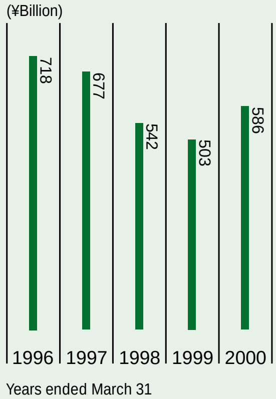
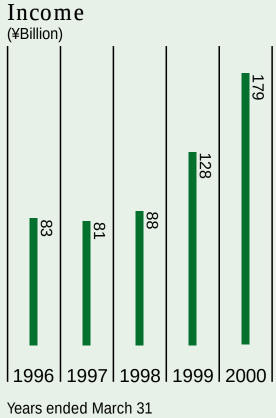
Fiscal 1999 in Review (Consolidated)

Net Interest Income



Net Fee & Commission Income



Scope of Consolidation

Scope of Consolidation

Fiscal Year	1999	1998	Change
Subsidiaries Included in the Consolidated Financial Statements	174	182	(8)
Affiliates Accounted for by the Equity Method of Accounting	64	52	12

The number of subsidiaries included in the consolidated financial statements of The Fuji Bank, Limited ("the Bank") for fiscal 1999 was 174, decreasing by 8 from the end of fiscal 1998. This was due to such factors as the change of the consolidation method of The Dai-Ichi Kangyo Fuji Trust & Banking Co., Ltd. ("DKFTB," in which the Bank currently maintains 50% ownership after the merger of The Fuji Trust and Banking Co., Ltd. and The Dai-Ichi Kangyo Trust & Banking Co., Ltd. on October 1, 1999) to the equity method and liquidations of certain overseas local subsidiaries in the course of reviewing the Bank's overseas strategies. Some of the main consolidated companies are The Yasuda Trust and Banking Co., Ltd. ("Yasuda Trust"), Fuji Securities Co., Ltd., The Fujigin Credit, Ltd. and Fuji America Holdings, Inc.

The number of companies accounted for by the equity method was 64, increasing by 12 from the end of fiscal 1998. This was mainly a result of DKFTB becoming accounted for by the equity method. Other companies accounted for by the equity method include Japan Mortgage Co., Ltd. and Daito Securities Co., Ltd.

Operating Performance in Fiscal 1999

Earnings Performance

	Billions of yen		
Fiscal Year	1999	1998	Change
Consolidated Gross Profits:			
Net Interest Income	¥586.3	¥ 503.2	¥ 83.0
Net Fiduciary Income	38.7	—	38.7
Net Fee & Commission Income	179.7	128.8	50.9
Net Trading Income	39.9	38.1	1.8
Net Other Operating Income	84.8	150.9	(66.1)
Total	929.6	821.2	108.4
General & Administrative Expenses	556.5	494.5	61.9
Credit Related Costs	492.2	921.6	(429.4)
Net Gains/Losses Related to Stocks and Other Securities	453.1	(91.2)	544.4
Equity in Earnings/Losses from Investments in Affiliates and Non-Consolidated Subsidiaries	12.4	(12.6)	25.1
Net Other Gains/Losses	(63.4)	(49.5)	(13.8)
Income before Income Taxes and Minority Interests	283.0	(748.5)	1,031.5
Income Tax Expenses (Benefits) - Current	16.2	18.3	(2.0)
Income Tax Expenses (Benefits) - Deferred	194.5	(362.0)	556.5
Minority Interests in Net Income	19.3	17.1	2.2
Net Income	¥ 52.8	¥(422.0)	¥ 474.8

Consolidation Difference

	Billions of yen		
	Consolidated basis (A)	Non-consolidated basis (B)	(A)–(B)
Gross Profits:			
Net Interest Income	¥ 586.3	¥ 493.9	¥ 92.4
Net Fiduciary Income	38.7	—	38.7
Net Fee & Commission Income	179.7	70.6	109.0
Net Trading Income	39.9	10.5	29.4
Net Other Operating Income	84.8	26.2	58.5
Total	¥ 929.6	¥ 601.4	¥ 328.2
Total Assets	¥58,246.7	¥47,009.4	¥11,237.2
of which, Loans	36,371.5	31,267.6	5,103.9
of which, Securities	7,588.5	6,427.7	1,160.7

Change in Financial Results on a Consolidated Basis (FY99 vs. FY98), Financial Results of Yasuda Trust for FY99 on a Consolidated Basis

	Billions of yen	
	Change on a consolidated basis < FY99 vs. FY98 >	Yasuda Trust for FY99 < consolidated basis >
Consolidated Gross Profits:		
Net Interest Income	¥ 83.0	¥ 29.5
Net Fiduciary Income	38.7	70.6
Net Fee & Commission Income	50.9	28.5
Net Trading Income	1.8	(0.1)
Net Other Operating Income	(66.1)	8.2
Total	108.4	136.8
General & Administrative Expenses	61.9	74.4
Credit Related Costs	(429.4)	184.9
Net Gains/Losses Related to Stocks and Other Securities	544.4	109.1
Equity in Earnings/Losses from Investments in Affiliates and Non-Consolidated Subsidiaries	25.1	—
Net Other Gains/Losses	(13.8)	101.6
Income before Income Taxes and Minority Interests	¥1,031.5	¥ 88.2

(1) Contribution of Yasuda Trust

One of the main changes in this year's consolidated profit and loss statements of Fuji Bank compared with last year's is that the profit and loss statements of Yasuda Trust have been included. Considering Yasuda Trust's scale of operations, a large portion of the difference between Fuji Bank's consolidated figures and non-consolidated figures ("consolidation difference") can be accounted for by Yasuda Trust's operating performance. The following paragraphs explain the main factors of the consolidation difference other than those relating to Yasuda Trust. (Please refer to the chart above titled "Change in Financial Results on a Consolidated Basis (FY99 vs. FY98), Financial Results of Yasuda Trust for FY99 on a Consolidated Basis")

(2) Consolidated Gross Profits

The Bank's Consolidated Gross Profits increased by ¥108.4 billion from the previous year to ¥929.6 billion. The breakdown of the consolidated gross profits is as follows.

Net Interest Income increased by ¥83.0 billion from the previous year to ¥586.3 billion. This was mainly a result of the improvement in net interest margin in the domestic market, and the reduction of costs of hedging against interest rate fluctuation risks. Net Fiduciary Income was ¥38.7 billion. Net Fee & Commission Income increased by ¥50.9 billion from the previous year to ¥179.7 billion. This was a result of the steady increase in investment banking fees such as securitization fees and M&A fees, and the increase in settlement-related fees such as foreign exchange commissions and custody fees. Net Trading Income increased by ¥1.8 billion from the previous year to ¥39.9 billion. Net Other Operating Income decreased from the previous year by ¥66.1 billion to ¥84.8 billion. This was mainly a result of the large decrease in net gains related to bonds in the domestic market reflecting the dull bond market, while gains on foreign exchange transactions increased.

(3) General & Administrative Expenses

General & Administrative Expenses increased by ¥61.9 billion to ¥556.5 billion. However, when excluding the impact of the figures of Yasuda Trust and making comparisons on the same basis with that of the previous year, expenses actually decreased by ¥12.4 billion due to further cost reducing efforts by the parent bank and other consolidated companies.

(4) Credit Related Costs

Credit Related Costs decreased by ¥429.4 billion from the previous year to ¥492.2 billion as a result of appropriate provisioning of reserves and writing-off of problem loans by the subsidiaries as well as the parent bank from the standpoint of maintaining a solid financial base.

(5) Net Gains/Losses Related to Stocks and Other Securities

Net Gains/Losses Related to Stocks and Other Securities increased by ¥544.4 billion from the previous year to ¥453.1 billion. This was a result of the significant increase in the Sales Gains on Stocks and Other Securities through a proactive sell-off of stocks under the stock portfolio reduction policy, in addition to the effect of the improvement of the domestic stock market. This was also a result of the significant reduction in devaluation losses of stocks and other securities, as the Bank incurred a large loss through voluntary devaluation in the previous year to resolve the issue of unrealized losses and to enhance further the financial strength of the Bank.

As of March 31, 2000, net unrealized gains on listed and unlisted stocks totaled ¥666.5 billion.

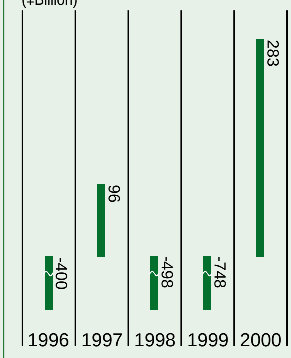
(6) Income before Income Taxes and Minority Interests

Consequently, Income before Income Taxes and Minority Interests increased by ¥1,031.5 billion from the previous year to ¥283.0 billion.

(7) Tax Expenses, Minority Interests, Net Income

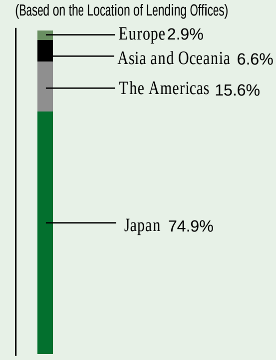
Income Tax Expenses - Current were ¥16.2 billion, and Income Tax Expenses - Deferred were ¥194.5 billion. Minority Interests in Net Income were ¥19.3 billion. Overall, Net Income was ¥52.8 billion.

Income (Loss) before Income Taxes and Minority Interests
(¥Billion)



Years ended March 31

Geographical Breakdown of Total Income FY1999
(Based on the Location of Lending Offices)



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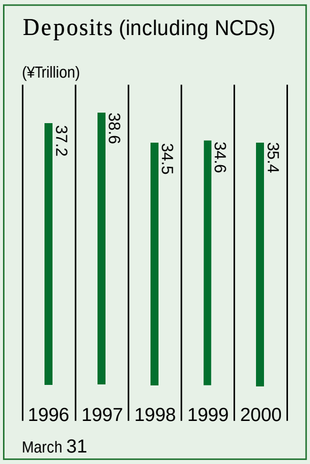
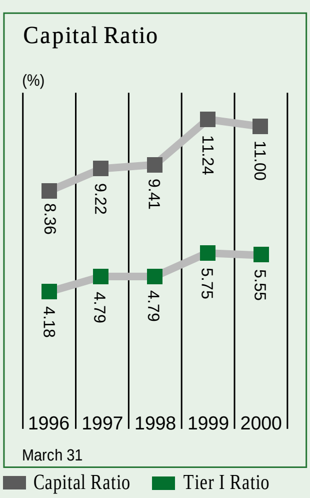




Analysis of Balance Sheet

Analysis of Balance Sheet

	Billions of yen		
March 31,	2000	1999	Change
Total Assets*	¥58,246.7	¥57,260.4	¥ 986.3
of which, Loans and Bills Discounted	36,371.5	34,815.8	1,555.7
Total Liabilities	55,611.0	54,664.4	946.6
of which, Deposits	29,989.6	29,278.2	711.4
of which, Negotiable Certificates of Deposit	5,473.5	5,368.0	105.5
Minority Interests	388.1	408.1	(19.9)
Total Stockholders' Equity	2,247.4	2,187.8	59.6

*After deduction of Reserve for Possible Loan Losses and Reserve for Devaluation of Investment Securities

Total Assets increased by ¥986.3 billion from the previous year to ¥58,246.7 billion. This was mainly a result of the increase in Loans and Bills Discounted of the parent bank by ¥1,474.3 billion, while the yen value of foreign currency denominated assets decreased reflecting the appreciation of the yen. Loans and Bills Discounted increased by ¥1,555.7 billion to ¥36,371.5 billion, whereas Non-Accrual, Past Due, and Restructured Loans decreased from the previous year by ¥187.5 billion to ¥1,589.1 billion. Consequently, the ratio of non-accrual, past due, and restructured loans to total loans decreased by 0.73% to 4.37%.

Total Liabilities increased by ¥946.6 billion from the previous year to ¥55,611.0 billion. Deposits and Negotiable Certificates of Deposit (NCDs) increased by ¥711.4 billion and ¥105.5 billion to ¥29,989.6 billion and ¥5,473.5 billion, respectively.

Minority Interests decreased by ¥19.9 billion from the previous year to ¥388.1 billion.

Total Stockholders' Equity increased by ¥59.6 billion from the previous year to ¥2,247.4 billion. BIS Capital Ratio (uniform international standard) was 11.00%, maintaining a sufficient level.

Status of Non-Accrual, Past Due, and Restructured Loans

	Billions of yen		
March 31,	2000	1999	Change
Loans to Bankrupt Borrowers	¥ 125.2	¥ 236.4	¥(111.1)
Non-Accrual Delinquent Loans	910.7	995.0	(84.2)
Loans Past Due for 3 Months or More	188.0	243.6	(55.6)
Restructured Loans	365.0	301.4	63.6
Total	¥1,589.1	¥1,776.6	¥(187.5)
Ratio to Total Loans	4.37%	5.10%	(0.73)%

*A total of ¥1,514.3 billion is deducted from the above figures as a result of direct write-offs of amounts estimated to be irrecoverable.

BIS Capital Ratio on a Consolidated Basis (according to the MOF guidelines which follow the BIS standards)

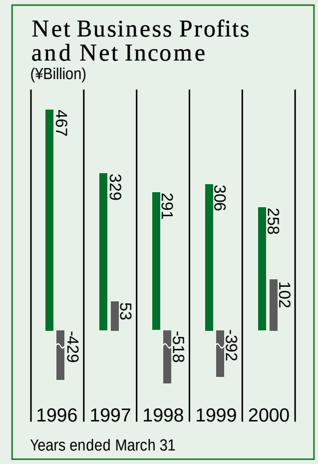
	Billions of yen		
March 31,	2000	1999	Change
BIS Capital Ratio	11.00%	11.24%	(0.24)%
Tier I (A)	¥ 2,397.9	¥ 2,370.6	¥ 27.3
Tier II (B)	2,364.4	2,262.9	101.4
Unrealized Gains on Securities, included under Tier II	—	—	—
Land Revaluation Account, included under Tier II	99.3	101.8	(2.4)
Subordinated Loans (Bonds)	1,973.9	1,885.7	88.2
Deductions (C)	14.0	4.3	9.7
Intentional Holdings of Other Financial Institutions' Capital Raising Instruments	14.0	0.9	13.0
Total Capital (A) + (B)-(C)	¥ 4,748.3	¥ 4,629.2	¥ 119.1
Risk-Adjusted Assets	¥43,133.6	¥41,167.6	¥1,965.9

Fiscal 1999 in Review (Non-Consolidated)

In the following pages, the main factors for the financial results of Fuji Bank for fiscal year 1999 on a non-consolidated basis, which account for a large portion of the financial results on a consolidated basis (64.7% of Gross Profits and 80.7% of Total Assets), are explained.

Overview

- The Bank's Net Business Profits (before Provision of General Reserve for Possible Loan Losses) for Fiscal 1999 were ¥258.6 billion. While this was a decrease of ¥48.0 billion from the previous year, Core Net Business Profits (= the amount after deduction of Net Gains Related to Bonds from Net Business Profits) were ¥251.7 billion, exceeding the initial forecast at the beginning of this fiscal year (¥240.0 billion).
- Expenses Related to Portfolio Problems totaled ¥344.0 billion, as appropriate write-offs and provisioning of reserves against problem loans were recorded from the standpoint of further strengthening the Bank's financial base.
- Net Gains Related to Stocks and Other Securities were ¥338.0 billion, as stocks held by the Bank were sold off under the stock portfolio reduction policy. Net Unrealized Gains on Stocks as of March 31, 2000 were ¥548.2 billion, increasing by ¥364.2 billion from March 31, 1999.
- Consequently, the Bank's Income before Income Taxes was ¥226.9 billion, increasing by ¥891.2 billion from the previous year, and Net Income was ¥102.1 billion, increasing by ¥495.0 billion from the previous year. Net Income largely exceeded the initially forecasted amount at the beginning of this fiscal year by ¥42.1 billion.
- BIS Capital Ratio on a Non-Consolidated Basis (uniform international standard) was 11.86%, maintaining a sufficient level.

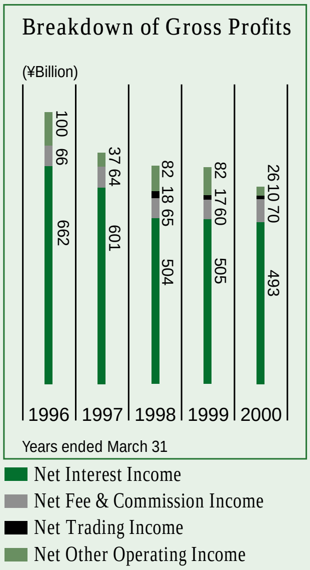


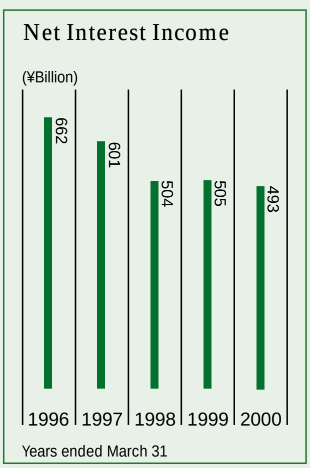
Net Business Profits (before Provision of General Reserve)
Net Income

Operating Performance of Fiscal 1999

Earnings Performance

	Billions of yen		
Fiscal Year	1999	1998	Change
Net Interest Income (A)	¥493.9	¥505.4	¥ (11.5)
Net Fee & Commission Income (B)	70.6	60.7	9.9
Net Trading Income (C)	10.5	17.9	(7.4)
Net Other Operating Income (D)	26.2	82.0	(55.7)
of which, Net Gains Related to Bonds (E)	6.9	79.6	(72.7)
Gross Profits (A + B + C + D) (F)	601.4	666.2	(64.8)
General & Administrative Expenses (G)	342.7	359.5	(16.7)
Provision of General Reserve for Possible Loan Losses (H)	(5.9)	113.9	(119.8)
Net Business Profits (Gyomu Juneki) (F-G-H) (I)	264.5	192.7	71.7
Net Business Profits (before Provision of General Reserve) (F-G)	258.6	306.6	(48.0)
Core Net Business Profits (F-G-E)	251.7	227.0	24.6
Net Other Income/Expenses (J)	(37.6)	(857.1)	819.4
Income before Income Taxes (I + J)	226.9	(664.3)	891.2
Income Tax Expenses (Benefits) - Current	0.2	0.3	(0.0)
Income Tax Expenses (Benefits) - Deferred	124.5	(271.7)	396.2
Net Income	¥102.1	¥(392.9)	¥495.0
Net Income per Share (yen)	¥ 27.04	¥(130.54)	¥157.58





Gross Profits

Breakdown of Gross Profits

Fiscal Year	1999	1998	Change
	Billions of yen		
Net Interest Income	¥493.9	¥505.4	¥(11.5)
Domestic	416.8	381.5	35.3
International	77.0	123.9	(46.8)
Net Fee & Commission Income	70.6	60.7	9.9
Domestic	42.4	38.5	3.9
International	28.2	22.2	6.0
Net Trading Income	10.5	17.9	(7.4)
Domestic	0.1	7.9	(7.7)
International	10.3	10.0	0.3
Net Other Operating Income	26.2	82.0	(55.7)
Domestic	13.0	75.1	(62.1)
International	13.2	6.8	6.4
Gross Profits	¥601.4	¥666.2	(64.8)
Domestic	472.4	503.2	(30.7)
International	128.9	163.0	(34.0)

Gross Profits decreased by ¥64.8 billion from the previous year to ¥601.4 billion. This was a result of the decrease in Domestic Gross Profits (Gross Profits from yen-denominated transactions at domestic offices) by ¥30.7 billion (mainly due to the decrease in Net Gains Related to Bonds) and the decrease in International Gross Profits (Gross Profits from foreign currency transactions at domestic offices and transactions at overseas offices) by ¥34.0 billion.

(1) Net Interest Income

Net Interest Income decreased by ¥11.5 billion from the previous year to ¥493.9 billion.

Net Interest Income on Domestic Operations increased by ¥35.3 billion to ¥416.8 billion as a result of the improvement in interest margin and the reduction of costs of hedging against interest fluctuation risks.

Net Interest Income on International Operations decreased by ¥46.8 billion to ¥77.0 billion due to two factors. One is the reduction in the average balance of Loans and Bills Discounted by ¥2,637.1 billion in accordance with the significant reduction in assets from the standpoint of efficient asset allocation. The other is the recording of a one-time increase in dividend income in the previous year, in conjunction with the initial public offering of an overseas subsidiary.

Analysis of Interest Income

	Yield			Average balance (Billions of yen)		
Fiscal Year	1999	1998	Change	1999	1998	Change
Total:						
Interest-Earning Assets (A)	3.61%	3.96%	(0.35)%	¥37,776.5	¥40,548.3	¥(2,771.7)
Loans (B)	2.44%	2.71%	(0.26)%	29,581.9	31,994.4	(2,412.5)
Investment Securities	1.54%	2.55%	(1.00)%	6,299.8	6,186.2	113.6
Interest-Bearing Liabilities (C)	2.38%	2.81%	(0.42)%	36,610.4	39,272.6	(2,662.2)
Deposits & NCDs (D)	0.76%	1.24%	(0.48)%	30,605.1	32,330.9	(1,725.7)
Interest Margin (A)-(C)	1.23%	1.15%	0.07%	—	—	—
Loan and Deposit Rate Margin (B)-(D)	1.68%	1.47%	0.21%	—	—	—
Domestic:						
Interest-Earning Assets (A)	1.93%	2.13%	(0.19)%	32,155.8	31,941.1	214.6
Loans (B)	1.94%	2.07%	(0.12)%	24,657.2	24,432.6	224.6
Investment Securities	1.10%	1.39%	(0.29)%	5,451.6	5,476.8	(25.1)
Interest-Bearing Liabilities (C)	0.66%	0.98%	(0.31)%	31,118.9	30,583.7	535.1
Deposits & NCDs (D)	0.24%	0.48%	(0.23)%	26,286.5	25,001.4	1,285.0
Interest Margin (A)-(C)	1.27%	1.15%	0.12%	—	—	—
Loan and Deposit Rate Margin (B)-(D)	1.70%	1.59%	0.10%	—	—	—
International:						
Interest-Earning Assets (A)	10.24%	9.10%	1.14%	7,306.3	10,300.7	(2,994.4)
Loans (B)	4.95%	4.78%	0.17%	4,924.6	7,561.8	(2,637.1)
Investment Securities	4.39%	11.47%	(7.07)%	848.1	709.4	138.7
Interest-Bearing Liabilities (C)	9.35%	7.83%	1.51%	7,177.0	10,382.4	(3,205.3)
Deposits & NCDs (D)	3.93%	3.85%	0.07%	4,318.6	7,329.5	(3,010.8)
Interest Margin (A)-(C)	0.88%	1.26%	(0.37)%	—	—	—
Loan and Deposit Rate Margin (B)-(D)	1.02%	0.92%	0.09%	—	—	—

<Interest Margin>

Interest Margin, which is the difference between the yield on Interest-Earning Assets and the yield on Interest-Bearing Liabilities, improved by 0.07% from the previous year.

As to the Loan and Deposit Rate Margin, there was an improvement of 0.21% from the previous year. Domestic Loan and Deposit Rate Margin improved by 0.10% from the previous year as a result of the improvement in loan spreads and the decrease in deposit rates. International Loan and Deposit Rate Margin improved by 0.09% from the previous year as a result of the reduction in low profitable assets.

(2) Net Fee & Commission Income

Net Fee & Commission Income increased by ¥9.9 billion from the previous year to ¥70.6 billion. Net Fee & Commission Income on Domestic Operations increased by ¥3.9 billion to ¥42.4 billion mainly due to an increase in investment banking fees such as securitization fees, M&A fees, etc. Net Fee & Commission Income on International Operations increased by ¥6.0 billion to ¥28.2 billion due to a steady increase in foreign exchange commissions, custody related fees, etc.

(3) Net Trading Income

Net Trading Income decreased by ¥7.4 billion from the previous year to ¥10.5 billion as a result of the decrease in Net Trading Income on Domestic Operations by ¥7.7 billion. This was mainly due to the decrease in profits arising from mark-to-market evaluation of trading assets.

Breakdown of Net Other Operating Income

	Billions of yen		
Fiscal Year	1999	1998	Change
Total	¥26.2	¥82.0	¥(55.7)
Net Gains from Foreign Exchange Transactions	27.9	16.4	11.5
Net Gains/Losses Related to Bonds	6.9	79.6	(72.7)
Domestic	13.0	75.1	(62.1)
Net Gains/Losses Related to Bonds	13.1	76.1	(62.9)
International	13.2	6.8	6.4
Net Gains from Foreign Exchange Transactions	27.9	16.4	11.5
Net Gains/Losses Related to Bonds	(6.1)	3.5	(9.7)

(4) Net Other Operating Income

Net Other Operating Income decreased by ¥55.7 billion from the previous year to ¥26.2 billion.

Net Other Operating Income on Domestic Operations decreased by ¥62.1 billion to ¥13.0 billion. This was a result of the decrease in Net Gains/Losses Related to Bonds by ¥72.7 billion from the previous year due to the unfavorable turn in the bond market.

Net Other Operating Income on International Operations increased by ¥6.4 billion to ¥13.2 billion, mainly due to the increase in Net Gains from Foreign Exchange Transactions by ¥11.5 billion from the previous year.

General & Administrative Expenses (Excluding Non-Recurring Losses)

Breakdown of General & Administrative Expenses (Excluding Non-Recurring Losses)

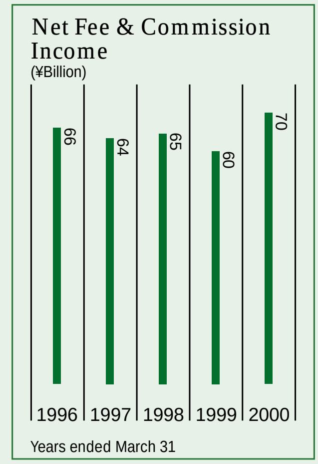
	Billions of yen		
Fiscal Year	1999	1998	Change
Personnel Expenses	¥137.5	¥147.9	¥(10.4)
of which, Wages and Allowances	115.9	125.0	(9.0)
Non-Personnel Expenses	185.8	188.8	(2.9)
Miscellaneous Taxes	19.3	22.7	(3.3)
Total	¥342.7	¥359.5	¥(16.7)

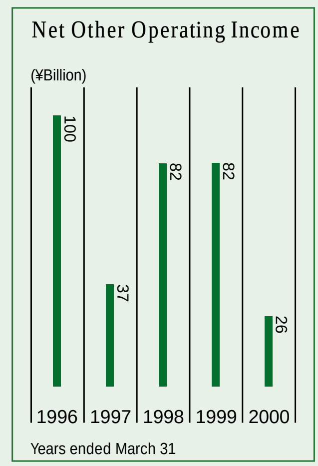
The Bank's General & Administrative Expenses (Excluding Non-Recurring Losses) decreased by ¥16.7 billion from the previous year to ¥342.7 billion as a result of further rationalization and improvement in efficiency throughout its entire operations.

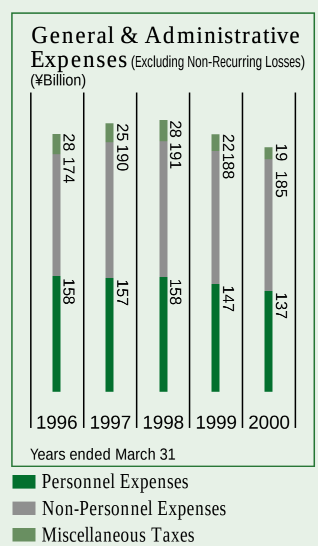
Personnel Expenses decreased by ¥10.4 billion to ¥137.5 billion due to the reduction in the number of personnel and the revision of employee welfare and salary in the course of restructuring.

Non-Personnel Expenses decreased by ¥2.9 billion to ¥185.8 billion. This was mainly due to the decrease in expenses booked at overseas offices in the course of restructuring, while Premium for Deposit Insurance increased reflecting the increase in deposits.

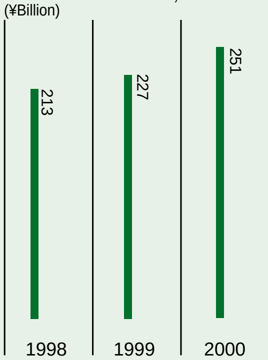
Miscellaneous Taxes decreased by ¥3.3 billion from the previous year to ¥19.3 billion mainly due to the abolition of securities transaction tax.





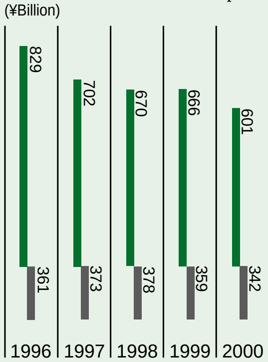


Core Net Business Profits
(Gross Profits – General & Administrative Expenses
– Net Gains/Losses Related to Bonds)
(¥Billion)



Years ended March 31

Gross Profits and
General & Administrative Expenses
(¥Billion)



Years ended March 31

Gross Profits
General & Administrative Expenses

Net Business Profits (Gyomu Jun-eki)

Overall, Net Business Profits before Provision of General Reserve for Possible Loan Losses were ¥258.6 billion. While this was a decrease of ¥48.0 billion from the previous year, Core Net Business Profits (= the amount after deducting Net Gains Related to Bonds from Net Business Profits), increased by ¥24.6 billion from the previous year to ¥251.7 billion, exceeding the initial forecast at the beginning of this fiscal year (¥240.0 billion).

As ¥5.9 billion of General Reserve for Possible Loan Losses were reversed, Net Business Profits after Provision of General Reserve for Possible Loan Losses were ¥264.5 billion, increasing by ¥71.7 billion from the previous year when the Bank provided a considerable amount of General Reserve for Possible Loan Losses.

<Profits by Business Segment>

Profits by Business Segment

	Billions of yen		
Fiscal Year	1999	1998	Change
Corporate Transactions:			
Gross Profits	¥305.4	¥239.9	¥ 65.5
General & Administrative Expenses	164.0	167.3	(3.3)
Net Business Profits	141.4	72.6	68.8
Retail Transactions:			
Gross Profits	115.8	138.9	(23.1)
General & Administrative Expenses	111.7	119.5	(7.8)
Net Business Profits	4.1	19.4	(15.3)
Dealing/Trading, International, and Others:			
Gross Profits	221.7	324.1	(102.4)
General & Administrative Expenses	72.6	74.6	(2.0)
Net Business Profits	149.1	249.5	(100.4)
Head Office Accounts:			
Gross Profits	(41.5)	(36.7)	(4.8)
General & Administrative Expenses	(5.6)	(1.9)	(3.7)
Net Business Profits	(35.9)	(34.8)	(1.1)
Total:			
Gross Profits	601.4	666.2	(64.8)
General & Administrative Expenses	342.7	359.5	(16.7)
Net Business Profits	¥258.6	¥306.6	¥(48.0)

As to the breakdown of Net Business Profits by business segment, profits from *Corporate Transactions* and *Retail Transactions* increased by ¥53.5 billion, which was also the main factor for the improvement in Core Net Business Profits.

Profits from *Dealing/Trading, International, and Others* decreased by ¥100.4 billion from the previous year to ¥149.1 billion, mainly due to the decrease in Net Gains/Losses Related to Bonds.

Net Other Income/Expenses, Income before Income Taxes, Net Income

Breakdown of Net Other Income/Expenses

	Billions of yen		
Fiscal Year	1999	1998	Change
(+) Net Gains/Losses Related to Stocks and Other Securities	¥338.0	¥(132.7)	¥470.7
Sales Gains	394.6	79.0	315.6
Sales Losses	19.4	74.8	(55.3)
Devaluation Losses	27.0	120.2	(93.2)
Net Provision of Reserves for Possible Losses on Investments	10.1	16.7	(6.5)
(–) Expenses Related to Portfolio Problems	344.0	601.4	(257.3)
Write-offs	93.7	282.4	(188.7)
Net Provision of Specific Reserve for Possible Loan Losses	117.4	145.2	(27.8)
Losses on Sales of Loans to CCPC	25.9	34.0	(8.1)
Provision of Reserve for Possible Losses on Loans Sold	25.3	90.9	(65.5)
Losses Due to Support of Borrowers	59.7	5.6	54.1
Provision of Reserve for Possible Losses on Support of Specific Borrowers	16.6	17.3	(0.7)
Provision of Reserve for Possible Losses on Loans to Restructuring Countries	(1.9)	10.5	(12.4)
Other Losses on Sales of Loans	7.1	15.1	(8.0)
(+) Net Other Gains/Losses	(31.6)	(122.9)	91.3
Net Other Income/Expenses	¥ (37.6)	¥(857.1)	¥819.4

(1) Net Gains/Losses Related to Stocks and Other Securities

Net Gains Related to Stocks and Other Securities were ¥338.0 billion, increasing by ¥470.7 billion from the previous year. This was a result of the following two factors: (1) The Bank's Sales Gains on Stocks increased significantly by ¥315.6 billion from the previous year to ¥394.6 billion. This was a result of the Bank's proactive sell-off of stocks under the stock portfolio reduction policy, in addition to the favorable turn in the stock markets. (2) The Bank's Devaluation Losses on Stocks decreased by ¥93.2 billion from the previous year to ¥27.0 billion. This was because the Bank voluntarily incurred significant amounts of Sales Losses and Devaluation Losses in the previous fiscal year in order to eliminate unrealized losses from the standpoint of retaining financial soundness. As of March 31, 2000, net unrealized gains on listed and unlisted stocks totaled ¥548.2 billion.

(2) Expenses Related to Portfolio Problems

Expenses Related to Portfolio Problems totaled ¥344.0 billion, as the Bank strictly provided reserves and wrote-off loans in light of the decline in collateral value resulting from the fall in land prices, and the deterioration in the financial conditions of certain borrowers under the sluggish Japanese economy. Nevertheless, Expenses Related to Portfolio Problems decreased significantly by ¥257.3 billion from the previous year.

The breakdown of Expenses Related to Portfolio Problems is as follows: ¥93.7 billion of Losses on Write-offs of Loans, ¥117.4 billion for Net Provision of Specific Reserve for Possible Loan Losses, ¥25.9 billion of Losses on Sales of Loans to CCPC, ¥25.3 billion of Provision of Reserve for Possible Losses on Loans Sold, ¥59.7 billion of Losses Due to Support of Borrowers, ¥16.6 billion of Provision of Reserve for Possible Losses on Support of Specific Borrowers, ¥1.9 billion of reversal of Reserve for Possible Losses on Loans to Restructuring Countries, and ¥7.1 billion of Other Losses on Sales of Loans.

<Transition of Non-Accrual, Past Due, and Restructured Loans>

Accordingly, Non-Accrual, Past Due, and Restructured Loans outstanding and the ratio of such loans to Total Loans have decreased steadily over the past several years as shown in the graph on the right. (For details of the problem loan status, please see P. 66)

(3) Income before Income Taxes

Consequently, Income before Income Taxes increased by ¥891.2 billion from the previous year to ¥226.9 billion.

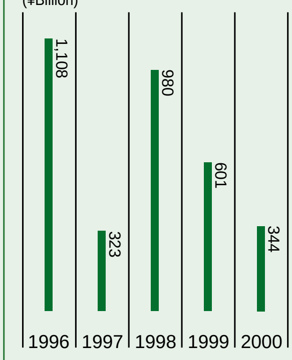
(4) Income Tax Expenses

Income Tax Expenses - Current were ¥0.2 billion. Income Tax Expenses - Deferred were ¥124.5 billion, as a result of the Bank's recording of taxable income for this fiscal year, and the reversal from Deferred Tax Assets (¥46.8 billion) due to the decline in the effective tax rate in accordance with the Tokyo Metropolitan Government's enactment of enterprise tax on gross profits.

(5) Net Income

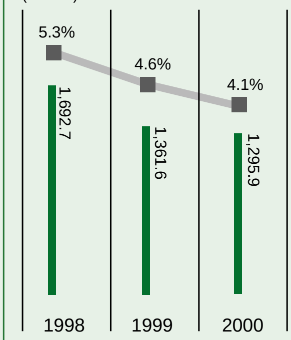
Overall, the Bank's Net Income for fiscal 1999 increased significantly by ¥495.0 billion from the previous year to ¥102.1 billion, substantially exceeding the initial forecast at the beginning of this fiscal year (¥60.0 billion).

Expenses Related to Portfolio Problems
(¥Billion)



Years ended March 31

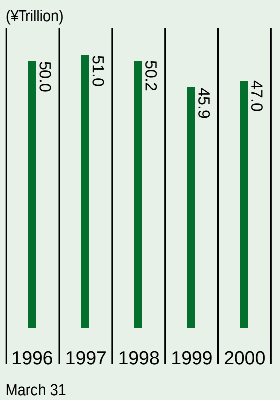
Transition of Non-Accrual, Past Due, and Restructured Loans
(¥Billion)



March 31

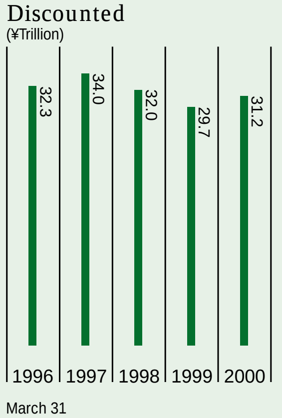
Non-Accrual, Past Due, and Restructured Loans
Ratio to Total Loans

Total Assets*



*After deduction of Reserve for Possible Loan Losses and Reserve for Devaluation of Investment Securities

Loans and Bills Discounted



Balance Sheet

Analysis of Balance Sheet

	Billions of yen		
March 31,	2000	1999	Change
Assets			
Cash and Due from Banks	¥ 2,541.6	¥ 2,028.8	¥ 512.8
Call Loans and Bills Purchased	171.9	814.1	(642.1)
Commercial Paper and Other Debt Purchased	34.9	50.8	(15.8)
Trading Assets	1,163.8	1,507.5	(343.6)
Money Held in Trust	50.4	60.3	(9.9)
Securities	6,427.7	5,837.7	589.9
Loans and Bills Discounted	31,267.6	29,793.3	1,474.3
Foreign Exchange	316.1	421.8	(105.7)
Other Assets	1,594.6	1,391.1	203.4
Premises and Equipment	525.1	552.0	(26.8)
Deferred Tax Assets	605.8	732.5	(126.6)
Customers' Liabilities for Acceptance and Guarantees	2,800.3	3,193.9	(393.6)
Reserve for Possible Loan Losses	(464.0)	(455.5)	(8.5)
Reserve for Devaluation of Investment Securities	(27.0)	(16.7)	(10.3)
Total Assets	¥47,009.4	¥45,912.2	¥1,097.2
Liabilities			
Deposits	¥27,405.2	¥26,964.0	¥ 441.1
Negotiable Certificates of Deposit	4,610.3	5,159.1	(548.8)
Call Money and Bills Sold	3,661.1	2,383.6	1,277.4
Commercial Paper	565.0	400.0	165.0
Trading Liabilities	691.7	932.0	(240.3)
Borrowed Money	2,028.2	1,955.4	72.8
Foreign Exchange	140.5	148.4	(7.9)
Bonds	300.0	300.0	—
Convertible Bonds	—	5.6	(5.6)
Other Liabilities	2,103.4	1,792.8	310.6
Reserve for Retirement Allowances	44.6	45.8	(1.1)
Reserve for Possible Losses on Loans Sold	110.6	129.7	(19.0)
Reserve for Possible Losses on Support of Specific Borrowers	57.5	84.9	(27.4)
Other Reserves	0.0	0.0	0.0
Deferred Tax Liability for Land Revaluation	85.5	94.4	(8.8)
Acceptances and Guarantees	2,800.3	3,193.9	(393.6)
Total Liabilities	44,604.3	43,590.3	1,014.0
Stockholders' Equity			
Common Stock	560.9	559.2	1.7
Preferred Stock	478.6	478.6	—
Capital Surplus	929.9	928.1	1.7
Legal Reserve	102.2	96.3	5.8
Land Revaluation Account	135.2	131.7	3.4
Earned Surplus	198.1	127.6	70.4
Total Stockholders' Equity	2,405.0	2,321.8	83.1
Total Liabilities and Stockholders' Equity	¥47,009.4	¥45,912.2	¥1,097.2

(1) Assets

Cash and Due from Banks increased by ¥512.8 billion from March 31, 1999 to ¥2,541.6 billion. This was mainly due to a temporary increase in Due from Banks in international operations.

Call Loans and Bills Purchased decreased by ¥642.1 billion from March 31, 1999 to ¥171.9 billion, as the amount of short-term investment had briefly increased toward the end of the previous fiscal year.

Trading Assets decreased by ¥343.6 billion from March 31, 1999 to ¥1,163.8 billion mainly due to the decrease in profits arising from mark-to-market evaluation of derivatives and the decrease in money market investments such as commercial papers and certificates of deposits.

Securities increased by ¥589.9 billion from March 31, 1999 to ¥6,427.7 billion. This was a result of the increase in short-term government bonds such as TBs and FBs in order to reduce interest rate risk while the stock portfolio was reduced through proactive sell-off of stocks.

Loans and Bills Discounted increased by ¥1,474.3 billion from March 31, 1999 to ¥31,267.6 billion. This was a result of the increase in domestic loans while overseas loans were reduced from the standpoint of efficient asset allocation.

Deferred Tax Assets decreased by ¥126.6 billion from March 31, 1999 to ¥605.8 billion. This was a result of the decline in the effective tax rate in accordance with the Tokyo Metropolitan Government's enactment of enterprise tax on gross profits.

Effective this fiscal year, as a result of the changes in the Banking Law regulations, Reserves for Possible Loan Losses and Reserves for Devaluation of Investment Securities were deducted from the asset side of the balance sheets.

Consequently, Total Assets increased by ¥1,097.2 billion from March 31, 1999 to ¥47,009.4 billion, despite the decrease in the yen value of foreign currency denominated assets resulting from the appreciation of the yen.

Reserves for Possible Loan Losses and Other Reserves on the Loan Portfolio

	Billions of yen		
March 31,	2000	1999	Change
General Reserve for Possible Loan Losses (A)	¥176.7	¥185.2	¥ (8.5)
Specific Reserve for Possible Loan Losses (B)	277.8	258.8	18.9
Reserve for Possible Losses on Loans to Restructuring Countries (C)	9.4	11.3	(1.9)
Reserves for Possible Loan Losses (A + B + C)	464.0	455.5	8.5
Reserve for Possible Loan Losses on Support of Specific Borrowers (D)	57.5	84.9	(27.4)
Reserve for Possible Losses on Loans Sold (E)	110.6	129.7	(19.0)
Total of Reserves (A + B + C + D + E)	¥632.1	¥670.1	¥(38.0)

(2) Liabilities

Deposits increased by ¥441.1 billion from March 31, 1999 to ¥27,405.2 billion. This was a result of the increase in current deposits and foreign currency deposits while term-deposits decreased under the current low interest rate environment. The breakdown by depositor indicates that deposits from individual customers increased steadily.

Funding through market instruments, such as NCDs, Call Money and Bills Sold, and Commercial Paper increased by ¥893.5 billion in the aggregate, in accordance with the increases in interest-earning assets such as loans and securities.

Trading Liabilities decreased by ¥240.3 billion from March 31, 1999 to ¥691.7 billion due to the decrease in mark-to-market evaluation amount of derivatives.

Convertible Bonds were redeemed before their final maturity dates.

Consequently, Total Liabilities increased by ¥1,014.0 billion from March 31, 1999 to ¥44,604.3 billion.

(3) Stockholders' Equity

Earned Surplus increased by ¥70.4 billion from March 31, 1999 to ¥198.1 billion due to better-than-forecasted Net Income for this fiscal year. Consequently, Total Stockholders' Equity increased by ¥83.1 billion from March 31, 1999 to ¥2,405.0 billion. BIS Capital Ratio on a Non-Consolidated Basis was 11.86%, which is of a high level maintained by the Bank.

BIS Capital Ratio on a Non-consolidated Basis

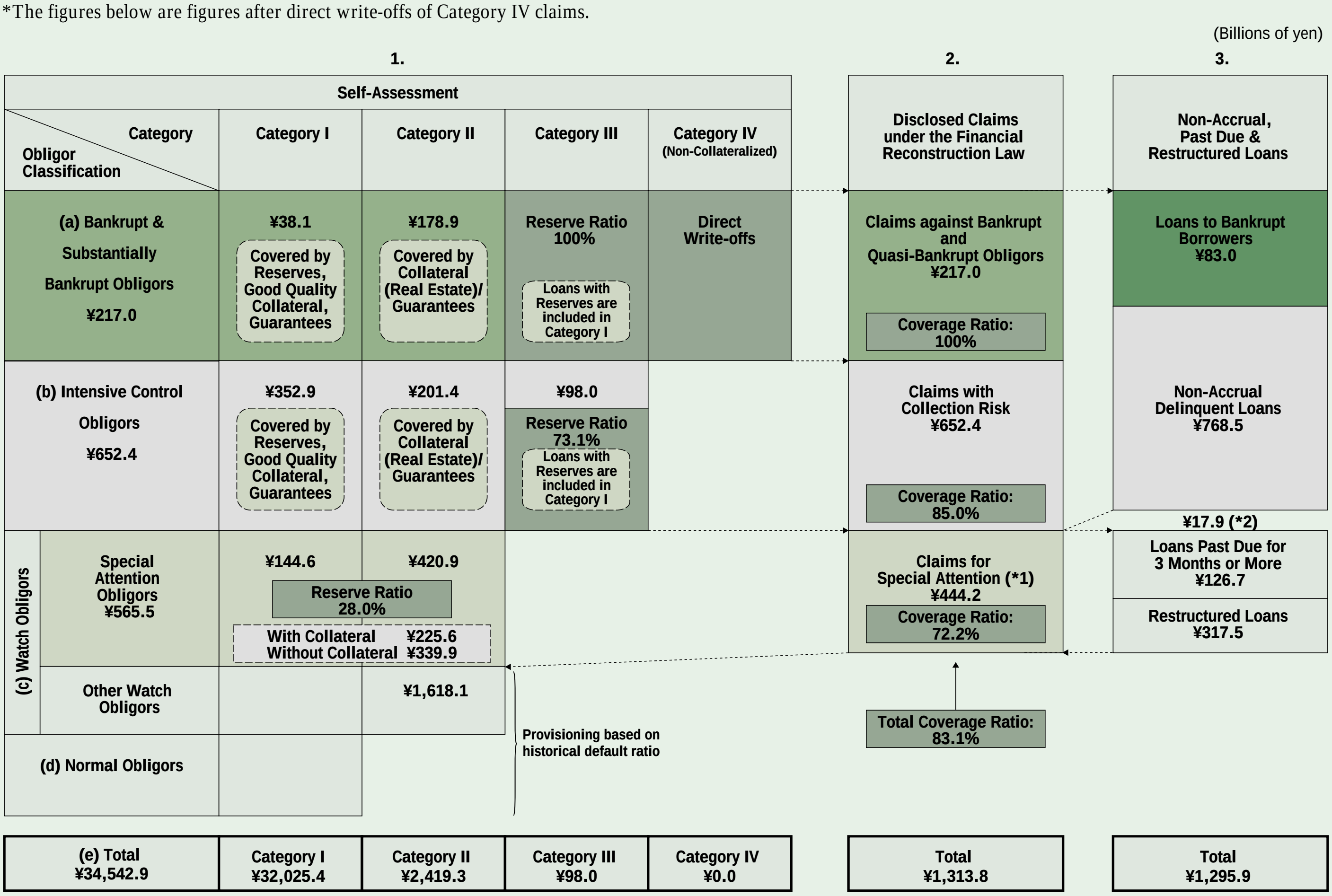
	Billions of yen		
March 31,	2000	1999	Change
BIS Capital Ratio	11.86%	11.53%	0.33%
Tier I (A)	¥ 2,415.0	¥ 2,360.5	¥ 54.5
Tier II (B)	1,897.0	1,794.6	102.4
Unrealized Gains on Securities, included under Tier II	—	—	—
Land Revaluation Account, included under Tier II	99.3	101.8	(2.4)
Subordinated Loans (Bonds)	1,620.9	1,507.5	113.4
Deductions (C)	310.9	300.9	9.9
Intentional Holdings of Other Financial Institutions' Capital Raising Instruments	310.9	300.9	9.9
Total Capital (A) + (B)-(C)	¥ 4,001.1	¥ 3,854.1	¥147.0
Risk-Adjusted Assets	¥33,708.8	¥33,412.3	¥296.4

NON-CONSOLIDATED

STATUS OF PROBLEM LOANS

Fuji Bank has continued to proactively dispose of its problem loans and improve its standard of disclosure. Regarding the disposal of problem loans, the Bank appropriately wrote off loans and provided reserves based on conservative and rational guidelines unified among the 3 consolidating banks (DKB, Fuji, and IBJ), in line with FSA and FRC guidelines. Regarding disclosure of asset quality, the Bank discloses its asset quality under three standards; Disclosed Claims under the Financial Reconstruction Law, Non-Accrual, Past Due, and Restructured Loans, and the self-assessment results. While the first two disclosure standards are mandatory, the Bank's disclosure of its self-assessment results is voluntary. Such voluntary disclosure reflects the Bank's continuous attitude in improving its transparency. In the following section, details of the disclosure of asset quality under these three standards are described using the charts below.

*The figures below are figures after direct write-offs of Category IV claims.



(*1) Claims for Special Attention includes loans only and is equal to the total of Loans Past Due for 3 Months or More and Restructured Loans. The figure under Special Attention Obligors represents the total amount of claims against the obligors of Claims for Special Attention. Coverage Ratio against Claims for Special Attention is calculated by dividing the total amount of reserves, collateral, guarantees, etc. for claims against Special Attention Obligors by the total amount of Claims for Special Attention.

(*2) The difference between the total of Non-Accrual, Past Due, & Restructured Loans and Disclosed Claims under the Financial Reconstruction Law is the amount of claims besides loans and bills discounted among Disclosed Claims under the Financial Reconstruction Law.

Obligor Classification

(a) Bankrupt & Substantially Bankrupt Obligors:	Obligors who are bankrupt both legally and formally, or obligors who are substantially bankrupt.
(b) Intensive Control Obligors:	Obligors who have high potential risks of going bankrupt.
(c) Watch Obligors:	Obligors who need to be monitored carefully.
Special Attention Obligors:	Obligors who need to be monitored carefully, as they are watch obligors with loans past due for 3 months or more or restructured loans.
(d) Normal Obligors:	Obligors who have no problems in particular concerning their business performances and their financial conditions.

Asset Classification

Category I:
1. All exposures to normal obligors
2. Exposures to other obligor classifications which are covered by good quality collateral (e.g. deposits) or guarantees

Category II:
1. Exposures to watch obligors (excluding Category I)
2. Exposures to intensive control obligors, bankrupt & substantially bankrupt obligors covered by collateral (e.g. real estate) or guarantees

Category III:
1. Exposures to intensive control obligors (excluding Categories I & II)
2. Exposures covered by the difference between the book value and the market value of collateral for bankrupt & substantially bankrupt obligors (exposures with collection risks, with possible potential losses)
3. Expected amount of financial support including debt forgiveness (to be recorded in the future) to Special Attention Obligors who have business reform plans presupposing such financial support from financial institutions

Category IV: Exposures to bankrupt/substantially bankrupt obligors (excluding Categories I ~ III)(exposures which cannot be collected or have no value)

1. Self-assessment ~ Recognition of Asset Quality and the Process of Write-off/Provisioning

The Bank self-assesses all of its assets every 6 months to accurately recognize its asset quality. This self-assessment is very important, as loans will be written-off and reserves will be provided in accordance with the results. There are two steps in the process of this self-assessment. The first step is to classify the obligors into one of four categories (a ~ d) shown on P.66, according to their financial and management situation. (Please refer to the definitions of the obligor classification.) The second step is to classify the assets in order of collection risks from low to high or from Category I to IV, taking into consideration the probability of the collection of the assets by obligor, based on their corresponding collateral and guarantees. (Please refer to the definitions of the asset classification.)

In fiscal 1999, loans were written off and reserves were provided as follows, based upon the above self-assessment:

① For Exposures to Bankrupt and Substantially Bankrupt Obligors:
Category IV—100% of the exposures were directly written-off.
Category III—100% of the exposures were fully provided with reserves.
(Categories I and II are exposures fully covered by reserves, collateral and guarantees.)

② For Exposures to Intensive Control Obligors:
Category III—Reserves amounting to 73.1% of the entire Category III exposures were provided.
(Categories I and II are exposures fully covered by reserves, collateral and guarantees.)

③ For Exposures to Watch Obligors:
- For Special Attention Obligors:
  Reserves amounting to 28.0% of the exposures not covered by collateral or guarantees were provided.
- For Other Watch Obligors:
  Reserves were provided based on the annual historical loss ratio multiplied by three. As a result, reserves amounting to 3.61% of the total exposures were provided.

④ For Exposures to Normal Obligors:
Reserves were provided based on the annual historical loss ratio. As a result, reserves amounting to 0.12% of the total exposures were provided.

Consequently, as of March 31, 2000, the total of Categories II ~ IV was ¥2,517.4 billion, as shown on P.66 (e).

2. Disclosed Claims under the Financial Reconstruction Law

Starting from March 31, 1999, disclosure of asset assessment under the financial reconstruction law has become mandatory. This disclosure is based on the obligor classification of the above-mentioned self-assessment. As shown on P.66, under this disclosure, claims against Bankrupt Obligors and Substantially Bankrupt Obligors are disclosed as Claims against Bankrupt and Quasi-Bankrupt Obligors, claims against Intensive Control Obligors as Claims with Collection Risk, and claims against Watch Obligors which are either Loans Past Due for 3 Months or More or Restructured Loans (under Non-Accrual, Past Due, and Restructured Loans) as Claims for Special Attention. As of March 31, 2000, there were ¥217.0 billion of Claims against Bankrupt and Quasi-Bankrupt Obligors, ¥652.4 billion of Claims with Collection Risk, and ¥444.2 billion of Claims for Special Attention. They totaled ¥1,313.8 billion, which account for 3.8% of Total Claims.

As shown on P.66, Disclosed Claims under the Financial Reconstruction Law include claims with collateral or guarantees, and claims provided with reserves. Coverage Ratio, which is an appropriate measure of protection incorporating reserves, collateral, and guarantees, is the ratio of the total of collateral, guarantees, and corresponding reserves to these disclosed claims (problem loans). The Coverage Ratios of Claims against Bankrupt and Quasi-Bankrupt Obligors, Claims with Collection Risk, and Claims for Special Attention, as of March 31, 2000, were 100%, 85.0%, and 72.2%, respectively. The overall coverage ratio of these claims was at a sufficient level of 83.1%.

3. Non-Accrual, Past Due, and Restructured Loans

Non-Accrual, Past Due, and Restructured Loans, which are the total of Loans to Bankrupt Borrowers, Non-Accrual Delinquent Loans, Loans Past Due for 3 Months or More, and Restructured Loans, are continuously disclosed. As this disclosure mainly focuses on the repayment status of the loans and interests of the borrowers, it may not reflect the accurate financial situation of the borrowers. Therefore, the total amount of disclosed loans did not necessarily match that from the results of the Bank's self-assessment. From March 31, 1999, the Bank modified the standard of the Non-Accrual, Past Due, and Restructured Loans, so that it would be more consistent with the results of the self-assessment. The modified standard more accurately reflects the substantial situation of the borrowers. Concretely, the criteria for suspension of interest accrual have been changed. The previous criteria were consistent with the tax regulation standards (i.e. interest accrual was suspended only for interest receivable on loans for legally bankrupt obligors or interest receivable on loans past due for 6 months or over). The new criteria are based on the obligor classification of the self-assessment process, so that no interest receivable on loans to Bankrupt Obligors, Substantially Bankrupt Obligors and Intensive Control Obligors is accrued. Under the modified standard of Non-Accrual, Past Due, and Restructured Loans (which reflects the new criteria for suspension of interest accrual), all loans to Bankrupt Obligors, Substantially Bankrupt Obligors and Intensive Control Obligors are now disclosed as either Loans to Bankrupt Borrowers or Non-Accrual Delinquent Loans.

As of March 31, 2000, Non-Accrual, Past Due and Restructured Loans totaled ¥1,295.9 billion. The difference between this amount and the amount of Disclosed Claims under the Financial Reconstruction Law (= ¥1,313.8 billion) is the amount of claims besides loans and bills discounted included in Disclosed Claims under the Financial Reconstruction Law.

Current Execution Status of the Restructuring Plan

The following section compares the Bank's current status with the forecast contained in the restructuring plan submitted to the Financial Reconstruction Commission ("FRC") in March 1999.

1. Operating Performance

	Billions of yen		
	FY1999 results	FY1999 plan	Difference
Net Business Profits (before Provision of General Reserve)	¥258.6	¥270.0	¥(11.4)
Core Net Business Profits*	251.7	240.0	11.7
Net Income	102.1	60.0	42.1
Earned Surplus	¥198.1	¥137.0	¥61.1
BIS Capital Ratio	11.00%	10.57%	0.43%

*Excludes Net Gains Related to Bonds

Net Business Profits (before Provision of General Reserve for Possible Loan Losses) were ¥258.6 billion, ¥11.4 billion lower than the restructuring plan target as a result of lower-than-expected Net Gains Related to Bonds. However, Core Net Business Profits (= the amount after deduction of Net Gains Related to Bonds from Net Business Profits) were ¥251.7 billion, exceeding the restructuring plan target by ¥11.7 billion.

Expenses Related to Portfolio Problems exceeded the planned amount. This was because of the decline in collateral value resulting from a fall in land prices, as well as a worse-than-expected deterioration in the financial conditions of certain borrowers with the continued sluggish Japanese economy.

Net Gains Related to Stocks and Other Securities were ¥338.0 billion amidst a favorable turn in the stock market, as the Bank proactively sold-off its stocks under its stock portfolio reduction policy.

Consequently, Net Income was ¥102.1 billion, significantly exceeding the target by ¥42.1 billion. Earned Surplus also increased considerably to ¥198.1 billion, exceeding the target by ¥61.1 billion.

BIS Capital Ratio (Consolidated Basis) as of March 31, 2000 was 11.00%, exceeding the target by 0.43%, maintaining an adequate level.

2. Progress of Restructuring

	FY1999 results	FY1999 plan	FY1998 results
Domestic Branches*1	270	271	284
Overseas Branches	17	16	19
Overseas Subsidiaries*2	11	13	15

*1: Excludes in-store branches, branches for remittance-receiving purposes only, sub-branches, and agencies

*2: Subsidiaries in which Fuji directly invests and Fuji group's investment exceeds 50%

	FY1999 results	FY1999 plan	FY1998 results
Number of Directors and Senior Overseers	34	34	39
Number of Employees	13,567	13,800	13,976

	Billions of yen		
	FY1999 results	FY1999 plan	FY1998 results
General & Administrative Expenses	¥342.7	¥365.0	¥359.5
Personnel Expenses	137.5	143.0	147.9
Non-Personnel Expenses	185.8	197.0	188.8

As to domestic offices, the number of branches was 270, one less than planned, as a result of a reduction of 14 branches in fiscal 1999. Furthermore, rationalization and diversification of offices were accelerated, as a total of 6 sub-branches and agencies were reduced, 55 full-service branches were converted into branches specializing in retail transactions, and 7 branches were converted into joint branches with Yasuda Trust.

As to overseas offices, the number of branches was 17, a reduction of 2 in fiscal 1999. Although 17 is one more than the target for March 31, 2000, this is due to the review of the reorganization of the branch network in the Americas reflecting the consolidation of the 3 banks. However, the Bank's total number of overseas offices was fewer than the targeted number of offices as the number of local subsidiaries reduced was two more than the target.

The number of directors and senior overseers was reduced by 5, as planned, to 34 with the implementation of a more efficient management system. Director remuneration was maintained at the revised level after reduction, and no bonuses were paid to directors. Furthermore, to promote streamlined decision-making, the executive officer system was introduced in June this year. The number of directors and senior overseers under this system is currently 18.

The number of personnel was 13,567, which number was fewer than the target for March 31, 2000 by 233. This was as a result of a reduction of 409 in fiscal 1999.

Personnel expenses were ¥137.5 billion, ¥5.5 billion lower than the target, as a result of a reduction in the number of personnel, a continuation of reductions in bonuses paid to employees, and the freezing of salaries at existing levels.

Non-personnel expenses were ¥185.8 billion, ¥11.2 billion lower than the target, as a result of continuous improvements in efficiency, while maintaining strategic investments such as IT investments. Consequently, General & Administrative Expenses decreased to ¥342.7 billion in total, ¥23.3 billion lower than the target.

As to non-business facilities, all resort facilities for employee rest and recreation were closed in fiscal 1999. 42 facilities such as resort facilities, sports grounds, and company-owned apartment houses for employees were sold.

3. Domestic Loans

Since July 1999, the Bank has responded to its clients' demands for even better financial services by promoting a campaign to increase good quality assets and increasing its line of products as well as strengthening the related marketing sections. As a result, domestic loan volume increased by ¥2,522.2 billion on the previous year, exceeding the volume increase target of ¥1,335.0 billion.

Loans to small/mid-sized companies also increased by ¥610.0 billion on the previous year, exceeding the volume increase target of ¥540.0 billion. Of the ¥610.0 billion, ¥407.9 billion was a result either of the introduction of a variety of loan products such as "Fuji Small and Medium-Size Business Development Fund," "Special Interest Rate Fund," and "Charitable Trust for Fuji New Business Fund," or of the arrangement of CLOs in accordance with the Tokyo Metropolitan Government's creation of a new bond market for small/medium-sized companies.