amount of cash dividends paid on preferred stock from net income and then dividing the remainder by the average number of common stock (less treasury stock and parent company stock held by subsidiaries) outstanding during the fiscal year.

❽ Lease Transactions

① Financial Leases, except where the Ownership of the Leased Asset Is Regarded as Being Transferred to the Lessee

Lessee Side

	Millions of yen		Thousands of U.S. dollars
	Mar. 31, 2000	Mar. 31, 1999	**Mar. 31, 2000**
Amount Corresponding to the Purchase Prices of the Leased Asset	**¥74,819**	¥87,292	**$704,847**
Equipment	**73,467**	86,623	**692,107**
Other	**1,352**	668	**12,739**
Amount Corresponding to Accumulated Depreciation	**26,862**	31,144	**253,060**
Equipment	**26,322**	30,753	**247,974**
Other	**539**	390	**5,086**
Amount Corresponding to Balance at Fiscal Year-End	**47,957**	56,147	**451,787**
Equipment	**47,144**	55,870	**444,133**
Other	**812**	277	**7,653**

	Millions of yen		Thousands of U.S. dollars
	Mar. 31, 2000	Mar. 31, 1999	**Mar. 31, 2000**
Amount Corresponding to Lease Payable (Within 1 year)	**¥ 9,941**	¥11,504	**$ 93,655**
Amount Corresponding to Lease Payable (Over 1 year)	**39,619**	46,989	**373,243**
Total	**¥49,561**	¥58,494	**$466,899**

	Millions of yen		Thousands of U.S. dollars
	2000	1999	**2000**
Lease Fees Paid	**¥11,841**	¥12,934	**$111,553**
Amount Corresponding to Depreciation	**10,505**	11,376	**98,964**
Amount Corresponding to Interest Payments	**1,609**	1,991	**15,161**

Notes: 1. The lease period is set at the useful life of the asset and the Straight-Line Method of depreciation is used to compute the remaining value of the asset.

2. The amount corresponding to interest costs is the difference between total lease fees to be paid and the amount corresponding to the purchase prices of the leased asset. The interest method is used to allocate the amounts to applicable fiscal years.

② Operating Leases

(1) Lessee Side

	Millions of yen		Thousands of U.S. dollars
	Mar. 31, 2000	Mar. 31, 1999	**Mar. 31, 2000**
Future Lease Payments (Within 1 year)	**¥ 717**	¥ 810	**$ 6,763**
Future Lease Payments (Over 1 year)	**3,172**	4,569	**29,888**
Total	**¥3,890**	¥5,380	**$36,651**

(2) Lessor Side

	Millions of yen		Thousands of U.S. dollars
	Mar. 31, 2000	Mar. 31, 1999	**Mar. 31, 2000**
Future Lease Payments Receivable (Within 1 year)	**¥21**	¥34	**$200**
Future Lease Payments Receivable (Over 1 year)	**8**	31	**75**
Total	**¥29**	¥66	**$276**

❾ Segment Information

① Business Segment Information

In addition to banking business, the DKB Group is engaged in such businesses as securities, trust banking, and leasing. As the proportion of those activities is deemed immaterial, the segment information of those businesses is not disclosed.

② Geographical Segment Information

	Millions of yen						
Year ended March 31, 1999	Japan	The Americas	Europe	Asia & Oceania	Total	Eliminations	Consolidated
Ordinary Income							
From External Sources	¥ 1,361,899	¥ 402,727	¥ 102,935	¥ 218,535	¥ 2,086,097	¥ —	¥ 2,086,097
Inter-Segment	204,682	93,874	20,324	33,382	352,264	(352,264)	—
Total	¥ 1,566,582	¥ 496,602	¥ 123,259	¥ 251,917	¥ 2,438,362	¥ (352,264)	¥ 2,086,097
Ordinary Expenses	¥ 2,200,423	¥ 447,721	¥ 136,066	¥ 251,516	¥ 3,035,727	¥ (341,823)	¥ 2,693,903
Ordinary Profit (Loss)	(633,840)	48,881	(12,806)	401	(597,364)	(10,441)	(607,806)
Assets	¥50,936,399	¥3,501,804	¥1,407,863	¥4,905,947	¥60,752,015	¥(5,861,570)	¥54,890,444

Year ended March 31, 2000	Millions of yen Japan	The Americas	Europe	Asia & Oceania	Total	Eliminations	Consolidated
Ordinary Income							
From External Sources	**¥ 1,589,104**	**¥ 89,961**	**¥ 62,632**	**¥ 120,616**	**¥ 1,862,314**	**¥ —**	**¥ 1,862,314**
Inter-Segment	**60,086**	**26,394**	**6,217**	**42,915**	**135,613**	**(135,613)**	**—**
Total	**¥ 1,649,190**	**¥ 116,355**	**¥ 68,849**	**¥ 163,531**	**¥ 1,997,928**	**¥ (135,613)**	**¥ 1,862,314**
Ordinary Expenses	**¥ 1,498,214**	**¥ 89,064**	**¥ 70,640**	**¥ 138,689**	**¥ 1,796,609**	**¥ (117,852)**	**¥ 1,678,757**
Ordinary Profit (Loss)	**150,976**	**27,291**	**(1,790)**	**24,842**	**201,318**	**(17,761)**	**183,556**
Assets	**¥48,288,809**	**¥2,701,331**	**¥1,397,639**	**¥2,858,886**	**¥55,246,667**	**¥(3,248,139)**	**¥51,998,527**

Notes: 1. The above tables show the geographical segment information according to the booking location. The segment is divided into countries and regions.
2. "The Americas" includes the U.S.A., Canada, etc. "Europe" includes the United Kingdom, Germany, etc. "Asia & Oceania" includes Hong Kong, Singapore, etc.
3. Under Japanese accounting principles, ordinary income (expenses) is defined as total income and expenses less those income and expense items classified as extraordinary income and expenses (such as gains or losses on the sale of real estate).
4. The Changes of the Accounting Methods, etc.

(For the Fiscal Year ended March 31, 1999)

(1) The Changes of Depreciation Method and Useful Life of Buildings, etc.

DKB changed the depreciation method of buildings from the Declining-Balance Method to the Straight-Line Method, in accordance with the reform of the Implementation Ordinance for Corporation Tax Law, Article 48-1. DKB shortened the estimated useful lives of the buildings applied to compute depreciation amounts, according to the reform of the Implementation Ordinance, which is issued by the Ministry of Finance, related to the useful lives of depreciable assets.

Due to the change of the depreciation method, Ordinary Expenses in Japan decreased by ¥3,955 million, and both Ordinary Profit and Total Assets in Japan increased by ¥3,955 million. In addition, due to the change of useful lives of the buildings, Ordinary Expenses in Japan increased by ¥355 million and Ordinary Profit and Total Assets decreased by ¥355 million.

(2) The Changes of Indicating Items due to the Reform of the "Regulations Concerning the Terminology, Forms, and Methods of the Consolidated Financial Statements"

Due to the reform of the "Regulations Concerning the Terminology, Forms, and Methods of the Consolidated Financial Statements", the definition of the indication items related to "Enterprise Taxes", "Amortization of Consolidation Difference", and "Profit and Losses accounted for by the Equity Method" are changed.

The impact on the segment information of the Consolidated Financial Statements compared with the former manner of presentation is as follows:
Japan: Ordinary Income increased by ¥3,899 million, Ordinary Expenses increased by ¥16,683 million and Ordinary Profit decreased by ¥12,783 million.
The Americas: Ordinary Expenses increased by ¥6,522 million, and Ordinary Profit decreased by ¥6,522 million.
Europe: Both Ordinary Income and Ordinary Profit increased by ¥88 million.
Asia and Oceania: Both Ordinary Income and Ordinary Profit increased by ¥77 million.

(For the Fiscal Year ended March 31, 2000)

(1) The Change of Accounting Policy concerning the Prior Service Cost

Previously, DKB and some of its consolidated subsidiaries calculated the prior service cost (based on the adjusted pension program) on a contribution basis. However, as of this fiscal period, the unamortized amount of prior service cost is transformed to the Reserve for Retirement Allowance Accounting, and aims for increased soundness of DKB's consolidated financial position and a more appropriate calculation of net profit/loss for the subject period.

Due to this change, in comparison with the previously used method, the Ordinary Expenses in Japan increased by ¥284 million and the Ordinary Income in Japan decreased by ¥284 million.

(2) The Change in accordance with a revision of the form prescribed in the Banking Law Enforcement Regulations

The Reserve for Possible Loan Losses which was included among Liabilities through the previous fiscal year is included among Assets as an item of deduction from this fiscal year in accordance with a revision of the form prescribed in the Banking Law Enforcement Regulations (Ministry of Finance, Ordinance No. 10, 1982).

As a result of this change, Assets decreased by ¥795,038 million in Japan, ¥12,748 million in the Americas, ¥12,362 million in Europe, ¥43,360 million in Asia and Oceania compared with the Assets calculated by the previous method.

③ Ordinary Income (Overseas)

	Millions of yen Ordinary Income (Overseas) (A)	Ordinary Income (Consolidated) (B)	(A)/(B)
Year Ended March 31, 2000	**¥273,210**	**¥1,862,314**	**14.6%**

Note: 1. Ordinary Income (Overseas) is shown instead of "Ordinary Income (Foreign Operations)" that was used for fiscal 1999.
2. "Ordinary Income (Overseas)" represents the ordinary income derived from transactions by the overseas branches of DKB and the consolidated subsidiaries outside of Japan (excluding inter-group income).
3. "Ordinary Income (Foreign Operations)" for fiscal 1999 is as follows:

	Millions of yen Ordinary Income (Foreign Operations) (A)	Ordinary Income (Consolidated) (B)	(A)/(B)
Year Ended March 31, 1999	¥900,739	¥2,086,097	43.1%

Note: "Ordinary Income (Foreign Operations) represents the sum of Ordinary Income from the following transactions:
1. Foreign currency transactions, yen-denominated trade bills, yen-denominated transactions with non-residents, and the transactions in the Offshore Market in Japan
2. The transactions by the overseas branches of DKB
3. The transactions by the consolidated subsidiaries outside of Japan (excluding inter-group income)

⑩ Subsequent Event

The following appropriations of the profit of DKB for the year ended March 31, 2000, were approved at the shareholders' meeting held on June 28, 2000:

	Millions of yen		Thousands of U.S. dollars
	2000	1999	**2000**
Transfer to Legal Reserve	**¥ 3,200**	¥ 3,900	**$ 30,146**
Transfer to Voluntary Reserve	**10,012**	10	**94,321**
Cash Dividends:			
Common Stock (¥3.50 per share)	**10,928**	18,724	**102,951**
Preferred Stock	**5,051**	399	**47,585**
(1st ¥11.25 per share)	**371**	371	**3,497**
(2nd ¥4.10 per share)	**410**	3	**3,862**
(3rd ¥7.00 per share)	**700**	4	**6,594**
(4th ¥23.80 per share)	**3,570**	21	**33,631**
Total	**¥29,191**	¥23,033	**$275,005**